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-FOURTH REPORT OF THE MONITOR
DECEMBER 6, 2007

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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-Fourth Report of the Monitor (the "Report") is provided to this Honourable Court as an update on the Plans of Compromise and

Arrangement of IRM, Ifastgroupe and IFC as well as to report on the status and sale of Docap. The Report is organized as follows:

- Terms of Reference
- Plans of Compromise and Arrangement of IRM, Ifastgroupe and IFC
- Docap

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.

PLANS OF COMPROMISE AND ARRANGEMENT

5. Further to the Plan Meeting Orders issued by this Honourable Court on October 23, 2007, Meetings of Creditors of IRM, Ifastgroupe and IFC were held at the InterContinental Toronto Centre, located at 225 Front Street West, Toronto, Ontario on November 13, 2007.

6. As reported in the Forty-Third Report of the Monitor, a majority in number representing in excess of 66 2/3% in value of the Affected Creditors holding Proven Affected Claims and voting in person or by proxy at each of the Meetings voted in favour of the resolution to approve each Plan and hence the requisite majorities required by section 6 of the CCAA were obtained.

7. On November 19, 2007, this Honourable Court granted orders sanctioning and approving the IRM Plan, Ifast Plan and IFC Plan (collectively the "Sanction Orders").

8. Heico attended the Sanction Order hearing and opposed the proposed Sanction Orders. After hearing submissions from Heico, the Monitor and others, the Honourable Justice Cumming granted the Sanction Orders in the form requested.

9. At the conclusion of the Sanction hearing, counsel to Heico indicated that Heico may seek leave to appeal the Sanction Orders and indicated that he would seek instructions from Heico.

10. On November 20, 2007, counsel to the Monitor sent a letter to counsel to Heico, which is attached as Appendix A confirming that pursuant to the Plans, the Monitor has an obligation to take certain steps to implement the Plans on or before November 30, 2007. The Monitor confirmed to Heico that, in the absence of an order staying the effect of the Sanction Orders, the Monitor was obliged and intended to implement the Plans as approved and that should the Plans be implemented, a motion by Heico for leave to appeal would be rendered moot.

11. As of November 30, 2007, Heico had not taken any step to seek leave to appeal the Sanction Orders or to stay the implementation of the Plans. On November 30, 2007, the Monitor filed the certificates contemplated by Sections 8.1 of each of the Plans and, pursuant to Sections 8.1 of each Plan, the Plans became effective.

DOCAP

CCAA Prodeedings

12. On September 16, 2003, Docap obtained protection from its creditors pursuant to the CCAA. The CCAA stay of proceedings was extended from time to time and is currently effective until the bankruptcy of Docap or further order of the Court, subject to the rights of National Bank of Canada ("National Bank") (as described below).

13. 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 but was not included in the Heico Transaction.

14. Between September 16, 2003 and the date of this Report, Docap continued to operate its business in the normal course with little or no disruption. During this period Docap paid its post-filing creditors in the normal course except for special and past-service contributions to its pension plan, as directed by this Honourable Court, and capital taxes.

15. On October 23, 2007, National Bank brought a motion before this Honourable Court and obtained an order authorizing and directing the Monitor to cause Docap to make a voluntary assignment in bankruptcy subject to the satisfaction of certain conditions. In the same order, this Honourable Court terminated the stay of proceedings as they relate to the Secured Creditor's rights and remedies against Docap.

16. On October 31, 2007, in accordance with the Minutes of Settlement, the Monitor caused a payment of $216,000 to be made from Docap to the Docap Plan.

17. In accordance with the October 23, 2007 Order and after having made the pension payment described above, Docap made a distribution of $1,500,000 to National Bank on November 7, 2007. As of November 21, 2007, Docap owes National Bank approximately $3.6 million in principal, interest and costs under a loan secured by, among other things, a security agreement covering inventory and accounts receivable.

18. The Monitor has conducted a review of National Bank's security over the assets of Docap and nothing has come to light to indicate that its security over cash, accounts receivable and inventory is not valid and enforceable. The Monitor notes that National Bank does not appear to have security over Docap's equipment (which primarily consists of shelving, racking, office furniture and equipment and some warehouse equipment such as a pallet jack, three fork lifts, picking carts, tables and desks). The Monitor understands from National Bank that any proceeds from the sale of the equipment will be kept in a separate bank account of Docap that is not subject to National Bank's security or rights of set-off.

<u>Sale Process</u>

19. 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 in consultation with National Bank, the Applicants concluded that the transaction having the greatest likelihood of successful completion would be with the current management team of Docap.

20. The offer from the current management was deferred in 2005 due to the pension dispute which also affected Docap. The issues relating to the Docap Pension Plan were 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.

21. 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 National Bank's outstanding loan balance) and subsequently engaged RCGT to recanvass the market for purchase offers.

22. The management team indicated that it was no longer interested in purchasing Docap as a going concern. Consequently, over the last six to eight 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.

23. Further to the analysis of the various offers received by RCGT, the Monitor understands from information provided by RCGT that no bid would have provided sufficient value to fully satisfy Docap's indebtedness to the National Bank. The Monitor understands that RCGT, on behalf of Docap accepted an offer made by Asset Engineering LP and that the transaction (the "Transaction") will effectively result in the orderly liquidation of Docap's assets with no funds available for the unsecured creditors of Docap. The Transaction will be implemented through an application to this Honourable Court by National Bank for the appointment of an interim receiver, Raymond Chabot Inc. The description of the sales process as well as the perceived merits of the proposed offer are contained in National Bank's Motion Record.

24. Docap will pay all outstanding invoices for goods and services supplied that are on hand as of the closing of the Transaction. However, the Monitor has been advised by National Bank that there is a possibility that certain post-filing liabilities, such as post-filing corporate taxes, employee related benefits, sales tax liabilities, import duties and some trade suppliers may not be paid, except to the extent that there is a distribution to the unsecured creditors in the eventual bankruptcy of Docap.

25. There is one unresolved D&O claim including a related indemnity claim filed against Docap by the Ministere du Revenu du Quebec for approximately $14,000 that has also not been resolved. National Bank has agreed to provide an undertaking to the Monitor to fund the estate in the event the D&O claim is determined to be a valid charge claim.

26. The Monitor has been informed by counsel to National Bank that it is expected that all employee salaries, wages and unpaid vacation pay, if any, payable will be paid by Docap as of the date of closing of the Transaction.

Monitor's Discharge

27. In light of the Transaction, the Monitor is required for one remaining function: to cause Docap to file an Assignment in Bankruptcy pursuant to the BIA and pursuant to paragraph 3(b) of the Order of the Honourable Mr. Justice Cumming dated October 23, 2007 (entitled "Ivaco & Docap Assignments in Bankruptcy") after all aspects of the Transaction have been completed and National Bank so instructs. The Monitor understands that it is anticipated that Raymond Chabot Inc. will be named as trustee in bankruptcy.

28. Ernst & Young Inc. will have no role following the Transaction and its discharge as contemplated in National Bank's motion record except as described in paragraph 27 and to act as an Escrow Agent pursuant to an

Escrow Agreement to be executed to hold and disburse funds (a) to the landlords of three locations operated by Docap in respect of occupancy costs for a limited future period; and (b) to former employees representing vacation pay accrued during the three month period preceding closing, if any.

All of which is respectfully submitted this 6th day of December, 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"

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

APPENDIX A

STIKEMAN ELLIOTT

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BY E-MAIL

November 20, 2007
File No.: 010457.1014

William J. Burden
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40 King Street West
Toronto, ON M5H 3C2

Dear Sirs:

Re: Ivaco Inc. v. III Canada Acquisition Company, et al.

We have provided under separate cover the entered sanction orders that were issued by Justice Cumming on November 19, 2007.

At the end of court yesterday, Mr. Ward raised the potential that Heico may seek leave to appeal the orders of Justice Cumming, although he said he did not have instructions.

As you will be aware from a review of the Plans and the Sanction Orders, the Monitor is obliged to take certain steps by certain dates to implement the approved Plans. Plan implementation is irreversible from and after November 30, 2007.

In the absence of an order staying the effect of the Sanction Order, the Monitor is obliged and intends to implement the Plans as approved. In the event that the Plans are implemented, a motion for leave to appeal would be rendered moot. We are expressly drawing these matters to your attention in the same fashion as was done in the Canadian Airlines restructuring so as to allow you, if so instructed, to seek a stay of the orders at the earliest possible date. No doubt the Plan Sponsors, who are copied on this letter, will advise as to their position on the availability of a stay order and of course any such motion would have to be on notice to all parties. In the event that you are able to advise us that your instructions are not to seek leave to appeal, we would appreciate that advice but at all events the purpose of this letter is to make absolutely sure that you are aware of the time limits applicable and the steps that are to be taken to implement the Plans.

Yours truly,

Peter F.C. Howard

/jh

cc. Andy Kent/Dan MacDonald
Donald Milner/R. Graham Phoenix, Robert Harrison/Xeno Martis
Geoff Hall/Sylvan Vauclair
Kevin Zych/Raj Sahni/Rick Orzy/Rob Staley
Michel Marleau, Brian Denega, Chris Mediratta
Ashley Taylor