

Superior Court

CANADA
PROVINCE OF QUEBEC
DISTRICT OF MONTREAL

N^o: 500-11-033234-085

DATE : September 8, 2008

PRESIDING: The Honourable Robert Mongeon, J.S.C.

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

SHERMAG INC.

- and -

JAYMAR FURNITURE CORP.

- and -

SCIERIE MONTAUBAN INC.

- and -

MÉGABOIS (1989) INC.

- and -

SHERMAG CORPORATION

- and -

JAYMAR SALES CORPORATION

Petitioners

- and -

RSM RICHTER INC.

Monitor

**SECOND ORDER EXTENDING THE STAY TERMINATION DATE
AND GRANTING OTHERS REQUESTED RELIEFS**

CONSIDERING that on May 5, 2008, Petitioners presented to this Court a Petition for the issuance of an Initial Order under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**") (the "**Petition for an Initial Order**");

CONSIDERING that this Court, after having heard the Petition for an Initial Order, issued on the same date an Initial Order under the CCAA (the "**Initial Order**");

SEEING Petitioners' Motion for an order extending the stay period and others requested reliefs (the "**Motion**") under the CCAA and the affidavit of Josée Girard in support thereof;

GIVEN the provisions of the CCAA;

FOR THESE REASONS, THE COURT:

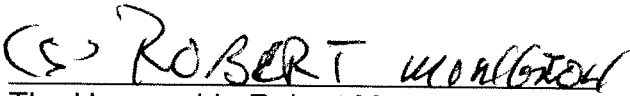
- [1] **GRANTS** the Motion;
- [2] **DECLARES** that all capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the Initial Order issued on May 5, 2008 as subsequently amended or extended;
- [3] **EXTENDS** the Stay Period and the Stay Termination Date to December 10, 2008, the whole subject to all other terms and conditions of the Initial Order, as amended and extended;
- [4] **APPROVES** the sale of Petitioners' head office located at 2171 King Street West at Sherbrooke in accordance with the terms and condition of the offer to purchase concluded between Shermag Inc. and Michel Verrier communicated as Exhibit R-1 (the "**Head Office's Sale**");

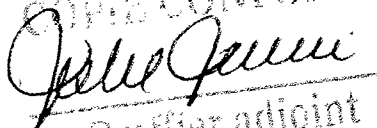
- [5] **APPROVES** the sale of Petitioners' non-core surplus inventory currently estimated at a wholesale value of approximately \$16,900,000.00 (the "**Inventory Sale**"), by way of the Petitioners selling same to the general public from its warehouse facilities and to larger customers at reduced prices;
- [6] **APPROVES** the sale of the Surplus Equipment ("**Surplus Equipment**") either directly to various end-users or by engaging an auctioneer(s) to assist in the process;
- [7] **AUTHORIZES** the Petitioners to sign and execute any document which could be required or useful to give full and complete effect to the Head Office's Sale, the Inventory Sale or the Surplus Equipment Sale;
- [8] **DECLARES** that the Head Office Sale, the Inventory Sale and the sale of the Surplus Equipment cannot be attacked or voided as a reviewable transaction or for any other reason whatsoever and that it shall be deemed valid for all intents and purposes;
- [9] **AMENDS and MODIFIES** subparagraph 18 (c) of the Initial Order as follows:

(c) convey, transfer, assign, lease, or in any other manner dispose of the Property, in whole or in part, provided that the price in each case does not exceed \$900,000 or \$5,000,000 in the aggregate, except in such a case, with the prior written consent of the Monitor and the Lender and without the necessity of a further Court Order, However, (i) the liquidation of the inventory located in the Montreal distribution center, (ii) the sale of the sawmill located in Notre-Dame-de-Montauban which shall not require any authorization

and (iii) any sale or transaction previously authorized including per this Order, will need no further authorization from the Court;

- [10] **DECLARES** that notices given of the presentation of the Motion are proper and sufficient;
- [11] **ORDERS** the provisional execution of this Order notwithstanding any appeal and without the necessity of furnishing any security.
- [12] **THE WHOLE** without costs


The Honourable Robert Mongeon, J.S.C.

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