TAB C

This is Exhibit "C"
referred to in the Affidavit of
Brian M. Denega
sworn before me this 13th
day of October, 2006

A Commissioner for Taking Affidavits

WORKING CAPITAL PROCEEDINGS

IVACO AND HEICO

--- This is the interview of Hugh Blakely, conducted at the offices of Cassels Brock & Blackwell, Scotia Plaza, 40 King Street West, Suite 2100, Toronto, Ontario, on Friday, the 21st day of July, 2006.

APPEARANCES:

John. W Buschhausen	KPMG
John Rockx	KPMG
Robert B. Martin	Price Waterhouse
E. Bruce Leonard	Cassels Brock & Blackwell
Brian M. Denega	Ernst & Young
Peter F.C. Howard	Stikeman Elliott

in terms of the enterprise. That the constituents, the
customers, the suppliers would think that was good
news?

A Correct.

173 Q And am I correct, sir, then, that
the division prepared this estimate or this material
with the information from, amongst others,
Mr. Silverman and Mr. Mott as to the terms that they
were getting and had been getting over the months?

A They would have been prepared
consistent with what they had been getting, correct.

174 Q All right. And if the terms on --
for AP, that is, accounts payable, increased, that's a
good thing in terms of the discipline and managing the
enterprise, right?

A Great.

175 Q Can I ask to you keep exhibit 7 in
front of you. You can put exhibit 6 away. And I'm
going to ask you some questions about Ifastgroupe now
and what Heico has characterized as top level
adjustments. And I'm going to ask you, first, sir,
about adjustments to accounts payable at Ifastgroupe?

A Correct.

176 Q Am I correct, sir, that for a few
months prior to this time in July of '04, you had been

getting the estimates or the input from Ifast management about what they were predicting the accounts payable to be?

A We had requested that they provide their forecasts, correct.

177 Q I'm going to show you, sir, and provide to you copies of the extracts of the documents that relate to this. I want to walk you through some of them. And am I correct, sir, that you at head office, you and Mr. Benson, were pushing them to get terms on AP, correct?

A Pushing all of our suppliers, whether it be Ifast, Sivaco, IRM.

178 Q You said suppliers. You were pushing the businesses to go get the terms?

A To get -- correct, stretch payables.

179 Q All right. And you wanted them, as part of that discipline, to do better on getting payables, right?

A Correct.

180 Q And I'm showing to you -- the first page of this document is the extract from the monthly management -- from Ifastgroupe with respect to liabilities. You can see that they've got the actual for May and the forecast for June?

A Correct.
181 Q And you see, sir, that the actual payables that they've been getting for the previous few months are in the order of, for March, 10.5, April 7.9 and May 7.5?
A I see that, correct.
182 Q Okay. And what the -- the division or the business was coming in and saying our forecast for payables for the month is going to be 2.9?
A Correct.
183 Q And they were predicting out for each of the other months 1.6, 3.1 and 2.9?
A Correct.
184 Q So that's what they were saying in -- when you reviewed the May actuals, June forecast, right?
A Correct.
185 Q Look at the second page. By then they had the -- you had the June actuals and you see that the June actuals came in at 6.7 in relation to a forecast of 2.9?
A Correct.
186 Q And they were by that point still predicting -- still trying to keep the numbers low in the payables?

A I see that.

187 Q And am I correct, sir, that by the time June and July came around the actuals for those numbers for payables for Ifast had been considerably higher than those originally projected by Ifast?

A Correct.

188 Q All right. And so if you go back to exhibit 7 and go to the Ifast document.

A Correct.

189 Q What you were doing was taking a submitted forecast of $3.4-million, which was lower than the actuals that you had been experiencing, and adjusting it to accord with what had been happening and they're missing the previous forecasts, right?

A Could you restate the question?

190 Q Sure. When they came up with this forecast, the division, they still didn't get it. They gave you a forecast in exhibit 7 of 3.4?

A Correct.

191 Q And they had missed their previous ones, correct?

A Correct.

192 Q What you and Mr. Benson did was say, guys, we want you to manage this business better and we want you to accord with reality and our judgment is

you're going to get these terms, and so you added five million bucks, right?

A I remember the conversation and we said to -- the conversation, do better. Why are you projecting so low, because they felt they were not able to get the terms.

193 Q Yes.

A That was their belief.

194 Q All right. And they had got the terms, and they did get the terms, right?

A The numbers prove it out at the end, correct.

195 Q But my question to you, sir, is you had a history from them of under-egging the souffle, if you will, underestimating the accounts payable that they could get?

A Fair enough.

196 Q You agree with me?

A The numbers show it.

197 Q Could we mark, then, as exhibit 8 the draft of this document that I've given you?

EXHIBIT NO. 8: Extract of monthly management document.

BY MR. HOWARD:

198 Q Am I correct, sir, that in terms of

the 8.4 that is projected for accounts payable for September 30, what actually occurred was in the order of 8.9?

A I don't have it handy, but...

199 Q You recall it being in that range?

A I don't have it -- I don't have it here. If I had an actual here I would use it.

200 Q The actuals are what the actuals are. They're not going to -- those numbers aren't going to change.

A Exactly.

201 Q So, sir, that's one of the $5-million adjustments. I want to take you to -- stay with Ifastgroupe. I want to just talk to you in concept first. There's a $3-million adjustment that's been queried with respect to the amount of finished goods. Am I correct, sir, that the amount that came up in Ifast for finished goods -- excuse me for one second.

--- Off-the-record discussion.

BY MR. HOWARD:

202 Q Exhibit 7, still Ifastgroupe. The number that had come up for finished goods was $51.2-million, you see that?

A Um-hum.

203 Q And the adjustment of $3-million is made at that point, 48.274 million dollars, you see that?

A Yes.

204 Q One of the things you've been doing over the months was you and Mr. Benson had been pushing Ifast to run the inventory leaner, correct?

A Correct.

205 Q And one of the ways to do that would be to have less finished goods and increased sales?

A Correct.

206 Q Am I correct, sir, that as part of this, management increased -- management at Ifast projected an increase in sales in the approximate amount of $3-million. Do you remember that?

A I can't recall that.

207 Q I'm going to show you --

A At what juncture was that?

208 Q I'm going to show it to you, sir. It's in your material. In particular, sir, these are extracts from the monthly reports. There are two separate ones for the Ifast income statement. You see that?

A Yes.

209 Q And that -- as at May actuals, June

forecast, they were projecting sales for September in the amount of $28.7-million and sales for the quarter of $79.8-million?

A Correct.

210 Q And by the time you get to the June actuals, July forecast, they're projecting 31.3 million for September and 83.4 for the quarter?

A All right.

211 Q You saw that?

A I see that.

212 Q Exhibit -- these are part of the documents that you would be getting at --

A Correct.

213 Q Exhibit 9.

EXHIBIT NO. 9: Extracts from the monthly reports.

BY MR. HOWARD:

214 Q And am I correct, sir, that if you run leaner and keep your inventory lower and increase sales, then that's a good thing for the business?

A Correct.

215 Q Am I correct, sir, that with respect to the projection of $48-million for finished goods and inventory, the adjusted one, that Ifastgroupe actually did a lot better than that and had in the order of

$41-million in finished goods for actual September 30?

A I can't remember. The numbers --

216 Q The numbers are what they are?

A Right.

217 Q I'm going to -- Mr. Benson said when he discussed these with you on each occasion or -- you and he would talk, he'd say, "Are you okay with this, Hugh;" do you agree with that?

A There was one meeting in which we discussed these numbers. He was my boss and if I had felt that they weren't correct why would I have presented them to him the way they were?

218 Q Sorry, I'm not the asking any questions. You've had a chance to make your affidavit. I'm saying to you, Mr. Benson says when he had those discussions with you on each time he'd say, "Are you okay with that, Hugh," and you'd say, "Yes". Do you dispute that?

A I don't dispute that.

219 Q And I suggest to you, sir, that you had similar kinds of discussions in the presence of Linda as well with Mr. Benson. If she says she heard you say that, you wouldn't dispute that either, correct?

A Correct.