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-SECOND REPORT OF THE MONITOR
NOVEMBER 9, 2007

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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, 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-Second Report of the Monitor (the "Report") is provided to this Honourable Court as a general update on the status of these proceedings. The Report is organized as follows:

- Terms of Reference
- Pension Matters
- Distribution to National Bank
- Plans of Compromise and Arrangement
- Status of Working Capital Dispute
- Docap
- Update of Post-Closing Statements of Receipts and Disbursements

TERMS OF REFERENCE

4. 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.

PENSION MATTERS

5. As described at length in previous Monitor's Reports, the pension issues prevented an interim distribution to creditors. The Monitor attempted to facilitate a resolution of these pension issues and in August of 2006, the Monitor, the IAC and the Pension Parties participated in mediation to attempt to settle the outstanding pension issues. No resolution was reached during the August 2006 mediation.

6. Given the continued pressure by creditors for a distribution and as highlighted in the Thirty-Fifth Report of the Monitor, the Monitor proposed a second mediation session to attempt to bring the parties together to discuss their individual issues and to work towards developing a commercially reasonable settlement of all of the outstanding issues.

7. On August 20 and 21, 2007, a second mediation session was held. Terms of settlement were agreed upon between the IAC and the Pension Parties, subject to Court approval, to resolve the issues of quantum, priority and joint and several liability in respect of the Ivaco Salaried Pension Plan and the Designated, Ingersoll and Docap Pension Plans.

8. As well, the Minutes of Settlement provided that all parties would co-operate to obtain further orders to facilitate distributions to all proven creditors of IRM, Ifastgroupe and IFC pursuant to Plans of Compromise and Arrangement and to National Bank of Canada as secured creditor of Ivaco. The parties agreed to extend or adjourn all the deadlines for the Supreme Court of Canada appeal and the joint and several motion to a date not earlier than November 30, 2007 to allow for the implementation of the Minutes of Settlement.

9. On October 9, 2007, this Honourable Court issued an Order: (i) approving the Minutes of Settlement; and (ii) authorizing and directing the Monitor to implement the Minutes of Settlement on behalf of the Applicants, including by causing payments to be made to or for the benefit of the various pension plans.

10. On October 31, 2007, in accordance with the Minutes of Settlement, the Monitor caused wire-transfers or 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 in respect 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.

11. On the same day, a motion was filed with the Supreme Court of Canada withdrawing the appeal in relation to the pension litigation on consent of the Superintendent of Financial Services (Ontario) and the IAC.

DISTRIBUTION TO NATIONAL BANK

12. Also on October 31, 2007, and in accordance with the October 23, 2007 Distribution Order, the Monitor entered into a Distribution Agreement and caused Ivaco to make a distribution of $8,000,000 to its secured creditor, National Bank of Canada.

PLANS OF COMPROMISE AND ARRANGEMENT

13. Further to the Plan Meeting Orders issued by this Honourable Court on October 23, 2007 and as described in the Monitor's Fortieth and Forty-First Reports, the Monitor caused the publication of a Notice to Creditors of the Meetings to consider the IRM Plan, the Ifastgroupe Plan and the IFC Plan on October 26 and on October 31 in both The Globe and Mail (National Edition) and La Presse (in French).

14. The Meeting Materials (including a copy of the 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 Forty-First Report) were mailed to a total of 1509 creditors of IRM, Ifastgroupe and IFC on October 26, 2007. The Meeting Materials were also made available on the Monitor's website on October 26, 2007.

15. The Meetings of Creditors are scheduled to be held at the InterContinental Toronto Centre, located at 225 Front Street West, Toronto, Ontario on November 13, 2007. As of the date of this Report, the Monitor is unaware of any dispute from creditors as to the conduct of the meetings or the Meeting Materials circulated, including with respect to the amount of their proven or disputed claim amounts, as set forth in Schedule 1 to the distributed proxy forms.

STATUS OF WORKING CAPITAL DISPUTE

16. Further to the information provided by the Monitor in its Thirty-Fourth and Thirty-Sixth Reports, the following summarizes the events that have occurred since April 2007:

a) On July 25, 2007, the Honourable Mr. Justice Ground ordered Heico to pay approximately $53 million plus interest forthwith as a partial payment of the working capital adjustment (pending the trial of an issue described in the Thirty-Fourth Report);

b) On August 7, 2007, Heico informed the Monitor that it intended to file both a notice of appeal and a notice of motion for leave to appeal in respect of Justice Ground's Order;

c) On August 10, 2007, the Monitor's counsel served a notice to quash Heico's appeal because Heico had not sought leave to appeal the July 25, 2007 Order of Justice Ground.

d) Counsel for Heico and counsel for the Monitor agreed to a procedure that became subject to an Order of the Court of Appeal, dated September 13, 2007. Under the terms of that agreement, the motion to quash Heico's appeal, Heico's motion for leave to appeal and the appeal itself were heard together by the Court of Appeal orally on October 26, 2007.

e) Heico delivered to the Monitor three letters of credit in the aggregate amount of approximately $70.1 million that can be drawn upon to, amongst other things, satisfy any final determination of the working capital adjustment (plus interest).

f) On October 26, 2007, the Court of Appeal granted the Monitor's motion to quash Heico's appeal and refused Heico's motion for leave to appeal the July 25, 2007 Order of Justice Ground. On two occasions during the course of oral argument counsel for Heico stated to the Court of Appeal panel and the parties present that he was instructed to advise the Court that with respect to the Claims it filed in the Subsequent Claims Process, Heico did not seek any funds from the monies in the estates, but rather that its claims were limited to a reduction or set-off of the amounts that Heico is said to owe the estates in the working capital dispute. The Monitor and creditors are proceeding in reliance upon that position in providing the certification to be delivered by the Monitor and making the distributions contemplated by the Plans.

g) On October 30, 2007, the Monitor's counsel sent a letter to Heico's counsel seeking confirmation that Heico considered the portion of the working capital adjustment dispute governed by Justice Ground's July 25, 2007 Order to have been finally determined. The Monitor also sought to make arrangements for payment of approximately $59 million (inclusive of interest). Heico's counsel responded by stating that it was considering its appeal options from the decision of the Court of Appeal and that, at this point, it does not consider the July 25, 2007 order to be final and non-appealable.

DOCAP

17. Docap is a wholly-owned subsidiary of Ivaco and an importer and distributor of automotive and industrial products to customers located in both Canada and the United States. It is an Applicant in these proceedings and remains subject to the supervision of the Monitor as it was not included in the Heico Transaction.

18. The Applicants conducted a sale process in respect of Docap in 2004. Several parties expressed an interest in acquiring the business and/or specific assets. After having reviewed the expressions of interest, the Applicants concluded that the transaction having the greatest likelihood of successful completion would be with the current management team of Docap.

19. The offer from the current management was deferred in 2005 due to the pension dispute which also affected Docap. As discussed above, the issues relating to the Docap Pension Plan were also considered during the August 2007 mediation and on October 31, 2007 a payment of $216,000 was made to implement the Docap Minutes of Settlement.

20. Concurrently with the August 2007 meditation, Docap retained the services of Raymond Chabot Grant Thornton ("RCGT") to perform an analysis of Docap's financial situation (more specifically comparing the value of Docap's assets to the Secured Creditor's outstanding loan balance) and more recently, engaged RCGT to recanvass the market for purchase offers.

21. The management team indicated that it was no longer interested in purchasing Docap as a going concern. Consequently, over the last four to six weeks, RCGT has communicated with interested parties, prepared and circulated marketing documentation to those interested parties who have signed confidentiality agreements and requested that any interested parties provide offers for the assets of Docap (including liquidation proposals) by November 2, 2007.

22. Based on verbal discussions with RCGT regarding the offers received on November 2, 2007, it appears that no funds will be available for distribution to the unsecured creditors of Docap. The Monitor will report further to this Honourable Court as more information becomes available.

UPDATE OF POST-CLOSING STATEMENTS OF RECEIPTS AND DISBURSEMENTS

23. For purposes of presenting the Monitor's and its counsel's fees for approval by this Honourable Court on November 19, 2007, the Monitor has attached as Appendix A to this Report, a schedule illustrating the professional fees paid to the Monitor and its counsel from April 26, 2005 until November 7, 2007. During the period of April 26, 2005 and November 7, 2007, the Monitor's fees and costs totalled $7.7 million and the Monitor's counsel's fees and costs totalled $3.2 million. The detail of the fees paid prior to April 26, 2005 were including in the Monitor's Twenty-Fifth Report dated May 2, 2005. The fees of

the Monitor and its counsel were reviewed and paid directly by the Applicants for the period of September 16, 2003 to December 1, 2004, the date the sale of the core business to Heico closed.

All of which is respectfully submitted this 9th day of November, 2007.

ERNST & YOUNG INC.

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

Per Michel Marleau

Brian M. Denega
Senior Vice-President

Michel Marleau
Senior Vice-President

SCHEDULE "A"

Ivaco Rolling Mills Inc.
Ifastgroupe Inc.
IFC (Fasteners) Inc.
Ifastgroupe Realty Inc.
Docap (1985) Corporation
Florida Sub One Holdings, Inc.
3632610 Canada Inc.

Ivaco Inc and Certain Affiliates
Summary of Professional Fees Paid
$(000)

Appendix A

	to April 26, 2007 (Note 1)	2005 May	June	July	August	September	October	November	December
Ernst & Young Inc. *(Court appointed Monitor)*									
Fees	10,393.19	423.09	492.94	163.78	184.58	165.88	183.83	30.71	279.66
Disbursements	1,405.00	73.14	105.19	19.94	49.70	18.99	24.00	2.76	27.54
Stikeman Elliott *(Monitor's Counsel)*									
Fees	1,297.18	94.43	93.96	122.51	0.00	46.16	123.63	33.47	0.00
Disbursements	38.23	3.65	8.21	1.80	0.00	1.33	4.09	0.35	0.00

	2006 January	February	March	April	May	June	July	August	September	October	November	December
Ernst & Young Inc. *(Court appointed Monitor)*												
Fees	189.43	453.26	229.64	205.97	458.28	232.54	151.18	236.96	92.29	239.51	128.21	235.11
Disbursements	17.81	48.15	24.28	23.30	44.82	23.82	20.03	22.30	8.49	22.93	13.17	22.87
Stikeman Elliott *(Monitor's Counsel)*												
Fees	80.62	0.00	253.96	82.02	89.82	114.48	124.39	63.92	203.64	0.00	325.40	182.47
Disbursements	0.24	0.00	8.83	4.12	3.78	9.85	1.62	2.07	7.42	0.00	17.07	10.78

	2007 January	February	March	April	May	June	July	August	September	October	November	Total
Ernst & Young Inc. *(Court appointed Monitor)*												
Fees	299.96	188.78	239.62	144.03	190.21	209.73	193.15	209.10	170.60	147.31	126.00	**17,288.50**
Disbursements	28.04	17.22	23.96	15.24	17.14	19.62	40.06	20.53	19.28	17.17	13.85	**2,250.34**
Stikeman Elliott *(Monitor's Counsel)*												
Fees	90.85	0.00	115.78	159.37	102.07	178.33	120.67	60.23	0.00	0.00	217.55	**4,376.89**
Disbursements	3.56	0.00	3.34	5.87	1.03	5.28	3.34	3.14	0.00	0.00	5.53	**154.54**

Note 1 Monthly Fees from September 16, 2003 to April 26, 2005 were disclosed by the Monitor in the 25th Report of the Monitor, dated May 2, 2005