

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

**IN THE MATTER OF AN APPLICATION UNDER 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  
CANTAR POOL PRODUCTS LIMITED / PRODUITS DE PISCINES CANTAR  
LIMITÉE**

**Applicant**

**FIFTH REPORT OF THE MONITOR**

**DECEMBER 9, 2011**

**INTRODUCTION**

1. On October 17, 2006, the Applicant filed for and obtained protection from its creditors under the *Companies' Creditors Arrangement Act*, R.S.C. 1985 c. C-36, as amended (the "CCAA") pursuant to an Order of this Honourable Court dated October 17, 2006 (the "**Initial Order**"). A copy of the Initial Order is attached as **Exhibit "A"**.
2. Pursuant to the Initial Order, A. Farber & Partners Inc. ("**Farber**") was appointed as Monitor of the Applicant (in such capacity, the "**Monitor**"). A copy of Farber's First Report dated October 16, 2006, which was filed in connection with the CCAA application, is attached as **Exhibit "B"**.
3. Coincident with the granting of the Initial Order on October 17, 2006, this Honourable Court granted Orders:

- (a) approving the sale of the Applicant's assets relating to the Applicant's Pool Equipment Division (the "**Pool Equipment Assets**") to 662671 Canada Inc. ("**662**"), and vesting the right, title and interest in the Pool Equipment Assets in and to 662; and
- (b) approving the sale of the Applicant's residual assets relating to the Above Ground Pool Division that were not sold by the Applicant as part of an earlier transaction in August of 2006 (the "**Residual Ground Pool Assets**") to Northern Lights Recreation Co. ("**Northern Lights**"), and vesting the right, title and interest in the Residual Ground Pool Assets in and to Northern Lights.

Copies of these Approval and Vesting Orders are attached collectively as **Exhibit "C"**.

4. On October 19, 2006, this Honourable Court granted an Order (the "**Humberline Premises Approval and Vesting Order**") approving the sale of the premises ("**Humberline Premises Sale**") known municipally as 330 Humberline Drive, Toronto, Ontario (the "**Humberline Premises**") to Strathallen Acquisitions Inc. ("**Strathallen**"), vesting the right, title and interest in the Humberline Premises in and to Strathallen, and approving the payment of the proceeds of the Humberline Premises Sale to LaSalle Business Credit, LLC ("**LaSalle**"). A copy of the Humberline Premises Approval and Vesting Order is attached as **Exhibit "D"**. A copy of the Monitor's Second Report dated October 18, 2006, which was filed in connection with this motion, is attached as **Exhibit "E"**.

5. On November 16, 2006, this Honourable Court granted an Order (the "**Claims Procedure and Meeting Order**") establishing a procedure for the filing and determination of claims against the Applicant for the purposes of voting on and effecting distributions under the

Plan (as defined below), establishing a claims bar date, establishing the procedure to call, hold and conduct a meeting of the creditors of the Applicant affected by the Plan (the “**Creditors’ Meeting**”) and setting the date for the return of the Applicant’s motion for an order sanctioning the Plan. A copy of the Claims Procedure and Meeting Order is attached as **Exhibit “F”**. A copy of the Monitor’s Third Report dated November 10, 2006, which was filed in connection with this motion, is attached as **Exhibit “G”**.

6. On November 16, 2006, this Honourable Court also granted an Order (the “**Extension Order**”) extending the stay of proceedings to January 18, 2007. A copy of the Claims Procedure and Meeting Order is attached as **Exhibit “H”**.

7. On November 23, 2006, the Applicant filed a Plan of Compromise and Arrangement (the “**Plan**”) with this Honourable Court.

8. Pursuant to the Claims Procedure and Meeting Order, the Creditors’ Meeting was held on January 12, 2007, at which time the Applicant’s unsecured creditors approved the Plan by the required majority.

9. On January 18, 2007, this Honourable Court granted an Order (the “**Sanction Order**”) approving the Plan and extending the stay of proceedings to the earlier of the Effective Date (as defined in the Plan) and February 15, 2007. A copy of the Sanction Order and Plan are attached as **Exhibit “I”**. A copy of the Monitor’s Fourth Report dated January 16, 2007, which was filed in connection with this motion, is attached as **Exhibit “J”**.

10. On January 30, 2007, the Monitor filed a certificate of compliance with the Court certifying that all Conditions Precedent, as set out in Section 7.6 of the Plan, had been satisfied

and that the Effective Date had occurred and the Plan could be implemented. A copy of the Certificate of Compliance is attached as **Exhibit “K”**.

11. The purpose of this Fifth Report of the Monitor (the “**Fifth Report**”) is to:

- (a) provide this Honourable Court with an update on the implementation of the Plan;
- (b) seek authorization and direction to send the required notice pursuant to the LaSalle Agreement (as defined below) if the funds from the VTB Mortgage (as defined below) are to be distributed to the Applicant’s creditors in accordance with the Plan, to receive the funds from the VTB Mortgage, to endorse any cheque in payment of such funds on behalf of the Applicant and to deposit such funds in an account to be established by the Monitor on behalf of the Applicant;
- (c) seek an order discharging the VTB Mortgage effective upon the filing of a certificate by the Monitor certifying that it has received the funds from the VTB Mortgage;
- (d) seek an order declaring that from and after the discharge of the VTB Mortgage any and all claims in and to the VTB Mortgage shall attach to the funds from the VTB Mortgage with the same priority as such claims had immediately prior to the discharge of the VTB Mortgage as if the VTB Mortgage had not been discharged;
- (e) seek authorization and direction to distribute the funds from the VTB Mortgage to the Applicant’s creditors in accordance with the Plan;
- (f) seek approval of the Fifth Report and the actions of the Monitor described therein;

- (g) seek approval of the fees and disbursements of the Monitor and its legal counsel, Aird & Berlis LLP; and
- (h) seek an order, effective upon the filing of a certificate by the Monitor certifying that certain tasks have been completed, discharging Farber as Monitor and releasing Farber from any and all liability that Farber has or may hereafter have by reason of, or in any way arising out of, the acts or omissions of Farber while acting in its capacity as Monitor.

## **TERMS OF REFERENCE**

12. In preparing this Fifth Report, the Monitor has relied upon unaudited, internally prepared financial information, Applicant's records and discussions with management of the Applicant. The Monitor has not performed an audit, review or other verification of such information. An examination of the financial forecast as outlined in the Canadian Institute of Chartered Accountants Handbook has not been performed. Future oriented financial information relied upon in this report is based on management of the Applicant's assumptions regarding future events and actual results achieved will vary from this information and the variations may be material. Unless otherwise stated, dollars referenced in these materials are in Canadian funds.

## **THE PLAN**

13. The Plan was approved pursuant to the Sanction Order on January 18, 2007.

14. There were a number of conditions precedent that needed to be satisfied to reach the Effective Date and, in turn, enable implementation of the Plan. These conditions precedent are

set out in Section 7.6 of the Plan. Section 7.8 of the Plan provides that once all of the conditions precedent set out in Section 7.6 of the Plan are satisfied, the Monitor can issue a Certificate of Compliance. On January 30, 2007, shortly after creditor and Court approval of the Plan, the Certificate of Compliance was filed in the Court.

15. Key elements of the Plan are summarized below:

- (a) There was one single class of Affected Creditors under the Plan.
- (b) The Plan was structured such that the Applicant's creditors with Smaller Claims (as defined below), or those who elected to reduce their claims, would receive a fixed distribution based on a formula in the Plan in a specific time frame, and the Applicant's creditors with Larger Claims (as defined below) would receive a distribution of net realizations over a longer term, after provision for certain costs and prior charges.
- (c) Pursuant to Article 4.1(a) of the Plan, Affected Creditors (as defined in the Plan) with aggregate Claims of \$5,000 or less are to be paid twenty-five cents on the dollar. In addition, Affected Creditors with Affected Claims (as defined in the Plan) exceeding \$5,000, who elected to reduce their Affected Claims to \$5,000, are to be paid twenty-five cents on the dollar on the reduced amount (collectively, the "**Smaller Claims**"). Under the terms of the Plan, distributions with respect to the Smaller Claims were to be paid within six months of the Effective Date. Distributions with respect to the Smaller Claims were made on May 17, 2007.

- (d) Pursuant to Article 4.1(b) of the Plan, Affected Creditors with Affected Claims greater than \$5,000 in respect of which no election was made as referred to above, are to participate in realizations from the Affected Creditors Distribution Pool as set out in Section 5 of the Plan (the “**Larger Claims**”). The distributions with respect to the Larger Claims were to occur from time to time as cash flow permitted. The Applicant was only to make distributions from the Affected Creditors’ Distribution Pool (as defined in the Plan) if the amount available was economically practical, as determined by the Applicant, acting reasonably in consultation with the Monitor. Until recently, there were insufficient proceeds to warrant a distribution to Affected Creditors with Larger Claims.
  
- (e) Pursuant to Article 4.1(b) of the Plan, Affected Creditors with Larger Claims are to participate in realizations from the Affected Creditors’ Distribution Pool ostensibly from the proceeds realized from a Charge/Mortgage in the principal amount of \$1,600,000.00 registered on October 24, 2006 as Instrument Number AT1287953 on title to the Humberline Premises, which Charge/Mortgage was transferred to LaSalle on October 24, 2006 as Instrument Number AT1287954 (the “**VTB Mortgage**”). While there was a provision in the Plan for monetization of the VTB Mortgage if an acceptable offer was received, no such offer was forthcoming. A copy of the VTB Mortgage is attached as **Exhibit “L”**.

16. On or about January 25, 2007, LaSalle executed an agreement (the “**LaSalle Agreement**”) which provides that if, among other things, the Plan is accepted by the requisite majority of creditors and approved by the Court, LaSalle’s interest in, among other things, the VTB Mortgage would be released to the extent necessary to permit payment under the Plan from

the Affected Creditors' Distribution Pool of the full amount payable in accordance with Article 4.1(a) of the Plan to Affected Creditors to which Article 4.1(a) applies, and to a maximum of 25 cents for each dollar of Affected Claims in accordance with Article 4.1(b). A copy of the LaSalle Agreement is attached as **Exhibit "M"**.

17. The Monitor confirms that the proposed distribution of the proceeds from the VTB Mortgage to the Applicant's creditors will not exceed twenty-five cents for each dollar of Affected Claims in accordance with Article 4.1(b).

18. The LaSalle Agreement further states that, not less than ten days prior to a proposed distribution to creditors under the Plan, the Applicant must deliver to LaSalle notice of the proposed distribution, the particulars of the proposed distribution, the amount of the proposed distribution and reasonable evidence that the proposed distribution will not result in the aggregate amount of prior distributions and the proposed distribution exceeding the Aggregate Permitted CCAA Plan Payment Amount.

19. The Monitor was recently advised that, on or about October 17, 2008, LaSalle merged with and into LaSalle Bank National Association, who, together with LaSalle Bank Midwest National Association, merged with and into Bank of America, National Association ("**Bank of America**"). Evidence of these mergers is attached as **Exhibit "N"**.

20. The VTB Mortgage was scheduled to mature on October 23, 2011 at \$2,120,285. Bank of America confirms payment will be made once the Monitor sends the required notice pursuant to the LaSalle Agreement and confirms authority to receive the funds from the VTB Mortgage, endorse any cheque in payment of such funds on behalf of the Applicant, deposit such funds in an account to be established by the Monitor on behalf of the Applicant, discharge the VTB



Mortgage and distribute the funds from the VTB Mortgage to the Applicant's creditors in accordance with the Plan.

21. The Monitor confirms that, given the passage of time, the Applicant no longer has any directors and/or officers with corporate authority to deal with the final matters to complete the implementation of the Plan, namely, sending the required notice pursuant to the LaSalle Agreement, receiving the funds from the VTB Mortgage, discharging the VTB Mortgage and distributing the funds from the VTB Mortgage. In addition, neither the Initial Order, the Claims Procedure and Meeting Order nor the Sanction Order provide specific powers to the Monitor to approve or authorize any actions on behalf of the Applicant.

22. Furthermore, the Monitor recently discovered that the Applicant's certificate of incorporation was cancelled for cause pursuant to section 240 of the *Business Corporations Act*, R.S.O. 1990, c. B.16, as amended (the "**OBCA**") because the Applicant failed to maintain the required number of directors and, accordingly, the Applicant was dissolved. A copy of the Applicant's corporate profile report, which confirms the foregoing, is attached as **Exhibit "O"**.

23. Section 244 of the OBCA provides that "any property of a corporation that has not been disposed of at the date of its dissolution is immediately upon such dissolution forfeit to and vests in the Crown". The Applicant's property that is currently being disposed of is its interest in the VTB Mortgage, which was assigned to LaSalle, who merged with Bank of America. While the Applicant's interest in the VTB Mortgage may have escheated to the Crown pursuant to section 244 of the OBCA, Bank of America's interest would not be defeated by the dissolution.

24. Accordingly, a circular problem has arisen, namely, while the Applicant's property has escheated to the Crown, the funds from the VTB Mortgage are secured in favour of Bank of

America, who agreed to release its interest in the VTB Mortgage only if the funds from the VTB Mortgage are paid to the Applicant's creditors in accordance with the Plan.

25. The Monitor believes this circular problem can be resolved by the this Honorable Court granting the relief requested in this Fifth Report so that the funds from the VTB Mortgage can be paid to the Applicant's creditors in accordance with the Plan, which was the intention when the Plan was accepted by the requisite majority of creditors and approved by the Court.

26. The Monitor understands that the relevant stakeholders need an opportunity to review this Fifth Report and consider the relief being requested by the Monitor herein. Accordingly, the Monitor recommends that this Honourable Court grant the relief set out in the draft order attached as Tab A to the Monitor's Notice of Motion. The Monitor then proposes to return to Court, on notice to all parties served with this Fifth Report, to seek the relief set out in the draft order attached as Tab B to the Monitor's Notice of Motion.

#### **MONITOR AND LEGAL COUNSEL – FEES AND DISBURSEMENTS**

27. Pursuant to paragraph 11 of the Sanction Order, the activities and conduct of the Monitor were approved, which covers the Monitor's activities through the process to get creditor and Court approval of the Plan and as set out in the Monitor's Fourth Report.

28. Pursuant to paragraph 31 of the Initial Order, the Monitor and its legal counsel are required to pass their accounts from time to time.

29. From the date of September 25, 2006 to October 31, 2011, Farber, in its capacity as Monitor of the Applicant, has incurred fees of \$221,072.00 and disbursements of \$14,698.53, plus of applicable GST/HST of \$13,781.29. A copy of the detailed billings of the Monitor,

supported by an affidavit sworn by Paul Denton, is attached as **Exhibit “P”**. The Monitor also requests that this Honourable Court approve an additional amount of \$50,000.00 (excluding HST) for fees and disbursements of the Monitor to be incurred to the date of the Monitor’s discharge.

30. From the period September 29, 2006 to November 30, 2011, the Monitor’s legal counsel, Aird & Berlis LLP, has incurred fees and disbursements in the amount of \$104,479.96, inclusive of applicable GST/HST. A copy of the detailed billings of Aird & Berlis LLP, supported by an affidavit sworn by Richard Epstein, is attached as **Exhibit “Q”**. The Monitor also requests that this Honourable Court approve an additional amount of \$50,000.00 (excluding HST) for fees and disbursements of the Monitor’s legal counsel to be incurred to the date of the Monitor’s discharge.

31. The primary remaining activities are for the Monitor to:

- (a) receive the funds from the VTB Mortgage;
- (b) distribute the funds from the VTB Mortgage to the Applicant’s creditors with Larger Claims in accordance with the Plan and deal with any unclaimed funds; and
- (c) deal with creditor queries.

## **RELIEF SOUGHT**

32. The Monitor seeks the relief set out in the draft Order attached to enable it to properly discharge both the Applicant and the Monitor’s duties to complete the implementation of Plan, in

particular, the distribution of the Affected Creditors' Distribution Pool and other final matters consistent with the Plan.

## **RECOMMENDATIONS**

33. For the reasons set out above, the Monitor respectfully recommends that this Honourable Court grant an order, among other things:

- (a) approving the Fifth Report and approving the actions of the Monitor described therein;
- (b) authorizing and directing the Monitor to send the required notice pursuant to the LaSalle Agreement, to receive the funds from the VTB Mortgage, to endorse any cheque in payment of such funds on behalf of the Applicant and to deposit such funds in an account to be established by the Monitor on behalf of the Applicant;
- (c) discharging the VTB Mortgage effective upon the filing of a certificate by the Monitor certifying that it has received the funds from the VTB Mortgage;
- (d) declaring that from and after the discharge of the VTB Mortgage any and all claims in and to the VTB Mortgage shall attach to the funds from the VTB Mortgage with the same priority as such claims had immediately prior to the discharge of the VTB Mortgage as if the VTB Mortgage had not been discharged;
- (e) authorizing and directing the Monitor to distribute the funds from the VTB Mortgage to the Applicant's creditors in accordance with the Plan;
- (f) approving the fees and disbursements of the Monitor and its counsel; and

- (g) effective upon the filing of a certificate by the Monitor certifying that certain tasks have been completed, discharging Farber as Monitor and releasing Farber from any and all liability that Farber has or may hereafter have by reason of, or in any way arising out of, the acts or omissions of Farber while acting in its capacity as Monitor.

All of which is respectfully submitted this 9th day of December, 2011.

**A. FARBER & PARTNERS INC.,**  
in its capacity as the Court-appointed Monitor of  
Cantar Pool Products Limited/Produits de Piscines  
Cantar Limitée

A Farber & Partners Inc.

# Tab A

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

THE HONOURABLE )  
JUSTICE CUMMING )  
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TUESDAY, THE 17<sup>TH</sup> DAY OF  
OCTOBER, 2006

**IN THE MATTER OF AN APPLICATION UNDER 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 CANTAR POOL PRODUCTS LIMITED/  
PRODUITS DE PISCINES CANTAR LIMITÉE**

**Applicant**

**INITIAL ORDER**

THIS APPLICATION, made by the Applicant, pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA") was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of Victor D'Souza sworn October 16, 2006 and on hearing the submissions of counsel for the Applicant, and on being advised that the Applicant's primary secured creditor, LaSalle Business Credit LLC, as agent ("LaSalle") for the U.S. lenders and the Canadian lender to the Applicant and its affiliates (collectively the "LaSalle Group Lenders"), was given advance notice that the Applicant would be applying today for protection pursuant to the CCAA, and on reading the consent of A. Farber & Partners Inc. to act as the Monitor,

## **SERVICE**

1. THIS COURT ORDERS that the time for service of the Notice of Application and the Application Record is hereby abridged so that this Application is properly returnable today and hereby dispenses with further service thereof.

## **APPLICATION**

2. THIS COURT ORDERS AND DECLARES that the Applicant is a company to which the CCAA applies.

## **PLAN OF ARRANGEMENT**

3. THIS COURT ORDERS that the Applicant shall have the authority to file and may, subject to further order of this Court, file with this Court a plan of compromise or arrangement (hereinafter referred to as the "Plan") between, *inter alia*, the Applicant and one or more classes of its secured and/or unsecured creditors as it deems appropriate.

## **POSSESSION OF PROPERTY AND OPERATIONS**

4. THIS COURT ORDERS that the Applicant shall remain in possession and control of its current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the "Property") and that all persons having possession of any of the Property, other than LaSalle and the LaSalle Group Lenders, shall forthwith deliver-up possession of the Property to the Applicant. Subject to further Order of this Court, the Applicant shall continue to carry on business in a manner consistent with the preservation of its remaining business (the "Business") and Property. The Applicant shall be authorized and empowered to continue to retain and employ the employees, consultants, agents, experts,



accountants, counsel and such other persons (collectively "Assistants") currently retained or employed by it, with liberty to retain such further Assistants as it deems reasonably necessary or desirable in the ordinary course of business or for the carrying out of the terms of this Order.

5. THIS COURT ORDERS that the Applicant shall be entitled but not required to pay the following expenses whether incurred prior to or after this Order:

- (a) all outstanding and future wages, salaries, employee and pension benefits, vacation pay, bonuses and expenses payable on or after the date of this Order, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements; and
- (b) the fees and disbursements of any Assistants retained or employed by the Applicant in respect of these proceedings, at their standard rates and charges.

6. THIS COURT ORDERS that, except as otherwise provided to the contrary herein, the Applicant shall be entitled but not required to pay all reasonable expenses incurred by the Applicant in carrying on the remaining Business after this Order, and in carrying out the provisions of this Order, which expenses shall include, without limitation:

- (a) all expenses and capital expenditures reasonably necessary for the preservation of the Property or the Business including, without limitation, payments on account of insurance (including directors and officers insurance), maintenance and security services; and
- (b) payment for goods or services actually supplied to the Applicant following the date of this Order.

7. THIS COURT ORDERS that the Applicant shall remit, in accordance with legal requirements, or pay:

- (a) any statutory deemed trust amounts in favour of the Crown in right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from employees' wages, including, without limitation, amounts in respect of (i) employment insurance, (ii) Canada Pension Plan, (iii) Quebec Pension Plan, and (iv) income taxes;

- (b) all goods and services or other applicable sales taxes (collectively, "Sales Taxes") required to be remitted by the Applicant in connection with the sale of goods and services by the Applicant, but only where such Sales Taxes are accrued or collected after the date of this Order, or where such Sales Taxes were accrued or collected prior to the date of this Order but not required to be remitted until on or after the date of this Order, and
- (c) any amount payable to the Crown in right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal realty, municipal business or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured creditors and which are attributable to or in respect of the carrying on of the Business by the Applicant.

8. THIS COURT ORDERS that until such time as the Applicant repudiates a real property lease in accordance with paragraph 11(c) of this Order, the Applicant shall pay all amounts constituting rent or payable as rent under real property leases (including, for greater certainty, common area maintenance charges, utilities and realty taxes and any other amounts payable to the landlord under the lease) or as otherwise may be negotiated by the Applicant from time to time ("Rent"), for the period commencing from and including the date of this Order, bi-weekly, in advance (but not in arrears).

9. THIS COURT ORDERS that, except as specifically permitted herein, the Applicant is hereby directed, until further Order of this Court: (a) to make no payments of principal, interest thereon or otherwise on account of amounts owing by the Applicant to any of its creditors as of this date, except for payments to LaSalle as the Applicant's primary secured creditor; (b) to grant no security interests, trust, liens, charges or encumbrances upon or in respect of any of its Property; and (c) to not grant credit or incur liabilities except in the ordinary course of the Business or in respect of the Restructuring.

10. THIS COURT ORDERS that notwithstanding any other term of this Order, the Applicant is hereby authorized and directed to pay over to LaSalle (or to such party as LaSalle may direct in

writing), any and all proceeds from any source, including dispositions of Property and collections of accounts receivable, from and after the date of this Order until the amount necessary to satisfy certain indebtedness, liabilities and obligations owing or to become owing to LaSalle and the LaSalle Group Lenders, as agreed to by, among others, the Applicant and LaSalle, in the approximate amount of US\$8.6 million (the "LaSalle Minimum Amount") has been paid in full, save and except for such expenditures by the Applicant which are approved in advance in writing by LaSalle.

## **RESTRUCTURING**

11. THIS COURT ORDERS that the Applicant shall have the right to:

- (a) permanently or temporarily cease, downsize or shut down any of its business or operations and to dispose of redundant or non-material assets not exceeding \$75,000 in any one transaction or \$250,000 in the aggregate, other than the payments in 11(c), if applicable;
- (b) terminate the employment of such of its employees or temporarily lay off such of its employees as it deems appropriate on such terms as may be agreed upon between the Applicant and such employees, or failing such agreement, to deal with the consequences thereof in the Plan;
- (c) in accordance with paragraphs 12 and 13, vacate, abandon or quit any leased premises and/or repudiate any real property lease and any ancillary agreements relating to any leased premises, on not less than seven (7) days' notice in writing to the relevant landlord on such terms as may be agreed upon between the Applicant and such landlord, or failing such agreement, to deal with the consequences thereof in the Plan;
- (d) with the exception of any agreement with LaSalle or the lenders for whom LaSalle acts as agent, repudiate such of its arrangements or agreements of any nature whatsoever, whether oral or written, as the Applicant deems appropriate on such terms as may be agreed upon between the Applicant and such counter-parties, or failing such agreement, to deal with the consequences thereof in the Plan; and
- (e) pursue all avenues of refinancing and offers for material parts of its Business or Property, in whole or part, subject to prior approval of this Court being obtained before any material refinancing or any sale (except as permitted by subparagraph (a), above),

all of the foregoing to permit the Applicant to proceed with an orderly restructuring of the Business (the "Restructuring").

12. THIS COURT ORDERS that the Applicant shall provide each of the relevant landlords with notice of the Applicant's intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the Applicant's entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the Applicant, or by further Order of this Court upon application by the Applicant on at least two (2) days' notice to such landlord and any such secured creditors. If the Applicant repudiates the lease governing such leased premises in accordance with paragraph 11(c) of this Order, it shall not be required to pay Rent under such lease pending resolution of any such dispute, and the repudiation of the lease shall be without prejudice to the Applicant's claim to the fixtures in dispute.

13. THIS COURT ORDERS that if a lease is repudiated by the Applicant in accordance with paragraph 11(c) of this Order, then (a) during the notice period prior to the effective time of the repudiation, the landlord may show the affected leased premises to prospective tenants during normal business hours, on giving the Applicant and the Monitor 24 hours' prior written notice, and (b) at the effective time of the repudiation, the relevant landlord shall be entitled to take possession of any such leased premises without waiver of or prejudice to any claims or rights such landlord may have against the Applicant in respect of such lease or leased premises, and such landlord shall be entitled to notify the Applicant of the basis on which it is taking possession and to gain possession of and re-lease such leased premises to any third party or parties on such terms as such landlord

considers advisable, provided that nothing herein shall relieve such landlord of its obligation to mitigate any damages claimed in connection therewith.

14. THIS COURT ORDERS that, subject to the other provisions of this Order (including the payment of Rent as herein provided) and any further Order of this Court, the Applicant shall be permitted to dispose of any or all of the Property located (or formerly located) at such leased premises without any interference of any kind from landlords (notwithstanding the terms of any leases) and, for greater certainty, the Applicant shall have the right to realize upon the Property and other assets in such manner and at such locations, including leased premises, as it deems suitable or desirable for the purpose of maximizing the proceeds and recovery therefrom.

#### **NO PROCEEDINGS AGAINST THE APPLICANT OR THE PROPERTY**

15. THIS COURT ORDERS that until and including November 16, 2006, or such later date as this Court may order (the "Stay Period"), no proceeding or enforcement process in any court or tribunal (each, a "Proceeding") shall be commenced or continued against or in respect of the Applicant or the Monitor, or affecting the Business or the Property, except with the written consent of the Applicant and the Monitor, or with leave of this Court, and any and all Proceedings currently under way against or in respect of the Applicant or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court.

### **NO EXERCISE OF RIGHTS OR REMEDIES**

16. THIS COURT ORDERS that during the Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency, or any other entities (all of the foregoing, collectively being "Persons" and each being a "Person") against or in respect of the Applicant or the Monitor, or affecting the Business or the Property, or arising out of, relating to or triggered by the occurrence of any default or non-performance by or the insolvency of the Applicant, the making or filing of these proceedings are hereby stayed and suspended except with the written consent of the Applicant and the Monitor, or leave of this Court, provided that nothing in this Order shall (i) empower the Applicant to carry on any business which the Applicant is not lawfully entitled to carry on, (ii) exempt the Applicant from compliance with statutory or regulatory provisions relating to health, safety or the environment, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien or (v) prevent LaSalle, or any lender for whom LaSalle acts as agent, from exercising any right of set-off (including without limitation applying all present and future monies in any bank accounts maintained by the Applicant in respect of which LaSalle or such other lenders have control).

### **NO INTERFERENCE WITH RIGHTS**

17. THIS COURT ORDERS that during the Stay Period, no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Applicant, except with the written consent of the Applicant and the Monitor, or leave of this Court.

## **CONTINUATION OF SERVICES**

18. THIS COURT ORDERS that during the Stay Period, all Persons having oral or written agreements with the Applicant or statutory or regulatory mandates for the supply of goods and/or services, including without limitation all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation, services, utility or other services to the Business or the Applicant, are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Applicant, and that the Applicant shall be entitled to the continued use of its current premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Applicant in accordance with normal payment practices of the Applicant or such other practices as may be agreed upon by the supplier or service provider and each of the Applicant and the Monitor, or as may be ordered by this Court.

## **NON-DEROGATION OF RIGHTS**

19. THIS COURT ORDERS that, 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. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA.

## **PROCEEDINGS AGAINST DIRECTORS AND OFFICERS**

20. THIS COURT ORDERS that during the Stay Period, and except as permitted by subsection 11.5(2) of the CCAA, no Proceeding may be commenced or continued against any of the former, current or future directors or officers of the Applicant with respect to any claim against the directors

or officers that arose before the date hereof and that relates to any obligations of the Applicant whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such obligations, until a compromise or arrangement in respect of the Applicant, if one is filed, is sanctioned by this Court or is refused by the creditors of the Applicant or this Court.

#### **DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE**

21. THIS COURT ORDERS that the Applicant shall indemnify its directors and officers from all claims, costs, charges and expenses relating to the failure of the Applicants, after the date hereof, to make payments of the nature referred to in subparagraphs 5(a), 7(a), 7(b) and 7(c) of this Order which they sustain or incur by reason of or in relation to their respective capacities as directors and/or officers of the Applicants except to the extent that, with respect to any officer or director, such officer or director has actively participated in the breach of any related fiduciary duties or has been grossly negligent or guilty of willful misconduct.

22. THIS COURT ORDERS that the directors and officers of the Applicant shall be entitled to the benefit of and are hereby granted a charge (the "Directors' Charge") on the Property, which charge shall not exceed an aggregate amount of \$750,000, as security for the indemnity provided in paragraph 21 of this Order. The Directors' Charge shall have the priority set out in paragraphs 33 and 35 herein.

23. THIS COURT ORDERS that, notwithstanding any language in any applicable insurance policy to the contrary, (a) no insurer shall be entitled to be subrogated to or claim the benefit of the Directors' Charge, and (b) the Applicant's directors and officers shall only be entitled to the benefit of the Directors' Charge to the extent that they do not have coverage under any directors' and



officers' insurance policy, or to the extent that such coverage is insufficient to pay amounts indemnified in accordance with paragraph 21 of this Order.

#### **APPOINTMENT OF MONITOR**

24. THIS COURT ORDERS that A. Farber & Partners Inc. is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the Property and the Applicant's conduct of the Business with the powers and obligations set out in the CCAA or set forth herein and that the Applicant and its shareholders, officers, directors, and Assistants shall advise the Monitor of all material steps taken by the Applicant pursuant to this Order, and shall co-operate fully with the Monitor in the exercise of its powers and discharge of its obligations.

25. THIS COURT ORDERS that the Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:

- (a) monitor the Applicant's receipts and disbursements;
- (b) report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business, and such other matters as may be relevant to the proceedings herein;
- (c) advise the Applicant in its development of the Plan and any amendments to the Plan;
- (d) report to LaSalle with respect to all of the above and any other information reasonably required by LaSalle to assess its position in these CCAA proceedings;
- (e) assist the Applicant, to the extent required by the Applicant, with the holding and administering of creditors' or shareholders' meetings for voting on the Plan;
- (f) have full and complete access to the books, records and management, employees and advisors of the Applicant and to the Business and the Property to the extent required to perform its duties arising under this Order;
- (g) be at liberty to engage independent legal counsel or such other persons as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order;

- (h) consider, and if deemed advisable by the Monitor, prepare a report and assessment on the Plan; and
- (i) perform such other duties as are required by this Order or by this Court from time to time.

26. THIS COURT ORDERS that the Monitor shall not take possession of the Property and shall take no part whatsoever in the management or supervision of the management of the Business and shall not, by fulfilling its obligations hereunder, be deemed to have taken or maintained possession or control of the Business or Property, or any part thereof.

27. THIS COURT ORDERS that nothing herein contained shall require the Monitor to occupy or to take control, care, charge, possession or management (separately and/or collectively, "Possession") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, or the *Ontario Occupational Health and Safety Act* and regulations thereunder (the "Environmental Legislation"), provided however that nothing herein shall exempt the Monitor from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Monitor shall not, as a result of this Order or anything done in pursuance of the Monitor's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

28. THIS COURT ORDERS that that the Monitor shall provide any creditor or other stakeholder of the Applicant with information provided by the Applicant in response to reasonable requests for

information made in writing by such person addressed to the Monitor. The Monitor shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the Monitor has been advised in writing by the Applicant is confidential, the Monitor shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Monitor and the Applicant may agree.

29. THIS COURT ORDERS that, in addition to the rights and protections afforded the Monitor under the CCAA or as an officer of this Court, the Monitor shall incur no liability or obligation as a result of its appointment or the carrying out of the provisions of this Order, save and except for any gross negligence or willful misconduct on its part. Nothing in this Order shall derogate from the protections afforded the Monitor by the CCAA or any applicable legislation.

30. THIS COURT ORDERS that the Monitor, counsel to the Monitor and counsel to the Applicant shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, by the Applicant as part of the costs of these proceedings. The Monitor, counsel for the Monitor, Prowis Inc. (the Applicant's restructuring advisors) and counsel for the Applicant are hereby authorized to render their accounts to the Applicant on a weekly basis. Subject to paragraph 10 of this Order, the Applicant is hereby authorized and directed to pay such accounts immediately upon receipt of same and, in addition, the Applicant is hereby authorized to pay to the Monitor, counsel to the Monitor, and counsel to the Applicant, reasonable retainers, respectively, to be held by them as security for payment of their respective fees and disbursements outstanding from time to time.

31. THIS COURT ORDERS that the Monitor and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Monitor and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

32. THIS COURT ORDERS that the Monitor, counsel to the Monitor, if any, Prowis and the Applicant's counsel shall be entitled to the benefit of and are hereby granted a charge (the "Administration Charge") on the Property, which charge shall not exceed an aggregate amount of \$500,000, as security for the unpaid portion, if any, of their professional fees and disbursements incurred at the standard rates and charges of the Monitor and such counsel, both before and after the making of this Order in respect of these proceedings. The Administration Charge shall have the priority set out in paragraphs 33 and 35 hereof.

#### **VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER**

33. THIS COURT ORDERS that the priorities of the security and encumbrances existing as at the date hereof in favour of LaSalle (the "LaSalle Security") and the Directors' Charge and the Administration Charge created by this Order, as among them, shall be as follows:

First – the LaSalle Security up to the LaSalle Minimum Amount to the extent unpaid;

Second - the Administration Charge (to the maximum amount of \$500,000);

Third - the Directors' Charge (to the maximum amount of \$750,000); and

Fourth – the LaSalle Security for any amount exceeding the LaSalle Minimum Amount.

34. THIS COURT ORDERS that the filing, registration or perfection of the Directors' Charge or the Administration Charge (collectively, the "Charges") shall not be required, and that the Charges

shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.

35. THIS COURT ORDERS that each of the Directors' Charge and the Administration Charge shall constitute a charge on the Property and such Charges shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, statutory or otherwise (collectively, "Encumbrances") in favour of any Person other than the LaSalle Security, which shall have priority over the Directors' Charge, the Administration Charge and such other Encumbrances, up to the LaSalle Minimum Amount in accordance with paragraph 33 hereof.

36. THIS COURT ORDERS that except as otherwise expressly provided for herein, or as may be approved by this Court, the Applicant shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, any of the LaSalle Security, the Directors' Charge or the Administration Charge, unless the Applicant also obtains the prior written consent of the Monitor, LaSalle, the beneficiaries of the Directors' Charge and the Administration Charge, or further Order of this Court.

37. THIS COURT ORDERS that the Directors' Charge and the Administration Charge, shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Charges (collectively, the "Chargees") shall not otherwise be limited or impaired in any way by (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) any application(s) for bankruptcy order(s) issued pursuant to BIA, or any bankruptcy order made pursuant to such applications; (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (d) the provisions of any federal or provincial statutes; or (e) any negative

covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an "Agreement") which binds the Applicant, and notwithstanding any provision to the contrary in any Agreement:

- (a) the creation of the Charges shall not create or be deemed to constitute a breach by the Applicant of any Agreement to which it is a party;
- (b) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the creation of the Charges; and
- (c) the payments made by the Applicant pursuant to this Order, and the granting of the Charges, do not and will not constitute fraudulent preferences, fraudulent conveyances, oppressive conduct, settlements or other challengeable, voidable or reviewable transactions under any applicable law.

#### **SERVICE AND NOTICE**

38. THIS COURT ORDERS that the Applicant shall, within ten (10) business days of the date of entry of this Order, send a copy of, this Order to its known creditors, other than employees and creditors to which the Applicant owes less than \$1,000, at their addresses as they appear on the Applicant's records, and shall promptly send a copy of this Order (a) to all parties filing a Notice of Appearance in respect of this Application, and (b) to any other interested Person requesting, a copy of this Order, and the Monitor is relieved of its obligation under Section 11(5) of the CCAA to provide similar notice, other than to supervise this process.

39. THIS COURT ORDERS that the Applicant and the Monitor be at liberty to serve this Order, any other materials and orders in these proceedings, any notices, documents or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery, facsimile or electronic transmission to the Applicant's creditors or other interested parties at their respective addresses as last shown on the records of the Applicant and that any such service or

notice by courier, personal delivery, facsimile or electronic transmission shall be deemed to be received on the same business day if delivered prior to 5:00 p.m. or the next business day if delivered after 5:00 p.m., or if sent by ordinary mail, on the third business day after mailing.

40. THIS COURT ORDERS that the Applicant, the Monitor, and any party who has filed a Notice of Appearance may serve any court materials in these proceedings by e-mailing a PDF or other electronic copy of such materials to counsels' email addresses as recorded on the Service List from time to time, in accordance with the E-filing protocol of the Commercial List to the extent practicable, and the Monitor may post a copy of any or all such materials on its website at [www.farberfinancialgroup.com](http://www.farberfinancialgroup.com).

#### **GENERAL**

41. THIS COURT ORDERS that the Applicant or the Monitor may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

42. THIS COURT ORDERS that nothing in this Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager, or a trustee in bankruptcy of the Applicant, the Business or the Property.

43. THIS COURT HEREBY REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, to give effect to this Order and to assist the Applicant, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicant and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to

grant representative status to the Monitor in any foreign proceeding, or to assist the Applicant and the Monitor and their respective agents in carrying out the terms of this Order.

44. THIS COURT ORDERS that each of the Applicant and the Monitor be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order.

45. THIS COURT ORDERS that within ten (10) days of the date of this Order, any interested party (including the Applicant and the Monitor) may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to the Applicant's counsel, the Monitor, LaSalle and any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

46. THIS COURT ORDERS that this Order and all of its provisions are effective as of 12:01 a.m. Eastern Standard Time on the date of this Order.

Oct 17/06 Peter A. Cumming J.

ENTERED AT / INSCRIT A TORONTO  
ON / BOOK NO:  
LE / DANS LE REGISTRE NO.:

OCT 17 2006

PER/PAR: 



IN THE MATTER OF AN APPLICATION UNDER 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 CANTAR POOL PRODUCTS  
LIMITED/PRODUITS DE PISCINES CANTAR LIMITÉE

Court File No. 06-CL-6690

*ONTARIO*  
SUPERIOR COURT OF JUSTICE  
Commercial List  
Proceedings commenced in Toronto

**INITIAL ORDER**

McCarthy Tétrault LLP  
Barristers and Solicitors  
Suite 4700, Toronto Dominion Bank  
Tower  
Toronto ON M5K 1E6

Geoff R. Hall LSUC #347010  
(416) 601-7856  
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James D. Gage LSUC #346761  
Tel: (416) 601-7539  
Fax: (416) 868-0673

Solicitors for the Applicant  
#4122929

# Tab B

IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF  
CANTAR POOL PRODUCTS LIMITED/  
PRODUITS DE PISCINES CANTAR LIMITEE

A. FARBER & PARTNERS INC.

Report  
October 16, 2006

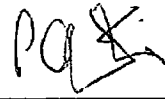
In our capacity as the nominated Monitor of Cantar Pool Products Limited/Produits De Piscines Cantar Limitee ("Cantar"), we have been asked to report to the Court on the merits of the proposed transaction sought to be approved coincident with the CCAA application. This transaction forms a key part of the realization strategy to provide the prospect of a greater recovery to unsecured creditors than would occur in the event of a bankruptcy.

- Our review process has included: review of all motion materials filed by Cantar; meeting and discussions with Mr. Victor D'Souza, the Chief Operating Officer of Cantar and Cantar management; review and discussions with Cantar's legal counsel and; meetings and discussions with representatives of Prowis Inc., financial advisors retained by Cantar, to review the current financial position, the restructuring process underway, the sales processes conducted for the Cantar Equipment division, as well as the costs to wind down the Cantar entity. Our review has also involved retention of independent legal counsel to review the security of the primary secured lender, La Salle Business Credit, a division of ABN Amro Bank N.V. Canada branch ("La Salle").
- Independent legal counsel engaged has confirmed that La Salle's security is valid and enforceable, with first-ranking security over all of the assets of Cantar in Ontario and Quebec.
- As reported at length in First Affidavit of Victor D'Souza, two of three Cantar divisions have recently been sold, namely the Above Ground Pool and Pool Accessories divisions. Coincident with this application, an Approval and Vesting Order for the sale of the assets of the third division, the Pool Equipment division, is being sought. We can confirm that we have reviewed the marketing process for this division's assets and the ultimate Letters of Interest ("LOI") accepted with Prowis and Cantar management. We reviewed a list of 12 parties who signed confidentiality agreements and three LOIs received. In our view the LOI accepted was commercially reasonable and the best offer produced.

Based on the above factors, we believe that the proposed transaction appears commercially reasonable. We confirm Cantar management and Prowis have been working to formulate a Plan, which includes negotiations with La Salle to release its security over certain assets retained by Cantar as part of a successful Plan. Provided La Salle provides such releases, there is a prospect for a recovery to unsecured creditors of Cantar through a Plan that it would appear would not occur in the event of bankruptcy.

**A. FARBER & PARTNERS INC.**

Per:

A handwritten signature in black ink, appearing to read 'Paul', followed by a stylized flourish or mark.

---

Paul Denton , CA CIRP

2179939.1

Tab C

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

THE HONOURABLE )  
JUSTICE CUMMING )  
TUESDAY, THE 17<sup>th</sup> DAY  
OF OCTOBER, 2006

**IN THE MATTER OF AN APPLICATION UNDER 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 CANTAR POOL PRODUCTS LIMITED/  
PRODUITS DE PISCINES CANTAR LIMITÉE**



**Applicant**

**FIRST APPROVAL AND VESTING  
ORDER  
(662671 Canada Inc. Purchase Agreement)**

**THIS MOTION** made by Cantar Pool Products Limited/ Produits De Piscines Cantar Limitée ("Cantar" or the "Applicant") for an Order:

- (a) authorizing and approving the sale by the Applicant of certain "Purchased Assets" as defined in an asset purchase agreement dated September 28, 2006 (the "APA") and directing the payment of the proceeds and deposit in respect of such sale in the manner set forth herein;
- (b) vesting title in and to the Purchased Assets in 6626271 Canada Inc. ("662" or the "Purchaser"); and

- (c) directing that the proceeds of the sale to 662 shall stand in the place and stead of the Purchased Assets,

was heard on this day at 330 University Avenue, Toronto, Ontario.

**ON READING** the Notice of Motion, the Second Affidavit of Victor D'Souza sworn October 16, 2006, and the exhibits thereto (the "Second D'Souza Affidavit") together with the materials filed in these proceedings to date, and upon hearing the submissions of counsel for the Applicant, the Monitor, LaSalle Business Credit LLC, as agent for the U.S. lenders and the Canadian lender to the Applicant and its affiliates ("LaSalle"), and such other counsel as were present as evidenced by the counsel slip in respect of this motion:

**Service**

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion Record in respect of this motion be and it is hereby abridged, if necessary, so that the motion is returnable today, and that service, including the manner of service of the within motion materials, be and is hereby approved and validated, and that the further service of the Notice of Motion upon any interested party other than those served be and it is hereby dispensed with.

**Definitions**

2. **THIS COURT ORDERS** that all terms used herein with initial capital letters which are not otherwise defined herein shall have the respective meanings ascribed to them in the APA or in the initial order of this Honourable Court dated October 16, 2006.

**Approval**

3. **THIS COURT ORDERS** that the APA, substantially in a form attached as Exhibit "A" to the Second D'Souza Affidavit, together with the transactions contemplated therein (the "Transactions"), be and they are hereby authorized and approved, and that the Applicant be and is hereby authorized to complete the transactions set forth in the APA and further directs that on closing the Purchase Price be paid to LaSalle (or to such party as LaSalle may direct in writing) in accordance with the terms of the APA.

4. **THIS COURT ORDERS** that LaSalle shall apply the proceeds received from the Purchase Price to reduce the then owing LaSalle Minimum Amount.

5. **THIS COURT ORDERS** that in completing the Transactions, subject to the terms and conditions of the APA, the Applicant be and is hereby authorized:

- (a) to execute and deliver any amendments to the APA, and such additional, related and ancillary documents and assurances governing or giving effect to the Transactions as the Applicant, in its discretion, may deem to be reasonably necessary or advisable to conclude the Transactions; and
- (b) to take such steps, actions and proceedings as are, in the opinion of the Applicant, necessary or incidental to the performance of its obligations and the obligations of the Purchaser pursuant to the APA.

6. **THIS COURT ORDERS** that the *Bulk Sales Act*, R.S.O. 1990, c. B-14, as amended, and any other legislation affecting sales in bulk in all jurisdictions in which the Purchased Assets are located do not apply to the APA and the transactions set forth in the APA.

#### **Vesting**

7. **THIS COURT ORDERS** that effective immediately upon the filing with this Honourable Court of a certificate by the Applicant (the "Applicant's Certificate") substantially in the form of the draft Applicant's Certificate attached as Schedule "A" hereto, the Applicant's right, title and interest, if any, in and to the Purchased Assets shall vest and be hereby vested absolutely and forever, in and to the Purchaser free and clear of and from any and all rights, titles, interests, claims, hypothecs, indentures, mortgages, charges, loan agreements, liens (whether contractual, statutory or otherwise), disputes, judgments, writs of execution, writs of seizure and sale, contractual claims, including contractual rights of seizure, sale or repossession and including security interests registered under the *Personal Property Security Act* (Ontario), R.S.O. 1990, c. C-43, assignments, pledges, options, executions, trusts, deemed trusts (whether contractual, statutory or otherwise), adverse claims, actions, levies, equitable or contractual rights of set off, or any other rights or claims of any kind whatsoever, statutory by operation of law or court order or otherwise (collectively referred to hereafter as the "Encumbrances"), whether such Encumbrances came into existence prior to,



subsequent to, or as a result of the CCAA Initial Order in respect of the Applicant, dated October 17, 2006, or any previous Order of the Court in these proceedings, of any and all parties and all persons, including individuals, firms, corporations, partnerships, joint ventures, trusts, unincorporated organizations, natural persons and corporations in their capacity as agents, trustees, executors, administrators, or other legal representatives (collectively referred to hereafter as the "Persons") including, without limiting the generality of the foregoing, any Persons served with notice of the Notice of Motion in respect of this Order, and all of the Encumbrances, asserted by any of the Persons, or in any way effecting the Purchased Assets, are hereby expunged and discharged.

#### **Miscellaneous**

8. **THIS COURT ORDERS** that the Applicant is authorized to seek further or other orders from this Court or any other Court having jurisdiction over the Purchased Assets, as it may deem necessary to complete the Transactions.

9. **THIS COURT ORDERS** that the proceeds of the sale under the APA shall stand in the place and stead of the Purchased Assets without prejudice to any claim being advanced against them as could have been advanced against the Purchased Assets.

10. **THIS COURT ORDERS** that the Purchaser be and is hereby authorized to seek such further and other orders from this Court, as may be necessary or desirable to complete the transactions contemplated by the APA to vest the Purchased Assets in the Purchaser as contemplated by this Order.

11. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States or in any other jurisdiction to give effect to this Order and to assist the Monitor and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

ENTERED AT / INSERTE A TORONTO  
ON / BOOK NO:  
LE / DANS LE REGISTRE NO.:

OCT 17 2006

PER/PAR:

**Schedule "A"**

Court File No. 06-CL-6690

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

**IN THE MATTER OF AN APPLICATION UNDER 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 CANTAR POOL PRODUCTS LIMITED/  
PRODUITS DE PISCINES CANTAR LIMITÉE**

Applicant

**APPLICANT'S CERTIFICATE**

**WHEREAS**, pursuant to the Order of the Honourable Justice Cumming of the Ontario Superior Court of Justice, Commercial List, made this 17<sup>th</sup> day of October, 2006, A. Farber and Partners Inc. was appointed the monitor (the "**Monitor**") with respect to Cantar Pool Products Limited/ Produits De Piscines Cantar Limitée (the "**Applicant**").

**WHEREAS**, the Applicant as vendor entered into an asset purchase agreement dated as of the 28<sup>th</sup> day of September, 2006 (the "**APA**") with 6626271 Canada Inc. as purchaser ("**662**" or the "**Purchaser**") and Competition Pool Accessories, Inc. and Pioneer Family Pools (Hamilton) Inc. together, as guarantors, in respect of the Purchased Assets as defined in the APA.

**AND WHEREAS**, pursuant to the order herein of the Honourable Justice Cumming dated October 17<sup>th</sup>, 2006, this court approved the APA and issued an Approval and Vesting Order on the same date, which Approval and Vesting Order is to be effective with respect to the Purchased Assets upon the filing of an Applicant's certificate confirming the payment to LaSalle Business Credit LLC ("LaSalle") (or such other party as LaSalle has directed in writing) of the Purchase Price in accordance with the terms of the APA and that all the conditions to closing of the APA having been satisfied or waived.

**THE UNDERSIGNED HEREBY CERTIFIES as follows:**

1. the Purchase Price pursuant to the APA for the Purchased Assets has been paid to LaSalle (or such other party as LaSalle has directed in writing) in accordance with the terms of the APA; and
2. all the conditions to closing of the APA have been satisfied or waived.

**MADE** at Toronto, this \_\_\_\_ day of \_\_\_\_\_, 2006,

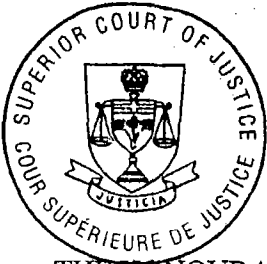
Cantar Pool Products Limited/ Produits De  
Piscines Cantar Limitée

\_\_\_\_\_  
Name:

Title:

I have the authority to bind the Corporation.





**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

THE HONOURABLE  
JUSTICE CUMMING

) TUESDAY, THE 17<sup>th</sup> DAY  
)  
) OF OCTOBER, 2006

**IN THE MATTER OF AN APPLICATION UNDER 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 CANTAR POOL PRODUCTS LIMITED/  
PRODUITS DE PISCINES CANTAR LIMITÉE**

**Applicant**

**SECOND APPROVAL AND VESTING  
ORDER  
(Northern Lights Recreation Co. Purchase Agreement)**

**THIS MOTION** made by Cantar Pool Products Limited/ Produits De Piscines Cantar Limitée ("Cantar" or the "Applicant") for an Order:

- (a) authorizing and approving the sale by the Applicant of certain "Assets" as defined in an asset purchase agreement (the "APA"), in form substantially as attached as **Exhibit "B"** to the Second D'Souza Affidavit (as herein defined) and directing payment of the proceeds in respect of such sale in the manner set forth herein;
- (b) vesting title in and to the Assets in Northern Lights Recreation Co. ("Northern" or the "Purchaser"); and

- (c) directing that the proceeds of the sale to Northern shall stand in the place and stead of the Assets,

was heard on this day at 330 University Avenue, Toronto, Ontario.

**ON READING** the Notice of Motion, the Second Affidavit of Victor D'Souza sworn October 16, 2006, and the exhibits thereto (the "Second D'Souza Affidavit") together with the materials filed in these proceedings to date, and upon hearing the submissions of counsel for the Applicant, the Monitor, LaSalle Business Credit LLC, as agent for the U.S. lenders and the Canadian lender to the Applicant and its affiliates ("LaSalle"), and such other counsel as were present as evidenced by the counsel slip in respect of this motion:

**Service**

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion Record in respect of this motion be and it is hereby abridged, if necessary, so that the motion is returnable today, and that service, including the manner of service of the within motion materials, be and is hereby approved and validated, and that the further service of the Notice of Motion upon any interested party other than those served be and it is hereby dispensed with.

**Definitions**

2. **THIS COURT ORDERS** that all terms used herein with initial capital letters which are not otherwise defined herein shall have the respective meanings ascribed to them in the APA or in the initial order of this Honourable Court dated October 16, 2006.

**Approval**

3. **THIS COURT ORDERS** that the APA, substantially in a form attached as Exhibit "B" to the Second D'Souza Affidavit, together with the transactions contemplated therein (the "Transactions"), be and they are hereby authorized and approved, and that the Applicant be and is hereby authorized to complete the transactions set forth in the APA and further directs that on closing the Purchase Price be paid to LaSalle (or to such party as LaSalle may direct in writing) in accordance with the terms of the APA.

4. **THIS COURT ORDERS** that LaSalle shall apply the proceeds received from the Purchase Price to reduce the then owing LaSalle Minimum Amount.

5. **THIS COURT ORDERS** that in completing the Transactions, subject to the terms and conditions of the APA, the Applicant be and is hereby authorized:

- (a) to execute and deliver any amendments to the APA, and such additional, related and ancillary documents and assurances governing or giving effect to the Transactions as the Applicant, in its discretion, may deem to be reasonably necessary or advisable to conclude the Transactions; and
- (b) to take such steps, actions and proceedings as are, in the opinion of the Applicant, necessary or incidental to the performance of its obligations and the obligations of the Purchaser pursuant to the APA.

6. **THIS COURT ORDERS** that the *Bulk Sales Act*, R.S.O. 1990, c. B-14, as amended, and any other legislation affecting sales in bulk in all jurisdictions in which the Assets are located do not apply to the APA and the transactions set forth in the APA.

#### **Vesting**

7. **THIS COURT ORDERS** that effective immediately upon the filing with this Honourable Court of a certificate by the Applicant (the "Applicant's Certificate") substantially in the form of the draft Applicant's Certificate attached as Schedule "A" hereto, the Applicant's right, title and interest, if any, in and to the Assets shall vest and be hereby vested absolutely and forever, free and clear of and from any and all rights, titles, interests, claims, hypothecs, indentures, mortgages, charges, loan agreements, liens (whether contractual, statutory or otherwise), disputes, judgments, writs of execution, writs of seizure and sale, contractual claims, including contractual rights of seizure, sale or repossession and including security interests registered under the *Personal Property Security Act* (Ontario), R.S.O. 1990, c. C-43, assignments, pledges, options, executions, trusts, deemed trusts (whether contractual, statutory or otherwise), adverse claims, actions, levies, equitable or contractual rights of set off, or any other rights or claims of any kind whatsoever, statutory by operation of law or court order or otherwise (collectively referred to hereafter as the "Encumbrances"), whether such Encumbrances came into existence prior to, subsequent to, or as a result of the CCAA Initial Order

in respect of the Applicant, dated October 17, 2006, or any previous Order of the Court in these proceedings, of any and all parties and all persons, including individuals, firms, corporations, partnerships, joint ventures, trusts, unincorporated organizations, natural persons and corporations in their capacity as agents, trustees, executors, administrators, or other legal representatives (collectively referred to hereafter as the "Persons") including, without limiting the generality of the foregoing, any Persons served with notice of the Notice of Motion in respect of this Order, and all of the Encumbrances, asserted by any of the Persons, or in any way effecting the Assets, are hereby expunged and discharged.

**Miscellaneous**

8. **THIS COURT ORDERS** that the Applicant is authorized to seek further or other orders from this Court or any other Court having jurisdiction over the Assets, as it may deem necessary to complete the Transactions.

9. **THIS COURT ORDERS** that the proceeds of the sale under the APA shall stand in the place and stead of the Assets without prejudice to any claim being advanced against them as could have been advanced against the Assets.

10. **THIS COURT ORDERS** that the Purchaser be and is hereby authorized to seek such further and other orders from this Court, as may be necessary or desirable to complete the transactions contemplated by the APA to vest the Assets in the Purchaser as contemplated by this Order.

11. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States or in any other jurisdiction to give effect to this Order and to assist the Monitor and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

ENTERED AT / INSCRIT A TORONTO  
ON / BOOK NO:  
LE / DANS LE REGISTRE NO.:

Oct 6/06

Peter A. Cumming J.

OCT 17 2006

PER/PAR:

*JA*



**Schedule "A"**

Court File No. 06-CL-6690

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

**IN THE MATTER OF AN APPLICATION UNDER 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 CANTAR POOL PRODUCTS LIMITED/  
PRODUITS DE PISCINES CANTAR LIMITÉE**

**Applicant**

**APPLICANT'S CERTIFICATE**

**WHEREAS**, pursuant to the Order of the Honourable Justice Cumming of the Ontario Superior Court of Justice, Commercial List, made this 17<sup>th</sup> day of October, 2006, A. Farber and Partners Inc. was appointed the monitor (the "**Monitor**") with respect to Cantar Pool Products Limited/ Produits De Piscines Cantar Limitée (the "**Applicant**").

**AND WHEREAS**, the Applicant as vendor settled, but have not yet signed, an asset purchase agreement (the "**APA**") with Northern Lights Recreation Co. as purchaser ("**Northern**" or the "**Purchaser**") in respect the Assets as defined in the APA.

**AND WHEREAS**, pursuant to the order herein of the Honourable Justice Cumming dated October 17, 2006, this court approved the APA and issued an Approval and Vesting Order on the same date, which Approval and Vesting Order is to be effective with respect to the Assets upon the filing of an Applicant's certificate confirming the payment to LaSalle Business Credit LLC ("LaSalle") (or such other party as LaSalle has directed in writing) of the Purchase Price in accordance with the terms of the APA and that all the conditions to closing of the APA having been satisfied or waived.

**THE UNDERSIGNED HEREBY CERTIFIES as follows:**

1. the Purchase Price pursuant to the APA for the Assets has been paid to LaSalle (or such other party as LaSalle has designated in writing) in accordance with the terms of the APA; and
2. all the conditions to closing of the APA have been satisfied or waived.

**MADE** at Toronto, this \_\_\_\_ day of \_\_\_\_\_, 2006,

Cantar Pool Products Limited/ Produits De  
Piscines Cantar Limitée

\_\_\_\_\_  
Name:

Title:

I have the authority to bind the Corporation.

IN THE MATTER OF AN APPLICATION UNDER 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 CANTAR POOL PRODUCTS LIMITED/ PRODUITS DE PISCINES  
CANTAR LIMITÉE

Court file no. 06-CL-6690

*ONTARIO*  
SUPERIOR COURT OF JUSTICE  
Commercial List  
Proceeding commenced at Toronto

**APPLICANT'S CERTIFICATE**

McCarthy Tétrault LLP  
Barristers and Solicitors  
Suite 4700, Toronto Dominion Bank  
Tower  
Toronto ON M5K 1E6

Geoff R. Hall LSUC #347010  
(416) 601-7856  
Fax: (416) 868-0673

James D. Gage LSUC #346761  
Tel: (416) 601-7539  
Fax: (416) 868-0673

Solicitors for the Applicant

IN THE MATTER OF AN APPLICATION UNDER 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 CANTAR POOL PRODUCTS LIMITED/ PRODUITS DE PISCINES CANTAR LIMITÉE

Court file no. 06-CL-6690

*ONTARIO*  
SUPERIOR COURT OF JUSTICE  
Commercial List  
Proceeding commenced at Toronto

**SECOND APPROVAL AND VESTING  
ORDER**  
**(Northern Lights Recreation co.  
Purchase Agreement)**

McCarthy Tétrault LLP  
Barristers and Solicitors  
Suite 4700, Toronto Dominion Bank  
Tower  
Toronto ON M5K 1E6

Geoff R. Hall LSUC #347010  
(416) 601-7856  
Fax: (416) 868-0673

James D. Gage LSUC #346761  
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Fax: (416) 868-0673

Solicitors for the Applicant

#4122930v.2

# Tab D

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

THE HONOURABLE ) THURSDAY, THE  
 )  
 ) 19<sup>TH</sup> DAY OF OCTOBER, 2006  
JUSTICE CUMMING )  
 )



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 CANTAR POOL PRODUCTS  
LIMITED/PRODUITS DE PISCINES CANTAR LIMITÉE (the  
"Applicant")

**APPROVAL AND VESTING ORDER**

THIS MOTION, made by the Applicant for an Order:

- (a) authorizing the Applicant to cause its wholly owned subsidiary, Faircove Investments Inc. ("Faircove"), to commence voluntary dissolution proceedings pursuant to Section 237 of the *Business Corporations Act* (Ontario), R.S.O. 1990, c. B-16, as amended (the "OBCA");
- (b) authorizing and approving, as part of the dissolution proceedings, the assignment to the Applicant by Faircove of all of Faircove's interest in and to all of its assets including, without limitation, all of Faircove's right, title and interest in the property known municipally as 330 Humberline Drive, Toronto, Ontario and more particularly described in Schedule "A" hereto (the "Property");
- (c) authorizing and approving, as part of the dissolution proceedings, the assignment by Faircove to the Applicant of all of Faircove's right, title and interest in the agreement

of purchase and sale dated December 8, 2005, as amended (the "Amended Purchase Agreement"), in respect of the Property with Strathallen Acquisitions Inc. as purchaser (the "Purchaser") or its intended assignees, Canada Mortgage and Housing Corporation, as to a 90% interest and Humberline (Industrial) Realty Inc., as to a 10% interest (together, the "Intended Assignees" and, individually, an "Intended Assignee"); and

- (d) authorizing and approving, following the assignment of the Property and Amended Purchase Agreement to the Applicant, the completion of the sale of the Property by the Applicant to the Purchaser or its Intended Assignees and the payment of the proceeds of such sale in the manner set forth herein.

ON READING the Notice of Motion, the Affidavit of Victor D'Souza, sworn October 18, 2006 and on hearing the submissions of counsel for the Applicant, the Monitor, LaSalle Business Credit LLC, as agent for the U.S. lenders and the Canadian lender to the Applicant and its affiliates ("LaSalle") and such other counsel as were present as evidenced by the counsel slip in respect of this motion:

**Service**

1. THIS COURT ORDERS that the time for service of the Notice of Motion and the Motion Record is hereby abridged so that the motion is properly returnable today, and that any requirement for service of the Notice of Motion and of the Motion Record upon any party not served is dispensed with.

**Dissolution of Faircove Investments Inc. and Assignment to Applicant**

2. THIS COURT ORDERS that the Applicant be and is hereby authorized to cause its subsidiary Faircove to commence voluntary dissolution proceedings pursuant to Section 237 of the

OBCA and, in furtherance thereof, to receive an assignment of and assume all of Faircove's right, title and interest in the Property and the Amended Purchase Agreement (the "Assignment"), such that the Property shall vest in the Applicant at that time.

3. THIS COURT ORDERS that notwithstanding the Assignment, the Property shall remain subject to the first priority charge registered against title to the Property in favour of LaSalle until such time as the Property vests in the Purchaser or its Intended Assignees in accordance with paragraph 8 hereof.

**Approval of Sale by Applicant to Purchaser**

4. THIS COURT ORDERS that the Amended Purchase Agreement and all amendments thereto the Assignment by Faircove to the Applicant and the subsequent sale to the Purchaser or its Intended Assignees of the Property by the Applicant pursuant to the Amended Purchase Agreement for the payment of the Purchase Price (as defined in the Amended Purchase Agreement) in accordance with the terms of the Amended Purchase Agreement as amended to conform herewith, together with all other transactions contemplated by the Amended Purchase Agreement (the "Transactions"), are hereby approved.

5. THIS COURT ORDERS that the Applicant is authorized and empowered to implement and complete the Transactions in accordance with the terms and conditions of the Amended Purchase Agreement, with such alterations, amendments, deletions and additions of an immaterial nature as the parties thereto may agree to and perform the obligations contained in the Amended Purchase Agreement.



6. THIS COURT ORDERS that in completing the Transactions, subject to the terms and conditions of the Amended Purchase Agreement, the Applicant be and is hereby authorized:

- (a) to execute and deliver such additional, related and ancillary documents and assurances governing or giving effect to the Transactions as the Applicant in its discretion, may deem to be reasonably necessary or advisable to conclude the Transactions, including the execution of such powers of attorney, conveyances, deeds, releases, bills of sale, transfers, instruments and such other documents in the name and on behalf of the Applicant, as may be contemplated by the Amended Purchase Agreement, including, without limitation, the grant of security in favour of LaSalle in respect of (i) the vendor take back note, and (ii) the mortgage to be granted by the Purchaser or its Intended Assignees (as contemplated by the Amended Purchase Agreement); and
- (b) to take such steps, actions and proceedings, in such sequences and at such times as are, in the opinion of the Applicant necessary or incidental to the performance of its obligations pursuant to the Amended Purchase Agreement.

7. THIS COURT ORDERS that the *Bulk Sales Act*, R.S.O. 1990, c. B-14, as amended, and any other legislation affecting sales in bulk in all jurisdictions in which the Property are located do not apply to the Amended Purchase Agreement and the Transactions.

#### **Vesting**

8. THIS COURT ORDERS that, following the Assignment and effective immediately upon the filing with this Honourable Court of a certificate by the Applicant (the "Applicant's Certificate")

substantially in the form of the draft Applicant's Certificate attached as Schedule "B" hereto, the Applicant's right, title and interest, in and to the Property shall vest and be hereby vested in fee simple, without further instrument of transfer or assignment, absolutely and forever in and to the Purchaser or its Intended Assignees, free and clear of and from any and all estate, right, title, interest, claims, hypothec, mortgages, charges, liens, disputes, judgments, writs of execution, writs of seizure and sale, contractual claims, including contractual rights of seizure, sale or repossession and including security interests registered under the *Personal Property Security Act* (Ontario), R.S.O. 1990, c. C-43, assignments, pledges, options, executions, trusts, deemed trusts (whether contractual, statutory or otherwise), adverse claims, actions, levies, or any other rights or claims of any kind whatsoever, statutory by operation of law or court order or otherwise (collectively referred to hereafter as the "Encumbrances"), whether such Encumbrances came into existence prior to, subsequent to, or as a result of the Initial Order, dated October 17, 2006, as amended, or any previous Order of the Court in these proceedings, of any and all parties and all persons, including individuals, firms, corporations, partnerships, joint ventures, trusts, unincorporated organizations, natural persons and corporations in their capacity as agents, trustees, executors, administrators, or other legal representatives (collectively referred to hereafter as the "Persons") including, without limiting the generality of the foregoing, any Persons served with notice of the Notice of Motion in respect of this Order, and all of the Encumbrances, asserted by any of the Persons, or in any way affect the Property, are hereby expunged and discharged, save and except only for the Encumbrances set out in Schedule "C" hereto.

9. THIS COURT ORDERS that notwithstanding:

- (a) the pendency of the Applicant's proceeding pursuant to the *Companies' Creditors Arrangement Act* and the declaration of insolvency made therein;

- (b) the pendency of any petitions for receiving orders heretofore or hereafter issued pursuant to the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, (the "BIA"), as amended, in respect of the Applicant and any receiving orders issued pursuant to any such petitions, and
- (c) the provisions of any federal or provincial statute,

the sale of the Property of the Applicant to the Purchaser or its Intended Assignees and the other payments referred to herein do not constitute a fraudulent conveyance, settlement, or other challengeable or reviewable transaction under the BIA or any other applicable federal or provincial legislation and they do not constitute conduct meriting an oppression remedy and all terms of Amended Purchase Agreement, including any covenants or obligations of the Applicant thereunder or in relation thereto, shall be binding on any trustee in bankruptcy that may be appointed in respect of the Applicant.

#### **Distribution of Proceeds of Sale**

10. THIS COURT ORDERS that in order to facilitate the discharge of registered Encumbrances against the Property in connection with the closing of the sale thereof, the Applicant is authorized and directed to make the following payments to the following secured creditors from the proceeds (net of real estate commissions) of the sale of the Property:

- (a) Hawklane Developments Inc. ("Hawklane") - \$1.5 million;
- (b) LaSalle (or to such other party as LaSalle may direct in writing) – up to the then owing "LaSalle Minimum Amount" (as that term is defined in the Initial Order dated October 17, 2006 (the "Initial Order") in these CCAA proceedings);

and to utilize the remaining net proceeds of the sale of the Property (if any) in accordance with the provisions of the Initial Order.

**Miscellaneous**

11. THIS COURT ORDERS that the Applicant is authorized to seek further or other orders from this Court or any other Court having jurisdiction over the Property, as it may deem necessary to complete the Transactions.

*Oct 19 / 06*

*Robert A. Cumming J.*

ENTERED AT / INSCRIT À TORONTO  
ON / BOOK NO:  
LE / DANS LE REGISTRE NO.:

OCT 19 2006

PER/PAR.

*A*

## **SCHEDULE "A"**

PIN: 07368 - 0040 LT

Part Lot 38, Concession 4, Fronting the Humber,  
More particularly described as Part 2, Plan 64R-11839  
City of Toronto (formerly Borough of Etobicoke)

**Schedule "B"**

Court File No.

**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 CANTAR POOL PRODUCTS LIMITED/  
PRODUITS DE PISCINES CANTAR LIMITÉE**

Applicant

**APPLICANT'S CERTIFICATE**

WHEREAS, pursuant to the Order of the Honourable Justice Cumming of the Ontario Superior Court of Justice, Commercial List, made the 17<sup>th</sup> day of October, 2006, an initial order was granted with respect to Cantar Pool Products Limited/ Produits De Piscines Cantar Limitée (the "Applicant") pursuant to the *Companies' Creditors Arrangement Act*, R.S.C 1985, c. C-36, as amended.

AND WHEREAS, pursuant to the voluntary dissolution of Faircove Investments Inc. ("Faircove"), a subsidiary of the Applicant, the Applicant was assigned all of the right, title and interest of Faircove in and to property known municipally as 330 Humberline Drive, Toronto, Ontario (the "Property") and an asset purchase agreement dated as of the 8th day of December, 2005, as amended (the "Amended Purchase Agreement") with Strathallen Acquisitions Inc. as purchaser (the "Purchaser") in respect of the Property (the "Assignment").

AND WHEREAS, pursuant to the order herein of the Honourable Justice Cumming dated October \_\_\_\_\_, 2006 (the "Third Approval and Vesting Order"), this court approved the Assignment and the subsequent sale of the Property by the Applicant to the Purchaser or

its Intended Assignees (as defined in the Third Approval and Vesting Order) pursuant to the Amended Purchase Agreement and ordered that, following the Assignment, the vesting of the Property in and to the Purchaser or its Intended Assignees is to be effective with respect to the Property upon the filing of a Applicant's Certificate confirming the payment of the Purchase Price to Hawklane Developments Inc. ("Hawklane") and to LaSalle Business Credit LLC ("LaSalle") (or to such other party as LaSalle has directed in writing) in accordance with Approval and Vesting Order and that all the conditions to closing of the Amended Purchase Agreement having been satisfied or waived.

THE UNDERSIGNED HEREBY CERTIFIES as follows:

1. the Purchase Price pursuant to the Amended Purchase Agreement for the Property has been paid to Hawklane and LaSalle (or to such other party as LaSalle has directed in writing) in accordance with the terms of the Approval and Vesting Order; and
2. all the conditions to closing of the Amended Purchase Agreement have been satisfied or waived.

MADE at Toronto, this • day of October, 2006,

**CANTAR POOL PRODUCTS  
LIMITED/PRODUITS DE PISCINES CANTAR  
LIMITÉE**

---

Name:

Title:

I have the authority to bind the Corporation.

**Schedule "C"**

<b>Instrument No.</b>	<b>Instrument Type</b>
64R-2980	Reference Plan
EB426257	Agreement with the Borough of Etobicoke
64R-11839	Reference Plan
E317117	Notice of Airport Zoning Regulations
AT977153	Land Registrar's order



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 CANTAR POOL PRODUCTS LIMITED/  
PRODUITS DE PISCINES CANTAR LIMITÉE

Court File No. 66-CL-6690

*ONTARIO*  
SUPERIOR COURT OF JUSTICE  
(Commercial List)  
Proceeding commenced at Toronto

**APPLICANT'S CERTIFICATE**

McCarthy Tétrault LLP  
Barristers and Solicitors  
Suite 4700, Toronto Dominion Bank  
Tower  
Toronto ON M5K 1E6

**Geoff R. Hall** LSUC #347010  
(416) 601-7856  
Fax: (416) 868-0673

**James D. Gage** LSUC #346761  
Tel: (416) 601-7539  
Fax: (416) 868-0673

Solicitors for the Applicant

IN THE MATTER OF AN APPLICATION UNDER 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 CANTAR POOL PRODUCTS  
LIMITED/PRODUITS DE PISCINES CANTAR LIMITÉE

Court File No. 66-CL-6690

*ONTARIO*  
SUPERIOR COURT OF JUSTICE  
(Commercial List)  
Proceedings commenced in Toronto

**APPROVAL AND VESTING ORDER**

McCarthy Tétrault LLP  
Barristers and Solicitors  
Suite 4700, Toronto Dominion Bank  
Tower  
Toronto ON M5K 1E6

**Geoff R. Hall** LSUC #347010  
(416) 601-7856  
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**James D. Gage** LSUC #346761  
Tel: (416) 601-7539  
Fax: (416) 868-0673

Solicitors for the Applicant

# **Tab E**



**A. Farber  
& Partners Inc.**

MEMBER OF FARBER FINANCIAL GROUP

**IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF  
CANTAR POOL PRODUCTS LIMITED/  
PRODUITS DE PISCINES CANTAR LIMITEÉ**

**A. FARBER & PARTNERS INC.**

Monitor's 2<sup>nd</sup> Report  
October 18, 2006

In our capacity as the Court-Appointed Monitor of Cantar Pool Products Limited/Produits De Piscines Cantar Limiteé ("Cantar"), we have been asked to report to the Court on the merits of a proposed real estate transaction, on which approval is being sought from the Court. This transaction forms a key part of the realization strategy to provide the prospect of a greater recovery to unsecured creditors than would occur in the event of a bankruptcy.

This motion relates to real estate located at 330 Humberline Drive, Toronto ("the Property"). The Property is held by Faircove Investments Limited ("Faircove"), which is a wholly-owned subsidiary of Cantar and a guarantor of the La Salle Business Credit ("La Salle") credit facilities. The Property was charged as security to La Salle to support its credit facilities with Cantar and the Polyair Group. As reported in the Monitor's first report dated October 16, 2006, independent legal counsel retained by the Monitor has confirmed La Salle has valid and enforceable first-ranking security over the Property to the extent of its registered charge for \$10.5 million. We have reviewed the marketing and listing program with Cantar management and the real estate broker retained CB Richard Ellis. Based on such review and enquiry it appears an extensive marketing and listing process was conducted and a commercially reasonable price obtained for the Property. The Property is proposed to be transferred from Faircove to Cantar, which will then effect the sale to the third-party purchaser. As Cantar and its unsecured creditors currently have no direct claim over the Property, the proposed transfer and sale of the beneficial interest is likely beneficial to the Cantar unsecured creditors because of the value it will produce in Cantar.

**A. FARBER & PARTNERS INC.**

Per:

---

Paul Denton, CA CIRP

# **Tab F**



Court File No. 06-CL-6690

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

THE HONOURABLE

THURSDAY, THE 16<sup>TH</sup> DAY

MR JUSTICE CL CAMPBELL

OF NOVEMBER, 2006

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 CANTAR POOL PRODUCTS  
LIMITED/PRODUITS DE PISCINES CANTAR LIMITÉE

Applicant

**CLAIMS PROCEDURE AND MEETING ORDER**

THIS MOTION made by Cantar Pool Products Limited ("Cantar") for an Order:

- (a) if necessary, abridging the time for service of the Notice of Motion and Motion Record, and dispensing with the further service of the Notice of Motion and the Motion Record upon any interested person not served;
- (b) establishing a procedure for the filing and determination of claims against Cantar for the purpose of voting on and effecting distributions under the Plan (as defined in Appendix "A" attached hereto);
- (c) establishing a claims bar date;

- (d) establishing the procedure to call, hold and conduct a meeting of the creditors of Cantar affected by the Plan;
- (e) setting the date for the return of Cantar's motion for an order sanctioning the Plan;  
and
- (f) certain other relief,

was heard this day at the courthouse, 330 University Avenue, Toronto, Ontario.

ON READING (i) the Notice of Motion and (ii) the Third Report of A. Farber & Partners Inc. as monitor of Cantar (the "Monitor"); and upon hearing the submissions of counsel for Cantar and the Monitor,

#### **SERVICE**

1. THIS COURT ORDERS that the time for service of the Notice of Motion and Motion Record herein be and it is hereby abridged so that the motion is properly returnable today and, further, that service of the Notice of Motion and Motion Record herein upon any interested party not served is hereby dispensed with.

#### **DEFINED TERMS**

2. THIS COURT ORDERS that capitalized terms not otherwise defined in this Order have the meanings ascribed to them in Appendix "A" attached hereto.

### **FILING OF THE PLAN**

3. THIS COURT ORDERS that Cantar is hereby authorized and directed to file the Plan with this Court and to present the Plan to the Affected Creditors for their consideration in accordance with the terms of this Order.
4. THIS COURT ORDERS that Cantar may at any time and from time to time before and during the Creditor Meeting amend the Plan by written instrument, provided that Cantar gives notice to all Affected Creditors present at the Creditor Meeting of the details of any such amendment prior to the vote being taken to approve the Plan and complies with the procedures for amendments as set out in the Plan.

### **NOTICE TO CREDITORS AND CLAIMS PROCEDURE**

#### **Publication of Notice to Creditors**

5. THIS COURT ORDERS that, on two consecutive days prior to November 30, 2006, Cantar shall cause the Notice to Creditors to be published in the *National Post*.

#### **Known Affected Creditors**

6. THIS COURT ORDERS that, on or before 5:00 p.m. on November 20, 2006, Cantar shall provide a list of Known Affected Creditors to the Monitor setting out (i) the amount owed to each Known Affected Creditor and (ii) the last known address of such Known Affected Creditor.
7. THIS COURT ORDERS that, promptly after receiving the list of Known Affected Creditors from Cantar, the Monitor shall send the Claims and Meeting Materials to each Known Affected Creditor to the address for it set out on the list.



8. THIS COURT ORDERS that any Known Affected Creditor who wants to dispute the amount of its Affected Claim as set out in the Notice of Claim must return a properly completed Notice of Dispute to the Monitor so it is received by the Monitor no later than 5:00 p.m. on the Claims Bar Date. Upon receipt of any Notice of Dispute, the Monitor shall forthwith provide a copy thereof to Cantar.
9. THIS COURT ORDERS that any Known Affected Creditor who does not file a properly completed Notice of Dispute with the Monitor by 5:00 p.m. on the Claims Bar Date shall be deemed to have accepted the amount of its Affected Claim as set out in the Notice of Claim for all purposes, and all other Affected Claims of such Known Affected Creditor, if any, shall be forever extinguished and barred.

**Other Affected Creditors**

10. THIS COURT ORDERS that the Monitor shall post a copy of the Claims and Meeting Materials to the Website as soon as practicable after the making of this Order, and shall send the Claims and Meeting Materials to each Person who prior to the Claims Bar Date makes a written request for them, within three Business Days of receipt of such request.
11. THIS COURT ORDERS that any Person that wants to assert an Affected Claim against Cantar (other than an Affected Claim set out in a Notice of Claim received by such Person) must file a properly completed Proof of Claim with the Monitor by 5:00 p.m. on the Claims Bar Date. Upon receipt of any such Proof of Claim, the Monitor shall forthwith provide a copy thereof to Cantar.

12. THIS COURT ORDERS that any Person who does not receive a Notice of Claim and does not file a properly completed Proof of Claim with the Monitor by 5:00 p.m. on the Claims Bar Date shall not be entitled to attend or vote at the Creditor Meeting and shall not be entitled to receive any distribution pursuant to the Plan, and all Affected Claims of such Affected Creditor, if any, shall be forever extinguished and barred.

#### **Resolution of Disputed Claims**

13. THIS COURT ORDERS that Cantar, with the assistance of the Monitor, shall review all Proofs of Claim and Notices of Dispute received by the Claims Bar Date, and determine whether to accept, revise or disallow the amount of each Affected Claim set out therein.
14. THIS COURT ORDERS that, by no later than 5:00 p.m. on January 2, 2007, the Monitor shall send a Notice of Revision or Disallowance to each Affected Creditor whose Affected Claim the Monitor and Cantar have determined to revise or disallow. If the Monitor does not send a Notice of Revision or Disallowance by such date to an Affected Creditor who has submitted a Proof of Claim or Notice of Dispute, Cantar shall be deemed to have accepted the Affected Claim of such Affected Creditor in the amount set out in the Proof of Claim or Notice of Dispute, as the case may be, for all purposes.
15. THIS COURT ORDERS that any Affected Creditor who wants to dispute the amount of its Affected Claim as set out in a Notice of Revision or Disallowance shall, by no later than 5:00 p.m. on January 10, 2007, so advise Cantar and the Monitor in writing with a detailed summary of the reasons for such dispute, and by no later than 5:00 p.m. on January 15, 2007, bring a motion to have the amount of such Affected Claim determined by the Court by

serving on Cantar and the Monitor and filing with the Court a motion record in respect of such Affected Creditor's motion by such date.

16. THIS COURT ORDERS that Cantar, in consultation with the Monitor, shall attempt to resolve any dispute with an Affected Creditor regarding the value of its Affected Claim by no later than 5:00 p.m. on January 12, 2007.
17. THIS COURT ORDERS that any Affected Creditor to whom a Notice of Revision or Disallowance is sent who does not advise Cantar and the Monitor that it wants to dispute the amount of its Affected Claim as set out in the Notice of Revision or Disallowance or who does not serve and file a motion record in respect thereof prior to the applicable time deadline established in the preceding paragraph shall be deemed to have accepted the amount of its Affected Claim as set out in the Notice of Revision or Disallowance for all purposes, and all other Affected Claims of such Affected Creditor, if any, shall be forever extinguished and barred.

**Other Claims Process Matters**

18. THIS COURT ORDERS that the Monitor shall assist Cantar in connection with the administration of the Claims Procedure, as requested by Cantar from time to time or as required by the CCAA, this Order or any other order in these proceedings.
19. THIS COURT ORDERS that copies of all Proofs of Claim, Notices of Claim, Notices of Revision or Disallowance and Notices of Dispute shall be maintained by the Monitor and, subject to further order of the Court, all Affected Creditors will be entitled to have access

thereto prior to the Creditor Meeting by appointment during normal business hours on written request to the Monitor.

20. THIS COURT ORDERS that, for the purposes of the Claims Procedure, all Affected Claims that are denominated in a foreign currency shall be converted to Canadian dollars at the Bank of Canada spot rate of exchange for exchanging such currency to Canadian dollars at 5:00 p.m. on the Commencement Date.
21. THIS COURT ORDERS that Cantar may, but shall not be required to, set off against any Affected Claim and the payments or other distributions to be made pursuant to the Plan in respect of such Affected Claims (whether by way of legal, equitable or contractual set-off), claims of any nature whatsoever that Cantar may have against the holder of such Affected Claim, provided that neither the failure to do so nor the allowance of any Affected Claim hereunder shall constitute a waiver or release by Cantar of any such claim that Cantar may have against the holder of such Affected Claim.
22. THIS COURT ORDERS that Cantar and the Monitor are hereby authorized to use reasonable discretion as to adequacy of compliance with respect to the manner in which Proofs of Claim, Notices of Claim, Notices of Revision or Disallowance and Notices of Dispute are completed and executed, and may, if they are satisfied that an Affected Claim has been adequately proven, waive strict compliance with the requirements of the Claims Procedure as to completion and execution of Proofs of Claim, Notices of Claim, Notices of Revision or Disallowance and Notices of Dispute.
23. THIS COURT ORDERS that any document to be sent pursuant to the Claims Procedure may be sent by ordinary mail, registered mail, courier, email or facsimile transmission. An

Affected Creditor shall be deemed to have received any document sent pursuant to the Claims Procedure five (5) days after such document is sent by ordinary mail, one (1) Business Day after such document is sent by registered mail or courier, and the same Business Day as such document is sent by e-mail or facsimile transmission where such document is transmitted at or prior to 5:00 p.m. and the next Business Day where such document is transmitted after 5:00 p.m.

24. THIS COURT ORDERS that any document, or notice required to be provided or delivered to the Monitor under the Claims Procedure shall be so provided or delivered to the Monitor at the following address:

**A. Farber & Partners Inc.**

150 York Street, Suite 1600  
Toronto, ON M5H 3S5

Attention: Paul Denton  
Email: pdenton@afarber.com

25. THIS COURT ORDERS that, for greater certainty, any time limitations imposed on the filing, sending or delivery of documentation shall be understood to mean as follows:
- (a) when the obligation is on an Affected Creditor to deliver or file a document by a particular time to the Monitor, the obligation is satisfied only if and when the Monitor is actually in receipt of the document by the time indicated; and
  - (b) when the obligation is on the Monitor or Cantar to notify and/or send a document to an Affected Creditor, the obligation is satisfied so long as the document is posted, couriered, e-mailed or faxed by the time stipulated, and there is no obligation on the Monitor or Cantar to ensure that the Affected Creditor has actually received the document by the time stipulated.
26. THIS COURT ORDERS that Cantar and the Monitor may in their discretion, generally or in individual circumstances, waive in writing the time limits imposed on Affected Creditors under the Claims Procedure and this Order if Cantar and the Monitor deem it advisable to do

so (without prejudice to the requirement that all other Affected Creditors must comply with this Order and the Claims Procedure).

27. THIS COURT ORDERS that all references to time herein shall mean local time in Toronto, Ontario, Canada and any reference to an event occurring on a Business Day shall mean prior to 5:00 p.m. on such Business Day unless otherwise indicated herein.

#### **NOTICE SUFFICIENT**

28. THIS COURT ORDERS that the publication of the Notice to Creditors and the mailing to Known Affected Creditors and other Affected Creditors of the Claims and Meeting Materials in accordance with the requirements of this Order shall constitute good and sufficient service and delivery of notice of this Order, the Claims Procedure, the Claims Bar Date, the Creditor Meeting and the Plan on all Persons who may be entitled to receive notice and who may wish to assert Affected Claims or wish to be present or vote in person or by proxy at a Creditor Meeting or any adjournment thereof, and that no other notice or service need be given or made and no other document or material need be served to or upon any Person in respect of this Order, the Claims Procedure, the Claims Bar Date, the Creditor Meeting or the Plan.

#### **CREDITOR MEETING**

29. THIS COURT ORDERS that Cantar shall call, hold and conduct a Creditor Meeting of Affected Creditors to consider and vote on the Plan at 2:00 p.m. on January 12, 2006 at the Ramada Hotel and Conference Centre, 185 Yorkland Blvd., Toronto, Ontario.

30. THIS COURT ORDERS that a representative of the Monitor shall preside as the chair (the "Chair") of the Creditor Meeting and, subject to this Order and any further Order of the Court, shall decide all matters relating to the conduct of the Creditor Meeting. The Chair may adjourn the Creditor Meeting at his or her discretion.
31. THIS COURT ORDERS that the quorum required at the Creditor Meeting shall be one (1) Affected Creditor holding a Proven Claim who is entitled to vote on the Plan, present in person or by proxy.
32. THIS COURT ORDERS that in the event that a Disputed Claim is not finally resolved or settled prior to the date of the Creditor Meeting, the holder of the Disputed Claim shall, subject to further order of the Court, be entitled to vote its Disputed Claim in the amount set out in its Proof of Claim or Notice of Dispute (as applicable) filed with the Monitor, provided that the amount of the Affected Claim for distribution or any other purpose shall be determined by an order of the Court or a written settlement between Cantar and the relevant Affected Creditor with respect to the Disputed Claim.
33. THIS COURT ORDERS that, the Monitor shall tabulate votes in respect of Disputed Claims separately from votes in respect of Proven Claims and shall report the results of such votes to the Court at the Sanction Hearing to the extent that approval or non-approval of the Plan would have been determined by votes cast in respect of Disputed Claims.
34. THIS COURT ORDERS that the Monitor may appoint scrutineers (the "Scrutineers") for the supervision and tabulation of the attendance, quorum, and votes cast at the Creditor Meeting, and that a person designated by the Monitor shall act as secretary at the Creditor Meeting

(the "Secretary"). The Secretary shall tabulate all Proven Claims (and, if applicable, Disputed Claims) at the Creditor Meeting.

35. THIS COURT ORDERS that the only Persons entitled to notice of or to attend, speak or vote at the Creditor Meeting are Affected Creditors with Proven Claims (and, if applicable, Disputed Claims) and their respective proxy holders and legal counsel; representatives of Cantar and the Monitor and their respective legal counsel; the Scrutineers; and the Secretary. Any other Person may be admitted to the Creditor Meeting only on invitation of Cantar or the Chair.

36. THIS COURT ORDERS that the only Persons entitled to vote at the Creditor Meeting, in person or by proxy, are:

- (a) Affected Creditors with Proven Claims; and
- (b) subject to the provisions of the Claims Procedure, Affected Creditors who have Disputed Claims, but only to the extent that all or any portion of that Disputed Claim has been accepted for voting purposes and without prejudice to the rights of Cantar to dispute such Disputed Claims for distribution purposes under the Plan.

37. THIS COURT ORDERS that if:

- (a) the requisite quorum is not present at the Creditor Meeting;
- (b) the Creditor Meeting is postponed by a vote of the majority in value of Proven Claims (and, if applicable, Disputed Claims) present in person or by proxy; or
- (c) the Chair otherwise decides to adjourn the Creditor Meeting,

then the Creditor Meeting shall be adjourned to such date, time and place as may be designated by the Chair. The announcement of the adjournment by the Chair or the posting of notice at the Creditor Meeting of such adjournment shall constitute sufficient notice of the adjournment and



Cantar shall have no obligation to give further notice to any Person of the adjourned Creditor Meeting.

38. THIS COURT ORDERS that to be voted at the meeting, any proxy submitted by an Affected Creditor in respect of the Creditor Meeting (or any adjournment thereof) must be received by the Monitor by 5:00 p.m. on the Business Day immediately prior to the day on which the Creditor Meeting (or any adjournment thereof) is to be held, subject to the discretion of the Monitor to accept any proxy which is submitted prior to the commencement of the Creditor Meeting (or any adjournment thereof).
39. THIS COURT ORDERS that the Chair shall direct a vote at the Creditor Meeting on a resolution to approve the Plan and any amendments thereto as Cantar may consider appropriate.

## **TRANSFERS OF CLAIMS**

### **Transfer of Whole Affected Claim**

40. THIS COURT ORDERS that if the holder of an Affected Claim transfers the whole of such Affected Claim to another Person after the Commencement Date, neither the Monitor nor Cantar shall be obligated to give notice or otherwise deal with the transferee of such Affected Claim in respect thereof unless and until actual notice of transfer, together with satisfactory evidence of such transfer, shall have been received and acknowledged by the Monitor in writing and thereafter such transferee shall for the purposes hereof constitute the "Affected Creditor" in respect of such Affected Claim. Any such transferee of an Affected Claim shall be bound by any notices given or steps taken in respect of such Affected Claim in accordance with this Order prior to receipt and acknowledgment by the Monitor of

satisfactory evidence of such transfer. A transferee of an Affected Claim takes the Affected Claim subject to any rights of set-off to which Cantar may be entitled with respect to such Affected Claim. For greater certainty, a transferee of an Affected Claim is not entitled to set off, apply, merge, consolidate or combine any Affected Claims transferred to it against or on account or in reduction of any amounts owing by such Person to Cantar. No transfer shall be acknowledged for voting purposes unless such transfer shall have been received by the Monitor no later than ten (10) Business Days prior to the Creditor Meeting. Reference to a transfer of an Affected Claim in this Order includes a transfer or assignment, whether absolute or intended as security.

**Transfer of Part of An Affected Claim**

41. THIS COURT ORDERS that if the holder of the whole of an Affected Claim transfers the whole of such Affected Claim to more than one Person or part of such Affected Claim to another Person after the Commencement Date, such transfer shall not create a separate Affected Claim and such Affected Claim shall continue to constitute and be dealt with as a single Affected Claim. Notwithstanding such transfer, Cantar and the Monitor shall not be bound to recognize or acknowledge any such transfer and shall be entitled to give notices to and to otherwise deal with such Affected Claim only as a whole and only to and with the Person last holding such Affected Claim in whole as the Affected Creditor in respect of such Affected Claim, provided such Affected Creditor may, by notice in writing to the Monitor in accordance with the preceding paragraph direct the subsequent dealings in respect of such Affected Claim, but only as a whole, shall be with a specified Person and in such event, such transferee of the Affected Claim and the whole of such Affected Claim shall be bound by

any notices given or steps taken in respect of such Affected Claim in accordance with this Order.

#### **HEARING FOR SANCTION ORDER**

42. THIS COURT ORDERS that, if the Plan is approved by the required majorities of Affected Creditors at the Creditor Meeting pursuant to the CCAA, Cantar shall seek Court approval of the Plan at a motion for the Sanction Order, which motion shall be returnable before this Court at 10:00 a.m. on January 18, 2007, or as soon after that date as the matter can be heard.
43. THIS COURT ORDERS that any Person (other than Cantar and the Monitor) wishing to receive materials and appear at the motion for the Sanction Order shall serve upon the solicitors for Cantar and the Monitor, and file with this Court, a Notice of Appearance by no later than 5:00 p.m. on January 12, 2007.
44. THIS COURT ORDERS that, if the Sanction Hearing is adjourned, only those Persons who have served and filed a Notice of Appearance shall be served with notice of the adjourned date.

#### **GENERAL PROVISIONS**

45. THIS COURT ORDERS that this Order and any other order in these proceedings shall have full force and effect in all provinces and territories in Canada and abroad as against all Persons against whom they may otherwise be enforceable.
46. THIS COURT ORDERS AND 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 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 be complimentary to this Court in carrying out the terms of this Order.

Richard J.

ENTERED AT / INSCRIT A TORONTO  
ON / BOOK NO:  
LE / DANS LE REGISTRE NO.:

NOV 16 2006

PER/PAR:

~~0601006728~~

## APPENDIX "A"

### DEFINITIONS

In this Order, the following terms shall have the following meanings:

- (d) **"Affected Claim"** means any Claim except for an Unaffected Claim;
- (e) **"Affected Creditor"** means any Creditor with an Affected Claim, but only with respect to and to the extent of such Affected Claim;
- (f) **"Affiliate"** means any affiliated body corporate, as that term is defined in the OBCA;
- (g) **"Business Day"** means a day, other than Saturday, Sunday or statutory holiday, on which banks are generally open for business in Toronto, Ontario;
- (h) **"CCAA"** means the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended;
- (i) **"CCAA Proceedings"** means the proceedings commenced by Cantar under the CCAA pursuant to the Initial Order;
- (j) **"Claim"** means any right or claim of any Person that may be made in whole or in part against Cantar, whether or not asserted, in connection with any indebtedness, liability or obligation of any kind, which indebtedness, liability or obligation is in existence or which is based on an event, act or omission which occurred in whole or in part prior to the Commencement Date or arising after the Commencement Date as a result of or in connection with the repudiation of any Contract and any interest that may accrue thereon up to the Commencement Date (or to the date of the repudiation of such Contract, where applicable) for which there is an obligation to pay, and amounts which such Person would be entitled to receive, pursuant to the terms of any Contract with such Person at law or in equity, by reason of the commission of a tort (intentional or unintentional), any breach of duty (including, without limitation, any legal, statutory, equitable or fiduciary duty), any right of ownership of or title to property or assets or to a trust or deemed trust (statutory, express, implied, resulting, constructive or otherwise) or for any other reason whatsoever against any property or assets, whether or not reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, perfected, unperfected, present, future, known, or unknown, by guarantee, surety or otherwise, and whether or not such right is executory or anticipatory in nature, or any right or ability of any Person to advance a claim for contribution or indemnity or otherwise with respect to any matter, action, cause or chose in action, whether existing at present or commenced in the future, based in whole or in part on facts which existed prior to the Commencement Date (or to the date of the repudiation of such Contract, where applicable), together with any other rights or claims not

referred to above that, in whole or part, would have been claims provable in bankruptcy had Cantar become bankrupt at the Commencement Date (or the date of the repudiation of such Contract, if applicable), together with any other rights or claims, whether or not asserted, made after the Commencement Date in any way, directly or indirectly related to any action taken or power exercised prior to the Commencement Date;

- (k) **"Claims and Meeting Materials"** means the Notice of Meeting, the Plan, this Order, the Notice of Claim (in the case of and to be provided only to Known Affected Creditors), a Proof of Claim form, the Instruction Letter, a Notice of Dispute form and a Proxy form;
- (l) **"Claims Bar Date"** means 5:00 p.m. (Toronto time) on December 21, 2006;
- (m) **"Claims Procedure"** means the procedure for the filing and determination of Affected Claims as set out in this Order and the schedules substantially in the form attached to this Order, as such procedures and schedules may be amended from time to time;
- (n) **"Class"** means the class of Affected Creditors as set out in the Plan;
- (o) **"Commencement Date"** means October 17, 2006, being the date that the Initial Order was issued by the Court pursuant to the CCAA;
- (p) **"Contract"** means any contract, agreement, lease (including any lease of personal, real, movable or immovable property), permit, license, or arrangement;
- (q) **"Court"** means the Ontario Superior Court of Justice (Commercial List);
- (r) **"Creditor"** means any Person having a Claim and may, where the context requires, include the assignee of a Claim or a trustee, interim receiver, receiver, receiver and manager, liquidator or other Person acting on behalf of such Person;
- (s) **"Creditor Meeting"** means the meeting of Affected Creditors called for the purpose of considering and approving the Plan pursuant to this Order, and includes any adjournment of such meeting;
- (t) **"Disputed Claim"** of a Creditor means the amount of the Claim of such Creditor which has not been finally determined as a Proven Claim at or before the Creditor Meeting in accordance with the Claims Procedure or by the time distributions take place in accordance with this Plan, but that has not been extinguished or barred pursuant to the Claims Procedure;
- (u) **"Initial Order"** means the Order made by the Court pursuant to the CCAA on October 17, 2006 in respect of Cantar, as amended, confirmed, extended or varied from time to time;
- (v) **"Instruction Letter"** means the instruction letter to Affected Creditors pertaining to proving Affected Claims, substantially in the form attached hereto as Schedule "6";

- (w) **"Intercompany Claim"** means any Claim of an Affiliate of Cantar, including, without limitation, any and all Claims of Polyair Inter Pack Inc. and Cantar Polyair Canada Limited;
- (x) **"Known Affected Creditor"** means an Affected Creditor whose Affected Claim is identified in Cantar's books and records on the Commencement Date;
- (y) **"Lasalle"** means Lasalle Business Credit, a division of ABN Amro N.V., Canada Branch;
- (z) **"Monitor"** means A. Farber & Partners Inc., in its capacity as monitor of Cantar as appointed under the Initial Order, and any successor thereto appointed by any further order;
- (aa) **"Notice of Claim"** means a notice substantially in the form attached as Schedule "5" hereto, to be sent by the Monitor to each Known Affected Creditor setting out the Affected Claim of each such Known Affected Creditor according to the books and records of Cantar;
- (bb) **"Notice to Creditors"** means the notice for publication substantially in the form attached hereto as Schedule "1";
- (cc) **"Notice of Dispute"** means a notice substantially in the form attached as Schedule "4" hereto, which may be delivered to the Monitor by an Affected Creditor disputing a Notice of Claim with reasons for its dispute;
- (dd) **"Notice of Meeting"** means the notice of meeting substantially in the form attached as Schedule "8";
- (ee) **"Notice of Revision or Disallowance"** means a notice of revision or disallowance substantially in the form attached as Schedule "3" hereto, advising an Affected Creditor that Cantar has revised or disallowed all or part of its Affected Claim as set out in its Proof of Claim or Notice of Dispute;
- (ff) **"Person"** means any individual, firm, corporation, limited or unlimited liability company, general or limited partnership, association, trust, unincorporated organization, joint venture, government or any agency, officer or instrumentality thereof or any other entity, wherever situate or domiciled;
- (gg) **"Plan"** means this Plan of Compromise or Arrangement filed by Cantar under the CCAA, as such Plan may be amended, varied or supplemented by Cantar from time to time in accordance with the terms hereof and the Claims Procedure and Meeting Order;
- (hh) **"Proof of Claim"** means a proof of claim of an Affected Creditor (other than a Known Affected Creditor) substantially in the form attached as Schedule "2" hereto and delivered in accordance with the Claims Procedure;
- (ii) **"Proven Claim"** means an Affected Claim the amount of which has been finally determined in accordance with the Claims Procedure;

- (jj) **"Proxy"** means a proxy for an Affected Creditor in respect of a Creditor Meeting, substantially in the form attached as Schedule "F";
- (kk) **"Secured Claim"** means (i) Claims of Her Majesty the Queen in Right of Canada or of any Province or Territory or any other taxation authority for: (a) any statutory deemed trust amounts which are required to be deducted from employees' wages, including amounts in respect of employment insurance, Canada Pension Plan, Quebec Pension Plan and income taxes; and (b) goods and services or other applicable sales taxes accruing from and after the Commencement Date payable by Cantar or its customers in connection with the sale of goods and services by Cantar to such customers; and (ii) any Claim or portion thereof which is secured by a validly attached and existing security interest on the property of Cantar which was duly and properly perfected under the Personal Property Security Act (Ontario) at the Commencement Date, to the extent, and only to the extent, of the lesser of: (a) the amount of such Claim as agreed to by Cantar or as finally determined by a court of competent jurisdiction, and (b) the realizable value of the remaining property of Cantar subject to such security interest having regard to, among other things, the priority of such security;
- (ll) **"Unaffected Claim"** means only the following Claims and such other Claims as may be designated in this Plan (or any amendments thereto) as not being affected by this Plan and which are listed in the books and records of Cantar or of which Cantar and the Monitor have received actual notice on or prior to the Claims Bar Date:
  - (i) claims for amounts due for goods or services actually supplied to Cantar after the Commencement Date;
  - (ii) Secured Claims (but for greater certainty, excluding any Claim or portion thereof of a Creditor in respect of which the Creditor holds or claims to hold security but such Claim or portion thereof does not constitute a Secured Claim as defined herein);
  - (iii) Claims of the Monitor and its counsel, and Claims of Cantar's counsel and financial advisors;
  - (iv) Claims of Lasalle; and
  - (v) Intercompany Claims.
- (mm) **"Unaffected Creditor"** means any Creditor with an Unaffected Claim, but only in respect of and to the extent of such Unaffected Claim; and
- (nn) **"Website"** means the website at <http://www.afarber.com/corporate/cases.html#cantar> maintained by the Monitor in respect of these proceedings.



## **SCHEDULE "1"**

### **CANTAR POOL PRODUCTS LIMITED/PRODUITS DE PISCINES CANTAR LIMITÉE**

#### **NOTICE TO CREDITORS**

On October 17, 2006, Cantar Pool Products Limited ("Cantar") filed for and obtained protection from its creditors under the *Companies' Creditors Arrangement Act* (the "CCAA") pursuant to a court order dated October 17, 2006. A. Farber & Partners Inc. was appointed by the court as Monitor in the CCAA proceedings (the "Monitor").

On November 16, 2006, Cantar was granted an Order (the "Claims Procedure and Meeting Order") that establishes a process for Creditors to prove Claims against Cantar and authorized and directed Cantar to present a plan of compromise or arrangement (the "Plan") to Affected Creditors at a Creditor Meeting.

A copy of the Claims Procedure and Meeting Order can be found on the following website: <http://www.afarber.com/corporate/cases.html#cantar> or may be obtained by contacting the Monitor at the address below. Capitalized terms used in this notice are as defined in the Claims Procedure and Meeting Order unless otherwise noted.

#### **MEETING OF CREDITORS**

NOTICE IS HEREBY GIVEN that a meeting of Affected Creditors shall be held at 2:00 p.m. on January 12, 2007 at the Ramada Hotel and Conference Centre, 185 Yorkland Blvd., Toronto, Ontario for the purpose of considering and, if thought advisable, approving the Plan.

#### **CLAIMS PROCEDURE**

NOTICE IS HEREBY GIVEN that a procedure to determine the amount of Affected Claims under the Plan (the "Claims Procedure") was established by the Claims Procedure and Meeting Order. Please take notice that Unaffected Claims are not subject to the Claims Procedure.

A copy of the documents to be used in connection with the Claims Procedure can be found on the Website or may be obtained by contacting the Monitor.

THE CLAIMS BAR DATE for proving Affected Claims is 5:00 p.m. (Toronto time) on December 21, 2006. Any Affected Creditor (other than Known Affected Creditors) must file a properly completed Proof of Claim with the Monitor on or before 5:00 p.m. Toronto time on the Claims Bar Date.

**AFFECTED CREDITORS (other than Known Affected Creditors) who do not file a Proof of Claim with the Monitor on or before 5:00 pm (Toronto time) on the Claims Bar Date will not be entitled to vote at the Creditor Meeting or obtain any distribution under the Plan, and their Affected Claims, if any, will be forever extinguished and barred.**

KNOWN AFFECTED CREDITORS who have received a Notice of Claim from the Monitor are not required to file a Proof of Claim.

**SANCTION HEARING**

NOTICE IS HEREBY GIVEN that if the Plan is approved by the required majorities of Affected Creditors at the Creditor Meeting pursuant to the CCAA, Cantar will seek court approval of the Plan at a motion for the Sanction Order, which motion shall be returnable at 330 University Avenue, Toronto, Ontario at 10:00 a.m. on January 18, 2007, or as soon after that date as the matter can be heard.

**Any person (other than Cantar and the Monitor) who wishes to receive motion materials and appear at the Sanction Hearing must serve upon the solicitors for Cantar and the Monitor, and file with the Court, a Notice of Appearance by no later than 5:00 p.m. (Toronto time) on January 12, 2007.**

Any additional information required may be obtained from the Monitor at the address below:

**A. Farber & Partners Inc.**

150 York Street, Suite 1600  
Toronto, ON M5H 3S5

**Attention: Paul Denton**

**Telephone: (416) 496-3773**

**Fax: (416) 496-3839**

**E-mail: pdenton@afarber.com**

**SCHEDULE "2"**

Court File No. 06-CL-6690

**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 CANTAR POOL PRODUCTS  
LIMITED/PRODUITS DE PISCINES CANTAR LIMITÉE

Applicant

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**PROOF OF CLAIM**

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Please read the accompanying Instruction Letter carefully for completing this Proof of Claim form. Defined terms not defined within this Proof of Claim form shall have the meaning ascribed thereto in the Claims Procedure and Meeting Order dated November 16, 2006.

**A. PARTICULARS OF CREDITOR:**

- (1) Full Legal Name of Creditor: \_\_\_\_\_
- (2) Full Mailing Address of Creditor: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
- (3) Telephone Number of Creditor: \_\_\_\_\_
- (4) Facsimile Number of Creditor: \_\_\_\_\_
- (5) E-mail Address of Creditor: \_\_\_\_\_
- (6) Attention (Contact Person): \_\_\_\_\_

**B. PARTICULARS OF ORIGINAL CREDITOR FROM WHOM YOU ACQUIRED CLAIM, IF APPLICABLE:**

(1) Have you acquired this Claim by assignment? Yes ☐ No ☐

(a) (if yes, attach documents evidencing assignment)

(2) Full Legal Name of original creditor(s): \_\_\_\_\_

**C. CLAIM:**

I, \_\_\_\_\_, [name of Creditor or authorized representative of the Creditor], do hereby certify:

(a) that I am a Creditor of/hold the position of \_\_\_\_\_ of the Creditor and have knowledge of all the circumstances connected with the Claim described herein;

(b) the Creditor makes the following Claim against Cantar Pool Products Limited/Produits de Piscines Cantar Limitée ("Cantar").

Claims in foreign currency are to be converted to Canadian dollars at the Bank of Canada spot rate of exchange for exchanging such currency to Canadian dollars on October 17, 2006. The rate of exchange for converting U.S. Dollars to Canadian Dollars on that date was CAD\$1.1380 to US\$1.00.

**D. PARTICULARS OF CLAIM:**

The particulars of the undersigned's total Claim are attached.

*(Provide full particulars of the Claim and supporting documentation, including amount, description of transaction(s) or agreement(s) giving rise to the Claim, name of any guarantor(s) which has guaranteed the Claim, and amount of Claim allocated thereto, date and number of all invoices, particulars of all credits, discounts, etc. claimed, description of the security, if any, granted by Cantar to Creditor or title retention arrangements with Cantar and estimated value of such security or title retention arrangement).*

**THIS PROOF OF CLAIM MUST BE RETURNED TO AND RECEIVED BY THE MONITOR AT OR BEFORE 5:00 P.M. (TORONTO TIME) ON THE CLAIMS BAR DATE OF DECEMBER 21, 2006 AT THE FOLLOWING ADDRESS:**

**A. Farber & Partners Inc.**  
(In its capacity as Monitor of  
Cantar Pool Products Limited)  
150 York Street, Suite 1600  
Toronto, ON M5H 3S5

**Attention: Paul Denton**  
**Telephone: (416) 496-3773**  
**Fax: (416) 496-3839**

E-mail: pdenton@afarber.com

Dated at \_\_\_\_\_ this \_\_\_\_ day of \_\_\_\_\_, 2006.

Per: \_\_\_\_\_

**SCHEDULE "3"**

Court File No. 06-CL-6690

**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 CANTAR POOL PRODUCTS  
LIMITED/PRODUITS DE PISCINES CANTAR LIMITÉE

Applicant

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**NOTICE OF REVISION OR DISALLOWANCE  
FOR VOTING AND DISTRIBUTION PURPOSES**

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Please read the accompanying Instruction Letter carefully. Defined terms not defined within this Notice of Revision or Disallowance form shall have the meaning ascribed thereto in the Claims Procedure and Meeting Order dated November 16, 2006.

TO: [insert name and address of creditor]

Cantar Pool Products Limited/Produits de Piscines Cantar Limitée ("Cantar") has reviewed your Notice of Dispute/Proof of Claim dated \_\_\_\_\_, 2006, and have revised or rejected your Claim for the following reasons:

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Subject to further dispute by you in accordance with the provisions of the Claims Procedure, your Claim will be allowed as follows:

Claim per Proof of Claim/Notice of Dispute	Allowed as Revised

Claims in foreign currency are to be converted to Canadian dollars at the Bank of Canada spot rate of exchange for exchanging such currency to Canadian dollars on October 17, 2006. The rate of exchange for converting U.S. Dollars to Canadian Dollars on that date was CAD\$1.1380 to US\$1.00.

If you disagree with this revised amount of your Claim and intend to dispute this Notice of Revision or Disallowance, you must so advise Cantar and the Monitor in writing with a detailed summary of the reasons for such dispute by no later than 5:00 p.m. on January 10, 2007 and you must bring a motion to have the amount of such Claim determined by the Ontario Superior Court of Justice (Commercial List) (the "Court") in Court File No. 06-CL-6690 by serving on Cantar and the Monitor and filing with the Court a motion record in respect of your Affected Creditor's motion by January 15, 2007.

DATED at Toronto, this \_\_\_\_ day of \_\_\_\_\_, 2006.

**A. Farber & Partners Inc.**  
(In its capacity as Monitor of  
Cantar Pool Products Limited)  
150 York Street, Suite 1600  
Toronto, ON M5H 3S5

**Attention:** Paul Denton  
**Telephone:** (416) 496-3773  
**Fax:** (416) 496-3839  
**E-mail:** pdenton@afarber.com

**SCHEDULE "4"**

Court File No. 06-CL-6690

**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 CANTAR POOL PRODUCTS  
LIMITED/PRODUITS DE PISCINES CANTAR LIMITÉE

Applicant

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**NOTICE OF DISPUTE**

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Please read the accompanying Instruction Letter carefully. Defined terms not defined within this Notice of Dispute form shall have the meaning ascribed thereto in the Claims Procedure and Meeting Order dated November 16, 2006.

**A. PARTICULARS OF CREDITOR:**

- (1) Full Legal Name of Creditor: \_\_\_\_\_
- (2) Full Mailing Address of Creditor: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
- (3) Telephone Number of Creditor: \_\_\_\_\_
- (4) Facsimile Number of Creditor: \_\_\_\_\_
- (5) E-mail Address of Creditor: \_\_\_\_\_
- (6) Attention (Contact Person): \_\_\_\_\_



**B. DISPUTE OF NOTICE OF KNOWN AFFECTED CREDITOR'S CLAIM:**

Claims in foreign currency are to be converted to Canadian dollars at the Bank of Canada spot rate of exchange for exchanging such currency to Canadian dollars on October 17, 2006. The rate of exchange for converting U.S. Dollars to Canadian Dollars on that date was CAD\$1.1380 to US\$1.00.

We hereby disagree with the value of our Claim against Cantar Pool Products Limited/Produits de Piscines Cantar Limitée ("Cantar") as set out in the Notice of Claim dated \_\_\_\_\_, 2006, as set out below:

Claim per Notice of Claim	Claim per Creditor

**C. REASONS FOR DISPUTE:**

*(Provide full particulars of the Claim and supporting documentation, including amount, description of transaction(s) or agreement(s) giving rise to the Claim, name of any guarantor(s) which has guaranteed the Claim, and amount of Claim allocated thereto, date and number of all invoices, particulars of all credits, discounts, etc. claimed description of the security, if any, granted by Cantar to Creditor or title retention arrangements with Cantar and estimated value of such security or title retention arrangement.)*

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**THIS NOTICE OF DISPUTE MUST BE RETURNED TO AND RECEIVED BY THE MONITOR BY NO LATER THAN 5:00 P.M. (TORONTO TIME) ON JANUARY 10, 2007, AT THE ADDRESS SET OUT BELOW OR BY FACSIMILE TO THE FAX NUMBER SET OUT BELOW:**

**A. Farber & Partners Inc.**  
(In its capacity as Monitor of  
Cantar Pool Products Limited)  
150 York Street, Suite 1600  
Toronto, ON M5H 3S5

**Attention: Paul Denton**

**Telephone:** (416) 496-3773  
**Fax:** (416) 496-3839  
**E-mail:** pdenton@afarber.com

Dated at \_\_\_\_\_ this \_\_\_\_ day of \_\_\_\_\_, 2006.

Per: \_\_\_\_\_

**SCHEDULE "5"**

Court File No. 06-CL-6690

**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 CANTAR POOL PRODUCTS  
LIMITED/PRODUITS DE PISCINES CANTAR LIMITÉE

Applicant

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**NOTICE OF CLAIM**

---

Please read the accompanying Instruction Letter carefully. Defined terms not defined within this Notice of Claim form shall have the meaning ascribed thereto in the Claims Procedure and Meeting Order dated November 16, 2006.

TO: [insert name and address of creditor]

The records of Cantar Pool Products Limited/Produits de Piscines Cantar Limitée ("Cantar") show that you have a Claim in aggregate amount set out below.

Subject to any dispute by you in accordance with the provisions of the Claims Procedure, your Claim will be allowed as follows:

Claim per Cantar's Records	

Claims in foreign currency are to be converted to Canadian dollars at the Bank of Canada spot rate of exchange for exchanging such currency to Canadian dollars on October 17, 2006. The rate of exchange for converting U.S. Dollars to Canadian Dollars on that date was CAD\$1.1380 to US\$1.00.

**IF YOU INTEND TO DISPUTE THIS NOTICE OF CLAIM, YOU MUST, NO LATER THAN 5:00 P.M. (TORONTO TIME) ON DECEMBER 21, 2006, DELIVER TO THE MONITOR A NOTICE OF DISPUTE IN ACCORDANCE WITH THE CLAIMS PROCEDURE AT THE ADDRESS SET OUT BELOW.**

If you do not deliver a Notice of Dispute, the value of your Claim shall be deemed to be as set out in this Notice of Claim.

DATED at Toronto, this \_\_\_\_ day of \_\_\_\_, 2006.

**A. Farber & Partners Inc.**

(In its capacity as Monitor of  
Cantar Pool Products Limited)

150 York Street, Suite 1600  
Toronto, ON M5H 3S5

**Attention: Paul Denton**

**Telephone: (416) 496-3773**

**Fax: (416) 496-3839**

**E-mail: pdenton@afarber.com**

## **SCHEDULE "6"**

### **INSTRUCTION LETTER – CLAIMS PROCEDURE FOR VOTING AND DISTRIBUTION PURPOSES**

On October 17, 2006, Cantar Pool Products Limited ("Cantar") filed for and obtained protection from its Creditors under the *Companies' Creditors Arrangement Act* (the "CCAA"). Pursuant to a Court Order dated October 17, 2006, A. Farber & Partners Inc. was appointed by the Court as Monitor in the CCAA proceedings (the "Monitor").

Under an Order dated November 16, 2006 (the "Claims Procedure and Meeting Order"), the court has established a claims procedure (the "Claims Procedure") to determine the value of Creditors' Affected Claims against Cantar for the purposes of voting on a plan of compromise or arrangement (the "Plan") and receiving distributions under the Plan. A copy of the Plan and Claims Procedure and Meeting Order are included with this package.

#### **A. – Claims Procedure**

The Claims Procedure establishes a process to determine the value of your Affected Claims (as defined in the Claims Procedure and Meeting Order), if any, against Cantar.

All notices and enquiries with respect to this Claims Procedure should be addressed to:

**A. Farber & Partners Inc.**  
(In its capacity as Monitor of  
Cantar Pool Products Limited)  
150 York Street, Suite 1600  
Toronto, ON M5H 3S5

**Attention:** Paul Denton  
**Telephone:** (416) 496-3773  
**Fax:** (416) 496-3839  
**E-mail:** pdenton@afarber.com

#### **A. – Instructions for Known Affected Creditors**

##### **1. – Notice of Claim**

**If you have received a Notice of Claim, you do not need to file a Proof of Claim.** If you have not received a Notice of Claim, and you believe you are an Affected Creditor, please follow the instructions under Section C ("Instructions for Affected Creditors other than Known Affected Creditors") below.

##### **2. – Notice of Dispute**

If you have received a Notice of Claim and you disagree with the amount of your Affected Claim as set out therein, you are entitled to dispute the Notice of Claim by delivering a Notice of Dispute (in the form enclosed herewith) so that it is actually received by the Monitor by no later than 5:00 p.m. on December 21, 2006.

If you do not deliver a Notice of Dispute so that it is actually received by the Monitor by such date, the value of your Affected Claim will be deemed to be as set out in the Notice of Claim.

The Monitor will review your Notice of Dispute and will determine whether to accept, revise or disallow the amount of your Affected Claim as set out therein. The Monitor shall, no later than 5:00 p.m. on January 2, 2007, send a Notice of Revision or Disallowance to each Affected Creditor whose Affected Claim the Monitor and Cantar have determined to revise or disallow. If the Monitor does not send a Notice of Revision or Disallowance by such date to an Affected Creditor who has submitted a Notice of Dispute, Cantar shall be deemed to have accepted the Affected Claim of the Affected Creditor in the amount set out in the Notice of Dispute for all purposes.

If you disagree with the revised amount of your Affected Claim as set out in the Notice of Revision or Disallowance and intend to dispute such Notice of Revision or Disallowance, please follow the instructions under Section D ("Instructions for Disputing a Notice of Revision or Disallowance") below.

### **C. – Instructions for Affected Creditors Other than Known Affected Creditors**

#### **1. – Proof of Claim**

If you do not have any claims against Cantar, there is no need to file a Proof of Claim.

If you believe that you have an Affected Claim against Cantar, you should file a Proof of Claim (in the form enclosed herewith). The Proof of Claim must be delivered to, and received by the Monitor by the Claims Bar Date of 5:00 p.m. on December 21, 2006.

Failure to deliver a Proof of Claim so that it is received by the Monitor by the Claims Bar Date will disentitle you from voting and receiving distributions under the Plan, and your Affected Claims will be forever extinguished and barred.

#### **2. – Notice of Revision or Disallowance**

The Monitor will review your Proof of Claim and will determine whether to accept, revise or disallow the amount of your Affected Claim as set out therein. The Monitor shall, no later than 5:00 p.m. on January 2, 2007, send a Notice of Revision or Disallowance to each Affected Creditor whose Affected Claim the Monitor and Cantar have determined to revise or disallow. If the Monitor does not send a Notice of Revision or Disallowance by such date to an Affected Creditor who has submitted a Proof of Claim, Cantar shall be deemed to have accepted the Affected Claim of the Affected Creditor in the amount set out in the Proof of Claim for all purposes.

### **D. – Instructions for Disputing a Notice of Revision or Disallowance**

If you disagree with this revised amount of your Affected Claim and set out in the Notice of Revision or Disallowance and intend to dispute Notice of Revision or Disallowance, you must so advise Cantar and the Monitor in writing with a detailed summary of the reasons for such dispute, and by no later than 5:00 p.m. on January 15, 2007, bring a motion to have the amount of such Affected Claim determined by the Ontario Superior Court of Justice (Commercial List)

(the "Court") in Court File No. 06-CL-6690 by serving on Cantar and the Monitor and filing with the Court a motion record in respect of your Affected Creditor's motion by such date.

## SCHEDULE "7"

CANTAR POOL PRODUCTS LIMITED/PRODUITS DE PISCINES CANTAR LIMITÉE

### PROXY FOR USE BY AFFECTED CREDITORS

The undersigned Affected Creditor of Cantar hereby revokes all proxies previously given and nominates, constitutes and appoints \_\_\_\_\_ of A Farber & Partners Inc. (in its capacity as Monitor of Cantar), or such representative of the Monitor as \_\_\_\_\_ may designate or, failing either of them, \_\_\_\_\_ of \_\_\_\_\_ on behalf of the undersigned at the Creditor Meeting of Cantar which is to be held at 2:00 p.m. (Toronto time) on January 12, 2007 at the Ramada Hotel and Conference Centre, 185 Yorkland Blvd., Toronto, Ontario, and at any adjournment thereof, to the same extent and with the same powers as the undersigned would have if personally present thereat, to attend, vote, and act and the undersigned hereby grants authorization to vote as follows, namely:

1. Passing a resolution approving the form of plan of compromise or arrangement (the "Plan"), with or without variation, in the form distributed in the mailing to Affected Creditors on or about November 23, 2006.

☐ FOR ☐ AGAINST

2. At the nominee's discretion:

- (a) on any variations or amendments to any of the above matters (including any variation or amendment to the Plan) proposed at such Creditor Meeting or any adjournment thereof, including the authority to sign any written instruments relating thereto; and
- (b) on any other matters that may properly come before the Meeting or any adjournment thereof.

Please note that paragraph 2 of the proxy provides the nominee with discretionary authority, including the authority to sign any written instruments relating to the matters referred to above or any variations or amendments thereto. The nominee has the right to exercise such discretionary authority to authorize the matters referred to above which require approval by the Affected Creditor.



DATED this \_\_\_\_\_ day of \_\_\_\_\_, 2006.

NAME OF AFFECTED CREDITOR: \_\_\_\_\_

By: \_\_\_\_\_  
(Duly authorized Signatory)

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Telephone No.: \_\_\_\_\_

AGGREGATE VALUE OF CLAIM HELD: \_\_\_\_\_

*Return of Proxy*      Please return this proxy by facsimile, or by courier to the address set out below:

**A. Farber & Partners Inc.**  
(In its capacity as Monitor of  
Cantar Pool Products Limited)  
150 York Street, Suite 1600  
Toronto, ON M5H 3S5

**Attention:**    **Paul Denton**  
**Telephone:**   **(416) 496-3773**  
**Fax:**            **(416) 496-3839**  
**E-mail:**        **pdenton@afarber.com**

Notes:

- (i) This proxy is solicited by and on behalf of management of Cantar.
- (ii) Any Affected Creditor has the right to appoint a person (who need not be an Affected Creditor) other than the person designated in this proxy to attend and vote and act for and on behalf of such Affected Creditor at the Creditor Meeting and in order to do so the Affected Creditor may insert the name of such person in the blank space provided in the proxy or may use another appropriate form of proxy.
- (iii) Where an Affected Creditor fails to specify a choice with respect to a matter referred to in this proxy and a representative of the Monitor (being the person specified in this proxy) is appointed as proxy holder, the Affected Claim represented by such proxy will be voted FOR such matter.

- (iv) An Affected Creditor may delete or amend the discretionary authority granted in paragraph 2 of this proxy if such holder is not desirous of providing discretionary authority in that manner.
- (v) If the Affected Creditor is a corporation, the proxy must be executed by an officer or attorney thereof duly authorized with an indication of title of such officer or attorney and with the corporation's name appearing above the signature line. A person signing on behalf of an Affected Creditor must provide satisfactory proof of such person's authority with the proxy.
- (vi) If the proxy is not dated, it is deemed to be dated as of the date of receipt by the Monitor.
- (vii) Invalidity of proxies: This proxy will not be valid or acted upon or voted unless it is completed as specified herein. In order to be acted upon, a proxy must be sent by telecopier or by courier so that it is received by the Monitor at 150 York Street, Suite 1600, Toronto, Ontario; Attention: Paul Denton, Fax no. (416) 496-3839; e-mail at [pdenton@afarber.com](mailto:pdenton@afarber.com), by no later than 5:00 p.m. (Toronto time) on the Business Day immediately before the Meeting of the Creditors of Cantar or any adjournment thereof, or with the chair of the Meeting prior to the commencement thereof.

## **SCHEDULE "8"**

### **NOTICE OF MEETING OF CREDITORS OF CANTAR POOL PRODUCTS LIMITED/PRODUITS DE PISCINES CANTAR LIMITÉE**

NOTICE IS HEREBY GIVEN that a meeting (the "Creditor Meeting") of the Affected Creditors (as defined in the Order of the Ontario Superior Court of Justice dated October 17, 2006 (the "Claims Procedure and Meeting Order," a copy of which is included in this package) of Cantar Pool Products Limited/Produits de Piscines Cantar Limitée ("Cantar") will be held at 2:00 p.m. (Toronto time) on January 12, 2007 at the Ramada Hotel and Conference Centre, 185 Yorkland Blvd., Toronto, Ontario for the following purposes:

1. to consider and, if thought fit, to pass, with or without variation, a resolution to approve a plan of compromise or arrangement (the "Plan") proposed by Cantar under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c.C-36; and
2. to transact such other business as may properly come before the Creditors' Meeting or any adjournment thereof.

A full copy of the Plan is included in this package. A. Farber & Partners Inc. in its capacity as Monitor of Cantar (the "Monitor"), has summarized the Plan and commented on it in its Report to Creditors, a copy of which is included in this package.

The Plan is being considered pursuant to the Claims Procedure and Meeting Order, and the Plan must be approved at the motion for a Sanction Order (as also defined in the Claims Procedure and Meeting Order) to be held on January 18, 2007 or as soon as practicable thereafter.

Whether or not you expect to attend the Creditor Meeting, please complete, date and sign the enclosed form of proxy and return it by courier or facsimile transmission to the Monitor at the following address: 150 York Street, Suite 1600, Toronto, Ontario; Attention: Paul Denton, Fax no. (416) 496-3839; e-mail at [pdenton@afarber.com](mailto:pdenton@afarber.com), by no later than 5:00 p.m. (Toronto time) on the Business Day immediately before the Creditor Meeting or any adjournment thereof.

DATED at Toronto, Ontario, Canada this \_\_\_\_\_ day of \_\_\_\_\_, 2006.

IN THE MATTER OF AN APPLICATION UNDER 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 CANTAR POOL PRODUCTS  
LIMITED//PRODUITS DE PISCINES CANTAR LIMITÉE

Court File No. 06-CL-6690

*ONTARIO*  
SUPERIOR COURT OF JUSTICE  
(Commercial List)  
Proceedings commenced in Toronto

**CLAIMS PROCEDURE AND  
MEETING ORDER**

**McCarthy Tétrault LLP**  
Barristers and Solicitors  
Suite 4700, TD Bank Tower  
Toronto ON M5K 1E6

**Geoff R. Hall** LSUC #347010  
Tel: (416) 601-7856  
Fax: (416) 868-0673

**James D. Gage** LSUC #346761  
Tel: (416) 601-7539  
Fax: (416) 868-0673

Solicitors for the Applicant  
8707292 v.4

# Tab G

**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 CANTAR POOL PRODUCTS LIMITED / PRODUITS DE  
PISCINES CANTAR LIMITEE (the "Applicant" or "Cantar")**

**THIRD REPORT OF THE MONITOR**

**INTRODUCTION**

1. On October 17, 2006, the Applicant filed for and obtained protection from its creditors under the *Companies' Creditors Arrangement Act*, R.S.C. 1985 c. C-36, as amended (the "CCAA") pursuant to an order of this Honourable Court dated October 17, 2006 (the "Initial Order").
2. Pursuant to the Initial Order, A. Farber & Partners Inc. was appointed monitor of the Applicant during its CCAA proceedings (the "Monitor").
3. Coincident with the granting of the Initial Order on October 17, 2006, First and Second Approval and Vesting Orders were granted by this Honourable Court, in connection with the sale of Cantar's assets relating to the Cantar Pool Equipment division and residual assets of the Above Ground Pool division not sold by the Applicant as part of an earlier transaction in August 2006. The First Approval and Vesting Order relates to the sale of assets to 662671 Canada Inc. while the Second Approval and Vesting Order relates to sale of assets to Northern Light Recreation Co, which entity had previously purchased the majority of the Above Ground Pool assets in a transaction in August 2006.
4. On October 19, 2006, this Honourable Court authorized and approved among other matters, the sale of the property (Property Sale") known municipally as 330 Humberline Drive, Toronto, Ontario (the "Property") to Strathallen Acquisitions Inc. ("Strathallen"), and vesting the right, title and interest of the Property in and to Strathallen (the "Property Sale Approval and Vesting Order"), and the payment of the proceeds of the Property Sale to LaSalle Business Credit LLC ("LaSalle").

5. The purpose of this third report of the Monitor (the "Third Report") is to provide this Honourable Court with a report on the following:
- An update on the status of the Applicant and its advisors' continuing efforts to effect an orderly wind down of the Cantar business and realize on remaining property, assets and undertakings, to provide a prospect of a recovery to unsecured creditors, including the recently approved sale of Cantar's Pool Equipment Division assets and the Property Sale;
  - The actual cash flow of the Applicant for the weeks ending October 14, 2006 to November 4, 2006, combined with an analysis of the variances and progress towards paying down the LaSalle Minimum Amount (as hereinafter defined) in the approximate amount of US \$8.6 million, and;
  - The Applicant's updated cash flow forecast for the weeks ending November 11, 2006 to January 20, 2007.
  - The Applicant's motion seeking the approval of a claims procedure as set out in the draft Claims Procedure and Meeting Order (the "Claims Procedure and Meeting Order");
  - A Court Order directing the Sheriff, City of Toronto, to return all property of Cantar in the Sheriff's possession, including certain funds previously garnished from Cantar; and
  - The Applicant's request for an extension to the Stay Period.

#### **TERMS OF REFERENCE**

6. In preparing this Third Report, the Monitor has relied upon unaudited, internally prepared financial information, Applicant's records and discussions with management of the Applicant. The Monitor has not performed an audit, review or other verification of such information. An examination of the financial forecast as outlined in the Canadian Institute of Chartered Accountants ("CICA") Handbook has not been performed. Future oriented financial information relied upon in this report is based on Cantar management's assumptions regarding future events and actual results achieved will vary from this information and the variations may be material.

Unless otherwise stated, dollars referenced in these materials are in Canadian funds.

#### **BACKGROUND**

7. Background to these CCAA proceedings, including the Initial Order and subsequent orders issued by this Honourable Court, supporting materials and reports by the Monitor, have been posted by the Monitor on its web site at [www.afarber.com](http://www.afarber.com).

## **CANTAR ORDERLY WIND-DOWN AND REALIZATION PROCESS**

8. Since granting the Initial Order, three separate transactions representing a key part of the realization program to pay down the LaSalle Minimum Amount (in the approximate amount of US \$8.6 million as described below), and in turn provide prospects for a recovery to Cantar's unsecured creditors, have been approved and closed.
9. Pursuant to the First Approval and Vesting Order dated October 17, 2006, Cantar's sale of its Pool Equipment Assets as defined in an Asset Purchase Agreement dated September 28, 2006 among Cantar and 6626271 Canada Inc. and Competition Pool Accessories, Inc. and Pioneer Family Pools (Hamilton) Inc. (hereinafter called "662 Sale"), was approved.
10. On October 18, 2006, the 662 Sale closed and pursuant to the First Approval and Vesting Order, the purchase price and deposit totaling \$2.173 million, were applied against Cantar's indebtedness to LaSalle. This translated to a pay-down of the LaSalle Minimum Amount of \$US 1.957 million.
11. Pursuant to the Second Approval and Vesting Order dated October 17, 2006 the sale of the residual equipment in the Above Ground Pool division to Northern Light Recreation ("Northern") was approved (hereinafter called the "Northern Sale"). The Northern Sale related to Cantar equipment located on the premises of CFM Corp., which was not conveyed to Northern under the terms of an August 16, 2006 asset purchase agreement, because Cantar was not in possession of the equipment at that time. The Northern Sale was closed on October 18, 2006 for net proceeds of US\$ 58,000. Similar to the 662 Sale, these proceeds were applied to the LaSalle Minimum Amount. Cantar and its advisors were also able to negotiate the release of off-site tooling and molds from Cantar vendors to Northern, for additional proceeds of US\$ 174,000. These proceeds were received in the weekending October 28, 2006.
12. Pursuant to the Property Sale Approval and Vesting Order issued on October 19, 2006, Cantar's right title and interest in and to the Property, was vested in Strathallen subject to payment of the purchase price. On October 24, 2006, the Property Sale transaction closed and the net purchase price was paid to LaSalle and Hawklane Developments Inc. in accordance with the Property Sale Approval and Vesting Order. Net proceeds applied to the LaSalle Minimum Amount were US \$5.637 million.



13. The Property Sale transaction and net proceeds are summarized below:

	(In Cdn \$000's)
Sales Proceeds net of real estate commission	9,442
Less Vender Take Back mortgage	(1,600)
Less Hawklane Developments Inc. – Put/Call option payment	(1,500)
Plus interest on deposit of \$500,000	2
Net proceeds	<u>\$ 6,344</u>
Net proceeds applied to LaSalle Minimum Amount Canadian to US\$ 000's	<u>US\$ 5,637</u>

14. As previously reported in these proceedings, the tenant of the Property is Polyair Canada Limited (the "Tenant") which operates a packaging business at that location. The Tenant is an indirect wholly owned subsidiary of Polyair Inter Pack Inc. ("Polyair"), which is also Cantar's ultimate parent company. However, the Tenant has no ongoing operational relationship to Cantar.

15. As part of the Property Sale, and to enable the transaction to move forward, Cantar agreed to take back a promissory note secured by a second mortgage charging the property ("VTB"). The VTB is for \$ 1.6 million, with a five-year term, bearing a 6.5% interest rate, with interest to be paid on maturity. Strathallen has a right to set off amounts owing to it by the Tenant, in the event the Tenant is in default under the lease.

16. The VTB note is important to the prospect of a payout to Cantar's unsecured creditors, given the LaSalle Minimum Amount is close to being satisfied.

#### **ACCOUNTS RECEIVABLE**

17. The Applicant has trade accounts receivable of approximately \$1.5 million dollars. Ultimate realizations are expected to be less than book value, for the following reasons:

- Some customers are refusing to pay their account balances due to their concerns surrounding future warranty coverage. As per their purchase agreements, Northern and Competition agreed to honour their respective warranty claims. The purchasing companies are now working closely with Cantar to alleviate these concerns, which should ultimately speed up the collection process.
- Some customers are requesting account reconciliations before remitting payment. Cantar and its advisors are working diligently with these customers to satisfy their own internal requirements; however, this process can be time consuming.

- There are customers who ultimately are refusing to pay their balances. In these instances, Cantar may be forced to initiate legal proceedings and/or report these companies to Export Development Corporation, who has insured some of the foreign receivables.

## **OTHER REALIZATIONS**

18. The other meaningful asset which might be available for realization (other than the trade receivables and the above profiled VTB), is the Applicant's inter-company receivable owing to it by a related company, relating to sale of inventory to that company. Ultimate realizations will be a function of that particular company's net cash flows and negotiations with the Applicant's secured creditors, including LaSalle as the senior secured lender. LaSalle has first-ranking security on its assets for its total debt position, which is close to US\$ 20 million. As previously reported, but for the agreement and accommodation reached with LaSalle and the LaSalle group of lenders, there would be no prospect of any payout to the Cantar creditors. Other cash receipts are anticipated from sub-tenant recoveries on rent and operating expenses, sale of remaining inventory, and refunds of deposits.

## **FINANCIAL PERFORMANCE SINCE THE DATE OF THE INITIAL ORDER**

19. Attached as Appendix A to this Third Report is a summary of the Applicant's actual receipts and disbursements for the weeks ending October 14 to November 4, 2006 (the "Reporting Period") combined with an analysis of the variances from the cash flow forecast submitted on October 17, 2006 (the "October 17 Forecast") to this Honourable Court. Detailed explanations for the variances are provided in Appendix A with the key items summarized below.
20. Receipts for the Reporting Period totaled approximately US\$8,482,000, which were below the October 17 Forecast by US\$107,000. The variance is primarily attributed to lower than anticipated proceeds on the Property Sale of US\$363,000, net of favourable results when compared to forecast on the sale of the Pool and Equipment divisions assets and collections of accounts receivable. The forecast proceeds on the sale of Accessory division inventory of \$50,000 have also not been received, as the sale has not yet occurred. It is anticipated to be completed at a future date within the Forecast Period.
21. Disbursements for the Reporting Period totaled approximately US\$1,201,000, less than the October 17, 2006 Forecast by approximately US\$341,000. The variance was primarily due to payments being less than forecast for critical payments, overhead, payroll and severance, and professional fees.

## LASALLE MINIMUM AMOUNT

22. Pursuant to paragraph 10 of the Initial Order, the Applicant was authorized and directed to pay over to LaSalle or to such party as LaSalle may direct in writing, any and all proceeds until the amount necessary to satisfy certain indebtedness, liabilities and obligations owing to LaSalle and the LaSalle group of lenders in the approximate amount of US\$8.6 million (the "LaSalle Minimum Amount"), save and except for such expenditures approved in advance in writing by LaSalle. Further, the agreement between the LaSalle group of lenders and Polyair / Cantar provided for the Pool Equipment proceeds and the Property Sale proceeds to be paid directly to LaSalle on closing. As part of the restructuring, the Applicant's agreement with LaSalle also provided for the LaSalle Minimum Amount to be paid down to US\$500,000 by November 3, 2006; to US\$250,000 by November 10, 2006; and to be completely paid down by November 17, 2006.

23. Set out below is a table summarizing the pay-down of the LaSalle Minimum Amount to November 3, 2006.

		(in US\$ 000's)
LaSalle loan obligation effective October 17, 2006		8,270
(Reduced) increased by -		
Proceeds from Property Sale	(5,637)	
Proceeds from sale of Equipment division	(1,957)	
Proceeds from sale of Pool division	<u>(58)</u>	(7,652)
Release on Letter of Credit		(193)
Collection of receivables, net of disbursements		(143)
LaSalle loan obligation, November 3, 2006		<u>\$ 282</u>

## CASH FLOW FORECAST THROUGH TO JANUARY 20, 2007

24. A copy of the cash flow forecast (the "Forecast") for the forecast period November 6 to January 20, 2007 (the "Forecast Period") is attached as Appendix B. The Forecast and its supporting assumptions were prepared by Cantar management with the assistance of Prowis Inc. ("Prowis"). Management, and Prowis have prepared the Forecast based on the most current information available.

25. As summarized in the Forecast, for the Forecast Period the Applicant is projecting:

- a) Cash receipts of approximately US\$ 1,260,000;

- b) Cash disbursements of US \$1,475,000 million; and
- c) A net decrease in cash of US \$215,000.

26. Overall a key variable in the Forecast will be the pace and level of accounts receivable collections. The Forecast does not include any provision for realizations from the VTB, nor funds garnished by the Sheriff, City of Toronto as further profiled below.

## **CLAIMS PROCEDURE AND MEETING ORDER**

27. Our review of Cantar's accounts payable records to date indicates there are about 300 creditors, owed approximating \$9 million in total. Not included in the creditor listing is Cantar Polyair Canada Limited and affiliated inter-company payables ("Inter-Company Payables"), which approximate US\$ 15 million. As reported in the Initial Application materials of these CCAA proceedings, significant trade debt was run up by Cantar Polyair Canada Limited to support the Cantar operation. It is however confirmed that the Inter-Company Payables will not participate in the proposed Claims Process.
28. Included in the motion materials to be filed with this report, will be a draft Claims Procedure and Meeting Order and attachments, which Cantar is seeking to have approved by this Honourable Court. The draft order among other matters authorizes and directs the filing of a CCAA Plan of Compromise or Arrangement ("Plan"), establishes a claims process including a claims bar date, as well as a process to call, hold and conduct a meeting of creditors affected to approve the Plan and Court approval thereafter.
29. The overall timetable currently contemplated by the draft Claims Procedure and Meeting Order and related motion materials provide for: the filing of a Plan by no later than November 23, 2006; a Claims Bar Date of December 21, 2006; the convening of a Creditors Meeting to vote on the Plan on January 12, 2007; and a Court sanctioning hearing on or prior to January 18, 2007 or as soon after that date that the matter can be heard.
30. The draft Claims Procedure and Meeting Order can be summarized as follows:
- Creditors with a claim existing at October 17, 2006 who are provided a Notice of Claim by the Monitor ("Known Affected Creditors"), are not required to submit a proof of claim. Where parties disagree, there is a Notice of Dispute process. Where Persons become aware of the proceedings, and assert a claim, they will be required to file a Proof of Claim. Those claims in foreign currencies will be converted at the exchange rate as reported by the Bank of Canada on October 17, 2006. The Canadian / US exchange rate on the date was 1.1380 Canadian dollars to 1 US dollar.

- On or before 5:00 p.m. on November 20, 2006, Cantar shall provide a list of Known Affected Creditors to the Monitor setting out: (i) the amount owed to each Known Affected Creditor and (ii) the last known address of such Known Affected Creditor. Promptly after receiving the list of Known Affected Creditors from Cantar, the Monitor shall send the Claims and Meeting Materials to each Known Affected Creditor to the address for it set out on the list.
- On two consecutive days prior to November 30, 2006, 2006, Cantar shall cause the Notice to Creditors to be published in the *National Post*, while the Monitor shall post a copy of the Claims and Meeting Materials to its website as soon as practicable after the making of this Order, and shall send the Claims and Meeting Materials to each Person who prior to the Claims Bar Date makes a written request for them, within three Business Days of receipt of such request.
- The Claims Bar Date for filing of Proofs of Claim and Notices of Dispute is at 5:00 p.m. on December 21, 2006.
- By no later than 5:00 p.m. on January 2, 2007, the Monitor shall send a Notice of Revision or Disallowance to each Affected Creditor whose Affected Claim the Monitor and Cantar have determined to revise or disallow.
- Any Affected Creditor who wants to dispute the amount of its Affected Claim as set out in a Notice of Revision or Disallowance shall, by no later than 5:00 p.m. on January 10, 2007, advise Cantar and the Monitor in writing with a detailed summary of the reasons for such dispute, and by no later than 5:00 p.m. on January 15, 2007, bring a motion to have the amount of such Affected Claim determined by the Court (by serving on Cantar and the Monitor and filing with the Court a motion record in respect of such Affected Creditor's motion by such date.)
- Cantar and the Monitor are authorized to use reasonable discretion as to adequacy of compliance with respect to the manner in which Proofs of Claim, Notices of Claim, Notices of Revision or Disallowance and Notices of Dispute are completed and executed, and may waive strict compliance with the requirements of the Claims Procedure and Meeting.
- That a creditors' meeting of Affected Creditors is convened on January 12, 2006 and that a Court Sanction hearing is convened on or prior to January 18, 2006 to approve the Plan, or as soon after that date as the matter can be heard.
- In addition, adequate provision is made in the order as drafted to deal with voting of Disputed Claims.

Overall, given the timetable, the Monitor believes the Claims Procedure and Meeting Order timetable and terms are reasonable in the circumstances.

## **OTHER MATTERS**

31. Pursuant to paragraph 38 of the Initial Order, the Monitor worked with the Applicant to provide a notice and a copy of the Initial Order on October 26, 2006 to all of the creditors that appear on the Applicant's books and records with a balance over \$1,000, effective October 17, 2006.
32. On October 10 and 13, 2006 prior to the commencement of these CCAA proceedings, Cantar received two notices from the Sheriff regarding a proposed scheme of distribution to Cantar's execution creditors in respect of monies received by the Sheriff in connection with garnishment proceedings initiated against Cantar on August 31, 2006. The proposed schemes of distribution by the Sheriff in respect of the funds being held in the total amount of \$132,786.99 which comprises two amounts as follows: \$96,438.78 and \$36,348.21 (the "Garnished Funds"), are attached hereto as Appendix C.
33. By letter dated October 18<sup>th</sup>, 2006, and as profiled in the D'Souza Affidavit, Douglas Burns, a lawyer at Koskie Minsky LLP acting on behalf of Cantar, provided the Sheriff with a copy of the Initial Order and advised the Sheriff that it was subject to the stay of proceedings provided by the Initial Order. A copy of the letter is attached as Appendix D.
34. Also by letter dated October 19, 2006 Aird & Berlis LLP in its capacity as legal counsel for the Monitor notified the Sheriff of these CCAA proceedings and in particular sections 4 and 15 of the Initial Order as well as requesting that the monies be returned to Cantar. A copy of that letter is attached as Appendix E.
35. Attached, as Appendix F is a letter dated October 24, 2006 from Marc MacLean, Manager of Court Operations Case Management for the Ministry of the Attorney General, acknowledging receipt of Mr. Burns' letter of October 18, 2006 and confirming that the Sheriff would not take further action without further direction of the Court.
36. The Garnished Funds are Cantar's property and should be remitted to the Monitor. Subject to the charges created by the Initial Order and the use (if necessary) of the Garnished Funds to pay any claims secured thereby, the Garnished Funds should be dealt with in accordance with the Plan, so that all unsecured creditors can be treated similarly and no unsecured creditor obtains a preference or advantage over others with respect to the Garnished Funds.

**THE APPLICANT'S REQUEST FOR AN EXTENSION TO THE STAY PERIOD**

37. Pursuant to the Initial Order, the Stay Period as defined in the Initial Order expires at midnight on November 16, 2006. The Applicant is seeking an extension of the Stay Period until, and including January 18, 2007.

38. An extension to the Stay Period is necessary for the following reasons:

- a) To complete the Claims Procedure and Meeting Process as outlined above.
- b) To continue the realization program, the accounts receivable collection efforts and the close down of the business, in the most cost effective and expedient manner.
- c) To continue efforts to formulate and file a CCAA plan.

39. In the Monitor's view, the Applicant is acting in good faith and with due diligence during these CCAA proceedings. The Applicant and its advisors have made good progress since October 17, 2006 to substantially pay down the LaSalle Minimum Amount as well as worked diligently toward formulating and filing a Plan. The Monitor is of the view that the extension to the Stay Period is appropriate in the circumstances and therefore recommends that the Applicant's request for an extension of the Stay Period be granted to, and including January 18, 2007.

40. The Monitor also supports and recommends the Claims Procedure and Meeting Order as drafted be granted.

41. The Monitor also recommends that this Honourable Court issue an Order directing the Sheriff to return the Garnished Funds and any other amounts that it might hold or otherwise come to possess or receive from time to time, also be approved by this Honourable Court.

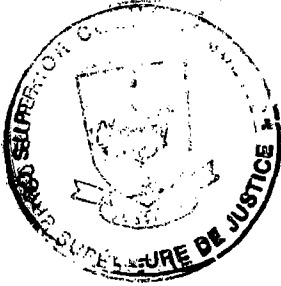
All of which is respectfully submitted this 10th day of November 2006.

**A. FARBER & PARTNERS INC.**  
In its capacity as the Court-  
Appointed Monitor of the  
Applicant

A. Farber & Partners Inc.

# Tab H





Court File No. 06-CL-6690

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

THE HONOURABLE ) THURSDAY, THE 16th DAY OF  
MR JUSTICE CL CAMPBELL ) NOVEMBER, 2006  
)  
)  
)

**IN THE MATTER OF AN APPLICATION UNDER 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 CANTAR POOL PRODUCTS LIMITED/  
PRODUITS DE PISCINES CANTAR LIMITÉE**

**Applicant**

**ORDER**

**THIS MOTION**, made by the Applicant for an order extending the Stay Period provided for in the order of the Honourable Mr. Justice Cumming dated October 17, 2006 (the "Initial Order") until January 18, 2007, was heard this day at 330 University Avenue, Toronto.

**ON READING** (i) the Notice of Motion, (ii) the Affidavit of Victor D'Souza sworn November 10, 2006, and (iii) the Third Report of the Monitor, A. Farber & Partners Inc., all filed; and on hearing the submissions of counsel for the Applicant, the Monitor and such other counsel as were present.

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion Record herein is hereby abridged so that the motion is properly returnable today and



IN THE MATTER OF AN APPLICATION UNDER 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 CANTAR POOL PRODUCTS  
LIMITED/PRODUITS DE PISCINES CANTAR LIMITÉE

Court File No. 06-CL-6690

*ONTARIO*  
SUPERIOR COURT OF JUSTICE  
Commercial List  
Proceedings commenced in Toronto

**ORDER**

McCarthy Tétrault LLP  
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James D. Gage LSUC #346761  
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Solicitors for the Applicant  
#8707577

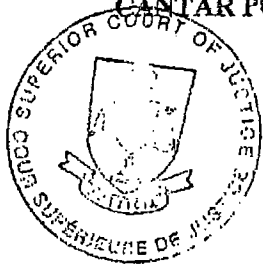
# Tab I

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

THE HONOURABLE	)	THURSDAY, THE 18 <sup>th</sup> DAY OF
	)	
MR. JUSTICE SPENCE	)	JANUARY, 2007
	)	
	)	

**IN THE MATTER OF AN APPLICATION UNDER 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  
CANTAR POOL PRODUCTS LIMITED / PRODUITS DE PISCINES CANTAR  
LIMITÉE**



**Applicant**

**SANCTION ORDER**

**THIS MOTION**, made by the Applicant for an order sanctioning the its plan of arrangement pursuant to the *Companies' Creditors Arrangement Act* (Canada) (the "CCAA") dated November 23, 2006, as amended (the "Plan"), a copy of which is attached hereto as Schedule "A", and for an order extending the Stay Period provided for in the order of the Honourable Mr. Justice Cumming dated October 17, 2006 (the "Initial Order") until the earlier of the Effective Date (as defined in the Plan) and February 15, 2007, was heard this day at 330 University Avenue, Toronto, Ontario.

**ON READING** (i) the Notice of Motion, (ii) the Affidavit of Victor D' Souza sworn January 15, 2007, (iii) the First Report, Third Report and Fourth Report of the Monitor, A. Farber & Partners Inc. and (iv) the Monitor's First Report to Creditors dated November 23, 2006,

all filed, and on hearing the submissions of counsel for the Applicant, the Monitor and such other counsel as were present.

#### **Definitions**

1. **THIS COURT ORDERS** that capitalized terms not otherwise defined in this Order shall have the meanings ascribed to them in the Plan.

#### **Service and Meeting**

2. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion Record herein is hereby abridged so that the motion is properly returnable today and further, that any requirement for service of the Notice of Motion and of the Motion Record upon any party not served is hereby dispensed with.

3. **THIS COURT ORDERS AND DECLARES** that there has been good and sufficient service and notice of both the Plan and the notice of meeting of Affected Creditors and that the meeting of Affected Creditors was duly called, held and conducted in accordance with the CCAA and the orders of this Honourable Court in these proceedings.

#### **Plan Sanction**

4. **THIS COURT ORDERS AND DECLARES** that:

- (a) the Plan has been approved by the requisite majorities of Affected Creditors of the Applicant in conformity with the CCAA;

- (b) the Applicant has complied with the provisions of the CCAA and the orders of this Honourable Court made in these proceedings in all respects;
- (c) this Honourable Court is satisfied that the Applicant has not done nor purported to do anything that is not authorized by the CCAA; and
- (d) the Plan and the transactions contemplated thereby are fair and reasonable.

5. **THIS COURT ORDERS** that the Plan (including, without limitation, the compromises, arrangements and releases set out therein) is hereby sanctioned and approved pursuant to section 6 of the CCAA and, on the Effective Date, shall be effective and shall enure to the benefit of and be binding upon the Applicant, the Affected Creditors and all other Persons.

#### **Plan Implementation**

6. **THIS COURT ORDERS** that the Applicant is hereby authorized and directed to take all steps and actions necessary or appropriate (as determined by the Applicant) to implement the Plan and the transactions contemplated thereby in accordance with and subject to its terms and such steps and actions are hereby approved.

7. **THIS COURT ORDERS** that, upon the satisfaction (or, where applicable, waiver) of the conditions set out in section 7.6 of the Plan, the Monitor shall file this Honourable Court a certificate that states that all conditions precedent set out in section 7.6 of the Plan have been satisfied (or, where applicable, waived pursuant to section 7.7).

## **Effect of Plan Implementation**

### ***Claims***

8. **THIS COURT ORDERS** that, upon the Effective Date, each Claim, other than Unaffected Claims, shall be settled, compromised, and released in accordance with the Plan, and the ability of the holder of an Affected Claim to proceed against the Applicant or the Property (as defined in the Initial Order) in respect of an Affected Claim shall be forever discharged, released and restrained, and all proceedings with respect to, in connection with, or relating to such Affected Claims are hereby permanently stayed, subject only to the right of the holder of an Affected Claim to receive distributions in accordance with the Plan.

9. **THIS COURT ORDERS AND DECLARES** that all Proven Claims determined in accordance with the Claims Procedure and Meeting Order are final and binding on the Applicant and all Affected Creditors.

10. **THIS COURT ORDERS** that, without limiting the Claims Procedure and Meeting Order, a Creditor (other than a known Affected Creditor) that did not file a Proof of Claim in accordance with the provisions of the Claims Procedure and Meeting Order, whether or not it received notice of the Claims Procedure, shall be and is hereby forever barred from making any Claim (other than an Unaffected Claim) against the Applicant or the Property and shall not be entitled to any distribution under the Plan, and that such Claim is forever extinguished. Any Affected Claims of any other Person that have not been asserted in accordance with the Claims Procedure and Meeting Order, including, without limitation, the Affected Claims of any Known Affected Creditor that have not been indicated in a Notice of Claim or Notice of Dispute, if filed,



or Affected Claims of any other Creditor not set out in a Proof of Claim, as applicable, shall be and are hereby forever barred and extinguished and such Person shall not be entitled to any distribution under the Plan in respect of such Affected Claims.

#### **Role of the Monitor**

11. **THIS COURT ORDERS** that the activities and conduct of the Monitor in relation to the Applicant be and they are hereby ratified and approved.

12. **THIS COURT ORDERS** that all claims of any Person (other than the Applicant) whether such claims are direct, indirect, derivative or otherwise, against the Monitor arising from or relating to the services provided to the Applicant prior to the date of this Order shall be and are hereby forever barred from enforcement and extinguished.

13. **THIS COURT ORDERS** that notwithstanding any other terms of this Order or of the Plan, the appointment of A. Farber & Partners Inc. as Monitor pursuant to the terms of the Initial Order shall not expire or terminate on the Effective Date and shall continue for the purposes of the following:

- (a) the completion by the Monitor of all of its duties in connection with the disbursement by the Applicant of the Affected Creditors' Distribution Pool; and
- (b) the completion by the Monitor of all other matters carried out consistent with the terms of the Plan.

14. **THIS COURT ORDERS** that the Monitor shall be discharged of its duties and obligations pursuant to the Plan, this Order, the Initial Order and other orders made in these

CCAA proceedings from time to time, upon the filing with this Honourable Court of a certificate of the Monitor certifying that the matters set out in paragraph 13 above are completed to the best of the Monitor's knowledge.

#### **Charges**

15. **THIS COURT ORDERS** that, on the Effective Date, all charges against the Applicant or the Property created by the Initial Order shall be terminated, discharged and released.

16. **THIS COURT ORDERS AND DECLARES** that, notwithstanding any of the terms of the Plan or this Order, the Applicant shall not be released or discharged from its obligations to pay the fees and expenses of the Monitor, the Monitor's counsel or the Applicant's counsel.

#### **Releases**

17. **THIS COURT ORDERS** that, upon implementation of the Plan on the Effective Date, the following Persons (each, a "Released Party"): (i) except in respect of the amount owing by Cantar Pool Products Corporation to Cantar, the Related Entities and their respective various legal counsel and financial advisors; (ii) the Monitor and its legal counsel in the CCAA proceedings; (iii) present and former directors, officers and employees of any of the Related Entities in such capacities; and (iv) any Person claimed to be liable derivatively through any or all of the foregoing Persons, shall be released and discharged from any and all demands, claims, actions, causes of action, counterclaims, suits, debts, sums of money, accounts, covenants, damages, judgments, expenses, executions, liens and other recoveries on account of any liability, obligation, demand or cause of action of whatever nature which any Person may be entitled to

assert, including, without limitation, any and all Claims in respect of statutory liabilities of present and former directors, officers, and employees of any of the Related Entities, and any alleged fiduciary or other duty, whether known or unknown, matured or unmatured, foreseen or unforeseen, existing or hereafter arising, based in whole or in part on any act or omission, transaction, duty, responsibility, indebtedness, liability, obligation, dealing or other occurrence existing or taking place on or prior to the Effective Date in any way relating to, arising out of or in connection with Claims, the business and affairs of the Related Entities, this Plan and the CCAA proceedings to the full extent permitted by law, and all claims arising out of such actions or omissions shall be forever waived and released (other than the right to enforce Cantar's obligations under the Plan or any related document), provided that nothing herein:

- (a) shall release or discharge a Released Party from an Unaffected Claim or shall release or discharge the Applicant from or in respect of its obligations under the Plan;
- (b) shall affect the right of any Person:
  - (i) to recover indemnity from any insurance coverage under which that Person is an insured, or
  - (ii) to obtain recovery on a Claim against a Released Party from any insurance coverage pursuant to which that Released Party is an insured, but for certainty, any Claim to which an insurer is or would otherwise be subrogated is released hereunder and the recovery to which such Person shall be entitled shall be limited to the proceeds of insurance actually paid by the insurer with respect to the Claim; or

- (c) shall release or discharge present or former directors of any of the Related Entities with respect to matters set out in section 5.1(2) of the CCAA

and provided further, however, that, notwithstanding the foregoing releases, any Claim shall remain subject to any right of set-off that otherwise would be available to the Person against whom such Claim is asserted.

18. **THIS COURT ORDERS** that the prosecution, whether directly, derivatively or otherwise, of any claim, obligation, suit, judgment, damage, demand, debt, right, cause of action, liability or interest, including, without limitation, any Affected Claim released, discharged or terminated pursuant to the Plan, is hereby enjoined and prohibited.

#### **Extension of Stay Period**

19. **THIS COURT ORDERS** that the Stay Period (as defined in paragraph 15 of the Initial Order) is hereby extended until the earlier of the Effective Date and February 15, 2007.

20. **THIS COURT ORDERS** that except to extent that the Initial Order has been varied by or is inconsistent with this Order or any further order in these proceedings, the provisions of the Initial Order shall remain in full force and effect until the earlier of the Effective Date and February 15, 2007.

21. **THIS COURT ORDERS** that all other orders made in these CCAA proceedings shall continue in full force and effect in accordance with their respective terms, except to the extent that such orders are varied or are inconsistent with this Order or any further order of this Honourable Court.

**Other Provisions**

22. **THIS COURT ORDERS** that each of the Applicant and the Monitor may apply to this Honourable Court for such further advice, directions or assistance as may be necessary to give effect to the terms of the Plan.

23. **THIS COURT ORDERS AND REQUESTS** the aid and recognition of any court or any judicial, regulatory or administrative body in any province or territory of Canada (including, without limitation, 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 or any judicial, regulatory or administrative body of the United States of America 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.



Joseph Doris  
Registrar, Superior Court of Justice

ENTERED AT / INSCRIT À TORONTO  
ON / BOOK NO:  
LE / DANS LE REGISTRE NO.:

JAN 18 2007

PER/PAR:



SCHEDULE "A"

PLAN

**AMENDED  
PLAN OF COMPROMISE OR ARRANGEMENT**

PURSUANT TO THE  
*COMPANIES' CREDITORS ARRANGEMENT ACT*  
R.S.C. 1985, c. C-36, AS AMENDED

IN RESPECT OF

**CANTAR POOL PRODUCTS LIMITED/PRODUITS DE PISCINES CANTAR LIMITÉE**

November 23, 2006

## PLAN OF COMPROMISE OR ARRANGEMENT

### ARTICLE 1 INTERPRETATION

#### 1.1 Definitions

In this Plan, unless otherwise stated or the context otherwise requires:

"Affected Claim" means any Claim except for an Unaffected Claim;

"Affected Creditor" means any Creditor with an Affected Claim, but only with respect to and to the extent of such Affected Claim;

"Affected Creditors Class" means the class of Affected Creditors entitled to vote on this Plan at the Creditors' Meeting;

"Affected Creditors' Distribution Pool" means the cash pool from which distributions are to be made to Affected Creditors with Proven Claims pursuant to this Plan, as more particularly described in Article 5 hereof;

"Affiliate" means any affiliated body corporate, as that term is defined in the OBCA;

"Business Day" means a day, other than Saturday, Sunday or a statutory holiday, on which banks are generally open for business in Toronto, Ontario;

"Cantar" means Cantar Pool Products Limited/Produits de Piscines Cantar Limitée;

"CCAA" means the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36;

"CCAA Proceedings" means the proceedings commenced by Cantar under the CCAA pursuant to the Initial Order;

"Claim" means any right or claim of any Person that may be made in whole or in part against Cantar, whether or not asserted, in connection with any indebtedness, liability or obligation of any kind, which indebtedness, liability or obligation is in existence or which is based on an event, act or omission which occurred in whole or in part prior to the Commencement Date or arising after the Commencement Date as a result of or in connection with the repudiation of any Contract and any interest that may accrue thereon up to the Commencement Date (or to the date of the repudiation of such Contract, where applicable) for which there is an obligation to pay, and amounts which such Person would be entitled to receive, pursuant to the terms of any Contract with such Person at law or in equity, by reason of the commission of a tort (intentional or unintentional), any breach of duty (including, without limitation, any legal, statutory, equitable or fiduciary duty), any right of ownership of or title to property or assets or to a trust or deemed trust (statutory, express, implied, resulting, constructive or otherwise) or for any other reason whatsoever against any property



or assets, whether or not reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, perfected, unperfected, present, future, known, or unknown, by guarantee, surety or otherwise, and whether or not such right is executory or anticipatory in nature, or any right or ability of any Person to advance a claim for contribution or indemnity or otherwise with respect to any matter, action, cause or chose in action, whether existing at present or commenced in the future, based in whole or in part on facts which existed prior to the Commencement Date (or to the date of the repudiation of such Contract, where applicable), together with any other rights or claims not referred to above that, in whole or part, would have been claims provable in bankruptcy had Cantar become bankrupt at the Commencement Date (or the date of the repudiation of such Contract, if applicable), together with any other rights or claims, whether or not asserted, made after the Commencement Date in any way, directly or indirectly related to any action taken or power exercised prior to the Commencement Date;

"**Claims Bar Date**" means 5:00 p.m. (Toronto time) on December 21, 2006;

"**Claims Procedure**" means the claims procedure set out in the Claims Procedure and Meeting Order and in the schedules and appendix thereto;

"**Claims Procedure and Meeting Order**" means the Order of the Court dated November 16, 2006 setting out the Claims Procedure and calling the Creditors' Meeting to consider and vote on this Plan and setting out, *inter alia*, the voting process for the Affected Creditors;

"**Commencement Date**" means October 17, 2006, being the date that the Initial Order was issued by the Court pursuant to the CCAA;

"**Confirmation Date**" means the date that the Sanction Order is made;

"**Contract**" means any contract, agreement, lease (including any lease of personal, real, movable or immovable property), permit, license or arrangement;

"**Court**" means the Ontario Superior Court of Justice (Commercial List);

"**CRA**" means Canada Revenue Agency;

"**Creditor**" means any Person having a Claim and may, where the context requires, include the assignee of a Claim or a trustee, interim receiver, receiver, receiver and manager, liquidator or other Person acting on behalf of such Person;

"**Creditors' Meeting**" means the meeting of the Affected Creditors called for the purpose of considering and approving this Plan and includes any adjournment of such meeting;

"**Disputed Claim**" of a Creditor means the amount of the Claim of such Creditor which has not been finally determined as a Proven Claim at or before the Creditors' Meeting in accordance with the Claims Procedure or by the time distributions take place in accordance with this Plan, but that has not been extinguished or barred pursuant to the Claims Procedure;

**"Distribution Assets"** means Cantar's remaining cash, inventory, equipment, tax refunds and receivables arising from sales of inventory, real property (including the VTB Mortgage) and equipment after the Commencement Date;

**"Effective Date"** means the Business Day on which this Plan becomes effective, which shall be the Business Day on which the Monitor has filed with the Court a certificate pursuant to Section 7.8 confirming that all conditions to implementation of this Plan as set forth in Section 7.6 have been satisfied or, where applicable, waived, as provided in Section 7.7;

**"Election to Reduce Claim"** means the form of election attached as Appendix 1 to this Plan;

**"Initial Order"** means the Order made by the Court pursuant to the CCAA on October 17, 2006 in respect of Cantar;

**"Inspectors"** means the inspectors appointed pursuant to Section 5.6 to consider and, if deemed appropriate, approve any final agreement or arrangement to monetize the VTB Mortgage in accordance with Section 5.5;

**"Intercompany Claim"** means any Claim of an Affiliate of Cantar, including, without limitation, any and all Claims of Polyair Inter Pack Inc. and Polyair Canada Limited;

**"Known Affected Creditor"** means an Affected Creditor whose Affected Claim is identified in Cantar's books and records on the Commencement Date and to whom the Monitor sent a Notice of Claim in accordance with the Claims Procedure and Meeting Order;

**"LaSalle Group Lenders"** means, collectively, (a) LaSalle Business Credit LLC, as agent for the U.S. lenders (collectively the "U.S. Lenders") and the Canadian lender (the "Canadian Lender") to Cantar and its affiliates, (b) the U.S. Lenders and (c) the Canadian Lender;

**"Monitor"** means A. Farber & Partners Inc., in its capacity as Monitor of Cantar, as appointed by the Initial Order, and any successor thereto appointed by any further Order;

**"Notice of Claim"** shall have the meaning ascribed to it in the Claims Procedure;

**"Notice of Dispute"** shall have the meaning ascribed to it in the Claims Procedure;

**"OBCA"** means the *Business Corporations Act*, Ontario, R.S.O. 1990 c. B. 16;

**"Order"** means any order of the Court made in connection with the CCAA Proceedings;

**"Person"** means any individual, firm, corporation, limited or unlimited liability company, general or limited partnership, association, trust, unincorporated organization, joint venture, government or any agency, officer or instrumentality thereof or any other entity, wherever situate or domiciled;

**"Plan"** means this Plan of Compromise or Arrangement filed by Cantar under the CCAA, as such Plan may be amended, varied or supplemented by Cantar from time to time in accordance with the terms hereof and the Claims Procedure and Meeting Order;

**"Proof of Claim"** means a proof of claim of an Affected Creditor (other than a Known Affected Creditor) delivered in accordance with the Claims Procedure;

**"Proven Claim"** of a Creditor means the amount of the Affected Claim of such Creditor as finally determined and accepted for voting and distribution purposes in accordance with the Claims Procedure;

**"Related Entities"** means Cantar and each and every one of its Affiliates wherever situated, including, without limitation, Polyair Inter Pack, Inc., Polyair Crosslinked Technologies, Inc. PXL Crosslinked Foam Corporation, Polyair Investments Inc., P.S.C. Moulding Corp., GPCP, Inc., Cantar/Polyair Corporation, Foam In Place Co. Ltd., Performa Corp., C/P International Corp. Inc., Cantar Pool Products Corporation, Polyair Canada Limited, Mabex Universal Corporation, Polyair MachTech, Inc. and Faircove Investments Inc.;

**"Required Majorities"** means a majority in number of Affected Creditors with Proven Claims (and, if applicable, Disputed Claims) representing two-thirds in value of such Affected Creditors' Proven Claims (and, if applicable, Disputed Claims) with respect to the Affected Creditors Class, in each case present and voting in person or by proxy at the Creditors' Meeting;

**"Sanction Order"** means the Order of the Court sanctioning and approving this Plan in a form and substance satisfactory to Cantar;

**"Secured Claim"** means: (i) Claims of Her Majesty the Queen in Right of Canada or of any Province or Territory or any other taxation authority for: (a) any statutory deemed trust amounts which are required to be deducted from employees' wages, including amounts in respect of employment insurance, Canada Pension Plan, Quebec Pension Plan and income taxes; and (b) goods and services or other applicable sales taxes accruing from and after the Commencement Date payable by Cantar or its customers in connection with the sale of goods and services by Cantar to such customers; and (ii) any Claim or portion thereof which is secured by a validly attached and existing security interest on the property of Cantar which was duly and properly perfected under the *Personal Property Security Act* (Ontario) at the Commencement Date, to the extent, and only to the extent, of the lesser of: (a) the amount of such Claim as agreed to by Cantar or as finally determined by a court of competent jurisdiction, and (b) the realizable value of the remaining property of Cantar subject to such security interest having regard to, among other things, the priority of such security;

**"Tax" or "Taxes"** shall mean any and all federal, provincial, municipal, local and foreign taxes, assessments, reassessments and other governmental charges, duties, impositions and liabilities including for greater certainty taxes based upon or measured by reference to gross receipts, income, profits, sales, capital, use and occupation, goods and services, and value added, *ad valorem*, transfer, franchise, withholding, custom duties, payroll, recapture, employment, excise and property taxes, together with all interest, penalties, fines and additions with respect to such amounts;

**"Unaffected Claim"** means only the following Claims and such other Claims as may be designated in this Plan (or any amendments thereto) as not being affected by this Plan and

which are listed in the books and records of Cantar or of which Cantar and the Monitor have received actual notice:

- (i) claims for amounts due for goods or services actually supplied to Cantar after the Commencement Date;
- (ii) Secured Claims (but for greater certainty, excluding any Claim or portion thereof of a Creditor in respect of which the Creditor holds or claims to hold security but such Claim or portion thereof does not constitute a Secured Claim as defined herein);
- (iii) Claims of the Monitor and its counsel, and Claims of Cantar's counsel and financial advisors;
- (iv) Claims of the LaSalle Group Lenders; and
- (v) Intercompany Claims.

"Unaffected Creditor" means a Creditor who has an Unaffected Claim, but only in respect of and to the extent of such Unaffected Claim;

"VTB Mortgage" means the charge/mortgage in the principal amount of \$1.6 million registered on October 24, 2006 in favour of Cantar as mortgagee against property situated at 330 Humberline Drive, Toronto, Ontario.

## 1.2 Interpretation, etc.

For purposes of this Plan:

- (a) any reference to a contract, instrument, release, indenture, or other agreement or document as being in a particular form or on particular terms and conditions means that such document shall be substantially in such form or substantially on such terms and conditions;
- (b) any reference to an Order or to an existing document or exhibit filed or to be filed means such Order, document or exhibit as it may have been or may be amended, modified or supplemented from time to time;
- (c) any reference to a statute includes all regulations made thereunder and all amendments to such statute or regulations in force from time to time;
- (d) the division of this Plan into Articles and Sections and the use of headings are for convenience of reference only and do not affect the construction or interpretation of this Plan;
- (e) the words "hereunder", "hereof", "hereto" and similar expressions refer to this Plan and not to any particular Article or Section and references to "Articles" or "Sections" are to Articles and Sections of this Plan;

- (f) captions and headings to Articles and Sections are inserted for convenience of reference only and are not intended to be a part of or to affect the interpretation of this Plan;
- (g) where the context requires, a word or words importing the singular shall include the plural and vice versa; and a word or words importing the masculine gender shall include the feminine and neuter genders and vice versa;
- (h) the words "includes" and "including" are not limiting;
- (i) the phrase "may not" is prohibitive and not permissive; and
- (j) the word "or" is not exclusive.

### 1.3 Date for any Action

In the event that any date on which any action is required to be taken under this Plan by any of the parties is not a Business Day, that action shall be required to be taken by 5:00 p.m. on the next succeeding day which is a Business Day.

### 1.4 Time

All times expressed in this Plan are local time Toronto, Ontario, Canada unless otherwise stipulated.

## ARTICLE 2 PURPOSE

### 2.1 Purpose

The purpose of this Plan is to effect a compromise of all Claims against Cantar other than Unaffected Claims, and to provide for the orderly and timely distribution of the proceeds of the Distribution Assets, in the expectation that all Persons with an interest in Cantar will derive a greater benefit from the provisions of this Plan than would otherwise result in the context of a bankruptcy of Cantar.

### 2.2 Affected Claims

This Plan will be implemented under the CCAA and will become effective and binding on and after the Effective Date, and shall be binding on Cantar and all Persons with Affected Claims, and their respective heirs, administrators, executors, legal personal representatives, successors, and assigns.

### 2.3 Unaffected Claims

This Plan does not affect Unaffected Creditors with respect to and to the extent of their Unaffected Claims. Nothing in this Plan shall affect anyone's rights and defenses, both legal and equitable, with respect to any Unaffected Claims, including, but not limited to, all rights with respect

to legal and equitable defences or entitlements to set-offs or recoupments against such Unaffected Claims.

### ARTICLE 3 CREDITORS AND CLAIMS

#### 3.1 Classification of Creditors

For the purposes of receiving distributions or other treatment under the Plan, there shall be one class of Affected Creditors, being the Affected Creditors Class.

#### 3.2 Different Capacities

Persons who are affected by this Plan may be affected in more than one capacity. Unless expressly provided herein to the contrary, a Person will be entitled to participate hereunder in each such capacity. Any action taken by a Person in one capacity will not affect such Person in any other capacity, unless expressly agreed by the Person in writing or unless its Claims overlap or are otherwise duplicative.

#### 3.3 Creditors' Meeting

The Creditors' Meeting shall be held in accordance with this Plan.

#### 3.4 Approval by Creditors

Cantar will seek approval of this Plan by the affirmative vote of the Required Majorities of Creditors in the Affected Creditors Class, in order that, subject to the sanctioning of this Plan pursuant to the CCAA and the terms hereof, this Plan becomes binding on Cantar and all Persons with Affected Claims as of the Effective Date.

#### 3.5 Unaffected Claims

Any Creditor with an Unaffected Claim shall not be entitled to vote at the Creditors' Meeting nor to receive any distributions under this Plan in respect of such Unaffected Claim.

#### 3.6 Crown Priority Claims

Within six months after the Confirmation Date, Cantar shall pay in full to Her Majesty in Right of Canada or of a province all amounts of a kind that could be subject to a demand under subsection 224(1.2) of the *Income Tax Act* (Canada) or under any substantially similar provision of any provincial legislation and that were outstanding on the Commencement Date.

### ARTICLE 4 TREATMENT OF AND DISTRIBUTIONS TO AFFECTED CREDITORS

For purposes of this Plan, Affected Creditors shall receive the treatment provided in this Article on account of their Affected Claims in full and final satisfaction of their Affected Claims.

#### 4.1 Distribution

All Affected Creditors shall constitute a single class under the Plan for all purposes and, subject to Section 7.6 and Section 7.7, shall be treated as follows:

- (a) Each Affected Creditor who, on the Effective Date, holds Affected Claims in an aggregate amount of \$5,000 or less or an Affected Creditor who, on the Effective Date, holds Affected Claims in an aggregate amount in excess of \$5,000 and who, by providing an Election to Reduce Claim to the Monitor on or before the Claims Bar Date, reduced the aggregate amount of all such Person's Affected Claims to \$5,000, in either case, will receive in respect of its Proven Claims, within 6 months of the Effective Date, in full and final satisfaction of its Affected Claims, an amount from the Affected Creditors Distribution Pool (subject to the reserves set out in Sections 5.1(b)(i), (ii), (iii) and (iv)) equivalent to 25% of the lesser of:
  - (i) \$5,000; and
  - (ii) the aggregate amount of such Affected Creditor's Proven Claims.

A Person who receives payment in accordance with this Section 4.1(a) shall not be entitled to any other payment or consideration with respect to such Person's Affected Claims and such Person's Affected Claims shall be discharged and extinguished on the Effective Date, and thereafter, the only obligation of Cantar in respect of such Affected Claims of such Person shall be to make the payment set out above in this Section 4.1(a); and

- (b) Each Affected Creditor who, on the Effective Date, holds Affected Claims in an aggregate amount in excess of \$5,000 and who does not provide the Monitor with an Election to Reduce Claim prior to the Claims Bar Date will receive, in full and final satisfaction of its Affected Claims, payment of its *pro rata* share of the Affected Creditors' Distribution Pool in respect of its Proven Claims in accordance with Article 5 hereof.

#### 4.2 Value of Claims for Distribution Purposes

The value of a Proven Claim for distribution purposes shall be determined in accordance with the provisions of the Claims Procedure.

#### 4.3 Loss of Right to Receive Distributions

Any Creditor (other than a Known Affected Creditor) who has not submitted a Proof of Claim in respect of an Affected Claim prior to the Claims Bar Date shall not be entitled to receive any distributions under this Plan in respect of such unsubmitted Affected Claim and on the Effective Date, such Affected Claims of such Creditor shall be released and discharged pursuant to the terms of this Plan and the Claims Procedure and Meeting Order, and any such Creditor shall have no recourse thereafter in respect thereof. Any Known Affected Creditor that has been sent a Notice of Claim and that has not submitted a Notice of Dispute in accordance with the Claims Procedure shall be entitled to receive distributions under this Plan only in respect of its Affected Claims as set out in the Notice of Claim and the balance of its Affected

Claims, if any, shall be released and discharged pursuant to the terms of this Plan and the Claims Procedure and Meeting Order, and any such Creditor shall have no recourse thereafter in respect thereof.

#### 4.4 Interest on Claims

Interest shall not accrue or be paid on any Affected Claims after the Commencement Date, and holders of Affected Claims shall only be entitled to interest accruing on or before the Commencement Date on any such Affected Claims. All Claims in respect of interest on Affected Claims after the Commencement Date shall be discharged and extinguished on the Effective Date.

#### 4.5 Distributions by Cantar

Cantar shall make all distributions required under this Plan (subject to the provisions of Article 3 and Article 4), provided however, that it is expected the Monitor will provide Cantar with any administrative assistance it requires with respect to such distributions, including, without limitation, the sending of the physical distributions to holders of Proven Claims from the Affected Creditors' Distribution Pool.

#### 4.6 Delivery of Distributions

Distributions to holders of Proven Claims who are entitled to receive distributions pursuant to this Plan shall be made by cheque sent by prepaid ordinary mail by or on behalf of Cantar: (i) to the address set forth in Cantar's records for Known Affected Creditors or on the Proof of Claim filed by other Affected Creditors with Proven Claims, or (ii) to the addresses set forth in any written notices of address change delivered to Cantar and the Monitor after the date of any related Notice of Claim or Proof of Claim, as applicable. If any Affected Creditor's distribution is returned as undeliverable, no further distributions to such Affected Creditor shall be made unless and until Cantar and the Monitor are notified of such Affected Creditor's then current address, at which time all missed distributions shall be made to such Affected Creditor without interest. All claims for undeliverable distributions in respect of Proven Claims must be made on or before the expiration of twelve (12) months following the Effective Date, after which date the Proven Claim of any Affected Creditor or successor of such Affected Creditor with respect to such unclaimed distributions shall be discharged and forever barred, notwithstanding any federal or provincial laws to the contrary, and any such undeliverable distributions shall be returned to Cantar. Any such returned undeliverable distributions may be used for the purpose of making further distributions in accordance with Section 5.1 from time to time if Cantar and the Monitor deem it economically feasible to do so. Nothing contained in this Plan shall require Cantar or the Monitor to attempt to locate any holder of a Proven Claim.

Where a Creditor transfers or assigns ownership of any Proven Claim or part thereof after the Creditors' Meeting, Cantar shall not be obliged to pay monies to any such transferee or otherwise deal with such transferee in respect thereof unless and until actual notice of the transfer or assignment, together with satisfactory evidence of such transfer or assignment, have been received by Cantar and the Monitor by 5:00 p.m. (Toronto time) five Business Days immediately prior to the day on which the first distribution to Creditors with Proven Claims is made. Thereafter, such transferee or assignee shall, for all purposes in accordance with the Claims Procedure constitute a



Creditor with a Proven Claim in respect of such Claim as a whole, and shall be bound by notices given and steps in respect of such Proven Claim.

**4.7 Withholding and Reporting Requirements**

In connection with this Plan and all distributions hereunder, Cantar shall, to the extent applicable, comply with all tax withholding and reporting requirements imposed by any federal or provincial taxing authority, with respect to distributions hereunder, if any. Cantar shall be authorized to take any and all actions that may be necessary or appropriate to comply with such withholding and reporting requirements. Notwithstanding any other provision of this Plan: (i) each holder of a Proven Claim that is to receive a distribution pursuant to this Plan shall have sole and exclusive responsibility for the satisfaction and payment of any Tax obligations imposed by any governmental authority, including income, withholding and other Tax obligations, on account of such distribution, and (ii) no distribution shall be made to or on behalf of such holder pursuant to this Plan unless and until such holder has made, arrangements satisfactory to Cantar and the Monitor for the payment and satisfaction of such Tax obligations. Any distributions to be distributed pursuant to this Plan shall, pending the implementation of such arrangements, be treated as an undeliverable distribution pursuant to Section 4.7. It is Cantar's intent that distributions under this Plan to holders of Proven Claims are in respect of, and to be applied to, principal first and then interest.

**ARTICLE 5**  
**PAYMENT OF DISTRIBUTIONS TO CREDITORS**

**5.1    Composition and Distribution of Affected Creditors' Distribution Pool**

Subject to Section 7.6 and Section 7.7, Cantar shall distribute from time to time in accordance with the provisions of this Plan to each holder of a Proven Claim with aggregate Affected Claims exceeding \$5,000 who has not filed an Election to Reduce Claim with the Monitor in accordance with this Plan, its *pro rata* share of the remaining Affected Creditors' Distribution Pool which shall comprise:

- (a)    the aggregate of cash and cash equivalents on hand as at the date of such distribution, resulting from the realization of the Distribution Assets;

less:

- (b)    the aggregate of the following amounts:
  - (i)    the amount owing in respect of the Claims of the LaSalle Group Lenders, or such lesser amount in respect thereof as the LaSalle Group Lenders may agree;
  - (ii)   the amount owing to the holders of Secured Claims with valid and enforceable security over the Distribution Assets as may be reduced from time to time by agreement of the holders of such Secured Claims;
  - (iii)   a reasonable reserve, in an amount determined by Cantar and the Monitor, on account of costs and expenses to be incurred by Cantar or the Monitor in carrying out the provisions of this Plan and the Sanction Order, including, without limitation, the fees and disbursements of the Monitor and its counsel and Cantar's counsel and financial advisors;
  - (iv)   a reasonable reserve, in an amount to be determined by Cantar and the Monitor, on account of goods or services actually supplied to Cantar after the Commencement Date; and
  - (v)    the amount to be distributed pursuant to Section 4.1(a) to Affected Creditors with aggregate Affected Claims of \$5,000 or less and to Affected Creditors with Affected Claims exceeding \$5,000 who have filed a Notice of Election with the Monitor pursuant to Section 4.1(a) which, for greater certainty, shall be paid out of the Affected Creditors' Distribution Pool only after sufficient funds have been reserved to pay the amounts set out in Sections 5.1(b)(i), (ii), (iii) and (iv) above.

Cantar will only make distributions from the Affected Creditors' Distribution Pool if the amount available to be distributed makes such distribution economically practical, as determined by Cantar,

acting reasonably and in consultation with the Monitor (having regard to, among any other considerations that Cantar or the Monitor considers appropriate, the amount of liquid funds available to be distributed, any reserves or prior claims, the number of Persons to whom the distribution is to be made and the time at which further funds are expected to become available for distribution), which determination will be final and non-reviewable.

## **5.2 Disputed Claims**

In the case of any Disputed Claim that has not become a Proven Claim on the date of any distribution to Affected Creditors pursuant to this Plan, Cantar will reserve sufficient cash from the Affected Creditors' Distribution Pool to distribute to the Affected Creditor its pro-rata share in respect of such Disputed Claim in the event that such Disputed Claim becomes a Proven Claim. If the Disputed Claim becomes a Proven Claim in whole or in part in accordance with the Claims Procedure after the applicable distribution date, the cash reserved in respect of such Disputed Claim (or an appropriate portion thereof) will be distributed to such Affected Creditor. If the Disputed Claim is ultimately disallowed in whole or in part in accordance with the Claims Procedure after such distribution date, any cash reserved in respect of such Disputed Claim (or the appropriate portion thereof) will become available again for distribution from the Affected Creditors' Distribution Pool.

## **5.3 Condition re: Arrangements with Secured Creditors**

This Plan shall only be implemented if the amount referred to in Section 5.1(b)(ii) is less than \$100,000 or if holders of Secured Claims otherwise agree to release their liens and security interests against the Distribution Assets or other arrangements to the extent necessary to permit payment under the Plan from the Affected Creditors' Distribution Pool of (i) the full amount payable in accordance with Section 4.1(a) of the Plan to Affected Creditors to which Section 4.1(a) applies, and (ii) a maximum of 25 cents for each dollar of Affected Claims not dealt with in Section 4.1(a), in accordance with Section 4.1(b).

## **5.4 Intercompany Claims**

In order to maximize distributions to Affected Creditors of Cantar, Affiliates of Cantar have agreed to forego any distributions under this Plan in respect of their Claims against Cantar. Accordingly, no distributions shall be made pursuant to this Plan in respect of Intercompany Claims and all such Intercompany Claims shall be treated as Unaffected Claims and shall be fully preserved and not released, discharged nor extinguished pursuant to Section 6.1 hereof. Notwithstanding that Intercompany Claims are to be treated as Unaffected Claims pursuant to this Plan, since the purpose of such treatment of Intercompany Claims is to maximize distributions to Affected Creditors who are not Affiliates, Cantar and the Monitor shall not reserve any amount in respect of Intercompany Claims pursuant to Sections 5.1 or 5.2.

## **5.5 Monetization of VTB Mortgage**

Cantar and the Monitor are authorized to enter into negotiations and arrangements to attempt to monetize the VTB Mortgage in order to attempt to provide more immediate recoveries to Creditors pursuant to this plan, provided that any final arrangement or agreement to monetize the VTB Mortgage must be approved by a majority of the Inspectors, failing which the VTB Mortgage

payments will be collected in the ordinary course pursuant to the terms of the VTB Mortgage by Cantar and the Monitor. All proceeds (net of reasonable legal and professional fees and costs) resulting from the monetization of the VTB Mortgage (if approved by the Inspectors), or otherwise collected under the VTB Mortgage pursuant to its terms if such monetization does not occur, shall form part of the Affected Creditors' Distribution Pool, subject to the reserves set out in Section 5.1(b) of this plan.

#### **5.6 Appointment of Inspectors**

Up to five Inspectors, who need not be Affected Creditors (but who agree to act as such), shall be appointed by simple majority vote (according to amount of Affected Claims) at the Creditors' Meeting of Affected Creditors present at the Creditors' Meeting in person or by proxy. The Inspectors shall be authorized to consider and approve or reject any final arrangement or agreement in respect of monetization of the VTB Mortgage in accordance with Section 5.5. The Inspectors shall have no other power or authority with respect to any other matter unless they are specifically asked by the Monitor to assist with such other matter or matters. Cantar and the Monitor shall be entitled to rely upon the decision of a majority in number of the Inspectors with respect to approval or rejection of any arrangement or agreement with respect to monetization of the VTB Mortgage and neither Cantar nor the Monitor nor their respective legal counsel shall have any liability for acting in accordance with the decision of the Inspectors in respect thereof.

### **ARTICLE 6 RELEASES AND EXTINGUISHMENT OF CLAIMS**

#### **6.1 Plan Releases**

Upon the implementation of this Plan on the Effective Date, the following Persons (being herein referred to individually as a "Released Party"): (i) except in respect of the amount owing by Cantar Pool Products Corporation to Cantar, the Related Entities and their respective various legal counsel and financial advisors; (ii) the Monitor and its legal counsel in the CCAA Proceedings; (iii) present and former directors, officers and employees of any of the Related Entities in such capacities; and (iv) any Person claimed to be liable derivatively through any or all of the foregoing Persons; shall be released and discharged from any and all demands, claims, actions, causes of action, counterclaims, suits, debts, sums of money, accounts, covenants, damages, judgments, expenses, executions, liens and other recoveries on account of any liability, obligation, demand or cause of action of whatever nature which any Person may be entitled to assert, including without limitation, any and all Claims in respect of statutory liabilities of present and former directors, officers and employees of any of the Related Entities, and any alleged fiduciary or other duty, whether known or unknown, matured or unmatured, foreseen or unforeseen, existing or hereafter arising, based in whole or in part on any act or omission, transaction, duty, responsibility, indebtedness, liability, obligation, dealing or other occurrence existing or taking place on or prior to the Effective Date in any way relating to, arising out of or in connection with Claims, the business and affairs of the Related Entities, this Plan and the CCAA Proceedings to the full extent permitted by law, and all claims arising out of such actions or omissions shall be forever waived and released (other than the right to enforce Cantar's obligations under the Plan or any related document), provided that nothing herein:

- (a) shall release or discharge a Released Party from an Unaffected Claim or shall release or discharge Cantar from or in respect of its obligations under this Plan;
- (b) shall affect the right of any Person:
  - (i) to recover indemnity from any insurance coverage under which that Person is an insured, or
  - (ii) to obtain recovery on a Claim against a Released Party from any insurance coverage pursuant to which that Released Party is an insured, but, for certainty, any Claim to which an insurer is or would otherwise be subrogated is released hereunder and the recovery to which such Person shall be entitled shall be limited to the proceeds of insurance actually paid by the insurer with respect to the Claim; or
- (c) shall release or discharge present or former directors of any of the Related Entities with respect to matters set out in section 5.1(2) of the CCAA;

and provided further, however, that, notwithstanding the foregoing releases under the Plan, any Claim shall remain subject to any right of set-off that otherwise would be available to the Person against whom such Claim is asserted.

## **6.2 Injunction Related to Releases**

The Sanction Order will enjoin the prosecution, whether directly, derivatively or otherwise, of any claim, obligation, suit, judgment, damage, demand, debt, right, cause of action, liability or interest, including, without limitation, any Affected Claim released, discharged or terminated pursuant to this Plan.

## **6.3 Extinguishment of Claims**

As and from the Effective Date, the treatment of Affected Claims under this Plan shall be final and binding on all Persons affected by this Plan (and their respective heirs, executors, administrators, legal personal representatives, successors and assigns), and, upon implementation of this Plan on the Effective Date, all Affected Claims shall be forever discharged and released, excepting only the obligations to make distributions in respect of such Affected Claims in the manner and to the extent provided for in this Plan.

# **ARTICLE 7 MISCELLANEOUS**

## **7.1 Confirmation of Plan**

- (a) provided that this Plan is approved by the Required Majorities of the Creditors with Proven Claims (and, if applicable, Disputed Claims), of the Affected Creditors Class, Cantar will seek the Sanction Order for the sanction and approval of this Plan; and

- (b) subject only to the satisfaction of those conditions precedent to the implementation of this Plan described in Section 7.6, as may be waived in accordance with Section 7.7, this Plan will be implemented by Cantar and will be binding upon Cantar in respect of all Affected Claims.

## **7.2 Paramountcy**

Subject to the last sentence of this Section 7.2, from and after the Effective Date, any conflict between this Plan and the covenants, warranties, representations, terms, conditions, provisions or obligations, expressed or implied, of any contract, mortgage, security agreement, loan agreement, by-laws of Cantar, lease or other agreement, written or oral and any and all amendments or supplements thereto existing between one or more of the Creditors and Cantar as at the Effective Date will be deemed to be governed by the terms, conditions and provisions of this Plan and the Sanction Order, which shall take precedence and priority. All Affected Creditors shall be deemed to consent to all transactions and steps contemplated in this Plan.

## **7.3 Compromise Effective for all Purposes**

The payment, compromise or other satisfaction of any Affected Claim under this Plan, if sanctioned and approved by the Court, shall be binding upon Affected Creditors, their heirs, executors, administrators, legal personal representatives, successors and assigns.

## **7.4 Modification of Plan**

Cantar reserves the right, at any time and from time to time, but subject to the consent of the LaSalle Group Lenders (to the extent such amendment affects the LaSalle Group Lenders), to amend, modify and/or supplement this Plan, provided that any such amendment, modification or supplement must be contained in a written document which is filed with the Court and (i) if made prior to the Creditors' Meeting, communicated to the Affected Creditors at the Creditors' Meeting or as otherwise required by the Court (if so required); and (ii) if made following the Creditors' Meeting, approved by the Court.

Any amendment, modification, or supplement may be made following the Sanction Order by Cantar with the consent of the Monitor, provided that if it concerns a matter which, in the opinion of Cantar and the Monitor, acting reasonably, is of an administrative nature required to better give effect to the implementation of this Plan and the Sanction Order and is not adverse to the financial or economic interests of the Creditors; provided, however, that any such amendment, modification, or supplement must be filed with the Court within ten days after its implementation.

Any supplementary plan or plans of compromise or arrangement filed with the Court and, if required by this Section 7.4, approved by the Court, shall, for all purposes, be and be deemed to be a part of and incorporated in this Plan.

## **7.5 Consents, Waivers and Agreements**

As at 12:01 a.m. on the Effective Date, each Affected Creditor shall be deemed to have consented and to have agreed to all of the provisions of this Plan as an entirety. In particular, each such Creditor shall be deemed:

- (a) to have executed and delivered to Cantar all consents, releases, assignments and waivers, statutory or otherwise, required to implement and carry out this Plan as an entirety;
- (b) to have waived any and all defaults then existing or previously committed by Cantar in any covenant, warranty, representation, term, provision, condition or obligation, expressed or implied, in any contract, agreement, mortgage, security agreement, indenture, trust indenture, loan agreement, commitment letter, agreement for sale, lease or other agreement, written or oral and any and all amendments or supplements thereto, existing between any such Creditor and Cantar and any and all notices of default and demands for payment under any instrument, including, without limitation any guarantee, shall be deemed to have been rescinded; and
- (c) to have agreed that, if there is any conflict between the provisions, express or implied, of any agreement or other arrangement, written or oral, existing between such Creditor and Cantar as at such time (other than those entered into by Cantar on, or with effect from, such time) and the provisions of this Plan, then the provisions of this Plan take precedence and priority and the provisions of such agreement or other arrangement are amended accordingly.

In this Plan, the deeming provisions are not rebuttable and are conclusive and irrevocable.

#### **7.6 Conditions Precedent to Implementation of Plan**

The implementation of this Plan is subject to the following conditions precedent, certain of which may be waived by Cantar in accordance with Section 7.7 hereof:

- (a) approval of this Plan by the Required Majorities of Affected Creditors;
- (b) all applicable governmental, regulatory and judicial consents, orders (including the Sanction Order) and any and all filings with all governmental authorities and other regulatory authorities having jurisdiction, in each case to the effect deemed necessary or desirable for the completion of the transactions contemplated by this Plan or any aspect thereof, shall have been obtained or received;
- (c) the aggregate of the amounts referred to in Section 5.1(b)(ii) hereof being less than \$100,000 or the holders of Secured Claims otherwise agreeing to such arrangements as are necessary to permit payment under the Plan from the Affected Creditors' Distribution Pool of (i) the full amount payable in accordance with Section 4.1(a) of the Plan to Affected Creditors to which Section 4.1(a) applies, and (ii) a maximum of 25 cents for each dollar of Affected Claims not dealt with in Section 4.1(a), in accordance with Section 4.1(b).
- (d) execution and delivery of all such agreements, resolutions, documents and other instruments which are necessary to be executed and delivered by Cantar to implement this Plan and perform Cantar's obligations hereunder; and

- (e) all documents, agreements, approvals, consents and releases necessary to give effect to all material provisions of this Plan shall have been executed and delivered by all relevant Persons in form and with content satisfactory to Cantar.

#### **7.7 Waiver of Conditions**

Each of the conditions set forth in Section 7.6 (except those provided for in Sections 7.6 (a) or (b)) may be waived in whole or in part by Cantar, without any other notice to parties in interest or the Court and without a hearing. The failure of Cantar to exercise any of the foregoing rights shall not be deemed a waiver of any other rights, and each such right shall be deemed an ongoing right that may be asserted at any time.

#### **7.8 Monitor's Certificate**

Upon the satisfaction (or, where applicable, waiver) of the conditions set out in Section 7.6 the Monitor shall file with the Court a certificate which states that all conditions precedent set out in Section 7.6 of this Plan have been satisfied (or, where applicable, waived pursuant to Section 7.7), and that the Effective Date has occurred. In so certifying that the conditions precedent set out in Section 7.6 of this Plan have been satisfied (or, where applicable, waived pursuant to Section 7.7), the Monitor shall be entitled to rely upon representations and confirmations from Cantar.



## 7.9 Notices

Any notices or communications to be made or given hereunder shall be in writing and shall refer to, this Plan and may, subject as hereinafter provided, be made or given by personal delivery, by courier, by prepaid ordinary mail or by telecopier addressed to the respective parties as follows:

(a) if to Cantar:

McCarthy Tétrault LLP  
Suite 4700, Toronto Dominion Bank Tower  
PO Box 48  
Toronto, ON M5K 1E6

Attention: James D. Gage  
Telephone: (416) 601-7539  
Fax: (416) 868-0673  
E-mail: [jgage@mccarthy.ca](mailto:jgage@mccarthy.ca)

(b) if to a Creditor:

- (i) to the address for such Creditor specified in Cantar's records in the case of Known Affected Creditors or in the Proof of Claim filed by a Creditor or,
- (ii) at the address set forth in any written notice of address changes delivered to the Monitor after the date of delivery of any related Notice of Claim or Proof of Claim.

(c) if to the Monitor:

A. Farber & Partners Inc.  
150 York Street  
Suite 1600  
Toronto, ON M5H 3S5

Attention: Paul Denton  
Telephone: (416) 496-3773  
Fax: (416) 496-3839  
E-mail: [pdenton@afarber.com](mailto:pdenton@afarber.com)

or to such other address as any party may from time to time notify the others in accordance with this Section 7.9. In the event of any strike, lock-out or other event which interrupts postal service in any part of Canada, all notices and communications during such interruption may only be given or made by personal delivery or by telecopier and any notice or other communication given or made by prepaid mail within the five (5) Business Day period immediately preceding the commencement of

such interruption, unless actually received, shall be deemed not to have been given or made. All such notices and communications shall be deemed to have been received, in the case of notice by telecopier or by delivery prior to 5:00 p.m. (local time) on a Business Day, at the time of delivery or, if delivered after 5:00 p.m. (local time) on a Business Day or at any time on a non-Business Day, on the next following Business Day and, in the case of notice mailed as aforesaid, on the fourth Business Day following the date on which such notice or other communication is mailed. The unintentional failure by Cantar to give notice contemplated hereunder to any particular Creditor shall not invalidate this Plan or any action taken by any Person pursuant to this Plan.

#### **7.10 Severability of Plan Provisions**

If, prior to the Confirmation Date, any term or provision of this Plan is held by the Court to be invalid, void or unenforceable, the Court, at the request of Cantar, shall have the power to either (i) sever such term or provision from the balance of this Plan and provide Cantar with the option to proceed with the implementation of the balance of this Plan as of and with effect from the Effective Date, or (ii) alter or interpret such term or provision to make it valid and enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void or unenforceable, and such term or provision shall then be applicable as altered or interpreted. Notwithstanding any such severing, holding, alteration or interpretation, and provided Cantar proceeds with the implementation of this Plan, the remainder of the terms and provisions of this Plan shall remain in full force and effect and shall in no way be affected, impaired or invalidated by such severing, holding, alteration or interpretation.

#### **7.11 Revocation, Withdrawal, or Non-Consummation**

Cantar reserves the right to revoke or withdraw this Plan at any time prior to the Confirmation Date or to file subsequent or amended plans of compromise or arrangement. If Cantar revokes or withdraws this Plan, or if the Sanction Order is not issued, (i) this Plan shall be null and void in all respects, (ii) any settlement or compromise embodied in this Plan (including the fixing or limiting to an amount certain any Claim or Claims), or any assumption, termination or repudiation of executory contracts or leases effected by this Plan, and any document or agreement executed pursuant to this Plan shall be deemed null and void, and (iii) nothing contained in this Plan, and no acts taken in preparation for consummation of this Plan, shall (a) constitute or be deemed to constitute a waiver or release of any Claims by or against Cantar or any other Person; (b) prejudice in any manner the rights of Cantar or any other Person in any further proceedings involving Cantar; or (c) constitute an admission of any sort Cantar or any other Person.

#### **7.12 Further Assurances**

Notwithstanding that the transactions and events set out in this Plan shall occur and be deemed to occur in the order set out herein without any additional act or formality, each of the Persons affected hereby shall make, do and execute, or cause to be made, done and executed at the cost of the requesting party, all such further acts, deeds, agreements, transfers, assurances, instruments or, documents as may reasonably be required by Cantar in order to better implement this Plan.

**7.13 Governing Law**

This Plan shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein. Any questions as to the interpretation or application of this Plan and all proceedings taken in connection with this Plan and its provisions shall be subject to the exclusive jurisdiction of the Court.

APPENDIX 1

ELECTION TO REDUCE CLAIM

TO: CANTAR POOL PRODUCTS LIMITED/PRODUITS DE PISCINES CANTAR  
LIMITÉE ("Cantar")

RE: CANTAR'S PLAN OF COMPROMISE AND REORGANIZATION PURSUANT TO THE  
COMPANIES' CREDITORS ARRANGEMENT ACT (the "CCAA Plan")

For Use by Affected Creditors of Cantar Pool Products/Produits de Piscines Cantar Limitée with  
total Affected Claims in excess of \$5,000 who wish to reduce their total Affected Claims to \$5,000  
and receive cash.

THE UNDERSIGNED AFFECTED CREDITOR of Cantar acknowledges that the total amount of its  
Affected Claim exceeds \$5,000 and hereby:

- (a) reduces the undersigned's total amount of Affected Claims to \$5,000;
- (b) releases all other Affected Claims of the undersigned; and
- (c) elects to receive by cheque, instead of any distribution from the Affected Creditors'  
Distribution Pool pursuant to the CCAA Plan, an amount (payable within 6 months of the  
Effective Date of the Plan, in accordance with the terms thereof) equivalent to 25% of the  
lesser of:
  - (i) the total amount of the undersigned's Proven Claims; and
  - (ii) \$5,000

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2006.

\_\_\_\_\_  
Print Name of Affected Creditor

\_\_\_\_\_  
Phone Number of Affected Creditor

\_\_\_\_\_  
Signature of Affected Creditor or, if the Affected  
Creditor is a corporation, signature of an authorized  
signing officer of the corporation and such officer's title

THIS ELECTION MUST BE PROVIDED TO THE MONITOR SO THAT IT IS RECEIVED BY  
THE MONITOR AT THE FOLLOWING ADDRESS ON OR BEFORE THE CLAIMS BAR DATE  
OF 5:00 P.M. (TORONTO TIME) ON DECEMBER 21, 2006

A. Farber & Partners Inc.  
(In its capacity as Monitor of  
Cantar Pool Products Limited)  
150 York Street, Suite 1600  
Toronto, ON M5H 3S5

Attention: Paul Denton  
Telephone: (416) 496-3773  
Fax: (416) 496-3839  
E-mail: pdenton@farber.com

DMSTORLegal\056668\00001\469465v1

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 CANTAR POOL PRODUCTS LIMITED/PRODUITS DE PISCINES CANTAR LIMITÉE

Court file no. 06-CL-6690

*ONTARIO*  
SUPERIOR COURT OF JUSTICE  
Proceedings commenced in Toronto

**PLAN OF COMPROMISE OR  
ARRANGEMENT**

McCarthy Tétrault LLP  
Barristers and Solicitors  
Suite 4700, Toronto Dominion Bank  
Tower  
Toronto ON M5K 1E6

Geoff R. Hall LSUC #347010  
(416) 601-7856  
Fax: (416) 868-0673

James D. Gage LSUC #346761  
Tel: (416) 601-7539  
Fax: (416) 868-0673

Solicitors for the Applicant

IN THE MATTER OF AN APPLICATION UNDER 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 CANTAR POOL PRODUCTS LIMITED / PRODUITS DE  
PISCINES CANTAR LIMITÉE

**ONTARIO**  
**SUPERIOR COURT OF JUSTICE**  
**COMMERCIAL LIST**  
Proceeding commenced at TORONTO

**SANCTION ORDER**

**McCarthy Tétrault LLP**  
Barristers and Solicitors  
Suite 4700, Toronto Dominion Bank Tower  
Toronto ON M5K 1E6

**Geoff R. Hall** LSUC #347010  
Tel: (416) 601-7856  
Fax: (416) 868-0673

**James D. Gage** LSUC #346761  
Tel: (416) 601-7539  
Fax: (416) 868-0673

Solicitors for the Applicants  
TDO-TIE #8710177 v.5