

2007

S.H. No. 285667

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 the Applicant, Federal Gypsum Company

FIRST REPORT OF MONITOR – BDO DUNWOODY GOODMAN ROSEN INC.

September 20, 2007

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1. APPOINTMENT

- 1.1. Pursuant to an Order (“Initial Order”) of the Supreme Court of Nova Scotia dated September 18, 2007, BDO Dunwoody Goodman Rosen Inc. was appointed as the Monitor (“the Monitor”) pursuant to the application of Federal Gypsum Company (“Federal”) for protection under the Companies’ Creditors Arrangement Act (“CCAA”). The Initial Order (including the letter sent to creditors) is attached hereto as Exhibit 1.
- 1.2. Notwithstanding that the Federal CCAA proceeding is only two days in existence, the Monitor respectfully submits this present document as its first report to This Honorable Court with regard to the Monitor’s mandate.

2. OVERVIEW OF FEDERAL GYPSUM COMPANY (“FEDERAL”)

- 2.1. Federal is an operating company, manufacturing gypsum wallboard at its plant located at Point Tupper, Nova Scotia. Federal leases the real property assets from Nova Scotia Business Inc. Federal is the owner of its chattel assets, primarily consisting of the working capital assets, manufacturing equipment, and rolling stock. The details of these assets are discussed elsewhere herein.
- 2.2. The shares of Federal are owned 82 percent by Federal Gypsum, Inc., a New Jersey company, and 18 percent by Blue Thunder Construction Ltd., a New Brunswick company.
- 2.3. The President of Federal is Rhyne Simpson, Jr. (aka Mike Simpson) and the Executive Vice-President, Secretary, and Treasurer is Michael Simpson (son of Rhyne Simpson, Jr.). The various officers and directors of Federal as listed with the Registry of Joint Stock Companies for Nova Scotia are as reflected in Exhibit 2.
- 2.4. Federal was incorporated under The Companies Act of Nova Scotia on July 23, 2004. In his affidavit to This Honorable Court dated September 14, 2007, filed in support of the Application for the Initial Order, Rhyne Simpson, Jr. states that he started working on the facility project in 2002 and it took two years to negotiate the financing and the lease for the Point Tupper plant which was formerly operated by U.S. Gypsum. The plant had been returned to the Province of Nova Scotia in November of 2002, however, the vast majority of equipment had been removed and it then took Federal approximately 18 months and about \$25 million to modify the building and install new gypsum wallboard manufacturing equipment.
- 2.5. The Monitor has toured the Point Tupper facility of Federal which, we understand from Rhyne Simpson, Jr., at full capacity has the ability to produce 275,000,000 square feet of

one-half inch wallboard which requires the input of approximately 225,000 tons of gypsum which is mined in Nova Scotia, using Nova Scotia labor, using recycled paper and natural gas, the latter also produced in Nova Scotia. The Federal plant employs approximately 25 people at the present time and has the ability to employ up to 80 people if operating at full capacity.

3. INITIAL ACTIONS

3.1. Since our appointment as Monitor pursuant to the Initial Order of September 18, 2007, we have undertaken the following actions:

- Met with Rhyne Simpson, Jr. and Michael Simpson on a number of occasions (pre and post September 18) and with Federal legal counsel for the purpose of reviewing the current financial position of Federal, its cash flow forecast as included herein as Exhibit 3, as well as discussions leading up to the filing of the CCAA proceeding;
- On September 19, 2007, we sent, by regular mail to all known creditors of Federal, a copy of the Initial Order as required pursuant to 11(5) of the CCAA.
- We have also provided copies of the Initial Order to a number of creditors and other interested parties by either fax or email;
- We have reviewed PPSA registrations filed against Federal (Exhibit 4) and, in due course, we will ask the Monitor's counsel to provide an independent legal opinion as to the validity and ranking of the security of various creditors;
- We have asked Federal to establish new banking arrangements in accordance with the provisions in the Initial Order;
- We have retained Mr. Carl Holm, QC of Wickwire Holm as counsel to the Monitor;
- We have obtained documentation from Federal for review, including the plant lease and general insurance policy and various financial information;
- We have had preliminary discussions with Federal and its counsel as to the potential opportunities and objectives of the financial restructuring of Federal;
- We have discussed with Federal the potential for debtor in possession financing ("DIP financing"), including discussions with the financier and the willingness to provide the DIP financing;
- We have provided a memorandum to Federal establishing a regime for the monitoring of cash flow on a weekly basis;
- We have attended to other matters and undertaken numerous communications with parties regarding the CCAA filing by Federal;
- We have made arrangements to place the various CCAA documentation on the BDO Dunwoody website in order to provide a medium to creditors and interested parties to obtain documentation relative to the CCAA filing and proceeding. The website address is www.bdo.ca/fgc.

3.2. Pursuant to the Initial Order, the Monitor has not taken control or possession of the assets of Federal, nor are we managing same.

4. CURRENT FINANCIAL POSITION

- 4.1. Mr. Michael Simpson is responsible for the preparation and presentation of financial information, and all of this financial information as included in this present Monitor's report has been obtained from Mr. Simpson. The information included in this present report has not been reviewed or audited by the Monitor for its accuracy or completeness, and the Monitor does not express any opinion on its accuracy or completeness whatsoever. The primary purpose of the included financial information is to provide the Court and other readers with a general overview of the current financial position of Federal.
- 4.2. Attached as Exhibit 5 is the internally-prepared balance sheet of Federal as at September 18, 2007. The Monitor has been provided with certain supporting schedules related to this balance sheet. Management of Federal has advised the Monitor that the accounting records are believed to be current and contain all of the material transactions up to September 18, 2007, although it is recognized that in certain instances, some of the payables of immaterial amounts may not yet have been recorded. A discussion of the major asset and liability categories is as follows.
- 4.3. Accounts receivable (\$870,911). The Monitor has been provided with a list of accounts receivable and has asked Federal to estimate any allowance for doubtful accounts. Federal has advised that an allowance for doubtful accounts at an amount of \$47,192 appears to be reasonable in the circumstances, making the net book value of accounts receivable \$823,719. The accounts receivable are secured firstly to Royal Bank of Canada with significant subordinate PPSA claims thereafter.
- 4.4. Inventories of finished goods (\$544,407), raw materials (\$945,609), spare parts (\$16,057). The amounts reflected for the various types of inventories are at estimated cost. The Monitor has sighted other information which reflects the inventory at \$547,418 for finished goods and \$897,312 for raw materials, a variance of approximately \$45,000 or 3 percent overall. On inquiry, Michael Simpson has advised that this variance arises from the fact that an accrual was to be made for a gypsum delivery that was not picked up in a schedule that the Monitor was given. The higher number is the correct one. Finished goods inventory would be comprised of the completed wallboard product. Raw materials, for the most part, would relate to a large quantity of paper covering and some raw gypsum product as well as supplies. The inventory is secured firstly by Royal Bank of Canada with significant subordinate PPSA claims thereafter.

4.5. Fixed assets (\$23,745,719). This figure for the various categories of assets as reflected in Exhibit 5 is at net book value. Depreciation and amortization has been provided against the fixed assets on the following straight line basis:

- Manufacturing equipment – 15 years
- Vehicles – 5 years
- Furniture and fixtures – 5 years
- Computers – 5 years
- Leasehold improvements – 30 years
- Equipment install – 15 years.

To date, there has been no appraisal of equipment carried out with respect to the liquidation or going concern value of the fixed assets. The Monitor believes a liquidation value for the fixed assets would result in a substantial reduction in realizable value due to the costs of dismantling the equipment and transporting it to another location. The Monitor believes its highest value is in place and in operation.

4.6. Creditors (see Exhibit 6). The total of all liabilities as reflected on the September 18, 2007 unaudited Federal balance sheet (Exhibit 5) is \$32,164,150. A summary of the creditors is provided as Exhibit 6, however, the Monitor notes that Exhibit 6 will not exactly agree to Exhibit 5 as Exhibit 6 has included some estimates for accrued interest and other adjustments. The difference is insignificant for the purpose at issue.

The Monitor understands that Royal Bank of Canada holds a first charge (PPSA) on the accounts receivable and inventory and is owed approximately \$530,000.

Royal Bank of Canada holds a lease (PPSA) on certain rolling stock which has an outstanding balance of approximately \$414,613. Security is one heavy-wheel loader and four forklifts.

The Monitor understands that Cape Breton Growth Fund (\$5,000,000), Nova Scotia Business Inc. (\$6,451,747), and Office of Economic Development (\$2,845,232) all rank pari passu with a first charge against all equipment and chattels not otherwise specifically charged.

The Monitor is advised that Enterprise Cape Breton Corporation (“ECBC”) is owed \$1,750,000, however, at this writing, it is unclear as to what ranking that security might hold.

There are other less material secured creditors, including Ford Credit Canada Limited with specific security on vehicles and National Leasing Group Inc. with security as against a sweeper. CIT Leasing is shown as a secured creditor, but no PPSA registration can be found.

Black and MacDonald Ltd. ("B&M") appear to hold PPSA security which is subordinated to the other secured creditors holding security positions on chattels. Depending on the valuation or realization of chattels, B&M may be unsecured.

Atlantic Canada Opportunities Agency ("ACOA") is owed \$500,000 and this debt is believed to be unsecured.

Significant investment in Federal has been made by shareholders. Exhibit 6 reflects that Federal Gypsum, Inc. (Simpsons) is owed \$6,151,800, and Blue Thunder Construction Ltd. is owed \$1,088,200. Shareholder loans to Federal are unsecured.

Other significant unsecured creditors are as reflected in Exhibit 6.

- 4.7. All other assets and liabilities of Federal are of a less significant amount and do not warrant any further comment at this time.
- 4.8. Canada Revenue Agency ("CRA") source deductions are up to date as the Monitor understands from discussions with management that there is nothing owing as payroll is paid to staff via a payroll service on a gross basis. Given the nature of Federal's operations, the HST liability is not significant and a review of Exhibit 5 reveals that HST outstanding approximates a liability of \$10,000 when the HST collected on sales of \$117,238 is deducted from the HST paid on purchases of \$102,094.

5. CASH FLOW PROJECTIONS

- 5.1. Prior to the granting of the Initial Order on September 18, 2007, the Monitor had various discussions with management of Federal and reviewed a number of versions of cash flow projections which had been prepared on a weekly basis for the next four months at the request of the Monitor.
- 5.2. Attached as Exhibit 3 is the most recent version of the Cash Flow Statement prepared by management of Federal, which document was prepared and dated September 13, 2007.
- 5.3. Earlier versions of management's cash flow projections were changed at the request of the Monitor to incorporate additional expenses. Significant costs as projected in the cash flow document Exhibit 3 on a cash-on-delivery basis include payroll, purchase of raw gypsum, utilities including natural gas and electricity, as well as the estimate of professional costs relative to the CCAA proceeding. The administrative charge referred to in Paragraph 31 of the Initial Order applies to the Monitor, its counsel, and counsel to Federal.

- 5.4. The Monitor has some concern about Federal's ability to generate the sales reflected in the Cash Flow Statement as this item is the most significant one in establishing the efficacy of the Cash Flow Statement. It is also the item which is unknown and at risk to the greatest variance, both in terms of quantum and timing. Management feels confident that Federal can deliver the revenue assumptions that have been provided to the Monitor which result in the cash flow portrayed in Exhibit 3. The Monitor has no reason at this time to believe that the cash flow portrayed cannot be delivered.
- 5.5. The Cash Flow Statement provides for DIP financing. An application for DIP financing approval will be made to This Honorable Court on the morning of September 25, 2007. Exhibit 3 reveals that DIP financing is required immediately and the Monitor understands that certain funds may need to be advanced prior to the DIP financing application in order to meet payroll commitments, but, if so, this issue will be raised with the Court. Federal's management has advised that Royal Bank has advanced the required funds (approximately \$53,000) to cover the September 20 payroll.
- 5.6. It is the Monitor's understanding that a party is prepared to provide DIP financing to enable Federal to remain stable during the stay period through to the stated comeback date of October 18, 2007 as set out in Paragraph 2(A) of the Initial Order.
- 5.7. A review of the Cash Flow Statement Exhibit 3 also reveals that between now and the comeback date, the DIP financing will rise to approximately \$198,000, but that if the stay period is to be extended beyond October 18, 2007, DIP financing will be required to an amount as high as approximately \$820,000 in mid December, 2007. The Monitor is of the view that This Honorable Court consider approving DIP financing at a maximum level of \$350,000, notwithstanding the maximum DIP financing projected to October 18 is \$198,000. The excess DIP financing over the \$198,000 will provide some flexibility in the event that the timing of cash flow varies in the reporting periods.
- 5.8. That in order to show the impact of DIP financing, the Monitor has, on a very preliminary and pro rata basis, calculated the allocation that the various secured creditor interests might incur in the event that This Honorable Court grants DIP financing and it cannot be repaid if the CCAA Plan of Arrangement is not successful. Attached as Exhibit 7 is the preliminary calculation of the various secured creditor interests who may participate in the allocation. The Monitor notes that the actual amounts owing as at September 18, 2007 need to be confirmed by the various creditors, and the Monitor has only used the amounts available to him for the purpose of the illustration at this time. Further, the Monitor needs to consult legal counsel with respect to the validity and priority of the various secured creditor interests.

6. PLAN OF ARRANGEMENT - PROSPECTS

6.1. The Monitor has met with management of Federal and its legal counsel to discuss various options that may be available to Federal. Not to pre-judge what an eventual Plan of Arrangement might be, the Monitor notes that in all likelihood, Federal will need an injection of capital in order to leverage that funding to some greater quantum in order to address certain creditor interests. Federal will likely also need accommodations and participation from certain secured creditors.

6.2. Management of Federal has satisfied the Monitor that Federal is committed to bringing forth a workable Plan of Arrangement.

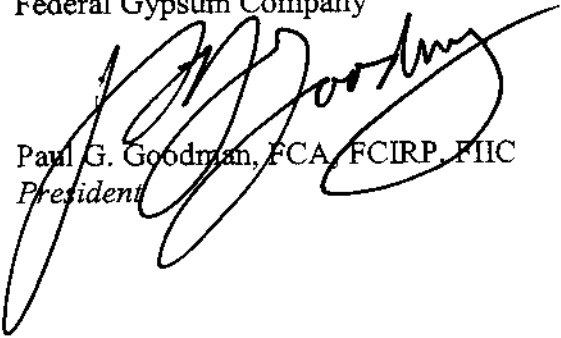
7. RECOMMENDATIONS

7.1. The Monitor recommends to This Honorable Court that any DIP financing application made by Federal be initially capped at an amount of not greater than \$350,000 as at this present juncture and that Federal then be authorized to return to Court for any additional DIP monies.

Dated at Halifax, Nova Scotia this 20th day of September, 2007.

Respectfully submitted

BDO DUNWOODY GOODMAN ROSEN INC.
Court-Appointed Monitor in the CCAA Application of
Federal Gypsum Company


Paul G. Goodman, FCA, FCIRP, FIIC
President

2007

S.H. No. 285667

IN THE SUPREME COURT OF NOVA SCOTIA

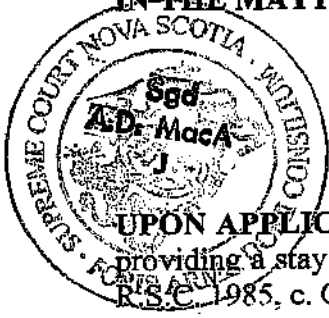
IN THE MATTER OF:

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 the Applicant,
Federal Gypsum Company



A.D. MacADAM

INITIAL ORDER



UPON APPLICATION of **FEDERAL GYPSUM COMPANY** (the "Applicant"), for an Order providing a stay of proceedings under section 11 of the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36 (the "CCAA");

UPON READING the Affidavit of Rhyne Simpson, Jr. sworn September 14, 2007, and the consent of Paul G. Goodman of BDO Dunwoody Goodman Rosen Inc., Trustee in Bankruptcy ("BDOGR") to act as proposed Monitor of the Applicants; and

UPON HEARING Maurice P. Chiasson, counsel for the Applicant,

IT IS ORDERED THAT:

1. The time for any required service or notice of the Application herein be and it is hereby abridged and validated such that the Application is properly returnable today and further that any requirement for service of the Application herein upon any interested party is hereby dispensed with.
2. The Applicant is a *company* to which the CCAA applies.
- 2A. A further hearing in this Application shall be held on Thursday, October 18, 2007 at 9:30 a.m. or such alternate date as this Court may fix, at which time this Order may be supplemented or otherwise varied, and the Stay Termination Date (as herein defined) extended or terminated. The Applicant and the Monitor shall serve their materials for this further hearing on all parties who serve a notice of appearance on the Applicant and the Monitor, such materials to be served by no later than five days prior to the date scheduled for the further hearing.

Stay of Proceedings

3. Until and including October 18, 2007 or such later date as this Court may by further Order stipulate (the "Stay Termination Date"):

- (a) any and all proceedings, including without limitation, suits, actions, extra-judicial proceedings, enforcement processes or other remedies ("Proceedings") commenced, taken or proceeded with or that may be commenced, taken or proceeded with by any of the Applicant's creditors, customers, clients, suppliers, contractors, lenders, factors, customs brokers, purchasing agents, lessors of real or personal property of any kind or nature whatsoever, sub-lessors, tenants, sub-tenants, licensors, licensees, consignors, co-owners, co-tenants, shareholders, joint venture partners, co-venturers, partners, governments of any nation, province, state or municipality or any other entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government in Canada, or elsewhere and any person, firm, corporation or other entity owned or controlled by or which is the agent of any of the foregoing, or by any charge, debit or credit card company or any other person, firm, corporation or entity wherever situate or domiciled (collectively, "Persons" and, individually, a "Person"), against or in respect of the Applicant, or its directors, officers, or employees, in such capacity, or in respect of any present or future property, assets, business and undertaking of the Applicant of any kind or nature whatsoever, whether real or personal and wherever located, (the "Property"), whether pursuant to the *Bankruptcy and Insolvency Act* (the "BIA"), the *Winding-up and Restructuring Act* (the "WUA") or otherwise, are hereby stayed and suspended;
- (b) the right of any Person to make demand or draw under any debenture, note, bond, or instrument of similar effect, issued by or on behalf of the Applicant prior to the date of this Order, to take possession of, exercise rights of garnishment, foreclose upon or otherwise realize upon or deal with any of the Property or to continue any such actions or proceedings if commenced prior to the date of this Order, is hereby restrained;
- (c) the right of any Person (including, without limitation, any authority with jurisdiction to levy realty taxes) to commence or continue enforcement, realization or collection proceedings in respect of any encumbrance, tax, lien, security interest, charge, mortgage, guarantee, attornment of rents, hypothecation, pledge or other security held in relation to, or any trust attaching to or deemed to attach to or comprise any of, the Property including without limitation the right of any creditor to take any step in asserting, perfecting or registering any right or interest (including, without limitation, any right to revendication, rescission, resiliation or any right to repossession or stoppage in transit of any goods supplied or shipped to the Applicant, whether taken in the Province of Nova Scotia or elsewhere, and whether pursuant to the BIA or otherwise), is hereby restrained;
- (d) the right of any Person to assert, enforce or exercise any right, option or remedy available to it, including, without limitation, any right of dilution, buy-out, divestiture, preemptive right of purchase, option to purchase on default, pledge agreement, forced sale, acceleration, termination, suspension, modification, cancellation or right to revoke or terminate any qualifications, registration or lending arrangements (collectively, "Rights"), including, without limitation, any Rights arising under or in respect of any arrangement or agreement to which the Applicant is a party or in which the Applicant has an interest (including, without

limitation, any security agreement, mortgage, contract, partnership agreement, management agreement lease, license agreement, agreements relating to any charge, credit or debit card arrangements, shareholders' agreement, joint venture agreement, co-ownership agreement, share pledge agreement, easement agreement, operating agreement or any agreement of purchase and sale but excluding any eligible financial contract within the meaning of the CCAA) where such Rights arise out of, relate to or are triggered by the occurrence of any default or non-performing by the Applicant thereunder, the making of this Order or filing of these proceedings, or any allegation contained in these proceedings, including, without limitation, the right to make any demand, to send any notice, to crystallize any security interest, to exercise any preemptive first right, to accelerate the repayment of any outstanding indebtedness or to terminate, accelerate rent due under, interfere with the Applicant's quiet possession in respect of, or otherwise deal with any lease of real or personal property in respect to which the Applicant is a lessee, are hereby restrained;

- (e) all Persons having arrangements or agreements, written or oral, with the Applicant for the supply of goods and/or services by or to the Applicant, including, without limitation, raw materials and packaging, or to any of the Property, including, without limitation, leases of real or personal property of any nature or kind whatsoever, display contracts, licence agreements, consignment agreements, insurance contracts, product certification arrangements, warranty service contracts, distribution agreements, inventory financing agreements, conditional sales contracts, charge, credit and debit card agreements, bank and other operating accounts, management agreements, transportation contracts, freight forwarding contracts, shipping and carrier contracts, security and truck carrier contracts, computer software and support systems, supply contracts, maintenance and service contracts, access or sharing of premises or common facilities arrangements with respect to any of the Applicant's locations or premises, are hereby restrained from accelerating, terminating, suspending, modifying or canceling any such agreements, arrangements or supply of goods or services so long as the Applicant pays the normal prices or charges (other than security or other deposits (whether by way of cash, letter of credit or guarantee or otherwise), stand-by fees or similar items which the Applicant shall have no obligation to pay or grant) for such goods and services received after the date of this Order as the same become due and payable in accordance with present payment practices, or as may be hereafter agreed by the Applicant from time to time, without the written consent of the Applicant or leave of the Court. Without limiting the generality of the foregoing, all Persons are hereby restrained until further Order of this Court from, directly or indirectly, discontinuing, interfering with or cutting-off any utility or required services (including telephone, facsimile or other communications services at the present numbers used by the Applicant in respect of any of the Property), the furnishing of oil, gas, diesel, other petroleum products, inventory, water, heat or electricity, the supply of equipment, computer software, transportation, hardware support and electronic, internet, electronic mail and other data services, so long as the Applicant pays the normal prices or charges (other than deposits, standby fees or similar items which the Applicant shall have no obligation to pay) for such goods and services received from and after the date

of the within Order as same become due in accordance with present payment practices, or as may be negotiated from time to time, and that all such Persons shall continue to perform and observe the terms and conditions contained in any agreements entered into with the Applicant or in connection with any of the Property, as the case may be, of goods and services and from pursuing any right or remedies arising thereunder;

- (f) all Persons are prohibited until further Order of this Court from terminating, canceling, suspending, amending or withdrawing any licences, sub-licences, royalty arrangements, permits or approvals or rights relating to uses of product or brand names issued or granted to the Applicant or in connection with any of the Property and from pursuing any rights or remedies arising thereunder;
- (g) all Persons are restrained from exercising any extra-judicial remedy against the Applicant, including, without limitation, any right of distress, revendication, resiliation, repossession, set-off or consolidation of accounts in relation to any amount due or accruing due in respect of or arising from any indebtedness or obligation of the Applicant as of the date hereof; or from retaining any cheque and/or money owing to the Applicant or to which the Applicant is otherwise entitled; or from retaining any goods, including, without limiting the generality of the foregoing, any goods of the Applicant or of any of the Applicant's customers held by any bailee, warehouse, distributor, supplier, subcontractor, vendor, or other third party or any of their respective agents, purchasing agents, freight carriers, delivery companies or customs brokers and agents, in relation to or by reason of amounts past due to any such person, or customs duties and charges, taxes, freight, insurance, storage or other charges paid on behalf of or owed by the Applicant prior to the date hereof for which the Applicant has not reimbursed or paid such Person;
- (h) notwithstanding subparagraph 3(d) hereof, this Order shall not prohibit any party to an "eligible financial contract" (as defined in section 11.1(1) of the CCAA) with the Applicant, which contract was entered into before the date of this Order, from terminating such eligible financial contract and setting off the obligations between the Applicant and such other party in accordance with its provisions provided that if the "net termination value" (as defined in section 11.1(1) of the CCAA) determined in accordance with the eligible financial contract is owed by the Applicant to another party to the eligible financial contract, the other party shall be deemed to be a creditor of the Applicant with a claim in respect of that net termination value;
- (i) any deposit made by the Applicant with any creditor from and after the making of this Order, whether in an operating account or otherwise and whether for its own account or for the account of any other entity, shall not be applied by such creditor in reduction or repayment of any amount owing as of the date of this Order or which may become due on or before the Stay Termination Date or in satisfaction of any interest, fees, charges or other amounts accruing in respect thereof, and shall be remitted to the Applicant;

- (j) no Person may commence or continue any Proceedings against any present or former directors of the Applicant on any claim against such present or former directors that arose before the commencement of these proceedings and that relates to obligations of the Applicant where directors are under any law liable in their capacity as directors for payment of such obligations;
 - (k) the right of all creditors and shareholders of the Applicant to make demand for payment upon the Applicant are hereby restrained;
 - (l) no Person shall cancel, or shall seek cancellation of, any policy of insurance which has been issued at the request of or for the benefit of the Applicant and other designated insured parties under any such policy of insurance; directly or indirectly, and in the event of any process having been taken for the cancellation of any such policy of insurance, such process is hereby restrained and stayed, and all policies of insurance shall continue in full force and effect;
 - (m) without limiting the generality of any of the foregoing, no Person whose claim is joint, several or joint and several between the Applicant (the "Joint Liability") and any other Person (the "Joint Debtor") shall be permitted to commence, take or proceed with any Proceedings in respect of the Joint Liability against the Joint Debtor, whether or not the Joint Debtor is situated or domiciled in Canada; and
 - (n) all Persons shall continue to perform and observe the terms, conditions and provisions contained in any agreements with the Applicant on their part to be performed and observed.
4. Notwithstanding anything else contained herein no creditor of the Applicant shall be under any obligation after the making of this Order to advance or re-advance any monies or otherwise extend any credit to the Applicant except as provided in paragraph 5 of this Order.
 5. Notwithstanding paragraph 3 of this Order, any Person which provided letters of credit or standby letters of credit (the "Issuing Party") at the request of the Applicant shall be required to continue honouring any and all such letters of credit and/or standby letters of credit, issued on or before the date of this Order until paid therefor. For greater certainty, the issuing Party shall be prohibited from terminating, suspending, modifying, determining, refusing to honour or canceling any such letters of credit or standby letters of credit, and the beneficiaries of such letters of credit or standby letters of credit for the supply and delivery of goods shall be entitled to draw on such letters of credit or standby letters of credit, as the case may be, in accordance with their respective terms and conditions, without the prior written consent of the Applicant and without the leave of this Court.
 6. Without limiting anything contained in this Order, from 12:01 a.m. (Halifax time) on the date of this Order to the time of the granting of this Order, any act or action taken or notice given by any of the Applicant's creditors or other Persons in furtherance of their rights to commence or continue realization or to take or enforce any other step or remedy, whether in any Proceeding or otherwise, will be deemed not to have been taken or given, as the case may be, subject to the right of any such Person to further apply to this Court

on proper notice to the Applicant and the Monitor hereinafter appointed in respect of such step, act, action or notice given.

7. To the extent that any rights or obligations, or time or limitation periods relating to the Applicant or the Property may expire or terminate with the passage of time, the term of such rights, obligations or periods shall hereby be deemed to be extended by a period of time equal to the duration of the stay of proceedings effected by this Order and any further Order of this Court and, for greater certainty, in the event that the Applicant becomes bankrupt or a receiver is appointed in respect of the Applicant within the meaning of section 243(2) of the BIA, the period between the date of this Order and the day on which such stay of proceedings is ended shall not be counted in determining the 30-day period referred to in Section 81.1 of the BIA or the 15 day period referred to in Section 81.2 of the BIA, provided that this paragraph shall not be construed to extend the term of any lease that expires during the pendency of such stay of proceedings.

8. All Persons having any other arrangements or agreements whether written or oral, with the Applicant, are hereby restrained from accelerating, terminating, suspending, modifying, determining or canceling any such arrangements or agreements, notwithstanding any provisions therein contained to the contrary, without the prior written consent of the Applicant and concurrence of the Monitor or leave of this Court on proper notice to the Applicant and the Monitor. All such Persons shall continue to perform and observe the terms, conditions and provisions contained in such agreements on their part to be performed or observed. Without limiting the generality of the foregoing, all Persons be and they are restrained until further Order of this Court from terminating, resiliating, rescinding, repudiating, suspending, modifying, canceling, disturbing or otherwise interfering in any way with the present or future occupation by the Applicant of any premises leased, subleased or occupied by the Applicant, and the landlords of premises leased, subleased or occupied by the Applicant are hereby specifically restrained from taking any steps to terminate, resiliate or otherwise bring to an end any lease, sublease, occupancy or other agreement to which the Applicant is a party, whether by notice or otherwise, or to terminate any ancillary agreements or arrangements, including, without limitation, leasehold improvement arrangements with the Applicant, without the prior written consent of the Applicant and concurrence of the Monitor or leave of this Court on proper notice to the Applicant and the Monitor, subject to the obligation of the Applicant to pay occupation rent (calculated in accordance with the terms of the particular lease, or as may otherwise be agreed in writing between the Applicant and the relevant landlord and concurred in by the Monitor) for the period commencing with the date of this Order for leased premises actually occupied by the Applicant, but not arrears arising prior to the date of this Order or rents in dispute, once every two weeks in arrears, commencing on the date that the next rental payment is due following the date of this Order, at the rental rate calculated on the per diem basis presently payable by it, applied proportionately to the period of actual occupation, or as otherwise may be agreed in writing by the Applicant and the relevant landlord and concurred in by the Monitor from time to time. If any such occupation rent for any such leased premises remains outstanding for more than fifteen days after written notice of non-payment has been given by the relevant landlord to the Applicant and to the Monitor, the stay of proceedings with respect to such premises shall thenceforth cease to have effect.

9. Until and including the Stay Termination Date, Her Majesty in Right of Canada may not exercise rights under subsection 224(1.2) of the *Income Tax Act (Canada)* in respect of the Applicant, where the Applicant is a tax debtor under that subsection and Her Majesty in Right of a Province may not exercise rights under provincial legislation substantially similar to that subsection in respect of the Applicant where the Applicant is a tax debtor under the provincial legislation.
10. The provisions of paragraphs 3 to 9 of this Order apply in accordance with their terms to stay any and all Proceedings or to restrain any matter provided therein that may be commenced or taken against any person who is or may be directly or indirectly obligated to any obligations of the Applicant otherwise than under any letter of credit or any guarantee in respect of any such obligations.
11. This Order and the proceedings in this Application leading to the granting of this Order, including the content of any affidavit filed in these proceedings, shall not constitute or be relied upon in evidence or otherwise as constituting a default or breach by the Applicant, its directors, shareholders, employees, advisors and agents, under or pursuant to any agreement, statute, regulation, license, permit, contract, permission, covenant, undertaking, policy of insurance or other instrument or requirement.

Operations

12. The Applicant shall be entitled to exercise any rights of set-off and claim any allowances or benefits which it is entitled to claim against amounts payable by the Applicant to any Person, including, without limitation, amounts payable to any supplier of goods or services or any landlord of premises leased or occupied by the Applicant and including rights arising in connection with any agreements or arrangements with any supplier with respect to advertising, marketing, installation of fixtures, product research and development, volume rebates and allowances and any other similar arrangements or product allowances.
13. The Applicant shall honour to the extent possible of all of its obligations to its customers both before and after the date of this Order, in accordance with its exiting practices including without limitation, all obligations with respect to refunds for goods purchased, warranty claims and deposits made by customers.
14. All funds, monies, cheques, instruments, charge, debit or credit card vouchers and other forms of payment received or collected by the Applicant from and after the making of this Order from any source whatsoever, including without limitation the sale of any inventory, the collection of any account receivable or the sale of, realization upon or income from any other Property, whether in existence on the date of this Order or hereafter coming into existence, shall be deposited in one or more new accounts opened by the Applicant (the "Post-Filing Accounts"), and the monies standing to the credit of such account or accounts from time to time shall be used by the Applicant solely for the payment of those obligations of the Applicant specifically authorized to be paid by the terms of this Order or any further Order of this Court. For greater certainty and without limiting the generality of subparagraph 3(g) hereof, the Applicant's bankers are hereby restrained from exercising or purporting to take the benefit of any right of set-off or combination of accounts or banker's lien in respect of any indebtedness or liability of the

Applicant owed to the Applicant's bankers as at the time of the making of this Order against the credit balance at any time or from time to time standing to the credit of any of the Post-Filing Accounts, provided that, notwithstanding paragraph 3(i) and any other provisions of this Order, the Applicant's bankers shall be entitled to exercise the foregoing remedies or any of the remedies in subparagraph 3(g) in relation to any amount due or accruing due after the date of this Order arising from any indebtedness or obligation of the Applicant incurred after the date hereof. The Applicant shall keep accounts with respect to the source of all such receipts received by the Applicant from and after the date hereof.

15. The Applicant shall remit, in accordance with legal requirements:
 - (a) any statutory deemed trust amounts in favour of the Crown in right of Canada or of any Province thereof which from and after the date hereof are required to be deducted from employee wages, including, without limitation, amounts in respect of unemployment insurance, Canada Pension Plan and income taxes;
 - (b) amounts accruing and payable by the Applicant, in respect of wages paid from and after the date thereof, in respect of unemployment insurance, Canada Pension Plan, workers' compensation and employer health taxes with respect to employees; and
 - (c) all goods and services or sales taxes payable by the Applicant or its customers in connection with the sale of goods and services by the Applicant to such customers from and after the date hereof.

16. From and after the date hereof, the Applicant shall pay all reasonable expenses incurred by the Applicant in carrying on its business and carrying out the provisions of this Order, which expenses, pending any further Order of this Court, may include, without limitation, payment of:
 - (a) the Monitor, counsel to the Monitor, and counsel to the Applicant shall be paid their reasonable fees and disbursements (in the case of the Monitor, on the basis of a chartered accountant and its own client and, in the case of such counsel on a solicitor and his own client basis) by the Applicant and such fees shall be part of the costs of these proceedings. The Applicant is hereby authorized and directed to pay the accounts of the Monitor, counsel of the Monitor, and counsel for the Applicant on a weekly basis, and, in addition the Applicant is hereby authorized to pay each of the Monitor and counsel to the Applicant retainers to be held by the recipient as security for payment of their fees and disbursements outstanding from time to time;
 - (b) amounts to make such arrangements as may be necessary for payment of suppliers of goods or services actually supplied, delivered or provided to the Applicant following the date of this Order, including where the Applicant determines it necessary and economically beneficial to the Applicant, with the prior concurrence of the Monitor, payment of any amounts due prior to the date of this Order;

- (c) all outstanding and future wages, salaries, employee benefits, vacation pay (for continuing employees in the normal course), and other like amounts (but excluding for greater certainty any severance, termination and other like amounts) due or accruing due to employees and present and future directors and the reimbursement of business expenses properly incurred by employees and present and future directors and payments to operate and fund the payroll accounts (including source deductions) in respect of such employees;
- (d) all expenses reasonably necessary for the preservation of the Property including, without limitation, payments on account of insurance, safety and security;
- (e) all present and future warranty claims and the acceptance of returns of merchandise for cash or credit in the ordinary course of business;
- (f) all outstanding and future premiums on directors' and officers' liability insurance and key-man insurance;
- (g) any amount secured by the CCAA Lenders' Security (as hereinafter defined) (if any);
- (h) any amount secured by the Administration Charge (as hereinafter defined and constituted);
- (i) any amounts payable in respect of the Post-Filing Accounts; and
- (j) any other amount specifically provided for by the terms of this Order,

Possession of Property

17. Subject to the terms of this Order, the Applicant shall remain in possession and control of the Property and shall continue to carry on business in a manner consistent (except as herein otherwise contemplated) with the preservation of the Applicant's business and Property, and shall be authorized and empowered to continue to retain and engage the agents, accountants, advisors, servants, solicitors and consultants currently engaged and paid by the Applicant, with liberty to retain, with the concurrence of the Monitor or approval of this Court, such further or other Persons as it deems reasonably necessary or desirable in the ordinary course of business or for the purpose of the Plan (as hereinafter defined) or the carrying out of the terms of this Order,

Restructuring

18. The Applicant shall have the right, with the concurrence of the Monitor, to:
- (a) cease, downsize or shut down any of its operations or locations and to make provision for any consequences thereof in the Plan;
 - (b) terminate the employment of such of its employees or temporarily lay off such of its employees as it deems appropriate and, to the extent not paid in the ordinary course, to make provision for any consequences thereof in that Plan;

- (c) vacate, abandon or quit any leased premises and/or terminate, repudiate or resiliate any lease and any ancillary agreements relating to any leased premises, on not less than seven days notice in writing to the relevant landlord on such terms as may be agreed upon between the Applicant and such landlord with the concurrence of the Monitor and, failing agreement, on terms as the Applicant deems appropriate and to make provision for any consequences thereof in the Plan provided that the Applicant may remain in occupation of any such premises despite such termination so long as the Applicant pays occupation rent in accordance with paragraph 8 of this Order;
- (d) subject to obtaining the prior concurrence of the existing, relevant secured lenders, proceed with the marketing for sale or other disposition of such of its Property and/or shares as the Applicant deems appropriate;
- (e) subject to obtaining the prior concurrence of the existing relevant secured lenders, and subject to paragraph 18(f) hereof, proceed with an orderly liquidation of such of its property as the Applicant deems appropriate;
- (f) subject to obtaining the prior concurrence of the existing relevant secured lenders, sell, transfer or assign, whether on credit, by private tender, public auction or otherwise, or to lease or mortgage the Property or any part or parts thereof out of the ordinary course of business, applicable legislation or any other notice, statutory or otherwise, which a creditor or other party may be required to issue in order to dispose of the collateral of a debtor, in respect of which the Applicant be and is hereby relieved:
 - (i) without the approval of the Court in respect of any transaction in the ordinary course of business;
 - (ii) without the approval of the Court in respect of any transaction out of the ordinary course of business and not exceeding \$200,000 provided that the aggregate consideration for all such transactions does not exceed \$2,000,000; and
 - (iii) with the approval of this Court in respect of any other transaction;
- (g) notwithstanding paragraph 18(f), to sell its current inventory of raw materials and to purchase new raw materials in an amount appropriate to the needs of the Applicant;
- (h) terminate such of its arrangements or agreements of any nature whatsoever, whether oral or written, as the Applicant deems appropriate and to make provision for any consequences thereof in the Plan;

all of the foregoing to permit the Applicant to proceed with an orderly restructuring of its business, property and affairs (the "Restructuring").

19. In order to facilitate the Restructuring, the Applicant shall be permitted to carry on its business in the manner and to the extent determined by it, to dispose of any or all of its

inventory and other assets wherever situate without any interference of any kind and, for greater certainty, the Applicant shall have the right to realize upon its inventory and other assets in such manner as the Applicant deems suitable or desirable for the purpose of maximizing the proceeds and recovery therefrom.

20. The Applicant shall and does hereby indemnify each member of its board of directors and the Monitor of and from all claims, liabilities and obligations of any nature whatsoever, including without limitation, professional fees and disbursements on the basis of a chartered accountant and its client and legal fees and disbursements on a solicitor and client basis, which may arise out of their involvement with the Applicant, the Restructuring or the Plan, from and after the date hereof in the above-mentioned capacities, save and except as may arise from wilful misconduct or negligence on the part of any of them.
21. No person shall commence or continue with any proceeding against any directors, legal counsel to the Applicant, financial advisor to the Applicant, the Monitor or the legal counsel to the Monitor for or in respect of the Restructuring or the Plan or any other matter in connection with this proceeding, without first obtaining the leave of this Court, upon seven days' (or such other period as the Court may order) written notice to the Applicant, the Monitor and all potential defendants referred to in this paragraph.

Payment of Creditors

22. Subject to paragraphs 14, 15, 16, 17, 18 and 30 hereof and except as otherwise provided in this Order, the Applicant is hereby directed, until further Order of this Court:
 - (a) to make no payments, whether of principal, interest thereon or otherwise, on account of amounts owing by the Applicant to any of its creditors as of this date;
 - (b) to grant no mortgages, charges or other security upon or in respect of any of its present or future Property other than as otherwise authorized by further Order of this Court; and
 - (c) except with the concurrence of the Monitor, not to enter into, incur, make or pay any monies or other consideration in respect of, any commitment, obligation, arrangement or agreement:
 - (i) out of the ordinary course of its business and which involves the incurrence of obligations or payment of monies exceeding \$50,000 in the aggregate except as is otherwise expressly provided for in this Order; and
 - (ii) in the ordinary course of its business for or in respect of the purchase of goods not intended for sale by the Applicant until the Stay Termination Date, and

which involves the incurrence of obligations or payment of monies exceeding \$200,000 in the aggregate.

Plan of Arrangement

23. The Applicant is hereby authorized and permitted to file with this court a plan of compromise or arrangement regarding the Applicant under the CCAA (the "Plan") on or before the Stay Termination Date or such other date as may be ordered by this Court.
24. The Applicant shall, subject to the direction of this Court, summon and convene meetings between the Applicant and its secured and unsecured creditors under the Plan to consider and approve the Plan (collectively, the "Meetings").

Monitor

25. Until further Order of this Court, BDOGR (the "Monitor") shall be and it is hereby appointed as an officer of this Court to monitor the business and affairs of the Applicant with the powers and obligations hereafter set forth and that the Applicant and its shareholders, officers, directors, employees, servants, agents and representatives shall cooperate fully with the Monitor in the exercise of its powers and discharge of its obligations. Without limiting the generality of the foregoing, the foregoing persons shall provide the Monitor with such access to the Applicant's books, records, assets and premises as the Monitor requires to exercise its power and perform its obligations under this Order.
26. The Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:
 - (a) assist the Applicant, as applicable, in the development of the Plan and any amendments to and the implementation of the Plan;
 - (b) monitor the Applicant's receipts and disbursements;
 - (c) assist the Applicant with the marketing of its Property and/or shares;
 - (d) assist the Applicant in its review and assessment of areas for cost reduction and revenue enhancement in the Applicant's businesses;
 - (e) assist the Applicant, as applicable with the holding and administering of any Meetings for voting on the Plan and shall act as chair at any such Meeting;
 - (f) assist the Applicant in securing its required supply of goods and services by the issue of letters of comfort supported by cash on deposit;
 - (g) inquire into and report to creditors, at or prior to any Meetings to consider the Plan, upon the financial condition and prospects of the Applicant;
 - (h) be at liberty to engage legal counsel and engage such other agents as the Monitor deems necessary respecting the exercise of its powers and performance of its obligations under this Order;
 - (i) report to this Court as the Monitor deems appropriate or as this Court directs, in respect of the marketing of the Property and/or shares, the Applicant's receipts

and disbursements, the Plan, the Restructuring or the business of the Applicant or in respect of such other matters as may be relevant to the proceedings herein;

- (j) perform such other duties as are required by this Order or further Order of this Court ;
 - (k) provide such information to all secured creditors regarding the Applicant as are reasonably requested by any secured creditor and to consult with all secured creditors concerning the development of the Plan, the implementation of the Plan and the marketing of the Applicant's property and/or shares; and
 - (l) generally to consult with the secured creditors with respect to the authority given to the Monitor pursuant to this paragraph.
27. The Monitor is authorized to provide all interested parties who so request with its report or assessment on the Plan. The Monitor shall incur no liability as a result of any report or assessment that it may make pursuant to this provision.
28. In response to any reasonable request for information made in writing by any of the Applicant's creditors addressed to the Monitor, the Monitor shall provide such creditor with the information requested. In the case of information which the Monitor has been advised by the Applicant is confidential, the Monitor shall not provide such information to the requesting creditor unless otherwise directed by this Court.
29. The Monitor is not empowered to take possession of any of the Property or to manage any of the Applicant's business or affairs and shall not, by fulfilling its obligations hereunder, be deemed to have taken or maintained possession, management or control of the Property, or any part thereof, and shall not occupy any premises except in such circumstances as the Monitor deems necessary.
30. The reasonable fees and disbursements of the Monitor (including the reasonable solicitor and client fees and disbursements of any counsel retained by the Monitor) and the reasonable solicitor and client fees and disbursements of the Applicant's counsel in these proceedings shall be paid by the Applicant as part of the costs of these proceedings, the Plan and the Restructuring and the Applicant is hereby authorized and directed to pay the accounts of the Monitor, and the Applicant's counsel and counsel for the Monitor on a weekly basis. In addition, the Applicant is hereby authorized to pay each of the monitor, counsel to the Monitor; and counsel to the Applicant such retainers as may be agreed upon to be held by the Monitor and each such counsel as security for payment of their fees and disbursements outstanding from time to time including with respect to this Application, subject to any final assessment or taxation as may be ordered by this Court, in which case the remuneration of the Monitor shall be taxed on the accountant and its own client and the legal costs of the Monitor's and/or the Applicant's counsel shall be taxed on the basis of a solicitor and its own client.
31. The Monitor, counsel to the Monitor and the Applicant's counsel, as security for their reasonable professional fees and disbursements incurred both before and after the making of this Order in respect of these proceedings, the Plan and the Restructuring, shall be entitled to the benefits of and are hereby granted a charge against all present and future

Property including without limitation the credit balances from time to time in the Post-Filing Accounts (the "Administration Charge"), such Administration Charge not to exceed \$300,000 without further order of this Court.

32. The Administration Charge shall attach to all present and future real and personal property of the Applicant, including any lease or other contract, notwithstanding any requirement for the consent of the lessor or other party to any such contract or any other Person, the necessity for the giving of any such consent is hereby dispensed with, and the absence of any such consent shall not constitute a breach of or default under any such lease or other contracts.
33. The Administration Charge shall rank prior to all existing charges, liens, securities, security interests and other encumbrances against the Property or any part thereof.
34. The Administration Charge shall be deemed to be valid and effective notwithstanding any negative covenant, prohibition or any other provision with respect to incurring debt or the creation of liens or security contained in any existing agreement between the Applicant and/or its shareholders and any other Person, including without limitation those contained in the existing credit agreements with the Applicant and those contained in any agreement between the Applicant, its shareholders and any other Person, notwithstanding any provision to the contrary in any such agreements and without limiting the generality of the foregoing the creation of the Administration Charge shall not create or be deemed to constitute a breach by the Applicant of any agreement to which it is a party.
35. It is further ordered:
 - (a) where the Monitor acts in good faith and takes reasonable care in preparing a report required by this Order, the Monitor is not liable for loss or damage to any Person resulting from that Person's reliance on the report;
 - (b) notwithstanding anything in federal or provincial law, the Monitor is not personally liable in that position for any environmental condition that arose or environmental damage that occurred:
 - (i) before the Monitor's appointment; or
 - (ii) after the Monitor's appointment unless it is established that the condition arose or the damage occurred as a result of the Monitor's gross negligence or wilful misconduct;
 - (c) notwithstanding anything in any federal or provincial law but subject to subparagraph 35(b) above, the Monitor will not be personally liable for failure to comply with any order made which has the effect of requiring the Monitor to remedy any environmental condition or environmental damage affecting any Property, and is not personally liable for any costs that are or would be incurred by any Person in carrying out the terms of the order;
 - (i) if within such time as is specified in the order, within 10 days after the order is made if no time is so specified, within 10 days after the

appointment of the Monitor, if the order is in effect when the Monitor is appointed, or during the period of stay referred to in subparagraph 35(c)(ii) below, the Monitor:

- (A) complies with the order, or
 - (B) on notice to the Person who issued the order, abandons, disposes of or otherwise releases any interest in any real property affected by the condition or damage;
- (ii) during the period of a stay of the order granted, on application made within the time specified in the order referred to in subparagraph 35(c)(i) above or within 10 days after the order is made or within 10 days after the appointment of the Monitor, if the order is in effect when the Monitor is appointed, by:
- (A) the court or body having jurisdiction under the law pursuant to which the order was made to enable the Monitor to contest the order, or
 - (B) the court having jurisdiction under the CCAA for the purposes of assessing the economic viability of complying with the order; or
- (iii) if the Monitor had, before the order was made, abandoned or renounced any interest in any real property affected by the condition or damage;
- (d) the Monitor shall not be liable for any other act or omission as result of its appointment or the fulfillment of its duties in the carrying out of the provisions of this Order, save and except for negligence or wilful misconduct on its part or for any debt incurred by the Applicant whether before or after the date of this Order; and
- (e) no action application or other proceeding shall be taken, made or continued against the Monitor without the leave of this Court first being obtained.
36. The appointment of the Monitor shall not constitute the Monitor as an employer or a successor employer under any agreement or contract between the Applicant and any of its present or former employees or within the meaning of any legislation governing employment or labour standards or in respect of pensions or benefits or any other statutes regulation or rule of law or equity for any purpose whatsoever and, further, that the Monitor shall not be deemed to be an owner or in possession, control or management of the Property or of the business and affairs of the Applicant whether pursuant to any legislation enacted for the protection of the environment, health and safety or any other statute or regulation of any federal, provincial or other jurisdiction or under any rule of law or equity for any purpose whatsoever.

Debtor in Possession Financing

37. The Applicant shall be at liberty to apply to the court on two clear days' prior written notice to the creditors to whom notice of this Application was given, to seek the Court's approval for debtor in possession ("DIP") financing from any lender (the "CCAA Lender") upon such terms and with such priority as this Court may approve.
38. Except for the use of credit cards in the ordinary course of the Applicant's business, the Applicant shall not borrow any money from or grant any mortgage, charge, security interest, hypothec, lien or other encumbrance over any of its present or future Property to any Person other than the CCAA Lender (if any) without the prior written consent of the CCAA Lender (if any) or further order of this Court on prior notice to the CCAA Lender (if any), and any obligations incurred and any mortgage charge, security interest, hypothec, lien or other encumbrance granted by the Applicant contrary to this Order shall be subordinate in all respects to the payment of the indebtedness and liability owed to the CCAA Lender (if any).
39. Notwithstanding:
 - (a) the pendency of these proceedings and the declarations of insolvency made herein;
 - (b) the pendency of any proceedings heretofore or hereafter taken pursuant to the BIA in respect of the Applicant; and
 - (c) the provisions of any federal or provincial statute:
 - (i) the obligation of the Applicant pursuant to any commitment provided by any CCAA Lender (the "DIP Commitment") (if any) and any documents delivered pursuant thereto shall constitute legal, valid and binding obligations of the Applicant enforceable against it in accordance with the terms thereof, and
 - (ii) any payments made by the Applicant pursuant to the DIP Commitment (if any) and any security given to a CCAA Lender pursuant thereto (the "CCAA Lender's Security") (if any) do not and shall not be construed to constitute a fraudulent preference or other challengeable or reviewable transaction under any applicable law.
40. The Administration Charge and the CCAA Lender's Security (if any) shall be deemed to be valid and effective notwithstanding any negative covenant, prohibition or any other provision with respect to incurring debt or the creation of liens or security contained in any existing agreement between the Applicant, its shareholders and any other Person, and that, notwithstanding any provision to the contrary in any such agreements:
 - (a) neither the creation of the Administration Charge or the (CCAA Lender's Security (if any) nor the execution, delivery, perfection or registration of the CCAA Lender's Security (if any) or notice in respect thereof shall create or be

deemed to constitute a breach by the Applicant of any agreement to which it is a party; and

- (b) the CCAA Lender (if any) shall have no liability to any Person whatsoever as a result of any breach of any agreement caused by or resulting from the Applicant entering into the DIP Commitment (if any) or the execution and delivery of the CCAA Lender's Security (if any).

General Terms

- 41. The Applicant shall be at liberty to:
 - (a) serve this Order, any other orders in these proceedings, notices of all other proceedings, the Plan, any notices of Meetings and all other notices, and to deliver any letters to creditors, information circulars, proofs of claim, proxies and disallowances of claims, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or electronic transmission to the Applicant's creditors (or their solicitors where known) at their respective addresses as last shown on the records of the Applicant and that any such service or notice by courier, personal delivery or electronic transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the fourth business day after mailing; and
 - (b) with the concurrence of the Monitor, consent to the appointment of a receiver and/or receiver and manager of any of the Property otherwise protected by this Order, at any time.
- 42. Notwithstanding any other provision of this Order, the Applicant may apply at any time to this Court to seek any further relief and any interested Person may apply to this Court to vary or rescind this Order or seek other relief on 48 hours notice to the Applicant and the Monitor and to any other Person likely to be affected by the Order sought or on such other notice, if any, as this Court may order.
- 43. The Applicant or the Monitor may, from time to time, apply to this Court for direction in the discharge of the Monitor's powers and duties hereunder or in respect of the proper execution of this Order.
- 44. This Order and any other Orders in these proceedings shall have full force and effect in all provinces and territories in Canada and abroad and as against all Persons against whom it may otherwise be enforceable.
- 45. This Court requests the aid and recognition of any court or any judicial, regulatory or administrative body in any province or territory of Canada (including the assistance of any Court in Canada pursuant to Section 17 of the CCAA) and the Federal Court of Canada and any judicial, regulatory or administrative tribunal or other court constituted pursuant to the Parliament of Canada or the legislature of any province and any court or any judicial, regulatory or administrative body of the United States and the states or other subdivisions of the United States and of any other nation or state to act in aid of and to be complementary to this Court in carrying out the terms of this Order.

46. For the purposes of seeking the aid and recognition of any court or any judicial, regulatory or administrative body outside of Canada, the Monitor shall act and be deemed to be the foreign representative of the Applicant.

DATED at Halifax, Nova Scotia, this 18 day of September, 2007.

Danielle Dixon-Toulouse

Deputy Prothonotary

DANIELLE DIXON-TOULOUSE
Deputy Prothonotary

I hereby certify that the foregoing document
is a true copy of the original.

Dated 18 day of Sept, 07

Danielle Dixon-Toulouse
Deputy Prothonotary

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 the Applicant, Federal Gypsum Company

INITIAL ORDER

STEWART McKELVEY
1959 Upper Water Street
Purdy's Wharf Tower One
P. O. Box 997
Halifax, Nova Scotia
B3J 2X2
MPC: NS33381-6



BDO Dunwoody Goodman Rosen Inc.

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Toll Free: (800) 337-5764
Email: insol-halifax@bdo.ca
www.bdo.ca

TO THE CREDITORS OF
FEDERAL GYPSUM COMPANY ULC

September 19, 2007

Dear Sir or Madam:

We write to you with respect to the financial affairs of Federal Gypsum Company ULC ("FGC").

On the 18th day of September, 2007, an Initial Application under the Companies' Creditors Arrangement Act ("CCAA") was heard in the Supreme Court of Nova Scotia and the Initial Order was granted by Mr. Justice A. David MacAdam.

Pursuant to Paragraph 11.7(1) of the CCAA, BDO Dunwoody Goodman Rosen Inc. has been appointed as Monitor under the CCAA proceedings (Court No. S.H. 285667).

As required by Paragraph 11(5) of the CCAA, we enclose a copy of the Initial Order granted on September 18, 2007 in the CCAA proceeding.

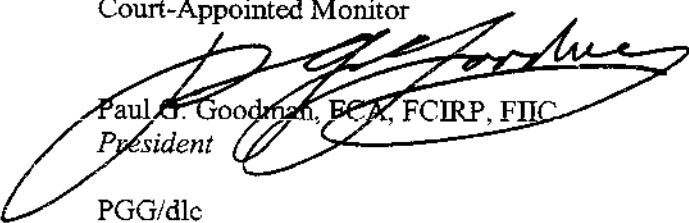
As you will note in the Initial Order, all pre filing debts of FGC and any potential actions of creditors related thereto are stayed by the CCAA process. Management of FGC plans to bring forward a restructuring plan for the consideration of the various classes of creditors in due course. A claims bar filing process and related timing will be established and you will receive notice related thereto. In the interim, you do not need to file a Proof of Claim.

We also refer you to Paragraph 2(A) in the Initial Order in which the Court has set October 18, 2007 at 9:30 a.m. for a further hearing in the CCAA proceeding.

We refer you to our website which address is www.bdo.ca/fgc where we have placed various materials relative to the Court filing under CCAA proceeding by FGC.

Yours very truly

BDO DUNWOODY GOODMAN ROSEN INC.
Court-Appointed Monitor


Paul G. Goodman, B.C.A., FCIRP, FIIC
President

PGG/dlc
Enclosure



Suite 301, 295 George Street
Sydney Nova Scotia B1P 1J7

Toll Free: (888) 666-5764
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PROFILE - FEDERAL GYPSUM COMPANY - as of: 2007-09-19 11:47 AM

Company/Society Name:	FEDERAL GYPSUM COMPANY
Registry ID:	3091844
Type:	N.S. Unlimited Liability
Nature Of Business:	
Status:	Active
Jurisdiction:	Nova Scotia
Registered Office:	SUITE 900, 1959 UPPER WATER STREET HALIFAX NS Canada B3J 3N2
Mailing Address:	PO BOX 997 HALIFAX NS Canada B3J 2X2

PEOPLE

Name	Position	Civic Address	Mailin
MICHAEL SIMPSON	Director	7808 AMHERST AVENUE DALLAS TX 75225	
RHYNE SIMPSON, JR.	Director	10 ALDER CREEK DRIVE CALIFON NJ 07830	
MARCEL J. GIROUARD	Director	511 FERDINAND BLVD. DIEPPE NB E1A 7E9	
RHYNE SIMPSON, JR	PRESIDENT	10 ALDER CREEK DRIVE CALIFON NJ 07830	
MICHAEL SIMPSON	EXEC VP, SEC & TREAS	7808 AMHERST AVENUE DALLAS TX 75225	

LYDIA S. BUGDEN	Recognized Agent	SUITE 900, 1959 UPPER WATER STREET HALIFAX NS B3J 3N2	PO BOX HALIF 2X2
-----------------	------------------	--	------------------------

ACTIVITIES

Activity	Date
Annual Renewal	2007-08-28
Annual Statement Filed	2007-08-28
Annual Renewal	2006-08-30

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RELATED REGISTRATIONS

There are no related registrations on file for this company.

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	17-Sep-07	24-Sep-07	1-Oct-07	8-Oct-07	15-Oct-07	22-Oct-07	29-Oct-07	5-Nov-07	12-Nov-07	19-Nov-07	26-Nov-07	3-Dec-07	10-Dec-07	17-Dec-07	24-Dec-07	31-Dec-07	7-Jan-08	14-Jan-08	21-Jan-08	28-Jan-08	
68,000.00	217,200.00	181,307.14	10,855.00	59,185.30	291,412.50	634,513.90	155,130.00	655,908.84	185,130.00												
12,641.31	26,971.97	18,871.97	18,871.97	29,440.74	30,785.73	33,288.85	35,807.80	35,807.80	35,807.80	35,807.80	35,807.80	35,807.80	35,807.80	35,807.80	35,807.80	35,807.80	35,807.80	35,807.80	35,807.80	35,807.80	35,807.80
3,000.00	12,000.00	3,000.00	12,000.00	3,000.00	12,000.00	3,000.00	12,000.00	3,000.00	12,000.00	3,000.00	12,000.00	3,000.00	12,000.00	3,000.00	12,000.00	3,000.00	12,000.00	3,000.00	12,000.00	3,000.00	12,000.00
55,200.00	57,600.00	57,600.00	5,500.00	57,600.00	57,600.00	57,600.00	57,600.00	57,600.00	57,600.00	57,600.00	57,600.00	57,600.00	57,600.00	57,600.00	57,600.00	57,600.00	57,600.00	57,600.00	57,600.00	57,600.00	57,600.00
11,000.00	11,000.00	11,000.00	11,000.00	11,000.00	11,000.00	11,000.00	11,000.00	11,000.00	11,000.00	11,000.00	11,000.00	11,000.00	11,000.00	11,000.00	11,000.00	11,000.00	11,000.00	11,000.00	11,000.00	11,000.00	11,000.00
12,000.00	12,000.00	12,000.00	12,000.00	12,000.00	12,000.00	12,000.00	12,000.00	12,000.00	12,000.00	12,000.00	12,000.00	12,000.00	12,000.00	12,000.00	12,000.00	12,000.00	12,000.00	12,000.00	12,000.00	12,000.00	12,000.00
6,063.55	6,063.33	6,063.33	6,063.33	6,063.33	6,063.33	6,063.33	6,063.33	6,063.33	6,063.33	6,063.33	6,063.33	6,063.33	6,063.33	6,063.33	6,063.33	6,063.33	6,063.33	6,063.33	6,063.33	6,063.33	6,063.33
10,000.00	15,000.00	15,000.00	15,000.00	15,000.00	15,000.00	15,000.00	15,000.00	15,000.00	15,000.00	15,000.00	15,000.00	15,000.00	15,000.00	15,000.00	15,000.00	15,000.00	15,000.00	15,000.00	15,000.00	15,000.00	15,000.00
10,000.00	15,000.00	15,000.00	15,000.00	15,000.00	15,000.00	15,000.00	15,000.00	15,000.00	15,000.00	15,000.00	15,000.00	15,000.00	15,000.00	15,000.00	15,000.00	15,000.00	15,000.00	15,000.00	15,000.00	15,000.00	15,000.00
1,600.00	1,600.00	1,600.00	1,600.00	1,600.00	1,600.00	1,600.00	1,600.00	1,600.00	1,600.00	1,600.00	1,600.00	1,600.00	1,600.00	1,600.00	1,600.00	1,600.00	1,600.00	1,600.00	1,600.00	1,600.00	1,600.00
12,412.13	12,412.13	12,412.13	12,412.13	12,412.13	12,412.13	12,412.13	12,412.13	12,412.13	12,412.13	12,412.13	12,412.13	12,412.13	12,412.13	12,412.13	12,412.13	12,412.13	12,412.13	12,412.13	12,412.13	12,412.13	12,412.13
2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00
4,000.00	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00
45,883.56	124,145.33	81,966.33	57,965.33	124,707.46	124,707.46	124,707.46	124,707.46	124,707.46	124,707.46	124,707.46	124,707.46	124,707.46	124,707.46	124,707.46	124,707.46	124,707.46	124,707.46	124,707.46	124,707.46	124,707.46	124,707.46
1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00
1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00
1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00
3,850.00	15,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00
50,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00
25,000.00	2,600.00	7,500.00	5,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00
7,500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00
500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00
6,000.00	200.00	200.00	200.00	200.00	200.00	200.00	200.00	200.00	200.00	200.00	200.00	200.00	200.00	200.00	200.00	200.00	200.00	200.00	200.00	200.00	200.00
500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00
4,000.00	3,750.00	3,750.00	3,750.00	3,750.00	3,750.00	3,750.00	3,750.00	3,750.00	3,750.00	3,750.00	3,750.00	3,750.00	3,750.00	3,750.00	3,750.00	3,750.00	3,750.00	3,750.00	3,750.00	3,750.00	3,750.00
1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00
4,000.00	48.27	298.84	778.26	910.47	1,197.40	581.06	880.73	1,028.00	1,387.86	1,891.78	763.80	1,299.81	1,249.48	1,764.04	112.16	86,465.16					
78,000.00	46,427.86	25,268.84	10,160.53	20,458.06	57,157.57	46,722.26	10,916.47	76,187.40	10,581.00	86,711.21	11,026.00	21,387.86	11,961.75	125,702.51	11,292.51	21,246.46	11,764.04	20,112.16	100,018.54		
79,000.00	50,277.05	25,288.84	25,180.53	30,458.06	82,157.57	60,575.26	25,915.47	80,167.40	10,581.00	113,561.21	28,025.00	31,387.86	11,961.75	140,653.61	11,292.51	46,246.46	17,764.04	30,112.16	108,860.54		
218,815.99	108,581.02	157,506.14	126,827.83	180,837.48	137,624.87	224,042.56	121,736.15	284,115.73	126,852.50	294,358.86	161,051.85	214,125.54	141,429.81	223,961.51	165,916.70	222,675.37	139,702.00	212,868.07	255,984.42		
(20,816.99)	(106,581.02)	56,633.86	(128,527.83)	469.66	(137,624.87)	(61,187.86)	(121,736.15)	267,075.57	(120,852.50)	(82,847.38)	(161,051.85)	(214,125.54)	482,083.80	(203,861.51)	16,210.30	(222,675.37)	715,004.76	(212,838.07)	(52,864.42)		
20,916.88	126,488.82	89,565.06	196,482.86	188,022.23	335,948.11	397,125.87	518,874.86	251,789.28	381,851.76	444,586.14	605,651.03	818,714.57	326,650.77	541,441.89	764,172.06	48,512.58	291,450.65	312,315.03			

Personal Property Registry System

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Debtor (Enterprise) Name Search

Search Result Confirmation

Your Search Result Report has been completed. Select the link below to view the report.

Report Title: [PPRS Search \(Ent\) - NS Federal Gypsum Company](#)

Transaction Number: 2825078

Please refer to this Transaction Number in any future correspondence with us re this search.

Your report will be available via Retrieve Reports for seven (7) days.



PPRS-SR-007

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This report lists registrations in the Personal Property Registry that match the following search criteria:

Province or Territory Searched: Nova Scotia
Type of Search: Debtors (Enterprise)

Search Criteria: Federal Gypsum Company

Date and Time of Search: 2007-09-19 08:00
Transaction Number: 2825078
Searched By: C177899

The following table lists records that match the Debtors (Enterprise) you specified.

Exact	Included	Registration Number	Enterprise Name	Place
*	*	8824203	FEDERAL GYPSUM COMPANY	Point Tupper
*	*	8832953	FEDERAL GYPSUM COMPANY	Point Tupper
*	*	9347183	FEDERAL GYPSUM COMPANY	POINT TUPPER
*	*	9347183	FEDERAL GYPSUM COMPANY	OLDWICK
*	*	9348495	FEDERAL GYPSUM COMPANY	POINT TUPPER
*	*	9348495	FEDERAL GYPSUM COMPANY	OLDWICK
*	*	9349289	FEDERAL GYPSUM COMPANY	POINT TUPPER
*	*	9349289	FEDERAL GYPSUM COMPANY	OLDWICK
*	*	9351480	FEDERAL GYPSUM COMPANY	POINT TUPPER
*	*	9805560	FEDERAL GYPSUM COMPANY	POINT TUPPER
*	*	10591279	FEDERAL GYPSUM COMPANY	POINT TUPPER
*	*	10591279	FEDERAL GYPSUM COMPANY	OLDWICK
*	*	10714210	FEDERAL GYPSUM COMPANY	POINT TUPPER
*	*	10714210	FEDERAL GYPSUM COMPANY	OLDWICK
*	*	11320314	FEDERAL GYPSUM COMPANY	POINT TUPPER
*	*	11320314	FEDERAL GYPSUM COMPANY	OLDWICK
*	*	11864386	Federal Gypsum Company	Halifax
*	*	12224820	FEDERAL GYPSUM COMPANY	PORT HAWKESBURY
	*	11405248	FEDERAL GYPSUM, INC.	CALIFON
	*	11405248	FEDERAL GYPSUM, INC.	OLDWICK

An '*' in the 'Exact' column indicates that the Debtor (Enterprise) exactly matches the search criteria.

An '*' in the 'Included' column indicates that the registration's details are included within the Search Result Report.

18 registration(s) contained information that **exactly** matched the search criteria you specified.

2 registration(s) contained information that **closely** matched the search criteria you specified.

When reviewing the registrations below, note that a registration which has expired or been discharged within the last 30 days can still be re-registered by the secured party.

For more information concerning the Personal Property Registry, go to www.acol.ca

Registration Details for Registration Number: 8824203

Province or Territory: Nova Scotia
Registration Type: PPSA Financing Statement

Registration History

Registration Activity	Registration Number	Date/Time	Expiry Date	File Number
Original	8824203	2004-10-12 18:50	2009-10-12	592138-FC11

This registration has **not** been the subject of an Amendment or Global Change. The following registration information was added by the original registration and has not been deleted.

Debtors

Type: Enterprise
 FEDERAL GYPSUM COMPANY
 221 HENRY PAINT RD
 Point Tupper NS B9A 1Y8
 Canada

Secured Parties

Type: Enterprise
 FORD CREDIT CANADA LIMITED
 PO BOX 2400
 Edmonton AB T5J 5C7
 Canada
 Fax #: 866-367-3888

Serial Numbered Collateral

Serial Number	Collateral Type	Description	Added By	Deleted By
1FAFP56S55A141925	Motor Vehicle	2005 FORD TAURUS	8824203	

Registration Details for Registration Number: 8832953

Province or Territory: Nova Scotia
 Registration Type: PPSA Financing Statement

Registration History

Registration Activity	Registration Number	Date/Time	Expiry Date	File Number
Original	8832953	2004-10-14 15:24	2009-10-14	592718-FC11

This registration has **not** been the subject of an Amendment or Global Change. The following registration information was added by the original registration and has not been deleted.

Debtors

Type: Enterprise
 FEDERAL GYPSUM COMPANY
 221 HENRY PAINT ROAD
 Point Tupper NS B9A 1Y8
 Canada

Secured Parties

Type: Enterprise
 FORD CREDIT CANADA LIMITED
 PO BOX 2400
 Edmonton AB T5J 5C7
 Canada
 Fax #: 866-367-3888

Serial Numbered Collateral

Serial Number	Collateral Type	Description	Added By	Deleted By
1FTPX14594KD93531	Motor Vehicle	2004 FORD F150	8832953	

Registration Details for Registration Number: 9347183

Province or Territory: Nova Scotia
 Registration Type: PPSA Financing Statement

Registration History

Registration Activity	Registration Number	Date/Time	Expiry Date	File Number
Original	9347183	2005-03-16 12:09	Infinity	NS33381-1
Amendment	9399019	2005-03-31 10:33	Infinity	NS33381-1
Amendment	10668663	2006-02-10 16:18	Infinity	NS33381-1

As listed in the Registration History section above, this registration has been the subject of an Amendment or Global Change to add or delete information. The following registration details provide the registration number for the Amendment that added or deleted information. If no "added by" or "deleted by" registration number is provided, the information was added by the original registration and has not been deleted.

Debtors

Type: Enterprise
 FEDERAL GYPSUM COMPANY
 221 HENRY PAINT ROAD
 POINT TUPPER NS B9A 1Y8
 Canada

Type: Enterprise
 FEDERAL GYPSUM COMPANY
 C/O FEDERAL GYPSUM, INC.
 P.O.BOX 340
 OLDWICK NJ 08858
 USA

Secured Parties

The Secured Party below was deleted by registration number 9399019

Type: Enterprise
 NOVA SCOTIA BUSINESS INC.

~~SUITE 520
WORLD TRADE & CONVENTION CENTRE
1800 ARGYLE STREET, P.O. BOX 2374
HALIFAX NS B3J 3E4
Canada~~

The Secured Party below was added by registration number 9399019

Type: Enterprise
NOVA SCOTIA BUSINESS INCORPORATED
ATTN: PAT RYAN, VICE-PRESIDENT, FINANCIAL SERVICES
SUITE 520
WORLD TRADE & CONVENTION CENTRE
1800 ARGYLE STREET, P.O. BOX 2374
HALIFAX NS B3J 3E4
Canada

General Collateral

A SECURITY INTEREST IS TAKEN IN ALL OF THE DEBTOR'S PRESENT AND AFTER ACQUIRED PERSONAL PROPERTY.

Serial Numbered Collateral

Serial Number	Collateral Type	Description	Added By	Deleted By
1FAFP56S55A141925	Motor Vehicle	2005 FORD TAURUS	9347183	
1FTPX14594KD93531	Motor Vehicle	2004 FORD F150	9347183	
1MEFM53U7XG659039	Motor Vehicle	1999 MERCURY SABLE	9399019	
1FMZU73WX5ZA64968	Motor Vehicle	2005 FORD EXPLR	10668663	

Additional Information

Added by registration number 9399019
THE SECURED PARTY'S FILE REFERENCE IS JUS-04-6633

Registration Details for Registration Number: 9348495

Province or Territory: Nova Scotia
Registration Type: PPSA Financing Statement

Registration History

Registration Activity	Registration Number	Date/Time	Expiry Date	File Number
Original	9348495	2005-03-16 14:51	Infinity	NS33381-1
Amendment	9399028	2005-03-31 10:36	Infinity	NS33381-1
Amendment	10668689	2006-02-10 16:20	Infinity	NS33381-1

As listed in the Registration History section above, this registration has been the subject of an Amendment or Global Change to add or delete information. The following registration details provide the registration number for the Amendment that added or deleted information. If no "added by" or "deleted by" registration number is provided, the information was added by the original registration and has not been deleted.

Debtors

Type: Enterprise
 FEDERAL GYPSUM COMPANY
 221 HENRY PAINT ROAD
 POINT TUPPER NS B9A 1Y8
 Canada

Type: Enterprise
 FEDERAL GYPSUM COMPANY
 C/O FEDERAL GYPSUM, INC.
 P.O. BOX 340
 OLDWICK NJ 08858
 USA

Secured Parties

The Secured Party below was deleted by registration number 9399028

Type: Enterprise
~~HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF NOVA SCOTIA
 MARITIME CENTRE 14 SOUTH
 1505 BARRINGTON STREET
 P.O. BOX 2311
 HALIFAX NS B3J 3C8
 Canada~~

The Secured Party below was added by registration number 9399028

Type: Enterprise
 HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF NOVA SCOTIA
 ATTN: ANDREW HARE, DIR., DEVELOPMENT INITIATIVES
 MARITIME CENTRE 14 SOUTH
 1505 BARRINGTON STREET
 P.O. BOX 2311
 HALIFAX NS B3J 3C8
 Canada

General Collateral

A SECURITY INTEREST IS TAKEN IN ALL OF THE DEBTOR'S PRESENT AND AFTER ACQUIRED PERSONAL PROPERTY.

Serial Numbered Collateral

Serial Number	Collateral Type	Description	Added By	Deleted By
1FAFP56S55A141925	Motor Vehicle	2005 FORD TAURUS	9348495	
1FTPX14594KD93531	Motor Vehicle	2004 FORD F150	9348495	
1MEFM53U7XG659039	Motor Vehicle	1999 MERCURY SABLE	9399028	
1FMZU73WX5ZA64968	Motor Vehicle	2005 FORD EXPLR	10668689	

Additional Information

THE FULL NAME OF THE SECURED PARTY IS AS FOLLOWS:

HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF NOVA SCOTIA AS REPRESENTED BY THE MINISTER OF ECONOMIC DEVELOPMENT

Added by registration number 9399028
THE SECURED PARTY'S FILE REFERENCE IS JUS-04-6733.

Registration Details for Registration Number: 9349289

Province or Territory: Nova Scotia
Registration Type: PPSA Financing Statement

Registration History

Registration Activity	Registration Number	Date/Time	Expiry Date	File Number
Original	9349289	2005-03-16 16:25	2015-03-16	NS33381-1
Amendment	9401916	2005-03-31 15:25	2015-03-16	NS33381-1
Amendment	10676765	2006-02-14 09:06	2015-03-16	NS33381-1

As listed in the Registration History section above, this registration has been the subject of an Amendment or Global Change to add or delete information. The following registration details provide the registration number for the Amendment that added or deleted information. If no "added by" or "deleted by" registration number is provided, the information was added by the original registration and has not been deleted.

Debtors

Type: Enterprise
FEDERAL GYPSUM COMPANY
221 HENRY PAINT ROAD
POINT TUPPER NS B9A 1Y8
Canada

Type: Enterprise
FEDERAL GYPSUM COMPANY
C/O FEDERAL GYPSUM, INC.
P.O. BOX 340
OLDWICK NJ 08858
USA

Secured Parties

Type: Enterprise
CAPE BRETON GROWTH CORPORATION/FONDS D'INVESTISSEMENT DU
CAP-BRETON INC.
15 DORCHESTER STREET
P.O. BOX 1264
SYDNEY NS B1P 6J9
Canada

General Collateral

A SECURITY INTEREST IS TAKEN IN ALL OF THE DEBTOR'S PRESENT AND AFTER ACQUIRED PERSONAL PROPERTY.

Serial Numbered Collateral

Serial Number	Collateral Type	Description	Added By	Deleted By
1FAFP56S55A141925	Motor Vehicle	2005 FORD TAURUS	9349289	
1FTPX14594KD93531	Motor Vehicle	2004 FORD F150	9349289	
1MEFM53U7XG659039	Motor Vehicle	1999 MERCURY SABLE	9401916	
1FMZU73WX5ZA64968	Motor Vehicle	2005 FORD EXPLR	10676765	

Registration Details for Registration Number: 9351480

Province or Territory: Nova Scotia
 Registration Type: PPSA Financing Statement

Registration History

Registration Activity	Registration Number	Date/Time	Expiry Date	File Number
Original	9351480	2005-03-17 13:23	2010-03-17	2287188

This registration has **not** been the subject of an Amendment or Global Change. The following registration information was added by the original registration and has not been deleted.

Debtors

Type: Enterprise
 FEDERAL GYPSUM COMPANY
 221 HENRY PAINT ST
 POINT TUPPER NS B9A 1Y8
 Canada

Secured Parties

Type: Enterprise
 NATIONAL LEASING GROUP INC.
 1558 WILLSON PL
 WINNIPEG MB R3T 0Y4
 Canada
 Phone #: 204-954-9000
 Fax #: 204-478-4244

General Collateral

ALL POWER SWEEPER RIDERS OF EVERY NATURE OR KIND DESCRIBED IN LEASE NUMBER 2287188, BETWEEN THE SECURED PARTY, AS LESSOR AND THE DEBTOR AS LESSEE, AS AMENDED FROM TIME TO TIME, TOGETHER WITH ALL ATTACHMENTS, ACCESSORIES AND SUBSTITUTIONS.

Registration Details for Registration Number: 9806560

Province or Territory: Nova Scotia
 Registration Type: PPSA Financing Statement

Registration History

Registration Activity	Registration Number	Date/Time	Expiry Date	File Number
Original	9806560	2005-07-04 14:50	2015-07-04	664501-RB33
Amendment	10001634	2005-08-16 16:36	2015-07-04	679602-RB33
Amendment	10062131	2005-08-30 17:21	2015-07-04	683994-RB33
Amendment	12901930	2007-08-29 15:48	2015-07-04	683994-RB33

As listed in the Registration History section above, this registration has been the subject of an Amendment or Global Change to add or delete information. The following registration details provide the registration number for the Amendment that added or deleted information. If no "added by" or "deleted by" registration number is provided, the information was added by the original registration and has not been deleted.

Debtors

Type: Enterprise
 FEDERAL GYPSUM COMPANY
 221 HENRY PAINT STREET
 POINT TUPPER NS B9A 1Y8
 Canada

Secured Parties

Type: Enterprise
 ROYAL BANK OF CANADA
 180 WELLINGTON ST W, 5TH FLOOR
 Toronto ON M5J 1J1
 Canada

General Collateral

1 NEW 2005 HYSTER LIFT TRUCK MODEL S80XM S/N F004V03069C, 1 NEW 2005 VOLVO LOADER & ENGINE MODEL L110E S/N L110EV60362 & 1036452 All present and after acquired equipment of whatever kind and wherever situate, (including all parts, accessories, attachments, special tools, additions and accessions thereto) all as further described under all lease schedules attached to the Master Lease Agreement dated JUNE 30, 2005 from time to time and all proceeds thereof, accretions thereto and substitutions therefor.

Added by registration number 10001634

ADD
 1 NEW 2005 HYSTER LIFT TRUCK MODEL S155XL2
 S/N C024V02086C

Added by registration number 10062131

ADD
 1 NEW 2005 HYSTER LIFT TRUCK MODEL S155XL2 S/N C024V02082C
 1 NEW 2005 HYSTER LIFT TRUCK MODEL S155XL2 S/N C024V02083C

Serial Numbered Collateral

Serial Number	Collateral Type	Description	Added By	Deleted By
C024V02086C	Motor Vehicle	2005 Hyster Lift Truck model S155XL2	12901930	
C024V02082C	Motor Vehicle	2005 Hyster Lift Truck	12901930	

Serial Number	Collateral Type	Description	Added By	Deleted By
C024V02083C	Motor Vehicle	Model S155XL2 2005 Hyster Lift Truck	12901930	
F004V03069C	Motor Vehicle	Model S155XL2 2005 Hyster Lift Truck	12901930	
L110EV60362	Motor Vehicle	Model S80XM 2005 Volvo Loader & Engine Model L110E	12901930	
1036452	Motor Vehicle	2005 Volvo Loader & Engine Model L110E	12901930	

Registration Details for Registration Number: 10591279

Province or Territory: Nova Scotia
Registration Type: PPSA Financing Statement

Registration History

Registration Activity	Registration Number	Date/Time	Expiry Date	File Number
Original	10591279	2006-01-19 15:58	2016-01-19	NS33381-1
Amendment	10660713	2006-02-10 16:23	2016-01-19	NS33381-1
Amendment	11481108	2006-08-31 10:09	2016-01-19	NS33381-1

As listed in the Registration History section above, this registration has been the subject of an Amendment or Global Change to add or delete information. The following registration details provide the registration number for the Amendment that added or deleted information. If no "added by" or "deleted by" registration number is provided, the information was added by the original registration and has not been deleted.

Debtors

Type: Enterprise
FEDERAL GYPSUM COMPANY
221 HENRY PAINT STREET
POINT TUPPER NS B9A 1Y8
Canada

Type: Enterprise
FEDERAL GYPSUM COMPANY
C/O FEDERAL GYPSUM, INC.
P.O. BOX 340
OLDWICK NJ 08858
USA

Secured Parties

Type: Enterprise
BLACK & MCDONALD LIMITED
10 PAYZANT AVENUE
DARTMOUTH NS B3B 1Z6
Canada

General Collateral

ALL THE DEBTOR'S RIGHT, TITLE AND INTEREST IN AND TO ALL EQUIPMENT NOW OWNED OR HELD OR AFTER ACQUIRED BY THE DEBTOR, OF WHATEVER NATURE OR KIND AND WHERESOEVER SITUATE, AND ALL PROCEEDS THEREOF AND THEREFROM, INCLUDING, WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, MACHINERY, TOOLS, FIXTURES, FURNITURE, FURNISHINGS, CHATTELS, MOTOR VEHICLES, VESSELS AND OTHER TANGIBLE PERSONAL PROPERTY THAT IS NOT INVENTORY, AND ALL PARTS, COMPONENTS, ATTACHMENTS, ACCESSORIES, ACCESSIONS, REPLACEMENTS, SUBSTITUTIONS, ADDITIONS AND IMPROVEMENTS TO ANY OF THE FOREGOING BUT SPECIFICALLY EXCLUDING THE EQUIPMENT EXCLUDED PURSUANT TO A GENERAL SECURITY AGREEMENT GRANTED IN FAVOUR OF THE SECURED PARTY AND DATED JANUARY 18, 2006.

Serial Numbered Collateral

Serial Number	Collateral Type	Description	Added By	Deleted By
1FAFP56S55A14192	Motor Vehicle	2005 FORD TAURUS	10668713	
1FTPX14594KD93531	Motor Vehicle	2004 FORD F150	10668713	
1MEFM53U7XG659039	Motor Vehicle	1999 MERCURY SABLE	10668713	
1FMZU73WX5ZA64968	Motor Vehicle	2005 FORD EXPLR	10668713	

Additional Information

Added by registration number 11481108

THIS REGISTRATION IS SUBJECT TO A POSTPONEMENT AND SUBORDINATION AGREEMENT IN FAVOUR OF ROYAL BANK ASSET BASED FINANCE, A DIVISION OF ROYAL BANK OF CANADA AND DATED AUGUST 31, 2006.

Registration Details for Registration Number: 10714210

Province or Territory: Nova Scotia
Registration Type: PPSA Financing Statement

Registration History

Registration Activity	Registration Number	Date/Time	Expiry Date	File Number
Original	10714210	2006-02-24 10:13	2016-02-24	NS33381-1
Amendment	10714657	2006-02-24 12:10	2016-02-24	NS33381-1

As listed in the Registration History section above, this registration has been the subject of an Amendment or Global Change to add or delete information. The following registration details provide the registration number for the Amendment that added or deleted information. If no "added by" or "deleted by" registration number is provided, the information was added by the original registration and has not been deleted.

Debtors

Type: Enterprise
FEDERAL GYPSUM COMPANY
221 HENRY PAINT ROAD
POINT TUPPER NS B9A 1Y8
Canada

Type: Enterprise
 FEDERAL GYPSUM COMPANY
 C/O FEDERAL GYPSUM, INC.
 P.O. BOX 340
 OLDWICK NJ 08858
 USA

Secured Parties

Type: Enterprise
 ENTERPRISE CAPE BRETON CORPORATION
 P.O. BOX 1750
 70 CRESCENT STREET
 SYDNEY NS B1P 6T7
 Canada

General Collateral

A SECURITY INTEREST IS TAKEN IN ALL OF THE DEBTOR'S PRESENT AND AFTER ACQUIRED PERSONAL PROPERTY.

Serial Numbered Collateral

Serial Number	Collateral Type	Description	Added By	Deleted By
1FAFP56S55A141925	Motor Vehicle	2005 FORD TAURUS	10714210	
1FTPX14594KD93531	Motor Vehicle	2004 FORD F150	10714210	
1MEFM53U7XG659039	Motor Vehicle	1999 MERCURY SABLE	10714657	
1FMZU73WX5ZA64968	Motor Vehicle	2005 FORD EXPLR	10714657	

Registration Details for Registration Number: 11320314

Province or Territory: Nova Scotia
 Registration Type: PPSA Financing Statement

Registration History

Registration Activity	Registration Number	Date/Time	Expiry Date	File Number
Original	11320314	2006-07-24 12:30	2011-07-24	NS33381-1

This registration has **not** been the subject of an Amendment or Global Change. The following registration information was added by the original registration and has not been deleted.

Debtors

Type: Enterprise
 FEDERAL GYPSUM COMPANY
 221 HENRY PAINT ROAD
 POINT TUPPER NS B9A 1Y8
 Canada

Type: Enterprise
 FEDERAL GYPSUM COMPANY
 C/O FEDERAL GYPSUM, INC.
 P.O. BOX 340
 OLDWICK NJ 08858
 USA

Secured Parties

Type: Enterprise
 ROYAL BANK OF CANADA
 1 PLACE VILLE MARIE
 8TH FLOOR - SOUTHWING
 MONTREAL PQ H3C 3A9
 Canada

General Collateral

A SECURITY INTEREST IS TAKEN IN ALL OF THE DEBTOR'S PRESENT AND AFTER ACQUIRED PERSONAL PROPERTY.

Serial Numbered Collateral

Serial Number	Collateral Type	Description	Added By	Deleted By
1FAFP56S55A141925	Motor Vehicle	2005 FORD TAURUS	11320314	
1FTPX14594KD93531	Motor Vehicle	2004 FORD F150	11320314	
1MEFM53U7XG659039	Motor Vehicle	1999 MERCURY SABLE	11320314	
IFMZU73WX5ZA64968	Motor Vehicle	2005 FORD EXPLR	11320314	

Registration Details for Registration Number: 11864386

Province or Territory: Nova Scotia
 Registration Type: Creditors Relief Act Notice of Judgment

Registration History

Registration Activity	Registration Number	Date/Time	Expiry Date	File Number
Original	11864386	2006-12-13 14:34	2007-12-13	50079-AllSte

This registration has **not** been the subject of an Amendment or Global Change. The following registration information was added by the original registration and has not been deleted.

Court Information

Registration Number	Amount	Judgment Date	Court File Number	Court and Judicial District/Centre
11864386	26994.80	2006-12-13	SPHa(PH)272648	Supreme Court of Nova Scotia

Judgment Debtors

Type: Enterprise
 Federal Gypsum Company
 Bugden, Lydia S.

Recognized Agent
Suite 900
19559 Upper Water Street
Halifax NS B3J 3N2
Canada

Judgment Creditors

Type: Enterprise
Allsteel Coatings Limited
MacIsaac, Harold A.
Recognized Agent
409 Granville Street
Port Hawkesbury NS B9A 2M5
Canada
Phone #: 902-625-0580
Fax #: 902-625-2811

General Collateral

All present and after acquired personal property.

Registration Details for Registration Number: 12224820

Province or Territory: Nova Scotia
Registration Type: PPSA Financing Statement

Registration History

Registration Activity	Registration Number	Date/Time	Expiry Date	File Number
Original	12224820	2007-03-29 13:35	2012-03-29	841815-FC1

This registration has **not** been the subject of an Amendment or Global Change. The following registration information was added by the original registration and has not been deleted.

Debtors

Type: Enterprise
FEDERAL GYPSUM COMPANY
221 HENRY PAINT ST
PORT HAWKESBURY NS B9A 1Y8
Canada

Secured Parties

Type: Enterprise
Ford Credit Canada Limited
PO Box 2400
Edmonton AB T5J 5C7
Canada

Serial Numbered Collateral

Serial Number	Collateral Type	Description	Added By	Deleted By
1FAHP28167G152444	Motor Vehicle	2007 FORD FIVE	12224820	

Registration Details for Registration Number: 11405248

Province or Territory: Nova Scotia
 Registration Type: PPSA Financing Statement

Registration History

Registration Activity	Registration Number	Date/Time	Expiry Date	File Number
Original	11405248	2006-08-14 16:22	2011-08-14	NS33381-5

This registration has **not** been the subject of an Amendment or Global Change. The following registration information was added by the original registration and has not been deleted.

Debtors

Type: Enterprise
 FEDERAL GYPSUM, INC.
 10 ALDER CREEK DRIVE
 CALIFON NJ 07830
 USA

Type: Enterprise
 FEDERAL GYPSUM, INC.
 P.O. BOX 340
 OLDWICK NJ 08858
 USA

Secured Parties

Type: Enterprise
 ROYAL BANK OF CANADA
 1 PLACE VILLE MARIE
 8TH FLOOR - SOUTHWING
 MONTREAL PQ H3C 3A9
 Canada

General Collateral

A SECURITY INTEREST IS TAKEN IN:

(A) THE PLEDGED SHARES OWNED BY THE DEBTOR AND THE CERTIFICATES REPRESENTING THE PLEDGED SHARES, AND ALL DIVIDENDS, DISTRIBUTIONS, CASH, PROMISSORY NOTES, INSTRUMENTS AND OTHER PROPERTY OR PROCEEDS FROM TIME TO TIME RECEIVED, RECEIVABLE OR OTHERWISE DISTRIBUTED IN RESPECT OF OR IN EXCHANGE FOR ANY OR ALL OF THE PLEDGED SHARES; AND

(B) ANY ADDITIONAL SHARES OF STOCK AND/OR MEMBERSHIP INTERESTS OF A PLEDGED

ENTITY FROM TIME TO TIME ACQUIRED BY THE DEBTOR IN ANY MANNER (WHICH SHARES AND/OR MEMBERSHIP INTERESTS SHALL BE DEEMED TO BE PART OF THE PLEDGED SHARES), AND THE CERTIFICATES REPRESENTING SUCH ADDITIONAL SHARES AND/OR MEMBERSHIP INTERESTS, AND ALL DIVIDENDS, DISTRIBUTIONS, CASH, PROMISSORY NOTES, INSTRUMENTS AND OTHER PROPERTY OR PROCEEDS FROM TIME TO TIME RECEIVED, RECEIVABLE OR OTHERWISE DISTRIBUTED IN RESPECT OF OR IN EXCHANGE FOR ANY OR ALL OF SUCH SHARES AND/OR MEMBERSHIP INTERESTS.

"PLEDGED SHARES" MEANS ALL OF THE CAPITAL STOCK OF FEDERAL GYPSUM COMPANY OWNED BY THE DEBTOR AS OF THE DATE HEREOF AND ANY ADDITIONAL SHARES OF CAPITAL STOCK AND/OR MEMBERSHIP INTERESTS OF ANY PLEDGED ENTITY ACQUIRED BY THE DEBTOR IN THE FUTURE AND SET OUT IN SCHEDULE 1 OF THE PLEDGE AGREEMENT DATED ON OR ABOUT THE DATE HEREOF BETWEEN THE DEBTOR AND THE SECURED PARTY (THE "PLEDGE AGREEMENT"); AND

"PLEDGED ENTITY" MEANS FEDERAL GYPSUM COMPANY AND ANY OTHER ISSUER OF PLEDGED SHARES SET OUT IN SCHEDULE 1 OF THE PLEDGE AGREEMENT.

END OF REPORT

Federal Gypsum Company
Balance Sheet
 Accounting Period Ending: 9/18/2007 (Unaudited)

	Balance
Assets	
Current Assets	
Chequing/Savings	
Company Chequing - Canadian	1
Company Chequing - US (in C\$)	1,056
Blocked Account - Canadian	0
Blocked Account - US (in C\$)	0
Total Chequing/Savings	1,057
Accounts Receivable	
Accounts Receivable Accounts	870,911
Total Accounts Receivable	870,911
Inventory	
Finished Goods	544,407
Raw Materials	945,609
Spare Parts	16,057
Total Inventory	1,506,073
Other Current Assets	
HST Paid on Purchases	102,094
Other Current Assets	12
Total Other Current Assets	102,106
Total Current Assets	2,480,147
Fixed Assets (Net of Depr. and Amort.)	
Startup Overhead	2,373,688
Office Equipment	127,449
Vehicles	106,118
Leasehold Improvements	373,045
Manufacturing Equipment	20,328,202
Rolling Stock	437,216
Total Fixed Assets	23,745,719
Other Assets (Net of Depr. and Amort.)	
Capital Acquisition	
Financial Fees	185,556
Legal	149,022
Total Capital Acquisition	334,577
Company Organization	51,751
Utility Deposits & Prepaid Expenses	298,098
Total Other Assets	684,427
Total Assets	26,910,292

Federal Gypsum Company
Balance Sheet
Accounting Period Ending: 9/18/2007 (Unaudited)

	Balance
Liabilities & Equity	
Liabilities	
Current Liabilities	
Notes Payable - Banks	529,405
Accounts Payable	
Canadian	3,355,898
US (in C\$)	2,399,506
Total Accounts Payable	5,755,404
Accrued Expenses	
Accrued Interest	1,226,319
Other Accrued Expenses	66,781
Total Accrued Expenses	1,293,099
HST Collected on Sales	117,238
Current Portion of Long Term Debt	4,961,153
Total Other Current Liabilities	517,966
Total Current Liabilities	13,174,267
Long Term Liabilities	
Note Payable - CBGF	5,000,000
Note Payable - ECBC	2,190,470
Note Payable - NSBI	5,500,000
Note Payable - OED	2,500,000
Subtotal	15,190,470
Notes Payable - Other	1,118,571
Notes Payable - Vehicles	68,326
Leases Payable - Sweeper	9,595
Leases Payable - Rolling Stock	324,074
Long Term Principal Due Within 1 Year	(4,961,153)
Total Long Term Debt	11,749,884
Subordinated Stockholder Debt	
Federal Gypsum, Inc. Senior	1,750,000
Blue Thunder Construction, Ltd.	1,088,200
Federal Gypsum, Inc.	4,401,800
Subtotal Subordinated Stockholder Debt	7,240,000
Total Long Term Liabilities	18,989,884
Total Liabilities	32,164,150
Equity	
Common Stock	10,000
Retained Earnings	(5,263,858)
Total Equity	(5,253,858)
Total Liabilities & Equity	26,910,292

Secured			
1	Black & MacDonald Adrian Morrison	10 Payzant Avenue Dartmouth NS B3B 1Z6	1,123,363.95
2	Cape Breton Growth Fund Shelly Kehoe	P.O. Box 1750 Sydney NS B1P 6T7	5,000,000.00
3	CIT Financial Ltd. Copier	P.O. Box 4094 Station A Toronto ON M5W 3T1	8,060.30
4	Enterprise Cape Breton Corporation Shelly Kehoe	P.O. Box 1750 Sydney NS B1P 6T7	1,750,000.00
5	Ford Credit Taurus	1595 Bedford Highway Suite 407, S Bedford NS B4A 3Y4	12,633.75
6	Ford Credit F-150	1595 Bedford Highway Suite 407, S Bedford NS B4A 3Y4	16,380.26
7	Ford Credit 500	1595 Bedford Highway Suite 407, S Bedford NS B4A 3Y4	36,445.45
8	Municipality of the County of Richmond	P.O. Box 120 Arichat NS B0E 1A0	37,527.42
9	National Leasing Sweeper	200 - 4296 Village Centre Court Mississauga ON L4Z 1S2	9,172.93
10	Nova Scotia Business Inc. John A. Cooke	1800 Argyle Street Suite 700 Halifax NS B3J 3E4	6,451,747.55
11	Office of Economic Development Andrew H. Hare, CA	1505 Barrington Street P.O. Box 2311 Halifax NS B3J 3C8	2,845,231.73
12	Royal Bank of Canada Ross Backman Working capital	5161 George Street Halifax NS B3J 1M7	530,000.00
13	Royal Bank of Canada Ross Backman Lease	5161 George Street Halifax NS B3J 1M7	414,613.00
Unsecured			
14	ADM System Engineering Ltd.	1465 Manawagonish Road Saint John NB E2M 3X8	117,740.13
15	Amtek Limited	P.O. Box 1689 Stellarton NS B0K 1S0	25,357.01
16	Anderson Electric Controls Inc.	8639 South 212th Street Kent, WA 98031	44,860.49
17	Associated Industrial Rubber Co.	94 Simmonds Drive Dartmouth NS B3B 1P6	3,907.75
18	Atlantic Controls Inc.	18000 Transcanadian Highway Kirkland PQ H9J 4A1	7,395.57
19	B & N Distributors Ltd.	15 Paint Street Light Industrial Park Port Hawkesbury NS B9A 3J5	3,207.94
20	BDI Canada Inc.	P.O. Box 57379 Station A Toronto ON M5W 5M5	1,320.13
21	BJ Electric Motor & Control Ltd.	225 George Street P.O. Box 56 Stewiacke NS B0N 2J0	15,594.43
22	Black & MacDonald Adrian Morrison	10 Payzant Avenue Dartmouth NS B3B 1Z6	416,545.59
23	Blue Thunder Construction Ltd. Marcel J. Girouard Sub stockholder loan	521 Ferdinand Blvd. Dieppe NB E1A 7E9	1,088,200.00
24	Breton Petroleum Ltd.	28 Paint Street Port Hawkesbury NS B9A 3J8	1,459.08
25	C & B Industrial Supplies Ltd.	54 Wright Avenue Dartmouth NS B3B 1H3	8,199.78
26	Canada Revenue Agency 2007 Capital taxes (902) 426-0016	P.O. Box 638 1557 Hollis Street Halifax NS B3J 2T5	24,000.00
27	Canadawide Scientific Ltd.	2300 Walkley Road Ottawa ON K1G 6B1	2,801.95
28	Carmichael Engineering Ltd.	10 Morris Drive Dartmouth NS B3B 1K8	2,868.72
29	Casco Inc.	405 The West Mall Suite 600 Etobicoke ON M9C 0A1	16,497.00
30	Causeway Electrical Supplies Ltd.	25 MacIntosh Drive Port Hawkesbury NS B9A 3K6	21,705.89
31	CN	C.P. 11774 Succ. Centre-Ville Montreal PQ H3C 0A7	4,524.49
32	CN	C.P. 11774 Succ. Centre-Ville Montreal PQ H3C 0A7	873,892.09
33	Commissionaires	P.O. Box 2063 Halifax NS B3J 2Z1	6,324.84
34	Complete Packaging System	111 Industrial Drive Unit 5 Whitby ON	13,035.39
35	Davis Controls Ltd.	2200 Bristol Circle Oakville ON L6H 5R3	5,290.91
36	Dexter Construction Company Ltd.	315 Rocky Lake Drive P.O. Box 48100 Halifax NS B4A 3Z2	3,723.24
37	DMJ Associates LLC	P.O. Box 304 Mentor, OH 440610304	28,647.31

FEDERAL GYPSUM COMPANY ULC

Mailing List

38	Dryer Design Inc.	12055 Marydale Drive Burton, OH 44021	53,072.54
39	E.B. Engineered Panels & Controls Inc.	28 McIlveen Drive Unit 9 Saint John NB E2J 4Y7	4,480.00
40	E.D. MacKinnon Trucking Limited	P.O. Box 793 Inverness NS B0E 1N0	7,524.00
41	Enterprise Cape Breton Corp. (ACOA) Shelly Kehoe	P.O. Box 1750 Sydney NS B1P 6T7	500,000.00
42	Fastrax	240 Burnham Road Florenceville NB E7L 1Z2	3,800.00
43	Federal Gypsum Inc. Rhyne Simpson, Jr. Sub stockholder loan	10 Alder Creek Drive Califon, New Jersey 0783	6,151,800.00
44	Federal Gypsum Inc.	P.O. Box 340 Oldwick, NJ 8858	180,077.00
45	Fire Stop Enterprises Ltd.	P.O. Box 29 Tatamagouche NS B0K 1V0	3,958.97
46	Flexible Machining & Fabrication	554 Coxheath Road Sydney NS B1R 1R9	8,649.66
47	FutureGen Intl Computers & Software	2 Macintosh Avenue Port Hawkesbury NS B9A 3K5	5,442.36
48	G & M Insulation & Siding Ltd.	P.O. Box 2380 Windsor NS B0N 2T0	16,393.84
49	G.M. MacDonald Welding Ltd.	P.O. Box 249 Whycomomagh NS B0E 3M0	20,842.15
50	General Freight Carriers LP	65 Alloy Drive Spruce Lake Industrial Drive Saint John NB E2M 7S9	7,038.40
51	Gil Transport	66 Industrial Street P.O. Box 1507 Saint Jacques NB E7B 1A2	4,575.00
52	Handy Chemicals Ltd.	120, boui. de l'Industrie Candiac PQ J5R 1J2	16,867.44
53	Hart Industries	11412 Cronridge Drive Owings Mills, MD 21117	17,469.78
54	Henry Company Canada Inc.	P.O. Box 3525 Station A Toronto ON M5W 3G4	22,323.43
55	Hunt's Transport		2,120.00
56	Independent Paper	309 Elizabeth Street Guelph ON N1E 2X8	9,671.25
57	J. Podsedly & Sons Engineering & Drafting	P.O. Box 917 Geneva, OH 44041	4,501.38
58	John Broeders Machine Co. Ltd.	280 Argyle Street North Caledonia ON N3W 2G6	153,189.10
59	K & T Transport Ltd.	P.O. Box 1166 Piaster Rock NB E7G 4G9	18,080.77
60	Katz, Robert	25 Woodside Lane Princeton, NJ 8540	3,756.41
61	L & B Electric Ltd.	94 Wentzell Drive Bridgewater NS B4V 3V4	2,000.00
62	Land & Sea	25 Estates Road Dartmouth NS B2Y 4K3	784,376.21
63	Laurentian Energy	114 Marine Drive Edwardsville NS B4A 4S6	65,977.50
64	Livingston International Inc.	P.O. Box 5640 Terminal A Toronto ON M5W 1P1	1,003.11
65	Maddocks	663 Woodward Avenue Hamilton ON L8H 6P3	7,706.17
66	Maritime Inn & Resorts	717 Reeves Street Port Hawkesbury NS B9A 2S2	1,161.70
67	Mosher Limestone Co. Ltd. A Div of AQUA Measure Instrument Co	1712 Earhart Court La Verne, CA 91750	5,499.36
68	Mulgrave Machine Works Ltd.	P.O. Box 280 Mulgrave NS B0E 2G0	1,218.66
69	National Oilwell Varco	P.O. Box 664 Station M Calgary AB T2P 2J3	10,852.20
70	Northern Ohio Controls Corporation	6716 Stratford Road Painesville, OH 44077153	57,383.81
71	Nova Construction Co. Ltd.	P.O. Box 1328 Antigonish NS B2G 2L7	7,209.48
72	Nova Scotia Power	P.O. Box 848 Halifax NS B3J 2V7	193,407.11
73	PBB Global Logistics	P.O. Box 40 Fort Erie ON L2A 5M7	3,673.96
74	Pegasus Design Associates Inc.	Process Engineers and Contractors 135 Hingham Lane Bloomington, IL 60108	31,475.60
75	PF Collins Customs Broker Ltd.	P.O. Box 5514 St. John's NF A1C 5W4	26,166.96
76	Proplastex Industries	530 Southgate Drive Guelph ON N1G 4P5	1,013.72
77	Pumps Plus	Unit 5 48 Hatheway Crescent Saint John NB E2M 5V3	7,470.54
78	Quality Belt Maintenance Ltd.	737 Gilmore Road Fort Erie ON L2A 5M4	35,676.15
79	Qualls Murray V.	1650 Sioux Drive Suite CH44-215 El Paso, TX 79925	11,051.32
80	Qualls, Murray V.	1650 Sioux Drive Suite CH44-215 El Paso, TX 79925	750.00
81	RA Mentor Robert MacKay, Principal	6 Wyndholme Avenue Dartmouth NS B2Y 1T3	14,134.12
82	REM Transport Ltd.	P.O. Box 481 St. Stephen NB E3L 3A6	3,689.00
83	Steel Mac Ltd.	P.O. Box 1674 Antigonish NS B2G 2L8	3,121.80
84	Steeplejack Services	161 Joseph Zatzman Drive Dartmouth NS B3B 1M7	18,585.36
85	Stepan Canada Inc.	P.O. Box 57317 Station A Toronto ON M5W 5M5	2,654.90
86	Stewart McKelvey	P.O. Box 997 Purdy's Wharf Tower 1 Halifax NS B3J 2X2	47,090.16
87	Strait Supplies (1974) Ltd.	12 Paint Street Port Hawkesbury NS B9A 3J6	38,807.34
88	Superior Cleaning Service Ltd.	P.O. Box 6934 Port Hawkesbury NS B9A 2W2	3,009.60
89	Superior Propane	P.O. Box 328 Sydney NS B1P 6H2	3,019.79

FEDERAL GYPSUM COMPANY ULC

Mailing List

90	Sweetwater Machine & Welding Inc.	711 West Broadway Sweetwater, TX 79556	18,541.99
91	Tidal Transportation & Welding Inc.	P.O. Box 1673 Moncton NB E1C 9X5	33,554.90
92	Transpac Ltd.	P.O. Box 9661 Port Hastings NS B9A 3R7	16,416.00
93	Tri Pac Inc.	300 Gage Avenue Kitchener ON N2M 2C8	10,563.96
94	Underwriters' Laboratories of Canada	7 Underwriters Road Toronto ON M1R 3B4	9,593.33
95	Univar Canada Ltd.	32 Mosher Drive Dartmouth NS B3B 1E6	7,280.48
96	Vaughn Controls Inc.	11545 Eagle View Circle Sanger, TX 76266	266,963.38
97	Weig Karton Inc.	P.O. Box 9 Oaklyn, NJ 8107	1,659,990.29
98	Weir Canada Inc.	2360 Millrace Court Mississauga ON L5N 1W2	3,081.87
99	Wilf's Demolition & Salvage Ltd.	Box 301, R.R. 1 Louisdale NS B0E 1V0	7,940.45

Number of creditors printed = 99

FEDERAL GYPSUM COMPANY
CCAA – INITIAL ORDER - SEPTEMBER 18, 2007
PRELIMINARY CALCULATION OF SECURED CREDITOR PERCENTAGES

	Amount O/S Sept 18/07 (Note 1)	Creditor %
Royal Bank of Canada		
Loan	\$ 530,000	
Lease	<u>414,613</u>	
	<u>944,613</u>	5.53
Cape Breton Growth Corporation	5,000,000	29.31
Enterprise Cape Breton Corporation	1,750,000	10.25
Nova Scotia Business Inc.	6,451,747	37.81
Nova Scotia - Office of Economic Development	2,845,232	16.67
Ford Credit Canada Limited		
Re Taurus	12,634	
Re F150	16,380	
Re F500	<u>36,445</u>	
	<u>65,459</u>	0.38
National Leasing Group Inc.	9,172	0.05
Black and MacDonald Ltd. (\$1,123,364)	<u>N/A</u>	<u>N/A</u>
TOTALS	<u>\$ 17,066,223</u>	<u>100%</u>

Note 1:

Amounts of secured creditor claims are estimated as at September 18, 2007 for the purpose of reflecting the allocation of DIP advances to the respective secured creditor interests.

Note 2:

The secured creditor interests reflected herein are subject to change in quantum which is to be confirmed as owed to each secured creditor as at September 18, 2007.

Note 3:

The secured creditor interests reflected herein are subject to confirmation of validity and priority ranking by Monitor's legal counsel.

Note 4:

No DIP allocation has been made to Black and MacDonald Ltd. at this time as the Monitor believes they have a subordinate ranking, subject to review.