Court File No. 03-CL-5145

ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF IVACO INC. AND THE APPLICANTS LISTED IN SCHEDULE "A"

FORTY-EIGHTH REPORT OF THE MONITOR
MARCH 11, 2009

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INTRODUCTION

1. Ivaco Inc. ("Ivaco") and certain of its affiliates (collectively the "Applicants") obtained protection from their creditors pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA"), through an order of this Honourable Court dated September 16, 2003, as amended and restated (the "Initial Order"). Pursuant to the Initial Order, Ernst & Young Inc. was appointed monitor (the "Monitor") of the Applicants.

2. The Applicants for the Initial Order included, among others, Ivaco, Ivaco Rolling Mills Inc., Ifastgroupe Inc., IFC (Fasteners) Inc. ("IFC") and Docap (1985) Corporation ("Docap"). For purposes of this Report, Ivaco Rolling Mills Inc. and the related limited partnership Ivaco Rolling Mills Limited Partnership will be referred to as "IRM" and Ifastgroupe Inc. and the related limited partnership Ifastgroupe and Company Limited Partnership will be referred to as "Ifastgroupe". Both partnerships are protected under the Initial Order.

3. This Forty-Eighth Report of the Monitor (the "Report") is provided to this Honourable Court as an update on the status of the D&O Claims Process and the Subsequent Claims Process and in support of a motion seeking:

a) a declaration that the Monitor, in its capacity as Monitor and on behalf of the Applicants, is not required to make employee or employer related statutory deductions, withholdings or payments, including without limitation on account of Canada Pension Plan contributions ("CPP"), Québec Pension Plan contributions ("QPP"), employment insurance premiums ("EI"), Québec Health Insurance Plan premiums ("QHIP") and income tax (collectively, the "Statutory Amounts"), in respect of distributions to former employees or retirees of Ifastgroupe, IRM or IFC on account of their Proven Affected Claims under the Plans;

b) approval of its proposal to institute and pursue an interpleader proceeding in the United States District Court, District of Vermont (the "US District Court"), and deposit the proceeds of the liquidation of the assets of IFC USA Corp. ("IFC USA"), as described below, with the US District Court for distribution to the creditors of IFC USA; and

c) approval of the actions taken, and fees incurred, by the Monitor and its counsel since September 16, 2003 in administering the IFC USA estate and approval of the fees expected to be incurred in pursuing the interpleader proceeding described above.

4. The Report is organized as follows:

- Terms of Reference
- Directors and Officers Claims Process
- Subsequent Claims Process
- Plans of Compromise and Arrangement – Third Distribution

- Withholding in Respect of Distributions
- IFC USA Interpleader Proceeding
- Monitor's Analysis and Recommendations

TERMS OF REFERENCE

5. Capitalized terms not defined in this Report are defined in the Initial Order, the Plans and previous Monitor's Reports. All references to dollars are in Canadian currency unless otherwise noted. The estimates provided in this Report are based on the Monitor's current assessment and incorporate assumptions as to possible future events and outcomes. The Monitor has not audited or otherwise verified the figures and estimates included herein. Actual results may vary and the differences may be material.

DIRECTORS AND OFFICERS CLAIMS PROCESS

6. On April 19, 2005, this Honourable Court approved the D&O Claims Process to solicit and determine claims against the directors and officers of the Applicants and any related indemnity claims of the directors and officers against the Applicants.

7. The Monitor received a total of 377 D&O Claims. As of the date of the Forty-Sixth Report of the Monitor (April 29, 2008), the Monitor had disallowed all of the D&O Claims it had received. Of those disallowances, 367 were either not contested by the claimant or were upheld by the D&O Claims Officer. Accordingly, at that time, there remained 10 unresolved D&O Claims that are summarized in the table below, including two claims by The Bank of Nova Scotia in respect of the directors and officers of Ivaco and IRM for $36.5 million that are not covered by the Directors' Charge and do not constitute a

CCAA Charge Indemnity Claim, as per the April 20th, 2007 Order of this Honourable Court.

	IVACO	IRM	IFASTGROUPE	DOCAP	TOTAL
Unresolved Claims number (including the BNS Claim)	4	3	2	1	10
Amount ($000's)	39,243	37,647	2,726	14	79,630
Amount without Bank of Nova Scotia claim ($000's)	2,754	1,158	2,726	14	6,652

8. On August 6, 2008 and December 18, 2008, the Ministère du Revenu du Québec ("Revenu Québec") advised the Monitor that it was withdrawing its D&O Claims in relation to the directors and officers of Ivaco and IRM, respectively, which together amounted to more than $1.1 million. The corresponding indemnity claims have similarly been withdrawn.

9. On February 25, 2009, the Monitor wrote to Revenu Québec to advise it that, pursuant to the December 7, 2007 Order of the Honourable Mr. Justice Spence, Ernst & Young Inc. had been discharged as Monitor of Docap before Revenu Québec's D&O Claim relating to the directors and officers of Docap was resolved and that Raymond Chabot Inc. had been appointed as interim receiver. Given Ernst & Young Inc.'s discharge as Monitor, it no longer has any role in the determination of the Docap D&O Claim and the Docap D&O Claim was returned to Revenu Québec.

10. On March 6, 2009, the D&O Claims Officer determined five of the remaining unresolved D&O Claims, which together amounted to more than $5.5 million. The value of each of the five D&O Claims was determined to be $0. The claimants have fifteen business days from the date of the determination in which to appeal.

11. Accordingly, of the unresolved D&O Claims described in the Forty-Sixth Report of the Monitor, eight remain outstanding: the Docap D&O Claim, the two claims by the Bank of Nova Scotia and the five D&O Claims that were determined on March 6th but remain subject to appeal.

SUBSEQUENT CLAIMS PROCESS

12. On April 20, 2007, this Honourable Court approved the Subsequent Claims Process relating to claims arising on or after June 18, 2004 as a result of the restructuring, repudiation or termination of any contract, lease, employment agreement, collective agreement or any other agreement. A total of 1,103 Subsequent Claims were received by the Monitor. A chronology of the more significant events relating to the Subsequent Claims Process is set forth in the Forty-Sixth Report.

13. The Monitor made the recommendation described at paragraph 27 of the Forty-Sixth Report to the newly appointed Claims Officer, Mr. J.L. McDougall. The Procedural Order described in subparagraph 23(g) was subsequently adopted by Claims Officer McDougall and the submissions on the threshold common questions of law have now been made by the Claimants' Counsel and the Monitor in accordance with that Procedural Order. However, the Monitor anticipates that unless certain issues can be resolved consensually, it will take a significant amount of additional time to fully resolve all of the issues raised by the Claimants' Counsel's Subsequent Claims.

14. The Monitor entered into discussions with one of the Claimants' Counsel representing over two hundred of the Heico Employees and Retired Employees described in the Forty-Sixth Report, each of whom had asserted claims jointly against the IRM, Ifastgroupe and Ivaco estates. As contemplated by the Subsequent Claims Order, the Monitor came to an agreement with all but four of those Heico Employees and Retired Employees on or about October 30, 2008. Pursuant to the agreement, the Monitor consensually resolved their disputed Subsequent Claims in respect of certain issues, while other issues were abandoned by the claimants. The total value of the Subsequent Claims asserted by such Heico Employees and Retired Employees was reduced from approximately $11.6 million to $2.8 million against IRM; from approximately $11.6 million to $1 million against Ifastgroupe; and from approximately $11.4 million to $650,000 against Ivaco.

15. As a result, the number of unresolved Subsequent Claims has fallen from 987 claims, as shown in the Forty-Sixth Report, to 361. As described above, the majority of the remaining 361 claims are currently before the Claims Officer for adjudication and the submissions on the threshold common questions of law have now been made by the Claimants' Counsel and the Monitor in accordance with the Procedural Order.

PLANS OF COMPROMISE AND ARRANGEMENT – THIRD DISTRIBUTION

16. After deducting various reserves, as described in the Forty-Sixth Report, Affected Creditors with Proven Claims received an initial distribution of 44.25% for IRM, 32.5% for Ifastgroupe and 10.05% for IFC of the amount of such Creditor's Proven Affected Claim. Affected Creditors with Proven Claims received a second distribution of 6.5% for IRM, 13% for Ifastgroupe and 3% for IFC of the amount of such Creditor's Proven Affected Claim.

17. Through resolution of the Subsequent Claims described in paragraph 14 above, the Monitor was in a position to make a third distribution from the IRM and Ifastgroupe estates. In accordance with the terms of the Plans, the Monitor, in conjunction with the Plan Sponsors, established November 15, 2008 as the record date for that distribution. The third distribution to Affected Creditors with Proven Affected Claims as at the record date (other than those described in paragraph 14, above) was made on November 28, 2008. Affected Creditors with Proven Affected Claims received 6.5% for IRM and 7.75% for Ifastgroupe of the amount of their Proven Affected Claims. To date, total distributions to Affected Creditors with Proven Claims are 57.25% for IRM, 53.25% for Ifastgroupe and 13.05% for IFC of the amount of such Creditor's Proven Affected Claim.

18. The Monitor has not been in a position to make the Third Distribution (or release the relevant hold back for the two prior distributions) to the claimants described in paragraph 14, above, despite the fact that they constituted Affected Creditors holding Proven Affected Claims on the November 15, 2008 record date, without confirmation that it is not required to deduct, withhold or pay Statutory Amounts in respect of such distributions, as described below.

WITHHOLDING IN RESPECT OF DISTRIBUTIONS

Background

19. Throughout 2003 and 2004, under the terms of the Initial Order, the Applicants and Partnerships were able to continue operating their businesses and attempt to restructure, subject to the supervision of a Court-appointed Monitor. The Applicants and Partnerships elected to continue to employ the large majority of their employees and pay them on a "business as usual" basis, as described in the Third Report of the Monitor dated October 9, 2003.

20. Although, as described in the Eleventh Report of the Monitor dated June 11, 2004, the Monitor worked closely with management and the Chief Restructuring Officer (the "CRO") and had access to the premises, books and records of the Applicants and Partnerships and reported to the Court and the Applicants' stakeholders, the Applicants and Partnerships remained operating businesses and conducted their own restructuring (subject to the sales process described below).

21. The Monitor's principal functions prior to December 2004 included reporting of receipts and disbursements, variance analysis, and operating results; evaluating opportunities for cost reduction through reduced payroll and overhead costs and the permanent closure of non-core facilities; dealing with various banking issues and logistics and monitoring DIP loan balances; preparing the data room for the sales process and responding to information requests; assisting in the preparation of cash flows and integrated financial projections; assisting the Applicants in their negotiating of payment arrangements with suppliers; ensuring compliance with the Initial Order; and otherwise monitoring and reporting on the Applicants and Partnerships and their businesses. The Monitor did not act as employer and it did not make decisions in respect of salary or wages or employment. Those decisions were made by the Applicants. Furthermore, the Monitor never paid any salary, wages or other remuneration, which amounts were paid by the Applicants and Partnerships themselves.

22. The Initial Order specifically provides that nothing therein shall result in the Monitor being or being deemed to be a successor or related employer with respect to any employees or former employees of any of the Applicants under any legislation.

23. As described in the Monitor's prior reports, three Asset Purchase Agreements were first entered into with affiliates of The Heico Companies L.L.C. ("Heico") on August 6, 2004. Heico agreed to acquire the Applicants' and Partnerships' ongoing businesses and Court approval of the transaction (the "Heico Transaction") was obtained on August 18, 2004. On December 1, 2004, the Heico Transaction closed. As described in the Twenty-Fourth Report of the Monitor dated April 11, 2005, with limited exceptions, all of the employees and management of the relevant Applicants and Partnerships were assumed by the purchaser on closing and became employees of Heico.

24. The Applicants and Partnerships paid wages to their employees up until the closing of the Heico Transaction and deducted, withheld and paid all relevant Statutory Amounts in respect of those wages. After the closing of the Heico Transaction, the Applicants and Partnerships no longer employed anyone or paid any wages and did not make any ongoing payments to retirees. On February 28, 2005, the Applicants' directors, officers, and CRO resigned. The Applicants believe there is no employee-related liability that relates to the period subsequent to the date of the Initial Order until the date of the Heico Transaction when substantially all of the employees were transferred. Any Subsequent Claims arising after the date of the Initial Order relating to the termination of employees and/or the assumption of their employment by Heico are being dealt with by the Monitor in accordance with the Plans, as described below.

25. In short, the Applicants and Partnerships paid wages up until the closing of the Heico Transaction and deducted, withheld and paid all Statutory Amounts in respect of those wages. After closing, the Applicants and Partnerships had no employees and paid no wages.

26. As described in the Monitor's Twenty-First and Twenty-Fourth Reports, dated December 14, 2004 and April 11, 2005, respectively, because the Applicants and Partnerships no longer have an operating business nor any employees, the CCAA has effectively become a liquidation. The Court has therefore charged the Monitor with completing the realization of certain assets, concluding the Claims Process and Subsequent Claims Process and making distributions pursuant to the Plans. Given the limited scope of its statutory powers, the Monitor was granted certain additional powers pursuant to the Interim Additional Powers Order, dated December 17, 2004, and the Supplementary Interim Additional Powers Order, dated April 19, 2005, in order to allow it to assist in concluding the CCAA process.

27. The Plans do not afford the Monitor any discretion as to whether amounts will be paid in respect of Proven Affected Claims. Instead, they provide that, on the Plan Implementation Date, and from time to time thereafter, distributions shall be made to persons holding Proven Affected Claims ("Affected Creditors"), with each such Affected Creditor being entitled to receive its pro rata share of such distribution.

28. Certain Affected Creditors including, amongst others, former employees of IRM and Ifastgroupe who have Proven Affected Claims relating to the termination of their employment or benefits, have already received two distributions in respect of their Proven Affected Claims in accordance with the Plans.

29. To date, the Monitor has not deducted, withheld or paid any Statutory Amounts in relation to distributions made in respect of those Proven Affected Claims of former employees pursuant to the Plans. Distributions to those persons have been reported by the Monitor on T4A and, as applicable, Relevé 2 slips (collectively, the "Tax Slips"), as "Other income", with the result that

such amounts are required to be included by the recipients in computing their income for tax purposes. The Monitor has ensured that there is no EI overpayment (i.e., a distribution to a person who has already received EI in respect of the same claim) by reporting to Human Resources and Social Development Canada ("HRSDC") and returning the overpayment, as necessary, in a manner consistent with the agreement reached between HRSDC, and insolvency administrators, as described in a circular issued by the Superintendent of Bankruptcy, dated March 28, 2000 (as revised on March 7, 2008 and May 22, 2008).

30. Those former employees who received Tax Slips in connection with the first distribution have, by now, already had to report the income shown on those Tax Slips. In respect of the second distribution, no withholding has been made and the Monitor has now sent the Tax Slips to the eligible recipients. It is not practicable for the Monitor to unwind those distributions (and indeed the Monitor has no such authority) to allow it to adjust the distributions for any Statutory Amounts, and there would be no purpose in doing so. At least in respect of the first distribution, the claimants would have already had to report any income included on their Tax Slips.

31. The Monitor may make future distributions to former employees (including those described at paragraph 14, above), and seeks the Court's confirmation that it should continue its past practice of not making, or causing the Applicants to make, any deduction, withholding or payment of Statutory Amounts in respect of such distributions, and reporting such distributions as "Other income" on Tax Slips.

Reasons for Not Withholding

32. As described above, in accordance with the terms of the Initial Order, the Applicants and Partnerships made deductions, withholdings and payments of Statutory Amounts prior to the closing of the Heico Transaction when they were operating businesses and paying wages.

33. None of the Initial Order, the Interim Additional Powers Order dated December 17, 2004 or the Supplementary Interim Additional Powers Order dated April 19, 2005, requires the Monitor, in its capacity as Monitor or on behalf of the Applicants and Partnerships, to make deductions or withholdings and remittances in respect of distributions under the Plans following the Heico Transaction.

34. As a practical matter, it would entail significant administrative expense to review each former employee's Proven Affected Claim to discern the amount (if any) attributable to a claim in respect of salary or similar amounts, as opposed to other categories of claims, and doing so would be practically impossible in circumstances where the claim has been made, or resolved consensually, without apportionment. Furthermore, it would be imprecise and entail significant administrative expense for the Monitor to attempt to ascertain the applicable withholding rates, which vary depending on the type and quantum of payments. In this regard, the Monitor would have no past payroll or other employment records upon which to rely, since such records were transferred to Heico in connection with the Heico Transaction. The Monitor does not believe that, in the circumstances, the estates' other creditors should bear the expense associated with making those determinations and withholdings. Moreover, even if such withholdings could be made, there is no "employer" to pay any Statutory Amounts and no available cash to fund

such amounts. Further, the Monitor believes that the nature of its role in this liquidating CCAA and the status of the Applicants, as described in its prior Monitor's Reports, do not require payroll deductions to be made from amounts paid in respect of Proven Affected Claims.

35. The Monitor believes that it is not required to deduct, withhold or pay Statutory Amounts in respect of distributions under the Plans, not only because it presents the most efficient way of administering the estates, but also because the Monitor is not paying wages or other remuneration; instead, the Monitor is making distributions pursuant to the Plans in respect of claims proven pursuant to the Claims Process and Subsequent Claims Process.

36. In addition, the Monitor believes that the nature of its role in this liquidating CCAA does not require payroll deductions from amounts paid in respect of Proven Affected Claims. First, the Monitor is not, and has never been, the employer of the persons to whom the distributions are being made. Second, the Monitor has never operated the businesses of the Applicants and Partnerships nor had any discretion or influence over whether or not salary, wages or other remuneration were paid to their employees. Finally, the Applicants and Partnerships are no longer acting as employers or paying wages or benefits, but are simply holding funds (principally, the proceeds of the Heico Transaction) awaiting distribution pursuant to the Plans.

37. As of the date of this report, there have been no objections raised to the Monitor's position that distributions made pursuant to the Plans are not subject to deductions or withholdings related to Statutory Amounts. The former employees described above at paragraph 14 support the Monitor's position and do not object to the Monitor reporting distributions to them on Tax Slips, as "Other income", with the result that such amounts are required to be included by the recipients in computing their income for tax purposes.

38. Similarly, the CRA has advised the Monitor that, in the unique circumstances of this case, it does not oppose and does not intend to contest the Monitor's position that deductions, witholdings or payments of Statutory Amounts are not required in respect of distributions to former employees pursuant to the Plans, as described above, nor will it oppose the Order sought by the Monitor, as described below at paragraph 65(a).

IFC USA INTERPLEADER PROCEEDING

Background

39. IFC USA is a wholly-owned subsidiary of IFC. Immediately prior to the date of the Initial Order, all of IFC USA's assets were held by, and all of its operations were carried on through, its 70% owned subsidiary, Vermont Fasteners Sales Corp. ("VFS"), and its Vermont Fasteners Manufacturing division ("VFM").

40. IFC USA and VFS are not Applicants within these CCAA proceedings, nor have they sought insolvency protection in the United States.

41. Early in these CCAA proceedings, the Applicants identified IFC USA's assets and operations as being "non-core" and began assessing options to wind down IFC USA's operations and realize upon its assets. In January 2004, the Applicants engaged Continua to advise on a potential sale of the ongoing operations of IFC USA, including VFS and VFM. The Applicants identified a prospective purchaser for all of the assets of IFC USA but, after preliminary due diligence, the potential purchaser decided not to pursue a transaction.

VFS

42. The operations of VFS ceased after the Applicants obtained the Initial Order in September 2003. Most of the assets used in VFS's operations had been leased, including the land and building. The operating equipment (forklifts, racking, etc.) were sold with the authorization of the secured creditors or bought-out directly from the secured creditors and the proceeds were remitted to them. This essentially cleansed the balance sheet of everything other than obligations related to the land and building.

43. As described in the Twenty-First Report of the Monitor, the minority shareholder of VFS, through a corporation called VFS Acquisition LLC, made an offer to buy IFC USA's shares of VFS for USD$425,000. The Applicants accepted the minority shareholder's offer and the Monitor received the proceeds of the sale in December 2004.

VFM

44. As described above, VFM was an operating division of IFC USA. It operated as an American bolt manufacturer, which permitted Ifastgroupe to bid on major American structural contracts requiring American-made bolts. VFM ceased operations on November 30, 2004.

45. Pursuant to the powers obtained through the December 17, 2004 Interim Additional Powers Order, the Monitor engaged in a process to solicit offers for the assets of VFM in order to pursue an informal liquidation of VFM's assets so as to maximize recoveries to IFC USA's creditors.

46. Several pieces of equipment were leased to VFM by GE Commercial Finance. GE Commercial Finance engaged Koster Industries to conduct an auction of the leased assets. On January 11, 2005, the sale of the leased assets was

completed and, in accordance with its security, GE Commercial Finance received approximately USD $0.4 million from the auction, resulting in shortfall of approximately USD $1.6 million.

47. As described in the Twenty-Seventh Report of the Monitor, on April 1, 2005, a private call for tender process was launched, offering for sale the remaining equipment, tooling and office furniture of VFM (the "VFM Assets"). The call for tenders was directed to fourteen parties including auctioneers, competitors of VFM, equipment manufacturers and equipment brokers. Interested parties viewed the assets during the period from April 4 to April 12, 2005.

48. Six offers were received before the deadline to submit offers. The offer resulting in the best aggregate recovery was submitted by Corporate Assets Inc. for all of the VFM Assets, for a total purchase price of US$601,000. The VFM Assets were sold on an "as is, where is" basis and the buyer was required to remove all of the VFM Assets at its own cost. This Honourable Court issued an Order approving the sale of the equipment on June 15, 2005.

49. As described in the Twenty-Eighth Report of the Monitor, the Applicants retained Redstone Brokerage Services to list the real property owned by VFM in Swanton, Vermont (the "Vermont Property") for sale on March 18, 2004. On August 17, 2005, this Honourable Court approved the sale of the Vermont Property to Leader Evaporator Co., Inc. ("Leader") for a total purchase price of US$1.8 million. The Vermont Property was sold on an "as is, where is" basis.

50. As part of both the June 15, and August 17, 2005 Court Orders, the Monitor was authorized to collect and take control of all proceeds of sale of the VFM Assets and the Vermont Property and to deposit such proceeds into one or more bank accounts, where the proceeds have since been retained together

with the proceeds of the sale of IFC USA's shares of VFS pending further order of this Honourable Court. The Orders also permitted the Monitor to pay any applicable taxes and reasonable administrative costs from the proceeds.

51. As of March 9, 2009, the Monitor held approximately USD $2.7 million in cash relating to IFC USA (the "IFC USA Funds").

Receipts and Disbursements

52. Attached as Appendix A to this Report is an updated post-closing summary of IFC USA's receipts and disbursements for the period from April 5, 2004 to March 10, 2009 ("IFC USA R&D").

53. During the period from April 5, 2004 until March 6, 2009, the Monitor's fees and costs related to IFC USA totalled approximately USD $0.2 million and the Monitor's counsel's fees and costs totalled approximately USD $0.02 million. The fees of IFC USA's counsel were reviewed and paid directly by IFC USA for the period up to October 2005, the closing date of the sale of the Vermont Property to Leader. These legal costs, along with the costs of completing the liquidation of VFM are shown in the operating costs line of the IFC USA R&D.

Interpleader

54. During the wind-up of its operations, IFC USA (with the assistance of the Monitor) sought to keep its trade creditors paid in full for services rendered. However, the Monitor understands that there are other significant outstanding unpaid claims relating to IFC USA. Among its creditors are Franklin County Industrial Development Corporation, GE Commercial Finance, National Bank of Canada, La Caisse Centrale Desjardins du Quebec, Fortis Bank NV and Ifastgroupe.

55. To date, no formal or informal claims process has been undertaken by IFC USA and there can be no assurance that the Monitor is aware of all outstanding claims against IFC USA. Based on the information available to it, the Monitor believes that the claims of IFC USA's known creditors far exceed the IFC USA Funds. Accordingly, there is no realistic possibility of an equity distribution to IFC USA's parent, Ifastgroupe.

56. The Monitor perceives no benefit to the Applicants or their creditors in having the Monitor establish and/or oversee a formal process for identifying and making distributions to creditors of IFC USA, which is a Delaware company based in Vermont that is not an Applicant; and doing so could prolong the current CCAA proceedings and create the risk of liability to the Monitor and indirectly to the Applicants. Therefore, the Monitor has sought to identify a mechanism to effect a final distribution of the IFC USA Funds to IFC USA's creditors in the most cost-effective manner while limiting any future recourse to the Applicants, IFC USA's creditors or the Monitor.

57. With the assistance of Bingham McCutchen LLP and Stikeman Elliott LLP, the Monitor has reviewed the available options for effecting a distribution to IFC USA's creditors of approximately USD$2.7 million in available IFC USA Funds. Among the options considered were an interpleader proceeding, a US bankruptcy filing pursuant to Chapter 7 of Title 11 of the United States Code ("Chapter 7"), an assignment for the benefit of creditors and an informal scheme of distribution.

58. Complicating the issue of how to distribute the IFC USA Funds is the fact that IFC USA has not operated for over five years, and there are currently no directors, officers or other employees of the corporation that could take actions on its behalf. The Monitor understands that IFC USA is no longer an active corporation, having been dissolved by operation of the laws of the State

of Delaware. This creates a procedural impediment to IFC USA itself taking corporate action in the United States (such as filing for US bankruptcy protection or entering into an out of court agreement with its existing creditors).

59. If the Monitor were to informally distribute the IFC USA Funds to creditors, without a bankruptcy filing or other formal corporate action by IFC USA, it could expose the recipients of any distributions and the Monitor to potential liability from other creditors (including potential unknown third party claimants) who do not receive distributions. Moreover, the Monitor does not have sufficient information, or, for that matter, the requisite authority, to determine the validity and extent of any IFC USA creditor's claim. Such an informal distribution would also provide no supervised mechanism for insuring that some form of notice is given to those creditors who could be affected by the distributions.

60. By contrast, an interpleader proceeding, if recognized as appropriate by the US District Court, allows the Monitor to deposit the IFC USA Funds with the US District Court, allows the US District Court to determine appropriate notice procedures, and allows IFC USA's creditors to agree upon (or litigate) their entitlement to the IFC USA Funds without the oversight of the Monitor. Doing so would provide IFC USA's creditors with a distribution through a court process without the more significant fees and complexities associated with a Chapter 7 proceeding and would allow the Monitor, the Applicants and IFC USA's creditors to seek an order from the US District Court eliminating recourse to them by known or unknown creditors. The US District Court can both enter an order releasing the parties from liability with respect to the distribution of the IFC USA Funds, and can either approve a distribution scheme agreed upon by the creditors or resolve any conflicts

among creditors as to the method used for distribution and the size and validity of their claims.

61. The Monitor's US counsel has determined that the US statutory requirements for an interpleader action are met with respect to the IFC USA Funds. While there is a possibility that the US District Court could determine that it is not the appropriate venue for the action, the Monitor's US counsel has advised the Monitor that the statutory requirements for venue in Vermont are met, and the Monitor believes that the US District Court in Vermont is the most appropriate US forum given that this is where IFC USA, VFS and VFM did business and it is the home state for at least one, if not more, of the creditors of IFC USA.

62. Barring unforeseen issues, the Monitor projects its costs, and those of its counsel, of commencing and pursuing the interpleader action to be less than US$175,000, which it proposes to pay directly from the IFC USA account or withhold from the funds deposited with the US District Court.

63. An interpleader proceeding therefore appears to be advantageous for the creditors of IFC USA, the Applicants and the Monitor in comparison to a Chapter 7 filing, an assignment for the benefit of the creditors or an informal distribution scheme. The IFC USA creditors representing the large majority of the known claims against IFC USA have already indicated their support for an interpleader proceeding.

64. Ifastgroupe has a possible intercompany claim against the IFC USA estate. The Monitor does not intend to pursue Ifastgroupe's potential claim for three principal reasons. First, given the size of the IFC USA creditor pool currently known to the Monitor, if Ifastgroupe's claim could be successfully established, Ifastgroupe's recovery from the IFC USA estate could be, at best (and before

costs and fees), between USD $0.3 million and USD $0.7 million, representing a potential recovery of 0.2% to 0.4% to the unsecured creditors of the Ifastgroupe estate. Potential recovery would be reduced by the subsequent identification of additional creditors. Second, weighing the significant amount of time involved in substantiating and proving Ifastgroupe's potential claim with the limited information available to the Monitor, the expense associated with pursuing such a claim and the likelihood of successfully establishing it, the Monitor believes it is unlikely to realize a significant benefit to the estate, while possibly protracting the current CCAA proceedings. Third, pursuing the claim would complicate and could significantly increase the expenses associated with the use of the interpleader proceeding.

MONITOR'S ANALYSIS AND RECOMMENDATIONS

65. For the reasons outlined above, the Monitor recommends that this Honourable Court:

a) issue an Order declaring that the Monitor, in its capacity as Monitor and on behalf of the Applicants, is not required to make employee or employer related statutory deductions, withholdings or payments, including on account of Statutory Amounts, in respect of distributions to former employees of Ifastgroupe, IRM or IFC on account of their Proven Affected Claims under the Plans;

b) approve the Monitor's commencement of an interpleader action in the US District Court and, if the interpleader is accepted, the deposit of the proceeds of the liquidation of IFC USA's assets with the US District Court as permitted by that court, and distribution of the funds so deposited in accordance with the orders of that Court; and

c) approve the actions taken, and fees incurred, by the Monitor and its counsel in administering the IFC USA estate since September 16, 2003 and payment out of the IFC USA Funds of the fees and expenses incurred in instituting and pursuing the interpleader action described above.

66. All of which is respectfully submitted this 11th day of March, 2009.

ERNST & YOUNG INC.

In its capacity as Court-Appointed Monitor of
Ivaco Inc. and certain of its affiliates

Per:

Brian Denega
Senior Vice President

SCHEDULE A

SCHEDULE 'A'

Applicants filing for CCAA

1. Ivaco Inc.
2. Ivaco Rolling Mills Inc.
3. Ifastgroupe Inc.
4. IFC (Fasteners) Inc.
5. Ifastgroupe Realty Inc.
6. Docap (1985) Corporation
7. Florida Sub One Holdings, Inc.
8. 3632610 Canada Inc.

APPENDIX A

ERNST & YOUNG INC.
Court Appointed Monitor of
Ivaco Inc. re: IFC USA
STATEMENT OF RECEIPTS AND DISBURSEMENTS - USD
FOR THE PERIOD APRIL 5, 2004 TO MARCH 10, 2009

Receipts:	
Sale of VFM Assets	$ 2,637,730.75
Sale of VFS Shares	424,990.00
Interest Earned	336,382.62
Collection of Promissory Note re: Distributor Sales	115,000.00
State of Vermont refund	41,225.00
Miscellaneous Receipts and Disbursements	19,511.19
Total Receipts	**$ 3,574,839.56**
Disbursements:	
VFM Operating Expenses	531,926.79
Monitors Fees and Disbursements	175,067.08
Distributions to HSBC - re Sale of Assets	101,602.74
Legal Fees	24,017.97
Repayment of Sales Proceeds	17,300.00
Distributions to Alter Moneta re: Sales of Assets	10,950.00
Goods and Services Taxes Paid	10,902.00
Insurance	1,902.27
Bank Charges	555.41
Total Disbursements	**874,224.26**
Excess Receipts over Disbursements	**$ 2,700,615.30**