

ONTARIO

**SUPERIOR COURT OF JUSTICE -
COMMERCIAL LIST**

**IN THE MATTER OF THE COMPANIES CREDITORS
ARRANGEMENT ACT, R.S.C. 1985, C. C-36, AS AMENDED**

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF FINCORE INDUSTRIES INC.**

AFFIDAVIT OF SHELDON E. GROSS

(Sworn October 7, 2004)

I, SHELDON E. GROSS, of the City of Toronto, MAKE OATH AND SAY:

1. I am the Chairman of the Applicant, Fincore Industries Inc. ("Fincore"). As such, I have knowledge of the matters herein deposed to. I have personal knowledge of the facts herein, except where I have otherwise stated and in such cases I believe the information to be true.
2. This affidavit supplements my affidavit sworn in this proceeding on September 14, 2004.
3. On September 15, 2004, upon the application of Fincore, the Honourable Madam Justice Pepall granted an Order under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "Initial Order"). Among other things, the Initial Order stays proceedings against Fincore until October 15, 2004. This affidavit is sworn in support of a motion to extend the stay of proceedings from October 15, 2004 to December 15, 2004.

4. I understand that the Monitor appointed under the Initial Order, BDO Dunwoody Limited (the "Monitor"), will be filing a First Report with the Court with respect to the Monitor's activities since the granting of the Initial Order. I have reviewed a draft of that report and can confirm that it is accurate, to the best of my knowledge.

5. As described in the First Report of the Monitor, since the granting of the Initial Order, Fincore's management, with the assistance of the Monitor, has established a communication process with Fincore's key suppliers and stakeholders to explain the impact of the CCAA proceeding. Fincore's management has met with its major customers to assure them of continued operations, and has contacted Enbridge, its landlord, its union, and other ongoing suppliers either in person or by telephone, to make arrangements for the payment of ongoing post-filing obligations. Fincore's suppliers and customers have continued to support and maintain business relations with Fincore.

6. Fincore has been able to continue its business operations since the granting of the Initial Order. As also indicated in the First Report of the Monitor, Fincore's actual cash flow for the second half of September 2004 has been better than had been forecast, largely because disbursements have been somewhat lower than initially anticipated, and the Company's updated cash flow forecast for the three months of October, November and December 2004 (which now reflects a cumulatively positive cash flow) is also expected to be better than initially forecast.

7. Fincore also continues to actively pursue new business opportunities even during the Stay Period. Since the granting of the Initial Order, we have quoted several programs for potential new customers, and are looking at other programs, and also have pursued opportunities for new business which existing customers have made available.

8. Since the granting of the Initial Order, management has, with the assistance of the Monitor, continued a comprehensive strategic review of Fincore's business and operations. Management intends to continue to evaluate potential options, including determining new sources of equity, and the review of a possible sale of the business on a going concern basis. Management has had and will continue to have discussions with a number of parties with regard to these options. In particular, management has had discussions with certain parties who have expressed an interest in purchasing Fincore's business, and management also intends to develop a process with the assistance of the Monitor to determine the extent of such interest in purchasing the business on a going concern basis.

9. I believe that Fincore has acted and continues to act in good faith and with due diligence to advance the restructuring process.

10. I swear this affidavit in support of a motion to extend the duration of the stay of proceedings and for no other or improper purpose.

SWORN BEFORE ME

at *Edward County*

this *7th* day of October, 2004

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[Handwritten Signature]

Sheldon E. Gross

A Commissioner for Taking Affidavits, etc.

[Handwritten Signature]

Marcia Ranzoni Gomez



Marcia Ranzoni Gomez
My Commission ID0267746
Expires February 08, 2008

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Court File No. 04-CL-5552

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Proceeding commenced at TORONTO

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