

CANADA
PROVINCE OF QUÉBEC
DISTRICT OF MONTRÉAL

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
COMPROMISE OR ARRANGEMENT OF:**

SHERMAG INC.

and

JAYMAR FURNITURE CORP.

and

SCIERIE MONTAUBAN INC.

and

MÉGABOIS (1989) INC.

and

SHERMAG CORPORATION

and

JAYMAR SALES CORPORATION

Petitioners

and

RSM RICHTER INC;

Monitor

SEVENTH MOTION FOR AN ORDER EXTENDING THE STAY PERIOD
(Sections 9 and 11 of the *Companies' Creditors Arrangement Act*, R.S.C. (1985), c. C-36) (the "CCAA")

**TO ONE OF THE HONOURABLE JUDGES OF THE SUPERIOR COURT SITTING IN
COMMERCIAL DIVISION IN AND FOR THE DISTRICT OF MONTRÉAL, THE
PETITIONERS RESPECTFULLY SUBMIT:**

1. By the present Seventh Motion for an Order Extending the Stay Period (the "Motion"),
Shermag Inc., Jaymar Furniture Corp., Scierie Montauban Inc., Mégaboïs (1989) Inc.,

Shermag Corporation and Jaymar Sales Corporation (collectively the “**Petitioners**”) seek the extension of the Stay Period up to and including August 5, 2009.

2. The Petitioners will file in support of this Motion the eighth report of the Monitor RSM Richter Inc. (the “**Monitor’s Eighth Report**”) which contains a more detailed overview of the various issues mentioned in this Motion. A copy of said Monitor’s Eighth Report will be communicated as **Exhibit R-1**.
3. All capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the Initial Order issued on May 5, 2008 (the “**Initial Order**”), as subsequently amended or extended.
4. This Court extended the Stay Termination Date of the Stay Period on several occasions and the last time to July 31, 2009, the whole as more fully appears from the Court record.
5. On June 2, 2009, the Petitioners filed a motion entitled *Motion for an Order Authorizing a Call for Tenders Process* (the “**Auction Process**”), the whole as more fully appears from the Court record.
6. The Petitioners have conducted said Auction Process, the whole as more fully detailed in the *Motion for an Order Approving a Transaction, Extending the Stay Period and Granting an Interim Financing* (the “**Motion to Approve a Transaction**”) which is being filed in this Court record concomitantly with the present Motion.
7. Upon completion of the Auction Process, the Petitioners have accepted the offer (the “**Offer**”) presented by the Groupe Bermex Inc. (“**Bermex**”), the whole as more fully detailed in the Motion to Approve a Transaction.
8. The Offer is conditional upon Bermex reaching an agreement with Geosam Investments Limited (“**Geosam**”), the Petitioners' lender, pursuant to which the latter would agree to extend its financing until October 16, 2009 at the latest.
9. Geosam indicated that it is agreeable to the requested extension provided certain conditions are met. Bermex and Geosam are currently discussing the terms and conditions of the agreement mentioned at paragraph 8 above. The Petitioners are

confident that an agreement will be executed before the hearing of the Motion to Approve a Transaction scheduled for August 5, 2009.

10. The extension of the Stay Period is necessary to allow Bermex and Geosam sufficient time to finalize the above-mentioned agreement.
11. Since the issuance of the Initial Order, the Petitioners have acted, and continue to act, in good faith and with due diligence.
12. The extension of the Stay Period sought is supported by the Monitor.
13. Geosam supports the request for extension and the present motion and has agreed to extend the Forbearance Agreement accordingly.
14. The Petitioners respectfully submit that the circumstances are such that extending the Stay Period is appropriate.
15. Based on the foregoing, the Petitioners pray this Court to extend the Stay Period up to and including August 5, 2009, which date shall then be the new Stay Termination Date, the whole subject to all the other terms of the Initial Order;
16. The Petitioners will file in support hereof their cash flow projections, which were prepared in conjunction with the Monitor.
17. The Petitioners respectfully submit that the notices given of the presentation of the Motion are proper and sufficient;
18. The Motion is well founded both in fact and in law;

WHEREFORE, MAY IT PLEASE THIS COURT TO:

- [1] **GRANT** the present Motion;
- [2] **DECLARE** that all capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the Initial Order issued on May 5, 2008 as subsequently amended or extended;

- [3] **EXTEND** the Stay Period and the Stay Termination Date up to and including August 5, 2009, the whole subject to all other terms and conditions of the Initial Order;
- [4] **RENEW**, in full but with the necessary adaptations, if need be, the Initial Order, until August 5, 2009;
- [5] **APPROVE** the Monitor's activities, as described in the Monitor's Eighth Report (Exhibit R-1);
- [6] **DECLARE** that notices given of the presentation of the Motion are proper and sufficient;
- [7] **ORDER** the provisional execution of the Order to be rendered notwithstanding any appeal and without the necessity of furnishing any security;
- [8] **THE WHOLE** without costs, except if contested, and then with costs against each opposing party;

MONTREAL, July 30, 2009

Davies Ward Phillips & Vineberg LLP

DAVIES WARD PHILLIPS & VINEBERG LLP

Attorneys for Petitioners Shermag Inc., Jaymar Furniture Corp., Scierie Montauban Inc., Mégaboïs (1989) Inc., Shermag Corporation and Jaymar Sales Corporation

AFFIDAVIT

I, the undersigned, Alex Adimari, Chief Operating Officer of the Petitioner Shermag Inc. herein, having its place of business at 3035 Industrial Boul., in the City of Sherbrooke, Province of Québec, solemnly declare as follows:


1. I am the duly authorized representative of the Petitioners for the purposes hereof;
2. All the facts contained in the present "Seventh Motion for an Order Extending the Stay Period" are true;
3. All the facts contained in this Affidavit are true;

AND I HAVE SIGNED:

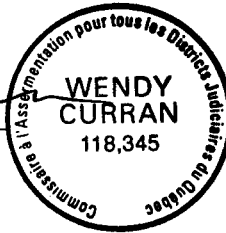


ALEX ADIMARI

Solemnly affirmed before me, in the
City of Sherbrooke, Province of Québec,
this 30th day of July, 2009



Commission for Oaths



NOTICE OF PRESENTATION

TO: Me Sandra Abitan
Osler, Hoskin & Harcourt LLP
1000 De La Gauchetière Street West, Suite 2100
Montréal (Québec) Canada H3B 4W5
Attorneys for Geosam Investments Limited

AND TO: Me Louis Gouin
Ogilvy Renault LLP
1981 McGill College Avenue, Suite 1100
Montréal (Québec) Canada H3A 3C1
Attorneys for the Monitor

AND TO: Mr. Yves Vincent, CA
RSM Richter Inc.
2 Place Alexis Nihon, Suite 2200
Montréal, (Québec) Canada H3Z 3C2
Monitor

AND TO: Me Claude Gravel
Gowling Lafleur Henderson LLP
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Montréal (Québec) Canada H3B 3P4
Attorneys for Godbout, Plante associés enr;

AND TO : Me François Viau
Gowling Lafleur Henderson LLP
1, Place Ville Marie
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Attorneys for Industries Wajax

AND TO : Me Annie Claude Beauchemin
BCF LLP
1100 René-Lévesque Blvd. West, 25th Floor
Montréal (Québec) Canada H3B 5C9
Attorneys for Hachette Filipacchi Media U.S. Inc;

AND TO : Me Marc-André Blain / Me Jean Roch Boivin

Marchand Melançon Forget, LLP

1 Place Ville-Marie

Suite 1900

Montréal QC H3B 2C3

Attorneys for Bermex Group Inc;

TAKE NOTICE that the present “Seventh Motion for an Order Extending the Stay Period” will be presented for adjudication before one of the judges of the Superior Court, sitting in the Commercial Division, in and for the judicial district of Montréal, on July 31, 2009, at 9:15 a.m., in room 16.12 of the Montréal Courthouse, located at 1 Notre-Dame Street East, in the City of Montréal, Province of Québec, or so soon thereafter as counsel may be heard;

DO GOVERN YOURSELVES ACCORDING;

MONTRÉAL, July 30, 2009

Davies Ward Phillips & Vineberg LLP

DAVIES WARD PHILLIPS & VINEBERG LLP

Attorneys for Petitioners Shermag Inc., Jaymar Furniture Corp., Scierie Montauban Inc., Mégabois (1989) Inc., Shermag Corporation and Jaymar Sales Corporation

S U P E R I O R C O U R T
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SHERMAG INC. ET ALS.

Petitioners

and

RSM RICHTER INC.

Monitor

**SEVENTH MOTION FOR AN ORDER
EXTENDING THE STAY PERIOD**
(Sections 9 and 11 *CCAA* and Section 133 *CBCA*)

ORIGINAL

Attorneys for Petitioners
Per: Me Denis Ferland
Me Christian Lachance
Dir 514 841 6423
O/F 223966

DAVIES

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