

CANADA
PROVINCE OF QUEBEC
DISTRICT OF MONTREAL

No.: 500-11-033234-085

S U P E R I O R C O U R T
(Commercial Division)
(Sitting as a court designated pursuant to the
Companies' Creditors Arrangement Act,
R.S.C. 1985, c. C-36)

IN THE MATTER OF THE PLAN OF ARRANGEMENT OF:

**SHERMAG INC.
JAYMAR FURNITURE CORP.
SCIERIE MONTAUBAN INC.
MÉGABOIS (1989) INC.
SHERMAG CORPORATION
JAYMAR SALES CORPORATION**

Debtors

LIST OF DOCUMENTS ANNEXED TO THE MAILING DATED AUGUST 20, 2009
(also available on our website: www.rsmrichter.com/Restructuring/Shermag.aspx)

1. Notice of Meeting
2. Creditors' list
3. Notice to the creditors of the application for sanction and ratification of the Plan of Arrangement
4. Voting letter
5. Proxy
6. Plan of Arrangement
7. Report of Monitor on the State of Affairs of the Debtors and the Plan of Arrangement

RSM Richter Inc.

RSM Richter Inc.

2, Place Alexis Nihon, Suite 1820
Montréal, Québec H3Z 3C2
Téléphone / Telephone: 514.934.3497
Télécopieur / Facsimile: 514.934.3405
www.rsmrichter.com

CANADA
PROVINCE OF QUEBEC
DISTRICT OF MONTREAL

No.: 500-11-033234-085

S U P E R I O R C O U R T

(Commercial Division)

(Sitting as a court designated pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36)

IN THE MATTER OF THE PLAN OF ARRANGEMENT OF:

**SHERMAG INC.
JAYMAR FURNITURE CORP.
SCIERIE MONTAUBAN INC.
MÉGABOIS (1989) INC.
SHERMAG CORPORATION
JAYMAR SALES CORPORATION**

Debtors

NOTICE OF MEETING

Notice is hereby given that, pursuant to the Initial Order rendered by the Superior Court of Québec on May 5, 2008 (as renewed, amended, and extended), the Debtors have filed on August 20, 2009, a Plan of Arrangement pursuant to the terms of the *Companies' Creditors Arrangement Act* (R.S.C. (1985), ch. C-36). In this regard, a meeting of creditors of the Debtors to consider the Plan of Arrangement will be held on:

**September 10, 2009 at 10:00 a.m.
At the Marriott Château Champlain
Salon Cartier C
1050 de la Gauchetière Street West
Montréal, Québec**

Attendance at the meeting and right to vote will be restricted only to those creditors who have properly submitted their Proof of Claim to the Monitor as well as employees having received Notices of Scheduled Employees' Claim as per the Court Orders or to duly appointed proxy.

Creditors who have the right to vote during this meeting can accept the Plan of Arrangement as is or as modified at the meeting. If the Plan of Arrangement is accepted by the required majority and if it is ratified by the Court, it will be binding upon all affected creditors.

The Voting Letters and/or the Proxy must be remitted to the Monitor before the beginning of the meeting. To facilitate the tabulation of the votes, you may return your Voting Letter and, as the case may be, your Proxy prior to the meeting. Facsimile and e-mail transmissions will be accepted. Documents must be forwarded to:

**RSM Richter Inc.,
in its capacity as Court-Appointed Monitor of the Debtors
Suite 1820
2 Place Alexis Nihon
Montréal, Québec H3Z 3C2
Facsimile: 514.934.3405
E-mail: shermag@rsmrichter.com**

DATED AT MONTRÉAL, this 20th day of August 2009

RSM Richter Inc.
Court-Appointed Monitor

(français – au recto)

RSM Richter Inc.

Liste des créanciers/ List of Creditors

Dans l'affaire du plan d'arrangement de / In the Matter of the plan of arrangement of

(Loi sur les arrangements avec les créanciers des compagnies) / (Companies' Creditors Arrangement Act)

SHERMAG INC., JAYMAR FURNITURE CORP., SCIERIE MONTAUBAN INC., MÉGABOIS (1989) INC., SHERMAG CORPORATION, JAYMAR SALES CORPORATION

Nom/Name	Adresse/Address	Montant/Amount
Créanciers garantis/Secured Creditors		
EDMUNDSTON (MUNICIPALITE D')	7 CHEMIN CANADA EDMUNDSTON NB E3V 1T7	39,913.36
MINISTRE DES FINANCES NOUVEAU-BRUNSWICK	C.P. 3000 FREDERICTON NB E3B 5G5	63,438.29
MUNICIPALITE NOTRE DAME DE MONTAUBAN	555 AVE. DES LOISIRS Notre Dame Montauban QC G0X 1W0	1,460.70
VILLE DE GRANBY	87 PRINCIPALE Granby QC J2G 2T8	22,011.29
VILLE DE SCOTSTOWN	101 CH.VICTORIA O. SCOTSTOWN QC J0B 3B0	12,614.39
VILLE DE SHERBROOKE	1800, RUE ROY Sherbrooke QC J1K 1B6	53,207.51
VILLE DE TERREBONNE	3060 CHEMIN ST-CHARLES Lachenaie QC J6V 1A1	12,766.11
VILLE DE VICTORIAVILLE	1 RUE NOTRE-DAME OUEST, C.P. 370 Victoriaville QC G6P 6T2	37,967.65
Créanciers garantis/Secured Creditors		243,379.30
Employées/Employees		
ALBERT, GISELE	1645 ROUTE 205 EST St-François-Madawaska NB E7A 1P7	2,493.49
ALVARADO-ZAINOS, JOSE CARLOS	182 CROTEAU LE GARDEUR QC J5Z 5B1	1,135.51
ANDERSON, SENECA	480 CROSSBURY BURY QC J0B 1J0	1,658.40
ARBEC, PIERRE	645 STE-CATHERINE #1 Granby QC J2G 3V6	852.6
AROUS, RIDHA	102, RUE LUSSIER ST-ALPHONSE-DE-GRANBY QC J0E 2A0	12,256.38
ASSELIN, CLAUDE	204 CHEMIN LAC UNIQUE St-François-Madawaska NB E7A 1G9	1,435.53
AUDET, VERONIQUE	62 AVENUE BERGERON EAST ANGUS QC J0B 1R0	999.76
AUGER, EMMANUEL	1045 CHEMIN RACINE BROMONT QC J2L 1G2	1,471.60
AYOTTE, ANDRE	92 RUE NADEAU EDMUNDSTON NB E3V 4E1	976.78
BALES, MARC	1444 ST-LOUIS Sherbrooke QC J1H 4P4	2,771.65
BALTATEANU, LIONICA	842 MALOUIN APP.1 Sherbrooke QC J1J 3B9	1,654.61
BANVILLE, DAVE	53 RUE M NADEAU LAC BAKER NB E7A 1J5	1,242.45
BANVILLE, SERGE	2815 ROUTE 120 ST-HILAIRE NB E3V 4T7	1,641.24
BAUSET, GENEVIEVE	1066 RUE DE LA STATION PREVOST QC J0R 1T0	1,211.70
BEASLEY, LARRY	A/S DELORME LEBEL BUREAU SAVOIE, SENC 2355 KING OUEST, #100 Sherbrooke QC J1J 2G6	175,000.00
BEAUDOIN, LOUISE	167 CHEMIN ST-ISIDORE MARTINVILLE QC J0B 2A0	807.13
BEAULIEU, ANNIE	622 DOMAINE RUSTIQUE Roxton Pond QC J0E 1Z0	382.7
BEAULIEU, GILBERT	8 RUE DE L'ETANG St-François-Madawaska NB E7A 1C2	984.87
BEAULIEU, ROSAIRE	321 CHEMIN SOUCY LAC BAKER NB E7A 1K8	1,443.29
BEAULIEU, YVES	16 PREMIERE St-François-Madawaska NB E7A 1E6	2,508.59
BEAUREGARD, DANIELLE	651 STE-ROSE Granby QC J2G 3S9	796.58
BEAUREGARD, JESSIE	619 DOMAINE RUSTIQUE Roxton Pond QC J0E 1Z0	289.31
BEAUREGARD, MARC	6 CHEMIN TETREAULT EAST ANGUS QC J0B 1R0	1,607.21
BEAURIVAGE, LUCIE	193-10e AVENUE SUD Sherbrooke QC J1G 2R6	1,447.08
BECIROVIC, DAMIR	2020 DES BOISES #205 ASCOT QC J1H 3Y9	877.82
BELAND, MARIO	2277 CH. LAC LOUISE WEEDON QC J0B 3J0	1,600.88
BELAND, PHILIPPE	27 CHEMIN BRIERE ST-GÉRARD QC J0B 3J0	880.61
BELANGER, DARIUS	296 PRINCIPALE ST-JACQUES NB E7B 1X3	41.32
BELANGER, JOSÉE	705, RUE MCGREGOR, APT.109 Sherbrooke QC J1L 1P4	54,921.45
BELANGER, KARL	1777 ROUTE 120 ST-HILAIRE NB E3V 4T5	543.92
BELIVEAU, ANDRE	9330 NICOLAS-PERREAULT BECANCOUR QC G9H 3R7	491.41
BELIVEAU, JOHANNÉ	1066 STE-THERESE Sherbrooke QC J1K 2V2	2,956.98
BERGERON, BRUNO	33 ACADEMY Sherbrooke QC J1M 1P9	845.42
BERGERON, MELANIE	517 CHEMIN DU GRAND BOIS ST-ETIENNE DE BOLTON QC J0E 2E0	835.77
BERNARD, GUY	25 CHEMIN MALISEET MADAWASKA MALISEET NB E7C 1W5	340.1
BERNIER, PIERRE	315 KING OUEST C.P. 472 Sherbrooke QC J1H 5J7	1,277.67
BERNIER, SERGE	1015 DES QUATRE-SAISONS #408 Sherbrooke QC J1E 3E9	2,007.31
BERTHOLO, DENYSE	2761, VAUDREUIL Sherbrooke QC J1J 2M6	93,065.87
BIBEAU, YVON	173 PRINCIPALE EST MARBLETON QC J0B 2L0	2,558.24
BIRON, GERALD	530 RUE COMEAU OMERVILLE QC J1X 5J1	2,679.52
BISSONNETTE, MARYSE	133-12e AVENUE SUD #2 Sherbrooke QC J1G 2V5	858.62
BLANCHARD, CHARLES	1772 FONTAINEBLEAU Sherbrooke QC J1G 4X2	1,887.03
BLANCHETTE, PATRICIA	5980 NICOLAS-PERROT BECANCOUR QC G9H 3C3	1,210.11
BOISVERT, SERGE	265 AUBIN EAST ANGUS QC J0B 1R0	1,379.78
BOISVERT, YVAN	9595 BOUL DU PARC INDUSTRIEL BECANCOUR QC G9H 3P1	377.82
BOVIN, MARJOLAINE	58 BELLEVUE COMPTON QC J0B 1L0	1,258.94
BOLDUC, GHISLAIN	2646 ROUTE 205 St-François-Madawaska NB E7A 1R2	1,470.08
BOLDUC, RINO	381 CHEMIN BEAULIEU St-François-Madawaska NB E7A 1A2	569.5
BOLDUC, YVON	3214 ROUTE 205 ST-FRANCOIS NB E7A 1R8	482.97
BONENFANT, JACQUES	4247 ROUTE 120 BAKER BROOK NB E7A 1X4	1,301.51
BONENFANT, MARTIN	107 CHEMIN PELLETIER St-François-Madawaska NB E7A 1P2	1,208.53
BOSSE, ALAIN	178 DE L'EGLISE #3 EDMUNDSTON NB E3V 1K2	926.94
BOSSE, CHARLES-YVON	5608 CENTRALE LAC BAKER NB E7A 1H7	1,702.34
BOSSE, JEAN-NOEL	9 DES PEUPLIERS ST-MARC-DU-LAC-LONG QC G0L 1T0	1,834.99
BOSSE, LEVIO	1669 CHEMIN BAISLEY EDMUNDSTON NB E7B 2A7	997.57
BOSSE, MADELEINE	97 39E AVENUE EDMUNDSTON NB E3V 2X1	1,325.99
BOSSE, PAUL HENRI	18 FRONTIERE St-François-Madawaska NB E7A 1C7	2,200.50
BOSSE, YVES	304 CHEMIN SMITH ST-BASILE NB E7C 2J9	1,088.89
BOUCHARD, DANIEL N.	398 ROUTE 215 St-François-Madawaska NB E7A 1G9	2,405.68
BOUCHARD, GERARD	51 CH. RIVIERE VERTE RIVIERE VERTE NB E7C 2Z9	976.66
BOUCHARD, JACKIE	16 FRONTIERE St-François-Madawaska NB E7A 1C7	2,184.47
BOUCHARD, LISE	139 LAURENT # 14 Granby QC J2J 2H7	1,181.93
BOUCHARD, LOUIS	177 CHEMIN RICEVILLE ST-HILAIRE NB E3V 4S7	1,036.63
BOUCHARD, MICHELLE	80 RUE CHENIER ASCOT CORNER QC J0B 1A0	1,877.70
BOUCHARD, PAUL	4697 PAPINEAU LAC MEGANTIC QC G6B 1Y4	1,041.72
BOUCHARD, PHILIPPE	15 RANG 2 NORD St-François-Madawaska NB E7A 1P4	1,341.91
BOUCHARD, REJEAN	25 ST-JEAN St-François-Madawaska NB E7A 1E9	1,151.69
BOUCHARD, STEPHANE	2821 ROUTE 120 ST-HILAIRE NB E3V 4T7	1,703.69
BOUCHER, ALAIN	6 B AVENUE SAUCIER BAKER BROOK NB E7A 1V7	1,276.76
BOUCHER, BERNARD	2603 RUE COMMERCIALE APT A St-François-Madawaska NB E7A 1S7	2,110.80

RSM Richter Inc.

Liste des créanciers/ List of Creditors

Dans l'affaire du plan d'arrangement de / In the Matter of the plan of arrangement of

(Loi sur les arrangements avec les créanciers des compagnies) / (Companies' Creditors Arrangement Act)

SHERMAG INC., JAYMAR FURNITURE CORP., SCIERIE MONTAUBAN INC., MÉGABOIS (1989) INC., SHERMAG CORPORATION, JAYMAR SALES CORPORATION

Nom/Name	Adresse/Address	Montant/Amount
Employées/Employees		
BOUCHER, BERTHE	1910 COMMERCIALE St-François-Madawaska NB E7A 1A9	1,670.60
BOUCHER, CLAUDE	34-2e AVENUE CLAIR NB E7A 2A9	1,513.93
BOUCHER, CLAUDETTE	1899 COMMERCIALE St-François-Madawaska NB E7A 1A8	803.53
BOUCHER, DENIS	4971 ROUTE 120 LAC BAKER NB E7A 1M3	434.49
BOUCHER, GERALD	1899 COMMERCIALE St-François-Madawaska NB E7A 1A8	1,558.09
BOUCHER, GUILDA	334 CHEMIN GABOURY VERRRET NB E3V 4N3	2,148.02
BOUCHER, GUILDAS	37 CHEMIN BOUCHER St-François-Madawaska NB E7A 1G6	948.22
BOUCHER, RENE	155 RUE DES PINS EAST ANGUS QC J0B 1R0	461.19
BOUDREAU, BERTRAND	18 RUE LEBEL Ste-Anne Madawaska NB E7E 1C7	1,329.58
BOUDREAU, MAURICE	26 B RUE ST-FRANCOIS EDMUNDSTON NB E3V 1E3	1,239.94
BOULAY, MARCO	39 DES ORMES BAKER BROOK NB E7A 1T3	1,451.08
BOULAY, RINO	67 CHEMIN PELLETIER St-François-Madawaska NB E7A 1P2	1,285.14
BOURASSA, PIERRE	110 RUE BOURASSA LAC AUX SABLES QC G0X 1M0	408.91
BOUTIN, DENIS	491 STOKES BURY QC J0B 1J0	1,009.27
BOUTIN, DENISE	91 DES PINS #8 EAST ANGUS QC J0B 1R0	856.36
BOUTIN, FRANCIS	2791 CHEMIN JULIENNE WEEDON QC J0B 3J0	1,462.97
BOUTIN, JONATHAN	591 23E AVENUE #6 Lachine QC H8S 3V3	907.53
BOUTIN, MATHIEU	28 ANGUS SUD EAST ANGUS QC J0B 1R0	690.56
BOUTIN, MICHEL	180 ROUTE 255 NORD BURY QC J0B 1J0	2,382.26
BOUTIN, SÉBASTIEN	145 ROUTE 255 NORD MARBLETON QC J0B 2L0	27.76
BOZANOVIC, STEVO	850, TESSIER # 205 Sherbrooke QC J1H 5P1	788.14
BRETON, BRIGITTE	1239 ST-ANTOINE DISRAELI QC G0N 1E0	1,039.67
BRETON, LISE	3460 HECTOR CHARTRAND Terrebonne QC J6Y 1A4	1,166.71
BRETON, MARJOLAINE	91, AVENUE DES PINS, APP. 7 EAST ANGUS QC J0B 1R0	991.46
BRETON, NOEL	920 DU LAC St-Alphonse-Dudswell QC J0B 2L0	1,338.11
BRETON, REJEAN	470 BAROLET WEEDON QC J0B 3J0	1,812.96
BRIERE, MARISE	172 DUPLIN EAST ANGUS QC J0B 1R0	991.55
BRISSON, MICHEL	8425 A RAOUL DUCHESNE BECANCOUR QC G9H 2V5	1,371.33
BRISSON, NELSON	7850 NICOLAS-PERROT BECANCOUR QC G9H 3C3	758.53
BRISSON, SEBASTIEN	8425 A BOUL. RAOUL DUCHESNE BECANCOUR QC G9H 2V5	1,302.63
BRUNELLE, JEAN-PAUL	282 ST-HUBERT Granby QC J2G 5N3	1,023.42
BRUNELLE, LISE	509 CHENIER Granby QC J2G 3C8	1,039.03
BUCHHALTER, DAVID	3794 MASSON APT 3 MONTRÉAL QC H1X 1S6	413.98
BUREAU, DANIEL	390 CHEMIN BEAUDOIN COMPTON QC J0B 1L0	1,474.05
BYRNS, CARL	1102 SIDELEAU Sherbrooke QC J1E 1H4	3,563.94
CAMPAGNA, ANDRE	1 RUE MORCEAU RIVIERE-VERTE NB E7C 2S8	1,109.54
CAQUETTE, SERGE	178 CAMIRE C.P.44 R.R.1 JOHNVILLE QC J0B 2A0	2,954.79
CARBONNEAU, ANDREE	100 RUE PIERRE-LAPORTE APP.304 BECANCOUR QC G9H 2P6	698.08
CARON, SYLVAIN	710 RUE ST-FRANCOIS EDMUNDSTON NB E3V 1H3	1,993.28
CARON-ROY, PIERRE-PHILIPPE	1770 DE MELBOURNE, #1 Terrebonne QC J6X 4T6	680.77
CASSELMAN, JEFFREY	C/O LEVINE FRISHMAN, ME Z. LEVINE 3500 BOUL. DE MAISONNEUVE W.SUITE 1600 MONTRÉAL QC H3Z 3C1	680,000.00
CASTONGUAY, GILLES	66 31E AVENUE EDMUNDSTON NB E3V 2R5	1,022.24
CHALOUX, FERNAND	5050 ROUTE 112 ASCOT CORNER QC J0B 1A0	1,172.11
CHARLETTE, DANA	113 AVENUE DES ERABLES CLAIR NB E7A 2B9	2,241.82
CHARTRAND, PIERRE	654 DESJARDINS LEMIEUX QC G0X 1S0	1,637.19
CHASSE, MICHEL	2032 D RUE COMMERCIALE ST-FRANCOIS NB E7A 1B3	458.45
CHILLAS, FRANCOIS	516 LANGLOIS Sherbrooke QC J1E 1N6	2,155.69
CIMON, PIERRE-ANDRE	920 BERTRAND #6 Sherbrooke QC J1H 2Z9	1,316.03
CLOUTIER, JOSEE	10 RUE GILBERT BISHOPTON QC J0B 1G0	647.96
CLOUTIER, REJEAN	188 CH. HOOKER BISHOPTON QC J0B 1G0	993.07
CLOUTIER, SYLVIE	1475 DES JASMINES APP.11 STE-ANGELE DE LAVAL QC G9H 2S5	527.45
COTE, DONALD	615 PRINCIPALE SUD WATERVILLE QC J0B 3H0	1,177.55
COTE, GUYLAINE	8070 CHEMIN DU PANSU DISRAELI QC G0N 1E0	1,010.25
COTE, MARCEL	378, 2ieme RANG NORD St-François-Madawaska NB E7A 1P3	1,970.52
COTE-BROCHU, ALEXANDRE	5505 DES CEDRES BECANCOUR QC G9H 3K6	72.24
COUTURE, CLAUDE	1280 DES MARGUERITES FLEURIMONT QC J1E 3M9	1,358.16
COUTURIER, BRUCE	1076 CH.3 MILLES ST-JACQUES NB E7B 2J1	1,022.69
COUTURIER, JASON	26 LE PARADIS ST-JACQUES NB E7B 1T7	961.97
COUTURIER, LUC ALFRED	673 CHEMIN SIR0IS St-François-Madawaska NB E7E 1N2	1,220.24
COUTURIER, SONNY	114 39E AVENUE EDMUNDSTON NB E3V 2X3	955.15
COUTURIER, STEPHANE	27 THERIAULT ST-BASILE NB E7C 1N4	1,160.31
CRETE, LUC	3 CHEMIN HOOKER C.P.41 BISHOPTON QC J0B 1G0	1,927.09
CYR, GERARD	2169 COMMERCIALE St-François-Madawaska NB E7A 1B5	2,362.68
CYR, MARC ALAIN	53 PRINCIPALE ST-BASILE NB E7C 2C9	1,565.57
CYR, MICHEL	45 RUE DES ORMES BAKER BROOK NB E7A 1T3	1,554.29
CYR, REAL	1139 PRINCIPALE.C.P.1549 CLAIR NB E7A 2H9	1,674.79
DAGENAIS, VIVIANNE	113 CORBEILS STE-ANNE DES PLAINES QC J0N 1H0	591.14
DAIGNEAULT, ISABELLE	42, RUE BABIN Granby QC J2H 1W6	1,384.07
DALLAIRE, ERIC	375 MASSE # 1 Granby QC J2J 1V6	774.81
DANIS, REAL	554 ROUTE DE L'ECOLE ST-VALERIN QC J0H 2B0	1,104.42
DANIS, YVON	424 A REDCROSS LASALLE QC H8R 2X9	1,060.86
DELISLE, JACQUES B	492 BATISCAN Notre Dame Montauban QC G0X 1W0	641.16
DELISLE, JEAN	171 RANG 8 C.P. 64 Notre Dame Montauban QC G0X 1W0	2,709.97
DELISLE, MARCEL	310 ROUSSEAU Notre Dame Montauban QC G0X 1W0	269.83
DELORME, DAVID	1650 RUE BELLEFLEUR Sherbrooke QC J1J 1A3	710.07
DEMERS, LUC	500 CODERRE #1 Sherbrooke QC J1E 2P3	535.74
DEMONTIGNY, FRANCIS	5420 DES CHENES BECANCOUR QC G9H 3K3	72.94
DESHAIES, ANNIE	761 PRINCIPALE ST-SYLVÈRE QC G0Z 1H0	1,258.21
DESHAIES, MIRIELE	363 RANG 12 SAINT-SYLVÈRE QC G0Z 1H0	238.91
DESHAIES, PATRICK	741 DES BLES D'OR Ste-Marie Blanford QC G0X 2W0	1,295.14
DESHAIES, REJEAN	6360 DES PINS STE-GERTRUDE QC G9H 3K7	2,378.84

RSM Richter Inc.

Liste des créanciers/ List of Creditors

Dans l'affaire du plan d'arrangement de / In the Matter of the plan of arrangement of
(Loi sur les arrangements avec les créanciers des compagnies) / (Companies' Creditors Arrangement Act)

SHERMAG INC., JAYMAR FURNITURE CORP., SCIERIE MONTAUBAN INC., MÉGABOIS (1989) INC., SHERMAG CORPORATION, JAYMAR SALES CORPORATION

Nom/Name	Adresse/Address	Montant/Amount
Employées/Employees		
DESPATIE, LYNE	235 ST-GEORGE ANGE-GARDIEN QC J0E 1F0	169.77
DESPINS, MARIELLE	1443 CHAMPLAIN Sherbrooke QC J1H 2L4	2,263.15
DESPRES, CAROLE	5137 DES ERABLES ASCOT CORNER QC J0B 1A0	1,100.24
DESRUISSEAU, ROCH	1825 BELVEDERE SUD #401 ASCOT QC J1H 5S1	1,980.46
DION CRETE, NICOLE	3 CHEMIN HOOKER C.P. 41 BISHOPTON QC J0B 1G0	1,439.12
DION, GAETAN	6130 HOLLENBECK NORTH HATLEY QC J0B 2C0	1,536.53
DIONNE, SYLVIE	1222 RUE PRINCIPALE ST-BASILE NB E7C 1L9	885.53
DROUIN, JULIE	132 COLLEGE EAST-ANGUS QC J0B 1R0	986.78
DUBE, MARCEL	12 RUE DAVID ST-BASILE NB E7C 2G2	1,769.59
DUBREUIL, FRANCOIS	1040 LACOMBE #306 Sherbrooke QC J1E 3E4	834.3
DUCHARME, CAROLE	4992 LEBRUN MONTRÉAL QC H1K 3H3	254.67
DULAC, RICHARD	1625 RUE MCMANAMY # 503 Sherbrooke QC J1H 6C6	3,195.45
DUMONT, CHANTAL	17 RACINE Sherbrooke QC J1C 0G5	808.59
DUMONT, DANIELLE	70 BOURASSA Sherbrooke QC J1C 0M1	3,696.88
DUMONT, GINO	2578 ROUTE 205 ST-FRANCOIS NB E7A 1P9	360.78
DUPUIS, REAL	5205 PRINCIPALE GRAND ST-ESPRIT QC J0G 1B0	672.86
DUQUETTE, MARYSE	3003 THIVIERGE Sherbrooke QC J1G 4H1	1,203.29
DURAND, ISABELLE	12035 DES LYS BECANCOUR QC G9H 2M8	651.17
DUVAL, STEVE	4538 RTE 120 CARON BROOK NB E7A 1X7	1,300.63
EMOND, ANDRE	2111 COMMERCIALE St-François-Madawaska NB E7A 1B5	2,724.74
EMOND, DANIEL	12 MARTIN CLAIR NB E7A 2G4	2,648.05
FALARDEAU, ALAIN	1190 RUISSEAU ST-GEORGE ST-JACQUES MONTCALM QC J0K 2R0	1,106.20
FAUTEUX, MARIO	261 DES MARGUERITES COATICOOK QC J1A 2Y9	2,271.72
FONTAINE, GENEVIEVE	290 9E AVENUE WEEDON QC J0B 3J0	1,042.62
FORTIER, MICHAEL	246 A PRINCIPALE ANGE GARDIEN QC J0E 1E0	2,362.66
FORTIN, FRANCINE	106 BOUL. LECLERC # 4 Granby QC J2H 1K9	836.34
FORTIN, REJEAN	97, MAIN # 6 BISHOPTON QC J0B 1G0	242.3
FORTIN, SYLVIE	335 CHEMIN MC DONALD COOKSHIRE QC J0B 1M0	1,443.34
FOURNAISE, ALAIN	54 A ST-DAVID C.P. 2686 EAST ANGUS QC J0B 1R0	1,666.50
FOURNIER, KENNETH	5 CHEMIN IROQUOIS ST-JACQUES NB E7B 2B5	1,138.38
FOURNIER, ROBERT	80 - 44e AVENUE EDMUNDSTON NB E3V 3A2	810.27
FRECHETTE, CAROLE	29 ROUTE 255 NORD BISHOPTON QC J0B 1G0	1,609.35
FREDERIC, LOUISE	1572 PRINCIPALE Granby QC J2G 8C1	789.2
GAGNE, ANDRE	305 ST-GEORGES C.P. 142 MANSEAU QC G0X 1V0	1,158.07
GAGNON, AUDREY	625 JONATHAN Granby QC J2J 2V5	729.88
GAGNON, DAVE	26 CHEMIN RANG 3 ST-BASILE NB E7C 2C4	943.13
GAGNON, FRANCINE	5450 DES CHENES BECANCOUR QC G9H 3K3	484.21
GAGNON, PIERRE	5005 BOUL. PARC INDUSTRIEL BECANCOUR QC G9H 3N3	494.89
GARCIA, ENRIQUE	2120 LABELLE APP.15 LONGUEUIL QC J4J 3K9	963.74
GARNEAU, JEAN-SERGE	360 ROUTE 261 ST-SYLVERE QC G0Z 1H0	1,116.94
GAUDREAU, ERIC	91 AVENUE DES PINS #07 EAST ANGUS QC J0B 1R0	924.24
GENDREAU, SHAWN	19 FRONTIERE St-François-Madawaska NB E7A 1C8	1,634.93
GERMAIN, ERIC	284 ROBINSON S. Granby QC J2G 7M8	1,365.99
GERVAIS, PIERRE	280 AVENUE PLAMONDON EAST ANGUS QC J0B 1R0	104.28
GEVRY, ISABELLE	349 ST-JEAN #4 Cowansville QC J2H 3T6	439.24
GIRARDIN, CLAUDE	2615 DU LANGUEDOC #1 Sherbrooke QC J1J 1W5	3,002.53
GODIN, ERIC G.	24 B LANDRY ST-FRANCOIS NB E7A 1C9	1,204.52
GOSSELIN, CAROLINE	935 DU LAC ST-ADOLPHE DUDSWELL QC J0B 2L0	947.59
GOSSELIN, GILLES	1165 ROUTE 218 STE-CECILE-DE-LEVRARD QC G0X 2M0	774.06
GOSSELIN, LAURENT	165 RUE COTE DE L'ACADIE #8 Sherbrooke QC J1H 5X9	1,628.16
GOSSELIN, MANON	436 7E RUE DAVELUYVILLE QC G0Z 1C0	426.15
GOSSELIN, NORMAND	213 ST-SIMEON MONTAUBAN QC G0X 1W0	564.94
GOSSELIN, PIERRE	2050 CHEMIN FONTAINE WEEDON QC J0B 3J0	945.65
GOSSELIN, STEVEN	88 PRINCIPALE BISHOPTON QC J0B 1G0	605.51
GRANDMAISON, BERTRAND	56 OLIVIER BOUCHER EDMUNDSTON NB E3V 3T7	1,277.08
GRONDOIN, MONIQUE	5140 NUTBROWN WATERVILLE QC J0B 3H0	2,725.85
GUILLEMETTE, PIERRE	600 SARA APP.201 Sherbrooke QC J1H 5S7	1,614.06
GUIMOND, J.C. GUY	743 - 255 NORD BROOKBURY QC J0B 1J0	1,591.89
GUIMOND, LOUISE	28 CHEMIN MC AULEY BISHOPTON QC J0B 1G0	1,084.48
HAMEL, NATHALIE	166 J.A. DUCHESNEAU Terrebonne QC J6W 3N1	239.7
HAMEL, STEPHANIE	212 RUE LAVAL #201 Sherbrooke QC J1C 0R1	721.73
HEBERT, ERIC	2045 PRINCIPALE ST-ETIENNE DES GRES QC G0X 2P0	1,075.90
HEBERT, GERARD	5454 DES BOULEAUX BECANCOUR QC G9H 3K5	1,410.90
HEBERT, GUY	12 ST-JOSEPH #3 Granby QC J2G 6T6	823.69
HOULE, FRANCOIS	1590 LE SIGNE BECANCOUR QC G9H 3Z2	1,065.22
HOULE, MARTIN	1060 DES BLES D'OR Ste-Marie Blarford QC G0X 2W0	156.16
HUDON, EMILE	2745, RUE DES CANTONNIERS Magog QC J1X 6E6	175,000.00
HYACINTHE, MARYSE	11740 FERNAND GAUTHIER #7 MONTRÉAL QC H1E 7E3	330.6
JACQUES, DANIEL	455 RUE THIBAUT #1 ASCOT QC J1H 6E3	2,875.28
JOBIN, MARIO	550, 6 IEME RANG ST-SYLVERE QC G0Z 1H0	1,194.50
JOLICOEUR, KIM	852, RUE GRATTON Ville St-Laurent QC H4M 2G5	1,110.84
JUTRAS, ALINE	7130 DES GAZELLES LA PLAINE QC J7M 1H6	1,531.58
LABONTE, JACINTHE	143 MIQUELON ST-CAMILLE QC J0A 1G0	484.75
LABONTE, STEPHAN	64 ROBINSON NORD, APT. 1 GRANBY QC J2G 6L1	1,072.79
LACHANCE, CATHY	44 GRONDOIN EAST-ANGUS QC J0B 1R0	986.23
LAFORTUNE, PATRICK	476 NIVERVILLE TROIS-RIVIERES QC G9A 2A2	430.56
LAFRENIERE, STEPHAN	310 RUE LACERTE TROIS-RIVIERES QC G9A 3C2	249.28
LAGASSE, JEAN-FRANCOIS	55 CHEMIN DE LA MINE WEEDON QC J0B 3J0	1,083.49
LALIBERTE, MARYSE	9583 DES RIVERAINS Sherbrooke QC J1N 3H9	1,601.22
LAMOUREUX, CELINE	87 DES OLIVIERS Granby QC J2G 8C8	803.25
LANDRY, BENOIT	367 CHEMIN RICEVILLE ST-HILAIRE NB E3V 4T1	979.1

RSM Richter Inc.

Liste des créanciers/ List of Creditors

Dans l'affaire du plan d'arrangement de / In the Matter of the plan of arrangement of

(Loi sur les arrangements avec les créanciers des compagnies) / (Companies' Creditors Arrangement Act)

SHERMAG INC., JAYMAR FURNITURE CORP., SCIERIE MONTAUBAN INC., MÉGABOIS (1989) INC., SHERMAG CORPORATION, JAYMAR SALES CORPORATION

Nom/Name	Adresse/Address	Montant/Amount
Employées/Employees		
LANDRY, CARL	270 AVENUE PRINCIPALE DEGELIS QC GST 1M4	1,007.17
LANDRY, CLAIRE	46 RUE OUELLETTE ST-JACQUES NB E7B 1M9	974.81
LANDRY, GARRY H.	3088 ROUTE 205 St-François-Madawaska NB E7A 1R6	1,474.01
LANDRY, LIONEL	6-6E AVENUE CLAIR NB E7A 2L2	2,333.09
LANDRY, LUCILLE	36 RUE DE LA MONTAGNE St-François-Madawaska NB E7A 1C5	3,122.96
LANDRY, PAUL	2426 MARGUERITE D'YOUVILLE TROIS RIVIERES QC G8Z 2L8	526.9
LANDRY, RICHARD JR	11 - 2e RANG NORD St-François-Madawaska NB E7A 1P4	1,143.51
LANDRY, RICHARD	9 BELLEVUE St-François-Madawaska NB E7A 1A4	2,472.04
LANEUVILLE, JOCELYN	8615 DES MELEZES BECANCOUR QC G9H 3P8	1,835.81
LANEUVILLE, RAYMOND	9345 BOUL. PARC INDUSTRIEL BECANCOUR QC G9H 3P1	1,183.78
LANEUVILLE, YVON	570. ROUTE 261 ST-SYLVERE QC G0Z 1H0	1,471.49
LANG, DANIEL	12 RUE DES CHEVALIERS, #7 CLAIR NB E7A 2L4	2,894.19
LANG, MARYSE LYNE	71 PARC P'TISO EDMUNDSTON NB E3V 3X7	1,293.74
LANG, RICHARD	1743 ROUTE 205 St-François-Madawaska NB E7A 1P7	2,192.40
LANGELIER DAWSON, FREDERIC	71 A ANGUS SUD EAST ANGUS QC JOB 1R0	1,081.74
LANGLOIS, JESSICA	1318 ROUTE 112 WEEDON QC J0B 3J0	1,034.28
LANGLOIS, MARYSE	1120 RUE JOGUES APP 209 Sherbrooke QC J1H 5N5	780.56
LAPLANTE, NATHALIE	133 DECELLES Granby QC J2G 7P1	489.48
LAPRISE, JACQUES	556 BASTICAN C.P. 173 NOTRE DAME MONTAUBAN QC G0X 1W0	417.98
LARAMEE, NATHALIE	1151 BIENVILLE #4 Sherbrooke QC J1H 4H7	107.83
LAUZIERE, RENE-PAUL	1183 CHEMIN GRANDE-LIGNE Granby QC J2G 9H9	887.31
LAVOIE, GILMAN	55-39e AVE. EDMUNDSTON NB E3V 2X1	1,099.81
LEBEL, DIANE	1191 ROUTE 205 CLAIR NB E7A 1Y1	1,361.87
LEBLANC, LUCIE	63 ST-JACQUES EAST ANGUS QC J0B 1R0	373.99
LEBLANC, MICHEL	238 CHEMIN ALLARD C.P.907 L'AVENIR QC J0C 1B0	1,900.76
LEBLANC, RENE	10 B RUE LONG ST-HILAIRE NB E3V 4W9	546.59
LEBLOND, JEAN-PIERRE	559 76E AVENUE LASALLE QC H8R 2P8	28.59
LECLERC, REJEAN	4696 BELLAVANCE Sherbrooke QC J1N 2S4	1,989.14
LECLERC, STEPHANE	860 PLACE DESORMEAUX #12 Sherbrooke QC J1G 1Y9	784.32
LEMAY, ROBERT	481 UNION APP.4 Sherbrooke QC J1H 2X2	547.86
LEMIEUX, FRANCOIS	303 ST-JEAN OUEST EAST ANGUS QC J0B 1R0	1,028.82
LEMIEUX, MANON	141 ROUTE 112 MARBLETON QC J0B 2L0	1,545.40
LESSARD, DANIEL	15 CHEMIN DE LA GRANDE LIGNE, LOT 15 Granby QC J2G 9H9	529.88
LESSARD, KARINE	84 ST-ELIE EAST ANGUS QC J0B 1R0	396.52
LESSARD, MARCEL	73 LAFONTAINE EAST ANGUS QC J0B 1R0	1,631.07
LESSARD, ROLLANDE	191 BIGRAS Roxton Pond QC J0E 1Z0	1,583.73
LESSARD, ROLANDE	191 BIGRAS Roxton Pond QC J0E 1Z0	4,508.80
LEVASSEUR, CHARLES	340 ST-PIERRE ST-ÉTIENNE-DES-GRES QC G0X 2P0	395.16
LEVESQUE, JEAN-GUY	6452 ROUTE 120 LAC BAKER NB E7A 1N2	4,030.10
LEVESQUE, PIERRE-LUC	2755 ROUTE 120 ST-HILAIRE NB E3V 4T7	1,088.16
LIZOTTE, KAREN	37 RUE LE PARADIS ST-JACQUES NB E7B 1T9	916.93
LY, XOI	372, 7 IEME AVENUE NORD Sherbrooke QC J1E 2R8	3,252.11
MADORE, CHRISTIAN	110-45E AVENUE EDMUNDSTON NB E3V 3B1	1,257.90
MAHEUX, ALAIN	275 ROUTE DE L'ECOLE ST-SYLVERE QC G0Z 1H0	984.53
MAILHOT, VINCENT	2360 AVENUE D'ORION GENTILLY QC G9H 4J6	719.39
MALTAIS, ISABELLE	180 PRINCIPALE DAVELUYVILLE QC G0Z 1C0	166.62
MALTAIS, PIERRE	32 CHEMIN ALBERT ST-JACQUES NB E7B 1Z5	776.75
MARCIL, MARC	4460 RUE GEORGES ASCOT CORNER QC J0B 1A0	2,042.67
MARIAGE, CATHY	551 BOURGET OUEST Granby QC J2G 1H9	1,141.36
MAROIS, ERIC	96 ROUTE 112 OUEST BISHOPTON QC J0B 1G0	1,816.12
MARTIN, LINE	632 CANADA EDMUNDSTON NB E3V 1W4	802.47
MARTIN CYR, DANIELLE	53 PRINCIPALE ST-BASILE NB E7C 2C9	782.54
MARTIN, LAURIER	632 CANADA EDMUNDSTON NB E3V 1W4	1,545.13
MARTIN, LOUISE	258 CHEMIN ST-JOSEPH ST-JACQUES NB E7B 2G4	1,146.16
MARTIN, MICHELLE	1ER - 6EME AVENUE CLAIR NB E7A 2L1	503.64
MARTIN, VICKY	48 PRINCIPALE RIVIERE-VERTE NB E7C 2T6	955.86
MASTINE-FROST, ADAM	90 RUE STANLEY RICHMOND QC J0B 2H0	1,123.20
MATTEAU, PATRICIEN	1041 RANG COLLIN LAC BAKER NB E7A 1N9	1,398.08
MATTEAU, STEVE	1041 RANG COLLIN LAC BAKER NB E7A 1N9	1,187.08
MENARD, CAROLE	1790 DE GRONDINES Terrebonne QC J6X 2W2	1,554.98
MENARD, SYLVIE	273 LAFLAMME R.R.1 Roxton Pond QC J0E 1Z0	780.92
MICHAUD, BERTHIER	6 LEBEL St-François-Madawaska NB E7A 1E2	2,045.14
MICHAUD, BILLY	198, ROUTE 215 ST-FRANCOIS NB E7A 1G9	489.98
MICHAUD, DANIEL	1619 ROUTE 205 ST-FRANCOIS NB E7A 1P9	1,312.16
MICHAUD, DORIS	6 LEBEL St-François-Madawaska NB E7A 1E2	2,086.78
MILLIARD, DANNY	14 RUE ST-JEAN St-François-Madawaska NB E7A 1E8	1,716.30
MILLIARD, DONALD	345 ROUTE 215 St-François-Madawaska NB E7A 1H1	2,107.33
MILLIARD, ERIC	3734 ROUTE 205 St-François-Madawaska NB E7A 1S3	643.82
MOISAN, JEAN	100 ROUTE ROUSSEAU Notre Dame. Montauban QC G0X 1W0	335.14
MONGEAU, MARIO	53 JEAN-MAURICE #3 Sherbrooke QC J1G 1V4	1,209.42
MONTMBAULT, MARIO	8550 DES MELEZES BECANCOUR QC G9H 3P8	1,684.31
MONTMBAULT, YVON	8595 DES ERABLES BECANCOUR QC G9H 3P7	2,785.59
MONTPLAISIR, JACQUELINE	12950 CH LEBLANC BECANCOUR QC G9H 1K5	436.15
MOREAU, ANNIE	64 PRINCIPALE C.P.191 BISHOPTON QC J0B 1G0	861.54
MOREAU, CHANTAL	6 CHEMIN TÉTREAULT EAST ANGUS QC J0B 1R0	1,442.44
MOREL, GILLES	829 LAROCQUE APP.1 Sherbrooke QC J1H 4R2	1,353.91
MOREST, ROMUALD	6935 SHERBROOKE EST, #6 MONTRÉAL QC H1N 1E3	1,538.48
MORIN, GERARD	75 AVENUE DES ERABLES CLAIR NB E7A 2B6	1,239.59
MORIN, JOSEE	430 PRINCIPALE #3 Granby QC J2G 2W8	1,526.69
MORIN, MICHEL	36 RUE LAVALLEE ST-JACQUES NB E7B 1T3	1,044.51
MORIN, RINO	4 RUE DE L'ETANG ST-FRANCOIS NB E7A 1S8	1,953.45

RSM Richter Inc.

Liste des créanciers/ List of Creditors

Dans l'affaire du plan d'arrangement de / In the Matter of the plan of arrangement of

(Loi sur les arrangements avec les créanciers des compagnies) / (Companies' Creditors Arrangement Act)

SHERMAG INC., JAYMAR FURNITURE CORP., SCIERIE MONTAUBAN INC., MÉGABOIS (1989) INC., SHERMAG CORPORATION, JAYMAR SALES CORPORATION

Nom/Name	Adresse/Address	Montant/Amount
Employés/Employees		
MORIN, SYLVIE	1110 RUE ST-FRANCOIS VERRET NB E3V 4P8	1,087.14
MORNEAULT, GAETAN	817 ROUTE 215 St-François-Madawaska NB E7A 1G9	2,136.78
MORNEAULT, GILLES H.	2269 RUE CENTRALE ST-HILAIRE NB E3V 4V9	639.28
MORNEAULT, GILLES	71 PARK PTISO EDMUNDSTON NB E3V 3X7	1,482.33
MORNEAULT, GUY	29 RUE DESROCHERS ST-BASILE (EDMUNDSTON) NB E7C 2J3	1,682.28
MORNEAULT, KEVIN R.	7 RUE BELLEVUE St-François-Madawaska NB E7A 1A4	421.09
MORNEAULT, MARCO	197, CHEMIN BEAULIEU St-François-Madawaska NB E7A 1A7	1,087.42
MORNEAULT, MIKE	3725 PRINCIPALE APP.4 BAKER BROOK NB E7A 2A5	335.06
MYETTE, FRANCE	1008 DES CHRYSANTHEME MASCOUCHE QC J7L 1K4	1,026.24
NADEAU, CARL	1218 CH J MORNEAULT BAKER BROOK NB E7A 1W6	723.23
NADEAU, GERMAIN	940 PRINCIPALE CLAIR NB E7A 2J1	2,122.64
NADEAU, JEAN-PAUL	653 ROUTE 215 St-François-Madawaska NB E7A 1H1	2,618.01
NADEAU, LUC	36 FRONTIERE St-François-Madawaska NB E7A 1C7	2,562.65
NADEAU, MARCEL	1982 RUE COMMERCIALE #5 St-François-Madawaska NB E7A 1S6	649.98
NADEAU, RICHARD	1645 ROUTE 205 St-François-Madawaska NB E7A 1P7	1,793.51
NOEL, MARTIN	900 TESSIER #406 Sherbrooke QC J1H 5P1	1,457.00
OAKES, JOHN	3393 ROUTE 205 ST-FRANCOIS NB E7A 1R9	1,435.84
OAKES, LEWIS	3332 ROUTE 205 OUEST CONNORS NB E7A 1R8	2,094.99
OAKES, PIERRETTE	2032 COMMERCIALE APP.1 St-François-Madawaska NB E7A 1B2	2,077.80
ORTEGA SANTANA, ALAN FELIX	9267, BOUL. LASALLE #3 MONTREAL QC H8R 2M6	707.14
OUELLET, BERTHIER	264 LE BOULEVARD ST-JACQUES NB E7B 1K3	195.6
OUELLET, MICHEL	593 CH. TOUSSAINT ST-JOSEPH MADAWASKA NB E7B 2T7	954.48
OUELLET, SERGE J	317 RUE ST-FRANCOIS EDMUNDSTON NB E3V 1G4	575.31
OUELLETTE, ALAIN	32 CHEMIN ALBERT ST-JACQUES NB E7B 1Z5	971.77
OUELLETTE, BRYAN	1129 11E RANG ST-JEAN-DE-LA-LANDE QC G0L 3N0	620.39
OUELLETTE, CYRIL	5271 ROUTE 120 LAC BAKER NB E7A 1M5	563.69
OUELLETTE, GAETAN R.	11 RUE CYR ST-FRANCOIS NB E7A 1C1	1,280.36
OUELLETTE, MARIO	476, Zieme RANG NORD St-François-Madawaska NB E7A 1P3	1,414.86
OUELLETTE, MARVEN	29 RUE ST-ONGE ST-JACQUES NB E7B 2P3	1,180.12
OUELLETTE, RINETTE	17 RUE ST-JEAN St-François-Madawaska NB E7A 1E9	2,068.27
OUELLETTE, SEBASTIEN	597 CHEMIN RICEVILLE ST-HILAIRE NB E3V 4T2	1,452.63
OUELLETTE, STEPHANE R.	5896 CENTRALE LAC BAKER NB E7A 1N6	564.66
OUELLETTE, STEPHANE	531, RANG 2 ST-FRANCOIS NB E7A :P4	1,239.12
PALERMO, MELANIA	8452 JOLIOT-CURIE Montréal QC H1E 4C3	309.8
PAQUETTE, NATHALIE	200 SIMONDS SUD # 106 Granby QC J2J 2G8	535.5
PAQUETTE, PASCAL	2330 BOUL. DES CHENEAUX TROIS-RIVIERES QC G8Z 1A1	598
PAQUETTE, PIERRE	529 MERCIER Sherbrooke QC J1E 1X3	2,715.90
PAQUETTE, ROGER	700 PLACE DESORMEAUX #106 Sherbrooke QC J1G 3L5	1,549.41
PARADIS, RAYMOND	518 DES BOSQUETS Ste-Marie Blanford QC G0X 2W0	543.37
PARE, GUYLAINE	88 PRINCIPALE BISHOPTON QC J0B 1G0	1,415.37
PELCHAT PAIEMENT, LORRAINE	285 DES ERABLES WEEDON QC J0B 3J0	1,256.41
PELLERIN, GUY	2 RUE DU PARC C.P. 173 CABANO QC G0L 1E0	1,738.42
PELLERIN, MICHEL	6 RUE FREDERIC ST-JACQUES NB E7B 2Z3	1,341.72
PELLETIER, DEAN	7 AVENUE DES ERABLES CLAIR NB E7A 2B4	1,224.69
PELLETIER, ERIC	1755 ROUTE 205 ST-FRANCOIS NB E7A 2O5	1,115.78
PELLETIER, STEVE	2031 RUE CENTRALE ST-HILAIRE NB E3V 4V6	1,210.13
PEPIN MICHEL	1525 AVENUE CARDINAL C.P.8328 BECANCOUR QC G9H 4N9	1,028.42
PERRON, DIANE	1680 DES ARDENNES Terrebonne QC J6X 2M8	1,429.07
PERRON, SYLVAIN	202 DE LA MONTAGNE NOTRE DAME MONTAUBAN QC G0X 1W0	325.63
PHANEUF, GHISLAIN	3326 ROUTE 257 NORD WEEDON QC J0B 3J0	1,603.63
PICARD, SEBASTIEN	646 CABANA APP.2 Granby QC J2G 1G4	1,920.83
PINET, DANIEL	2101 COMMERCIALE St-François-Madawaska NB E7A 1B5	1,786.45
PITRE, GERMAIN	35 RUE DEMERS ST-JACQUES NB E7B 1E8	771.92
POISSON, ERIC	3605 DES BOUVREUILS BECANCOUR QC G9H 4E1	540.31
POMERLEAU, NANCY	523 LINDA Granby QC J2J 2V3	1,030.38
POULIN, MARCEL	1030 DAIGLE ROCK-FOREST QC J1N 2K9	3,200.00
POULIN, RAYMOND	96 ROUTE 112 WEEDON QC J0B 3J0	583.84
PREVOST, RENE	10 GILBERT BISHOPTON QC J0B 1G0	2,036.96
PROULX, PIERRE	2156 RUE DE LA RIVIERE MAGOG Sherbrooke QC J1N 2W7	1,870.28
RAYMOND, MARCEL	15 RUE DU PONT ST-JACQUES NB E7B 1H6	631.58
RAYMOND, MARCELLE	29 CHEMIN DE LA STATION MARBLETON QC J0B 2L0	1,535.02
REGIMBALD, ROBERT	4130, MGR. MOISAN Sherbrooke QC J1L 2C1	70,074.07
RICHARD, GHISLAIN	8560 AVENUE DES ERABLES STE-GERTRUDE QC G9H 3P7	1,675.14
RICHARD, GILBERTE	10 DES IRIS ST-J.-BAPTISTE-NICOLET QC J3T 1R1	1,350.33
RICHARD, RENEE	487, ROUTE DU 10E RANG SAWYERVILLE QC J0B 3A0	1,944.56
RICHARD, YANICK	1862 RUE PLOUFFE TROIS-RIVIERES QC G8Z 2R5	88.94
RICHARD, YVON	11105 SAINT-LAURENT PRECIEUX-SANG QC G9H 3G1	752.4
RIENDEAU, CONRAD	222, 5 IEME RANG EST STOKE QC J0B 3G0	1,576.63
RINGUETTE, JEAN-GUY	58 RUE DE L'EGLISE EDMUNDSTON NB E3V 1J5	1,272.27
RIOPEL, JACQUELINE	211 RUE PELLETIER #4 BOISBRIAND QC J7G 1G5	1,289.28
RIOUX, GISELE	11 LANDRY St-François-Madawaska NB E7A 1E1	2,199.10
RIOUX, MIKE	532, RUE PRINCIPALE CLAIR NB E7A 2G9	520.79
RIOUX, SOLANGE	1 CHEMIN PELOOULIN LINGWICK QC J0B 2Z0	592.5
RITCHIE CANTIN, MATHIEU	5985 RUE FABRE #7 TROIS-RIVIERES QC G8Z 4R8	400.35
ROBERT, CLAUDE	2526 RUE DES SAULES FLEURIMONT QC J1G 3W2	2,133.33
ROBERT, JOHANNIE	8275 MGR-DE-LAVAL BECANCOUR QC G9H 2Y2	445.34
ROBITAILLE, MATHIEU	52 MAIN #2 BISHOPTON QC J0B 1G0	1,066.92
RODRIGUE, JOSEE	80 MACAULAY BISHOPTON QC J0B 1G0	2,367.50
RODRIGUE, JULIE	730 RUE CHURCH MARBLETON QC J0B 2L0	1,136.65
RODRIGUE, KARINE	28 CHEMIN POULIN MARBLETON QC J0B 2L0	593.93
ROSS, JEANNINE	5064 RUE BAYONNE #3 MONTREAL NORD QC H1G 2W4	552.31

RSM Richter Inc.

Liste des créanciers/ List of Creditors

Dans l'affaire du plan d'arrangement de / In the Matter of the plan of arrangement of

(Loi sur les arrangements avec les créanciers des compagnies) / (Companies' Creditors Arrangement Act)

SHERMAG INC., JAYMAR FURNITURE CORP., SCIERIE MONTAUBAN INC., MÉGABOIS (1989) INC., SHERMAG CORPORATION, JAYMAR SALES CORPORATION

Nom/Name	Adresse/Address	Montant/Amount
Employés/Employees		
ROUILLARD, NICOLE	202 DARCHE Sherbrooke QC J1H 6K7	1,103.12
ROULEAU, ANDRE	379 CHEMIN ST-JOSEPH ST-JACQUES NB E7B 2G6	1,253.11
ROUSSEAU, STEPHANE	290 9E AVENUE WEEDON QC J0B 3J0	1,356.83
ROUSSEL, RICHARD	39 IROQUOIS ST-JACQUES NB E7B 2B5	219.15
ROUSSEL, RINO	173 CHEMIN ROUSSEL ET MARTIN ST-JOSEPH NB E7B 2R6	1,099.96
ROY, CAROLE	764 DRUMMOND CANTON GRANBY QC J2G 8C7	968.26
ROY, GISELE	107 DES PINS ANGE GARDIEN QC J0E 1E0	1,021.80
ROY, MARTINE	221 CHEMIN DEARDEN WESTBURY QC J0B 1R0	1,272.95
ROY, MICHEL	25 - 9e AVENUE SUD Sherbrooke QC J1G 2P9	2,880.93
ROY, NANCY	65 MAIN BISHOPTON QC J0B 1G0	785.05
SABOURIN, CLAUDETTE	125 RUE DU ROSSIGNOL ST-CALIXTE QC J0K 1Z0	1,519.71
SANTERRE, JEAN-LOUIS	9 LEBLANC Granby QC J2J 1Z8	278.68
SAUCIER, DIANE	17 RUE ANNA ST-JACQUES NB E7B 1A9	984.53
SERRY, LUCIEN	503 CHEMIN 2E SAULT ST-JOSEPH NB E7B 2K9	780.6
SETTER, CHRISTIAN	109 CAMILLE ST-ALPHONSE DE GRANBY QC J0E 2A0	135.5
SINGH, KULDEEP	8044 CHAMPAGNEUR, #1 MONTRÉAL QC H3N 2K5	1,742.20
SOUCY, JACQUES	688 RANG 6 ST-JEAN-DE-LA-LANDE QC G0L 3N0	2,242.44
SOUCY, MICHELINE	688 RANG 6 ST-JEAN-DE-LA-LANDE QC G0L 3N0	1,436.89
ST-AMAND, JACQUES	240 RANG PRINCE LAC AUX SABLES QC G0X 1M0	351.6
ST-CYR, MICHELLE	2105 CHEMIN LEMIRE Sherbrooke QC J1H 0C5	1,220.20
STEFANOVIC BOZANOVIC, ANICA	850, TESSIER # 205 Sherbrooke QC J1H 5P1	175.05
ST-LAURENT, FLORENT	118 A ST-FRANCOIS EAST ANGUS QC J0B 1R0	1,075.70
ST-LAURENT, LAURETTE	960 CH. BROOKBURY, C.P. 137 BISHOPTON QC J0B 1G0	2,226.53
ST-LOUIS, REJEAN	5400 DES CHENES BECANCOUR QC G9H 3K3	1,959.48
ST-LOUIS, RICHARD	955 DES PIONNIERS Ste-Marie Blanford QC G0X 2W0	1,838.53
ST-LOUIS, YVES	984 BOWEN SUD Sherbrooke QC J1G 2G4	1,584.52
ST-OURS, GUY	8025 CHEMIN DES BOUVREUILS BECANCOUR QC G9H 3J7	1,136.74
SULLIVAN, JENNIFER	3345 ROUTE 108 COOKSHIRE-EATON QC J0B 1M0	2,005.06
TARDIF, LISE	83 PRINCIPALE C.P. 204 BISHOPTON QC J0B 1G0	992.13
TARDIF, ROBERT	2487 ROUTE 205 OUEST St-François-Madawaska NB E7A 1R1	1,992.54
TESSIER, JOHANNE	463 5E RUE DAVELUYVILLE QC G0Z 1C0	375.95
TESSIER, JOSEE	20 - 1ERE AVENUE STE-ANNE-DU-SAULT QC G0Z 1C0	449.02
THERIAULT, ANNE-MARIE	118 CHEMIN JACQUES MARTIN STE-ANNE NB E7E 1M9	872.17
THERIAULT, LUCIE	41 B CHEMIN CANADA EDMUNDSTON NB E3V 1V1	843.29
THERIAULT, TONY	199 CHEMIN MARTIN Ste-Anne Madawaska NB E7E 1G4	991.73
THERRIEN, STEPHANE	17 RUE LAJOIE ST-BASILE NB E7C 1E1	1,756.91
THIBODEAU, CHARLES	11 CH SOUCY RIVIERE VERTE NB E7C 3A4	803.5
THIBODEAU, MELANIE	201 AVENUE PIERRE-LAPORTE #401 BECANCOUR QC G9H 2P6	471.76
TREMBLAY, JOSEE	13012 BOUL. BECANCOUR BECANCOUR QC G9H 2J4	685.61
TROTTIER, GUY	2500 BOUL. BECANCOUR BECANCOUR QC G9H 3V6	1,056.79
TURCOTTE, AURÉLE	2727 RUE DU CANTONNIER Magog QC J1X 6E5	110,769.12
TURMEL, JOCELYN	1022 RANG 2 SUD WEEDON QC J0B 3J0	867.73
VASQUEZ, LEOCADIA	465 DU POITOU Lachenaie QC J6W 5M2	1,116.35
VEILLEUX, CAROLE	1970, RUE HUOT FLEURIMONT QC J1G 3W8	2,856.96
VERMETTE, MADELEINE	2010 RUE VITRE Terrebonne QC J6X 3M9	335.39
VIENS, JIMMY	15 ARVIDA Granby QC J2G 2B7	472.37
Employés/Employees		1,908,243.85
Créanciers non garantis/Unsecured Creditors		
2950-8668 QUEBEC INC. MULTICOPIE ESTRIE	205 BL. JACQUES CARTIER S. Sherbrooke QC J1J 2Z4	3,985.52
4338600 CANADA INC (RONA EDMUNDSTON)	595 RUE CARRIER EDMUNDSTON NB E3V 4H4	1,244.29
4REFUEL CANADA LTEE	SUITE 215, 9440-202 STREET LANGLEY BC V1M 4A6	341.84
9010-7509 QUEBEC INC (HYD. S. ROUSSEAU)	21 RUE DU CARDINAL-LAVIGERIE Sherbrooke QC J1M 0A2	272.85
9012-7366 QUEBEC INC (TELE ALARME)	166 NOTRE-DAME EST THETFORD MINES QC G6G 2S2	954.4
9038-9610 QUEBEC INC. (FARS TRANSPO)	481 RANG ELMIRE ST-PAUL D'ABBOTSFORD QC J0E 1A0	50,802.96
9042-3187 QUEBEC INC. PRO ELECTRIQUE	40 RUE FORTIN, R.R. 4 ST-CHRIST. ARTHABASKA QC G6P 6S1	136.02
9066-5720 Québec inc/Tim Hortons	A/S NANCY LAVOIE 1035 RUE ROSTAND Sherbrooke QC J1J 4P3	1,422.32
9107-4690 QUEBEC INC (MASSIFOR)	121 DES MONTS St-Alphonse-Rodriguez QC J0K 1W0	9,102.18
9142-8268 QUEBEC INC. (InvestDL)	502 DE CHAMPIGNY ST-HILAIRE QC J3H 5K4	11,705.35
9164-0037 QUEBEC INC (RONA L'ENTREPOT)	175 MONTEE MASSON MASCOUCHE QC J7K 3R1	1,247.80
A.LAPOINTE & FILS LTEE	Attn: MARC LAPOINTE 175 RUE DU QUJVENT ST-ROMAIN QC G0Y 1L0	225.19
ABITIBI CONSOLIDATED COMPANY OF CANADA	A/S ALAIN MORIN 255 1ERE RUE GRAND-MERE QC G9T 5L2	98,787.79
ACIER A MENARD & FILS INC.	114 MENARD ST-ALPHONSE-DE-GRANBY QC J0E 2A0	747.97
ACKLANDS-GRAINER INC	90 WEST BEAVER CREEK ROAD RICHMOND ON L4B 1E7	336.37
AFFUTAGE RC SHARPENING	565 CHEMIN ST-JOSEPH ST-JOSEPH NB E7B 2R8	820.34
AGENCE DE PERSONNEL METROPOLITAIN	645 BOUL. DECARIE St-Laurent QC H3W 3H7	10,725.65
AIR LIQUIDE CANADA INC	11201 RAY LAWSON Anjou QC H1J 1M6	624.7
AKHURST MACHINERY LIMITED	1669 FOSTERS WAY DELTA BC V3M 6S7	21,149.59
ALTIMA	P.O. BOX 42006 RPO ST-LAURENT OTTAWA ON K1K 4L8	1,164.04
ALUMINIUM SERVICE INC	Attn: RENE GAGNE/LISETTE HEMOND 970 PRINCIPALE Granby QC J2G 2Z6	101.59
AMERICAN & EPIRO CANADA INC	8301 BOUL. RAY LAWSON VILLE D'ANJOU QC H1J 1X9	1,009.64
ATELIERS SAINT-JEAN(1992) INC	50 NOTRE-DAME, CP 68 BERTHIERVILLE QC J0K 1A0	5,958.91
ATTACHES RELIABLE	DIV. DE QUINC. RICH. 7900 HENRI-BOURASSA O. VILLE -ST-LAURENT QC H4S 1V4	2,511.00
AUGER BC SECURITE INC.	374 NOTRE-DAME EST Victoriaville QC G6P 4A6	1,368.36
B.DESROCHERS ET FILS INC.	835 CH. INDUSTRIEL ST-NICOLAS QC G7A 1B4	6,800.54
BARROW INDUSTRIES INC*	3 EDGWATER DRIVE NORWOOD MA 02 062	1,127.89
BARTSON FABRICS INC*	240 GLEN AVENUE MIDLAND PARK NJ 07432	717.61
BAUER STEVE*	9221 ALBAUGH ROAD NEW WINDSOR MD 21 776	14,905.51
BELEC LES INST. ELECTRIQUES CLAUDE CARON	32 DES PINS ST ETIENNE DE LAUZON QC G6J 1K4	3,104.06
BELL CANADA	2500 DANIEL JOHNSON 8E ETAGE Laval QC H7T 2P6	10,406.45
BELL MOBILITE	200 BOULEVARD BOUCHARD 3EME ETAGE Dorval QC H9S 5X5	7,230.66

RSM Richter Inc.

Liste des créanciers/ List of Creditors

Dans l'affaire du plan d'arrangement de / In the Matter of the plan of arrangement of

(Loi sur les arrangements avec les créanciers des compagnies) / (Companies' Creditors Arrangement Act)

SHERMAG INC., JAYMAR FURNITURE CORP., SCIERIE MONTAUBAN INC., MÉGABOIS (1989) INC., SHERMAG CORPORATION, JAYMAR SALES CORPORATION

Nom/Name	Adresse/Address	Montant/Amount
Créanciers non garantis/ Unsecured Creditors		
BFJ CANADA INC.	4141 BOUL. GRANDE ALLEE BOISBRIAND QC J7H 1M7	1,344.85
BILCO BLANDERIE INDUST.LTEE	4041 ST-JACQUES THETFORD MINES QC G6H 1W2	10,470.87
BOILO DESIGN INC.	A/S DELORME LEBEL BUREAU SAVOIE 2355 KING OUEST, BUR. 100 Sherbrooke QC J1J 2G6	88,438.95
BOIS OUVRES WATERVILLE INC	525 PRINCIPALE NORD WATERVILLE QC J0B 3H0	2,942.08
BOISERIES SAVCO INC.	690 ROUTE 352 STE-ADELPHIE QC G0X 2G0	19,556.68
BRENNER ASSOCIATES INC.*	D/B/A NATIONAL MARKETING SERVICES 300 ATRIUM DRIVE, THIRD FLOOR SOMERSET NJ 08873	12,994.75
BROADLEAF LOGISTICS COMPANY	8000 RUE ST. PATRICK LASALLE QC H8N 1V1	8,744.65
CANADA POST CORPORATION	2701 RIVERSIDE DRIVE OTTAWA ON K1A 0B1	178.31
CANIMEX INC.*	285, RUE ST-GEORGES Drummondville QC J2C 4H3	1,484.32
CANSEW INC.	111 CHABANEL Q, SUITE 101 Montréal QC H2N 1C9	3,961.79
CAPITOL INDUSTRIES INC.	5795 DE GASPE Montréal QC H2S 2X3	6,632.61
CARQUEST CANADA LTEE	1670 EIFFEL Boucherville QC J4B 7W1	48.62
CARSON CUSTOM BROKERS LTD*	260-17735 FIRST AVENUE SURREY BC V3S 9S1	67,239.82
CASCADES ENVIROPAC DIV.CASCADE	541 RUE MELCHERS BERTHIERVILLE QC J0K 1A0	3,218.18
CENTRE N-D DE L'ENFANT (SHERBROOKE)	SERVICES DES COMPTES A RECEVOIR 1621 RUE PROSPECT Sherbrooke QC J1J 1K4	90
CIDM	2304 CHEMIN GASCON Terrebonne QC J6X 2A5	3,628.62
CIE CANADIENNE DE PAPIER & D'EMBALLAGE	3001 BRABANT MARINEAU St-Laurent QC H4S 1V5	3,047.44
CLARKE INC.	6009 QUINPOOL ROAD HALIFAX NS B3K 5J7	110,740.00
CLARKE QUEBEC INC.	P.O. BOX 32 CONCORD ON L4K 1B2	2,263.71
CLARKE TRANSPORT	P.O. BOX 32 CONCORD ON L4K 5C9	7,699.33
CLEARVIEW STRATEGIC PARTNERS INC	WATERPARK PLACE 20 BAY STREET, 11th FLOOR Toronto ON M5J 2N8	8,208.39
CLERMONT LESSARD	96 RUE MAIN C.P. 61 BISHOPTON QC J0B 1G0	3,338.47
CLINIQUE DE MEDECINE INDUST.	ROBERT & LIZOTTE INC. 4205, 4E AVENUE OUEST CHARLESBOURG QC G1H 7A6	1,235.98
CLOTURES ORFORD INC.	6996 CHEMIN ST-ELIE Sherbrooke QC J1R 0J1	214.46
CNW	GROUP 20 BAY STREET SUITE 1500 Toronto ON M5J 2N8	1,832.57
COMBUSTION EXPERT INC	405 DESSUREAULT CAP DE LA MADELEINE QC G8T 2L8	1,374.14
COMPRESSEURS D'AIR EXPRESS	3386 BOUL INDUSTRIEL Laval QC H7L 4R9	709.58
COMPRESSEURS PARAMEC	3420 RUE KING EST Sherbrooke QC J1G 5J3	2,444.67
COMPRESSEURS QUEBEC	2431, RUE GUENETTE Ville St-Laurent QC H4R 2E9	168.23
CONRAD VERRET	55 DE LA CAILLE ST-ETIENNE-DE-LAUZON QC G6J 1J1	1,862.44
COPIE AM	1282 MONTEE MASSON Lachenaie QC J6W 6A6	2,362.75
CSST	1199 DE BLEURY BUREAU 3.1 MONTRÉAL QC H3C 4E1	1,104,904.95
CTL LEATHER INC	70 MODERN ROAD Toronto ON M1R 3B6	2,434.90
DARLINGTON TEXTILE CO. LTD	5800 ST-DENIS SUITE 1210 Montréal QC H2S 3L5	881.47
DE LAGE LANDEN FINANCIAL SERVICES CANADA	Attn: RE: KONICA MINOLTA 1235 NORTH SERVICE RD SUITE 100 Oakville ON L6M 2W2	906.35
DEFI-SM	1150 DESCHAILLONS Sherbrooke QC J1G 1X7	828.42
DISTRIBUTION EMBLEME INC	625 LEON HARMEL Granby QC J2G 3G6	494.52
DISTRIBUTION INDUSTRIELLE BOIS FRANCS	1214 ST-JACQUES OUEST PRINCEVILLE QC G6L 5K4	943.77
DISTRIBUTION MARCALAIN INC.	1390 RANG 3 ASTON JONCTION QC G0Z 1A0	3,097.62
DOMFOAM INTERNATIONAL INC.	8785, BL. L'ANGELIER Montréal QC H1P 2C9	93,000.63
DUROCHER INTERNATIONAL	1214 ROUTE 255, C.P.240 ST-FELIX DE KINGSEY QC J0B 2T0	651.86
DUVERNAY INC	232 RUE LANGLOIS Terrebonne QC J6W 1L1	455.18
EAU DE SOURCE PEUSEIDON	1150 CLAIRE CRESCENT Lachine QC H8S 1A1	276.75
EBENISTERIE LES BEAUX FRAMES JB INC	277 RUE CABRAL LE GARDEUR QC J5Z 4N2	3,548.80
ECHAFAUDAGE AGF INC.	595 AVE. NEWTON Québec QC G1P 4C4	192.19
EKAMANT CANADA INC	21 B ROYAL LE GARDEUR QC J5Z 4Z3	5,131.37
ELMO LEATHER AB	SE-51281 SVENLJUNGA, SWEDEN	4,923.00
EMBALLAGES JEAN CARTIER INC	2325 BL INDUSTRIEL ST-CESAIRE QC J0L 1T0	3,189.32
ETHICA COMMERCIAL CREDIT BUREAU LTD	6900 BOUL. DECARIE #3315 ST LUC QC H3X 2T8	1,025.55
FEDERAL EXPRESS CANADA LTEE	5985 EXPLORER DRIVE MISSISSAUGA ON L4W 5K6	6,414.52
FESTO INC.	5300 EXPLORER DRIVE MISSISSAUGA ON L4W 5G4	36.22
FIBRENEW MARKHAM/GEORGIANA	77 ALEXANDER ST P.O. BOX 777 TOTTENHAM ON L0G 1W0	131.25
FIBRES JASZTEX INC (US)*	61 HYMUS OUEST Pointe-Claire QC H9R 1E2	12,381.95
FIBRES JASZTEX INC.(CDN)	61 HYMUS OUEST Pointe-Claire QC H9R 1E2	22,784.51
FOAMEX CANADA INC.	1000 COLUMBIA AVE LINWOOD PA 19061	48,005.03
FOURNITEX IMPORT-EXPERT	4882 RUE LAKE Dollard-Des-Ormeaux QC H9G 1G8	2,833.13
FRANCE ROY & FILS	950 CH.DU BASSIN COOKSHIRE QC J0B 1M0	2,706.66
FRANCOIS HUOT & ASSOCIES SYNDIC LTEE	2144 RUE KING OUEST BUREAU 215 Sherbrooke QC J1J 2E8	325.08
FUJI STAR CANADA INC.	2440, RUE SIGOUIN Drummondville QC J2C 5Z4	495.75
G.B.FABRICATION	183 CH.COUTURIER ST-JOSEPH NB E7B 2K4	1,359.39
GAZ METROPOLITAIN	Attn: (REF: 0200-1570-023) 1717, RUE DU HAVRE Montréal QC H2K 2X3	77,840.85
GAZ NATUREL RICHARD INC.	4070, RUE BRODEUR Sherbrooke QC J1L 1V9	689.73
GE SECURITY CANADA	625 6TH STREET EAST OWEN SOUND ON N4K 5P8	400.71
GESTION MICHEL COUTURE INC.	3152 CHEMIN NORTH HATLEY Sherbrooke QC J1N 2Y4	8,959.29
GICLEUR CHIMIQUE GFE LTEE	EXTINCTEURS SECURITE INCENDIE GFE 480 ST-CHARLES, C.P. 471 Granby QC J2G 7B4	150.53
GICLEURS ALERTE INC.	1250 RUE CASCADES Chateaugay QC J6J 4Z2	584.91
GICLEURS DE L'ESTRIE INC.	1110, RUE BELANGER Sherbrooke QC J1K 3B6	1,015.68
GIGUERE & MORIN INC	1175, ROUTE 243 C.P.120 ST-FELIX DE KINGSEY QC J0B 2T0	6,786.24
GODARD NETTOYAGE INC	1185 BOUL. MOODY C.P. 77011 Terrebonne QC J6W 555	7,619.40
GODBOUT PLANTE ASS.	344 RUE UNION St-Lambert QC J4R 2N1	32,679.77
GRAND & TOY	200 AVIVA PARK DR VAUGHAN ON L4L 9C7	10,313.84
GROUP EMS EDMUNDSTON ELECTRIC MOTOR	6 LACOMBE STREET EDMUNDSTON NB E3V 4N7	1,423.08
GROUPE BERMEX INC.	215 BOUL. OUEST MASKINONGE QC J0K 1N0	11,373.50
GROUPE NEGOTEL	4600 HENRI-BOURASSA LOCAL 105 Charlesbourg QC G1H 3A5	207
GROUPE ROBERT INC	500, ROUTE 112 ROUGEMONT QC J0L 1M0	70,111.17
GS/C COMMUNICATION INC.	6420 CH DE SAINT-ELIE Sherbrooke QC J1R 0P6	317.75
GSX CANADA INC.	MICHELLE R. VILLANUEVA 2608 SKYMARK AVENUE, SUITE 500 MISSISSAUGA ON L4W 5L6	20,479.64
GUILLEVIN INTERNATIONAL INC.	7900 BLVD TASCHEREAU C206 Brossard QC J4X 1C2	1,814.78
H. BAIKOWITZ ET ASSOCIES INC.	5350 MACDONALD AVE. SUITE 501 COTE ST LUC QC H3X 3V2	3,202.00
H. BERKOVIC LTEE	2205 AVE. BARCLAY Montréal QC H3S 1J4	145.61
H.PAULIN & CO.LIMITED	55 MILNE AVENUE Toronto ON M1L 4N3	739.57

RSM Richter Inc.

Liste des créanciers/ List of Creditors

Dans l'affaire du plan d'arrangement de / In the Matter of the plan of arrangement of

(Loi sur les arrangements avec les créanciers des compagnies) / (Companies' Creditors Arrangement Act)

SHERMAG INC., JAYMAR FURNITURE CORP., SCIERIE MONTAUBAN INC., MÉGABOIS (1989) INC., SHERMAG CORPORATION, JAYMAR SALES CORPORATION

Nom/Name	Adresse/Address	Montant/Amount
Créanciers non garantis/ Unsecured Creditors		
HACHETTE FILIPACCHI MEDIA U.S. INC.	C/O BCF LLP 1100, RENE-LEVESQUE W.BLVD. Montréal QC H3B 5C9	31,440.15
HARVEY SCHWARTZ AGENCIES	6043 CAVENDISH BLVD., COTE ST-LUC QC H4W 3B3	125,000.00
HEENAN BLAIKIE SRL/LLP	Attn: GINETTE ROY 1250 RENE LEVESQUE OUEST SUITE 2500 Montréal QC H3B 4Y1	87,771.52
HETTICH CANADA L.P.	9435 ROUTE TRANS-CANADIENNE Ville St-Laurent QC H4S 1V3	174.81
HOMAG CANADA INC	5090 EDWARDS BLVD. MISSISSAUGA ON L5T 2W3	1,193.66
IHFC PROPERTIES LLC *	C/O KEZIAH, GATES & SAMET P.O. BOX 2608 HIGH POINT NC 27260	500,000.00
IMPERIAL OIL	97 DARLING AVE SO. PORTLAND ME 04 106	1,117.02
INDUST.ROBILLARD & FILS LTEE	10601, STE-GERTRUDE Montréal QC H1G 5N5	9,844.85
INDUSTRIE DOC DOR INC	9100 COTE DE LIESSE Lachine QC H8T 1A1	869.48
INDUSTRIES STEMA-PRO INC	2699-5E AVE., LOCAL 26 GRAND MERE QC G6T 2P7	2,483.25
INDUTRIES JOHN LEWIS LTEE	1101 BOUL.DUCHARME LA TUQUE QC G9X 3C3	503.52
INOVIS INC.	11720 AMBER PARK DRIVE ALPHARETTA GA 30004	652.42
INTERTEK TESTING SERVICES SHENZEN*	5/F BUILDING A, M-SPACE INDUSTRIAL 3RD ROAD, SHEKOU SHENZHEN	563.97
INT'L TEXTILE GR INC T/A CONE JACQUARDS*	804 GREEN VALLEY ROAD STE. 300 GREENSBORO NC 27408	936.19
JENNIS FABRICS LTD.	12122- 68 STREET EDMONTON AB T5B 1R1	3,549.69
JOANNE FABRICS INC	2610 SHERIDAN GARDEN DR Oakville ON L6J 7Z4	2,464.04
JOVAN TRANSPORT INC	641 DE LA SABLIERE BOIS-DES-FILLION QC J62 4T2	44,377.69
K.B.SHARP LTD	C/O MCKECHNIE, JURGEIT & MACKENZIE 655 DIXON ROAD Etobicoke ON M9W 1J4	1,000,000.00
KEETON SALES AGENCY*	4920 FRANKLIN AVENUE WACO TX 76710	763.73
KINGSWAY TRANSPORT	6700 CHEMIN ST-FRANCOIS Saint Laurent QC H4S 1B7	940.04
KINGZIP	2322 COHEN Saint Laurent QC H4R 2N8	807.63
KLISEM INC. (ADESAL JACQUARDS *)	PMB 317 265 EASTCHESTER DR STE 133 HIGH POINT NC 27262-7718	481.96
KPMG LLP (#118839)	Attn: A/S MR. G. DI GUGLIELMO 600 DE MAISONNEUVE OUEST, SUITE 1500 Montréal QC H3A 0A3	116,139.68
L&P FINANCIAL SERV. CO (PETCO SACKNER)*	ATTN: CARI SWEENEY #1 LEGGETT ROAD, P.O. BOX 757 CARTHAGE MO 64836	1,013.01
LA COOP FEDEREE	9001 BOUL. DE L'ACADIE BUREAU 200 Montréal QC H4N 3H7	16,070.16
LA REGIE DU BATIMENT DU QUEBEC	800 D'YOUVILLE 16 ETAGE Québec QC G1R 5S3	265.85
LAW OFFICE OF STEPHEN J. LEAHY*	175 DERBY STREET, SUITE 9 HINGHAM MA 02043	4,462.08
LE GROUPE A&A (MONTREAL)	10985 LOUIS-H. LAFONTAINE SUITE 101 VILLE D'ANJOU QC H1J 2E8	5,116.02
LE GROUPE A&A SHERBROOKE	10985 LOUIS-H. LAFONTAINE Anjou QC H1J 2E8	12,406.11
LE GROUPE A&A TROIS-RIVIERES	10985 LOUIS-H. LAFONTAINE Anjou QC H1J 2E8	260.73
LE GROUPE CONSEIL PROGESCO INC.	575 BOUL. INDUSTRIEL EST Victoriaville QC G6T 1S7	3,049.39
LEGER ROBIC RICHARD S.E.N.C.R.	CENTRE CDP CAPITAL 1001 SQUARE VICTORIA, BLOC E, 8E ETAGE Montréal QC H2Z 2B7	1,620.88
LENROD INDUSTRIES	C/O COFACE NORTH AMERICA INC, PO BOX 2102 CRANBURY NJ 08 512	15,863.05
LES ATTACHES CLEAN CONNECT REDD	4857 RUE JOLICOEUR Pierrefonds QC H9H 5H5	1,851.15
LES CONSTRUCTIONS DE VILLERS INC	8155 BL. PARC INDUSTRIEL BECANCOUR QC G9H 3P1	126.15
LES CONVERTISSEURS PAPIER ARCADIAN INC	3001 BRABANT MARINEAU St-Laurent QC H4S 1V5	4,774.55
LES ENTREPRISES L.L.P.O-MER INC	490 IMPASSE DE LA RIVIERE SUD ST-ROCH DE L'ACHIGAN QC J0K 3H0	9,269.75
LES ENTREPRISES E.F. ARSENEAULT	1131 BOUL. ST-LAURENT EST LOUISVILLE QC J5V 2L4	778.94
LES INDUSTRIES D'ENTRETIEN A.M. INC	1337 LAROCQUE Sherbrooke QC J1H 4S1	32,759.74
LES INST. ELECT.CLAUDE CARON INC	32 DES PINS ST-ETIENNE QC G6J 1K4	2,127.55
LES INST. ELECTRIQUES SYLVAIN DURAND INC	4460 RUE OUMET Sherbrooke QC J1L 2G9	1,069.10
LES MESSAGERIES COURRIERTEL INC	C.P. 440 STE-THERESE QC J7E 4J4	100.75
LES PLASTIQUES PRO COMPOSITE	1050 DE L'INDUSTRIES ST-JEROME QC J7Y 4B9	2,567.91
LOCATION D'EQUIPEMENTS MOTORISES JDG INC	800 RUE DE DIJON ST-JEAN-SUR-RICHELIEU QC J3B 8G3	5,188.20
LOCATION D'OUTILS SIMPLEX	SEC 9740 DE L'ACADIE Montréal QC H4N 1L8	278.24
M. LEMIEUX INC.	656 GRAHAM BELL Québec QC G1N 4H5	1,996.71
MACHINERIE H. FORTIER INC.	1200 PRINCIPALE STE-ANNE DU SAULT QC G0Z 1C0	573.58
MACHINERIES H. INC	7850 BL.PARC INDUSTRIEL STE-GERTRUDE QC G0X 2S0	501.22
MACHINERIES MASKI INC	7120 DES CHATAIGNIERS Becancour, Ste-Gertrude QC G9H 3K4	8,113.86
MAISON BRISON INC.	C/O LEVINE FRISHMAN 3500 BOUL. DE MAISONNEUVE W. SUITE 1600 Montréal QC H3Z 3C1	19,110.57
MAJILITE CORPORATION*	1530 BROADWAY ROAD DRACUT MA 01826	372.63
MAL-B TRANSPORT INC	2541 CHEMIN MALBOEUF Valcourt QC J0B 2L0	57,131.85
MANN, ARMISTEAD & EPPERSON, LT*	INVESTMENT BANKERS & ADVISORS 119 SHOCKOE SLIP RICHMOND VA 23 219	12,646.11
MARIO, MESSIER	48 DENISON EST Granby QC J2G 4C6	3,770.00
MATERIAUX DUPUIS INC.	252 RUE HECTOR ROSEMERE QC J7A 2Z9	14,439.80
MAURICE CHOQUINARD	4692 ROUTE112 ASCOT CORNER QC J0B 1A0	286.63
MAURICE GUERTIN, ARBITRE	1505 RUE MCMANAMY SUITE 204 Sherbrooke QC J1H 6L2	67.73
MAXIMA CONSTRUCTION T.M. INC	570 NOTRE-DAME EST THETFORD MINES QC G6G 2S4	13,151.71
MEDIAS TRANSCONTINENTAL SENC	1100 RENE-LEVESQUE OUEST 24E ETAGE Montréal QC H3B 4X9	809.65
METOSAK INC	177 ST-JEAN BAPTISTE Sherbrooke QC J1C 0T1	3,087.76
MILGRAMS CO LTD	407 MC GILL SUITE 500 Montréal QC H2Y 2G7	295,147.47
MINISTER OF BUSINESS NEW BRUNSWICK	C.P. 6000 FREDERICTON NB E3B 5H1	325,300.00
MINISTRE DES FINANCES NOUVEAU-BRUNSWICK	C.P. 3000 FREDERICTON NB E3B 5G5	64,425.29
MORGAN FABRICS CORP. *	C/O COFACE NORTH AMERICA INC. PO BOX 2102 CRANBURY NJ 08512	2,860.38
MORNO ELECTRONICS ENR.	641 RUE PRINCIPALE CLAIR NB E7A 2H1	296.63
MOTEUR ELECTRIQUE STE-ROSE	208, BL SURE LABELLE Laval QC H7L 3A1	4,048.59
MOTEURS ELECTRIQUES GOSSELIN INC	1100, RUE CLAIRE JOLICOEUR Sherbrooke QC J1H 6L1	210.88
MOTEURS ELECTRIQUES LAVAL LTEE	550, MONTEE DE LIESSE Montréal QC H4T 1N8	451.5
MSC (FORMERLY KEYCORP CANADA INC)	7350 ROUTE TRANSCANADIENNE St-Laurent QC H4T 1A3	8,433.75
MULTI RECYCLAGE S.D. INC	3030 MONTEE ST-FRANCOIS Laval QC H7E 4P2	2,671.27
N.V. CLOUTIER INC.	2550 KING OUEST Sherbrooke QC J1J 2H1	11,863.00
NACAN PRODUCTS LIMITED	60 WEST DRIVE POSTAL STATION A Brampton ON L6T 4W7	2,163.89
NAVADA LTEE	626 BERIAULT Longueuil QC J4G 1S8	146.46
NESEL FAST FREIGHT INCORPORATED	20 HOLLAND DR. BOLTON ON L7E 1G6	42,779.26
NEW BRUNSWICK WHSCC (UNITE EDMUNDSTON)	P.O. BOX 160 SAINT JOHN NB E2L 3X9	1,742.19
NEW BRUNSWICK WHSCC	P.O. BOX 160 SAINT JOHN NB E2L 3X9	4,390.31
NORMA INC	945, MICHELIN CHOMEDEY LAVAL QC H7L 5B6	2,177.09
NORMAND INC	752 CH.OLIVIER ST-NICOLAS QC G7A 2N2	900.39
OUTILLAGE DE PRECISION DRUMMOND INC	5250 ST-ROCH Drummondville QC J2B 6V4	186.78
OUTILS GLADU INC.	2115 ST CESAIRE MARIEVILLE QC J3M 1E5	2,605.78
OXYGAZ	927 PRINCIPALE ST-BASILE NB E7C 1L6	341.08

RSM Richter Inc.

Liste des créanciers/ List of Creditors

Dans l'affaire du plan d'arrangement de / In the Matter of the plan of arrangement of

(Loi sur les arrangements avec les créanciers des compagnies) / (Companies' Creditors Arrangement Act)

SHERMAG INC., JAYMAR FURNITURE CORP., SCIERIE MONTAUBAN INC., MÉGABOIS (1989) INC., SHERMAG CORPORATION, JAYMAR SALES CORPORATION

Nom/Name	Adresse/Address	Montant/Amount
Créanciers non garantis/ Unsecured Creditors		
OXYGENE PORTNEUF INC.	182 BOUL. CENTENAIRE ST-BASILE QC G0A 3G0	53.46
OXYGENE PRO-TECH INC	Attn: AGENT DISTRIBUTEUR AIR LIQUIDE 506 DES ERABLES TROIS-RIVIERES QC G8T 7Z6	177.14
OXYGENE RIVE-NORD INC	606 RUE LANAUDIÈRE Repentigny QC J6A 7M9	113.53
P.S. LAPORTE INC.	8190 BOUL. NEWMAN SUITE 301 LASALLE QC H8N 1X9	35,152.38
PANNEAUX MASKI INC	50- 10E AVENUE Louiseville QC J5V 2L6	6,431.23
PAUL FRANK & COLLINS INC*	PO BOX 1307 BURLINGTON VT 05402-1307	1,558.95
PAULE CHEMICAL	2035 BOUL. DAGENAIS OUEST SUITE 115 Laval QC H7L 5V1	406.35
PHILIPPE GOSSELIN & ASS. LTEE	1133 BOUL VACHON NORD STE MARIE QC G6E 1M9	1,106.98
PHILIPPE GOSSELIN ET ASS.LTEE	1133 BOUL VACHON NORD STE MARIE QC G6E 1M9	11,122.60
PLEXO	5199 SHERBROOKE EST BUREAU 2771 Montréal QC H1T 3X2	3,159.86
PLOMBERIE BRIERE INC.	472 DE L'EMERAUDE Granby QC J2H 2S6	1,036.28
PLOMBERIE-PCE 9173-6728 INC	4696 BOUL. BOURDUE Sherbrooke QC J1N 2A8	670.66
POLY-PLUS INC.	460, RUE DE NORMANDIE FARNHAM QC J2N 1W4	18,540.51
PORTES DE GARAGE LG RENOVATION	1621. COMTOIS TROIS-RIVIERES QC G8Z 2E6	95.94
PRODUCTION MULTI COLLAGE DE BOIS	549 J. OSWALD FOREST ST-ROCH DE L'ACHIGAN QC J0K 3H0	4,921.85
PROTECTION INCENDIE VIKING INC	1935 BOUL LIONEL-BERTRAND BOISBRIAND QC J7H 1N8	3,229.02
PUROLATOR COURRIER	7075 PLACE ROBERT JONCAS #110 Saint Laurent QC H7M 2Z3	12,204.25
QUINCAILLERIE RICHELIEU LTEE	7900 HENRI-BOURASSA O. Ville St-Laurent QC H4S 1V4	3,344.03
RAYMOND BARD EXCAVATION	4338 RTE 120 CARON BROOK NB ET1A 1X7	7,745.00
RAYMOND CHABOT GRANT THORNTON (Amende)	455. KING OUEST BUREAU 500 Sherbrooke QC J1H 6G4	33,706.52
REBOX CORP.	4500 COUSSENS VILLE ST LAURENT QC H4S 1X6	780.75
REIMER EXPRESS LINES LTD	1400 INKSTER BLVD Winnipeg MB R2X 1R1	161.65
REMOURRACON	1280 LAFLEUR MASCOUCHE QC J7L 1R8	9,574.29
RESURFACE SYSTEMS INC	5330 CANOTEK RD, SUITE 16 GLOUCESTER ON K1J9C2	833.6
ROLLINS ACCOUNTING&INVENTORY SERVICES*	ais ME EMILE PERRIN 4874. CHEM. DE LA COTE-DES-NEIGES, BUR. 1407 MONTREAL QC H3V 1H4	75,392.17
RONA L'ENTREPOT GRANBY	200 ST-JUDE NORD Granby QC J2J 2R8	737.82
ROSSIGNOL TRANSPORT LTD	PO BOX 184 EDMUNDSTON QC E3V 3K8	1,770.38
ROYALTECH SECURITE LTEE	1430 JOLIOT-CURIE Boucherville QC J4B 7L9	2,149.96
SAMPLE SOLUTION (9144-0206 QUEBEC INC)	300 RUE ST-LOUIS ST-JEAN-SUR-RICHELIEU QC J3B 1Y4	111,443.10
SANEXEN SERVICES ENVIRONNEMENTAUX INC	1471 BOUL. LIONEL-BOULET SUITE 32 VARENNES QC J3X 1P7	56,566.24
SCHENKER OF CANADA LIMITED	Attn: DOUGLAS CAMERON 3210 AIRWAY DRIVE MISSISSAUGA ON L4V 1Y6	792,722.28
SERCO-DESIGN DIV. DE 150377 CANADA INC	150377 CANADA INC. 161 ST-HUBERT Laval QC H7G 2Y1	361.2
SERV. SANITAIRES DE RECYCLAGE EXP. INC	8381 PLACE MARIEN MONTREAL EST QC H1B 5W6	9,087.19
SIMSUE INVESTMENTS INC.	4823 SHERBROOKE STREET WEST SUITE 235 Montréal QC H3Z 1G7	2,685,363.42
SINCA FURNITURE AND BEDDING SUPPLIES	870 ELLINGHAM Pointe-Claire QC H9R 3S4	78,540.12
SL LASER SYSTEMS LP*	8107-Q ARROWRIDGE BLVD. CHARLOTTE NC 28273	2,436.07
SOC. PROTECTION DES FORETS CONTRE LE FEU	715 7E RUE DE 'AEROPORT Québec QC G2G 2S7	1,417.47
SOJECA INC.	7 BOUL. ST-JOSEPH ST-JEAN-SUR-RICHELIEU QC J3B 1V3	172.13
SOLUS SECURITE INC.	2545 SIDBEC TROIS-RIVIERES QC G8Z 4M6	4,401.49
SOPFIM	1780 RUE SEMPLÉ Québec QC G1N 4B8	402
SOREMAG INC	4485 DES INDUSTRIES Laval QC H7C 1A1	331
STAFST PRODUCTS INC.	505 LAKE SHORE BLVD PAINESVILLE OH 44077	253.48
STANDISH COMMUNICATIONS INC	591 BOUL. JACQUES CARTIER NORD Sherbrooke QC J1J 3A3	135,430.54
STARLINE EXPRESS/2855399 CAN. INC	5077 JONQUET Montréal QC H1R 1G8	30,837.01
STRUCTURE 2000 INC	199 RANG ST-ANDRE ST-BERNARD QC J0J 1V0	6,280.70
SUPERIEUR PROPANE INC	103 DE LA STATION Laval QC H7M 1P2	12,007.45
T.I.C.C. LTD (INT'L CENTER OF TORONTO)	6900 AIRPORT ROAD SUITE 120 MISSISSAUGA ON L4V 1E8	88,262.04
TECHNI CUIR	3047 PERRIER MASCOUCHE QC J7K 3H3	3,064.54
TELEBEC S.E.C	625 AVENUE GODEFROY BECANCOUR QC G9H 1S3	1,672.11
TELUS COMMUNICATIONS	C.P. 2070 - DEPARTEMENT R0813 RIMOUSKI QC G5L 7E4	136.3
TERRAPEX ENVIRONNEMENT LTEE	3615A RUE ISABELLE Brossard QC J4Y 2R2	22,049.33
THE MEDIA MATTERS INC.*	P.O. BOX 1442 LEXINGTON NC 27293	31,489.38
TISSUS MASTER AVANT-GARDE LTEE	7963 RUE ALFRED VILLE D'ANJOU QC H1J 1J3	11,427.64
TORAY ULTRASUEDE (AMERICA) INC*	Attn: JOSIE HARRIS 460 GREENWAY INDUSTRIAL DRIVE SUITE J FORT MILL SC 29 708	3,445.53
TOURNAGE DE BOIS DYNASTIE	200 ST-DOMINIQUE. C.P. 247 ST-MARC-DES-CARRIERES QC G0A 4B0	900.95
TRANSPORT BOURASSA INC.	800 RUE DIJON, ST-JEAN-SUR-RICHELIEU QC J3B 8G3	8,721.75
TRANSPORT BOURRET INC	375 BOUL. LEMIRE C.P. 816 Drummondville QC J2B 8G8	5,505.32
TRANSPORT GINGRAS INC.	20 HOLLAND DRIVE BOLTON ON L7E 1G6	9,088.65
TRANSPORT J.S. GALLANT INC.	C.P. 27 Boucherville QC J4B 5E6	47,323.68
TRANSPORT MAURICE GERMAIN INC.	304, ROUTE 363 C.P. 390 SAINT-UBALDE QC G0A 4L0	47,007.71
TRANSPORTS YVON TURCOTTE LTEE	675 BL LEMIRE O., RR 6 Drummondville QC J2B 8A9	1,482.48
TROY SPRINKLER LTD	P.O. BOX 1120 STN MAIN OWEN SOUND ON N4K 6K6	718.57
UNITED PARCEL SERVICE CANADA LTD.	77 FOUNDRY STREET MONCTON NB E1C 5H7	20,622.35
UPS SCS INC	410 ST-NICOLAS SUITE 300 Montréal QC H2Y 2P5	88,935.19
USINAGE R.M. 1982 INC.	189, ANGUS SUD EAST-ANGUS QC J0B 1R0	138.84
USNR/KOCKUMS CANCAR COMPANY	1600, RUE ST-PAUL PLESSISVILLE QC G6L 2Y9	1,015.88
V.A. INC	156 BL LAURIER LAURIER-STATION QC G0S 1N0	11,676.98
VALDESE WEAVERS LLC*	F.O. BOX 70 VALDESE NC 28690	11,496.17
VALSPAR INC	645 CORONATION DR Toronto ON M1E 2K4	9,361.54
VEOLIA CANADA SERVICES INDUSTRIELS INC	2800 RUE DE L'ETCHEMIN LEVIS QC G6W 7X6	2,706.24
VILLE DE SHERBROOKE	1800, RUE ROY Sherbrooke QC J1K 1B6	10,421.53
WAJAX INDUSTRIES	1100 RUE NORMAN Lachine QC H8S 1A6	425,277.65
WALKER GLASS CO LTD	C/O EULER HERMES ACI 1155, RENE-LEVESQUE BLVD.WEST, SUITE 1702 MONTREAL QC H3B 3Z7	5,382.01
Y.S. LACOMBE INC	254 LOUIS HEBERT MASCOUCHE QC J7K 3C1	32,925.87
YKK CANADA INC	3939 BOUL. THIMENS St-Laurent QC H4R 1X3	1,028.72
ZENDA LEATHER*	P.O. BOX 2609 HICKORY NC 28603	6,257.59
Créanciers non garantis/ Unsecured Creditors		10,266,880.69
Grand Total		12,418,503.84

RSM Richter Inc.

RSM Richter Inc.

2, Place Alexis Nihon, Suite 1820
Montréal, Québec H3Z 3C2
Téléphone / Telephone : 514.934.3497
Télécopieur / Facsimile: 514.934.3405
www.rsmrichter.com

CANADA
PROVINCE OF QUEBEC
DISTRICT OF MONTREAL

No.: 500-11-033234-085

S U P E R I O R C O U R T

(Commercial Division)

(Sitting as a court designated pursuant to the *Companies' Creditors
Arrangement Act*, R.S.C. 1985, c. C-36)

IN THE MATTER OF THE PLAN OF ARRANGEMENT OF:

SHERMAG INC.
JAYMAR FURNITURE CORP.
SCIERIE MONTAUBAN INC.
MÉGABOIS (1989) INC.
SHERMAG CORPORATION
JAYMAR SALES CORPORATION

Debtors

**NOTICE TO THE CREDITORS OF THE APPLICATION
FOR SANCTION AND RATIFICATION OF THE PLAN OF ARRANGEMENT**

TAKE NOTICE that, in the event the Plan of Arrangement filed by the Debtors is accepted by the required majorities of its creditors, the Debtors will file with the Court record a Motion for an Order sanctioning the Plan of Arrangement (the "**Motion**"). The Motion will be presented on September 15, 2009, at 9:30 a.m., in room 16.12, or soon thereafter as Counsels may be heard, at the Montreal Courthouse located at 1 Notre-Dame Street East, Montréal, province of Quebec, or at any other time, date and location to be announced at the meeting of creditors.

A copy of the Motion will be served upon any creditor who requests it in writing to the Monitor.

DATED AT MONTRÉAL, this 20th day of August 2009

RSM Richter Inc.
Court-Appointed Monitor

(français – au recto)

RSM Richter Inc.

RSM Richter Inc.

2, Place Alexis Nihon, Suite 1820
Montréal, Québec H3Z 3C2
Téléphone / Telephone : 514.934.3497
Télécopieur / Facsimile : 514.934.3405
www.rsmrichter.com

CANADA
PROVINCE OF QUEBEC
DISTRICT OF MONTREAL

No.: 500-11-033234-085

S U P E R I O R C O U R T

(Commercial Division)

(Sitting as a court designated pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36)

IN THE MATTER OF THE PLAN OF ARRANGEMENT OF:

SHERMAG INC., JAYMAR FURNITURE CORP., SCIERIE MONTAUBAN INC.,
MÉGABOIS (1989) INC., SHERMAG CORPORATION, JAYMAR SALES
CORPORATION (hereinafter collectively described "Shermag")

Debtors

VOTING LETTER

I/We, (name of creditor) _____

of (address) _____

_____, creditor
affected by the Plan of Arrangement:

VOTE (Please, use one voting letter per claim)	
Check only one of the following boxes:	FOR the acceptance of the Plan of Arrangement <input type="checkbox"/>
	AGAINST the acceptance of the Plan of Arrangement <input type="checkbox"/>
We are a creditor of the Debtors mentioned above for the amount of:	\$ _____
(or as accepted by the Monitor acting together with the Debtors)	

DATED AT _____, this _____ day of _____, 2009.

Name of creditor

Name of witness

Signature of authorized person

Signature of witness

Title or function

- NOTES :
- (1) A creditor may either vote in person, by Voting Letter or by Proxy.
 - (2) Attendance at the meeting and right to vote will be restricted only to those creditors who have submitted their Proof of Claim to the Monitor as well as employees having received Notices of Scheduled Employees' claim as per the Court Orders.

The voting letter may be filed by regular mail, by telecopier, by messenger or by any other means of electronic mail addressed to:

RSM Richter Inc.
in its capacity as Court-Appointed Monitor of Shermag

Suite 1820
2 Place Alexis Nihon
Montréal, Québec H3Z 3C2
Facsimile: 514.934.3405
E-mail: shermag@rsmrichter.com

and must be properly received before the beginning of the Creditors meeting.

(français – au recto)

CANADA
PROVINCE OF QUEBEC
DISTRICT OF MONTREAL
No.: 500-11-033234-085

S U P E R I O R C O U R T
(Commercial Division)
(Sitting as a court designated pursuant to the *Companies' Creditors
Arrangement Act*, R.S.C. 1985, c. C-36)

IN THE MATTER OF THE PLAN OF ARRANGEMENT OF:

SHERMAG INC., JAYMAR FURNITURE CORP., SCIERIE MONTAUBAN
INC., MÉGABOIS (1989) INC., SHERMAG CORPORATION, JAYMAR SALES
CORPORATION

Debtors

PROXY

I/We, (name of creditor) _____
of (address) _____

creditor having a claim in the amount of \$ _____ (or as determined by the Monitor acting together with the Debtors)
affected by the Plan of Arrangement, name by these presents as my (our) authorized representative to the meeting of creditors
that will be held on September 10, 2009 at 10:00 a.m. or at any adjournment that may be decided upon (check only one box):

_____, authorized representative. RSM Richter Inc., authorized representative.
(Name)

NOTE: If a creditor has named RSM Richter Inc., the Court-appointed Monitor, as his/her authorized representative, it is
important to note that, in the case that the creditor has not indicated his/her vote on the Voting Letter, RSM Richter
Inc., as authorized representative, will vote for the acceptance of the Plan of Arrangement.

DATED AT _____, this _____ day of _____, 2009.

Name of creditor

Name of witness

Signature of authorized person

Signature of witness

Title or function

- NOTES :**
- (1) A creditor may vote either in person, by Proxy or by Voting Letter.
 - (2) Attendance at the meeting and right to vote will be restricted only to those creditors who have properly submitted their Proof of Claim to the Monitor as well as employees having received Notices of Scheduled Employees' claim as per the Court Orders.
 - (3) In order for a duly authorized person to be able to vote, this person must be a creditor or an authorized representative designated in a duly signed proxy. The name of the creditor must appear on the proxy.
 - (4) Your presence will not be necessary at the meeting if you have completed and properly remitted this Proxy before the beginning of the meeting of creditors.
 - (5) This Proxy confers discretionary authority upon the person designated herein to vote on any amendment or variation to the Plan of Arrangement.
 - (6) The Debtors may not be appointed as authorized representatives by Proxy to vote at any meeting of creditors.
 - (7) A creditor who gives a Proxy may revoke it by way of a document signed by him/her or his/her duly authorized Agent. The cancellation must be transmitted to the Monitor no later than the last working day prior to the meeting date.

**SUPERIOR COURT OF QUEBEC
(COMMERCIAL DIVISION)
DISTRICT OF MONTREAL**

COURT FILE No. 500-11-033239-085

PLAN OF ARRANGEMENT

OF

**SHERMAG INC., JAYMAR FURNITURE CORP.,
SCIERIE MONTAUBAN INC.,
MÉGABOIS (1989) INC.,
SHERMAG CORPORATION,
JAYMAR SALES CORPORATION**

PURSUANT TO THE

***COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985 C. C-36**

SECTION 1 INTERPRETATION	1
1.1 Definitions.....	1
1.2 Certain Rules of Interpretation	7
1.3 Governing Law	7
SECTION 2 PURPOSE OF THE PLAN	8
2.1 Purpose	8
SECTION 3 CLASSIFICATION OF CREDITORS.....	8
3.1 Classification of Creditors.....	8
3.2 Claims not Affected	8
3.3 Contracts of Successive Performance	8
3.4 Resiliated Contracts.....	8
3.5 Solidary Creditors	9
SECTION 4 CLAIMS PROCEDURE	9
4.1 Claims of Procedure	9
4.2 Failure to File a Proof of Claim.....	9
4.3 Failure to File a Notice of Dispute.....	9
4.4 Valuation of Future, Unliquidated and Litigious Claims.....	9
4.5 Interest.....	10
4.6 Currency.....	10
SECTION 5 TREATMENT OF UNSECURED CREDITORS AND SECURED CREDITORS.....	10
5.1 Unsecured Creditors.....	10
5.2 Secured Creditors	10
5.3 Cities Secured Claims.....	11
SECTION 6 APPROVAL OF PLAN AND EFFECT	11
6.1 Meeting	11
6.2 Creditor Approval	11
6.3 Accumulation of Claims	11
6.4 Scope of Arrangement	11
6.5 Waiver of Defaults and Court Order.....	12
6.6 Released Parties	12
6.7 Directors' Statutory Liabilities.....	13
6.8 Extinction of Certain Charges.....	13
6.9 Paramountcy	13
6.10 Successors and Assigns.....	13
6.11 Consent, Waiver and Agreement	14

SECTION 7 ISSUANCE OF SHARES TO THE PLAN SPONSOR.....	14
SECTION 8 CONDITIONS PRECEDENT TO THE IMPLEMENTATION OF THE ARRANGEMENT	14
8.1 Application for Sanction Order.....	14
8.2 Conditions Precedent to the Implementation of the Arrangement	14
8.3 Monitor’s Certificate.....	15
8.4 Certificate of Performance.....	16
SECTION 9 AMENDMENT OF THE ARRANGEMENT	16
9.1 Amendment of the Arrangement.....	16
9.2 Proxies	16
9.3 Severability of Certain Provisions.....	16

PLAN OF ARRANGEMENT

OF

SHERMAG INC.,
JAYMAR FURNITURE CORP.,
SCIERIE MONTAUBAN INC.,
MÉGABOIS (1989) INC.,
SHERMAG CORPORATION,
JAYMAR SALES CORPORATION

PURSUANT TO THE

COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985 C. C-36

SECTION 1 INTERPRETATION

1.1 DEFINITIONS

Unless specified otherwise, the following words and terms are defined as follows:

- (a) “**Administration Charge**” means the hypothec or other surety in favour of the Monitor, the Monitor’s attorneys and the Companies’ attorneys granted pursuant to paragraph 33 of the Initial Order;
- (b) “**Arrangement**” or “**Plan**” means this plan of arrangement, as may be amended from time to time, in accordance with the terms hereof;
- (c) “**Bermex**” means Groupe Bermex Inc.
- (d) “**Business Day**” means a day, other than a Saturday, a Sunday, or a non-judicial day (as defined in Article 6 of the *Code of Civil Procedure*, R.S.Q., c. C-25, as amended);
- (e) “**Canadian Bar Date**” means
 - i) with respect to any Claim other than a Restructuring Claim , 5:00 p.m. (Eastern Standard Time) on September 5, 2008; or
 - ii) with respect to a Restructuring Claim, the later of (A) 5:00 p.m. (Eastern Standard Time) on September 5, 2008 or (B) twenty (20) days after the date of receipt by the Creditor of a notice advising the Creditor to file a Proof of Claim as a result of the restructuring, repudiation or termination of the contract, lease, employment agreement or other agreement.

- (f) “**Canadian Process Order**” means the order rendered by the Court on July 18, 2008 as amended on July 24, 2008 establishing the process for the filing and adjudication of Claims and establishing the Canadian Bar Date, as may be amended from time to time, as the case may be;
- (g) “**CCAA**” means the *Companies’ Creditors Arrangement Act*, R.S.C. (1985), c. C-36, as amended from time to time;
- (h) “**CCAA Proceedings**” means the proceedings in respect of the Companies under the CCAA commenced pursuant to the Initial Order;
- (i) “**Cities**” or “**City**” means any city, municipality, town, village or any other similar public body duly constituted;
- (j) “**Cities Secured Claims**” means the Claim(s) held by any City, which holds a hypothec, a pledge, a lien or any other security or charge on all or part of the property of the Companies as security for such a Claim, with the specific exclusion of any Unsecured Claim held by any such City;
- (k) “**Claims Bar Date**” means the Canadian Bar Date or the US Bar Date as the case may be;
- (l) “**Claim**” means any right or claim of any Person against the Companies, whether or not asserted, in connection with any indebtedness, liability or obligation of any kind of the Companies owed to such person and any interest accrued thereon or costs payable in respect thereof, whether liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, present, future, known or unknown, by guarantee, surety or otherwise, and whether or not such right is executory or anticipatory in nature, including the 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, which indebtedness, liability or obligation is based in whole or in part on facts existing prior to the Determination Date, or which would have been claims provable in bankruptcy had the Companies become bankrupt on the Determination Date, and, without limitation, shall include (i) any Unaffected Claim, or (ii) any Restructuring Claim, provided however, that in no case shall a Claim include an Excluded Claim;
- (m) “**Common Shares**” means the common shares of Shermag;
- (n) “**Company**” or “**Companies**” means Shermag Inc., Jaymar Furniture Corp., Scierie Montauban Inc., Megabois Inc., Shermag Corporation as well as Jaymar Sales Corporation.
- (o) “**Contract of Successive Performance**” means a contract pursuant to which the Creditor performs its obligations successively or continuously;

- (p) “**Court**” means the Superior Court of Quebec, sitting in the Commercial Division, in the District of Montreal, the Court of Appeal of Quebec and, as the case may be, the Supreme Court of Canada;
- (q) “**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, or other Person acting on behalf of such Person. A Creditor shall not include an Excluded Creditor in respect of that Person’s claim resulting from an Excluded Claim;
- (r) “**Creditors’ Meeting**” means the meeting of the Creditors called to consider and vote on the Plan in accordance with the CCAA as well as any adjournment, postponement or continuation thereof;
- (s) “**Crown**” means Her Majesty in Right of Canada or of a province, as well as any federal, provincial or municipal organization, public authority or para-public authority;
- (t) “**D&O Charge**” means the hypothec or other surety in favour of the directors and officers granted pursuant to paragraph 24 of the Initial Order;
- (u) “**Designated Secured Creditors**” means (i) the Lender, (ii) the Interim Lender with respect to the Interim Financing and (iii) a beneficiary of the D&O Charge and the Administration Charge;
- (v) “**Determination Date**” means May 5, 2008;
- (w) “**Distribution**” means a payment made in accordance with the Plan;
- (x) “**Distribution Fund**” means the New Funds;
- (y) “**Effective Date**” means the later of the following dates:
 - i) the first business day following the day on which the Sanction Order became final and acquired the authority of *res judicata*;
 - ii) the day following the date on which all of the conditions to implement the Plan, as described in Section 8 hereof, were duly met or were waived in writing by the Companies;
- (z) “**Employee**” means a Person who, after the Claims Bar Date, was still employed by one or more of the Companies or whose services were still retained as an employee at the request of one or more of the Companies at the date of this Plan and that his employment is not a Resiliated Contract at the Effective Date;
- (aa) “**Excluded Claim**” means any right of any Person against the Companies in connection with any indebtedness, liability or obligation of any kind which came into existence after the Determination Date and any interest thereon, including

any obligation of the Companies toward creditors who have supplied or shall supply services, utilities, goods or materials or who have or shall have advanced funds to the Companies after the Determination Date, but only to the extent of their claims in respect of the supply of such services, utilities, goods, materials or funds after the Determination Date and to the extent that such Claims are not otherwise affected by the Plan;

- (bb) “**Excluded Creditor**” means any Person, other than a Designated Secured Creditor, holding an Excluded Claim;
- (cc) “**Geosam**” means Geosam Investments Limited;
- (dd) “**Initial Order**” means the order of the Court made on May 5, 2008 under the CCAA as extended, amended or restated as the case may be;
- (ee) “**Inter-Company Claim**” means any debt, liability or obligation whatsoever the Companies may have toward one another existing before the Determination Date;
- (ff) “**Interim Financing**” means the interim financing provided to the Companies pursuant to the order rendered by the Court on August 12, 2009;
- (gg) “**Interim Lender**” means Bermex in relation to the Interim Financing;
- (hh) “**Lender**” means Geosam;
- (ii) “**Monitor**” means RSM Richter Inc. in its capacity as monitor pursuant to the Initial Order;
- (jj) “**New Common Shares**” means the 41 666 667 Common Shares which will be issued in accordance with this Plan to the Plan Sponsor in consideration for the New Funds;
- (kk) “**New Funds**” means the new funds of \$1,250,000 which will be injected by the Plan Sponsor to fund the Plan and pay a dividend to the Unsecured Creditors and the Secured Creditors as a compromise and settlement of their Claims;
- (ll) “**Notice of Scheduled Employee’s Claim**” means the notice of scheduled employee’s claim sent by the Monitor to the Scheduled Employees using the notice of scheduled employee’s claim form in accordance with the Process Order;
- (mm) “**Notice of Dispute**” means a notice of dispute filed by a Scheduled Employee using the notice of dispute form in accordance with the Process Order;
- (nn) “**Notice to Creditors**” means the notice of the Creditors’ Meeting sent to all the Creditors having filed a Proof of Claim, to which a copy of the Plan, a voting form, the Monitor’s report on the Plan and any other document deemed necessary by the Monitor, will be attached;

- (oo) **“Person”** means any individual, corporation, limited or unlimited liability company, general or limited partnership, association, trust, unincorporated organization, joint venture, governmental body or agency, the Crown or any other entity;
- (pp) **“Plan”** or **“Arrangement”** means this plan of arrangement, as same may be amended from time to time, in accordance with the terms hereof;
- (qq) **“Plan Sponsor”** means Bermex;
- (rr) **“Process Order”** means the Canadian Process Order including, when applicable, the US Order;
- (ss) **“Proof of Claim”** means a proof of claim filed by a Creditor using the proof of claim form in accordance with the Process Order describing the Claim, duly supported by a statement of account, invoice or affidavit;
- (tt) **“Proven Claim”** means the amount of a Claim which has been finally determined for voting and distribution purposes in accordance with the Process Order, the CCAA and any other order rendered by the Court;
- (uu) **“Released Party”** means any Person benefiting from the release provided in subsection 6.6 hereof;
- (vv) **“Resiliated Contract”** means any written or verbal contract, agreement or undertaking, including any employment or similar agreement to which one or more of the Companies are party or pursuant to which their property is concerned or encumbered and (i) which was repudiated, resiliated or rescinded by one or the other of the Companies in accordance with the terms and conditions of the Initial Order or (ii) was the subject matter of a notice of repudiation, resolution or resiliation by one or the other of the Companies after the Determination Date;
- (ww) **“Restructuring Claim”** means any right of any Person against the Companies in connection with any indebtedness, liability or obligation of any kind owed to such Person arising out of the restructuring, repudiation, or termination of any contract, lease, employment agreement, collective agreement or other agreement, whether written or oral, after the Determination Date, including any right of any Person who receives a notice of repudiation or termination from the Companies, provided however, that a Restructuring Claim shall not include an Excluded Claim, but shall include any and all Claims from any and all tax authorities resulting, directly or indirectly, from the acceptance of the Plan by the Creditors and its approval by the Court, including any and all Claims for Goods and Services Tax and for Sales Tax payable following a reduction and/or a settlement of the Companies' debt or liabilities;
- (xx) **“Sanction Order”** means the Order sought from the Court in order to sanction the Plan once it has been accepted by the Creditors and to allow and authorize any

and all steps, actions, shares issuance and any other matter provided for and contemplated by the Plan;

- (yy) “**Secured Creditor**” means any Person, other than a Designated Secured Creditor, or a City, holding a hypothec, a pledge, a lien or any other security or charge on all or part of the property of the Companies as security for a Claim;
- (zz) “**Scheduled Employees**” means those Creditors who were employed by the Companies prior to the Claims Bar Date or later and whose employment was terminated by the Companies prior to the Claims Bar Date or later and who received a Notice of Scheduled Employee’s Claim given the termination of their employments;
- (aaa) “**Shermag**” means Shermag Inc.;
- (bbb) “**TSX**” means the Toronto Stock Exchange;
- (ccc) “**Unaffected Claim**” means (i) a Claim resulting from the Companies’ obligations toward the Employees with regard to overtime, statutory holidays, sick days, deferred leave and vacation time, (ii) an Inter-Company Claim, (iii) all Claims of the Lender, (iv) a Claim secured by the Administration Charge, (v) a Claim of the Interim Lender in relation to the Interim Financing and (vi) any Claim of the Designated Secured Creditors;
- (ddd) “**Unaffected Creditor**” means a Person having an Unaffected Claim but only in respect of such Unaffected Claim;
- (eee) “**Unsecured Creditor**” means a Creditor other than a Secured Creditor or a Designated Secured Creditor;
- (fff) “**US Bar Date**” means 5:00 p.m. (Eastern Standard Time) on February 27, 2009 for Claims of US Creditors not bound by the Canadian Process Order;
- (ggg) “**US Court**” means the United States Bankruptcy Court for the Middle District of North Carolina, Greensboro Division.
- (hhh) “**US Order**” means the order rendered on January 14, 2009 by the US Court regarding the Companies which (i) recognized the Canadian proceedings as foreign main proceedings, (ii) enforced the CCAA Proceedings of the Court in the United States of America and (iii) established the US Bar Date;
- (iii) “**Voting Claim**” of a Creditor means the Proven Claim of the Creditor unless the Proven Claim of the Creditor is not finally determined at the time of the Creditors’ Meeting, in which case it means the Claim of the Creditor which is accepted for voting purposes in accordance with the provisions of the Process Order, the Plan and the CCAA;

1.2 CERTAIN RULES OF INTERPRETATION

In this Plan,

- (a) all accounting terms not otherwise defined herein shall have the meanings ascribed to them from time to time in accordance with Canadian generally accepted accounting principles, as set by the Canadian Institute of Chartered Accountants;
- (b) any presumption in this Arrangement is irrebuttable, final and irrevocable;
- (c) the division of this Plan into sections and subsections and the insertion of a table of contents are for convenience of reference and do not affect the interpretation of this Plan, nor are the descriptive headings of the sections and subsections intended as complete or accurate descriptions of the content thereof;
- (d) the use of words in singular or plural, or with a particular gender, shall not limit the scope or exclude the application of any provision of this Plan to any Person or Persons or circumstances as the context otherwise permits;
- (e) unless otherwise specified, all references to time made herein and in any document issued or delivered pursuant hereto shall mean local time in Montreal, Province of Quebec, and any reference to an event occurring on a Business Day shall mean prior to 5:00 p.m. on such Business Day;
- (f) the words “hereunder”, “hereof” and similar expressions refer to this Plan and not to any particular section or subsection and references to “sections” and “subsections” are to sections and subsections of this Plan, as the case may be;
- (g) unless otherwise specified, time periods within or following which any payment is to be made, or any act is to be done, shall be calculated by excluding the day on which the period commences and including the day on which the period ends; and
- (h) whenever any payment to be made or action to be taken pursuant to this Plan is required to be made or to be taken on a day other than a Business Day, such payment shall be made or action taken on the following Business Day.

1.3 GOVERNING LAW

This Plan shall be governed by and construed in accordance with the laws of the Province of Quebec and the laws of Canada applicable therein. All questions related to the application and implementation of this Plan, and its consequences, related to the application of any federal or provincial statute and, any proceedings taken in connection with this Plan, its provisions and its effects shall be subject to the exclusive jurisdiction of the Court.

SECTION 2

PURPOSE OF THE PLAN

2.1 PURPOSE

The purpose of the Plan is to provide for the settlement of the Claims in the manner hereinafter provided, such that the Companies shall be released therefrom upon performance of their obligations pursuant to the terms hereof. The Plan is financed by the Plan Sponsor through the New Funds. In consideration for the New Funds, Shermag will issue the New Common Shares to the Plan Sponsor.

This Arrangement is proposed by the Companies and is presented to all the Unsecured Creditors, the Secured Creditors and the Cities for their Cities Secured Claims.

SECTION 3

CLASSIFICATION OF CREDITORS

3.1 CLASSIFICATION OF CREDITORS

For the purposes of considering and voting on the Arrangement proposed pursuant to the terms hereof, the Claims of the Creditors shall be grouped into three (3) classes: the Unsecured Creditors and the Secured Creditors and the Cities Secured Claims. Each Creditor in a designated class shall, to the extent herein provided, be entitled to vote upon the Plan as part of that class.

3.2 CLAIMS NOT AFFECTED

Unaffected Claims are not affected by this Arrangement and shall be paid in accordance with the terms of any existing arrangements between the holders of such Unaffected Claims and the Companies.

3.3 CONTRACTS OF SUCCESSIVE PERFORMANCE

With the exception of the Resiliated Contracts, the Companies shall perform their obligations pursuant to Contracts of Successive Performance subsequent to the Determination Date in the ordinary course of business and in accordance with existing arrangements between one or more of the Companies and the co-contracting party. Creditors with a Claim pursuant to a Contract of Successive Performance will participate as Unsecured Creditors and are affected by the Arrangement for any sums due and outstanding as at the Determination Date.

3.4 RESILIATED CONTRACTS

Creditors pursuant to a Resiliated Contract have a Claim as Unsecured Creditor for sums due and outstanding as at the Determination Date as well as for any sum that would be payable to them as a result of the resiliation of such contract, as the case may be. Owners of goods used in the operation of the business of one or more of the Companies pursuant to a Resiliated Contract can retake possession of such goods on request at any time following the notice of resiliation.

3.5 SOLIDARY CREDITORS

A Creditor with a Claim against more than one of the Companies solidarily is only entitled to participate once in the distribution of the sum remitted to the Monitor for distribution to the Unsecured Creditors in respect of such solidary Claim. Creditors who, solidarily, hold a Claim owed by one or more Companies are only entitled to one vote and to participate only once, jointly amongst themselves, in any distribution.

SECTION 4 **CLAIMS PROCEDURE**

4.1 CLAIMS OF PROCEDURE

The procedure for determining the admissibility and amount of the Claims for voting and distribution purposes shall be governed by the Process Order.

4.2 FAILURE TO FILE A PROOF OF CLAIM

If a Creditor failed to file its Proof of Claim by the Claims Bar Date, such Creditor shall not be entitled to vote or to participate in any distribution and the Companies shall be released from such Creditor's Claims. The provisions of this Arrangement, other than those relating to the right to vote and to participate in distributions, shall apply to such Claims in any event.

4.3 FAILURE TO FILE A NOTICE OF DISPUTE

If a Scheduled Employee failed to file a Notice of Dispute by the Claims Bar Date, such Schedule Employee shall be entitled to vote or participate in any distribution only in accordance with the Notice of Scheduled Employee's Claim he or she received.

4.4 VALUATION OF FUTURE, UNLIQUIDATED AND LITIGIOUS CLAIMS

The Companies and the Monitor shall use their best efforts to finally settle all disputes relating to the admissibility and amount of Claims prior to the distribution to the Unsecured Creditors, the Secured Creditors or the Cities for the Cities Secured Claims;

Where the admissibility or the amount of all Claims is not finally settled on the date of the distribution, the Monitor will proceed with an interim distribution as if the unresolved Claims were admissible and the amount settled was that claimed by the Unsecured Creditor or the Secured Creditor, but will withhold the amount payable on account of any such unresolved Claim. Should any unresolved Claim become a Proven Claim, the Monitor will take this Claim into account in determining the amount payable to the Unsecured Creditors in connection with a further distribution, as the case may be, and will pay to the Unsecured Creditors, in addition to the amount which they already received pursuant to the interim distribution, any additional amount withheld in the interim distribution and made available as a result of the settlement of the unresolved Claims, and the Monitor will also pay to the holders of the unresolved Claims which have become Proven Claims, the sums to which they are entitled pursuant to any distribution prior to the settlement of their Claim.

4.5 INTEREST

No interest or indemnity is to be added to the Claims on the basis of the period elapsed or remaining to run from the Determination Date for any purposes whatsoever.

4.6 CURRENCY

All Claims must be stated in Canadian Dollars for the purposes of the vote and the distribution. Any Claim payable in a currency other than the Canadian dollar must be converted into Canadian dollars at the exchange rate published by the Bank of Canada effective at noon on the Determination Date (\$1.00 CDN = 0.9877 \$ USD).

SECTION 5 **TREATMENT OF UNSECURED CREDITORS AND SECURED CREDITORS**

5.1 UNSECURED CREDITORS

Pursuant to this Arrangement, the Claims of the Unsecured Creditors will be provided for by means of the payment by the Plan Sponsor of \$1,200,000 of the Distribution Fund to the Monitor, which funds shall be distributed by the Monitor within thirty (30) days of the receipt thereof, but in accordance with subsection 4.4 above, in the following manner and order of priority:

- (a) first, to the full payment of the Proven Claims up to the amount of \$1,500 per Unsecured Creditor;
- (b) the balance thereof, to the payment, on a *pro rata* basis, of the portion of the Proven Claims exceeding \$1,500 per Unsecured Creditor;

5.2 SECURED CREDITORS

Pursuant to this Arrangement, the Claims of the Secured Creditors will be provided for by means of the payment by the Plan Sponsor of \$50,000 of the Distribution Fund to the Monitor, which funds shall be distributed by the Monitor within twenty (20) days of the receipt thereof, but in accordance with subsection 4.4 above, to the Secured Creditors on a *pro rata* basis of their Proven Claims.

If no Secured Creditors vote on this Plan, the Secured Creditors will be deemed to have voted in favour of the Plan. Shall there be no Secured Creditors at the time of the payment, the sums of \$50,000 shall be distributed to the Unsecured Creditors in accordance with subsection 5.1 above.

In addition, any unused portion of the said sum of \$50,000, after the payment to the Secured Creditors, shall be distributed to the Unsecured Creditors in accordance with subsection 5.1 above.

For greater certainty, the payment of the Claims secured by the Administration Charge constitute Unaffected Claims and will therefore not be paid from the Distribution Fund.

5.3 CITIES SECURED CLAIMS

Pursuant to this Arrangement, the Cities Secured Claims of the Cities, as accepted by the Companies and the Monitor or pursuant to any settlement reached or any order rendered by the Court, will be paid by the Companies at the later of : (i) thirty (30) days after any settlement reached (ii) when a Court order becomes final and executory (iii) within sixty (60) days of the Effective Date, unless proceedings are pending.

If no Cities vote on this Plan, in relation to the Cities Secured Claims, then such Cities will be deemed to have voted in favour of the Plan.

SECTION 6 **APPROVAL OF PLAN AND EFFECT**

6.1 MEETING

In accordance with the Notice to Creditors, the Monitor shall call, and the Companies shall hold, the Creditors' Meeting in accordance with the Process Order and the CCAA for the purpose of considering and voting on the Arrangement.

6.2 CREDITOR APPROVAL

Only Unsecured Creditors, Secured Creditors or Cities holding a Claim for Voting Purposes may vote on the Plan. In order for this Arrangement to be executory in accordance with the CCAA, it must first be accepted by at least a majority in number of the Unsecured Creditors, Secured Creditors or Cities, for the Cities Secured Claims, holding at least two thirds in value of the Claims for Voting Purposes present and voting in person or by proxy at the Creditors' Meeting.

6.3 ACCUMULATION OF CLAIMS

Where a Creditor has more than one Claim for Voting Purposes, the said Claims cumulatively shall entitle such Creditor to only one vote on the Arrangement valued at the cumulative amount of its Claims for Voting Purposes;

6.4 SCOPE OF ARRANGEMENT

As of the Effective Date, and subject to the issuance of the certificate of performance contemplated in subsection 8.4 hereof, the settlement of the Claims in accordance with this Arrangement shall become final and binding on the Companies and all the Unsecured Creditors, the Secured Creditors and the Cities for their Cities Secured Claims and their respective successors and assigns, and this Arrangement shall result in the full and final settlement of all Claims and any indebtedness or undertakings which the Companies may subsequently become subject to as a result of an obligation incurred or an event that occurred before the Determination Date, as well as any indebtedness or any undertaking that the Companies may become subject to as a result of any obligation arising on any date whatsoever as a result of the Arrangement, the approval thereof by the Court or the implementation thereof, including any tax obligation owed to the Crown arising from the consequences and effects of the implementation of the Arrangement.

6.5 WAIVER OF DEFAULTS AND COURT ORDER

From and subsequent to the Effective Date:

- 6.5.1 All Creditors and other Persons (including Unaffected Creditors other than Geosam) shall be deemed to have waived any and all defaults of any of the Companies, as well as any failure to comply with any provision, guarantee, covenant, warranty, representation, term, condition, obligation, whether expressed or implied, in any contract of instantaneous or successive performance, whether written or oral, including any cross default, and any notice of default and acceleration of payment pursuant to such contracts shall be deemed to have been cancelled;
- 6.5.2 Pursuant to the Sanction Order, the Companies will seek from the Court the issuance of an order in relation to all Creditors and other Persons (including Unaffected Creditors) who have a business relationship with any of the Companies, extinguishing the enforcement of any right or remedy contained in the instruments evidencing such business relationship, and any right which might otherwise be generally available in law to such Creditors or other Persons as a result of the fact that the Companies have sought protection under the CCAA, or as a result of the content of this Arrangement, the implementation of this Arrangement, any action taken by the Companies or any third party pursuant to the Arrangement or the Sanction Order, whether before or after the Effective Date, or any other matter whatsoever relating to the CCAA proceedings, the Arrangement or the transactions contemplated by the Arrangement; and
- 6.5.3 The Companies may, in all respects, carry on their businesses as if the defaults, rights and remedies referred to in this subsection 6.5 had not occurred or had never existed.

6.6 RELEASED PARTIES

On the Effective Date, the following persons, namely:

- (a) the Companies, their legal counsel and financial advisors in relation to the CCAA proceedings;
- (b) the Monitor and its legal counsel in relation to the CCAA proceedings; and
- (c) the present and former Directors, Officers, Employees and Scheduled Employees of any of the Companies in such capacities, but not in any other capacity;

shall be released and discharged from any and all demands, claims, actions, law suits, debts, obligations to do any thing, damages, judgments, judgment enforcement proceedings arising from any liability, obligation, demand or cause of action of any nature whatsoever, whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, that any Person would otherwise be entitled to assert based, in whole or in part, on any act or omission, contract, duty, responsibility, or obligation of any nature having arisen on the Determination Date or previously thereto relating to the Claims, including the Restructuring Claims, the conduct of the business of the Companies, this Arrangement or the CCAA proceedings, to the fullest extent permissible in law, and any such right resulting from any such act or omission, shall be forever waived and released (other than the right to enforce any of

the Companies' obligations under this Arrangement or any related agreement), provided that nothing herein:

- (d) shall release a Released Party from an Unaffected Claim or an Excluded Claim;
- (e) shall affect the right of any Person:
 - i) to recover any insurance proceeds or benefits under any contract pursuant to which such Person is an insured; or
 - ii) to recover a Claim against a Released Party from an insurer pursuant to an insurance policy by which such Released Party is insured; however, for greater certainty, any Claim to which an insurer is or would otherwise be subrogated is released hereunder and the recovery to which such Person is entitled shall be limited to the insurance proceeds or benefits actually paid by the insurer with respect to the Claim.

6.7 DIRECTORS' STATUTORY LIABILITIES

Without limiting the generality of the foregoing subsection and for greater certainty, this Arrangement constitutes a settlement of all Claims against present and past directors of the Companies which predate the Determination Date in respect of which such directors may, in their capacity as directors, be liable in law, and in respect of which they will be forever released and discharged on the Effective Date, with the exception of any claims detailed in subsection 5.1(2) of the CCAA.

6.8 EXTINCTION OF CERTAIN CHARGES

The "D&O Charge" shall be terminated and released and no Person shall be entitled to exercise any hypothecary right against any of the Companies on the basis of the "D&O Charge", upon the filing in the Court record of the certificate of performance referred to in subsection 8.4 of this Arrangement, or on any prior date set by the Court, as the case may be.

6.9 PARAMOUNTCY

As of the Effective Date, any conflict between this Arrangement and the agreements, guarantees, representations, terms and conditions, and obligations, whether express or implied, of any contract, credit document, security agreement, agreement of sale, bylaws of the Companies, lease or other agreement, whether written or oral, and any amendments or supplements thereto, existing between any of the Creditors and any of the Companies as at the Effective Date, will be deemed to be governed by the terms, conditions and provisions of this Arrangement and the Sanction Order, which shall take precedence and priority.

6.10 SUCCESSORS AND ASSIGNS

This Arrangement shall be binding on and enure to the benefit of the heirs, liquidators, administrators and other legal representatives, successors and assigns of any Person named or affected by this Arrangement.

6.11 CONSENT, WAIVER AND AGREEMENT

As of the Effective Date, each Creditor (including Unaffected Creditors) shall be deemed to have consented to all the provisions of this Arrangement considered in its entirety. Without limiting the generality of the foregoing, each Creditor shall be deemed:

- (a) to have executed and delivered to the Companies all consents, releases, assignments and waivers, statutory or otherwise, required to implement and carry out the Plan in its entirety;
- (b) to have waived, in accordance with Subsection 6.5 of the Plan, any default by any of the Companies under any provision of any agreement existing between such Creditor and any of the Companies that occurred prior or subsequent to the Determination Date; and
- (c) to have agreed that, if there is any conflict between the provisions, whether expressed or implied, of any agreement or other compromise, whether written or oral, existing between such Creditor and any of the Companies on the Effective Date, and the provisions of this Arrangement, the provisions of this Arrangement shall take precedence and priority and the provisions of any other agreement or compromise shall be deemed to be amended accordingly.

SECTION 7 ISSUANCE OF SHARES TO THE PLAN SPONSOR

Following the approval of the Plan by the required majority of the Creditors eligible to vote, its approval by the Court and in order to allow for the implementation of the Plan, Shermag will issue the New Common Shares to the Plan Sponsor in consideration for the New Funds.

SECTION 8 CONDITIONS PRECEDENT TO THE IMPLEMENTATION OF THE ARRANGEMENT

8.1 APPLICATION FOR SANCTION ORDER

If this Arrangement is approved by the Unsecured Creditors, the Secured Creditors and the Cities, for their Cities Secured Claims, the Companies will apply forthwith to the Court to obtain the Court's sanction thereof. In this regard, the Notice to Creditors includes a notice of presentation of the Sanction Motion by the Court and also constitutes the notice to the Creditors of the Sanction Motion. In addition to the sanction of the Arrangement, the Companies will seek, as part of the Sanction Order, any orders that are useful to give effect to the provisions of this Arrangement.

8.2 CONDITIONS PRECEDENT TO THE IMPLEMENTATION OF THE ARRANGEMENT

The implementation of this Arrangement shall be conditional upon the fulfilment of all of the conditions set forth below by no later than October 16, 2009, except to the extent that the Companies waive said conditions or extend the time period for the fulfilment thereof:

8.2.1 Creditor Approval

Approval of this Arrangement by the Unsecured Creditors, the Secured Creditors and the Cities for their Cities Secured Claims in accordance with this Arrangement and the CCAA.

8.2.2 Court Approval

The issuance of the Sanction Order for this Arrangement by the Court, and an order confirming all of the provisions of this Arrangement, which order shall have acquired the authority of a final and definitive judgment (*res judicata*).

8.2.3 Other Approval or Exemption

Any approval or exemption required, if any, by the TSX or any other authority for the issuance of the New Common Shares to the Plan Sponsor.

8.2.4 D&O Charge and Administration Charge

The payment in full of any and all Claim secured by the D&O Charge or the Administration Charge.

8.2.5 Financing

The financing sought by Bermex, as described in its offer dated July 31, 2009, as accepted by the Court, on August 12, 2009, shall be available.

8.2.6 No waiver

The Companies shall not have waived the right to continue their proceedings under the CCAA or to seek the sanction of the Arrangement in respect of all the Creditors or any class thereof.

If the above stipulated conditions are not met within the specified time period and the Companies have not waived them, the Effective Date shall not occur and the Arrangement as well as the Sanction Order shall cease to have any effect.

8.3 MONITOR'S CERTIFICATE

Upon satisfaction of all the conditions set out in subsection 8.2 (or waiver thereof, as the case may be), the Monitor shall file a certificate with the Court stating that all the said conditions have been met (or have been waived, as the case may be), and setting the Effective Date accordingly. In so certifying, the Monitor shall be entitled to rely upon the certificates, representations and confirmations received from the Companies, or any of them, and their respective counsel.

8.4 CERTIFICATE OF PERFORMANCE

Upon receipt of all of the amounts that are required to be remitted to it by the Companies pursuant to this Arrangement, the Monitor shall issue and file in the Court record a certificate of performance of the Arrangement in favour of the Companies.

SECTION 9 AMENDMENT OF THE ARRANGEMENT

9.1 AMENDMENT OF THE ARRANGEMENT

The Companies reserve the right at any time, and from time to time, to amend, modify and/or supplement this Arrangement, including, to remove one or more of the Companies from the application of the Arrangement, provided that:

- (a) any such amendment, modification or supplement is set out in a written document filed with the Court and disclosed to the Creditors before or during the Creditors' Meeting; and
- (b) in the case of any amendment, modification or supplement made by the Companies following the Sanction Order, but prior to the Effective Date, that concerns a matter which, in the opinion of the Monitor, acting reasonably, is purely administrative in nature and useful for the implementation of the Plan and the Sanction Order and is not adverse to the financial and economic interests of the Creditors.

Any supplementary provision to the Arrangement filed with the Court shall be deemed to form an integral part of the Arrangement for all purposes.

9.2 PROXIES

All holders of a proxy authorizing them to vote in favour of the Arrangement as initially submitted to the Creditors may exercise this proxy in favour of any amended Arrangement provided that, in the opinion of the Monitor, acting reasonably, such amendment does not render the Arrangement less advantageous to the Creditors affected by such amendment.

9.3 SEVERABILITY OF CERTAIN PROVISIONS

Unless the Companies decide otherwise, in the event that any provision of this Arrangement is ruled to be unenforceable, the unenforceability of such provision shall in no way affect the enforceability of the remainder of this Arrangement.

[The remainder of this page is intentionally left blank]

SIGNED in Sherbrooke, province of Quebec, this 20th day of August, 2009.

SHERMAG INC.

Per: (S) Josée Girard
Josée Girard

JAYMAR FURNITURE CORP.

Per: (S) Josée Girard
Josée Girard

SCIERIE MONTAUBAN INC.

Per: (S) Josée Girard
Josée Girard

MÉGABOIS (1989) INC.

Per: (S) Josée Girard
Josée Girard

SHERMAG CORPORATION

Per: (S) Josée Girard
Josée Girard

JAYMAR SALES CORPORATION

Per: (S) Josée Girard
Josée Girard

CANADA
PROVINCE OF QUEBEC
DISTRICT OF MONTREAL
No.: 500-11-033234-085

SUPERIOR COURT

(Commercial Division)

(Sitting as a court designated pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36)

IN THE MATTER OF THE PLAN OF ARRANGEMENT OF:

SHERMAG INC., a legal person constituted under the Companies Act (Québec), having its domicile at 3035, Industrial Blvd, in the City of Sherbrooke and District of Saint-François, Province of Québec, J1L 2T9

- and -

JAYMAR FURNITURE CORP., a legal person constituted under the laws of Nova Scotia and continued under the laws of Canada, having its domicile at 75 Jaymar Street, in the City and District of Terrebonne, Province of Québec, J6W 1M5

- and -

SCIERIE MONTAUBAN INC., a legal person constituted under the laws of Canada, having its domicile at 100 Route du Lac George, in the City of Notre-Dame-de-Montauban and District of Saint-Maurice, Province of Québec, G0X 1W0

- and -

MÉGABOIS (1989) INC., a legal person constituted under the Companies Act (Québec), having its domicile at at 3035, Industrial Blvd, in the City of Sherbrooke and District of Saint-François, Province of Québec, J1L 2T9

- and -

SHERMAG CORPORATION, a legal person constituted under the laws of the State of Delaware, having its chief executive office at Corporation Trust Center, 1209 Orange Street, in the City of Wilmington, State of Delaware, 19801, U.S.A.

-and-

JAYMAR SALES CORPORATION, a legal person constituted under the laws of the State of Nevada, having its chief executive office at Incorp Services, Inc., 3155 East Patrick Lane, Suite 1, in the City of Las Vegas, State of Nevada, 89120-3481, U.S.A.

Debtors/Petitioners

- and -

RSM Richter Inc., a duly incorporated legal person having a place of business at 2 Place Alexis-Nihon, 3500 de Maisonneuve West, Suite 1820, in the city and district of Montréal, Province of Québec, H3Z 3C2;

Monitor

**REPORT OF THE MONITOR ON THE STATE OF AFFAIRS OF THE DEBTORS
AND THE PLAN OF ARRANGEMENT
(section 11.7(3) b) (ii) of the *Companies' Creditors Arrangement Act*)**

INITIAL ORDER

On May 5, 2008, Shermag Inc. and its affiliates (collectively the "Companies") filed a motion before the Quebec Superior Court (the "Court") asking for the issuance of an Initial Order in accordance with the provisions of the *Companies' Creditors Arrangement Act*, R.S.C. (1985), c. 36 ("CCAA"). In this regard, the Honourable Robert Mongeon, J.S.C., issued an Initial Order ("Initial Order") and appointed RSM Richter Inc. ("Richter") as monitor ("Monitor") and set a Stay Termination Date of June 4, 2008.

Since that date, pursuant to the Debtors' motions, the Initial Order has been extended nine times to give the Debtors additional delays to file a Plan of Arrangement. The current extension expires on October 16, 2009.

The Plan of Arrangement ("Plan") was filed on August 20, 2009 and will be submitted to the creditors for their approval at a meeting of creditors to be held on September 10, 2009.

OTHER MOST SIGNIFICANT ORDERS

On July 16, 2008, the Companies filed a Petition to Establish a Claims and Meetings' Process (the "Process Order") which was granted by the Court. The Process Order set the bar date for the filing of Proofs of Claim or Notices of Dispute with the Monitor to September 5, 2008 at 5:00 p.m.

On July 31, 2008, the Court rendered an Order Approving Various Agreements regarding the Companies' financing, and authorizing Geosam Investment Limited ("Geosam") to replace Wachovia Capital Finance Corporation ("Wachovia") as secured lender.

On January 14, 2009, the US Court rendered an order pursuant to the *Chapter 15 of the United States Bankruptcy Code* (US Order) recognizing the Canadian proceedings as foreign main proceedings, enforcing the Process Order and establishing the U.S. Bar Date to February 27, 2009, at 5:00 p.m.

On June 4, 2009, the Court granted an Order authorizing a Call for Tenders Process ("Call for Tenders Process").

On July 30, 2009, the Debtors filed a Motion for an Order Approving a transaction (the "Transaction" or the "Bermex Transaction") with Groupe Bermex Inc. ("Bermex"), extending the Stay Period until October 16, 2009 and granting an interim financing (from Bermex). This Motion was originally to be heard by the Court on August 5, 2009.

On August 12, 2009, the Court rendered an Order Approving a Transaction, extending the Stay Period until October 16, 2009 and granting an interim financing.

THE PLAN

A copy of the Plan is annexed hereto. Furthermore, the Plan, as well as all Motions and Orders relating to the Debtors' CCAA restructuring process, are available on the Monitor's website:

www.rsmrichter.com/Restructuring/Shermag.aspx

THE MONITOR'S REPORT

To help creditors assess the Plan, which will be voted on at the meeting of creditors to be held on September 10, 2009, the Monitor hereby reports on the state of affairs and finances of the Debtors and submits its comments and opinion on the Plan.

We would like to advise the readers that the Monitor has not conducted an audit of the books and records of the Debtors. Accordingly, the Monitor is not in a position to express an opinion with respect to the accuracy or completeness of the information contained in this report. The information contained in this report comes from the books and records made available to us, as well as discussions with management of the Debtors.

Our report addresses the following:

- I. THE DEBTORS
- II. FINANCIAL DIFFICULTIES
- III. COURT PROTECTION
- IV. CALL FOR TENDERS PROCESS
- V. BERMEX TRANSACTION
- VI. FINANCING
- VII. CURRENT FINANCIAL SITUATION
- VIII. ACTIVITIES SINCE INITIAL ORDER
- IX. FINANCIAL PROJECTIONS
- X. THE PLAN
- XI. ASSESSMENT OF THE PLAN
- XII. MONITOR'S COMMENTS
- XIII. OPINION AND RECOMMENDATION

I. THE DEBTORS

The Companies, founded in 1977, specialize in the manufacturing and importing of high quality residential furniture, including living room and bedroom furniture, glider rockers and upholstered furniture. Its head office is located in Sherbrooke, Quebec.

In 1986, Shermag Inc. ("Shermag") proceeded to an initial public offering of shares for total proceeds of \$14 million which were used to enhance the distribution network and to finance several acquisitions. One such acquisition was concluded in May 2003, when Shermag acquired Jaymar, one of Canada's leading manufacturers of quality leather and fabric upholstered furniture.

Since then, Shermag's shares have traded on the Toronto Stock Exchange ("TSX"). Based on the price as of May 1, 2008 of \$0.35 per share, Shermag then had a "market capitalization" of approximately \$4.67 million. As of April 6, 2009, shares were trading at \$0.05 per share and have since been delisted from the TSX.

At this time, Bermex has a stake of approximately 19.57% in Shermag. 1,577,000 of the 2,890,000 shares owned by Bermex were acquired during the month of March 2009.

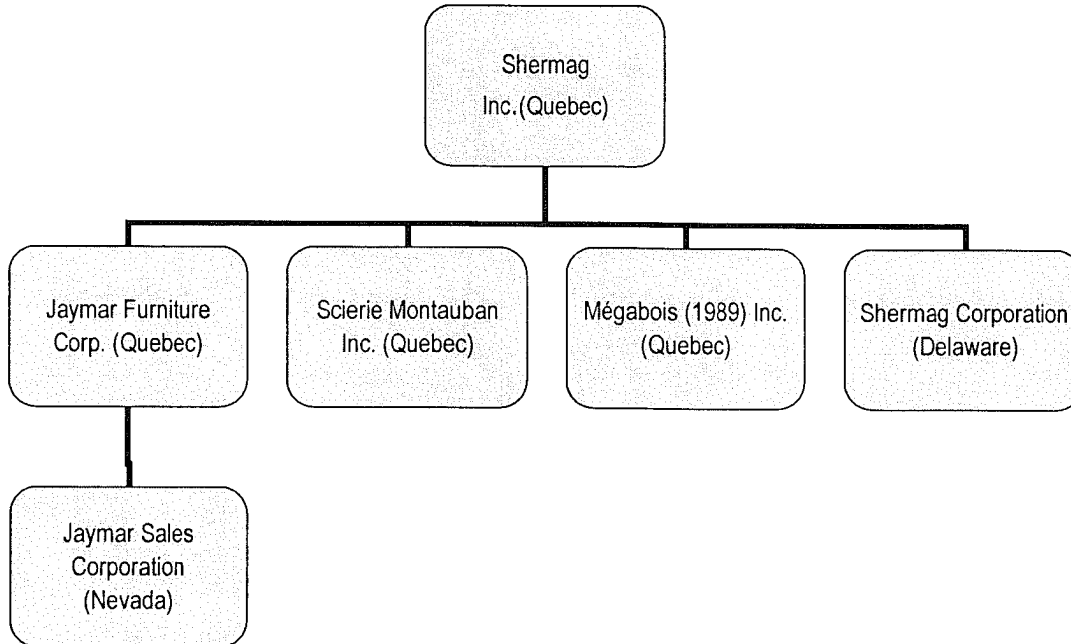
The other largest shareholder and controlling board member is Clarke, Inc. ("Clarke"), a Nova Scotia based company. Clarke presently has a stake of 19.9999% in Shermag. The third largest shareholder is the Caisse de dépôt et placement du Québec with a stake of approximately 11%.

The Companies' activities are divided into two sectors: furniture and sawmill operations. Furniture operations include manufacturing, importing and distribution of residential furniture. The main purpose of the sawmill operations is to provide reliable supply of raw material for the manufacturing plants. Sawmill operations have been considerably reduced since the burning of the Notre-Dame-de-Montauban facility in March 2006. Since then, solely the dryers are used from time to time and the sawing operations have been subcontracted to third parties.

The Companies distribute their products via three channels of distribution in North America:

- Major department stores;
- Independent retailers;
- National mass market chains.

The Companies' corporate structure is as follows:



A review of the Debtors' current financial situation is presented in section VII of this report.

II. FINANCIAL DIFFICULTIES

Despite the various restructuring initiatives implemented in recent years, the Companies have continued to lose money. Reported cumulative losses from 2005 to December 2007 are approximately \$88 million (\$51.3 million of which is due to non-cash asset and goodwill impairments). Through the first three quarters of F2007/2008 (ending December 28, 2007), the Companies reported a net loss of \$29.9 million (\$13 million of which is due to non-cash asset impairment).

Since 2004, the Debtors' sales have reduced from \$250 million to \$69 million in fiscal year 2009 and from its historical peak of 2,400 full-time employees to 230 active employees as of July 4, 2009.

On May 1st, 2008, the secured lender, Société Financière Wachovia (Canada) ("Wachovia"), served upon the Companies Notices of Intention to Enforce Security pursuant to Section 244 of the Bankruptcy and Insolvency Act. The ten (10) day delay was waived by the Companies.

Furthermore, prior to the Initial Order, numerous creditors had sent formal demand letters and/or instituted legal proceedings to collect amounts due. In addition, one creditor had even threatened to file a petition in bankruptcy against Shermag. There also existed numerous contingent liabilities and onerous contracts which had to be resolved.

The main sources of the financial difficulties of Debtors are the following:

A) Continued strengthening of the Canadian dollar

The strength of the Canadian dollar changed the dynamics of the industry as it significantly affected the margins which the Companies could obtain from U.S. customers on its Canadian manufactured goods.

B) Continued weakness of the U.S. housing market and the related impact on new furniture sales

Furniture sales are directly related to the U.S. housing market.

The U.S. is in the midst of one of the deepest and most widespread housing downturn on record, as demonstrated below by "Housing Starts":

Housing Starts - US					
(In 000s)	2004	2005	2006	2007	2008
Housing Starts - U.S.	1,956	2,068	1,801	1,355	906

C) Competition from low-cost imports.

In recent years, the residential furniture industry has been highly affected by Asian imports which has had a negative impact on Shermag's manufacturing operations. Shermag has converted to an import-based company but still is being affected by the costs of changing its operating model and the overhead structure which it is in the process of reducing.

III. COURT PROTECTION

As previously mentioned, the Initial Order was rendered on May 5, 2008 pursuant to the CCAA in order to allow the necessary time for the Debtors to implement further restructuring initiatives including making an offer to their creditors to settle their obligations. The latest extension of the Initial Order expires on October 16, 2009.

Pursuant to the granting of the Initial Order, the Companies proceeded to implement numerous restructuring measures as well as disposed of redundant / non-core assets as further discussed in Section VIII of this report.

Furthermore, on March 2, 2009, the Companies filed a Motion for an Order Authorizing the Reorganization of their Share Capital (the "Reorganization Motion") pursuant to which the Petitioners sought, inter alia, an order (i) authorizing the cancellation of all their outstanding shares, (ii) authorizing the issuance of new shares and (iii) granting various ancillary reliefs.

Petitioners initially expected to file their Plan shortly after the hearing of the Reorganization Motion. However, on March 26, 2009, the Court dismissed the Reorganization Motion.

IV. CALL FOR TENDERS PROCESS

After the rendering of the Order, which dismissed the Reorganization Motion, the Companies, with the help of the Monitor and Geosam, analyzed the various options available to them, which would allow the continuation of their business and maximize the return to all stakeholders. They came to the conclusion that a tenders process was the best alternative available in the circumstances. Indeed, the restructuring efforts had not been sufficient, a 60-day notice was sent by the Secured Lender and no new funds were available for the continuation of the operations

The Call for Tenders Process authorized by the Court on June 4, 2009 provided for the following timetable:

Steps	Description	Deadline
1.	Execution of the confidentiality and the non-disclosure agreement by the interested parties	June 26, 2009
2.	End of the due diligence period and access to the virtual data room	July 10, 2009
3.	Filing of the offers	July 10, 2009
4.	Opening of the offers	July 10, 2009
5.	Clarification and improvement of the offers, if needed	July 17, 2009
6.	Approbation of the offers by the Petitioners	July 17, 2009
7.	Approval by the Court of the various offers accepted	July 24, 2009

The Call for Tenders Process sought offers for the Companies' operating assets, which were divided into three (3) categories:

- i) The Shermag core business of importing and distributing furniture product, to be sold "as a going concern" through an asset transaction;
- ii) The Jaymar core business, which is a wholly-owned subsidiary of Shermag, to be sold "as a going concern" through an asset or a share transaction;
- iii) The non-core assets owned by Shermag, which include eleven (11) land and facilities, finished inventory, raw material, work in process as well as machinery and equipment, are divided in individual lots and can be sold separately.

The Call for Tenders Process has been managed by the Monitor, which actions can be summarized as follows:

- A teaser was sent by mail and e-mail to 309 potential buyers in North America. These potential buyers are either competitors of the Companies or equity investment firms already active in the furniture business.
- Newspaper Notices were published in the Saturday, June 6, 2009 edition of the Montreal Gazette and La Presse, the Globe and Mail and the New Brunswick Telegraph Journal.
- Follow-up calls with potential buyers were made regularly.
- 43 confidentiality agreements were signed with interested parties who were given access to a virtual data room.
- Visits of the premises, inspection of assets and meetings with management were coordinated.

At noon, on Friday, July 10, 2009, the Monitor opened the offers received in the presence of the management of the Companies, the independent committee of Company's Board of Directors ("Independent Committee") members as well as the Petitioners' legal advisors.

V. BERMEX TRANSACTION

Pursuant to the Call for Tenders Process authorized by the Court on July 4, 2009 and the opening of tenders of July 10, 2009, as previously reported to the Court, the Monitor has had numerous meetings and discussions with the Independent Committee, the Petitioners' legal advisors and the Board of Directors to finalize the terms and conditions of any proposed transaction with one of the two "*en bloc*" offerors (the "Offerors").

Under the circumstances, the Monitor was asked by the Independent Committee to postpone the deadline to accept offers to July 22, 2009. The said deadline has been postponed a second time to August 4, 2009. The Monitor has advised all offerors of the postponements of the deadline to accept offers.

Furthermore, the Independent Committee requested that the Monitor and the Petitioners' legal advisors meet with two of the offerors with a view of obtaining clarifications and improvements of their respective offers.

Meetings were held by the Monitor and the Companies' legal advisors on July 15 and 17, 2009 with said offerors. The parties were invited to submit to the Monitor revised offers by no later than July 20, 2009 at 3:00 pm.

On July 21, 2009, the Independent Committee was presented with a summary of the revised offers. However, both offers were not acceptable as submitted. The Independent Committee gave further instructions to the Monitor and Debtors' legal advisors to meet with the parties in order to give them a further opportunity to formulate a final offer which would be acceptable to the Companies.

On July 22, 2009, further meetings were held with the two "*En Bloc*" offerors. Although the meetings were productive, issues remain pending.

On July 28, 2009, the Offerors submitted revised offers. On July 29, 2009, the Monitor and the Petitioners' counsel discussed with the Offerors to obtain clarifications on their revised offers.

More importantly, on July 30, 2009, the Monitor, the Independent Committee and the Petitioners' legal advisors met to discuss the revised offers. After careful considerations, the Independent Committee came to the conclusion that the offer submitted by Groupe Bermex Inc. ("Bermex" / "Bermex Offer") was the best transaction available to the Petitioners and their creditors in the circumstances.

The Bermex Offer provides the best available contribution to the unsecured creditors and allows for the filing of a plan of arrangement, which was uncertain with the other offer submitted.

On July 30, 2009, the Petitioners, upon the recommendation of the Independent Committee and the approval of the Companies' Board of Directors, accepted the Bermex Offer and instructed the Petitioners' counsel and the Monitor to take the appropriate steps to finalize the contemplated transaction ("Bermex Transaction").

The Bermex Transaction offers the Companies, amongst other considerations, the opportunity to:

- 1) obtain interim financing of \$3,000,000 to fund current operations;
- 2) access to new funds of \$1,250,000 to finance a Plan of Arrangement;
- 3) refinance its affairs and reimburse in full its current lender, Geosam Investments Limited ("Geosam"); and
- 4) pay all post filing obligations.

The Bermex Transaction, as contemplated, can proceed in view of the fact that the Companies have reached with Geosam an agreement to extend their financing until October 16, 2009. On August 12, 2009, the Court approved the Bermex Offer.

VI. FINANCING

i) Geosam Financing

At the time of the rendering of the Initial Order, the Companies' secured lender was Wachovia. Considering that the secured lender was not affected by the CCAA proceedings, on May 5, 2008, the Debtors entered into a Forbearance Agreement with Wachovia for the financing of ongoing operations which, amongst others, provided for the following conditions:

- The Interest Rate was set at Prime plus 2%;
- The Maximum Credit was established at \$22.5 million (\$12.5 million for a Revolving Loan plus \$10 million for a Term Loan);
- Extensive reporting to Wachovia and weekly monitoring by Richter.

Subsequently, and given the circumstances, Geosam paid Wachovia in full and was assigned its debt and became the secured lender which at that time was owed \$15,748,000. This was authorized pursuant to an Order granted on July 30, 2008, and was accomplished pursuant to an agreement between Geosam and Wachovia whereby Wachovia assigned the loan and the security upon being paid. Geosam has since amended the Forbearance Agreement. The last amendment to the Forbearance Agreement, signed on August 11, 2009, expires on October 16, 2009.

Geosam's financing facility loan will not exceed \$11 million during the period, the whole subject to the terms of the Forbearance Agreement.

Although, Geosam has already issued the 60-day notice to enforce its securities pursuant to the *Code civil du Quebec*, which notice period has now expired, Geosam has agreed to postpone exercising its rights and recourses pending the completion of the Bermex Transaction, subject to the terms of the Forbearance Agreement.

It is important to advise the creditors that Geosam demanded and the Board of Directors of the Companies consented to the execution of a Deed of Voluntary Surrender and Taking in Payment, which is held in trust by the Monitor. Upon a default pursuant to the Forbearance Agreement, Geosam, pursuant to and in accordance with the terms and conditions provided for in the Forbearance Agreement, will ask to be provided with such Deed of Voluntary Surrender to be declared owner of all secured assets of the Companies.

ii) Bermex Interim Financing

Pursuant to the Bermex Offer, Bermex will make available to the Companies, an interim financing of \$3 million ("DIP Financing") to enable the Companies to meet their obligations as they fall due and to maintain the stability of their operations while completing their restructuring.

In conjunction with the above mentioned Forbearance Agreement and the DIP Financing, Geosam and Bermex have entered into an intercreditor agreement for the benefit of the Companies.

The DIP Financing will bear interest at a rate of 6% per annum and will be secured by a charge on the universality of the Debtors' assets senior to any other charge or lien of any sort, other than the D&O Charge, the Administrative Charge and Geosam's security.

On August 12, 2009, the Court approved the DIP Financing provided by Bermex.

VII. CURRENT FINANCIAL SITUATION

The current financial information which follows emanates from the **unaudited** internal financial statements as at July 4, 2009 (June 2009 month-end) of the Debtors, as submitted by Management.

This information is submitted herein solely to help creditors understand and assess the current financial situation of the Companies. The Monitor makes no representation or warranty with respect to the accuracy or completeness of the financial information.

A) Operating Results

The financial performance of the Companies on a consolidated basis, for the past five (5) years and the current fiscal year are summarized as follows:

(in \$000s)	Companies						
	Summary of consolidated earnings						
	Year ended						
	4-Jul-09	3-Apr-09	4-Apr-08	30-Mar-07	31-Mar-06	1-Apr-05	2-Apr-04
	3 Months	12 Months	12 Months	12 Months	12 Months	12 Months	12 Months
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)	(Audited)	(Audited)	(Audited)
Gross revenue	16,912	68,929	106,434	166,004	198,843	242,137	252,183
less: returns, allowances and discounts	2,105	15,617	6,955	10,085	10,134	13,307	14,257
Net revenue	14,807	53,312	99,479	155,919	188,709	228,830	237,926
Cost of sales	12,670	50,942	92,004	143,893	162,615	180,199	169,533
Gross profit	2,137	2,370	7,475	12,026	26,094	48,631	68,393
Expenses	3,778	14,782	30,243	32,543	35,952	41,863	43,157
Loss before income taxes, restructuring fees and unusual items	(1,641)	(12,412)	(22,768)	(20,517)	(9,858)	6,768	25,236
Loss before income taxes	(2,131)	(14,737)	(46,153)	(25,726)	(35,664)	(9,405)	25,236
Income taxes (recovery)	(201)	(89)	(3,440)	(8,347)	(5,040)	503	8,145
Net loss / Net Earnings	(1,930)	(14,648)	(42,713)	(17,379)	(30,624)	(9,908)	17,091
EBITDA	(1,269)	(12,473)	(24,089)	(16,056)	(8,676)	14,530	34,540

B) Balance Sheet

The most recent unaudited internal balance sheet for the six (6) companies making up the Shermag Group is dated July 4, 2009 and is presented as follows:

Companies Balance Sheet As at July 4, 2009								
<i>(Unaudited, in \$000s)</i>	Shermag	Mégaboïs	Montauban	Shermag Corporation	Jaymar	Jaymar Sales Corporation	Intercompany	Consolidated
Short term assets								
Cash	34	-	1	-	153		-	188
Accounts receivable	5,995	(10)	309	18	1,293		(46)	7,559
Inventory	11,076	-	-	-	2,648		-	13,724
Prepaid expenses	231	28	-		17		6	282
Income tax receivable	-	-			276		-	276
	<u>17,336</u>	<u>18</u>	<u>310</u>	<u>18</u>	<u>4,387</u>		<u>(40)</u>	<u>22,029</u>
Long term assets								
Investments	6,026	-	-	-	-		(6,026)	-
Property, plant and equipment	14,762	450	48		3,500		6	18,766
Goodwill					2,872			2,872
Deferred fees	471							471
	<u>21,259</u>	<u>450</u>	<u>48</u>	<u>-</u>	<u>6,372</u>		<u>(6,020)</u>	<u>22,109</u>
Total Assets	<u>38,595</u>	<u>468</u>	<u>358</u>	<u>18</u>	<u>10,759</u>		<u>(6,060)</u>	<u>44,138</u>
Short-term liabilities								
Accounts payable and accrued liabilities	10,743	7	308	2	2,246		(46)	13,260
Bank advances ⁽¹⁾	7,258		(346)		6,034			12,946
	<u>18,001</u>	<u>7</u>	<u>(38)</u>	<u>2</u>	<u>8,280</u>		<u>(46)</u>	<u>26,206</u>
Long term liabilities								
Future income taxes				71	(305)			(234)
Deferred credits	2,088	232						2,320
	<u>2,088</u>	<u>232</u>	<u>-</u>	<u>71</u>	<u>(305)</u>		<u>-</u>	<u>2,086</u>
Shareholders' equity								
Capital stock	38,735	770	1,728	2,500	8,343		(13,341)	38,735
Retained earnings	(20,229)	(541)	(1,332)	(2,555)	(5,559)		7,327	(22,889)
	<u>18,506</u>	<u>229</u>	<u>396</u>	<u>(55)</u>	<u>2,784</u>		<u>(6,014)</u>	<u>15,846</u>
Total liabilities and shareholders' equity	<u>38,595</u>	<u>468</u>	<u>358</u>	<u>18</u>	<u>10,759</u>		<u>(6,060)</u>	<u>44,138</u>

(1): Includes term debt

a) **Assets**

We comment further on each of Debtors' assets as follows:

1) **Shermag Inc.**

Accounts receivable (\$5,994,645)

Net receivables are composed of trade receivables, sales taxes receivables and deposits. Trade receivables totalled \$5.5 million. The amount is calculated after deducting reserves for bad debts, publicity allowance, volume rebates and repairs for approximately \$3.3 million.

i) Inventory (\$11,075,683)

Inventory is mainly composed of \$10.3 million of finished goods of which approximately \$5.6 million is considered non-core and is being liquidated with the assistance of third parties.

ii) Prepaid Expenses (\$230,908)

Prepaid expenses primarily include taxes, rent and prepayments for exhibition shows.

iii) Investments (\$6,025,692)

Investments held by Shermag represent the carrying value invested in affiliated companies, summarized as follows:

Shermag Inc. Investments As at July 4, 2009	
<i>(unaudited, in \$000s)</i>	
Jaymar	5,100
Megabois	550
Montauban	369
Others	7
	<hr/>
	6,026

On consolidation, these investments are eliminated.

iv) Property, plant and equipment (\$14,762,083)

The net book value of the fixed assets is broken down as follows:

Shermag Inc.			
Fixed assets			
As at July 4, 2009			
<i>(unaudited, in \$000s)</i>	Cost	Accumulated Depreciation	Net Book Value
Land	863	-	863
Building	23,656	14,988	8,668
Machinery & Equipment	34,230	30,402	3,829
Rolling Stock	984	943	41
Office furniture	7,352	6,235	1,116
Leasehold Improvements	1,479	1,479	-
Software	5,559	5,313	246
	74,123	59,361	14,762

Shermag Inc. owns several buildings in the Provinces of Quebec and New Brunswick, most of which are vacant and were up for sale.

v) Deferred fees (\$471,356)

"Deferred fees" is mainly composed of financing fees to be amortized over time.

2) **Mégaboïs (1989) Inc.**

This company was part of the sawmill operations which are now discontinued. Please take note that on March 7, 2009, the ownership of the moveable assets of Mégaboïs have been transferred to Shermag.

Prepaid expenses (\$28,027)

Prepaid expenses represent amounts paid for the appraisal of machinery and the building, advertising and fees for finding a future buyer.

Property, plant and equipment (\$450,000)

The net book value of these fixed assets is broken down as follows:

Mégabois			
Fixed assets			
As at July 4, 2009			
<i>(unaudited, in \$000s)</i>	Cost	Accumulated Depreciation	Net Book Value
Land	158	-	158
Building	2,080	1,788	292
Machinery & Equipment	-	-	-
Office furniture	-	-	-
	2,238	1,788	450

The Companies had put all of Megabois' fixed assets up for sale.

3) **Scierie Montauban Inc.**

This company was part of the sawmill operations which are now discontinued.

i) Accounts Receivable (\$309,428)

Accounts receivable include \$306K from related companies.

ii) Property, Plant and Equipment (\$47,695)

The net book value of fixed assets is broken down as follows:

Montauban			
Fixed assets			
As at July 4, 2009			
<i>(unaudited, in \$000s)</i>	Cost	Accumulated Depreciation	Net Book Value
Land	4	-	4
Building	38	13	26
Rolling Stock	295	293	2
Office furniture	53	38	15
Software	13	12	1
	404	356	48

The Companies had put all of Montauban's fixed assets up for sale.

4) **Shermag Corporation**

This company was originally established for the Woodtek sawmill division located in Maine, USA, which was shut down in 2002 and the assets were sold.

i) Accounts receivable (\$18,046)

The \$18K of receivables is from affiliated companies and is essentially the only remaining asset of this company.

5) **Jaymar Furniture Corp.**

This company is a top quality upholster furniture manufacturer.

i) Accounts receivable (\$1,292,926)

The above amount is net of a provision for bad debts of \$56K, reserves for volume rebates and credits for approximately \$115K.

ii) Inventory (\$2,648,048)

Jaymar produces goods on a made to order basis. Therefore, inventory is mainly composed of raw material (\$2.2 million). Finished goods and work-in-progress total \$272K and \$177K respectively.

iii) Prepaid expenses (\$17,007)

Prepaid expenses primarily include taxes and insurance paid in advance.

iv) Income tax receivable (\$275,693)

The carryback of losses to prior years has resulted in Jaymar having an income tax receivable of \$183K from Federal tax authorities and \$93K from Provincial tax authorities.

v) Property, plant and equipment (\$3,499,809)

The net book value of Jaymar's fixed assets is as follows:

Jaymar			
Fixed assets			
As at July 4, 2009			
<i>(unaudited, in \$000s)</i>	Cost	Accumulated Depreciation	Net Book Value
Land	259	-	259
Building	4,095	1,431	2,664
Machinery & Equipment	3,549	3,070	479
Small tools	21	11	10
Machinery & Equipment	3,570	3,081	489
Office furniture	356	327	29
Hardware	685	643	42
Office furniture	1,041	970	71
Software	61	44	17
Project	-	-	-
	9,026	5,526	3,500

vi) Goodwill (\$2,871,833)

Goodwill is related to the acquisition of Jaymar by Shermag in 2003.

6) **Jaymar Sales Corporation**

This company is inactive and, as per Management, does not have any assets.

b) **Liabilities**

The liabilities as of July 4, 2009 can be summarized as follows:

- Secured debt \$12,884,000
- Liabilities subject to the Plan \$12,176,000
- Post-filing liabilities \$4,700,000

Our comments will deal specifically with the claims affected by the Plan of Arrangement. As previously mentioned, on July 16, 2008, the Companies filed a Petition to Establish a Claims and Meetings Process which was granted by the Court according to its conclusions. The said Petition provided, *inter alia*, that the Bar Date for the filing of a Proof of Claim or a Notice of Dispute (as defined in the Process Order) with the Monitor was September 5, 2008, at 5:00 p.m. Petitioners are still in the process of completing their restructuring, with the result that some Restructuring Claims could occur after the Claims Bar Date (September 5, 2008).

In order to allow a person having a Restructuring Claim to file a proof of claim that materialized after the Claims Bar Date, Petitioners amended the definition of Claims Bar Date in the Claims Process Order as follows:

A) "Claims Bar Date" means:

1. (a) *with respect to any Claim other than a Restructuring Claim, 5:00 p.m. (Montréal time) on September 5, 2008; or*
2. (b) *with respect to a Restructuring Claim, the later of (A) 5:00 p.m. (Montréal time) on September 5, 2008 or (B) twenty (20) days after the date of receipt by the Creditor of a notice advising the Creditor to file a Proof of Claim as a result of the restructuring, repudiation, or termination of the contract, lease, employment agreement or other agreement;"*

Furthermore, a Recognition Order established the Bar Date for US creditors to February 27, 2009 at 5:00 p.m. EST.

The following is a summary of the claims filed with the Monitor as at the Bar Date:

<i>(in \$000s)</i>	Claims Value				
	According to books	According to proofs of claim submitted	Accepted by Debtors	Disallowed	Still to be resolved
Former employees' claims	527	2,900	1,908	991	1
Unsecured creditors	3,799	17,250	9,105	6,983	1,162
	4,326	20,150	11,013	7,974	1,163

As can be seen from the above chart, the Monitor and the authorized representatives of Companies have not totally finalized their dealings with regards to the proofs of claim ("Claims") submitted. There were significant differences between the books and records of the Debtors and the amounts claimed, primarily arising from "contingent or unliquidated" claims. As of the date of this report, 5 Claims having a total value of \$789,000 are contingent or in dispute ("Disputed Claims"). The Monitor, in consultation with the Debtors, is responsible to decide on the validity of the amounts claimed, subject to a creditor's right to appeal to the Court with regard to the Monitor's decision. In this regard, Notices of Disallowance and/or partial acceptance of the amounts claimed have been issued by the Monitor.

In view of the above comment, the total value of claims subject to the Plan could be approximately \$12 million. We would therefore point out that as the Plan (as more fully discussed later in this report) offers a lump sum in settlement of all claims, the pro rata distribution (percentage) could vary, depending upon the outcome of the resolution of the Disputed Claims.

VIII. ACTIVITIES SINCE INITIAL ORDER

Since the Initial Order on May 5, 2008, the Companies have maintained their operations. The Management remained in place. The Monitor has fulfilled its duties by monitoring the affairs and finances of the Companies and has reported on them to the Court in connection with the various motions filed before it.

Based upon the information gathered in connection with its monitoring duties, the Monitor is able to state that:

- Management has focused its efforts during this initial period on communicating with its key customers and suppliers to explain its current situation and secure their cooperation;
- The Companies have managed their affairs honestly and in good faith;
- The Companies have worked towards stabilizing their operations and to develop a long term business plan;
- The Companies have taken steps to dispose of surplus assets and generate funds to support their reorganization;
- Debtors have advised that it continues to pay its employees in the normal course of business and to pay for goods and services in accordance to terms of credit provided by its suppliers;

- Management has assisted the Monitor in dealing with creditors' issues;
- Management also assisted the Monitor in dealing with Potential buyers during the Call for Tenders Process.

A) Restructuring efforts

In July, 2008, in accordance with the Debtors' business plan, the Debtors have taken measures to restructure its operations and as such, inter alia, have terminated:

- the lease agreements for the distribution center at Lasalle and the show rooms at High Point (North Carolina) and Mississauga (Ontario);
- the employment agreements of more than fifty-three (53) employees whose services were no longer required; and
- various license, service, consulting, and equipment lease agreements which were considered no longer necessary or useful.

B) Efforts to liquidate surplus assets

Since the issuance of the Initial Order, the Companies have been endeavouring to realize upon various redundant / non-core assets, including real estate, excess inventory as well as machinery and equipment.

Various steps were taken to liquidate said redundant assets which have generated a net realization of \$8.5 million as presented in the above statement of cash flow results.

The Companies have concluded the following real estate sales :

- The building located in Saint-Étienne was sold in June 2008 for net proceeds of \$347,000;
- The head office located at 2171, King Street West, in Sherbrooke, was sold in October 2008 for net proceeds of \$1,531,000.
- The Edmunston building was sold in July 2009 for net proceeds of \$900,000.

On November 4, 2008, the Court approved the liquidation process pursuant to which Industrial Recovery Services Inc., and M.G. Martin Auctioneers will sell through an auction process the surplus equipment.

Auctions were held for the surplus equipment located in the facilities of Saint-Étienne-de-Lauzon and Bécancour which respectively took place on December 16, 2008 and January 16, 2009. The net proceeds exceeded \$1,1 million.

C) Financial results

The unaudited financial results, on a cash basis, for the fourteen (14) month period since the Initial Filing, ending July 4, 2009 are summarized as follows:

Companies Cash Flow Results For the period April 28, 2008 to July 4, 2009 (In \$000s, Unaudited)	
Receipts	Actual
Cash Collections - Accounts Receivable	59,621
Disbursements	
Payroll Expenditures	(12,490)
Inventory Disbursements	(32,459)
Operating Disbursements:	
Production expenditures (excluding payroll)	(2,489)
Selling expenditures (excluding payroll)	(8,728)
General & Administrative expenditures (excluding payroll)	(2,885)
Insurance Payments	(35)
Sales Tax	(723)
	<u>(14,860)</u>
Total Operations Expenditures	<u>(59,809)</u>
Net Operations Cash Flow	<u>(188)</u>
Sale of Redundant Assets	
Liquidation of non-core inventory to the public	5,531
Real Estate	1,836
Machinery & Equipment	1,108
	<u>8,475</u>
Other Receipts	
Income tax refund - Jaymar	729
Subtotal	<u>9,016</u>
Restructuring costs	<u>(3,813)</u>
Financing Expenditures	
Revolver and Term Debt Interest	(2,057)
Principal Amortization	(3,111)
Monitoring and other fees	(546)
Adjustments & Other Fees	375
	<u>(5,339)</u>
Net Cash Flow	<u>(136)</u>
Opening revolver	(7,955)
Closing Revolver	<u>(8,091)</u>
Opening term loan	(7,793)
Cash applied to term loan	3,111
Closing term loan	<u>(4,682)</u>
Closing total advances	<u>(12,773)</u>
Cumulative Incr. / (decr). In indebtedness	<u>(2,975)</u>

The highlights of these cash flow results are the following:

- Collection of Accounts Receivable generated \$59,621,000;
- Operation costs have been \$59,809,000;
- Net Operating Cash Flow has recorded a deficit of \$188,000;
- Liquidation of surplus assets have generated \$8,475,000;
- Amounts owed to the secured lender, Geosam, have been reduced from \$15,748,000 to \$12,773,000 (it should be noted that as at August 1, 2009, Geosam's loan had been further reduced to \$11,000,000).

D) Aging of accounts receivable

The aging of the consolidated accounts receivable as at July 4, 2009, before reserves and provision for bad debt is broken down as follows:

Accounts Receivable summary						
As at July 4, 2009						
<i>(Unaudited, in \$000s)</i>	current	30-59	60-89	90-179	180+	Total
Accounts receivable - CDN	1,205	565	333	28	266	2,397
Accounts receivable - USD	2,726	3,265	257	149	384	6,781
Sub Total	3,931	3,830	590	177	650	9,178
Exchange Rate	436	522	41	24	62	1,085
Total Accounts Receivable	4,367	4,352	631	201	712	10,263

The above is before the deduction for bad debts, reserves for publicity allowances, volume rebates and repairs of approximately \$3,5 millions.

E) Inventory

The consolidated Inventory levels at month-end for the period ended May 3, 2008 as compared to July 4, 2009 are as follows:

Companies Inventory		
<i>(Unaudited, in \$000s)</i>	May-08	Jul-09
Supplies	181	97
Raw Material	3,876	2,688
Work in progress	622	339
Finished goods - Core	4,832	3,561
Finished goods - Non-Core	12,980	7,039
Total Inventory	22,491	13,724

The major reduction in cost values of inventory is as a result of the non-core inventory liquidation of finished goods.

IX. FINANCIAL PROJECTIONS

In May 2008, the Companies had prepared financial projections for the fiscal year 2009-2010. After further review of said projections and considering the continued downturn in its industry, combined with the delays in the liquidation of redundant assets, we are of the opinion that these projections no longer reflect a true assessment of the Debtors' future financial performance for said referenced period. Therefore, we agree with Management's assessment that they will most likely suffer financial losses in fiscal 2009 - 2010.

X. THE PLAN

On August 20, 2009, after the Plan was filed, the Monitor sent to all creditors who had previously submitted a proof of claim, a copy of the Plan, a voting letter and a proxy, this report of the Monitor, and a Notice of the Meeting of Creditors (to consider the Plan), which will take place on September 10, 2009 together with a notice of hearing for the sanction and ratification of the Plan by the Court.

The Companies are proposing an arrangement with their creditors in order to settle their obligations according to the provisions of the Plan as a measure towards their restructuring and continuity. The Plan is proposed jointly by all the Debtors and is intended for all Affected Creditors.

It is important, and incumbent upon each creditor, to read and analyze the Plan.

The Plan contemplates an investment by Bermex, the Plan Sponsor, through the New Funds (\$1,250,000). In consideration for the New Funds, Shermag will issue the New Common Shares to the Plan Sponsor. The New Common Shares issued by Shermag will be for a total of 41,666,667 New Common Shares to the Plan Sponsor. Notwithstanding, the issuance of New Common Shares by Shermag is subject to the approval or exemption required, if any, by the Toronto Stock Exchange or any other authority.

The Plan provides for a one time lump sum payment of \$1,250,000 to be remitted to the Monitor to be distributed to the holders of claims, as defined in the Plan, as a full and final settlement of obligations. The treatment of Unsecured Creditors and Secured Creditors is as follows:

“5.1 UNSECURED CREDITORS

Pursuant to this Arrangement, the Claims of the Unsecured Creditors will be provided for by means of the payment by the Plan Sponsor of \$1,200,000 of the Distribution Fund to the Monitor, which funds shall be distributed by the Monitor within thirty (30) days of the receipt thereof, but in accordance with subsection 4.4 above, in the following manner and order of priority:

- (a) first, to the full payment of the Proven Claims up to the amount of \$1,500 per Unsecured Creditor;*
- (b) the balance thereof, to the payment, on a pro rata basis, of the portion of the Proven Claims exceeding \$1,500 per Unsecured Creditor;*

5.2 SECURED CREDITORS

Pursuant to this Arrangement, the Claims of the Secured Creditors will be provided for by means of the payment by the Plan Sponsor of \$50,000 of the Distribution Fund to the Monitor, which funds shall be distributed by the Monitor within twenty (20) days of the receipt thereof, but in accordance with subsection 4.4 above, to the Secured Creditors on a pro rata basis of their Proven Claims.

If no Secured Creditors vote on this Plan, the Secured Creditors will be deemed to have voted in favour of the Plan. Shall there be no Secured Creditors at the time of the payment, the sums of \$50,000 shall be distributed to the Unsecured Creditors in accordance with subsection 5.1 above.

In addition, any unused portion of the said sum of \$50,000, after the payment to the Secured Creditors, shall be distributed to the Unsecured Creditors in accordance with subsection 5.1 above.

For greater certainty, the payment of the Claims secured by the Administration Charge constitute Unaffected Claims and will therefore not be paid from the Distribution Fund.”

5.3 CITIES SECURED CLAIMS

Pursuant to this Arrangement, the Cities Secured Claims of the Cities, as accepted by the Companies and the Monitor or pursuant to any settlement reached or any order rendered by the Court, will be paid by the Companies at the later of : (i) thirty (30) days after any settlement reached (ii) when a Court order becomes final and executory (iii) within sixty (60) days of the Effective Date, unless proceedings are pending.

If no Cities vote on this Plan, in relation to the Cities Secured Claims, then such Cities will be deemed to have voted in favour of the Plan."

Note that section 8 of the Plan sets out the "Conditions precedent to the implementation of the arrangement". Section 8.2 provides that "The implementation of this Arrangement shall be conditional upon the fulfilment of all the conditions... by no later than October 16, 2009, except to the extent that the Companies waive said conditions or extend the time period for the fulfilment thereof."

The Monitor reiterates that each creditor is responsible for reading and analyzing the terms of the Plan.

XI. ASSESSMENT OF THE PLAN

The Plan can only be realized with the financial support of the Plan Sponsor, the finalization and disbursement of the financing required and the acceptance of the Plan by the majority of the Debtors' creditors.

A) Analysis of creditors

The creditors of the Companies are to consider the settlement offer proposed to them in the Plan and compare it to the possibility of a dividend in a bankruptcy liquidation scenario. This analysis is important in deciding whether to accept or refuse the Plan.

Creditors should consider the following additional factors:

- the fair and equitable treatment of creditors;
- the future business opportunities.

B) Companies' opinion

The Companies consider that the Plan is fair and equitable for creditors and are asking that they accept it.

C) Situation of Companies

In the event the creditors refuse the Plan, the Monitor does not foresee the possibility of obtaining replacement conventional financing nor the ongoing support of its current secured lender.

Furthermore, pursuant to the latest Forbearance Agreement, in the event the Bermex Transaction and the related Plan are not implemented, Geosam will then, subject to the terms and conditions of the Forbearance Agreement, be in a position to immediately take possession of all Companies' assets leaving nothing to the unsecured creditors.

D) Monitor's assessment of liquidation value

Considering Geosam's legal right to exercise its hypothecary rights and the "taking in payment" of all of the assets of the Companies, any excess or loss from the asset realization would solely be for Geosam's account. Therefore, unless creditors come forward and repay in full Geosam's secured loans in order to possibly benefit from a liquidation surplus for the benefit of all unsecured creditors, the unsecured creditors would NOT realize any recovery.

E) Settlement offered to creditors

The lump sum amount of \$1,250,000 to be distributed to the creditors under the Plan represents the following settlement:

a) Secured Creditors (\$50,000)

Certain creditors have filed their proof of claim as a secured creditor. After further review, these claims will be disallowed. However, if these disallowances were to be contested in Court by the creditors and confirmed by judgment to be Secured Claims, the Plan provides for an amount of \$50,000 to settle them. Any residual amount from this \$50,000 will be added to the amount available for distribution to the Unsecured Creditors.

b) Unsecured Creditors (\$1,200,000)

<i>(in \$000s)</i>	Numbers	Values	Dividend		%
			First \$1,500	Residual Pro rata	
Collocated	703	11,013	769	381	
To be resolved	6	1,163	7	43	
	709	12,176	776	424	10%

The settlement value offered to creditors is greater than any estimated net realization resulting from a bankruptcy liquidation.

XII. MONITOR'S COMMENTS

The filing of the Plan is the result of a process initiated at the time when the Initial Order was issued. Although the Companies have not yet completed their restructuring, they have accomplished much and have been able to survive a difficult period and maintain business continuity.

Acceptance of the Plan by the creditors will allow Petitioners to continue its restructuring efforts and will assure the continuity of the business and of the operations. Many creditors will have the opportunity to pursue their business relationship with the Debtors. Furthermore, a bankruptcy or the “taking in payment” by Geosam will be avoided, and as such generate value for the benefit of the creditors.

It is important to note that the Plan can only be implemented if the Bermex Transaction and the related Companies’ refinancing can be successfully completed.

XIII. OPINION AND RECOMMENDATION

The Monitor is of the opinion that the Plan was prepared seriously and diligently, taking into account the Companies’ current financial situation, the value of their assets as well as their expected future financial performance. The Monitor believes the Plan is fair and equitable for creditors.

The Monitor is of the opinion that since the Plan offers to creditors the opportunity to share in the distribution of \$1,250,000, it is definitely more advantageous than a bankruptcy and the resulting “Taking in payment” that Geosam would execute. The distribution to the creditors is planned to be made within thirty days after receipt of funds from the Plan Sponsor.

The Monitor therefore recommends that the Plan be accepted by all creditors.


Creditors are asked to fill out their voting letter and return it to the Monitor before the meeting of creditors or, alternatively, to attend the meeting of creditors, which will be held on September 10, 2009, to obtain any further information they may consider necessary to cast their vote at such time.

MONTRÉAL, August 20, 2009

RSM Richter Inc.
Court Designated Monitor



Yves Vincent, FCA, CIRP



André Hébert, CA, CIRP