

**Atlantic Yarns Inc. and
Atlantic Fine Yarns Inc.**

INVITATION FOR OFFERS
February 2009

TITLE AND DISCLAIMER

The purpose of this Invitation to Offer (the “Invitation”) is to provide a description of certain assets owned by Atlantic Yarns Inc. and Atlantic Fine Yarns Inc. (“Atlantic Yarns Group” or “the Companies”) and offer these assets for sale “en bloc” to prospective buyers.

On October 26, 2007, PricewaterhouseCoopers Inc. (“PwCI”) was appointed Monitor of the Companies by Order of the Court of Queen’s Bench of New Brunswick pursuant to the provisions of the Companies’ Creditors Arrangements Act of Canada (“the Monitor”) of Atlantic Yarns Group and it is in this capacity that the Monitor seeks expressions of interest from prospective purchasers.

The information contained herein is based upon information provided by the Companies and is intended solely for use by prospective purchasers of the assets described herein.

This Invitation is not all-inclusive and does not necessarily contain all of the information that a prospective purchaser of the Companies may require. While the information contained herein is believed to be accurate and reliable, the Monitor does not make any representations or warranties, expressed or implied, as to the accuracy or completeness of such information or any other written or oral communication by the Companies, PwCI, or any of the Companies’ other advisors or agents. Prospective purchasers should, in accordance with the procedures set forth under the “Sale Process” in Appendix F of this Invitation, conduct their own investigation and analysis and form their own judgment of the data and assets described. All dollar figures in this document are unaudited and expressed in Canadian dollars, unless otherwise noted.

The proposed sale of the assets described herein will take place in accordance with the Sale Process. The Monitor, at its sole discretion, reserves the right at any time to withdraw any or all of the assets from the solicitation, terminate this solicitation or alter, add, or waive the terms and conditions as it deems appropriate.

No securities commission or regulatory authority in Canada or the United States of America or in any other country has in any way passed on the merits of this Document or the accuracy or adequacy of the Invitation. This Invitation does not constitute an offer of solicitation in any jurisdiction to any person to whom it is unlawful to make such an offer or solicitation. This Invitation is not, and under no circumstances, is to be construed as a prospectus, a public offering, or an offering memorandum as defined under applicable securities legislation.

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1. THE YARNS INDUSTRY

1.1 INDUSTRY OVERVIEW

The yarn manufacturing sector in North America is in a state of change, in keeping with the textile industry as a whole.

With increasing competition and pricing pressures, manufacturers tend to be looking to expand by diversification into niche markets, expand product offerings and implement vertical integration strategies.

These facilities are ideally located and sized to provide an excellent opportunity to upgrade existing capacity or diversify.

1.2 MARKET CONSIDERATIONS

Recent changes to Canadian legislation have improved the economic considerations for the yarn manufacturing sector in Canada. These changes include the passing of the Outward Processing Initiative enabling legislation and various Free Trade Agreements with Peru and other countries that are being finalized and are expected to be passed into law in 2009. These changes should result in significant competitive advantages for a yarn manufacturer based in Canada.

The facilities at Pokemouche and Atholville, New Brunswick are state of the art yarn manufacturing facilities producing yarn that meets the highest standards in the world.

In late 2007, the yarn industry was subject to major disruption when the Canadian dollar reached all time highs in terms of the US dollar, briefly reaching \$1.10 per US dollar. While the industry has an automatic hedge in terms of the purchase of cotton, virtually all the output from the plants is priced in US dollars. The Canadian dollar has recently dropped to approximately \$.80 per US dollar and some forecasts show it reducing to lower levels.

These facilities are excellent opportunities for vertical integration or specialty yarn manufacturing (i.e., bio yarn, yarn for medical textiles, yarn for military textiles, etc.). In addition, the proximity to the US market and the stability of the Canadian economy may provide an opportunity for high value customer service, including “just in time” delivery and niche production runs.

Increased costs of shipping yarns from Asia-Pacific, combined with the prospect of significant changes in foreign currency, may make this an excellent acquisition opportunity for a US textile manufacturer wanting closer “on shore” facilities or wanting to manufacture for export to the European market, which is readily accessible from these port facilities.

2. DEVELOPMENT OF ATLANTIC YARNS GROUP

ATLANTIC YARNS

The Atlantic Yarns facility in Atholville, New Brunswick was commissioned in the year 2000 as a design build specific for this equipment. The building is approximately 378,000 square feet, with 117,000 square feet of now empty space due to the closure of Phase I. The equipment in the plant is first rate equipment from Neuenhauser, Schlafhorst and Truetzschler, with an effective capacity of 60 MT per 24 hour day of open end yarn.

The plant equipment was upgraded in 2005 and 2006 to accommodate new palletizing equipment designed to enable better segregation of finished product and more efficient packaging for customer specific requirements. In addition, the autocorer was upgraded to a magnetic system, resulting in lower maintenance costs and improved quality and efficiency.

ATLANTIC FINE YARNS

The Atlantic Fine Yarns facility in Pokemouche, New Brunswick was commissioned in 2002 as a design build specific for this equipment and employed approximately 200 people. The building is approximately 280,000 square feet, all in use.

The plant equipment is state of the art, and includes a fully automated ring spinning textile unit. With equipment supplied largely from Neuenhauser, Schlafhorst and Truetzschler, with an effective capacity of 40 MT per 24 hour day of ring spun yarn.

According to customer responses and product testing, the yarn produced in these plants is of excellent quality and is one of the most efficient in the world.

The plants ran into financial difficulty in the high Canadian dollar/lower world pricing period in 2006 and 2007, and were unable to recover.

There are other issues unrelated to the plant operations which contributed to the downfall of the Companies which can be discussed with prospective purchasers, and which were fully outlined in the various court applications.

3. ASSETS FOR SALE

3.1 LAND

Location	PID #	Hectares	Tax Assessment	Annual Taxes
161 Atlantic Lane, Pokemouche NB, Atlantic Fine Yarns facility	20735841	76.4	\$12,033,300	\$330,988
12 Comeau Avenue, Atholville NB Atlantic Yarns facility	50257997	8.09	\$12,602,100	\$512,136

Service New Brunswick maps of the above noted parcels are attached as **Appendix A and B respectively**.

3.2 BUILDINGS

Pokemouche, New Brunswick

The property is improved with an industrial, steel frame structure, built between 1997 and 2000. The structure is in excellent condition and was designed and purpose built for yarn spinning. The Gross building area is approximately 300,000 square feet. Approximately 4,000 square feet of the building is finished office space. Finished cafeterias, locker rooms and washrooms total approximately 4,000 square feet.

Utilities and services available to the site include electricity, municipal water and sewer facilities, telephone and high speed internet facilities.

The property is located in the north eastern quadrant of the Province of New Brunswick, close to the City of Bathurst, New Brunswick in the County of Gloucester. The closest town is Caraquet, New Brunswick.

Gloucester County has a population of over 80,000 persons, an unemployment rate of 18% and approximately 50% of the population is bilingual.

The facility is served by the Port of Caraquet, the New Brunswick East Coast Railway and an adequate highway system.

The plant in Pokemouche has a practical capacity of 12.2 Mt per 8 hour shift with an average count of yarn 20's.

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Atholville, New Brunswick

The property is improved with an industrial, steel frame structure, built in three phases between 1997 and 2000. The structure is in excellent condition and was designed and purpose built for yarn spinning. The Gross building area is approximately 378,000 square feet. Approximately 5,000 square feet of the building is finished office space. Finished cafeterias, locker rooms and washrooms total approximately 4,000 square feet.

Utilities and services available to the site include electricity, municipal water and sewer facilities, telephone and high speed internet facilities.

The property is located in the north eastern quadrant of the Province of New Brunswick, immediately adjacent to and west of the City of Campbellton, New Brunswick.

Restigouche County has a population of 34,000 persons, an unemployment rate of 18.5% and over 50% of the population is bilingual.

The facility is served by the Port of Dalhousie, the New Brunswick East Coast Railway and an excellent highway system.

The plant in Atholville has a practical capacity of 20 Mt per 8 hour shift with an average count of yarn 18's.

Full details of the building and construction are available from the Monitor.

3.3 EQUIPMENT

A detailed equipment list for Atlantic Yarns Inc. is attached as **Appendix C**.

A detailed equipment list for Atlantic Fine Yarns Inc. is attached as **Appendix D**.

The equipment at both facilities is in excellent condition according to all reports.

Invitation to Offer

Disclaimer

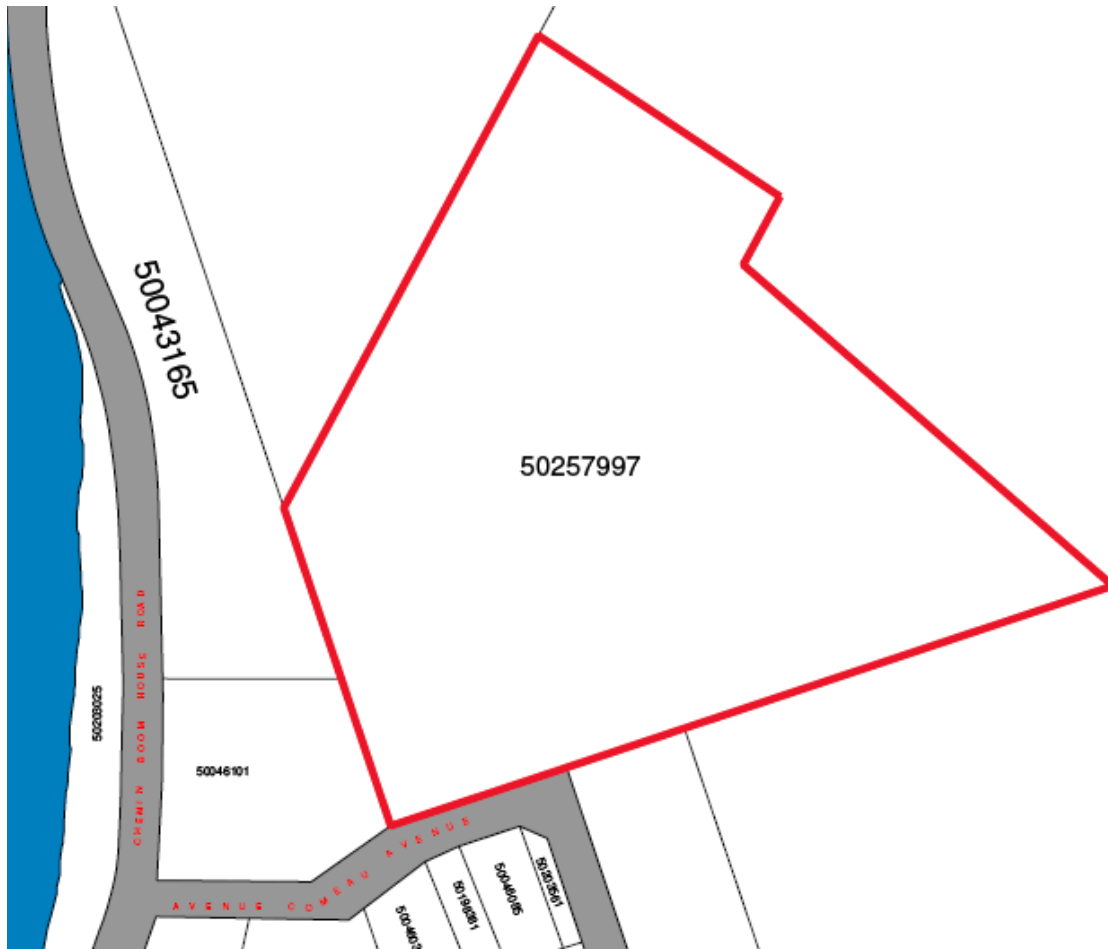
We have compiled the accompanying information in our capacity as Monitor of Atlantic Yarns Inc. and Atlantic Fine Yarns Inc. from information supplied to us in this capacity. This information has been prepared solely for the convenience of prospective purchasers and is not warranted to be complete or accurate. No audit has been conducted to verify the data compiled herein.

With or without notice or reasons, PwCI expressly reserves the right at any time to amend or terminate the process, to allow any party to submit a final offer (without notice to other prospective purchasers), to terminate discussion with any or all prospective purchasers, to reject any or all offers, or to negotiate with any party without any liability to PwCI.

PwCI reserves the right to amend any information which has been made available to prospective purchasers either by way of addition, deletion, or amendment.

APPENDIX B – AY PROPERTY

PID # 50257997



Service New Brunswick map of
12 Comeau Lane, Atholville, New Brunswick

APPENDIX C – AY EQUIPMENT ATHOLVILLE

Qty.	Description
COTTON FIBER PREPARATION EQUIPMENT	
2	Truetzschler model BDT019/2300 Blendomat bale opener, 86 bale laydown, 2300mm width, Hump magnet, transport fans, distributors, 1999 yr. s/n 148309, 148310
1	Truetzschler model BDT019/2300 Blendomat bale opener, 42 bale laydown, 2300mm width, Hump magnet, transport fans, distributors, 1997 yr. s/n 130725
1	Truetzschler TV-500 Fan, 1997 yr., s/n 130728-02
1	Truetzschler WAC waste collector, 1997 yr.
1	Truetzschler model AS1000 waste feeder, s/n 148321 w/ SVO fan. Stand alone type, 1000mm, 1999 yr.
1	Truetzschler model AS1000 waste feeder, 1000mm s/n 130757 1997 yr. (connected to FM Blender)
2	Truetzschler model AFC Axiflo coarse cleaners, 1999 year s/n 148319, 155282
3	Truetzschler model SCB, Securomat Metal detectors, s/n 148320,148303 148263, n/a, 1999 yr.
2	Truetzschler model MPM10/1600, 10 chamber multimixer w/ TV425 Fans, 1999 year, s/n 148327, 148325
1	Truetzschler model MPM6/1600, 6 chamber multimixer w/ TV425 fans, 1999 year s/n 148305
6	Truetzschler model CVT 3/1600 Cleanomat cleaners, w/ model BS1600 feed trunks, LVSA condensers and distributors, 1999 yr. serial # 148336B, 148336A, 148336C, 151583, 150290A, 155290B
6	Truetzschler model DX Dustex dust extractors with TVD425 fans, 1999 yr. s/n 148339A, 148339B, 148339C, 151586, 151590B, 151590A,
6	Truetzschler model MS 1400 reserve, w/ BS feed truck, &LVSA condenser, 1999 yr, s/n 148318-00, 148332-02, 148332-01, 151577-00, 148332-03, 151580-00
1	Truetzschler model MSL 1400 reserve, w/ BS feed truck, &LVSA condenser, 1999 yr, s/n 151568-00
1	Truetzschler FM-1000 Blender with Conveyor and MRO Magnet, 1999 yr, with LVSA condensers, s/n 148283

APPENDIX C – AY EQUIPMENT ATHOLVILLE

Qty.	Description
2	Truetzschler BOWA-1600 Weighing Manual Bale Opener 1 without Extension & 1 with Extension (Both Connected to FM Blender), 1999 yr, s/n 148296A, 148296B
1	Truetzschler TFV 1/1600 Opener,w/ BS trunk & LVSA condenser, 1600 mm, s/n 148306
4	Truetzschler LVSA Condensor with stand, 1999 yr, s/n: 148328, 148294B, 148294A, 148294B
36	Truetzschler model DK803 carding machines, 1999 yr, with DFK chute feeds and KHC 950/ 1000 can Changers, Autoleveler and 100% Graf cotton wire s/n 148349C, 148349B, 148347F, 148349D, 148349F, 148349E, 148347C, 148347B, 148349A, 148347D, 148347E, 148347A, 148351C, 148351B, 148351A, 148351D, 148351E, 148351F, 148353C, 148353B, 143353A, 148353D, 148353E, 148353F, 148357C, 148357B, 148357A, 148355D, 148355C, 148357F, 148357D, 148355B, 148355F, 148355A, 148357E, 148355E,
19	Truetzschler model HS 1000, breaker draw frames w coiler can changer, draft commander PLC, static type 8 end creel , 1999 yr, s/n 151626A, 151626B, 151626C, 148367A, 148367B, 148367C, 151599A, 151599B, 151599C, 151599D, 151599E, 151599F, 155590B, 151603A, 155590A, 151603C, 151603D, 151603E, 155293,
18	Truetzschler model HSR 1000 finishing draw frames w/ can changer, coiler & auto leveler draft commander PLC, power type 8 end creel, 1999 yr, s/n 151627A, 151627B, 151627C, 151627D, 151627E, 151627F, 151601A, 151601B, 151601C, 151601D, 151601E, 151601F, 155591A, 155591B, 155591C, 155591D, 151605C, 151605A,
	YARN SPINNING EQUIPMENT
24	Schlafhorst Autocoro 288, Model SE-11 MRPS, 288 Rotors, SRZ (Tube), Two Piecers, two doffers, Waxing, Informator, Corolab 7 Clearing, Yarn Length measuring s/n 117-0699-3223 117-0699-3224, 117-0799-3231, 117-0799-3232, 117-0699-3226, 117-0799-3233, 117-0899-3252, 117-0899-3253, 117-0899-3254, 117-0899-3251, 117-0899-3257, 117-0899-3258, 117-0899-3259, 117-0899-3260, 117-0999-3269, 117-0999-3270, 117-0999-3268, 117-0999-3267, 117-0999-3274, 117-0999-3275, 117-0999-3276, 117-0999-3277
	LABORATORY EQUIPMENT
1	Uster Tester model UT 4-SK w/ Yarn count devices- FA module, OH sensor, OI Sensor, LS sensor, 1998 yr
1	Uster model Tensorapid 4 w/ creel sn#273800-05200, 2001 year

APPENDIX C – AY EQUIPMENT ATHOLVILLE

Qty.	Description
1	Lawson Hemphill Motorized taper Board
1	Lawson Hemphill Keisokki Class fault II Computer and Printer, s/n 309100239 w/ Chavis Winder, Six-Positions, s/n BJ9-115
1	Magisitra Ele Trash , Trash analyzer, 2007 yr
1	Lot of Miscellaneous Testing Equipment including Scales, Oven, Cabinets, etc.
	COTTON WASTE PREPARATION EQUIPMENT
3	International Waste Cotton Baler, Model C30, Bale size, 30x47, 1996/7 yr, s/n: 0997113, 0696106, 298116
1	Abington Waste Dust Separators and Collecting System, including: Twin Monitor Tanks mounted over Baler No. 2, 2-Cylinders (1-large, 1-small), Waste Discharge Units feeding Baler No. 1 and No. 3, Abington Control Fine Filter, 50 HP Abington Dry Vacuum Pump, s/n BP6-817-509, 4-Hi-Speed, 10 HP Fans, 1997 yr.
1	LTG Briquette Machine with Hydraulic Press, Controls and By-Pass System feeding to Baler No. 2 (Briquette System handles up to 1 metric ton per day) Taken apart, 1999 yr.
1	Libby Engineering Plant Ventilation System
	AIR COMPRESSOR EQUIPMENT
2	Atlas Copco model ZR45 air compressors 47 KW, 64 HP, 1997 yr, s/n A1F-045117, A1F-045118
2	Atlas Copco Air Compressor Model ZR45, 47 KW / 64 HI', s/n AIF-056986, AIF-056985, 2000 yr.
2	Atlas Copco model FD120 air dryers, s/n 601478, 601477 1997 yr.
2	Atlas Copco Refrigerated Air Dryer, Model FD-120, s/n 601478, 601477, 1999 yr.
2	Steel Fabricators Air Receiving tank 500 Gallon capacity, 1999/2000 yr.

APPENDIX C – AY EQUIPMENT ATHOLVILLE

Qty.	Description
	MATERIAL HANDLING
1	Forte/Neuenhauser Palletizing Line System
1	Forte 2790 Master Console
1	Newell Conveyor line (886 meters length)
1	Neuenhauser Palletizer HMI for cone & tube Year 1997/2007
1	Signode Strapping Line w/ Spiral Grip Stretch Wrap model 21000, Sure-Tyer Strap system, 1999 yr, s/n Sgg-2100/53042 & SB-1410
1	Group of Polyethylene Carts (Trolleys) for Cones, 58" Long x 27" Wide x 31" Deep, plus Four 4" Casters, w/ Cut-Away for Operator Access, 1997 yr.
1	Group of Plastic Cans for Cards & drawing, w/ Rimmed Top, Pistons and Springs, on Casters
2	Stor-It Systems Ltd. Shelf Truck MR 461, Non-Powered, Portable, 1999 yr.
	MISCELLANEOUS SUPPORT MACHINERY
1	Lot of Miscellaneous Shop Machinery, Tools, etc.
1	Carrier Chiller, 650 Tons Capacity, Model 19 X R 5 050445 I)DS65, All pump motors and controls s/n 4197.1556969 1997 yr.
1	Carrier Chiller, 1350 Ton Capacity Model 19XR-7676595EN565, s/n 064184, Compressor Model 595 w/ Refrigerant 134A, 224330 Lbs / 1102 Kgs. All Pumps, Motors and Controls, s/n Q64184, 2000 yr.
1	Baltimore Air coil Cooling Tower, Model 33520-2R, s/n C000074701, 2000 yr.
1	Baltimore Air coil Cooling Tower, Roof Mounted, 3K.I -30514, s/n 9780059, 1997 yr.
1	Partner Technologies Pad Mounted Transformer, 3000 KVA Capacity, s/n N4275-01 with AV600 Capulators 3-GE Sub Transformer, Model DTA 0075, 600 volts, s/n: 0272-210 (for both)

APPENDIX D – AFY EQUIPMENT POKEMOUCHE

Qty.	Description
	COTTON FIBER PREPARATION EQUIPMENT
3	Truetzschler model BDT019/2300 Blendomat bale opener, 2-48 bale laydown, 1- 60 bale laydown ,2300mm width, FSK spark Protection system, Hump magnet, transport fans, distributors, 2001 yr. s/n 160528, 160553, 160576
3	Truetzschler model BOI600 premixer/feeders c/w INSA condenser, 2001 year, s/n 165227, 160535, 160559 (Stand alone type)
3	Truetzschler model BOWA1600 premixer/feeders w/ LVSA condenser, 2001 year, s/n 160583A, 160583B, 160583C (Stand alone type)
1	Truetzschler model AS024 waste feeder, 2001 year, s/n 160584-00 (connected to FM synthetic blend line)
3	Truetzschler model MFC Maxiflo coarse cleaners, 2001 year, s/n 165229, 160537, 160561
4	Truetzschler model SC154, Securomat Metal detectors, 3-2001 yr., 1-1999 yr, s/n 148288 , 160560, 160589, n/a
2	Truetzschler model MPM10/1600, 10 chamber multimixer w/ TV425 Fans, 2001 year, s/n 160541, 160563
2	Truetzschler model MPM6/1600, 6 chamber multimixer w/ TV425 fans, 2001 year s/n 160540, 160591
5	Truetzschler model CXL 3/1600 Cleanomat cleaners, 160568B with model BS987/1600 feed trunks, LVSA condensers and distributors, 2001 yr, s/n 165237, 165236, 160545, 160568A,
5	Truetzschler model DX Dustex dust extractors with TVD425 fans, 2001 yr, s/n 160548, 160570, 160571, 165240, 165241
1	Truetzschler model FM blender, s/n 160585, w/ BE feed truck, Tuftomat, opener, s/n 160595 LVSA condenser, 2001 yr.
30	Truetzschler model DK903 carding machines with DFK chute feeds and KHC 1000 can changers Autoleveler and 100% Graf cotton wire, 2001 yr, s/n 165247F, 165247E, 165247D, 165247C, 165247B, 165247A, 160619F, 160619E, 160619D, 160619C, 160619B, 160619A, 160613F, 160613E, 1606131, 160613C, 160613B, 160613A, 160607F, 160607E, 160607D, 160607C, 160607B, 160607A, 160601F, 160601E, 160601D, 160601C, 160601B, 160601A

APPENDIX D – AFY EQUIPMENT POKEMOUCHE

Qty.	Description
2	Truetzschler model DK903 carding machine, with DFK chute feeds and KHC 1000 can changers auto leveler and 100% Graf cotton wire, 2004 yr, s/n 199993A, 199993 B
13	Truetzschler model HS 1000, breaker draw frames w/ coiler can changer, draft commander PLC, static type 6 end creel , 2001 yr, s/n I 60630A, 16063013, I65250A, 1602508, 165250C, 165252A, 165252B, 165252C, 165254A, 165254B, 165254C, 165256A, 165256B
13	Truetzschler model HSR 1000 finishing draw frames w/ can changer, coiler & auto leveler draft commander PLC, power type 6 end creel s/n 160633A, 160633B, 165258A, 165258B, 165258C, 16526013, 165260C, 165262A, 165262B, 165262C, 165264A, 165264B, 171956
1	Truetzschler TFV1-1600 Synthetic Opener, S/N 160595, BE1600 Reverse S/N 160594, LVSA Condensor, 2001 year
2	Rieter model E32 unilaps, Combing Lap Winders, s/n 40000520-221, 40000520-222 c/w bobbin conveyor, 24 barrel creel, (1) lap rotator, s/n 40000470-29, Barco system, touch screen PLC controls, 2002 yr.
1	Rieter model E25 servo lap overhead transport system, s/n 400004700029 120 overhead dual rails, eight station transporter, 2002 yr.
9	Rieter model E72 combers w/ auto doffing, touch screen PLC controls, Barco system, s/n 40000951-24, 40000951-25, 40000951-26, 40000951-27, 40000951-28, 40000951-29, 40000951-30, 40000951-31, 40000951-32
	YARN SPINNING EQUIPMENT
44	Rieter model G33 ring spinners w 1200 spindles, auto doffing, link touch screen controls, Rieter drafting, 42 mm ring, 70mm drafting, 210mm bobbin, 2001 yr, double Sohler blowers, s/n 40000023-00721, 40000023-00717, 40000023-00722, 40000023-00718, 40000023-00723, 40000023-00719, 40000023-00724, 40000023-00720, 40000023-00687, 40000023-00621, 40000023-00688, 40000023-00622, 40000023-00689, 40000023-00623, 40000023-00690, 40000023-00624, 40000023-00691, 40000023-00625, 40000023-00692, 40000023-00626, 40000023-00699, 40000023-00693, 40000023-00700, 40000023-00694, 40000023-00701, 40000023-00695, 40000023-00702, 40000023-00696, 40000023-00703, 40000023-00697, 40000023-00704, 40000023-00698, 40000023-00705, 40000023-00711, 40000023-00706, 40000023-00712, 40000023-00707, 40000023-00713, 40000023-00708, 40000023-00714, 40000023-00709, 40000023-00715, 40000023-00710, 40000023-00716 Linked to: Schlafhorst Autoconer 388, type V winders, 26 spindles, TK840 clearers, wax, Informator touch screen controls, Sohler Airtek Double blowers s/n 148-0401-2423/50001929, 148-01012018/50001928, 148-0401-2425/50001931, 148-0401-242/-50001930,

APPENDIX D – AFY EQUIPMENT POKEMOUCHE

Qty.	Description
	148-04012428/50001933, 148-0401-2427/50001932, 148-0401-2431/50001935, 148-04012429/50001934, 148-0501-2527/50001937, 148-0501-2525/50001936, 148-0501-2530/50001939, 148-0501-2528/50001938, 148-0501-2533/50001941, 148-0501-2531/50001940, 148-0501-2536/50001943, 148-0501-2534/50001942, 148-06012643/50001945, 148-0601-2642/50001944, 148-0601-2645/50001947, 148-06012644/50001946, 148-0601-2648/50001949, 148-0601-2647/50001948
12	Rieter model F33 Roving Frames, 120 spindles, auto doffing, touch screen PLC control, Rieter drafting with automated creel and bobbing delivery system, 2001 yr, s/n 40000362-00636, 4000036200637, 40000362-00638, 40000362-00639, 40000362-00640, 40000362-00641, 40000362-00642, 40000362-00643, 40000362-00644, 40000362-00645, 40000362-00646, 40000362-00647
1	Electrojet automatic roving bobbin transportation system, model tab #42 automated central control, (4) model 152 automotors, (2) model DMI bobbin strippers, (2) model Tali inspection stations, (20) lane storage area, overhead rail system, (2) waste collectors Sohler blowers, loaders, 2001 yr.
	LABORATORY EQUIPMENT
1	Uster model UT 4 tester c/w control unit workstation changer, s/n 13015.01.141.001, Sensor model OH, s/n 13006.01.134.003, Sensor model CS, s/n 13004.01.141.002, conveyor, s/n 13003.01.141.002, UT4 model Base SX, s/n 1302.01.171.003, HP DeskJet 950C, 2001 yr
1	Uster model UTR4 tensile tester c/w computer controls, s/n 01.186.0001, 2001 yr.
1	Uster model Afis Pro cotton & sliver NEPS trash tester c/w Mettler Toledo model PB602-S scale, s/n 1119513335 computer & HP DeskJet 905C printer, 2001 yr.
1	Uster autosorter 4 / Mettler Toledo count checker, s/n 1120251709 w/28, 2001 yr.
1	Shirley Development model ILE-5- SKRM54 wrap reel, s/n 100070115, year unknown
1	Shirley Development model ILE-TPR-5 appearance board winder, s/n 200070102
1	Shirley Development sliver & roving Reel
1	Ohaus model Explorer UV electronic balance
1	Shirley Development model CAC60 verivide light cabinet
1	Industrial Labs model ILE-AR-18 accu reel electronic sliver reel, 2005 yr.

APPENDIX D – AFY EQUIPMENT POKEMOUCHE

Qty.	Description
1	Mag-Sitra model F0101 Ele-trash analyzer, s/n 145155, 2005 yr.
1	Fisher Scientific model Isotemp moisture
1	Barco/Loepfe monitoring systems w/ Sycotex Management systems.
	COTTON WASTE PREPARATION EQUIPMENT
3	Aldrich model 27/54 horizontal auto balers w/ overhead in feed belt conveyors, s/n 136-08-01
7	LTG model FKA-3 fibre separators compactors, 2002 yr
2	Aldrich waste dust separators and collection systems, 2001 yr
1	LTG model PF-20.27.24 briquette machine w/ CKS model 9547201-0320 hydraulic system w/ collector auger feed, s/n 13878, 2001 yr.
1	LTG Plant Ventilation system
1	Aldrich 100 HP vacuum system c/w tank, IGI) Lamson motor model 85770Q0000-ADGI, s/n P002772
	AIR COMPRESSOR EQUIPMENT
3	Atlas Copco model ZT110 air compressors Elektronikon controls, 3570 rpm, 2001 yr. s/n A1F072114, A1F072115, A1F072128,
2	Atlas Copco model FD700 air dryers, s/n 752043, 752121, 2001 yr.
2	MDI hydraulic waste compactors model Universal 214PROC, s/n 18-18-10-95 2001 yr.
	MATERIAL HANDLING
1	Neuenhauser palletizing line w/ Palletizer & tray inserter model Pro lace quick panel PLC, transporter car roller conveyors, top cell cover setter,
1	Xorella model LT-098/02200 x 7760" steamer, s/n 10541/21 10039/2001 w/ Siemens model Simatic OP7 PLC, 2001 yr.

APPENDIX D – AFY EQUIPMENT POKEMOUCHE

Qty.	Description
1	Vertical air storage tank, with Dominik Hunter in line air filters & misc.
1	Neuenhauser auto cone transfer system: system diagram #43KAO13257/100 c/w (2) chair loops, (44) lifters from 22 machines, (30) unloaders model ECP PI.0 control panel, overhead rail system, conveyor, electrical staging, cone storage system – (5) sections 150' conveyors, feed to palletize
1	Signode model Sure Tyer 2 head skid strapper, s/n S131576, SB1575 w/ Mettler Toledo weigh scale, Forte model 2760 moisture test cell, s/n 01207002, assembly console, TW Muller model 202 Octopus pallet wrapper, s/n C0180601 ,1999 yr.
3	Pallet Trucks for moving yarn trays, 2001 yr
1	Various Plastic Cans for Carding, Combing & Spinning
1	Various Plastic bobbins for Ring & Roving Machines
MISCELLANEOUS SUPPORT MACHINERY	
2	Graf model ROD 35/1 licker-in wire mouter, s/n 13, Graf model DABW portable wire mouter w/ all accessories, s/n 17, 2001 yr.
2	Berkol cots buffer/grinder c/w dust collecting unit, s/n 1/8/200 & 19/200 1 for ring, drawing and combing
1	Berkol model APHSO horizontal cots demounter, s/n 500 EV
1	Berkol pneumatic vertical table top cots demounter
1	Drill presses, shop vac benches, hoist grinders and various tools
2	Carrier model 19XR-7070565EKS65 chillers, s/n 2601 Q65801, 2601 A65802, c/w touch screen controls, pumps, central electrical panels, (2) Baltimore air coil model 33 797A-2, cooling towers, s/n LJO 13657901; N/A
2	Infilco model LJO-H8000ND reverse osmosis water treatment system c/w plastic tanks, pumps, filters, additive pumps, controls, s/n 211351, 2001 yr.
2	Weightronix model W1-125 digital readout platform scales c/w 5' x 5' platforms & ramps, s/n 038460, 038582, 2001 yr.
1	Skyjack model SJ1113219, 500 lb capacity self propelled electric scissor lift, s/n 235513, 2002 yr.

APPENDIX F

Inventory of parts and other on hand

A full listing of the parts inventory on hand is available on the Monitor's website at www.pwc.com/car-atlyarns. These listings are accurate as of December 31, 2008 and no material changes have occurred.

Any changes to the inventory on hand will be adjusted pro rata to original prices at the closing date. The Monitor does not anticipate there will be any changes other than minor consumption at the plant for maintenance during the shutdown period. Bidders should base their en bloc bids on a value of inventory of parts, supplies and pallets on the following estimates of value at date of closing. No adjustment will be made provided the inventory based on the schedules does not decline below these net values.

Value of inventory Atlantic Yarns – approximately \$1,900,000

Value of inventory Atlantic Fine Yarns – approximately \$1,700,000

Sale Process

PwCI intends to make the Invitation available to all interested parties. Prospective purchasers are invited to submit an offer for the purchase of the assets as described within this Invitation.

The Monitor recognizes that all the required information to make an offer is not contained herein, and prospective purchasers are invited to make enquiries on the business operations directly to the Monitor. The Monitor will have a data room with information available to prospective purchasers who complete a confidentiality agreement and meet the other conditions of the Monitor as set from time to time.

The Sale Process will be managed in accordance with the following procedures established by PwCI. PwCI retains the right, at any time, to terminate or alter the Sale Process without compensation to any party.

Review of the Offers

Following the receipt of the Invitation, prospective purchasers are asked to submit a binding expression of interest to the Saint John office of PwCI at the address noted on the form of offer. This binding offer to purchase should include the following details:

- The purchase price and form of offer, based on the attached Terms & Conditions;
- A certified cheque or bank draft for 5% of the purchase price;
- The names of the financial and legal advisors and other key consultants retained by the prospective purchaser in connection with the proposed transaction;
- Details on how the purchase would be financed, including evidence of proposed commitments if any;
- Timing and other approvals required for the purchase; and
- Proposed time of closing.

PwCI will review the expressions of interest and select the final acquirer. PwCI intends to select the offer considered to be the most favourable in terms of meeting the Monitor's objectives.

Due to the sensitive nature of timing, the Monitor will deal with offers as they are received. This is not a tender sale. If an offer is received that is acceptable, the Monitor will exercise its right to terminate the sale process and accept the offer subject to Court approval.

PRICEWATERHOUSECOOPERS INC.

MONITOR OF ATLANTIC YARNS INC. AND ATLANTIC FINE YARNS INC.

TERMS AND CONDITIONS OF SALE

1. The Vendor is Atlantic Fine Yarns Inc., or Atlantic Yarns Inc., as may be appropriate, as represented by its Court appointed **Monitor of Atlantic Yarns Inc. and Atlantic Fine Yarns Inc.** ("Vendor") in its capacity as Monitor and not in its personal capacity.
2. The Assets being offered for Sale, pursuant to these Terms and Conditions of Sale, consist of the Vendor's interest in the assets as described in the Invitation for Offers to Purchase Assets, property description and equipment list.
3. Offers marked "**Offer – Atlantic Yarns Group**" addressed to PricewaterhouseCoopers Inc., 44 Chipman Hill, 3rd Floor, Saint John, New Brunswick E2L 4B9. Offers will be reviewed and considered as received.
4. Each offer must be accompanied by a certified cheque, bank draft or money order payable to "PricewaterhouseCoopers Inc. - In Trust", for an amount equal to 5% of the offered price. If an offer is accepted and approved, the cheque, bank draft or money order shall be deemed a cash deposit and the balance of the purchase price shall be paid to the Vendor, at the times and on the terms and conditions herein set out. Upon notification of acceptance of the offer, Purchasers shall increase the cash deposit by a further 5% within 5 business days.
5. All offers shall be submitted on the required Form of Offer, which is attached to these Terms and Conditions of Sale. The Monitor may reject offers that are not on the required Form of Offer.
6. In consideration of the Vendor making available these Terms and Conditions of Sale, other information and the opportunity of inspection and/or in consideration of the Vendor receiving offers, each prospective Purchaser agrees that its offer is irrevocable and cannot be retracted, withdrawn, varied or countermanded prior to acceptance or rejection thereof.
7. The highest or any offer shall not necessarily be accepted. Preference may be given to en bloc offers.

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8. If the Vendor accepts any offer, then such acceptance shall be communicated to the successful prospective Purchaser within ten (10) business days of the date fixed for the closing of receipt of offers. Such notice may be by telephone, email, facsimile or other means of recorded telecommunications or by registered mail or delivery. Notice of acceptance shall be deemed effectively given when so delivered, telephoned or sent by facsimile or other means of recorded telecommunication or on date of deposit in a post office if mailed by registered mail, as the case may be. Upon such acceptance, there shall be an Agreement of Purchase and Sale between the Vendor and the Purchaser on the terms contained herein and the offer, these Terms and Conditions of Sale, and the acceptance shall be sufficient evidence of such Agreement.
9. Certified cheques, bank drafts or money orders accompanying offers that are not accepted by the Vendor will be returned, without interest, to the address given in the offer within the later of ten (10) business days of the date fixed for the closing of receipt of offers and the Court approval of the sale of the assets.
10. The balance of the purchase price shall be paid to the Vendor by cash or certified cheque upon closing, which closing shall occur within thirty days next after acceptance of offers by the Monitor provided that where Court approval may be sought by the Monitor and has not been obtained within 10 days of the date of acceptance, the closing date shall be extended until 30 days after Court approval, or on such other date as may be mutually agreed between the Monitor and purchaser.
11. Upon closing of the sale contemplated by the Agreement of Purchase and Sale, the Purchaser shall be entitled, upon receipt by the Vendor of the Purchase Price, only to such Deeds, Form 13 Transfers (Land Titles Act of New Brunswick), Bills of Sale or Assignments as may be considered necessary by the Vendor to convey the Assets to the Purchaser or the Assignee of the Purchaser provided that the Purchaser shall remain liable under the Agreement of Purchase and Sale, notwithstanding any assignment thereof by the Purchaser. Any such Deeds, Form 13 Transfers (Land Titles Act of New Brunswick), Bills of Sale or Assignments shall contain only a conveyance of the Vendor's interest in the Assets and shall not contain any covenant other than a covenant that the Vendor has done no act to encumber the Assets.
12. Real Property Taxes will be adjusted on the Closing Date. The Vendor will undertake to pay or other wise satisfy all Real Property Taxes for 2009 and prior such that clear title is passed to the Purchaser.
13. In addition of the Purchase Price for the Assets being purchased, the Purchaser shall pay to the Vendor on the Closing Date all applicable federal, provincial and other taxes unless all necessary Certificates to exempt the Purchaser there from are provided to the Vendor

APPENDIX G

- on or before the Closing Date. The Purchaser shall arrange its own insurance and there shall be no adjustment of insurance. The Purchaser shall be responsible for all costs with respect to the obtaining of all Federal, Provincial, civic and other licenses necessary to carry on a business.
14. The obligation of the Vendor to sell, and the Purchaser to purchase, the Assets shall, at the option of the Vendor terminate in the event that, prior to the Closing Date of the sale the Assets are substantially destroyed by fire, flood, the elements, Government action, or civil commotion or any other external cause beyond the control of the Vendor. Such option to terminate by the Vendor shall be exercised by giving notice in writing to the Purchaser that it intends to take the proceeds, if any, payable under any existing insurance policies and terminate the Agreement of Purchase and Sale. In such an event, the Agreement of Purchase and Sale shall automatically terminate and be deemed null and void and the deposit money shall be returned to the Purchaser without interest, cost, and compensation or deduction and no party shall be liable to another for any costs or damages whatsoever. If the Vendor does not exercise such option, the Purchaser, at his option may perform the Agreement of Purchase and Sale, such option to be exercised in writing, within seven (7) business days after notice to the Purchaser that the Vendor does not intend to exercise its option to terminate. In such event, the Purchaser shall be entitled only to an assignment of any proceeds payable under the existing insurance policies and transfer of any remaining Assets in full settlement of the Vendor's obligations to repair or replace the damaged assets and in full satisfaction of this Agreement of Purchase and Sale. If the Purchaser does not exercise his option, the Agreement of Purchase and Sale shall be automatically terminated and deemed null and void and the deposit money shall be refunded to the Purchaser without interest, costs, compensation or deduction and neither party shall be liable to the other for any costs or damages whatsoever.
 15. The Vendor shall remain in possession of the Assets until the Closing Date and completion of the Agreement of Purchase and Sale. Title to the Assets shall not pass to the Purchaser, nor shall the Purchaser be entitled to possession of same, until the purchase price and all other payments to be made by the Purchaser pursuant to the Agreement of Purchase and Sale have been paid in full.
 16. The Vendor may pay and discharge out of the monies to be paid by the Purchaser any liens or encumbrances not being assumed by the Purchaser.
 17. If, on or before closing, it is found that there are property claims, encumbrances or charges against any of the Assets being offered for sale which the Purchaser has not agreed to assume in addition to, or as part of his offer, and which the Vendor is not willing to discharge, then, subject to the Vendor's consent, the offer may be reduced by the Purchaser by the amount of the value of the claimed or encumbered assets (calculated by prorating the value of the encumbered assets based on the actual offered price) or the

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Vendor at its own option may rescind the agreement to sell the assets in question and the Purchaser shall be entitled solely to the return of the cash deposit without interest and without any other compensation of any kind or nature whatsoever for any loss, damages or other costs.

18. Subject to the terms and provisions hereof being complied with, the Purchase and Sale shall be closed not later than twenty (20) business days after the acceptance of the offer, provided however that where Court approval may be sought by the Monitor and has not been obtained within 10 days of the date of acceptance, the closing date shall be extended until 10 days after Court approval, or on such other date as may be mutually agreed between the Monitor and purchaser.
19. If the Purchaser fails to comply with these Terms and Conditions of Sale, the deposit shall be forfeited to the Vendor on account of liquidated damages and the Assets may be resold by the Vendor in such manner and on such terms as the Vendor in its sole discretion determines and the Purchaser shall pay to the Vendor (i) an amount equal to the amount, if any, by which the Purchase Price under the Agreement of Purchase and Sale exceeds the net purchase price received by the Vendor pursuant to such resale, and (ii) an amount equal to all costs and expenses incurred by the Vendor in respect of or occasioned by the Purchaser's failure to comply with the Agreement of Purchase and Sale.
20. By submitting an offer, the Purchaser acknowledges that it has inspected the Assets and that the Assets are sold on an "as is, where is" basis at the time of closing and that no representation, warranty or condition is expressed or implied as to title, description, environmental conditions, fitness for purpose, merchantability, quantity, condition, cost, or quality thereof or in respect of any other matter or thing whatsoever. Without limitation the Assets are specifically offered as they exist on closing and with no adjustments to be allowed the Purchaser for changes in conditions, qualities or quantities of the Assets from the date hereof to the Closing Date except as specifically provided for in the Terms and Conditions of Sale. Each Purchaser acknowledges that the Vendor is not required to inspect or count, or provide any inspection or counting, of the Assets.
21. PricewaterhouseCoopers Inc. acts in its capacity as Monitor as aforesaid and shall have no personal or corporate liability hereunder or from any Agreement of Purchase and Sale of contemplated hereby or as a result of any sale contemplated hereby.
24. In the event that some of the offers submitted are substantially in the same terms and/or amounts, the Vendor may in its sole discretion call upon those prospective Purchasers to submit further offers.
25. The Terms and Conditions contained herein shall not merge on closing, but shall survive such closing and remain in full force and effect and be binding on the Purchaser thereafter.

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26. The submission of an offer by a resident of the province of Quebec will be deemed to constitute the declaration and acknowledgement by such resident that it has requested these Terms and Conditions of Sale, the Form of Offer referred to herein and all other documentation relating to its offer and the acceptance thereof to be drawn up in the English language.
27. In the event that disruption occurs with respect to the Canadian or other postal service, all notices contemplated by these Terms and Conditions of Sale may be forwarded by telegram or facsimile.
28. The validity and interpretation of these Terms and Conditions of Sale, and of each provision and part thereof, and of any Agreement of Purchase and Sale defined herein, shall be governed by the laws of New Brunswick and the Courts of the Province of New Brunswick shall have exclusive jurisdiction with respect to any disputes arising out of these Terms and Conditions of Sale or any Agreement of Purchase and Sale entered into pursuant to these Terms and Conditions of Sale.
29. The Vendor at its own discretion may waive any or all of the Terms and Conditions of Sale herein.
30. If there is any conflict between these conditions and the advertised Invitation for Offers to Purchase Assets, the terms contained in these Terms and Conditions of Sale shall prevail.
31. The Agreement of Purchase and Sale entered into pursuant to these Terms and Conditions of Sale shall endure to the benefit of and be binding upon the parties thereto, and their respective successors and assigns.
32. All stipulations as to time are strictly of the essence.
33. In the event that the Purchaser fails to deposit the additional cash deposit in accordance with clause 4, the Purchaser shall be deemed to have forfeited its deposit and failed to complete the transaction and the provisions of clause 20 shall apply.

PricewaterhouseCoopers Inc.

Monitor of Atlantic Yarns Inc.

and Atlantic Fine Yarns Inc.

44 Chipman Hill, 3rd Floor

Saint John NB, E2L 4B9

Attention: Robert C. Smith, CA-CIRP

APPENDIX H

FORM OF OFFER

INVITATION FOR OFFERS TO PURCHASE

The Assets of Atlantic Yarns Inc. and/or Atlantic Fine Yarns Inc.

To: PricewaterhouseCoopers Inc.
44 Chipman Hill, 3rd Floor
Saint John NB E2L 4B9
Attention: Robert C. Smith, CA-CIRP

(Name of Prospective Purchaser)

(Address {include postal code})

(Telephone)

(Facsimile)

I I, we, hereby submit this offer for one or more of the following parcel(s). (The amount shown for each parcel will be considered a separate offer).

Parcel 1 - Lands & Buildings – Atholville, New Brunswick \$ _____

Parcel 2 - Equipment – Atholville, New Brunswick \$ _____

Parcel 3 – Inventory of supplies on hand, Atholville \$ _____

Parcel 4 - Land and Building – Pokemouche, New Brunswick \$ _____

Parcel 5 – Equipment – Pokemouche, New Brunswick \$ _____

Parcel 6 – Inventory of supplies on hand, Pokemouche \$ _____

II I, we, hereby submit this offer for the **bulk purchase** of the following parcels:

A bulk offer must indicate the value attributed to each parcel included in the bulk offer.

Parcel 1 - Lands & Buildings – Atholville, New Brunswick \$ _____

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Parcel 2 - Equipment – Atholville, New Brunswick \$ _____

Parcel 3 – Inventory of supplies on hand, Atholville \$ _____

Parcel 4 - Land and Building – Pokemouche, New Brunswick \$ _____

Parcel 5 – Equipment – Pokemouche, New Brunswick \$ _____

Parcel 6 – Inventory of supplies on hand, Pokemouche \$ _____

Total Offer for Bulk Purchase \$ _____

III Enclosed is the cash deposit by way of certified cheque, bank draft or money order in the amount of \$ _____, representing **five per cent (5%)** of the total amount offered.

IV It is acknowledged that this offer is subject to the Terms and Conditions of Sale issued by the Vendor.

DATED AT _____, this _____ day of _____, 2009.
(city or town) (day) (month)

(PRINTED NAME OF PROSPECTIVE PURCHASER)