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"

TWENTY-FIFTH REPORT OF THE MONITOR
MAY 2, 2005

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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 as monitor (the "Monitor") of the Applicants.

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

3. On March 29, 2005, the Honourable Mr. Justice Farley issued an order setting a schedule for the hearing of a number of motions on June 13 – 15, 2005, including the delivery of motion records, the conduct of cross-examinations and the exchange of facta. On April 11, 2005, the Monitor's counsel advised the Service List that if a party required factual information for the June motions, the Monitor would file a report regarding such information on or before May 2, 2005. Parties were asked to provide all information requests by April 21, 2005.

The Monitor received one information request from counsel to National Bank of Canada ("National Bank") and a further request by one stakeholder for the security opinion referenced in previous reports.

4. The purpose of this Twenty-Fifth Report of the Monitor (the "Report") is to: (i) report on the factual matters as requested by National Bank; (ii) seek Court approval of a process to deal with the Administration Charge established by the Initial Order; (iii) provide an update on the status of the sale of IFC (USA) Inc.; and (iv) notify the Court on a potential issue with respect to use of the Ivaco name. The security opinion will be made available to counsel requesting it on the same basis as it has been provided previously for inspection by other stakeholders.

TERMS OF REFERENCE

5. Capitalized terms not defined in this Report are as defined in the Initial Order and the Monitor's previous reports. All references to dollars are in Canadian currency unless otherwise noted.

6. In preparing this Report, the Monitor has relied upon company-prepared unaudited financial information and records as well as discussions with the former management of the Applicants and their legal and financial advisors. The Monitor has not performed an audit or other verification of such information.

INFORMATION REQUESTS

7. On April 21, 2005, the Monitor received a detailed information request from National Bank. The information sought by National Bank and obtained by the Monitor is presented below:

   A. *Report on the demographics of non-unionized employees employed by each of Ivaco, IRM, Ifastgroupe and Docap as of December 1, 2004, broken down by employer and province.*

Attached as Appendix A is a summary of the non-unionized employees of each of the Applicants and their province of employment as at November 30, 2004.

B. *Confirm the accuracy of the information contained in paragraphs 17 and 18 of the Superintendent's Notice of Motion.*

The Monitor has reviewed the information contained in paragraphs 17 and 18 of the Superintendent's Notice of Motion and has the following comments:

Paragraph 17 – Based on information provided to the Monitor by Mercer Human Resource Consulting ("Mercer"), the consulting actuary for the Ivaco Salaried Plan, the Designated Employees Plan, the Ingersoll Fasteners Salaried Plan and the Docap Plan (the "Pension Plans"), the table below illustrates the unpaid contributions for the Pension Plans at both September 16, 2003 and November 30, 2004 (including interest to November 30, 2004).

Plan	Unpaid contributions at September 16, 2003	Unpaid contributions at November 30, 2004
Ivaco Salaried Plan	$1,242,000	$10,963,000
Designated Employees Plan	$68,700	$285,600
Ingersoll Fasteners Plan	$46,800	$335,100
Docap Plan	$16,400	$181,500

Paragraph 18 – Based on information provided to the Monitor by Mercer, the Monitor is not aware of any actuarial valuations for the Pension Plans as at September 16, 2003; however as indicated in the table below, the solvency deficiencies (being the difference in value of the solvency assets and solvency liabilities) for the Pension Plans based on the most recent actuarial reports are set out in the table below. The table below also contains information concerning the estimated solvency deficiencies in the Pension Plans as at December 1, 2004.

Plan	Solvency Deficiency at the date specified	Estimated Solvency Deficiency as at December 1, 2004
Ivaco Salaried Plan	$21,799,200 (as at December 31, 2002)	$26,648,000
Designated Employees Plan	$573,100 (as at January 1, 2003, but including Infasco Nut)	$691,000 (including Infasco Nut, which obligations were assumed by Heico) $114,000 (excluding Infasco Nut)
Ingersoll Fasteners Plan	$791,400 (as at December 31, 2003)	$893,000
Docap Plan	$655,600 (as at January 1, 2004)	$910,000 (as at March 31, 2005)

C. *Confirm the number of non-unionized employees of Ivaco, Ifastgroupe and IRM hired by Heico, broken down by employer and province.*

The Monitor made inquiries of the former Ivaco management and was informed that of the 466 total non-unionized employees (excluding 44 Docap employees from the 510 employees in Appendix A), all but five (one active, four inactive) employees were retained by Heico.

D. *Confirm the total amounts contributed to the Pension Plans during the period from September 16, 2003 to December 1, 2004.*

The Monitor made inquiries of Mercer and was informed that the total amounts of current service contributions paid in respect of the Pension Plans (excluding payments made to the Capital Accumulation Program) during the period from September 30, 2003 to December 1, 2004 (except as otherwise indicated) were as follows:

Plan	**Contributions Paid**
Ivaco Salaried Plan	$3,223,000
Designated Employees Plan	$165,000
Ingersoll Fasteners Plan	$167,000
Docap Plan	$176,000 (as at March 31, 2005)

E. *Confirm (i) the amount of assets under administration in the Pension Plans as at September 16, 2003 and May 1, 2005 (or as current a date as is possible).*

The Monitor made inquires of Mercer and was informed that this information is only available on a month-end basis. Information as at April 30, 2005 will be available in mid-May 2005 and will be included in a supplement to this Report to be filed with the Court prior to the June motions. However, assets under administration in the Pension Plans as at September 30, 2003 and March 31, 2005 were as follows:

Plan	**Assets under Administration as at September 30, 2003**	**Assets under Administration as at March 31, 2005**
Ivaco Salaried Plan	$83,793,000	$92,055,000

Plan	Assets under Administration as at September 30, 2003	Assets under Administration as at March 31, 2005
Designated Employees Plan	$2,905,000	$3,392,000
Ingersoll Fasteners Plan	$2,542,000	$2,822,000
Docap Plan	$3,055,000	$3,502,000

F. *Confirm that during the period from September 16, 2003 to December 1, 2004, Ivaco, Ifastgroupe and IRM continued to operate and the unionized and non-unionized workers continued to receive their wages, related benefits and the current portion of their pension contributions.*

The Monitor confirms that during the period from September 16, 2003 to December 1, 2004, Ivaco, Ifastgroupe and IRM continued to operate under the protection of the Initial Order and in accordance with the orders thereunder and paid all remuneration including related benefits to all active employees.

G. *Confirm the total amounts paid to non-unionized employees during the period from September 16, 2003 to December 1, 2004.*

The Monitor has requested this information from the former divisional controllers of the Applicants and will report to this Honourable Court as to the result of that request prior to the June motions.

H. *Confirm that at no time since September 16, 2003, did the Applicants or the partnerships maintain segregated trust funds relating to employer contributions to be made in respect of the salaried plans, or otherwise in relation to obligations to fund or contribute to the salaried plans. Also,* *confirm that the proceeds of the Heico sale transaction are being held by the Monitor in trust pursuant to the orders made by the Court.*

The Monitor, having made inquiries of representatives of the Applicants, confirms that it is not aware of any segregated trust funds held by any of the CCAA Applicants or partnerships relating to the Pension Plans. The Monitor further confirms that all funds in its possession are held in separate bank accounts for each of the Applicants pursuant to the Interim Additional Powers Order granted by the Court on December 17, 2004.

I. *In connection with paragraph 34 of the Affidavit of Lynda Ellis, confirm that no creditor or Applicant gave an undertaking not to pursue a bankruptcy proceeding.*

The Monitor confirms that it is not aware of any creditor or Applicant undertaking not to pursue a bankruptcy proceeding.

J. *In connection with paragraph 71 of the Ellis Affidavit, confirm that the Applicants did not pay any of the pre-petition unsecured indebtedness owed to members of the IAC and other creditors with non-disputed claims of significance.*

The Monitor confirms that pursuant to the Initial Order the Applicants did not pay pre-filing unsecured obligations owed to any creditors.

K. *The conclusion reached in the Watson Wyatt report filed by the Superintendent is based on assumptions, some of which are significant. Confirm that the use of different assumptions might lead to materially different results and that another expert might well have different views regarding the appropriateness of the assumptions used.*

If the pension claims are unsecured it may be necessary for the Monitor to retain an expert in order to value the claims. However, the Monitor has not yet retained an expert and therefore is not in a position to comment on the appropriateness or otherwise of the assumptions contained in the Watson

Wyatt report and whether or not another expert would use the same or different assumptions. It is axiomatic and almost trite that materially different assumptions could lead to different results.

L. *In view of the fact that improvements were made to the Pension Plans in 2001 and 2003, which improvements may impact upon the funding obligations of the PBGF, confirm the potential PBGF liabilities.*

The Monitor confirms, based on information obtained from Mercer, that pursuant to the PBGF only improvements made more than three years before the date of termination of the plan are included in the guaranteed benefits. Consequently, there is no change to the estimates previously provided by Mercer since the May 1, 2001 amendment is included while the January 1, 2003 amendment is not.

M. *Confirm that Section 9.9 of the Ivaco Salaried Plan and Article 162 of the QSPPA contain provisions permitting payment of "administrative costs" which could be used to fund payment of insurance in favour of the members of the Quebec Pension Committee and provide a copy of section 9.9 of the Salaried Pension Plan.*

The Monitor confirms that pursuant to Section 162 of the Quebec Supplemental Pension Plans Act, the administrative expenses of a pension plan are paid out of the pension fund, unless the plan stipulates otherwise. The Regie des rentes du Quebec has stated expressly in its annotation to Section 162 that it considers liability insurance for pension committee members to be an administrative expense of the plan. Section 9.9 of the Ivaco Salaried Plan provides that the plan's administrative costs may be paid either by the employer or from the pension fund, at Ivaco's discretion. Section 20.19 of the plan provides as follows: "The Company may purchase and maintain insurance for the benefit of the members of the Pension Committee against any liability incurred by them in their capacity as members of the Pension Committee. The premium shall be paid from the

Fund." Attached at Appendix B is a copy of sections 9.9 and 20.19 of the Ivaco Salaried Plan.

N. Can the Monitor determine the amount that the Chubb insurance policy referenced in the Rivest Affidavit in relation to the request for insurance funding would cost?

The Monitor has requested this information from the Pension Committee and will report back to this Honourable Court prior to the June motions.

O. Confirm the validity and effectiveness of the security of National Bank in respect of Ivaco and Docap.

The Monitor confirms that it has obtained an opinion from Stikeman Elliott LLP confirming the validity and enforceability of National Bank's security with respect to Ivaco and Docap, subject to the usual qualifications. This opinion has been made available for inspection to significant stakeholders who have expressed the desire to see it and will continue to be.

ADMINISTRATION CHARGE

8. Pursuant to the Initial Order, the Applicants were directed to pay the fees and disbursements of the Monitor, counsel to the Monitor, counsel to the Applicants and counsel to the Independent Committee of the Board of Directors of Ivaco (the "Professional Fees"), subject to any final assessment or taxation as may be ordered by the Court.

9. The Initial Order created a number of Court-ordered charges "against all present and future Property of the Applicants and Partnerships", including the Administration Charge, the Directors' Charge and the DIP Lenders' Charge. The Administration Charge was granted in favour of, *inter alia*, the Monitor, counsel to the Monitor, counsel to the Applicants and counsel to the Independent Committee of the Board of Directors of Ivaco, as security for their fees and disbursements.

10. In anticipation of future distributions to creditors pursuant to bankruptcy or otherwise, it is necessary to address all Court-ordered charges created by the Initial Order.

11. On April 19, 2005, the Court approved a claims process for the purpose of identifying, quantifying and resolving claims against the former Directors and Officers of the Applicants and indemnity claims asserted by those former Directors and Officers, including those asserted to be secured by the Directors' Charge. There is no outstanding DIP loan other than the Ivaco sub-Dip.

12. In order to deal with the Administration Charge in an orderly manner, the Monitor suggests the following process to provide an opportunity for any interested party to seek an assessment or taxation of the Professional Fees.

13. For the period prior to December 1, 2004, the date of closing of the Heico transactions, the Professional Fees were scrutinized and approved by the Applicants, and the amount of the Professional Fees was disclosed to the Service List in the Monitor's stakeholder reports issued on a bi-weekly or monthly basis. Attached as Appendix C is a monthly summary of the Professional Fees since September 16, 2003. The Monitor will also make additional support or detail in respect of the Professional Fees available for review at the offices of its counsel.

14. The Monitor proposes that any party that intends to seek an order of the Court directing a final assessment or taxation of the Professional Fees be required to serve and file motion materials with this Honourable Court seeking such relief by no later than May 31, 2005, failing which such Professional Fees shall be deemed to be approved and an order to that effect taken out.

15. The fees from December 1, 2004 to March 31, 2005 are also set out in the same format as Appendix C and the Monitor proposes the same methodology.

STATUS OF IFC (USA) INC.

16. The following is an update on the status of the sale of the assets of IFC USA Inc.

Vermont Fasteners Sales Corp. ("VFS")

17. As discussed in the Twenty-First Report of the Monitor, IFC USA held a 70% interest in VFS. The minority shareholder, through a corporation called VFS Acquisition LLC, made an offer to buy IFC USA's shares of VFS for US$425,000. The Applicants accepted the minority shareholder's offer and the transaction closed on December 21, 2004.

Vermont Fasteners Manufacturing ("VFM")

18. VFM was an American bolt manufacturer which permitted Ifastgroupe to bid on major American structural contracts requiring American-made bolts. VFM ended its production operations on November 30, 2004.

19. VFM's land and building has been listed with a real estate agent for a number of months. It appears that activity has increased recently, although no offer has been received yet.

20. Subject to the powers obtained through the December 17th, 2004 Interim Additional Powers Order and the April 19th, 2005 Supplementary Interim Additional Powers Order, the Monitor engaged in a process to solicit offers for the assets of VFM.

21. 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 "Assets"). The call for tenders was directed to 14 auctioneering companies, competitors of VFM, equipment manufacturers and brokers. Interested parties were invited to visit the premises during the week of April 4th to April 8th. The visits were extended until April 12th to accommodate potential bidders.

22. Six offers were received before 1 pm on April 14th, 2005 (defined as the bar date to receive offers). The Monitor has selected one of these offers (which contemplates the purchase for all of the Assets) and is currently negotiating the terms of the Asset Purchase and Sale Agreement.

23. The Monitor will report back to this Honourable Court when the Asset Purchase and Sale Agreement has been settled.

USE OF IVACO NAME

24. As discussed in the Twentieth Report of the Monitor, Heico took the position that the Applicants, their legal counsel and the Monitor are not be permitted to use the name "Ivaco" after closing for any purpose whatsoever. An agreement was subsequently reached between Heico and the Applicants permitting the use of the "Ivaco" name post-closing for the CCAA proceedings only.

25. In anticipation of the June motions and the possibility of one or more bankruptcy proceedings and the necessity for creditors to understand what entities the proceedings relate to, the Monitor intends to discuss the further use of the "Ivaco" name with Heico, but may have to come back to the Court for directions if a satisfactory solution cannot be reached.

All of which is respectfully submitted this 2nd day of May, 2005.

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.

Appendix A

Subsidiary or division	No. of non-unionized employees as at November 30, 2004
Ontario:	
Ivaco Rolling Mills	97
Sivaco Ontario Processing	26
Infasco Nut	13
Ingersoll Fasteners	44
Infatool	1
Docap	32
Infasco – Mississauga warehouse	15
Total Ontario	228
Quebec:	
Galvano	13
Infasco	131
Sivaco Quebec	86
Head office	18
Docap – Quebec warehouse	4
Total Quebec	252
Alberta:	
Docap – Edmonton warehouse	8
Infasco – Edmonton warehouse	12
Total Alberta	20
Manitoba:	
Infasco – Winnepeg warehouse	7
Nova Scotia:	
Infasco – Dartmouth warehouse	3
Total	**510**
Source: Monthly Ivaco head count reports.	

Appendix B

PENSION PLAN

FOR SALARIED EMPLOYEES

OF IVACO INC.

AND PARTICIPATING SUBSIDIARY COMPANIES

I certify that the foregoing is a true copy of the Plan.

Albert A. Kassab
Vice-President and Chief
Financial Officer

Restated version as of January 1, 1992

9.9 The administrative costs of the Plan may, at the discretion of the Company, be paid either directly by the Employer or from the Fund.

20.19 LIABILITY INSURANCE

The Company may purchase and maintain insurance for the benefit of the members of the Pension Committee against any liability incurred by them in their capacity of members of the Pension Committee. The premium shall be paid from the Fund.

Appendix C

Ivaco Inc and Certain Affiliates
Summary of Professional Fees Paid
as at April 26, 2005
$(000)

	2003				2004												2005				
	September	October	November	December	January	February	March	April	May	June	July	August	September	October	November	December	January	February	March	April	**Total**
Ernst & Young Inc.																					
(Court appointed Monitor)																					
Fees	251.87	1,386.90	614.94	440.75	249.80	359.23	616.65	385.73	401.59	598.68	293.23	641.01	412.72	715.74	755.50	560.61	637.81	450.75	441.20	178.38	$ 10,393
Disbursements	23.99	180.31	88.45	61.09	34.82	52.72	89.44	43.74	59.48	78.10	59.77	73.98	107.39	90.56	87.11	79.76	76.34	53.53	46.53	18.21	$ 1,405
Davies, Ward, Philips & Vineberg																					
(Company's Counsel)																					
Fees	185.77	539.30	270.39	409.06	88.20	126.15	707.35	53.25	168.00	400.05	267.40	999.13	322.05	340.55	662.08	901.50	228.85	-	331.16	183.28	$ 7,183
Disbursements	7.44	21.08	18.07	22.87	7.96	4.42	24.66	1.82	6.46	9.20	20.03	43.47	17.76	11.32	30.33	38.94	25.87	-	14.77	10.58	$ 337
Stikeman Elliot																					
(Monitor's Counsel)																					
Fees	39.75	45.68	12.07	51.26	-	7.43	73.74	-	59.25	201.32	58.64	-	59.51	149.70	92.33	89.88	54.68	36.97	110.63	154.33	$ 1,297
Disbursements	1.86	0.56	0.69	4.34	-	0.19	2.40	-	3.18	7.59	3.99	-	1.56	4.10	1.07	0.26	1.69	0.22	2.69	1.83	$ 38
Mendelsohn																					
(Independent Committee's Counsel)																					
Fees	-	-	-	-	-	64.80	9.54	-	3.48	14.33	11.34	32.49	-	9.32	88.73	-	32.00	37.64	19.70	13.32	$ 337
Disbursements	-	-	-	-	-	1.45	0.14	-	0.08	0.11	0.06	0.85	-	-	3.76	-	0.12	2.73	0.37	1.02	$ 11