

**SCHEDULE "L"**

Court File No.: 07-CL-6926

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(Commercial List)**

**LASALLE BUSINESS CREDIT, A DIVISION OF  
ABN AMRO BANK N.V., CANADA BRANCH**

Applicant

- and -

**GENFAST MANUFACTURING COMPANY**

Respondent

**SIXTH REPORT TO THE COURT OF KPMG INC.  
IN ITS CAPACITY AS RECEIVER OF  
GENFAST MANUFACTURING COMPANY**

November 2, 2007

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*Listing of Schedules*

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- Schedule "A" - Fifth Report (without appendices or schedules)
- Schedule "B" - Ford Agreement (redacted version)
- Schedule "C" - Ford Accommodation Agreement
- Schedule "D" - Ford Steel Coil Inventory Listing
- Schedule "E" - GFC Settlement Agreement

## 1.0 Introduction and Purpose of Report

### 1.1 Purpose of this Report

1.1.1 The purpose of this Sixth Report is to supplement the Receiver's Fifth Report dated October 29, 2007 (the "Fifth Report") with respect to certain matters discussed in the Fifth Report that were not yet finalized as at the date of the Fifth Report. A copy of the Fifth Report (without appendices and schedules) is attached as Schedule "A".

1.1.2 All initially capitalized terms not otherwise defined herein shall have the meanings given to them in the Fifth Report.

1.1.3 This Sixth Report is in support of the Receiver's request for an Order on its motion scheduled for November 5, 2007, among other things:

- (i) approving the Fifth Report and this Sixth Report and the activities of the Receiver described therein and herein;
- (ii) approving the sale of approximately 636,000 pounds of the Remaining Raw Materials Inventory (as defined in the Fifth Report) to MNP Corporation ("MNP") at the purchase price of approximately US \$144,000, plus applicable taxes;
- (iii) approving the sale of approximately 139,000 pounds of the Remaining Raw Materials Inventory to B&D Thread Rolling Inc. ("B&D") for a purchase price of approximately US \$28,000, plus applicable taxes;
- (iv) approving the sale of approximately 183,000 pounds of the Remaining Raw Materials Inventory to Emerald Steel Processing, LLC ("Emerald") for a purchase price of approximately US \$30,000, plus applicable taxes;
- (v) authorizing the Receiver to sell for scrap value that portion of the Remaining Raw Materials Inventory not sold to MNP, B&D and Emerald;
- (vi) authorizing the Receiver to enter into and complete the CBC Agreement;

- (vii) authorizing the Receiver to sell Genfast's thread die inventory to MNP for a purchase price of approximately US \$45,000, plus applicable taxes;
- (viii) authorizing the Receiver to enter into and complete the GFC Settlement Agreement;
- (ix) authorizing the Receiver to sell the Unsaleable Inventory to K&K Recycling Services ("K&K"), for its scrap value, plus applicable taxes;
- (x) approving the Ford Agreement (as defined below) and authorizing the Receiver to complete the Ford Agreement, including the sale of WIP and finished goods inventory to Ford Motor Company ("Ford") (and the sale of the Ford Steel Coil Inventory (as defined below) to MNP and Emerald as set out in the Ford Agreement);
- (xi) authorizing the Receiver to, if the sale of any inventory being sold pursuant to the Ford Agreement or any portion thereof is not completed, sell such inventory for its scrap value;
- (xii) authorizing the Receiver to, if the GM Agreement (as defined below) has not been executed by GM (as defined below) by the return of this motion, or, if executed, the sale of all or any portion of the GM Steel Coil Inventory (as defined below) is not completed for any reason, sell all or such portion of the GM Steel Coil Inventory for its scrap value;
- (xiii) authorizing and directing the Receiver to establish the Sivaco Reserve (as defined below) from the proceeds of the sale of various raw materials located at the Sivaco premises over which Sivaco has asserted a processing and storage lien, to be dealt with in accordance with paragraph 5.1.3 of this Sixth Report; and
- (xiv) approving the Records Request Protocol.

## 2.0 Agreement with Ford Motor Company

The Receiver and Ford have entered into Minutes of Settlement (the "Ford Agreement"), a copy of which are attached as Schedule "B" to resolve all outstanding issues involving Genfast, and which are conditional upon Court approval. The attached copy of the Ford Agreement has certain financial details redacted, including an accompanying schedule providing an analysis of the book values of the Ford Steel Coil Inventory being sold to Ford or its parts suppliers replacing Genfast, the amount of the purchase price, and the Receiver's view as to the amount that Ford is obligated to purchase under the Ford Accommodation Agreement, given that the disclosure of same could affect other ongoing negotiations. An unredacted copy will be filed with the Court in advance of this motion.

### 2.1 Accounts Receivable

2.1.1 The Receiver and Ford have completed reconciliations of Ford's account receivable due to Genfast. Both Ford and the Receiver agree that Ford still owes Genfast \$56,780. Ford has agreed to pay this outstanding account upon Court approval of the Ford Agreement.

### 2.2 WIP and Finished Goods Inventories

2.2.1 Ford has agreed to purchase WIP inventory with a value of U.S. \$122,568.81 and finished goods inventory with a value of U.S. \$20,782.04 from the Receiver pursuant to its accommodation agreement with Genfast (the "Ford Accommodation Agreement"), a copy of which is attached as Schedule "C". Ford's obligation under the Ford Accommodation Agreement was to, among other things, purchase "usable" and "merchantable" WIP and finished goods inventory. The Receiver has reviewed those purchase orders that Ford issued to Genfast and which were still outstanding and unfulfilled as at the date of the Receiver's appointment in order to estimate what Ford would have been obligated to purchase under the Ford Accommodation Agreement. The

Receiver believes that the Ford Agreement represents a reasonable settlement of these issues after consideration of the incremental realizations in excess of the scrap value being obtained on certain of the Ford Steel Coil Inventory (as defined below) and the costs and delays associated with litigation that will be avoided by completing the Ford Agreement.

### 2.3 Steel Coil Inventory

2.3.1 Pursuant to the Ford Accommodation Agreement, Ford was required to purchase "useable" and merchantable" steel coil inventory that was used to make Ford's products, at a price equal to Genfast's cost of the steel coil. The Receiver reviewed Ford's purchase orders and determined the type of steel coil that was used to produce Ford products and thereafter created a listing of steel coil which Genfast had on hand and which was associated with Ford parts production. This list was provided to Ford with a request that it purchase same.

2.3.2 The book value of the steel coil inventory that the Receiver believed that Genfast's customers had an obligation to purchase, pursuant to the various agreements between such customers and Genfast, totalled approximately \$1.584 million. However, Genfast's steel coil inventory was generally multi-purpose such that it could be used to make product for several different customers. As a result, the listings of steel coil inventory that the Receiver requested each customer to purchase pursuant to the agreements they had entered into with Genfast (primarily Ford, GM and Magna) contained duplication. During the course of discussions with Ford, it became apparent that the parts suppliers who replaced Genfast were, in fact, the parties that would utilize any steel coil inventory that Ford was obligated to purchase under the Ford Accommodation Agreement. As a convenience to Ford, the Receiver has agreed to sell the steel coil inventory directly to the parts supplier who will be utilizing it.

2.3.3 Ford's replacement suppliers for Genfast; MNP; and Emerald, have agreed to purchase approximately 986,000 pounds of steel coil having a book value of approximately of \$393,000

(the "Ford Steel Coil Inventory"). A list of the steel coil being purchased is attached as Schedule "D". The Ford Steel Coil Inventory includes both coils that Ford was obligated to purchase under the Ford Accommodation Agreement and additional coils that Ford, through its suppliers, have agreed to purchase outside of Ford's obligations under the Accommodation Agreement.

2.3.4 Pursuant to the Ford Agreement, the Receiver has also agreed to provide a release to Ford (the "Ford Release") upon Ford, MNP and Emerald performing their respective obligations as described, above. The Ford Release will cover all actions, liabilities and claims that Genfast has in connection with the Ford Accommodation Agreement.

2.3.5 Accordingly, given the additional steel coil inventory being purchased at a price in excess of its scrap value and the avoidance of the costs and delay associated with litigation, the Receiver recommends that the Ford Agreement, including the Ford Release, and the sales of the Ford Steel Coil Inventory to Emerald and MNP be approved and requests this Court's approval of same. For greater clarity, the Emerald and MNP purchases under the Ford Agreement are incremental to their purchases of the Remaining Raw Materials Inventory described in the Fifth Report.

2.3.6 If for any reason the sale of any inventory pursuant to the Ford Agreement, including the Ford Steel Coil Inventory (or any portion thereof) to Emerald and MNP is not completed, the Receiver requests that this Court authorize the Receiver to sell any portion of such inventory for its scrap value.

### 3.0 Agreement with General Fasteners Corporation

- 3.1.1 As reported in the Fifth Report, the Receiver, GFC and GFC Mexico had reached an agreement and were in the process of documenting same. A copy of the final form of settlement agreement (the "GFC Settlement Agreement") is attached as Schedule "E".
- 3.1.2 The Receiver recommends that the Court authorize it to enter into the GFC Settlement Agreement as it believes that the payment of approximately US \$95,000 is a reasonable settlement of GFC's obligation under the agreement it signed with Genfast in March 2007 and GFC Mexico's requirement under the Bill of Sale it signed with the Receiver after consideration of the costs and delays the Receiver would otherwise incur if it pursued the GFC Litigation.

#### 4.0 Agreement with General Motors Company

- 4.1.1 Despite ongoing discussions, the Receiver and GM have not finalized an agreement in respect of the purchase by GM of the GM Steel Coil Inventory (the "GM Agreement"). Discussions are ongoing and the Receiver hopes to bring the GM Agreement forward for Court approval on this motion.
- 4.1.2 If the GM Agreement has not been executed by GM by the return of this motion, or, if executed, the sale of all or any portion of the GM Steel Coil Inventory is not completed for any reason, the Receiver requests that this Court authorize the Receiver to sell all or such portion of the GM Steel Coil Inventory for its scrap value.

## 5.0 Status of Discussions with Sivaco Wire Group L.P

- 5.1.1 As described in the Fifth Report, certain of Genfast's steel coil inventory is stored at the premises of Sivaco Ontario, a Division of Sivaco Wire Group L.P. ("Sivaco") located in Ingersoll, Ontario.
- 5.1.2 Sivaco has asserted a claim under the *Repair and Storage Liens Act* (Ontario) for processing charges and storage costs against a certain amount of Genfast's steel located at Sivaco's facility. The amount of the liens asserted by Sivaco aggregate \$89,430.11, which includes storage until October 31, 2007 (the "Sivaco Claim"). The Receiver disputes both the validity and the quantum of the Sivaco Claim. Although the Receiver reported in its Fifth Report that it believed it had reached agreement with Sivaco on the substantive business issues, the Receiver has been unable to conclude a settlement agreement with Sivaco.
- 5.1.3 In order not to delay the sales of the steel coil inventory to the various purchasers set out in the Fifth Report, to Ford and GM as set out in this Sixth Report and to any future purchasers of the Genfast steel coil inventory, the Receiver requests an Order of this Court as follows:
- i) The Receiver will establish a reserve from the proceeds of sale of the steel coil inventory located at Sivaco, in an amount equal to the lesser of the gross proceeds of sale, excluding taxes, and \$89,430.11 (the "Sivaco Reserve").
  - ii) The Sivaco Reserve shall be held by the Receiver until adjudication or resolution of the Sivaco Claim.
  - iii) The Sivaco Reserve is not being held and shall not be deemed to be held in trust by the Receiver for the Sivaco Claim or for Sivaco and will not be segregated by the Receiver.
  - iv) The Receiver will pay Sivaco \$6 per square foot, on an annualized basis, in storage costs from and after November 1<sup>st</sup> until all the Genfast steel coil inventory is removed. (The Receiver believes that \$6 per square foot is a reasonable storage fee given that the current market for storage fees in the Greater Toronto Area average approximately \$6 per square foot, which it believes is higher than in the Ingersoll area. The Receiver intends to sell the remaining steel coil inventory by no later than December 31, 2007.)
  - v) Sivaco shall co-operate with the Receiver and any purchasers of the Genfast steel coil inventory (including any of their respective employees and agents) in respect of the

removal of all Genfast steel coil inventory, including providing reasonable access to permit such removal.

## 6.0 Receiver's Interim Statement of Receipts and Disbursements

6.1.1 The Receiver wishes to clarify that the approximately \$7.01 million in net funds as at October 4, 2007 reported in its Fifth Report is inclusive of the Auction Deposit amount, as more particularly set out in Schedule "R" of the Fifth Report.

## *7.0 Recommendations*

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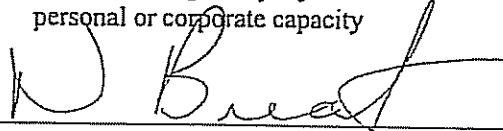
7.1.1 For the reasons set out in the Fifth Report and this Sixth Report, the Receiver respectfully requests that this Honourable Court grant an Order, among other things,

- approving the Fifth Report and this Sixth Report and the activities of the Receiver described therein and herein;
- approving the sale of approximately 636,000 pounds of the Remaining Raw Materials Inventory to MNP at the purchase price of approximately US \$144,000, plus applicable taxes;
- approving the sale of approximately 139,000 pounds of the Remaining Raw Materials Inventory to B&D at a purchase price of approximately US \$28,000, plus applicable taxes;
- approving the sale of approximately 183,000 pounds of the Remaining Raw Materials Inventory to Emerald at a purchase price of approximately US \$30,000, plus applicable taxes;
- authorizing the Receiver to sell for scrap value that portion of the Remaining Raw Materials Inventory not sold to MNP, B&D and Emerald;
- authorizing the Receiver to enter into and complete the CBC Agreement;
- authorizing the Receiver to sell Genfast's thread die inventory to MNP for approximately US \$45,000, plus applicable taxes;

- authorizing the Receiver to enter into and complete the GFC Settlement Agreement;
- authorizing the Receiver to sell the Unsaleable Inventory to K&K for its scrap value, plus applicable taxes;
- approving the Ford Agreement and authorizing the Receiver to complete the Ford Agreement, including the sale of the WIP and finished goods inventory to Ford and the sale of the Ford Steel Coil Inventory to MNP and Emerald;
- authorizing the Receiver to, if the sale of any inventory being sold pursuant to the Ford Agreement or any portion thereof is not completed, sell such inventory for its scrap value;
- authorizing the Receiver to, if the GM Agreement has not been executed by GM by the return of this motion, or, if executed, the sale of all or any portion of the GM Steel Coil Inventory is not completed for any reason, to sell all or such portion of the GM Steel Coil Inventory for its scrap value;
- authorizing and directing the Receiver to establish the Sivaco Reserve from the proceeds of the sale of various raw materials located at the Sivaco premises over which Sivaco has asserted a processing and storage lien, to be dealt with in accordance with paragraph 5.1.3 of this Sixth Report; and
- approving the Records Request Protocol.

All of which is respectfully submitted this 2nd day of November, 2007.

KPMG Inc.,  
solely in its capacity as Court-Appointed Receiver  
of the assets, properties and undertakings of  
Genfast Manufacturing Company and not in its  
personal or corporate capacity



Per: Nicholas Brearton  
Senior Vice-President

LaSalle Business Credit, and Genfast Manufacturing Company  
A Division of ABM AMRO Bank N.Y., Canada Branch  
Applicant Respondent

Court File No: 07-CL-6926

ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)

Proceeding commenced at Toronto

SIXTH REPORT TO THE COURT DATED  
NOVEMBER 2, 2007

Blake, Cassels & Graydon LLP  
Barristers & Solicitors  
199 Bay St., Suite 2800  
Commerce Court West  
Toronto, ON M5L 1A9

Milly Chow LSUC#: 35411D  
Tel: 416-863-2594

Michael McGraw LSUC#46679C  
Tel: 416-863-4247

Fax: 416-863-2653

Solicitors for the Receiver

**SCHEDULE "M"**

274

Court File No.: 07-CL-6926

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(Commercial List)**

**LASALLE BUSINESS CREDIT, A DIVISION OF  
ABN AMRO BANK N.V., CANADA BRANCH**

Applicant

- and -

**GENFAST MANUFACTURING COMPANY**

Respondent

**SEVENTH REPORT TO THE COURT OF KPMG INC.  
IN ITS CAPACITY AS RECEIVER OF  
GENFAST MANUFACTURING COMPANY**

November 4, 2007

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*Listing of Schedules*

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- Schedule "A" - Sixth Report (without appendices or schedules)
- Schedule "B" - GM Agreement

**1.0*****Introduction and Purpose of Report***

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**1.1 Purpose of this Report**

- 1.1.1 The purpose of this Seventh Report is to supplement the Receiver's Sixth Report dated November 2, 2007 (the "Sixth Report"), which dealt with certain matters discussed in the Receiver's Fifth Report dated October 29, 2007 (the "Fifth Report") that were not yet finalized as at the date of the Fifth Report, and to provide an update to the Court on the status of negotiations with GM (as defined below) with respect to the GM Settlement Agreement (as defined below). A copy of the Sixth Report (without appendices and schedules) is attached as Schedule "A".
- 1.1.2 All initially capitalized terms not otherwise defined herein shall have the meanings given to them in the Fifth Report and the Sixth Report.
- 1.1.3 This Seventh Report is in support of the Receiver's request for an Order on its motion returnable November 5, 2007, among other things:
- (i) approving this Seventh Report and the activities of the Receiver described herein;
  - (ii) approving the GM Agreement (as defined below), subject to the receipt by the Receiver of an executed copy of the GM Agreement from GM prior to 2:00 p.m. Eastern Standard Time on Tuesday, November 6, 2007 and authorizing the Receiver to enter into and complete the GM Agreement, including the vesting of all right, title and interest in and to the GM Steel Coil Inventory (as defined below) in and to GM upon the filing of a Receiver's Certificate with the Court by the Receiver; and
  - (iii) authorizing the Receiver to, if GM has not executed the GM Agreement by 2:00 p.m. Eastern Standard Time on Tuesday, November 6, 2007, or if the sale of any portion of the GM Steel Coil Inventory to GM pursuant to the GM Agreement is not completed for any reason, sell such GM Steel Coil Inventory and any of the Rejected GM Steel Coil Inventory (as defined below) for its scrap value.

**2.0*****Agreement with General Motors  
Company***

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2.1.1 The Receiver and GM have reached an agreement in respect of the purchase by GM of the "GM Steel Coil Inventory" on an "as is, where is" basis at Genfast's cost of \$1,026,679, less agreed adjustments (the "GM Agreement"), a copy of which is attached as Schedule "B", as discussed below. As the terms of the GM Agreement were finalized on Sunday, November 4, 2007, the Receiver does not at the time of this Report have an executed GM Agreement from GM. Accordingly, the Receiver requests that the Court approve the GM Agreement and authorize the Receiver to enter into and complete the GM Agreement, subject to the receipt by the Receiver of an executed GM Agreement from GM prior to 2:00 p.m Eastern Standard Time on Tuesday, November 6, 2007.

2.1.2 Pursuant to the GM Agreement:

- i) the purchase price will be adjusted on closing for: (a) an amount to be determined, if any, of the GM Steel Coil Inventory which is rejected by GM after inspection on the basis that such GM Steel Coil Inventory is not "useable" or "merchantable" as such terms were defined in the GM Accommodation Agreement (the "Rejected GM Steel Coil Inventory"), (b) shipping costs incurred by GM to remove the GM Steel Coil Inventory equal to \$50,000, less any pro rata deduction based on the value of Rejected GM Steel Coil Inventory; and (c) \$80,000 for the reprocessing of certain of the GM Steel Coil Inventory to remove certain coating, less any pro rata reduction based on the value of Rejected GM Steel Coil Inventory that is also Recoated Inventory (as defined in the GM Agreement) in the event that GM purchases less than 80% of the Recoated Inventory.
- ii) GM is required to provide a certificate to the Receiver setting out each piece of GM Steel Coil Inventory it purports to reject, along with the reasons for rejection and the unit price. The Receiver, acting reasonably, will review such Certificate and if it agrees with the rejection, will sign it and the value of all the Rejected GM Steel Coil Inventory will be credited against the purchase price. If the Receiver does not agree, it retains the right to terminate the GM Agreement or the Receiver can proceed with the transaction, the Rejected GM Steel Coil Inventory will not form part of the GM Steel Coil Inventory and the Receiver reserves its rights to claim against GM for its failure to purchase the Rejected GM Steel Coil Inventory pursuant to the Accommodation Agreement. If the GM Agreement is terminated by the Receiver, such termination is without prejudice to the Receiver's rights to claim against GM for breach of contract or otherwise in respect of

the GM Accommodation Agreement or otherwise for failure to purchase the GM Steel Coil Inventory.

- iii) Closing will take place three (3) days after Court approval.
- iv) The Receiver and GM will enter into a mutual release pursuant to which the Receiver will release GM as it relates to its obligations to purchase raw material inventory under the GM Accommodation Agreement. The mutual release will exclude claims in respect of (1) the unpurchased WIP and finished goods inventory GM has undertaken to purchase or is obligation to purchase pursuant to the Accommodation Agreement; (2) the outstanding receivables owed by and in respect of which GM has asserted set-off (as described in the Fifth Report); and (3) any Rejected GM Steel Coil Inventory. The GM Agreement and the Mutual Release will expressly be without prejudice to GM's right, if any, to assert that the amounts paid by it under the GM Agreement constitute damages for which it is entitled to set off against outstanding receivables.

2.1.3 The Receiver believes that the GM Agreement represents a reasonable settlement of the issues in dispute between GM and the Receiver in respect of GM's obligations to purchase the GM Steel Coil Inventory under the GM Accommodation Agreement and accordingly, the Receiver requests that this Court authorize the Receiver to enter into and complete the GM Agreement.

2.1.4 If GM has not executed the GM Agreement by 2:00 p.m Eastern Standard Time on Tuesday, November 6, 2007, or, as requested in the Fifth Report, if for any reason the sale of all or any portion of the GM Steel Coil Inventory is not completed, the Receiver requests that this Court authorize the Receiver to sell all or such portion of the GM Steel Coil Inventory, including any Rejected GM Steel Inventory, for its scrap value.

*3.0**Recommendations*

3.1.1 For the reasons set out in the Fifth Report, the Sixth Report, and this Seventh Report, the Receiver respectfully requests that this Honourable Court grant an Order, among other things,

- approving this Seventh Report and the activities of the Receiver described herein;
- approving the GM Agreement, subject to the receipt by the Receiver of an executed copy of the GM Agreement from GM by 2:00 p.m Eastern Standard Time on Tuesday, November 6, 2007, and authorizing the Receiver to enter into and complete the GM Agreement, including the vesting of all right, title and interest in the GM Steel Coil Inventory in and to GM upon the filing of a Receiver's Certificate with the Court by the Receiver; and
- authorizing the Receiver to, if GM has not executed the GM Agreement prior to 2:00 p.m Eastern Standard Time on Tuesday, November 6, 2007, or if the sale of any portion of the GM Steel Coil Inventory to GM pursuant to the GM Agreement is not completed for any reason, sell such GM Steel Coil Inventory and any of the Rejected GM Steel Coil Inventory for its scrap value.

All of which is respectfully submitted this 4th day of November, 2007.

KPMG Inc.,  
solely in its capacity as Court-Appointed Receiver  
of the assets, properties and undertakings of  
Genfast Manufacturing Company and not in its  
personal or corporate capacity

---

Per: Nicholas Brearton  
Senior Vice-President

LaSalle Business Credit, and GenFast Manufacturing Company  
A Division of ABM AMRO Bank N.Y., Canada Branch  
Applicant Respondent

Court File No: 07-CL-6926

ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)

Proceeding commenced at Toronto

SEVENTH REPORT TO THE COURT DATE  
NOVEMBER 4, 2007

Blake, Cassels & Graydon LLP  
Barristers & Solicitors  
199 Bay St., Suite 2800  
Commerce Court West  
Toronto, ON M5L 1A9

Milly Chow LSUC#: 35411D  
Tel: 416-863-2594

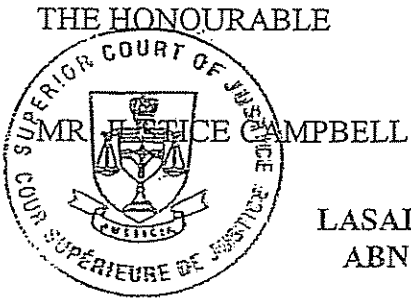
Michael McGraw LSUC#46679C  
Tel: 416-863-4247

Fax: 416-863-2653

Solicitors for the Receiver

Court File No. 07-CL-6926

ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)



) MONDAY, THE 5<sup>th</sup>  
)  
) DAY OF NOVEMBER, 2007

LASALLE BUSINESS CREDIT, A DIVISION OF  
ABN AMRO BANK N.V. CANADA BRANCH

Applicant

- and -

GENFAST MANUFACTURING COMPANY

Respondent

ORDER

THIS APPLICATION, made by KPMG Inc. ("KPMG") in its capacity as receiver (the "Receiver") of all of the assets, undertakings and properties of Genfast Manufacturing Company ("Genfast") was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Receiver's Fifth Report to the Court dated October 29, 2007; the Receiver's Sixth Report to the Court dated November 2, 2007; and the Receiver's Seventh Report to the Court dated November 4, 2007 (collectively, the "Reports"), filed, and on hearing the submissions of counsel for the Receiver and the Applicant,

1. THIS COURT ORDERS that the time for service of the Notice of Motion and Motion Record herein be and is hereby abridged such that this motion is properly returnable today and that all parties entitled to Notice of the motion have been duly served, that no other parties are affected by this Order and that any requirement for service of the Notice of Motion and Motion Record upon any party other than the parties served is unnecessary and hereby

dispensed with and that the service of the Notice of Motion and Motion Record is hereby validated in all respects.

2. **THIS COURT ORDERS AND DECLARES** that all capitalized terms not otherwise defined herein shall have the same meaning as in the Reports.
3. **THIS COURT ORDERS AND DECLARES** that the Reports and the activities of KPMG as described in the Reports, be and are hereby approved.
4. **THIS COURT ORDERS AND DIRECTS** that the Receiver is hereby authorized and directed to establish a reserve from the proceeds of sale of the steel coil inventory located at Sivaco Ontario ("Sivaco") in an amount equal to the lesser of the gross proceeds of sale allocated to the steel coil inventory located at Sivaco (the "Lien Coil"), excluding taxes, and \$89,430.11 (the "Sivaco Reserve"), provided, and notwithstanding any other provision of this Order, that if the gross proceeds of sale of the Lien Coil are less than the Sivaco Claim (which hereinafter used shall be plus additional storage fees after October 31, 2007), then Sivaco, acting reasonably, shall be entitled to retain possession of an amount of the Lien Coil sufficient to satisfy the difference between the Sivaco Claim and the Sivaco Reserve based on the scrap value of such Lien Coil, and in any event, Sivaco shall retain possession of all Lien Coil until the earlier of when possession of any such Lien Coil is transferred to purchasers of the Lien Coil and December 31, 2007, subject to further Order of the Court, unless the Receiver and Sivaco agree otherwise.
5. **THIS COURT ORDERS AND DIRECTS** that the Sivaco Reserve shall be held by the Receiver until the adjudication or resolution of the Sivaco Claim and the Sivaco Reserve shall be segregated by the Receiver or shall be noted in the Receiver's records of receipts as the "Sivaco Reserve".
6. **THIS COURT ORDERS AND DIRECTS** that, subject to paragraph 4 of this Order, Sivaco shall co-operate with the Receiver and any purchasers of the Lien Coil (including any of their respective employees and agents) in respect of the removal of all Lien Coil, including providing reasonable access to Sivaco's premises to permit such removal.

7. **THIS COURT ORDERS AND DECLARES** that the removal of the Lien Coil from the possession of Sivaco shall not alter or vary the nature or priority of the Sivaco Claim, and the Sivaco Claim, such as it is, shall continue with respect to the Sivaco Reserve as though the Lien Coil had not been removed from Sivaco's premises and the removal and retention of the Lien Coil shall be without prejudice to the respective rights of the Receiver and Sivaco to assert any and all claims and arguments with respect to the Sivaco Claim.

8. **THIS COURT ORDERS** that the sales of the Remaining Raw Materials Inventory to MNP, B&D and Emerald, as described in the Reports, are hereby approved and the Receiver is hereby authorized to take any such steps and execute any such documentation as may be necessary or incidental to give effect to and implement the sales of the Remaining Raw Materials Inventory to MNP, B&D and Emerald.

9. **THIS COURT ORDERS AND DIRECTS** that the Receiver is hereby authorized to sell for scrap value that portion of the Remaining Raw Materials Inventory not sold to MMP, B&D and Emerald for any reason and to take any such steps and execute any such documentation as may be necessary or incidental to give effect to and implement such sales for scrap value.

10. **THIS COURT ORDERS AND DIRECTS** that the Receiver is hereby authorized to enter into and complete the CBC Agreement, as described in the Reports, and to take any such steps and execute any such documentation that may be necessary or incidental to give effect to and implement the CBC Agreement.

11. **THIS COURT ORDERS AND DIRECTS** that the Receiver is hereby authorized to sell Genfast's thread die inventory to MNP, as described in the Reports, and to take any such steps and execute any such documentation as may be necessary or incidental to give effect to and implement this sale.

12. **THIS COURT ORDERS AND DIRECTS** that the Receiver is hereby authorized to enter into and complete the GFC Settlement Agreement, as described in the

Reports, and to take any such steps and execute any such documentation as may be necessary or incidental to give effect to and implement the GFC Settlement Agreement.

13. **THIS COURT ORDERS AND DIRECTS** that the Receiver is hereby authorized to sell the Unsaleable Inventory to K&K, as described in the Reports, and to take any such steps and execute any such documentation as may be necessary or incidental to give effect to and implement the sale of the Unsaleable Inventory.

14. **THIS COURT ORDERS** that the Ford Agreement, as described in the Reports, is hereby approved and the Receiver is hereby authorized and permitted to take any such steps and execute any such documentation as may be necessary or incidental to give effect to and implement the Ford Agreement.

15. **THIS COURT ORDERS AND DIRECTS** that the Receiver is hereby authorized to sell any portion of the inventory being sold pursuant to the Ford Agreement including the Ford Steel Coil Inventory which is not sold pursuant to the Ford Agreement for any reason for its scrap value.

16. **THIS COURT ORDERS AND DIRECTS** that, subject to the receipt by the Receiver of an executed copy of the GM Agreement from GM prior to 2:00 p.m. Eastern Standard Time on Wednesday, November 7, 2007, the GM Agreement is hereby approved and the Receiver is hereby authorized and permitted to enter into the GM Agreement, and to take any such steps and execute any such documentation as may be necessary or incidental to give effect to and implement the GM Agreement.

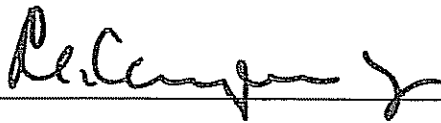
17. **THIS COURT ORDERS** that, effective immediately upon the filing of a Receiver's Certificate with this Court confirming that the GM Agreement has been completed, including payment of the purchase price, all of the right, title and interest, if any, of Genfast in and to the GM Steel Coil Inventory (but not the Rejected GM Steel Coil Inventory), shall vest and are hereby vested in and to GM absolutely and forever, free and clear of and from any and all right, title, interest, security interests, mortgages, charges, hypothecs, estates, trusts or deemed trusts (whether contractual, statutory or otherwise), liens (whether contractual, statutory or

otherwise), assignments, executions, options, adverse claims, levies, agreements, taxes, claims, encumbrances or any other rights, rights of use, claims, disputes and debts of any person or entity of any kind whatsoever and whether legal or equitable.

18. **THIS COURT ORDERS** that the proceeds of sale from the GM Agreement (the "GM Sale Proceeds") shall stand in the place and stead of the GM Steel Coil Inventory and shall stand charged with all the Encumbrances as existed in respect of the GM Steel Coil Inventory which were released, discharged or otherwise displaced by the vesting of the GM Steel Coil Inventory in GM and such Encumbrances on the GM Sale Proceeds shall enjoy the same priorities as each such Encumbrance had in respect of the GM Steel Coil Inventory as of the date hereof, as if the sale of the GM Steel Coil Inventory had not occurred, but the holder of any such Encumbrance shall have no further right in or against, or recourse to, the GM Steel Coil Inventory

19. **THIS COURT ORDERS AND DIRECTS** that the Receiver is hereby authorized to, if GM has not executed the GM Agreement by 2:00 p.m. Eastern Standard Time on Wednesday, November 7, 2007, or if the sale of any portion of the GM Steel Coil Inventory is not completed for any reason, sell the unsold portion GM Steel Coil Inventory or any portion thereof and any of the Rejected GM Steel Coil Inventory for its scrap value.

20. **THIS COURT ORDERS** that the Records Request Protocol, as described in the Reports, is hereby approved.



LETTRE EDICTE DE LOI EN TORONTO  
 DATED AND NO:  
 LE DANS LE REGISTRE NO.:

NOV 05 2007

PER/PAR:



Court File No. 07-CL-6926

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 GENFAST MANUFACTURING COMPANY

ONTARIO  
SUPERIOR COURT O  
(Commercial List)

Proceeding Commenced at TORONTO

**ORDER**

**BLAKE, CASSELLS & GRAYDON LLP**  
Barristers and Solicitors  
Box 25, Commerce Court West  
Toronto, Ontario M5L 1A9

**Milly Chow - LSUC #35411D**  
Phone: (416) 863-2594

**Michael McGraw - LSUC#46679C**  
Phone: (416) 863-4247  
Fax: (416) 863-2653

Solicitors for KPMG Inc. in its capacity as  
Receiver of the property, assets and undertaking of  
Genfast Manufacturing Company