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"

FORTIETH REPORT OF THE MONITOR
OCTOBER 17, 2007

STIKEMAN ELLIOTT LLP
Barristers & Solicitors
5300 Commerce Court West
199 Bay Street
Toronto, ON M5L 1B9

Peter F.C. Howard LSUC#: 22056F
Tel: (416) 869-5613

Ashley John Taylor LSUC#: 39932E
Tel: (416) 869-5236
Fax: (416) 947-0866

Solicitors for the Monitor,
Ernst & Young Inc.

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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 (the "Initial Order"). Pursuant to the Initial Order, Ernst & Young Inc. was appointed as monitor (the "Monitor") of the Applicants.

2. The Applicants for the Initial Order included, among others, Ivaco, Ivaco Rolling Mills Inc. and the related limited partnership Ivaco Rolling Mills Limited Partnership ("IRM"), Ifastgroupe Inc. and the related limited partnership Ifastgroupe and Company Limited Partnership ("Ifastgroupe"), IFC (Fasteners) Inc. ("IFC") and Docap (1985) Corporation ("Docap").

3. This Fortieth Report of the Monitor (the "Report") is provided to this Honourable Court in support of a number of motions filed with this Honourable Court seeking orders: (i) approving filing of the Plans of Compromise and Arrangement Affecting Claims Against Ifastgroupe (the "Ifastgroupe Plan"), IRM (the "IRM Plan") and IFC (the "IFC Plan") (collectively the "Plans"); (ii) authorizing the Monitor to call, hold and conduct meetings of creditors on November 13, 2007; (iii) directing the Plan Committees to bring a motion returnable on November 15, 2007 seeking an Order of this Honourable Court sanctioning the Plans pursuant to the CCAA, if the Plans are approved by the requisite majorities of

Creditors; (iv) authorizing and directing the Monitor to file assignments in bankruptcy on behalf of Ivaco and Docap upon the satisfaction of certain conditions precedent; (v) authorizing Ernst & Young Inc. to accept an appointment as National Bank of Canada's Agent for the purpose of realizing on the bank's security over some or all of the property and assets of Ivaco and/or Docap; and (vi) authorizing and directing the Monitor to make an interim distribution to National Bank of Canada as the first ranking secured creditor in respect of Ivaco.

4. The Report is organized as follows:

- Terms of Reference
- Overview
- Summary of the Plans of Compromise and Arrangement
- Meetings of Creditors
- Distribution to National Bank of Canada
- Bankruptcy of Ivaco and Docap
- Post-Closing Statements of Receipts and Disbursements
- Monitor's Analysis and Recommendation

TERMS OF REFERENCE

5. Capitalized terms not defined in this Report are defined in the Initial Order, the Plans and the Monitor's previous 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.

OVERVIEW

6. On October 9, 2007, this Honourable Court issued an Order: (i) approving the Salaried Minutes of Settlement, the Designated Minutes of Settlement, the Ingersoll Minutes of Settlement and the Docap Minutes of Settlement (collectively the "Minutes of Settlement"); and (ii) authorizing and directing the Monitor to implement the Minutes of

Settlement on behalf of the Applicants including causing payments to be made as follows:

a) $1 million from the Ivaco Sale Proceeds, $13,750,000 from the Ifastgroupe Sale Proceeds and $14,250,000 from the IRM Sale Proceeds in accordance with the Escrow Agreement on behalf of the Salaried Plan;

b) $243,090.80 from the Ivaco Sale proceeds to the Designated Plan;

c) $1,262,892.60 from the Ifastgroupe Sale Proceeds to the Ingersoll Plan; and

d) $216,000 from Docap to the Docap Plan.

7. This Honourable Court also made an Order: (i) approving the Pension Agreement and the Escrow Agreement and authorizing and directing Ernst & Young Inc. to act as the Escrow Agent; (ii) barring and staying the Superintendent, the Pension Committee and the Régie from advancing any claims relating to the Minutes of Settlement; and (iii) staying, barring and discharging any claims relating to the Pension Plans.

8. Pursuant to the Minutes of Settlement, the parties agreed to cooperate in obtaining such further orders as may be required in order to facilitate: (i) a distribution of not less than a specified amount to be agreed upon to the unsecured creditors of IRM, Ifastgroupe and IFC pursuant to Plans of Arrangement; and (ii) a payment from Ivaco of an amount up to and including the balance of National Bank of Canada's ("NBC") secured claim against Ivaco.

9. The Minutes of Settlement contemplate that the payments referred to above will be made to the various pension plans by October 31, 2007. The Plans of Arrangement, discussed more fully below, state that distributions to Affected Creditors will occur on or before November 30, 2007 provided that the requisite majority of creditors approve the Plans at the meeting of creditors and this Honourable Court grants an order sanctioning the Plans.

SUMMARY OF THE PLANS OF COMPROMISE AND ARRANGEMENT

10. The informal advisory committee of the creditors of Ifastgroupe ("Ifastgroupe IAC"), IRM ("IRM IAC") and IFC ("IFC IAC") (collectively the "IAC") are bringing motions to this Honourable Court seeking Orders authorizing and directing them to file Plans of Compromise and Arrangement in respect of Ifastgroupe, IRM and IFC and to present the Plans to Affected Creditors for their consideration. A copy of the Ifastgroupe and IFC Plans are attached as Exhibit A to the Affidavits of Louis Latendresse included with the motion materials. A copy of the IRM Plan is attached as Exhibit A to the affidavit of Christine Kenealy also included with the motion materials.

11. Pursuant to the Plans, the Monitor is to issue a Monitor's report describing the circumstances and events leading up to the Plan and commenting on the fairness and reasonableness of the Plans (the "Monitor's Report on the Plans"). The Monitor intends to distribute the Monitor's Report on the Plans to creditors together with copies of the Plans and other documents that creditors will require for the meetings of creditors.

12. Since the IRM, Ifastgroupe and IFC Plans are substantially identical, the narrative provided below is intended to apply to all three Plans. The Monitor's Report on the Plans will be provided to creditors in French and English with the mailing to creditors, described below.

Purpose of the Plans

13. The purpose of the Plans is to settle or quantify Claims and effect a compromise and arrangement of all Claims (other than the Unaffected Claims) against IRM, Ifastgroupe and IFC in a manner that provides consistent and equitable treatment among the Creditors, and to allow for the timely distribution of the Proceeds to the Affected Creditors on a *pari passu* basis generally as if IRM, Ifastgroupe and IFC had become bankrupt on the Valuation Date.

Claims Unaffected by the Plans

14. The Plans do not compromise or affect CCAA Charge Indemnity Claims, Secured Claims, Enhanced Pension Claims, Unsecured Pension Claims (provided that the Pension Settlement Conditions set out in the Plans are met), Government Priority Claims, the Monitor's fees and expenses or certain claims by any Plan Sponsor for reimbursement of legal fees and disbursements incurred in connection with the Plans. Holders of Unaffected Claims are not entitled to vote on or receive any Distributions under the Plans in respect of such Unaffected Claims.

Classification of Claims

15. There is one Class of Creditors which consists of all Affected Creditors.

Entitlement of Affected Creditors to Vote and Receive Distributions

16. Any Creditor that did not submit a Proof of Claim in respect of a Claim by the Claims Bar Date or the Subsequent Claims Bar Date or by such later date as was agreed to by the Monitor before October 15, 2007, as applicable, will not be entitled to vote on, or receive Distributions under the Plans. Each Affected Creditor may vote for or against the Plans to the extent that its Affected Claim is a Proven Affected Claim prior to the date on which such Creditor's Proxy is required to be filed with the Monitor pursuant to the Plan Filing Order. The votes of Affected Creditors in respect of Affected Claims that are not Proven Affected Claims will be marked and tabulated separately to determine whether their acceptance for voting purposes could affect the result of the voting process, in which case the Monitor shall seek directions from this Honourable Court.

17. Distributions will be made to Affected Creditors holding Proven Affected Claims as of the date that is ten Business Days before the date such Distribution is to be made. Each Creditor entitled to receive a Distribution will be entitled to receive its Pro Rata Share of such Distributions. Affected Creditors will be entitled to receive a special catch-up payment at the same time as the next Distribution is made if such Affected Creditor's Affected Claim becomes a Proven Affected Claim.

Valuation of Claims

18. Affected Creditors with Proven Affected Claims established pursuant to the Claims Order or otherwise settled and accepted by the Monitor shall be entitled (without duplication for amounts included in its Proven Affected Claim) to claim for any interest which such Affected Creditor is entitled to by contract, or where such Affected Creditor does not have a contractual entitlement to interest, 5% per annum, that is referable to the period commencing the day after the Filing Date (or such later date that such Affected Creditor's Affected Claim arose) and ending on and including the Valuation Date. Claims filed as part of the Subsequent Claims Process will be entitled to interest from December 1, 2004 to the Valuation Date. Claims will be updated by the Monitor automatically to account for interest up to the Valuation Date in accordance with the Plan Filing and Meeting Order. No claim shall be made by a Creditor, or accepted by the Monitor, for interest accrued after the Valuation Date. Monies owing to Affected Creditors in foreign currencies will be converted, for all purposes of the Plans, using the closing rate of the Bank of Canada on the Valuation Date, which was Cdn $1.1698 = U.S. $1.00. The Claim of any Creditor shall be net of any amount owing by the Creditor to IRM, Ifastgroupe or IFC as at the Valuation Date.

Conditions of Plan Implementation

19. The implementation of the Plans is conditional upon, among other things:

a) the Monitor reporting that the terms and conditions of the Plans are fair and reasonable;

b) the making of a Sanction Order, in form and substance as attached to the Plans on or before November 15, 2007 (or such later date as may be agreed by the Plan Sponsors);

c) the implementation of the agreement entered into among the Plan Sponsors and acknowledged by the Monitor relating to the settlement of any issues concerning the quantification of the Claims of the Plan Sponsors; and

d) the Monitor having filed a certificate with the Court that it is ready and able to make on that day an initial Distribution to each holder of a Proven Affected Claim as of the date that is seven days before the Plan Implementation Date of at least 40% for IRM, 30% for Ifastgroupe and 10% for IFC of the amount of such Creditor's Proven Affected Claim.

20. In the case of IRM, in addition to the aforementioned items, implementation of the Plan is also conditional on the execution and delivery of the BNS D&O Agreement. The purpose of the agreement is to avoid a distribution reserve with respect to a possible indemnity claim being asserted against IRM in connection with BNS' D&O Claim. The Monitor will seek authority from this Honourable Court to execute this agreement at the same time as the Plan Sponsors seek the Sanction Order.

Effect of Plan Implementation

21. Upon implementation of the Plans, among other things, (i) the Plans will become effective and be binding on IRM, Ifastgroupe and IFC and the Creditors but shall not affect Unaffected Claims, (ii) the Monitor, the members of the Plan Sponsors, and each of their respective directors, officers, employees, agents and professional advisers shall be released and discharged from certain claims relating to the Plans, and (iii) proceedings against IRM, Ifastgroupe or IFC shall be stayed as reflected in the Sanction Orders.

Effect of Rejection of the Plan

22. In the event that the Plans are not approved by the Affected Creditors, the Sanction Orders are not issued or if the Plans are not implemented for any other reason, Creditors shall not be bound to the valuation, settlement or compromise of their Claims in accordance with the Plans or the Meeting Orders.

Plan Approval

23. Implementation of the Plans are subject to: (i) the approval of the meetings of creditors as described later in this Report; and (ii) the approval of this Honourable Court granting an Order sanctioning the Plans and the transactions therein and the expiry of all appeal periods therefrom.

MEETING OF CREDITORS

Procedure for Meetings

24. Ifastgroupe IAC, IRM IAC and IFC IAC, in conjunction with the Monitor, have prepared a proposed procedure for the meetings of creditors, which the IAC is seeking to have approved by order of this Honourable Court (the "Meeting Orders").

25. Pursuant to the Meeting Orders (if approved by this Honourable Court), the Monitor will be authorized to call, hold and conduct the Meetings of Affected Creditors (the "Meetings" and individually the "Meeting") to consider and vote on the Plans. The Meetings are proposed to be held at the InterContinental Toronto Centre at 225 Front Street West in the City of Toronto, Ontario on November 13, 2007.

26. For purposes of considering and voting on the Plans there will be one class ("Class") of Affected Creditors. Affected Creditors are those Persons having an Affected Claim meaning all claims except : (i) Claims that are Unaffected Claims; and (ii) Claims that by agreement, statute or operation of law or equity would be subordinate to the general unsecured liabilities of the debtors.

27. The Plans do not compromise or affect the following Unaffected Claims:

a) CCAA Charge Indemnity Claims;

b) Secured Claims;

c) Enhanced Pension Claims;

d) Unsecured Pension Claims, provided that the Pension Settlement Conditions set out in the Plans are met;

e) Claims of government entities as follows (collectively, "Government Priority Claims"):

   i. claims by Her Majesty in Right of Canada pursuant to subsection 224(1.2) and 224(1.3) of the *Income Tax Act* (Canada);

   ii. claims pursuant to any provision of the *Canada Pension Plan Act* or the *Employment Insurance Act* (Canada) that refers to subsection 224(1.2) of the *Income Tax Act* (Canada) and provides for the collection of a contribution, as defined in the *Canada Pension Plan Act*, or employee's premium or employer's premium as defined in the *Employment Insurance Act* (Canada), and of any related interest, penalties or other amounts; or

   iii. claims pursuant to any provision of provincial legislation that has a similar purpose to subsection 224(1.2) of the *Income Tax Act* (Canada), or that refers to that subsection, to the extent that it provides for the collection of a sum, and of any related interest, penalties or other amounts, where the sum:

      - has been withheld or deducted by a person from a payment to another person and is in respect of a tax similar in nature to the income tax imposed on individuals under the *Income Tax Act* (Canada), or

      - is of the same nature as a contribution under the *Canada Pension Plan Act* if the province is a "province providing a comprehensive pension plan" as defined in subsection 3(1) of the *Canada Pension Plan Act* and the provincial legislation establishes a "provincial pension plan" as defined in that subsection;

f) Claims by the Monitor for fees and expenses including, without limitation, legal expenses; and

g) Claims by any Plan Sponsor for legal fees and disbursements incurred after the Valuation Date in connection with the drafting, negotiation, approval, sanctioning and implementation of the Plans.

28. An officer of the Monitor will act as the chair of each Meeting (the "Chairman") and decide all matters relating to the rules, procedures and conduct of the Meetings and the validity of proxies. The Monitor shall provide scrutineers for the supervision and tabulation of the attendance, quorum and votes conducted at the Meetings and report to this Honourable Court on the results of such votes. The Chairman shall be entitled to adjourn the Meetings provided that any such adjournment shall be for a period of not more than 30 days.

29. The only persons entitled to notice of or to attend the Meetings are the Affected Creditors (including their respective counsel) together with their proxy holders. Each Affected Creditor who has a right to vote at the Meeting has the right to appoint a person to attend, act and vote for and on behalf of the Affected Creditor and such right may be exercised by inserting in the space provided on the Proxy, the name of the person to be appointed. The Proxy must be signed by the Affected Creditor or by a person duly authorized to sign on the Affected Creditor's behalf or, if the Affected Creditor is a corporation, by a duly authorized officer or attorney of the corporation. If no name has been inserted, the Affected Creditor will be deemed to have appointed the Monitor as the Affected Creditor's proxyholder. Representatives of the Monitor and the Chairman, and their respective legal and financial advisors are also entitled to attend the Meetings. Any other Person may be admitted to the Meetings by a majority vote of the Affected Creditors present at the Meetings in person or by proxy.

30. The quorum for each Meeting is one of the Affected Creditors entitled to vote present in person or by proxy. If the requisite quorum is not present at a Meeting or if a Meeting is postponed by the vote of the majority in number of the Affected Creditors present in person or by proxy, then the Meeting shall be adjourned by the Chairman to such time and place as the Chairman deems necessary or desirable.

31. A vote by written ballot will be taken on the approval of the Plan. On a poll on any matter that may come before a Meeting, each Affected Creditor entitled to vote will be entitled to one vote for the aggregate value of its Proven Claim.

32. If a Meeting is adjourned by the Chairman in its sole discretion or by a vote of the majority at a Meeting, the Meeting will be adjourned to such date, time and place as may be decided by the Chairman. Neither the Chairman nor the Monitor will be required to deliver any notice of adjournment of the Meeting other than announcing the adjournment, or posting notice thereof, at the Meeting and publishing notice of the adjournment on the Monitor's website.

Notice of Meeting

33. A Notice to Creditors, a Proxy Form, an Instruction Letter, a copy of the Plan, a copy of the Meeting Order and a copy of the Monitor's Report on the Plans to the Creditors (collectively, the "Meeting Materials") will be sent by the Monitor to all Affected Creditors who filed a Proof of Claim pursuant to the June 18, 2004 Claims Procedure Order or pursuant to the April 20, 2007 Subsequent Claims Procedure Order or an Indemnity Proof of Claim pursuant to the April 19, 2005 D&O Claims Process Order on or before October 26, 2007 by ordinary pre-paid mail, courier, fax or e-mail at the address appearing on such Affected Creditor's Proof of Claim or such other address subsequently provided to the Monitor. With the exception of the Meeting Order and the Monitor's Report to the Creditors on the Plan, the proposed Meeting Materials to be sent to creditors is attached as Schedules "B", "C" and "D" to the Meeting Order.

34. Further, the Monitor will publish a notice to Creditors of the Meetings for a period of two business days in The Globe and Mail (National Edition) and La Presse (in French), the first such notice will be published on or before October 26, 2007.

35. The Monitor will also post electronic copies of the Notice of the Meetings and the Meeting Materials on its website at www.ey.com/ca/ivaco.

36. Subject to obtaining the consent of the Monitor or the Court, the Plan Committee shall have the right, prior to the Meetings, at any time and from time to time, to amend, modify, and/or supplement the Plans, provided that any such amendment, modification or supplement are discussed in advance with the IRM IAC, Ifastgroupe IAC and IFC IAC or the Monitor and are not objected to by the IRM IAC, Ifastgroupe IAC and IFC IAC or the Monitor, as the case may be.

Voting at Meetings

37. The only Persons entitled to vote at a Meeting are the Affected Creditors with Proven Affected Claims as of November 8, 2007, two Business Days prior to the date of the Meeting .

38. If the value of a Disputed Claim is not resolved for voting purposes as of the second business day immediately preceding the Meeting, the Creditor shall not be entitled to vote at the Meeting in respect of any amount of such Affected Creditor's Disputed Claims except that such Creditor may register its vote in the prescribed manner and the Monitor shall mark such vote as objected to, shall tabulate all such votes separately for purposes of determining whether the inclusion of the votes would affect the result of the voting process, in which case the Monitor shall seek directions from this Honourable Court.

39. If the Plan has been accepted by the majorities required by the CCAA, the Plan Committee will bring a motion returnable before this Honourable Court on November 15, 2007 seeking an Order sanctioning the Plans pursuant to the CCAA (the "Sanction Order").

Assignment of Claims

40. If an Affected Creditor transfers all of its Claim to another Person who has been acknowledged by the Monitor as the Creditor in respect of such Claim, none of the Debtors or the Monitor shall be obligated to give notice to or to otherwise deal with a transferee or assignee of a Claim as the Creditor in respect thereof unless and until actual notice of transfer or assignment, together with satisfactory evidence of such transfer or assignment, has been received and acknowledged by the Monitor, and thereafter such transferee or assignee shall for the purpose hereof constitute the Creditor in respect of such Claim. Any such transferee or assignee of a Claim shall be bound by any notices given or steps taken in respect of such Claim in accordance with the Plans.

Voting by Proxy

41. Each Creditor entitled to vote at a Meeting may vote in person or by proxy. A form of proxy for use at the Meetings accompanies the Meeting Materials pursuant to the Meeting Order. A Creditor may use the Proxy Form to appoint its proxyholder and may appoint any Person to act on its behalf at a Meeting by inserting that Person's name into the blank space provided on the Proxy Form enclosed with the Meeting Materials.

42. A Proxy Form must be completed in accordance with the Instruction Letter attached to the Meeting Materials and be received by the Monitor at Ernst & Young Inc., in its

capacity as Monitor of Ivaco Inc., Ernst & Young Tower, 222 Bay Street, Suite 1600, Toronto, Ontario M5K 1J7 or by facsimile at (416) 943-3300 (Attention: Robert Ferguson) prior to 5:00 pm on November 9, 2007, the Business Day prior to the Meeting. Proxies may also be deposited with the Chairman prior to the commencement at a Meeting.

DISTRIBUTION TO NATIONAL BANK OF CANADA

43. Pursuant to the Order of this Honourable Court dated May 11, 2004, Ivaco was authorized to distribute existing and future proceeds of sale from the Applicants' non-core assets to NBC, subject to any prior ranking liens or encumbrances on such non-core assets and/or closing adjustments in respect of the relevant sale transactions.

44. A Distribution Order was granted by this Honourable Court on December 17, 2004. The Order was obtained pursuant to an agreement reached between the NBC, Ivaco, 1039028 Ontario Inc. and the Monitor, incorporating claw-back provisions in certain circumstances. The agreement essentially provided that the Monitor was authorized to release a maximum of $16 million to NBC as a repayment of its loan provided, however, if in certain circumstances a bona fide claim is proven against the directors and officers of Ivaco pursuant to the D&O Claims Process, then NBC is required to return up to $10 million of the proceeds to the Monitor.

45. This claw-back provision is consistent with the Initial Order whereunder the directors and officers obtained a charge against the property of the Applicants which ranks ahead of NBC's security to a maximum of $10 million. The Order also provided that NBC was required to repay the funds it received if it was determined that a valid and enforceable trust, lien or charge exists by virtue of the *Pension Benefits Act* or the Quebec *Supplemental Pension Plan Act* and such trust, lien or charge is determined to have priority to the secured position of NBC and there are not sufficient funds of Ivaco to pay the trust, lien or charge.

46. On December 20, 2004, the Monitor delivered $12 million to NBC pursuant to the agreement and Court Order referred to above.

47. On August 31, 2007, Ivaco's secured indebtedness to NBC, after deducting interim distributions, as discussed above and including interest and fees, was approximately $23.9 million.

48. As indicated above, the Minutes of Settlement included language to the extent that all parties would cooperate in obtaining such further orders as may be needed in order to facilitate a payment from Ivaco of the balance of NBC's secured claim against Ivaco.

49. Given the October 9, 2007 approval of the Minutes of Settlement, NBC has brought a motion seeking an order authorizing and directing the Monitor on behalf of Ivaco to make an interim distribution to NBC on account of its secured claim. Based on the funds presently in the Monitor's possession and after reserving for various items, including future administration costs, the Monitor intends to distribute a minimum of $5 million to NBC.

50. The Monitor considers that there is a benefit to the estate in proceeding in this fashion in that it stops in part the continuing accrual of interest and there is protection to the estate in the form of the claw-back.

BANKRUPTCY OF IVACO AND DOCAP

51. As discussed in the Thirty-Eighth Report of the Monitor, NBC is the secured creditor of both Ivaco and Docap. As at August 31, 2007, NBC's secured claims including fees and interest totalled approximately $23.9 million and $5.1 million, respectively. In respect of both Ivaco and Docap, it is anticipated that there will be no funds available for distribution to unsecured creditors following payment of the secured claims.

52. Since the sale of Ivaco's business effective December 1, 2004, there has been no prospect of a restructuring of Ivaco. Rather the focus has been on realization and distribution to creditors in accordance with their respective rights and priorities. Docap, on the other hand, has been operating as a going concern since the CCAA filing. It is not currently known whether a going concern transaction with respect to Docap's business is possible.

53. A petition in bankruptcy was previously filed against Ivaco, but was stayed by the CCAA stay and then pursuant to various stays issued by Justice Farley, the Court of Appeal and

the Supreme Court of Canada pending a final determination of the Pension Plan litigation.

54. In light of the approval of the Minutes of Settlement, NBC has brought a motion seeking an order authorizing and directing the Monitor to cause Ivaco and Docap to make voluntary Assignments in Bankruptcy (in the case of Docap, upon the Monitor receiving a notice of request from NBC, substantially in the form attached as Schedule "B" to the Ivaco & Docap Assignments in Bankruptcy Order filed with the motion material), subject to satisfaction of the following conditions:

(a) the Salaried Pension Payment, the Designated Pension Payment, the Ingersoll Pension Payment and the Docap Pension Payment are made as contemplated by the Salaried Minutes of Settlement, the Designated Minutes of Settlement, the Ingersoll Minutes of Settlement and the Docap Minutes of Settlement, respectively; and

(b) the pending appeal to the Supreme Court of Canada by the Superintendent has been withdrawn and the stay associated therewith terminated.

55. NBC's motion also seeks approval from this Honourable Court to: (i) terminate the Stay of Proceedings and the standstill as they relate to NBC's rights and remedies against Ivaco and Docap; and (ii) appoint Ernst & Young Inc. as agent on behalf of NBC for the purpose of realizing on NBC's security over some or all of the property and assets of Ivaco and/or Docap.

56. In the Monitor's view, the ability to assign Ivaco and Docap (should a going concern transaction not be available) into bankruptcy provides an appropriate vehicle to complete the administration of these estates in an orderly fashion and permit additional distributions to be made to NBC on account of its secured claims, and the Monitor recommends approval of NBC's motion.

POST-CLOSING STATEMENTS OF RECEIPTS AND DISBURSEMENTS

57. In the Thirty-Fourth Report of the Monitor, dated March 28, 2007, the Monitor provided a post-closing summary of the Applicants' receipts and disbursements for the period from

December 1, 2004 to February 28, 2007. Attached as Appendix A to this Report is an updated summary of receipts and disbursements for the period from March 1, 2007 to September 30, 2007.

MONITOR'S ANALYSIS AND RECOMMENDATIONS

58. For the reasons outlined in this and previous Monitor's reports and to permit the Monitor to advance the administration of the Applicants' estates and to effect a distribution to Affected Creditors, the Monitor recommends that this Honourable Court:

a) Authorize the Monitor to call, hold and conduct Meetings on November 13, 2007 (or any adjourned dates in accordance with the Plan Filing and Meeting Order) in accordance with provisions of the Plans and the procedures for voting and approving the Plans as set out in the motion material;

b) Direct the Plan Committees of IRM, Ifastgroupe and IFC to bring motions returnable on November 15, 2007 to seek an Order of this Honourable Court sanctioning the Plans pursuant to the CCAA; and

c) Approve the orders sought by NBC to assign Ivaco and Docap into bankruptcy and to effect a distribution to NBC.

All of which is respectfully submitted this 17th day of October, 2007.

ERNST & YOUNG INC.

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

Per:

Brian M. Denega
Senior Vice-President

Michel Marleau
Senior Vice-President

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.
STATEMENT OF RECEIPTS AND DISBURSEMENTS - CDN
FOR THE PERIOD MARCH 1, 2007 TO SEPTEMBER 30, 2007

Opening Cash as at February 28, 2007	**$**	**17,855,689**
Receipts:		
Interest Earned		432,254
Intercompany Receipts		432,067
Reimbursement of costs re: Heico		60,000
Miscellaneous Refunds		177
Total Receipts	**$**	**924,499**
Disbursements:		
Legal Fees and Disbursements		786,599
Monitor's Fees and Disbursements		422,180
Working Capital Expert Fees		131,812
Goods and Service Tax Paid		82,419
Claims Officer Fees - Stockwood		26,340
Quebec Sales Tax Paid		15,032
Storage and Security		5,950
CRO Fees		1,200
Miscellaneous Expenses		834
Total Disbursements	**$**	**1,472,366**
Excess Receipts over Disbursements	**$**	**(547,867)**
Closing Cash as at September 30, 2007	**$**	**17,307,822**

ERNST & YOUNG INC.
Court Appointed Monitor of
Ivaco Inc.
STATEMENT OF RECEIPTS AND DISBURSEMENTS - USD
FOR THE PERIOD MARCH 1, 2007 TO SEPTEMBER 30, 2007

Opening Cash as at February 28, 2007	**$**	**272,241**
Receipts:		
Miscellaneous Receipts		39,834
Interest Earned		8,138
Total Receipts	**$**	**47,972**
Disbursements:		
Storage and Security		1,560
Legal Fees and Disbursements		1,013
Miscellaneous Expenses		2
Total Disbursements	**$**	**2,575**
Excess Receipts over Disbursements	**$**	**45,397**
Closing Cash as at September 30, 2007	**$**	**317,638**

ERNST & YOUNG INC.
Court Appointed Monitor of
Ifastgroupe and Company Limited Partnership
STATEMENT OF RECEIPTS AND DISBURSEMENTS - CDN
FOR THE PERIOD MARCH 1, 2007 TO SEPTEMER 30, 2007

Opening Cash as at February 28, 2007	**$**	**89,806,495**
Receipts:		
Interest Earned		1,979,320
Quebec Sales Tax Refund		95,298
Intercompany allocation - IFC Fasteners		63,943
Goods and Service Tax Refund		3,775
Total Receipts	**$**	**2,142,336**
Disbursements:		
Transfer of Sales Proceeds to IFC (Fasteners) Inc.		18,087,000
Monitor's Fees and Disbursements		452,485
Intercompany Disbursements		216,034
Legal Fees and Disbursements		115,313
Goods and Service Tax Paid		34,068
Miscellaneous Expenses		31
Total Disbursements	**$**	**18,904,930**
Excess Receipts over Disbursements	**$**	**(16,762,594)**
Closing Cash as at September 30, 2007	**$**	**73,043,901**

ERNST & YOUNG INC.
Court Appointed Monitor of
Ifastgroupe and Company Limited Partnership
STATEMENT OF RECEIPTS AND DISBURSEMENTS - USD
FOR THE PERIOD MARCH 1, 2007 TO SEPTEMER 30, 2007

Opening Cash as at February 28, 2007	**$**	**539,304**
Receipts:		
Interest Earned		15,456
Total Receipts	**$**	**15,456**
Disbursements:		
Bank Charges		1
Total Disbursements	**$**	**0.75**
Excess Receipts over Disbursements	**$**	**15,455**
Closing Cash as at September 30, 2007	**$**	**554,759**

ERNST & YOUNG INC.
Court Appointed Monitor of
IFC (Fasteners) Inc.
STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD APRIL 24, 2007 TO SEPTEMBER 30, 2007

Receipts:		
Sales Proceeds Transfered from Ifastgroupe		18,087,000
Interest Earned		262,804
Total Receipts	**$**	**18,349,804**
Disbursements:		
Monitor's Fees and Disbursements		106,469
Intercompany Disbursements		63,943
GST Paid		6,388
Total Disbursements	**$**	**176,800**
Excess Receipts over Disbursements	**$**	**18,173,004**

ERNST & YOUNG INC.
Court Appointed Monitor of
IRM Limited Partnership
STATEMENT OF RECEIPTS AND DISBURSEMENTS - CDN
FOR THE PERIOD MARCH 1, 2007 TO SEPTEMBER 30, 2007

Opening Cash as at February 28, 2007	**$**	**165,051,217**
Receipts:		
Interest Earned		4,091,827
Goods and Services Tax Refund		40,554
Total Receipts	**$**	**4,132,381**
Disbursements:		
Monitor's Fees and Disbursements		505,364
Intercompany Disbursements		216,034
Legal Fees and Disbursements		129,535
Goods and Services Taxes Paid		38,931
Claims Officer Fees		13,956
Miscellaneous Expenses		32
Total Disbursements	**$**	**903,851**
Excess Receipts over Disbursements	**$**	**3,228,530**
Closing Cash as at September 30, 2007	**$**	**168,279,747**

ERNST & YOUNG INC.
Court Appointed Monitor of
IRM Limited Partnership
STATEMENT OF RECEIPTS AND DISBURSEMENTS - USD
FOR THE PERIOD MARCH 1, 2007 TO SEPTEMBER 30, 2007

Opening Cash as at February 28, 2007	**$**	**1,690,622**
Receipts:		
Interest Earned		48,451
Total Receipts	**$**	**48,451**
Disbursements:		
Bank Charges		1
Total Disbursements	**$**	**1**
Excess Receipts over Disbursements	**$**	**48,450**
Closing Cash as at September 30, 2007	**$**	**1,739,072**

DOCAP (1985) CORPORATION

STATEMENT OF RECEIPTS AND DISBURSEMENTS - CDN
FOR THE PERIOD MARCH 3, 2007 TO SEPTEMBER 28, 2007

Receipts:		*(in thousands)*
Trade		7,093
Other		(29)
Total Receipts	**$**	**7,064**
Disbursements:		
Material		3,134
Payroll & Related		1,845
Other		1,192
Freight & Customs		584
Professional Fees		63
Utilities		53
Total Disbursements	**$**	**6,871**
Excess Receipts over Disbursements	**$**	**193**

ERNST & YOUNG INC.
Court Appointed Monitor of
Ivaco Inc. re: IFC USA
STATEMENT OF RECEIPTS AND DISBURSEMENTS - USD
FOR THE PERIOD MARCH 1, 2007 TO SEPTEMBER 30, 2007

Opening Cash as at February 28, 2007	**$**	**2,591,205**
Receipts:		
Interest Earned		74,136
Miscellaneous Receipts and Refunds		106
Total Receipts	**$**	**74,242**
Disbursements:		
Monitor's Fees and Disbursements		48,018
Goods and Services Taxes Paid		2,881
Bank Charges		119
Legal Fees		45
Total Disbursements	**$**	**51,063**
Excess Receipts over Disbursements	**$**	**23,179**
Closing Cash as at September 30, 2007	**$**	**2,614,385**

ERNST & YOUNG INC.
Court Appointed Monitor of
Ivaco Inc. re: IMT Corporation
STATEMENT OF RECEIPTS AND DISBURSEMENTS - CDN
FOR THE PERIOD MARCH 1, 2007 TO SEPTEMBER 30, 2007

Opening Cash as at February 28, 2007	**$**	**2,955,709**
Receipts:		
Interest Earned		72,742
Total Receipts	$	**72,742**
Disbursements:		
Monitor's Fees and Disbursements		47,755
Legal Fees and Disbursements		46,827
Goods and Services Taxes Paid		5,951
Storage and Security		4,600
Miscellaneous Expenses		31
Total Disbursements	**$**	**105,164**
Excess Receipts over Disbursements	**$**	**(32,422)**
Closing Cash as at September 30, 2007	**$**	**2,923,287**

ERNST & YOUNG INC.
Court Appointed Monitor of
Ivaco Inc. re: IMT Corporation
STATEMENT OF RECEIPTS AND DISBURSEMENTS - USD
FOR THE PERIOD MARCH 1, 2007 TO SEPTEMBER 30, 2007

Opening Cash as at February 28, 2007	**$**	**19,913**
Receipts:		
Interest Earned		588
Total Receipts	**$**	**588**
Disbursements:		
State Income Taxes		126
Bank Charges		2
Total Disbursements	**$**	**129**
Excess Receipts over Disbursements	**$**	**460**
Closing Cash as at September 30, 2007	**$**	**20,372**