

CANADA
PROVINCE OF NEW BRUNSWICK
COURT NO: S/M/97/02

IN THE MATTER OF THE COMPANIES CREDITORS ARRANGEMENT ACT
AND IN THE MATTER OF THE PLAN OF ARRANGEMENT OF

ATLANTIC YARNS INC. AND ATLANTIC FINE YARNS INC.

MINUTES OF FIRST MEETING OF UNSECURED CREDITORS

MINUTES OF THE FIRST MEETING OF THE Unsecured class of creditors, which was held at the Saint John Delta Hotel under the chairmanship of Robert Smith of PricewaterhouseCoopers Inc. on the 2nd day of April, 2008, at 1000 hours as Ordered by the Court of Queen's Bench of New Brunswick.

THE LIST OF CREDITORS present or represented is attached here to as Exhibit A, together with the other persons present. A majority was declared.

THE CHAIRMAN of the meeting determined that a quorum was present and called the meeting to order at 1000 hours in the matter of the Plan of Arrangement ("Plan") filed under the Companies' Creditors Arrangement Act by the Atlantic Yarn Companies and as amended. The chairman also appointed Bruce Munford as secretary to the meeting. A copy of the agenda is attached hereto as Exhibit B with notes from the meeting.

The Chairman advised that he held proxies for 52 creditors totaling approximately \$27,600,000 which votes will be tabled in favour of the Plan as amended.

THE CHAIRMAN tabled the following documents and they were made available for inspection to those present.

Plan of Arrangement as filed
Complete package of the mailing to the Creditors
Proofs of claim and proxies
Various Orders of the Court

THE CHAIRMAN advised the meeting of the procedures for the filing of a Plan under the Act and the calling of a meeting of creditors (Sections 5 and 6 of the CCAA) and the Order of the Court dated February 20, 2008.

THE CHAIRMAN advised that there had been a court hearing Tuesday, April 1, 2008 at 12 noon to deal with an issue raised by a creditor, the creditor asking the Court to direct that there be separate meetings of each Company with its respective creditors. The Court denied this motion. Does any person present wish to object to the holding of this joint meeting? No.

THE CHAIRMAN discussed the Plan filed on February 17, 2008, and reviewed the Report of the Monitor to the Creditors and the amendments to the Plan.

Questions were called by the Chairman and the following comments were noted.

- none

The question was called and motion to approve the Plan as amended was approved by 100% (statistically) of the creditors present and voting, with only 1 creditor with a value of \$1,875 voting against as evidenced on the attached schedule.

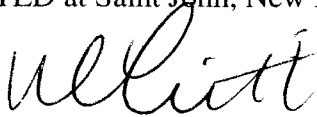
The motion was carried by the required amounts, being more than 50% in number and 75% in value, and the Plan was approved.

The meeting was advised that the monitor would make application for sanction of the plan on April 11, 2008.

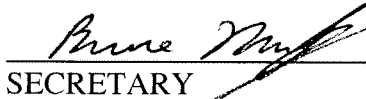
Creditors were advised to watch the website in case there are further developments.

The meeting adjourned at 1020 hours on April 2, 2008.

DATED at Saint John, New Brunswick, this 2nd day of April, 2008.



CHAIRMAN



SECRETARY

IN THE MATTER OF THE CCAA PLAN OF ARRANGEMENT OF

Atlantic Yarns Inc. and Atlantic Fine Yarn Inc.

MEETING OF UNSECURED CREDITORS

ATTENDANCE LIST

DATE: April 2, 2008 TIME: 10:00AM

LOCATION: Delta Brunswick Hotel, 39 King Street, Saint John, NB

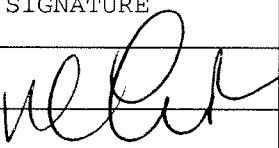
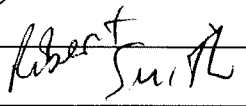
Monitor: _____

SOLICITOR: _____

DEBTOR: _____

SOLICITOR: _____

CREDITORS AND REPRESENTATIVES:

SIGNATURE	NAME (PRINT)	REPRESENTING	AMOUNT	VOTE
		A.L.P.A Equip Co.Ltd	1,092.12	
		Aliant Telecom	5,357.39	
		Alliance SHippers	3,537.00	
		American Trutzschler	1,668.94	
		Armour Transport	38,628.65	
		Bronswerk Marine	1,907.22	
		Canamex Trucking System	9,600.00	
		Conitex Sonoco	53,027.19	
		D&L Electric	2,404.60	
		Dobbins Textiles	7,066.92	
		Dynamic Transportation	117,894.07	
		Frigo Max Inc	10,278.05	
		Gerard Ovalstrapping	1,954.87	

**IN THE MATTER OF THE CCAA PLAN OF ARRANGEMENT OF
Atlantic Fine Yarn Inc.**

MEETING OF UNSECURED CREDITORS

ATTENDANCE LIST

DATE: April 2, 2008 TIME: 10:00AM

LOCATION: Delta Brunswick Hotel, 39 King Street, Saint John, NB

Monitor: _____

SOLICITOR: _____

DEBTOR: _____

SOLICITOR: _____

CREDITORS AND REPRESENTATIVES:

SIGNATURE	NAME (PRINT)	REPRESENTING	AMOUNT	VOTE
		Gilles Basque Sales	1,769.56	
		Harris & Roome Supply	1,572.03	
		Harry H. Williamson Prof. Corp	9,190.11	
		Jerrys Plumbing and Heating	7,332.79	
		Kelly and Strahl Co.	643.45	
		Liftow Ltd.	3,207.29	
		Liteco Inc.	1,805.19	
		Locations LeBlanc Rentals	973.43	
		N B Power	825,177.19	
		Neuenhauser Maschinenbau	35m589.34	
		Norampac/Moncton	89,992.44	
		Oerlikon Textile Inc.	1,046,165.20	

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Monitor: _____

SOLICITOR: _____

DEBTOR: _____

SOLICITOR: _____

CREDITORS AND REPRESENTATIVES:

SIGNATURE	NAME (PRINT)	REPRESENTING	AMOUNT	VOTE
		Oerlikon Textile Inc.	113.70	
		Pathways Communication	1,202.66	
		PDQ Plastics Inc.	1,300.50	
		Samuel Strapping Systems	1,449.74	
		Schenker of Canada Ltd.	6,827.34	
		Stewart McKelvey Sterling	13,512.35	
		Summer Industries	7,853.90	
		Sunflage Canada Inc.	23,742,127.86 237,421,27.86	
		Transport Guilbault	44,240.36	
		Trutzschler GMBH	49,082.02	
		Ultra Alarm Services	1,482.00	
		Uniglobe Bonvoage Travel	8,066.50	
		Vipond Fire Protection	2,661.30	

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
Monitor: _____

SOLICITOR: _____

DEBTOR: _____

SOLICITOR: _____

CREDITORS AND REPRESENTATIVES:

SIGNATURE	NAME (PRINT)	REPRESENTING	AMOUNT	VOTE
		Xerox Canada Ltd.	403.35	
				
		Alliance Shippers	58,204.95	1
		L-Pac Enterprises	2,543.52	
		American Truetzschler	3,595.74	2
		Apex Industries	2,042.98	
		Armour Transport Systems.	2,171.17	3
		Barco Vision	8,666.69	
		Central Micro Systems	362.29	
		Conitex Sonoco USA	178,875.00	4
		Cowper Inc.	603.99	
		Dobbins Textiles Service	774.80	6

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Monitor: _____

SOLICITOR: _____

DEBTOR: _____

SOLICITOR: _____

CREDITORS AND REPRESENTATIVES:

SIGNATURE	NAME (PRINT)	REPRESENTING	AMOUNT	VOTE
		Dynamic Transport Inc.	101,734.87	6
		Gerard Overstrapping	4,644.52	1
		Gilles Basque Sales Ltd.	235.95	8
		Harris and Roome Supply	76.38	9
		Harry H, Williamson	1,890.69	10
		Highland Transport	1,965.24	
		Home Hardware	606.81	
		Kuehne and Nagle Custom Brokers	5,784.50	
		Le Buro	1,875.97	
		Liteco	597.01	11
		Lifto Ltd.	10,754.67	12
		Manufacturers Automation	977.32	
		NB Power	806,785.36	13

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Monitor: _____

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DEBTOR: _____

SOLICITOR: _____

CREDITORS AND REPRESENTATIVES:

SIGNATURE	NAME (PRINT)	REPRESENTING	AMOUNT	VOTE
		Norampac/Moncton	67,153.32	14
		Oerlikon Textile Inc.	4,016.81	15
		PDQ Plastics	25,538.45	16
		Samuel Strapping Systems	1,863.15	17
		Service Sanitar	1474.56	
		Sohler-Neuenhauser	833.12	
		Steve's Electric Motor	2,100.88	
		Sunflag Canada Inc.	16,000,000	18
		Transport Guibault	71,801.02	19
		Trutzschler GMBH	9,881.27	20
		Ultra Alarm Services	2,583.57	21

34
 73
 2128
 52

**CREDITORS MEETING
AGENDA AND NOTES**


Proponent name – Atlantic Yarns Inc. and Atlantic Fine Yarns Inc.
Court No: S/M/92/07

Date: April 2, 2008

Place: Delta Hotel, Saint John

Time: 10 AM

Chairperson - Robert Smith

1. Attendance list - count heads – Unsecured class of creditors
- see proofs of claim
- note voting rights
2. Note proxies and voting ballots
3. Call meeting to order
4. Introduction - Company, lawyers, etc.
Josh McElman, solicitor
Pasqual Alles, Director
Rao Palaparty, Chief Financial Officer
5. Authority - Plan of Arrangement and the Creditor Meeting Order issued by the Court of Queen's Bench of New Brunswick (can appeal to Court re: decisions of chairman)
6. Appoint secretary 
7. Table documents - Plan of Arrangement
- Amendments thereto
8. Purpose of meeting - consider affairs of company
- vote on the plan of arrangement as amended
- the Court has directed that the meeting of creditors of the Company be held on a consolidated basis, that is that all of the creditors of both companies shall vote at one meeting. Is there any objection to be noted in the minutes?
NO
9. Company comments and information
 - a. Nothing substantial has changed from the package of information sent to the creditors
 - i. Court decided yesterday that the meetings will go forward
 - b. The Company has not achieved a resolution of the matters with GE and accordingly there is no certainty to the outcome of the meeting this afternoon
 - c. Sufficient proxies and voting ballots have been received to confirm that most, if not all, of the creditors are supportive of the plan as compared to the alternative
 - d. There is no vote on the amendments – the only vote is on the Plan as amended
10. Vote on the Plan as amended
 - a. Motion – to approve the Plan of Arrangement as amended

**CREDITORS MEETING
AGENDA AND NOTES**

Proponent name – **Atlantic Yarns Inc.** and Atlantic Fine Yarns Inc.
Court No: S/M/92/07

11. Adjourn to count the votes – vote requires a double majority – a majority in number voting in favour and two thirds of the dollars voting in favour to approve
12. Reconvene to report on votes *Approved*
13. The process from here to Court Sanction
 - Monitor to prepare minutes of the meeting;
 - Report to the Court
 - Sanction hearing to be held on April 11, 2008 at the Court of Queen's Bench
 - Watch the website for updates

Unsecured class	votes		\$\$		
	for	against	for	against	
Atlantic Yarns Inc.	56	0	\$35,982,815.43	\$0.00	\$35,982,815.43
percentage	100.00%	0.00%	100.00%	0.00%	
Atlantic Fine Yarns Inc.	votes		\$\$		
	for	against	for	against	
	51	1	\$19,810,048.96	\$1,875.00	\$19,811,923.96
Percentage	98.08%	1.92%	99.99%	0.01%	
less double creditors voting in both companies	27	0	na	na	
Consolidated totals			\$\$		
	for	against	for	against	
net count on a consolidated basis	80	1	\$55,792,864.39	\$1,875.00	\$55,794,739.39
Percentage	98.77%	1.23%	100.00%	0.00%	statistically zero