

CANADA
PROVINCE OF QUÉBEC
DISTRICT OF MONTRÉAL
FILE NO: 500-11-033561-081

SUPERIOR COURT
Commercial Division
Designated tribunal under the CCAA¹

IN THE MATTER OF THE PLAN OF
COMPROMISE OR ARRANGEMENT OF
MAAX CORPORATION AND VARIOUS
SUBSIDIARIES AND AFFILIATES AS
LISTED IN SCHEDULE "A"

PETITIONERS

- and -

ALVAREZ & MARSAL CANADA ULC
MONITOR

THIRD REPORT OF THE MONITOR – SEPTEMBER 3, 2008

INTRODUCTION

1. On June 12, 2008, this Court issued an order (the "**Initial Order**") at the request of MAAX Corporation ("**MAAX Corp.**") and certain of its direct and indirect subsidiaries (collectively, the "**Initial Petitioners**"), declaring that the Initial Petitioners are debtor companies to which the CCAA applies, granting certain relief to the Initial Petitioners while they consider any opportunities to advance a viable plan of arrangement pursuant to the CCAA, appointing Alvarez & Marsal Canada ULC as monitor ("**A&M**" or the "**Monitor**") and extending the benefit of the Court-ordered stay of proceedings to the Affiliates of the Petitioners (the "**Canadian Proceedings**").
2. On July 10, 2008, this Court issued an order (the "**Extension Order**") to add the affiliates of the Initial Petitioners that are incorporated in the United States of America (the "**Additional Petitioners**"), together with the Initial Petitioners, the "**Petitioners**" or the "**Companies**") to the Canadian Proceedings and to fully extend the protections and benefits of the Initial Order to the Additional Petitioners.
3. This Third Report of the Monitor ("**Report**") is provided to the Court:
 - as an update in respect of the activities of the Petitioners and the Monitor, and certain events occurring since the filing of the Second Report of the Monitor dated July 9, 2008; and
 - in support of the Petitioners' request for an extension of the Stay Period and Stay Termination Date up to and including September 30, 2008.
4. The content of this Report is presented in the following categories:
 - Terms of Reference;
 - CCAA Proceedings;

¹ *Companies' Creditors Arrangement Act* ("CCAA"), R.S.C. 1985, c. C-36, as amended.

- Chapter 15 Cases;
- General Update on the Activities of the Petitioners and the Monitor;
- Actual Cash Flow Results Relative to Forecast;
- Status of the Closing of the Purchase Agreement;
- Other Matters;
- Request for an Extension of the Stay Period and Stay Termination Date; and
- Monitor's Conclusions and Recommendations.

TERMS OF REFERENCE

5. In preparing this Report, the Monitor has relied upon unaudited financial information, Petitioners' records, Petitioners' prepared financial information and projections, discussions with management and employees of the Petitioners, and information from various other sources. A&M has not audited, reviewed, or otherwise attempted to verify the accuracy or completeness of such information and, accordingly, A&M expresses no opinion or other form of assurance in respect of such information.

Certain of the information referred to in this Report consists of forecasts and/or projections. An examination or review of financial forecasts and projections, as outlined in the Canadian Institute of Chartered Accountants Handbook, has not been performed. Future-oriented financial information referred to in this Report was prepared based on management's estimates and assumptions. Readers are cautioned that since projections are based upon assumptions about future events and conditions that are not ascertainable, actual results will vary from the projections, even if the assumptions materialize, and the variations could be significant.

We have requested that management bring to our attention any significant matters which were not addressed in the course of our specific inquiries. Accordingly, this Report is based solely on the information (financial or otherwise) made available to us.

This Report has been prepared for the use of this Court, as general information on the status of the Companies' CCAA proceedings. Given the nature of this matter, this information is subject to change as the matter progresses.

6. All references to dollars in this Report are in Canadian currency unless otherwise noted.
7. Capitalized terms not defined in this Report are as defined in the Initial Order or in previous reports of the Monitor.
8. The descriptions of proceedings, Orders or contracts herein are for ease of reference only. Readers of this Report should read and refer to the Court-filed documents posted to the Monitor's website at www.alvarezandmarsal.com/maax.

CCAA PROCEEDINGS

9. On June 12, 2008, this Court issued the Initial Order at the request of the Petitioners, which, *inter alia*:
- declared that the Petitioners are debtor companies to which the CCAA applies and granted certain relief to the Petitioners while they consider any opportunities to advance one or more viable plans of arrangement pursuant to the CCAA;
 - issued the stay of proceedings to the Petitioners and extended it to their Affiliates (which includes the Additional Petitioners), and their respective directors and officers;
 - approved the Incentive Plan pertaining to the Petitioners and their affiliates;
 - ordered (see paragraph 21 of the Initial Order) that the Petitioners are entitled but not required to pay and fulfill the following expenses and obligations whether incurred prior to or after the date of the Initial Order:
 - all outstanding and future wages, salaries, employee and pension benefits, vacation pay, bonuses, and expenses payable on or after the date of the Initial Order, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements;
 - all outstanding and future trade obligations or related expenses incurred in the ordinary course of business and other amounts related to the preservation of the Property or the Business, including without limitation obligations to customers, suppliers, sales agents, independent contractors, governmental and taxation authorities, or other third parties;
 - the fees and disbursements of any Assistants retained or employed by the Petitioners in respect of these proceedings, at their standard rates and charges; and
 - such other amounts and obligations as agreed to by the Petitioners and BBLF; and
 - authorized the Petitioners to borrow under the Amended Credit Agreement, which provides the Petitioners with approximately \$30 million of Interim Financing, and ordered that advances made pursuant to the Interim Financing be secured by the Interim Lenders' Charge.
10. On June 26, 2008, this Court issued the Extending Stay Period Order which extended the Stay Period and Stay Termination Date to September 5, 2008.
11. On July 10, 2008, this Court issued the Sale and Vesting Order (the "**Vesting Order**"), which, *inter alia* provided that:
- the Asset Purchase Agreement between the Petitioners and Brookfield Bridge Lending Fund Inc. ("**BBLF**") made as of June 11, 2008 (the "**Purchase Agreement**"), and the sale of the Petitioners' assets contemplated therein (the "**Transaction**"), are approved,

are commercially reasonable, and are in the best interests of the Petitioners and their stakeholders;

- the Petitioners are authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction and for the conveyance (the “**Conveyance**”) of the Purchased Assets (as defined in the Purchase Agreement) to BBLF, its assignee(s) or such other person as may be directed by BBLF in accordance with the Purchase Agreement (the “**Buyer**”);
- upon delivery to the Buyer of a Monitor’s certificate, all of the Petitioners’ right, title and interest in and to the Purchased Assets will vest with the Buyer, free and clear of and from any all encumbrances, rights, claims, titles, interests, prior claims, pledges, security interests (whether contractual, statutory, or otherwise), liens, executions, judgments, writs of seizure and sale, options, adverse claims, levies, charges, priorities, or other financial or monetary claims, whether or not they have been rendered opposable against third persons or have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the “**Claims**”) including, without limiting the generality of the foregoing, any claims in respect of: (i) all hypothecs, charges, security interests or claims evidenced or perfected by registrations pursuant to any movable or personal property registry system including the Register of Personal and Movable Real Rights of Quebec; (ii) the 9.75% Senior Subordinated Notes due 2012 issued by MAAX Corporation (the “**Notes**”); (iii) any guarantees of such Notes granted by any of the Petitioners or their affiliates; and (iv) those Claims listed on Schedule B attached to the order (all of which are collectively referred to as the “**Encumbrances**”, which term does not include the permitted encumbrances, servitudes, easements and restrictive covenants listed on Schedule C to the order) and, for greater certainty, the Court ordered that all of the Encumbrances affecting or relating to the Purchased Assets are expunged, radiated and discharged as against the Purchased Assets and declared that the Buyer is authorized to file such financing change statements under the Personal Property Security Act (Ontario) or any equivalent legislation in any province or territory to record the discharges granted therein;
- with respect to the Additional Petitioners only, the Order was subject to the issuance of a final order of a U.S. court of appropriate jurisdiction authorizing the transfer of any of the Purchased Assets that are located within the territorial jurisdiction of the United States, free and clear of all Encumbrances;
- the Monitor file with the Court a copy of the Monitor’s Certificate, forthwith after delivery thereof to the Buyer; and
- the Order constitutes the only authorization required by the Petitioners to proceed with the Transaction and the Conveyance.

CHAPTER 15 CASES

12. On July 14, 2008, the U.S. Bankruptcy Court for the District of Delaware (the “**U.S. Court**”), at the request of the Monitor, as authorized foreign representative of the Petitioners in the Canadian Proceedings, issued the following court orders:

- Order Granting Provisional Relief (the “**Order For Provisional Relief**”);

- Order Directing Joint Administration of Chapter 15 Cases Pursuant to Fed. B. Bankr. P. 1015(b); and
 - Order Specifying Form and Manner of Service of Notice (the “**Service Order**”).
13. Pursuant to the Order For Provisional Relief, the U.S. Court found and concluded that the Monitor had demonstrated a reasonable probability that the MAAX Group (defined in the order as including all of the Petitioners) is subject to pending foreign main proceedings or pending foreign non-main proceedings in Canada and that the Monitor is the foreign representative of the MAAX Group.
 14. Pursuant to the Service Order, the U.S. Court ordered that: (i) the Chapter 15 Petitions be heard on August 7, 2008; and (ii) responses or objections to the Chapter 15 Petitions be made by July 31, 2008.
 15. On August 5, 2008, the U.S. Court issued the Order Granting Recognition and Relief (the “**Recognition Order**”), which *inter alia*:
 - recognized the Canadian Proceedings as foreign main proceedings pursuant to Section 1517 of the United States Bankruptcy Code (the “**Bankruptcy Code**”);
 - gave full force and effect in the U.S. to the Initial Orders;
 - gave full force and effect in the U.S. to the Vesting Order;
 - ordered that, as set forth in the Vesting Order, effective as of the delivery of a Monitor’s certificate to the Purchaser, the sale of the Purchased Assets by the MAAX Group to the Purchaser will constitute a legal, valid, and effective transfer of the MAAX Group’s right, title and interest in the Purchased Assets notwithstanding any requirement for approval or consent by any person and will vest the Purchaser with all right, title, and interest of the MAAX Group in and to the Purchased Assets free and clear of all liens, claims and encumbrances of any kind, pursuant to section 363(f) of the Bankruptcy code;
 - ordered that the automatic stay under Section 362(a) of the Bankruptcy Code does not apply to and otherwise does not prevent the exercise or performance by any party of its rights or obligations under the Purchase Agreement;
 - authorized the MAAX Group to continue to use its Cash Management System; and
 - ordered that, notwithstanding anything in the Recognition Order to the contrary, the MAAX Group is entitled but not required to pay and fulfill all of the wage, trade and other expenses and obligations, whether incurred prior to or after the Recognition Order, to the extent provided in paragraph 21 of the Initial Order (see above for details of paragraph 21 of the Initial Order).
 16. There was no opposition to the Recognition Order, and no objections filed with the U.S. Court.
 17. The Monitor has made available various materials relating to the Canadian Proceedings and the Chapter 15 Cases (collectively, the “**Proceedings**”) on its website (www.alvarezandmarsal.com). The Monitor will continue to promptly post Canadian and

U.S. court orders, motion, petition and supporting materials, and Monitor's reports on the website throughout those proceedings. The Monitor has received several requests from creditors seeking copies of various Court-filed documents. The Monitor has promptly provided such documentation and responded to any related questions and will continue to do so as these matters move forward.

GENERAL UPDATE ON THE ACTIVITIES OF THE PETITIONERS AND THE MONITOR

18. Since the issuance of the Initial Order, and continuing through the commencement of the Chapter 15 Cases, the Petitioners have focused on minimizing any potential disruptions to their businesses resulting from the Proceedings. This included taking proactive steps to communicate with the Companies' customers, suppliers and employees.
19. Management has informed the Monitor that:
 - the Companies continue to be in regular contact with key customers to assure them that all regular policies and services remain in effect, and that the Companies would continue to fulfill obligations to their customers such as co-op advertising, volume rebates and warranty-related liabilities;
 - suppliers have generally continued to provide goods and services on the same terms as those provided prior to the commencement of the Proceedings and the supply of goods and services to the Companies has continued with little interruption;
 - the Companies continue to enjoy the support of their workforce and have not experienced any increase in employee turnover since the commencement of these Proceedings; and
 - the Companies' Cash Management System continues to operate in the same manner as it did prior to the commencement of the Proceedings.
20. The Petitioners have continued to provide the Monitor with full co-operation and unrestricted access to their premises, books and records. As indicated in the First Report of the Monitor, the Petitioners and the Monitor have implemented procedures for the daily monitoring of receipts and disbursements, and the weekly analysis of actual cash flow results relative to the CCAA Cash Flow Forecast. Further, the Monitor has also continued to: (i) assist the Companies in compiling the weekly and other reporting required by BBLF pursuant to the Amended Credit Agreement; (ii) participate in weekly conference calls with management and BBLF to discuss the previous week's cash flow results, weekly sales and operations generally; and (iii) respond to questions and information requests from suppliers and other stakeholders.

ACTUAL CASH FLOW RESULTS RELATIVE TO FORECAST

21. The MAAX Group's (defined as MAAX Corporation and all of its direct and indirect subsidiaries) cash receipts and disbursements for the eleven-week period to August 22, 2008, are summarized below and are compared to the first eleven weeks of the CCAA Cash Flow Forecast (presented in both \$Cdn and \$US, assuming \$1Cdn=\$1US).

<i>(Unaudited, in dollars)</i>	For the Eleven-Week Period to August 22, 2008		
	Actual	Forecast	Variance
Canada (in \$Cdn)			
Receipts	45,527,402	31,855,382	13,672,021
Disbursements			
Payments – materials, supplies, and operating expenses	(34,442,709)	(31,119,102)	(3,323,607)
Salaries, wages, commissions, and benefits	(11,185,033)	(11,429,246)	244,213
Capital expenditures	-	(1,232,000)	1,232,000
Total Disbursements	(45,627,742)	(43,780,348)	(1,847,394)
Net Cash Flow (Canada)	(100,340)	(11,924,966)	11,824,626
US (in \$US)			
Receipts	45,375,950	38,309,986	7,065,964
Disbursements			
Payments – materials, supplies, and operating expenses	(28,772,313)	(31,469,246)	2,696,933
Salaries, wages, commissions, and benefits	(8,890,305)	(9,902,661)	1,012,356
Capital expenditures	-	(1,232,000)	1,232,000
Total Disbursements	(37,662,618)	(42,603,907)	4,941,289
Net Cash Flow (US)	7,713,332	(4,293,921)	12,007,253
Professional fees	(3,716,593)	(4,800,000)	1,083,407
Funding to Saninova	(481,680)	-	(481,680)
Interest and forbearance extension fees	(6,123,688)	(6,085,841)	(37,847)
Total Net Cash Flow	(2,708,969)	(27,104,728)	24,395,759

22. Overall, through August 22, 2008, the MAAX Group experienced a positive net cash flow variance of approximately \$24.4 million, in aggregate, relative to the CCAA Cash Flow Forecast.
23. Receipts were approximately \$20.7 million ahead of the CCAA Cash Flow Forecast for the eleven-week period ended August 22, 2008 (\$13,672,021 in Canada and \$US 7,065,964 in the U.S.). Management attributes these variances primarily to: (i) certain assumptions made in the development of the CCAA Cash Flow Forecast to allow for the potential adverse impact that the Proceedings may have had on projected sales, which has not materialized; (ii) a general acceleration in the timing of collections relative to forecast; and (iii) material timing differences between actual and forecast collections from customers during the week of August 22, which are expected to reverse in subsequent weeks.
24. Disbursements were approximately \$3.7 million less than the CCAA Cash Flow Forecast (\$US 4,941,289 in the U.S. and net \$563,880 in professional fees and other items, partially offset by an overage of \$1,847,394 in Canada) for the eleven-week period ended August 22, 2008. Management attributes these variances primarily to: (i) certain assumptions made in the development of the CCAA Cash Flow Forecast to account for uncertainties regarding the reaction of suppliers to the Proceedings; (ii) a general acceleration in the timing of payments relative to forecast, partially offset by higher disbursements for raw materials resulting from higher than forecast sales during the three-month period ended July 31, 2008; and (iii) timing differences between actual and forecast payment of professional fees which are expected to

reverse in subsequent weeks. Further, with the prior approval of BBLF as required under paragraph 21(d) of the Initial Order, \$481,680 was advanced to Saninova B.V., an indirect subsidiary of MAAX Canada Inc. (a Petitioner) based in the Netherlands, during the week ended July 11, 2008, in order to provide funding for general operating purposes.

25. In general, management's efforts to minimize the impact of the Proceedings on the day to day operations of the business have resulted in little disruption to the Companies' operations and corresponding cash flows.
26. In accordance with the terms of the Amended Credit Agreement, the MAAX Group continues to provide BBLF, on a weekly basis (two business days following the end of the previous week), with certain reports relative to the CCAA Cash Flow Forecast. The most recent weekly report was provided to BBLF on August 26, 2008, and demonstrated that the MAAX Group continued to be in compliance with the Permitted Variance threshold provided for in the Amended Credit Agreement through the week ended August 22, 2008. Further, the MAAX Group provided BBLF with a report on August 5, 2008, that demonstrated compliance with the Minimum Monthly Sales requirement reflected in the Amended Credit Agreement for the month of July.
27. On July 14, 2008, BBLF waived certain defaults in the Amended Credit Agreement related to the timing of obtaining the Vesting Order and commencing the Chapter 15 Cases.
28. Following the swearing of the Affidavit in support of the Motion for an Order Extending the Stay Period on September 2, 2008, the Amended Credit Agreement was further amended to incorporate the extension of the MAAX Group's cash flow forecast through the proposed Stay Termination Date of September 30, 2008, and to extend the covenant relating to the closing of the sale to BBLF to September 30, 2008. As such, the Companies continue to have access to available funding within the terms of the Amended Credit Agreement. A copy of Amendment No. 6 to Credit Agreement is attached hereto as **Schedule "B"**.
29. A copy of the MAAX Group's extended cash flow forecast for the four-week period ending October 3, 2008 is attached hereto as **Schedule "C"**.

STATUS OF CLOSING OF THE PURCHASE AGREEMENT

30. In conjunction with the issuance of the Vesting Order by this Court on July 10, 2008, and the subsequent issuance of the Recognition Order by the U.S. Court on August 5, 2008, the Petitioners, BBLF and their respective legal counsel have continued to work toward closing of the Purchase Agreement.
31. Management has informed the Monitor that it is currently anticipated that the Purchase Agreement will close on or about mid-September 2008.

OTHER MATTERS

32. With the sale of substantially all of the Petitioners' assets expected to occur upon the closing of the Purchase Agreement, the Petitioners and the Monitor, together with their respective legal counsel, have been working to identify other potential assets. The potential assets

reviewed to date include assets that are not being acquired by BBLF under the Purchase Agreement, as well as the tax attributes of the Petitioners.

33. In order to identify any material assets that were not included in the Transaction, the Monitor: (i) reviewed the Purchase Agreement; (ii) reviewed the audited consolidated financial statements of MAAX Holdings Inc. ("MAAX Holdings") for the fiscal year ended February 29, 2008 and the non-consolidated financial statements of each company in the MAAX Group as at January 31, 2008 (MAAX Group being defined as MAAX Corporation and all of its direct and indirect subsidiaries); and (iii) discussed the above documents and related information with MAAX Corp.'s Chief Financial Officer (the "CFO"). Based on the foregoing, the Petitioners and the Monitor are of the view that following the anticipated closing of the Purchase Agreement there will not be any material assets remaining with the Petitioners.
34. At the request of the Petitioners, the Companies' external tax advisors reviewed the estimated tax positions of each of the Petitioners to assess the possibility of monetizing any remaining tax attributes following the closing of the Purchase Agreement. The Companies' tax advisors concluded that the Petitioners' tax attributes would either be eliminated following the closing of the Transaction or otherwise could not be monetized. The Monitor has reviewed and discussed these conclusions with management and the Companies' tax advisors. The Petitioners and the Monitor are of the view that following the anticipated closing of the Purchase Agreement there will not be any remaining tax attributes of the Petitioners of value.

REQUEST FOR AN EXTENSION OF THE STAY PERIOD AND STAY TERMINATION DATE

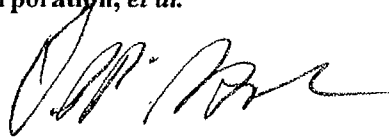
35. Pursuant to the Extending Stay Period Order, the Stay Period and Stay Termination Date were extended to September 5, 2008. The Petitioners are seeking a further extension of the Stay Period up to including September 30, 2008.

MONITOR'S CONCLUSIONS AND RECOMMENDATIONS

36. An extension of the Stay Period is necessary for the Petitioners to conclude the Purchase Agreement, which the parties are working diligently and in good faith to close.
37. Circumstances exist that make the extension of the Stay Period appropriate. The Petitioners have acted and are acting in good faith and with due diligence to advance these proceedings.
38. The Monitor recommends that this Court grant the Petitioners an extension of the Stay Period and Stay Termination Date to September 30, 2008.

All of which is respectfully submitted this 3rd day of September, 2008.

ALVAREZ & MARSAL CANADA ULC
In its capacity as the Monitor appointed by
the Court in the matter of the proposed arrangement of
MAAX Corporation, *et al.*

A handwritten signature in black ink, appearing to read 'D. McIntosh', written in a cursive style.

Per: Douglas R. McIntosh
Managing Director

Schedule “A”

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

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF
MAAX CORPORATION, *ET AL***

SUBSIDIARIES AND AFFILIATES

MAAX Canada Inc.

MAAX Spas (Ontario) Inc.

4200217 Canada Inc.

MAAX Cabinets Inc.

MAAX KSD LLC

Aker Plastics Company Inc.

MAAX Spas (Arizona), Inc.

MAAX-Hydro Swirl Manufacturing Corp.

MAAX Midwest, Inc.

Pearl Baths LLC

Schedule “B”

AMENDMENT NO. 6 TO CREDIT AGREEMENT

AMENDMENT NO. 6, dated as of September 3, 2008 (this “**Amendment**”), to the Existing Credit Agreement between **MAAX CORPORATION**, a Nova Scotia unlimited company (the “**Borrower**”), **BEAUCELAND CORPORATION**, a Nova Scotia unlimited company (“**Holdings**”) and certain subsidiaries of Borrower, as Guarantors, the financial institutions and other lenders party to the Credit Agreement referred to below (collectively, the “**Lenders**”), **BROOKFIELD BRIDGE LENDING FUND INC.**, as administrative agent (in such capacity, the “**Administrative Agent**”) and collateral agent for itself and the other Lenders, and HSBC Bank Canada.

PRELIMINARY STATEMENTS:

1. The Borrower, the Guarantors, the Lenders, the Administrative Agent and HSBC Bank Canada have entered into a Credit Agreement dated as of January 9, 2007 (as amended, restated, supplemented or otherwise modified from time to time, the “**Existing Credit Agreement**”). Capitalized terms not otherwise defined in this Amendment have the same meanings as specified in the Existing Credit Agreement.
2. The Borrower, the Guarantors, the Administrative Agent, the Lenders and HSBC Bank Canada have agreed to amend the Existing Credit Agreement, but only on the terms and conditions hereinafter set forth (the Existing Credit Agreement, as amended by this Amendment, being referred to as the “**Credit Agreement**”).
3. Accordingly, the Existing Credit Agreement is hereby amended as follows:

SECTION 1. Amendment to Existing Credit Agreement. The Existing Credit Agreement is, effective as of the date hereof, hereby amended as follows:

- (a) Section 1.1 of the Existing Credit Agreement is amended by inserting the following words at the end of the definition “Budget”:

“, and the additional cash flow forecast provided to the Administration Agent on or before September 5, 2008 covering the four weeks period beginning September 8, 2008, provided the information and calculations in such additional cash flow forecast are satisfactory to the Administration Agent.”

- (b) Section 2.9 of the Existing Credit Agreement is amended by deleting the words appearing in the 4th last line of the second paragraph beginning with “(a) in week 1” and ending with “(c) in week 3” and replacing them with the following:

“(a) in the week beginning September 8, 2008, of no more than \$5,000,000 above Budget, (b) in the week beginning September 15, 2008, of no more than \$4,000,000 above Budget, and (c) in the week beginning September 22, 2008”

- (c) Section 3.3(h) of the Existing Credit Agreement is amended by deleting the words at the beginning of that section “no later than 60 days after the CCAA Filing Date” and replacing them with “no later than September 30, 2008”.
- (d) Section 3.3(i) of the Existing Credit Agreement is amended by deleting the words “August 15, 2008” and replacing them with “September 30, 2008”.

SECTION 2. Reference to and Effect on the Existing Credit Agreement.

- (a) On and after the effectiveness of this Amendment, each reference in the Existing Credit Agreement and any other Credit Document to “this Agreement”, “the Credit Agreement”, “hereunder”, “hereof”, “thereunder”, “thereof” or words of like import referring to the Existing Credit Agreement, shall mean and be a reference to the Credit Agreement, as amended by this Amendment.
- (b) The Credit Agreement, as specifically amended by this Amendment, and each of the other Credit Documents are and shall continue to be in full force and effect and are hereby in all respects ratified and confirmed.
- (c) The execution, delivery and effectiveness of this Amendment shall not operate as a waiver of any right, power or remedy of any Lender, HSBC Bank Canada or the Administrative Agent under any of the Credit Documents, nor constitute a waiver of any provision of any of the Credit Documents.

SECTION 3. Execution in Counterparts. This Amendment may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute but one and the same agreement. This Amendment shall be delivered to the Administrative Agent. Delivery of an executed counterpart of a signature page to this Amendment by facsimile or electronic means shall be effective as delivery of a manually executed counterpart of this Amendment.

SECTION 4. Credit Document Pursuant to Credit Agreement. This Amendment is a Credit Document executed pursuant to the Credit Agreement and shall be construed, administered and applied in accordance with all of the terms and provisions of the Credit Agreement.


SECTION 5. Successors and Assigns. This Amendment shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

SECTION 8. Governing Law. This Amendment shall be governed by, and construed in accordance with, the laws of the Province of Ontario and the laws of Canada applicable therein.

[Signature Pages Follow]


IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed by their respective officers thereunto duly authorized, as of the date first above written.

MAAX CORPORATION

By: 

Name: Denis Aubin
Title: Secretary

BEAUCELAND CORPORATION

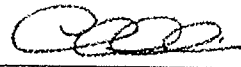
By: 

Name: Denis Aubin
Title: Secretary

GUARANTOR SUBSIDIARIES (U.S.):

**AKER PLASTICS COMPANY INC.
MAAX-HYDRO SWIRL MANUFACTURING
CORP.
MAAX-KSD LLC
MAAX MIDWEST, INC.
MAAX SPAS (ARIZONA), INC.
PEARL BATHS LLC**

By: _____




Name: Denis Aubin

Title: Secretary


**GUARANTOR SUBSIDIARIES
(CANADIAN):**

**MAAX CANADA INC.
MAAX CABINETS INC.
MAAX SPAS (ONTARIO) INC.**

By: 

Name: Denis Aubin
Title: Secretary

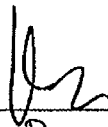
4200217 CANADA INC.

By: 

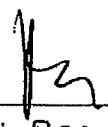
Name: Denis Aubin
Title: Secretary

ADMINISTRATIVE AGENT AND LENDERS:

**BROOKFIELD BRIDGE LENDING FUND
INC., as Administrative Agent**

By: 
Name: BRUCE ROBERTSON
Title: MANAGING PARTNER

**BROOKFIELD BRIDGE LENDING FUND
INC., as Lender**

By: 
Name: BRUCE ROBERTSON
Title: MANAGING PARTNER

By: _____
Name:
Title:

HSBC BANK CANADA

By: _____
Name:
Title:

ADMINISTRATIVE AGENT AND LENDERS:

**BROOKFIELD BRIDGE LENDING FUND
INC., as Administrative Agent**

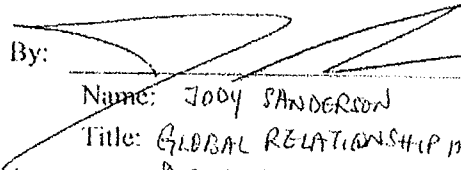
By: _____
Name:
Title:

**BROOKFIELD BRIDGE LENDING FUND
INC., as Lender**

By: _____
Name:
Title:

By: _____
Name:
Title:

HSBC BANK CANADA

By:  _____
Name: JODY SANDERSON
Title: GLOBAL RELATIONSHIP MANAGER &
DIRECTOR

Schedule “C”

MAAX Corporation, et. al.
Weekly Cash Flow Projections
For the 4-Week Period Ending October 3, 2008

	For the Week Ending				Total Weeks 1-4
	Week 1	Week 2	Week 3	Week 4	
	12-Sep-08	19-Sep-08	26-Sep-08	3-Oct-08	
Canada					
<i>Receipts</i>	657,631	1,282,365	6,431,215	3,858,527	12,209,738
<i>Disbursements</i>					
Payments - materials, supplies, and operating expenses	(1,448,471)	(2,508,585)	(2,465,188)	(1,802,331)	(8,222,575)
Salaries, wages, commissions, and benefits	(905,625)	(905,625)	(1,304,551)	(976,024)	(4,091,825)
Total Disbursements	(2,354,096)	(3,412,210)	(3,769,739)	(2,778,355)	(12,314,400)
Net Cash Flow (Canada)	(1,496,465)	(2,149,844)	2,661,476	680,172	(104,662)
US					
<i>Receipts</i>	1,463,926	5,075,909	6,871,900	1,127,489	14,559,205
<i>Disbursements</i>					
Payments - materials, supplies, and operating expenses	(2,008,392)	(2,417,474)	(2,876,094)	(1,802,673)	(9,104,632)
Salaries, wages, commissions, benefits, severance and termination	(808,335)	(808,335)	(849,590)	(1,179,633)	(3,645,894)
Total Disbursements	(2,816,727)	(3,225,809)	(3,725,684)	(2,982,306)	(12,760,526)
Net Cash Flow (US)	(1,332,801)	1,850,100	3,146,216	(1,654,837)	1,808,679
Professional fees	(350,000)	(350,000)	(350,000)	(750,000)	(1,800,000)
Noteholder Settlement (see note)	-	-	-	(5,000,000)	(5,000,000)
Interest	-	-	-	(2,972,040)	(2,972,040)
Total Net Cash Flow	(3,179,266)	(649,744)	5,457,892	(9,696,705)	(6,068,023)
Amendment to Credit Facility					
Opening balance - amendment to Credit Facility	(8,308,896)	(11,488,182)	(12,137,906)	(6,680,214)	(8,308,896)
Total combined net cash flow	(3,179,266)	(649,744)	5,457,892	(9,696,705)	(8,068,023)
Total closing balance - amendment to Credit Facility	(11,488,162)	(12,137,906)	(6,680,214)	(16,376,919)	(16,376,919)
Total allowable balance under amendment to Credit Facility	(30,000,000)	(30,000,000)	(30,000,000)	(30,000,000)	(30,000,000)
Total Available Credit Under Amendment to Credit Facility	(18,511,838)	(17,862,094)	(23,319,766)	(13,623,081)	(13,623,081)

Note:

The timing of the payment of the Noteholder Settlement will be dependent upon the timing of the closing of the Purchase Agreement, which is currently anticipated to be on or about mid-September, 2008.

No. 500-11-033561-081

S U P E R I O R C O U R T
District of Montreal

**IN THE MATTER OF THE PLAN OF
COMPROMISE OR ARRANGEMENT OF
MAAX CORPORATION *et al***

Petitioners

- and -

ALVAREZ & MARSAL CANADA ULC

Monitor

**THIRD REPORT OF THE MONITOR
SEPTEMBER 3, 2008**

Attorneys for Monitor
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