

Court File No: 10-8630-00CL

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

**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  
NELSON FINANCIAL GROUP LTD.**

**APPLICANT**

**SUPPLEMENTAL TO FIFTH REPORT OF  
A. JOHN PAGE & ASSOCIATES INC.  
IN ITS CAPACITY AS THE MONITOR OF THE APPLICANT**

**JULY 23, 2010**

1. The purpose of this Supplement to the Fifth Report of A. John Page & Associates Inc. in its capacity as the monitor ("**the Monitor**") of Nelson Financial Group Ltd. ("**Nelson**" or "**the Applicant**") in this proceeding is to provide this Honourable Court with the following:
  - a) a revised cash flow forecast for the period May 31, 2010 to October 1, 2010;
  - b) details of the information meeting for Noteholders that was held on July 21, 2010; and
  - c) further details regarding the Applicant's request to pay off the secured indebtedness of Foscarini Mackie Holdings Inc. ("**Foscarini**") including the security opinion requested by the Monitor of its legal counsel.
2. All capitalized terms used herein and not otherwise defined are as defined in the Fifth Report of the Monitor dated July 21, 2010 ("**the Fifth Report**").
3. Unless otherwise stated, all monetary amounts referred to in this Report are expressed in Canadian dollars.

#### **UPDATED CASH FLOW FORECAST FROM MAY 31 TO OCTOBER 1, 2010**

4. Pursuant to the Fifth Report, the Monitor advised that, since the Applicant was asking this Honourable Court to approve an extension of the stay of proceedings from July 30, 2010 to and including October 1, 2010, the Applicant was in the process of preparing a new cash flow forecast extending the Updated Cash Flow Forecast by three weeks to October 1, 2010.
5. Attached hereto as **Exhibit "A"** is a copy of the Applicant's new cash flow forecast for the period May 31, 2010 to October 1, 2010 (**"the Second Updated Cash Flow Forecast"**).
6. Attached hereto as **Exhibit "B"** is a copy of the management representation letter relating to the Second Updated Cash Flow Forecast.
7. Attached hereto as **Exhibit "C"** is a copy of the Monitor's Report on the Second Updated Cash Flow Forecast.
8. Based on the Second Updated Cash Flow Forecast, the Monitor is of the view that the Applicant has sufficient cash within which to operate for the period up to and including October 1, 2010 and, accordingly, continues to recommend that this Honourable Court approve the request for the extension of the stay of proceedings.

#### **INFORMATION MEETING FOR NOTEHOLDERS**

9. Pursuant to the Fifth Report, the Monitor advised that it had assisted Mr. Douglas Turner, the Representative Counsel for the Noteholders (**"the Noteholder Representative Counsel"**), in organizing an information meeting for Noteholders that was held in Ajax, Ontario on July 21, 2010 and that it would provide this Honourable Court with details of this meeting in this Supplement to the Fifth Report.
10. Approximately 156 persons attended the information meeting and were introduced to the Noteholder Representative Counsel, special insolvency counsel to the Noteholder Representative Counsel, Mr. Richard Jones, the President of Nelson, Mr. Marc Boutet, and the Monitor.
11. The Monitor gave a powerpoint presentation to the Noteholders on (i) the CCAA process; (ii) the causes of the Applicant's financial difficulties; (iii) the Monitor's review of the Applicant's

business; (iv) the proposed Claims Procedure; and (v) an overview of the plan of compromise or arrangement that is being developed. With respect to the latter point, the Monitor explained the tax implications of any plan, including how an investment loss in Nelson may give rise to an allowable business investment loss (ABIL), and encouraged the Noteholders to contact their advisors to determine how to maximize the tax benefits arising from any plan.

12. Subsequently, Mr. Boutet addressed the Noteholders and then a “question and answer” period was held wherein several Noteholders posed questions of both Mr. Boutet and the Monitor. The questions posed related to, among others, the status of the Ontario Securities Commission proceedings, professional fees and future financial reporting.
13. Upon the conclusion of the “question and answer” period, the Applicant, the Applicant’s legal counsel, the Monitor and the Monitor’s legal counsel exited the meeting and the Noteholder Representative Counsel continued to convene a meeting of Noteholders, only.
14. The Monitor’s impression is that the Noteholders found the information meeting to be helpful and informative.

#### **THE REPAYMENT OF THE FOSCARINI SECURED INDEBTEDNESS**

15. Pursuant to the Fifth Report, the Monitor recommended that, if the Foscarini’s security is valid and enforceable, then this Honourable Court should approve the payment by the Applicant of all outstanding amounts owing by the Applicant to Foscarini as the discharge of this secured indebtedness would stop the accrual of interest at a rate of 12% per annum and would also eliminate the Applicant’s costs associated with the collection and segregation of the Foscarini Loans and the legal costs associated with this debt. Attached hereto as **Exhibit “D”** is a copy of the Foscarini Promissory Note, a related term sheet, a related investor information sheet and a Security Agreement dated November 16, 2009 granted by the Applicant in favour of Foscarini (**“the Security Agreement”**).
16. The Monitor also advised that it had requested a legal opinion from its solicitors on the validity and enforceability of the Foscarini Promissory Note and the related security. Attached hereto as **Exhibit “E”** is a copy of the legal opinion dated July 23, 2010 from the Monitor’s legal counsel, ThorntonGroutFinnigan LLP (**“TGF”**), to the Monitor (**“the Foscarini Security Opinion”**).
17. Pursuant to the Foscarini Security Opinion, TGF has opined that the Foscarini Promissory Note

and the Security Agreement are valid and enforceable in accordance with their terms.

18. Pursuant to the Foscarini Security Opinion, TGF has also reviewed, on a preliminary basis, certain issues that were raised by the Noteholder Representative Counsel regarding whether Foscarini gave valid consideration for the Foscarini Promissory Note and the Security Agreement and whether the granting of the Security Agreement by Nelson constitutes a fraudulent preference or transaction at undervalue pursuant to Sections 95 and 96 of the *Bankruptcy and Insolvency Act* (Canada). TGF is of the view that Foscarini gave valid consideration for the Foscarini Promissory Note and the Security Agreement and, accordingly, the granting of the Security Agreement does not constitute a fraudulent preference or a transaction at undervalue pursuant to the BIA.

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All of which is respectively submitted this 23<sup>rd</sup> day of July, 2010.

A. JOHN PAGE & ASSOCIATES INC.  
IN ITS CAPACITY AS THE MONITOR OF  
NELSON FINANCIAL GROUP LTD.

per:

A handwritten signature in black ink, appearing to read "A. John Page". The signature is stylized with a large, sweeping initial "A" and a long, horizontal stroke extending to the right.

A. John Page, CA•CIRP  
President

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

**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  
NELSON FINANCIAL GROUP LTD.**

**EXHIBITS TO THE SUPPLEMENT TO THE FIFTH REPORT OF A. JOHN  
PAGE & ASSOCIATES INC. IN ITS CAPACITY AS THE MONITOR OF THE  
APPLICANT**

**JULY 23, 2010**

Second Updated Cash Flow Forecast	A
Management Letter on the Second Updated Cash Flow Forecast	B
Monitor's Report on the Second Updated Cash Flow Forecast	C
Foscarini Promissory Note, a related term sheet, a related investor information sheet and the Security Agreement	D
Security Opinion dated July 23, 2010	E

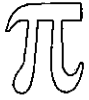


Exhibit "A"

**Supplemental to the Fifth Report of  
A. John Page & Associates Inc.  
In its Capacity as the Monitor of  
Nelson Financial Group Ltd.  
Dated July 23, 2010**

**Second Updated Cash Flow Forecast**

Nelson Financial Group Ltd  
 Weekly Cash Flow Forecast  
 For the 18 week period ending October 1, 2010

Unaudited

	Week Ending																		Total
	04-Jun-10	11-Jun-10	18-Jun-10	25-Jun-10	02-Jul-10	09-Jul-10	16-Jul-10	23-Jul-10	30-Jul-10	06-Aug-10	13-Aug-10	20-Aug-10	27-Aug-10	03-Sep-10	10-Sep-10	17-Sep-10	24-Sep-10	01-Oct-10	
<b>Opening Cash</b>	\$3,006,084	\$3,136,273	\$3,290,873	\$3,499,549	\$3,683,639	\$3,834,260	\$3,957,278	\$4,156,656	\$4,340,483	\$4,537,570	\$4,495,336	\$4,692,101	\$4,869,278	\$5,054,214	\$5,011,847	\$5,208,337	\$5,332,328	\$5,551,993	\$3,006,084
<b>Total Operating Receipts</b>	407,106	343,210	390,246	387,760	397,660	530,038	379,228	387,379	346,879	400,764	346,498	410,610	334,610	380,514	346,120	357,336	366,266	380,786	6,814,979
<b>Disbursements:</b>																			
Payroll and benefits	6,293	53,730	53,730	53,730	6,293	53,730	53,730	53,730	60,023	60,023	60,023	53,730	53,730	60,023	53,730	53,730	0	60,023	515,035
Rent	8,388	14,970	14,940	14,910	6,300	6,300	14,821	14,762	14,732	14,732	14,703	14,673	14,644	14,615	14,600	14,585	14,571	14,556	33,588
SG&A	15,000	14,970	14,940	14,910	14,881	14,850	14,821	14,792	14,762	14,732	14,703	14,673	14,644	14,615	14,600	14,585	14,571	14,556	265,605
Other	40,826	119,910	128,630	135,030	20,413	20,413	135,030	135,030	20,413	20,413	135,030	135,030	135,030	135,030	135,030	135,030	135,030	135,030	122,478
Net new Deal Funding	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Payments to Noteholders	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Payments to Pref Shareholders	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Restructuring Costs	86,500	0	30,000	0	196,500	0	30,000	0	0	206,500	0	30,000	0	186,500	30,000	30,000	0	186,500	982,500
<b>Total Disbursements</b>	276,917	188,610	171,570	203,670	379,417	203,610	179,851	203,552	149,782	442,968	149,733	233,433	149,674	422,881	149,630	233,345	149,601	422,822	4,311,106
<b>Net-Operating Cash Flow</b>	130,189	154,600	208,676	184,090	150,621	123,019	199,377	183,827	197,087	(42,234)	196,765	177,177	184,935	(42,367)	196,490	123,991	219,665	(46,036)	2,503,973
<b>Closing Cash</b>	\$3,136,273	\$3,290,873	\$3,499,549	\$3,683,639	\$3,834,260	\$3,957,278	\$4,156,656	\$4,340,483	\$4,537,570	\$4,495,336	\$4,692,101	\$4,869,278	\$5,054,214	\$5,011,847	\$5,208,337	\$5,332,328	\$5,551,993	\$5,509,957	\$5,509,957

See attached schedule entitled - Notes/Probable and Hypothetical Assumptions underlying Weekly Cash Flow Forecast for the 18 week period ending October 1, 2010



NELSON FINANCIAL GROUP LTD. ("Nelson")  
NOTES/PROBABLE AND HYPOTHETICAL ASSUMPTIONS UNDERLYING  
WEEKLY CASH FLOW FORECAST FOR THE 18 WEEK PERIOD ENDED  
OCTOBER 1, 2010

1. The Cash Flow Forecast has been prepared by Nelson to support a further application to extend the stay of proceedings first ordered when Nelson filed for and obtained protection from its creditors pursuant to the Companies Creditors' Arrangement Act ("CCAA") on March 23, 2010
2. Nelson is assumed to continue to operate on a going concern basis throughout the Cash Flow Period.
3. Opening Cash - The actual reconciled cash balance on May 28, 2010.
4. Sales forecasts are based on historical trends and the removal of Lendcare as a vendor. Included in operating receipts is a lump sum cash settlement expected from Lendcare during the week ended July 2, 2010. Nelson has also included minimal sales estimates from two new, more profitable vendors starting in June 2010.
5. No significant changes to rates billed to client or accepted from vendors.
6. Collection of accounts receivable are based on historic average sales patterns over past six weeks.
7. Employee liabilities are assumed to be paid in the ordinary course. All other pre filing liabilities are stayed as a result of the CCAA proceedings.
8. Payments of investor interest, investor redemptions, preferred share dividends and preferred share redemptions are stayed as a result of the CCAA proceedings
9. Post-filing rent payments are on the basis of existing lease arrangements.
10. Post-filing selling, general and administrative expenses are calculated initially based on existing arrangements and historical patterns of payment but then trending down to reflect lower loan volumes.
11. Restructuring costs represent projected payments on account of the fees and expenses of the Monitor, the Monitor's counsel, Nelson's counsel and "rep counsel" to represent promissory note holders. It is assumed that the unpaid balance of the fees and expenses billed by the Monitor up to June 30, 2010 will be paid by Nelson at the rate of \$30,000 per month through 2010. All other fees and expenses to be paid as billed.
12. The Cash Flow Forecast does not include any payments that might flow from of the successful adoption of a plan of compromise or arrangement.

13. The disbursement labelled "Other" reflects the transfer monthly to a separate bank account of an estimate of the amount collected on account of loan payments over which a secured creditor, Foscarini Mackie Holdings Inc., has a secured charge.

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Exhibit "B"

**Supplemental to the Fifth Report of  
A. John Page & Associates Inc.  
In its Capacity as the Monitor of  
Nelson Financial Group Ltd.  
Dated July 23, 2010**

**Management Letter on Second Updated Cash Flow Forecast**

ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST

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  
NELSON FINANCIAL GROUP LTD.

Report on Cash Flow Statement  
(Paragraph 10.2(b) of the CCAA)

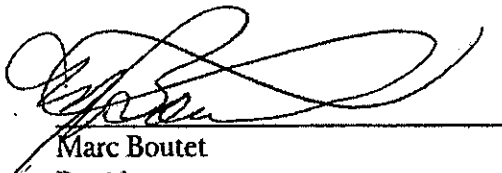
The management of Nelson Financial Group Ltd. has developed the assumptions and prepared the attached "Weekly Cash Flow Forecast for the 18 Week Period Ended October 1, 2010" ("the Projections").

1. The hypothetical assumptions are reasonable and consistent with the purpose of the Projections described in Note 1 to the Projections, and the probable assumptions are suitably supported and consistent with the plans of Nelson Financial Group Ltd. and provide a reasonable basis for the Projections. All such assumptions are disclosed in Notes 2 through 13 attached to the Projections.

2. Since the Projections are based on assumptions regarding future events, actual results will vary from the information presented, and the variations may be material.

3. The Projections have been prepared solely for the purpose described in Note 1 to the Projections, using the probable and hypothetical assumptions set out in Notes 2 through 13. Consequently, readers are cautioned that it may not be appropriate for other purposes.

Dated at Pickering, Ontario this 22nd day of July, 2010



Marc Boutet  
President  
Nelson Financial Group Inc.

Nelson Financial Group Ltd  
 Weekly Cash Flow Forecast  
 For the 18 week period ending October 1, 2010

Unaudited

	Week Ending																		Total	
	04-Jun-10	11-Jun-10	18-Jun-10	25-Jun-10	02-Jul-10	09-Jul-10	16-Jul-10	23-Jul-10	30-Jul-10	06-Aug-10	13-Aug-10	20-Aug-10	27-Aug-10	03-Sep-10	10-Sep-10	17-Sep-10	24-Sep-10	01-Oct-10		
<b>Opening Cash</b>	\$3,006,084	\$3,136,273	\$3,290,873	\$3,499,549	\$3,663,639	\$3,834,260	\$3,957,279	\$4,156,656	\$4,340,463	\$4,537,570	\$4,869,278	\$5,054,214	\$5,011,847	\$5,208,337	\$5,332,328	\$5,551,993	\$5,651,993	\$3,006,084		
<b>Total Operating Receipts</b>	407,106	343,210	390,246	387,760	530,038	325,629	379,228	387,378	346,879	400,764	346,498	410,610	334,610	380,514	346,120	367,336	369,266	380,786	6,814,879	
<b>Disbursements:</b>																				
Payroll and benefits	6,293	53,730	53,730	53,730	6,293	93,730	60,023	53,730	60,023	60,023	60,023	60,023	60,023	60,023	59,730	0	0	0	60,023	516,035
Rent	8,388				6,300		6,300		6,300	6,300	6,300	6,300	6,300	6,300	6,300	6,300	6,300	6,300	6,300	33,698
SG&A	15,000	14,970	14,940	14,910	14,881	14,850	14,821	14,792	14,762	14,732	14,703	14,673	14,644	14,615	14,585	14,571	14,555	14,555	14,555	265,605
Other	40,828				20,413		20,413		20,413	20,413	20,413	20,413	20,413	20,413	20,413	20,413	20,413	20,413	20,413	122,478
Net new Deal Funding	119,910	119,910	126,630	135,030	135,030	135,030	135,030	135,030	135,030	135,030	135,030	135,030	135,030	135,030	135,030	135,030	135,030	135,030	135,030	2,391,900
Payments to Noteholders	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Payments to Pref Shareholders	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Restructuring Costs	86,500	0	30,000	0	196,500	0	30,000	0	206,600	0	30,000	0	30,000	186,500	30,000	0	0	0	186,500	982,600
<b>Total Disbursements</b>	276,917	188,610	171,570	203,670	379,417	203,610	179,951	203,552	149,792	442,998	148,733	233,433	149,674	422,881	149,630	233,345	149,601	422,822	4,311,106	
<b>Net Operating Cash Flow</b>	130,189	154,600	208,676	184,080	150,621	123,019	199,377	183,827	197,087	(42,234)	196,765	177,177	184,936	(42,367)	186,490	123,991	219,665	(42,036)	2,503,873	
<b>Closing Cash</b>	\$3,136,273	\$3,290,873	\$3,499,549	\$3,663,639	\$3,834,260	\$3,957,279	\$4,156,656	\$4,340,463	\$4,537,570	\$4,869,278	\$5,054,214	\$5,011,847	\$5,208,337	\$5,332,328	\$5,551,993	\$5,651,993	\$5,651,993	\$5,651,993	\$5,651,993	

See attached schedule entitled - Notes/Probable and Hypothetical Assumptions underlying Weekly Cash Flow Forecast for the 18 week period ending October 1, 2010

NELSON FINANCIAL GROUP LTD. ("Nelson")  
NOTES/PROBABLE AND HYPOTHETICAL ASSUMPTIONS UNDERLYING  
WEEKLY CASH FLOW FORECAST FOR THE 18 WEEK PERIOD ENDED  
OCTOBER 1, 2010

1. The Cash Flow Forecast has been prepared by Nelson to support a further application to extend the stay of proceedings first ordered when Nelson filed for and obtained protection from its creditors pursuant to the Companies Creditors' Arrangement Act ("CCAA") on March 23, 2010
2. Nelson is assumed to continue to operate on a going concern basis throughout the Cash Flow Period.
3. Opening Cash - The actual reconciled cash balance on May 28, 2010.
4. Sales forecasts are based on historical trends and the removal of Lendcare as a vendor. Included in operating receipts is a lump sum cash settlement expected from Lendcare during the week ended July 2, 2010. Nelson has also included minimal sales estimates from two new, more profitable vendors starting in June 2010.
5. No significant changes to rates billed to client or accepted from vendors.
6. Collection of accounts receivable are based on historic average sales patterns over past six weeks.
7. Employee liabilities are assumed to be paid in the ordinary course. All other pre filing liabilities are stayed as a result of the CCAA proceedings.
8. Payments of investor interest, investor redemptions, preferred share dividends and preferred share redemptions are stayed as a result of the CCAA proceedings
9. Post-filing rent payments are on the basis of existing lease arrangements.
10. Post-filing selling, general and administrative expenses are calculated initially based on existing arrangements and historical patterns of payment but then trending down to reflect lower loan volumes.
11. Restructuring costs represent projected payments on account of the fees and expenses of the Monitor, the Monitor's counsel, Nelson's counsel and "rep counsel" to represent promissory note holders. It is assumed that the unpaid balance of the fees and expenses billed by the Monitor up to June 30, 2010 will be paid by Nelson at the rate of \$30,000 per month through 2010. All other fees and expenses to be paid as billed.
12. The Cash Flow Forecast does not include any payments that might flow from of the successful adoption of a plan of compromise or arrangement.

13. The disbursement labelled "Other" reflects the transfer monthly to a separate bank account of an estimate of the amount collected on account of loan payments over which a secured creditor, Foscarini Mackie Holdings Inc., has a secured charge.

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Exhibit "C"

**Supplemental to the Fifth Report of  
A. John Page & Associates Inc.  
In its Capacity as the Monitor of  
Nelson Financial Group Ltd.  
Dated July 23, 2010**

**Monitor's Report on Second Updated Cash Flow Forecast**



## MONITOR'S REPORT ON CASH FLOW FORECAST

The attached Weekly Cash Flow Forecast attached as Exhibit "A " to the Supplementary Report of the Monitor dated July 23, 2010 (the "Cash Flow Forecast") of Nelson Financial Group Ltd., (the "Company") for the period from May 31, 2010 through to October 1, 2010, has been prepared by the management of the Company to support a further application to extend the stay of proceedings using the Probable and Hypothetical Assumptions set out in Exhibit A.

Our review consisted of inquiries, analytical procedures and discussion related to information supplied to us by certain of the management and employees of the Company. Since Hypothetical Assumptions need not be supported, our procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the Cash Flow Forecast. We have also reviewed the support provided by management of the Company for the Probable Assumptions, and the preparation and presentation of the Cash Flow Forecast.

Based on our review, nothing has come to our attention that causes us to believe that, in all material respects:

- a) the Hypothetical Assumptions are not consistent with the purpose of the Cash Flow Forecast;
- b) as at the date of this report, the Probable Assumptions developed by management are not suitably supported and consistent with the plans of the Company or do not provide a reasonable basis for the Cash Flow Forecast, given the Hypothetical Assumptions; or
- c) the Cash Flow Forecast does not reflect the Probable and Hypothetical Assumptions.

Since the Cash Flow Forecast is based on Assumptions regarding future events, actual results will vary from the information presented even if the Hypothetical Assumptions occur, and the variations may be material. Accordingly, we express no assurance as to whether the Cash Flow Forecast will be achieved. We express no opinion or other form of assurance with respect to the accuracy of any financial information presented in this report, or relied upon by us in preparing this report.

The Cash Flow Forecast has been prepared solely for the purpose described in Note 1 to the Cash Flow Forecast and readers are cautioned that it may not be appropriate for other purposes.

All of which is respectfully submitted at Toronto this 23rd day of July, 2010

A. JOHN PAGE & ASSOCIATES INC.  
IN ITS CAPACITY AS MONITOR OF NELSON FINANCIAL GROUP LTD.

per:

  
A. John Page, President

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Nelson Financial Group Ltd  
 Weekly Cash Flow Forecast  
 For the 18 week period ending October 1, 2010

Unaudited

	Week Ending																		Total			
	04-Jun-10	11-Jun-10	18-Jun-10	25-Jun-10	02-Jul-10	09-Jul-10	16-Jul-10	23-Jul-10	30-Jul-10	06-Aug-10	13-Aug-10	20-Aug-10	27-Aug-10	03-Sep-10	10-Sep-10	17-Sep-10	24-Sep-10	01-Oct-10				
<b>Opening Cash</b>	\$3,006,084	\$3,136,273	\$3,290,873	\$3,489,549	\$3,683,639	\$3,834,260	\$3,957,279	\$4,156,856	\$4,340,483	\$4,537,570	\$4,869,278	\$5,054,214	\$5,011,847	\$5,208,337	\$5,332,328	\$5,551,993	\$3,006,084					
<b>Total Operating Receipts</b>	407,106	343,210	360,246	387,760	530,038	326,629	379,228	387,379	348,879	400,764	346,498	410,610	334,610	380,514	346,120	357,336	369,268	380,786	6,814,879			
<b>Disbursements:</b>																						
Payroll and benefits	6,293	53,730	53,730	53,730	53,730	53,730	53,730	53,730	53,730	53,730	53,730	53,730	53,730	53,730	53,730	53,730	53,730	53,730	0	60,023	515,035	
Rent	8,388				6,300					6,300				6,300						6,300	6,300	33,998
SG&A	15,000	14,870	14,840	14,910	14,881	14,850	14,821	14,782	14,762	14,732	14,703	14,673	14,644	14,615	14,600	14,585	14,571	14,556	14,556	14,556	265,605	
Other	40,826				20,413					20,413				20,413						20,413	20,413	122,478
Net new Deal Funding	118,910	118,910	126,830	135,030	135,030	135,030	135,030	135,030	135,030	135,030	135,030	135,030	135,030	135,030	135,030	135,030	135,030	135,030	135,030	135,030	135,030	2,391,900
Payments to Noteholders	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Payments to Pref Shareholders	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Restructuring Costs	86,500	0	30,000	0	196,500	0	30,000	0	0	206,500	0	30,000	0	186,500	0	30,000	0	0	0	186,500	186,500	982,500
<b>Total Disbursements</b>	276,817	188,510	171,570	203,670	379,417	203,670	179,851	203,552	148,782	442,888	148,793	233,433	149,674	422,881	149,630	233,345	149,601	422,822	4,311,106			
<b>Net Operating Cash Flow</b>	130,189	154,600	208,676	184,080	150,621	123,019	195,377	183,827	197,087	(42,234)	196,765	177,177	184,936	(42,367)	196,490	123,991	216,665	(42,036)	2,503,873			
<b>Closing Cash</b>	\$3,136,273	\$3,290,873	\$3,489,549	\$3,683,639	\$3,834,260	\$3,957,279	\$4,156,856	\$4,340,483	\$4,537,570	\$4,869,278	\$5,054,214	\$5,011,847	\$5,208,337	\$5,332,328	\$5,551,993	\$5,509,957	\$5,509,957	\$5,509,957	\$5,509,957			

See attached schedule entitled - Notes/Probable and Hypothetical Assumptions underlying Weekly Cash Flow Forecast for the 18 week period ending October 1, 2010

NELSON FINANCIAL GROUP LTD. ("Nelson")  
NOTES/PROBABLE AND HYPOTHETICAL ASSUMPTIONS UNDERLYING  
WEEKLY CASH FLOW FORECAST FOR THE 18 WEEK PERIOD ENDED  
OCTOBER 1, 2010

1. The Cash Flow Forecast has been prepared by Nelson to support a further application to extend the stay of proceedings first ordered when Nelson filed for and obtained protection from its creditors pursuant to the Companies Creditors' Arrangement Act ("CCAA") on March 23, 2010
2. Nelson is assumed to continue to operate on a going concern basis throughout the Cash Flow Period.
3. Opening Cash - The actual reconciled cash balance on May 28, 2010.
4. Sales forecasts are based on historical trends and the removal of Lendcare as a vendor. Included in operating receipts is a lump sum cash settlement expected from Lendcare during the week ended July 2, 2010. Nelson has also included minimal sales estimates from two new, more profitable vendors starting in June 2010.
5. No significant changes to rates billed to client or accepted from vendors.
6. Collection of accounts receivable are based on historic average sales patterns over past six weeks.
7. Employee liabilities are assumed to be paid in the ordinary course. All other pre filing liabilities are stayed as a result of the CCAA proceedings.
8. Payments of investor interest, investor redemptions, preferred share dividends and preferred share redemptions are stayed as a result of the CCAA proceedings
9. Post-filing rent payments are on the basis of existing lease arrangements.
10. Post-filing selling, general and administrative expenses are calculated initially based on existing arrangements and historical patterns of payment but then trending down to reflect lower loan volumes.
11. Restructuring costs represent projected payments on account of the fees and expenses of the Monitor, the Monitor's counsel, Nelson's counsel and "rep counsel" to represent promissory note holders. It is assumed that the unpaid balance of the fees and expenses billed by the Monitor up to June 30, 2010 will be paid by Nelson at the rate of \$30,000 per month through 2010. All other fees and expenses to be paid as billed.
12. The Cash Flow Forecast does not include any payments that might flow from of the successful adoption of a plan of compromise or arrangement.

13. The disbursement labelled "Other" reflects the transfer monthly to a separate bank account of an estimate of the amount collected on account of loan payments over which a secured creditor, Foscarini Mackie Holdings Inc., has a secured charge.

S:\DATA\WP\CLIENTS\NELSON\CFASS5C.WPD



Exhibit "D"

**Supplemental to the Fifth Report of  
A. John Page & Associates Inc.  
In its Capacity as the Monitor of  
Nelson Financial Group Ltd.  
Dated July 23, 2010**

**Foscarini Promissory Note, a related term sheet, a related  
investor information sheet and the Security Agreement**



NELSON FINANCIAL  
GROUP LTD.

PROMISSORY NOTE

Amount: \$653,341.63

FOR VALUE RECEIVED, the undersigned, Nelson Financial Group Ltd. acknowledges itself indebted and hereby promises to pay **Foscarini Mackie Holdings Inc.** (the "Holder"), the principal sum of Six Hundred and Fifty Three Thousand Three Hundred and Forty One Dollars (\$653,341.63) in lawful money of Canada (the "Principal") together with interest thereon in like money on the unpaid portion from time to time of the Principal until the Principal is repaid in full at the rate of 12% per annum, calculated monthly, not in advance, and shall be payable both before and after default and or judgment as well after as before maturity.

Interest (accruing from and in respect of the 16<sup>th</sup> day of November, 2009) calculated as aforesaid shall be payable monthly in the amount of \$6,533.42 on the 16<sup>th</sup> day of each month starting December, 2009 and the Principal shall become due and be paid in full on the 16<sup>th</sup> day of November, 2012.

Arrears of interest from time to time shall bear interest calculated and payable in the same manner as provided for above.

In the event that the undersigned shall at any time default in the payment of any interest due hereunder, then without prejudice to any other rights that the Holder may have, the Principal together with any unpaid interest shall immediately be accelerated and become due and payable forthwith.

This promissory note may not be assigned, discounted, pledged or hypothecated by the Holder and by any subsequent holder of this promissory note. This promissory note is not intended by the parties to be, and is not, a negotiable instrument.

The provisions of this promissory note shall be governed by and construed in accordance with the Province of Ontario and the federal laws of Canada applicable therein.

This note is subordinated, please see the Term Sheet for details.

Dated at Pickering, Ontario, this 16<sup>th</sup> day of November, 2009

LISA MACKIE  
Investor Name(s) – Print Please

[Signature]  
Investor Signature(s)

Nov 16/09  
Date

[Signature]  
Nelson Financial Group Ltd.  
Stephanie Sobol, General Manager

[Signature]  
Nelson Investment Group Ltd.  
Marc Boutet, President

# Amortization Schedule\*

Investor: Foscarini Mackie Holdings Inc.

Pay Frequency: Monthly, Interest Only

Loan Amt: \$653,341.63

Term: 36

\*This Schedule is based on 30 Days to first payment and a 360 day year.

Nominal Interest (APR) 12.00%

Payment #	Date	Last Date	Payment	Interest	Principal	Balance	
1	12/16/2009	11/16/2009	\$6,533.42	\$6,533.42	\$0.00	\$653,341.63	
<b>Totals:</b>			2009	\$6,533.42	\$6,533.42	\$0.00	\$653,341.63
2	1/16/2010	12/16/2009	\$6,533.42	\$6,533.42	\$0.00	\$653,341.63	
3	2/16/2010	1/16/2010	\$6,533.42	\$6,533.42	\$0.00	\$653,341.63	
4	3/16/2010	2/16/2010	\$6,533.42	\$6,533.42	\$0.00	\$653,341.63	
5	4/16/2010	3/16/2010	\$6,533.42	\$6,533.42	\$0.00	\$653,341.63	
6	5/16/2010	4/16/2010	\$6,533.42	\$6,533.42	\$0.00	\$653,341.63	
7	6/16/2010	5/16/2010	\$6,533.42	\$6,533.42	\$0.00	\$653,341.63	
8	7/16/2010	6/16/2010	\$6,533.42	\$6,533.42	\$0.00	\$653,341.63	
9	8/16/2010	7/16/2010	\$6,533.42	\$6,533.42	\$0.00	\$653,341.63	
10	9/16/2010	8/16/2010	\$6,533.42	\$6,533.42	\$0.00	\$653,341.63	
11	10/16/2010	9/16/2010	\$6,533.42	\$6,533.42	\$0.00	\$653,341.63	
12	11/16/2010	10/16/2010	\$6,533.42	\$6,533.42	\$0.00	\$653,341.63	
13	12/16/2010	11/16/2010	\$6,533.42	\$6,533.42	\$0.00	\$653,341.63	
<b>Totals:</b>			2010	\$78,401.04	\$78,401.04	\$0.00	\$653,341.63
14	1/16/2011	12/16/2010	\$6,533.42	\$6,533.42	\$0.00	\$653,341.63	
15	2/16/2011	1/16/2011	\$6,533.42	\$6,533.42	\$0.00	\$653,341.63	
16	3/16/2011	2/16/2011	\$6,533.42	\$6,533.42	\$0.00	\$653,341.63	
17	4/16/2011	3/16/2011	\$6,533.42	\$6,533.42	\$0.00	\$653,341.63	
18	5/16/2011	4/16/2011	\$6,533.42	\$6,533.42	\$0.00	\$653,341.63	
19	6/16/2011	5/16/2011	\$6,533.42	\$6,533.42	\$0.00	\$653,341.63	
20	7/16/2011	6/16/2011	\$6,533.42	\$6,533.42	\$0.00	\$653,341.63	
21	8/16/2011	7/16/2011	\$6,533.42	\$6,533.42	\$0.00	\$653,341.63	
22	9/16/2011	8/16/2011	\$6,533.42	\$6,533.42	\$0.00	\$653,341.63	
23	10/16/2011	9/16/2011	\$6,533.42	\$6,533.42	\$0.00	\$653,341.63	
24	11/16/2011	10/16/2011	\$6,533.42	\$6,533.42	\$0.00	\$653,341.63	
25	12/16/2011	11/16/2011	\$6,533.42	\$6,533.42	\$0.00	\$653,341.63	
<b>Totals:</b>			2011	\$78,401.04	\$78,401.04	\$0.00	\$653,341.63
26	1/16/2012	12/16/2011	\$6,533.42	\$6,533.42	\$0.00	\$653,341.63	
27	2/16/2012	1/16/2012	\$6,533.42	\$6,533.42	\$0.00	\$653,341.63	
28	3/16/2012	2/16/2012	\$6,533.42	\$6,533.42	\$0.00	\$653,341.63	
29	4/16/2012	3/16/2012	\$6,533.42	\$6,533.42	\$0.00	\$653,341.63	
30	5/16/2012	4/16/2012	\$6,533.42	\$6,533.42	\$0.00	\$653,341.63	
31	6/16/2012	5/16/2012	\$6,533.42	\$6,533.42	\$0.00	\$653,341.63	
32	7/16/2012	6/16/2012	\$6,533.42	\$6,533.42	\$0.00	\$653,341.63	
33	8/16/2012	7/16/2012	\$6,533.42	\$6,533.42	\$0.00	\$653,341.63	
34	9/16/2012	8/16/2012	\$6,533.42	\$6,533.42	\$0.00	\$653,341.63	
35	10/16/2012	9/16/2012	\$6,533.42	\$6,533.42	\$0.00	\$653,341.63	
36	11/16/2012	10/16/2012	\$6,533.42	\$6,533.42	\$0.00	\$653,341.63	
<b>Totals:</b>			2012	\$71,867.62	\$71,867.62	\$0.00	\$653,341.63
<b>Totals:</b>				\$235,203.12	\$235,203.12	\$0.00	\$653,341.63







NELSON FINANCIAL  
GROUP LTD.

TERM SHEET  
FIXED RATE INVESTMENT

ISSUER	Nelson Financial Group Ltd.
OFFER VOLUME	Unlimited
PURPOSE	To finance the Company's business operations
SUBSCRIPTION PERIOD	January 1 <sup>st</sup> , 2008 to December 31 <sup>st</sup> , 2013
TENURE	1 – 5 year maximum
MATURITY	See Promissory Note
INTEREST RATE	Fixed at 12% per annum, until maturity on; see Promissory Note
PRINCIPAL PAYMENTS	Principal will be repaid at maturity on; see Promissory Note
INTEREST PAYMENTS	The first interest payment will become due and payable on (see Promissory Note). Thereafter, interest will be paid monthly, until maturity. The final interest payment will be paid on; see Promissory Note.
TAXATION	Taxable
BUSINESS DAY	In the event that a payment day occurs on a day other than a business day, such payments will be made on the business day preceding that date. Interest will be calculated up to the actual payment date with 360 day calculations.
MINIMUM PURCHASE	\$150,000.00 \$10,000.00 – limited to accredited investors
CLOSING	Currently, closing is estimated to occur on or before; see Promissory Note
PAYMENT OPTIONS	Interest payments will be made electronically (EFT)
REPORTING REQUIREMENTS	Company issues investors annual T-5 slips
RELATED ISSUER	Nelson Investment Group Ltd.
DEPOSITS	Made to Nelson Financial Group Ltd.

The Lender acknowledges and agrees that the Borrower incur "Debt" in connection with institutional lenders, including but not limited to banks and institutional funds, and the Lender hereby agrees to subordinate for all purposes its rights and remedies under this Promissory Note to the rights and remedies of the lender(s) of the Debt pursuant to any security agreements entered into in connection with the Debt and the indebtedness thereunder such that the Debt Lenders' security interests shall rank, in all circumstances and for all purposes, in priority to the security interests of the Lender against the existing and future undertaking and assets of the Borrower, without any limitation. Each Debt Lender shall be entitled to rely upon this postponement and subordination as if it had been and is a party to this Promissory Note.

LISA Mackie  
Investor Name(s) – Print Please

[Signature]  
Investor Signature(s)

Nov 16/09  
Date

[Signature]  
Nelson Financial Group Ltd.  
Stephanie Sobol, General Manager

[Signature]  
Nelson Investment Group Ltd.  
Marc Boutet, President





NELSON INVESTMENT  
GROUP LTD.

612- 2312

**Investor Information**

**Date** November 16, 2009

**Investor Name** Foscarini Mackie Holdings Inc. **Investor Name/ROS**

**SIN** **SIN**

**Contact** Glen & Lisa Mackie **Tax ID #** 838130524

**Amount** \$653,341.63 **Term** 3 year **Repayment Method** Interest Only

**Address** 1581 Heathside Cres Pickering ON L1V 5X1

**Home Tel** 416-837-0820 **Business Tel** **Cell Tel**

**Email** **Birthday**

**Monthly Payable to** **Name on T5**

**Deposit Info:** **Bank Name** TD **Routing** 004 **Account** 18025211136  
*25 Nov 09 - call from Lisa Mackie - will write cheque for \$3,507.69 today*

**FOR OFFICE USE ONLY**

**Total Investment** \$653,341.63 **Payment** \$6,533.42 **12%**

**SOURCE:** **New** \$2,572.31 **Renewal** \$650,769.32

**Term** 36 months **First PMT Date** 12/16/09 **Maturity Date** 11/16/2012

**TYPE:**  Prin+Int  Int Only  Comp  Div  DRIP  RRSP



**SECURITY AGREEMENT**

This Agreement made as of the 16th day of November, 2009.

**BETWEEN:**

**NELSON FINANCIAL GROUP LTD.**  
(hereinafter called the "Debtor")

and

**FOSCARINI MACKIE HOLDINGS INC.**  
(hereinafter called the "Creditor")

**WHEREAS** the Creditor has loaned certain funds to the Debtor and may in future make additional loans to the Debtor;

**AND WHEREAS** the Debtor has agreed to grant a security interest to the Creditor on the terms set out herein, in order to secure its Obligations (hereinafter defined) to the Creditor,

**NOW THEREFORE** this Agreement witnesses that in consideration of the mutual covenants contained herein and other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. The Debtor hereby charges and creates a security interest in favour of the Creditor in all its assets listed in Schedule "A" attached hereto, together with all renewals, substitutions and proceeds thereof. For the purposes of this Security Agreement, the assets of the Debtor referred to herein are called the "Collateral". The security interest created herein is a first charge against the Collateral, ranking in priority to any other security interest, lien or encumbrance.
2. The security interest granted to the Creditor herein shall serve as security for the repayment of any and all indebtedness of the Debtor to the Creditor, and for the payment and discharge of all other liability and obligations, direct or indirect, absolute or contingent, now or hereafter arising, of the Debtor to the Creditor (all such indebtedness, interest, liabilities and obligations being hereinafter collectively called the "Obligations").
3. The Collateral will be equal to (2) two times the total principal amount of the Obligations. It is acknowledged and agreed that the contracts comprising the Collateral mature from time to time in the ordinary course of the Debtor's business, and that the Debtor shall replenish the Collateral on an scheduled basis, such that the actual total market value of the Collateral shall at no time be less than an amount equal to (1 and a 1/2) one and one half times the total principal amount of the Obligations. The Debtor shall, upon one (1) week's notice, provide to the Creditor an up-to-date copy of Schedule

"A", revised to show the deletion of matured contracts and the addition of new contracts comprising the Collateral. In the absence of such notice, the Debtor shall provide an updated Schedule "A" to the Creditor annually on the 1<sup>st</sup> day of November. All revised Schedules "A" shall form a part of this Security Agreement, and the security interest created by this Agreement applies to all contracts listed both now and subsequently in Schedule "A". Upon two (2) week's notice, the contracts included in Schedule "A" from time to time shall be made available for inspection by the Creditor at the Debtor's business premises during business hours.

4. The Debtor shall be in default under this Security Agreement upon the occurrence of any one of the following events:
  - (a) the Debtor defaults under any of the Obligations;
  - (b) the Debtor defaults in the due observance or performance of any covenant, undertaking or agreement heretofore or hereafter given to the Creditor, whether contained herein or not;
  - (c) an execution of any other process of any court shall come enforceable against the Debtor or a distress or analogous process shall be levied upon the Collateral or any part thereof;
  - (d) the Debtor becomes insolvent or commits any act of bankruptcy, or makes an assignment in bankruptcy or a bulk sale of the Collateral or is petitioned into bankruptcy;
  - (e) the Debtor ceases to carry on business;
  - (f) the Debtor sells all or substantially all of the Collateral or sells any of the Collateral outside the ordinary course of the Debtor's business;
  - (g) the Debtor permits the creation of or acknowledges the validity of a security interest claiming priority over the Creditor's security interest; or
  - (h) the Debtor permits the actual total market value of the Collateral to fall below the amount which is (1.5) 1 and a ½ times the principal amount of the Obligations.
5. Upon any default under this Security Agreement, the Creditor may declare any or all of the Obligations to be immediately due and payable and may proceed to realize the security hereby constituted and to enforce rights by entry; or by the appointment by instrument in writing of a receiver or receivers of the subject matter of such security or any part thereof and such receiver or receivers may be any person or persons, whether an officer or officers or an employee or employees of the Creditor or not, and the Creditor may remove any receiver or receivers so appointed and appoint another or others in his or their stead; or by proceedings in any court of competent jurisdiction for the appointment

of a receiver or receivers or for the sale of the Collateral or any part thereof, or by any other action, suit, remedy or proceeding authorized or permitted hereby or by law or by equity; and the Creditor may file such proofs of claim and other documents as may be necessary or advisable in order to have its claim lodged in any bankruptcy, winding-up or other judicial proceedings relative to the Debtor. Any such receiver or receivers so appointed shall have power to take possession of the Collateral or any part thereof and to carry on the business of the Debtor, and to borrow money required for maintenance, preservation or protection of the Collateral or any part thereof or the carrying on of the business of the Debtor and to further charge the Collateral in priority to the security constituted by this Security Agreement as security for money so borrowed, and to sell, lease, or otherwise dispose of the whole or any part of the Collateral on such terms and conditions and in such manner as he or they shall determine. In exercising any powers any such receiver or receivers shall act as agent or agents for the Debtor and the Creditor shall not be responsible for his or their actions.

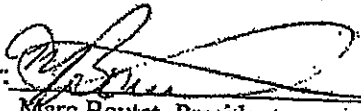
In addition, the Creditor may enter upon and sell the whole or any part of the Collateral and any such sale may be made hereunder by public auction, by public tender or by private contract, with or without notice and with or without advertising and without any other formality, all of which are hereby waived by the Debtor, and such sale shall be on such terms and conditions as to credit or otherwise and as to upset or reserve bid or price as to the Creditor in its sole discretion may seem advantageous, and such sale may take place whether or not the Creditor has taken possession of such assets.

No remedy for the realization of the security hereof or for the enforcement of the rights of the Creditor shall be exclusive of or dependant on any other such remedy, but any one or more of such remedies may from time to time be exercised independently or in combination. The term "receiver" as used in this Security Agreement includes a receiver and a manager.

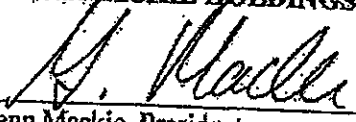
6. The Debtor agrees to pay all reasonable expenses, including solicitor's fees and disbursements and the remuneration of any receiver appointed hereunder, incurred by the Creditor in the enforcement of this Security Agreement and the payment of such expenses shall be secured hereby.
7. The Creditor may waive any default herein referred to; provided always that no act or omission by the Creditor in the Premises shall extend to or be taken in any manner whatsoever to affect any subsequent default or the rights resulting therefrom.
8. The Debtor warrants and acknowledges that the Debtor and the Creditor intend each of the security interests in this Security Agreement to attach upon the execution of this Security Agreement, that value has been given and that the Debtor has rights in the Collateral.
9. This Security Agreement shall enure to the benefit of and be binding upon the respective successors and assigns of the Debtor and the Creditor. The recitals at the head of this Agreement are true and accurate and form a part of this Agreement.

IN WITNESS WHEREOF this Security Agreement has been executed by the Debtor and the Creditor as of the 16<sup>th</sup> day of November, 2009.

**NELSON FINANCIAL GROUP LTD.**

Per:   
Marc Boutet, President

**FOSCARINI MACKIE HOLDINGS INC.**

Per:   
Glenn Mackie, President

I have the authority to bind the Corporation.

I have the authority to bind the Corporation.



## SCHEDULE "A"

Set out on the following pages is a listing of the Collateral. Each item represents a loan agreement entered into between the named Customer, as borrower, and Nelson Financial Group Ltd. as lender. This listing shall be amended from time to time in strict accordance with paragraph 3 of the Security Agreement of which this Schedule "A" forms a part.

Schedule A

Assigned to: Foscarini Mackle  
612-

Deal ID	Safe Price	Monthly	CashFlow
45091	\$2,998.00	\$107.77	\$4,957.42
45085	\$3,992.89	\$121.39	\$5,583.94
44896	\$7,738.85	\$278.20	\$12,797.20
44877	\$2,662.86	\$80.96	\$3,724.16
45082	\$2,622.90	\$84.29	\$4,337.34
44879	\$3,768.89	\$135.40	\$6,228.40
45088	\$2,798.00	\$100.58	\$4,628.88
44880	\$3,768.69	\$135.40	\$6,228.40
44881	\$3,082.85	\$93.73	\$4,311.68
44882	\$1,805.71	\$57.72	\$2,655.12
44883	\$2,925.57	\$105.17	\$4,837.82
45081	\$2,868.81	\$103.06	\$4,740.76
44876	\$2,925.57	\$105.17	\$4,837.82
44884	\$2,925.57	\$105.17	\$4,837.82
44878	\$2,800.00	\$100.85	\$4,629.80
44887	\$2,452.85	\$74.58	\$3,430.68
45080	\$1,822.85	\$65.53	\$3,014.38
45076	\$2,056.74	\$82.53	\$2,876.38
44913	\$4,284.75	\$154.03	\$7,085.38
44901	\$4,284.75	\$154.03	\$7,085.38
45075	\$3,073.74	\$110.49	\$5,082.54
45074	\$2,970.77	\$106.79	\$4,912.34
44904	\$2,557.85	\$77.77	\$3,577.42
45834	\$2,804.42	\$106.78	\$4,912.34
44905	\$2,767.85	\$84.16	\$3,870.90
44886	\$2,925.57	\$105.17	\$4,837.82
44863	\$3,238.75	\$116.43	\$5,355.78
44874	\$2,258.25	\$88.80	\$3,155.80
44859	\$2,031.74	\$73.04	\$3,359.84
44861	\$3,768.89	\$135.40	\$6,228.40
45094	\$2,784.95	\$100.11	\$4,505.06
44846	\$2,970.77	\$106.79	\$4,912.34
44845	\$3,427.89	\$123.22	\$5,668.12
44862	\$1,907.75	\$68.58	\$3,154.68
44857	\$2,970.77	\$106.79	\$4,912.34
44864	\$3,238.75	\$116.43	\$5,355.78
45083	\$2,767.85	\$84.16	\$3,870.90
45084	\$3,238.75	\$116.43	\$5,355.78
44839	\$2,925.57	\$105.17	\$4,837.82

Schedule A

Assigned to: Foscarini Mackie  
612-

45085
44844
35124
33839
33840
33893
33986
34034
34044
38039
38973
39497
44532
44531
44530
44527
44525
44523
44521
44380
44379
44556
44349
44351
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44353
44357
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44372
44373

\$1,822.85	\$65.53	\$3,014.38
\$2,505.35	\$80.08	\$4,142.76
\$2,877.72	\$49.62	\$2,232.90
\$13,200.00	\$426.25	\$19,181.25
\$13,200.00	\$426.25	\$19,181.25
\$2,859.88	\$82.35	\$4,155.75
\$3,442.72	\$111.17	\$5,002.65
\$13,200.00	\$426.25	\$19,181.25
\$2,758.72	\$89.08	\$4,008.80
\$2,836.74	\$99.49	\$4,477.05
\$2,970.77	\$83.78	\$3,770.10
\$2,838.89	\$74.35	\$3,345.75
\$2,827.85	\$101.66	\$4,574.70
\$1,139.40	\$40.86	\$1,843.20
\$2,297.89	\$69.86	\$3,143.70
\$3,238.75	\$116.43	\$5,239.35
\$2,925.67	\$105.17	\$4,732.65
\$3,238.75	\$116.43	\$5,239.35
\$3,238.75	\$116.43	\$5,239.35
\$2,935.74	\$106.63	\$4,748.85
\$2,935.74	\$106.63	\$4,748.85
\$3,768.89	\$135.40	\$6,093.00
\$1,544.95	\$55.54	\$2,499.30
\$2,935.74	\$106.63	\$4,748.85
\$3,238.75	\$116.43	\$5,239.35
\$1,941.71	\$59.02	\$2,655.80
\$3,260.45	\$99.11	\$4,459.95
\$2,662.85	\$80.96	\$3,643.20
\$2,925.57	\$105.17	\$4,732.65
\$2,925.57	\$105.17	\$4,732.65
\$2,276.95	\$81.85	\$3,663.25
\$3,238.75	\$116.43	\$5,239.35
\$2,557.85	\$77.77	\$3,489.65
\$2,866.81	\$103.06	\$4,637.70
\$2,480.01	\$88.43	\$3,979.35
\$3,427.89	\$104.21	\$4,689.45
\$2,886.81	\$95.87	\$4,314.15
\$2,970.66	\$90.32	\$4,064.40
\$2,970.77	\$106.79	\$4,805.55
\$638.30	\$22.87	\$1,028.15

Schedule A

Assigned to: Foscarini Mackie

612-

44375			
44377	\$2,970.77	\$106.79	\$4,805.55
44537	\$1,399.74	\$50.32	\$2,264.40
44558	\$4,019.49	\$144.49	\$6,502.05
44419	\$2,925.57	\$105.17	\$4,732.65
44404	\$2,868.81	\$103.77	\$4,669.65
44406	\$2,868.00	\$107.77	\$4,849.65
44408	\$2,868.81	\$103.06	\$4,637.70
44347	\$2,868.81	\$103.08	\$4,637.70
44458	\$2,970.77	\$106.79	\$4,805.55
44450	\$2,894.35	\$104.05	\$4,682.25
44449	\$2,557.85	\$77.77	\$3,499.65
44457	\$2,827.85	\$85.98	\$3,869.10
44445	\$1,702.78	\$51.77	\$2,329.65
44484	\$2,925.57	\$105.17	\$4,732.65
44420	\$3,238.75	\$116.43	\$5,239.35
44442	\$3,238.75	\$116.43	\$5,239.35
44422	\$3,238.75	\$116.43	\$5,239.35
44424	\$2,847.74	\$102.37	\$4,808.65
44425	\$2,598.76	\$79.01	\$3,585.45
44426	\$2,970.77	\$106.79	\$4,805.55
44428	\$2,970.77	\$106.79	\$4,805.55
44429	\$1,807.90	\$64.99	\$2,924.55
44448	\$2,668.81	\$95.87	\$4,314.15
44496	\$1,941.78	\$69.80	\$3,141.00
44383	\$2,127.75	\$84.69	\$2,911.05
44264	\$2,257.74	\$81.15	\$3,652.20
44387	\$2,662.86	\$96.72	\$4,307.40
44390	\$2,868.81	\$103.08	\$4,637.70
44391	\$2,970.77	\$106.79	\$4,805.55
44392	\$3,992.69	\$121.39	\$5,462.55
44393	\$4,019.49	\$144.49	\$6,502.05
44501	\$2,557.85	\$77.77	\$3,499.65
44402	\$2,925.57	\$105.17	\$4,732.65
44497	\$3,238.75	\$116.43	\$5,239.35
44396	\$2,877.78	\$81.41	\$3,869.46
44495	\$1,822.85	\$55.42	\$2,493.90
44494	\$3,766.89	\$135.40	\$5,093.00
44492	\$2,899.10	\$104.22	\$4,689.90
44490	\$2,788.81	\$99.48	\$4,475.70
	\$3,030.35	\$108.93	\$4,901.85

*AM* *(Signature)*

Schedule A Assigned to: Foscarini Mackie 812-

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\$2,925.57	\$105.17	\$4,732.65
\$2,767.85	\$99.50	\$4,477.50
\$2,767.85	\$99.50	\$4,477.50
\$1,518.74	\$54.80	\$2,457.00
\$1,927.85	\$89.30	\$3,118.50
\$2,031.74	\$73.04	\$3,286.80
\$3,201.69	\$115.09	\$5,179.05
\$3,238.75	\$116.43	\$5,239.35
\$2,242.85	\$80.63	\$3,628.35
\$3,007.75	\$108.12	\$4,865.40
\$2,718.45	\$97.72	\$4,397.40
\$2,886.81	\$103.08	\$4,637.70
\$2,734.74	\$98.31	\$4,423.95
\$2,719.40	\$97.78	\$4,399.20
\$2,886.81	\$103.08	\$4,637.70
\$3,751.74	\$134.87	\$6,069.15
\$3,286.69	\$117.43	\$5,284.35
\$3,227.75	\$116.03	\$5,221.35
\$3,238.75	\$116.43	\$5,239.35
\$2,622.90	\$94.29	\$4,243.05
\$2,662.85	\$80.96	\$3,643.20
\$2,698.00	\$96.89	\$4,384.55
\$2,886.81	\$103.06	\$4,637.70
\$2,767.85	\$84.15	\$3,786.75
\$3,394.36	\$122.02	\$5,480.90
\$4,004.60	\$143.95	\$6,477.75
\$4,019.49	\$144.49	\$6,502.05
\$4,019.49	\$144.49	\$6,502.05
\$3,768.69	\$135.40	\$6,093.00
\$2,882.85	\$80.96	\$3,643.20
\$3,227.75	\$116.03	\$5,221.35
\$3,238.75	\$116.43	\$5,239.35
\$2,970.77	\$108.79	\$4,805.55
\$2,032.65	\$91.81	\$2,781.45
\$1,822.85	\$85.53	\$2,948.85
\$1,927.85	\$89.30	\$3,118.50
\$2,886.81	\$103.08	\$4,637.70
\$2,242.85	\$88.19	\$3,068.55
\$2,452.85	\$88.17	\$3,967.85
\$2,866.81	\$103.06	\$4,637.70

*YMC* *CPA*

Schedule A

Assigned to: Foscarini Mackie  
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44595
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\$2,767.85	\$99.50	\$4,477.60
\$4,184.75	\$150.43	\$6,769.35
\$3,394.35	\$122.02	\$5,490.90
\$3,238.75	\$116.43	\$5,239.35
\$2,557.65	\$77.75	\$3,498.75
\$2,242.85	\$80.83	\$3,628.35
\$2,320.34	\$83.41	\$3,753.45
\$2,970.77	\$106.79	\$4,805.55
\$1,697.90	\$57.44	\$2,584.80
\$2,387.75	\$65.83	\$3,862.35
\$2,970.77	\$106.79	\$4,805.55
\$1,387.90	\$42.20	\$1,898.00
\$2,237.75	\$80.44	\$3,619.80
\$2,347.85	\$71.38	\$3,212.10
\$3,082.85	\$93.73	\$4,217.85
\$2,862.85	\$95.72	\$4,307.40
\$2,077.71	\$74.69	\$3,361.05
\$2,866.00	\$87.14	\$3,921.30
\$2,734.35	\$98.29	\$4,423.05
\$1,841.71	\$69.80	\$3,141.00
\$1,867.45	\$67.13	\$3,020.85
\$2,868.81	\$103.06	\$4,637.70
\$1,918.74	\$88.97	\$3,103.65
\$2,304.25	\$82.83	\$3,727.35
\$2,868.81	\$103.06	\$4,637.70
\$2,137.85	\$65.00	\$2,925.00
\$3,919.49	\$140.90	\$6,340.50
\$2,925.57	\$105.17	\$4,732.65
\$1,998.00	\$71.82	\$3,231.90
\$2,868.81	\$103.06	\$4,637.70
\$2,970.77	\$106.79	\$4,805.55
\$1,145.00	\$41.16	\$1,852.20
\$2,975.89	\$105.97	\$4,813.85
\$2,868.81	\$103.06	\$4,637.70
\$2,868.81	\$103.06	\$4,637.70
\$1,154.35	\$41.50	\$1,867.50
\$2,925.57	\$105.17	\$4,732.65
\$1,941.76	\$59.04	\$2,856.80
\$2,452.85	\$74.58	\$3,356.10
\$2,925.57	\$105.17	\$4,732.65

Schedule A

Assigned to: Foscarini Mackie  
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44003
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\$2,975.69	\$108.97	\$4,813.65
\$1,399.74	\$60.32	\$2,264.40
\$2,826.57	\$105.17	\$4,732.65
\$2,242.85	\$80.63	\$3,628.35
\$3,238.75	\$116.43	\$5,239.35
\$2,862.85	\$95.72	\$4,307.40
\$2,925.57	\$105.17	\$4,732.65
\$3,919.49	\$140.90	\$6,340.50
\$2,242.85	\$68.19	\$3,068.55
\$3,238.75	\$116.43	\$5,239.35
\$7,123.25	\$256.07	\$11,523.15
\$2,866.81	\$103.06	\$4,637.70
\$3,030.35	\$108.93	\$4,901.85
\$2,892.18	\$93.39	\$4,202.55
\$13,200.00	\$426.25	\$19,181.25
\$3,442.72	\$111.17	\$5,002.65
\$5,836.59	\$108.40	\$4,789.60
\$2,925.57	\$105.17	\$4,627.48
\$3,238.75	\$116.43	\$5,122.92
\$2,137.85	\$76.85	\$3,381.40
\$2,662.85	\$80.96	\$3,562.24
\$2,734.74	\$98.31	\$4,325.64
\$3,879.89	\$139.47	\$6,136.68
\$2,970.77	\$106.79	\$4,698.76
\$3,238.75	\$116.43	\$5,122.92
\$2,970.77	\$106.79	\$4,698.76
\$2,925.57	\$105.17	\$4,627.48
\$2,866.81	\$103.06	\$4,534.64
\$2,925.57	\$105.17	\$4,627.48
\$2,662.85	\$80.96	\$3,562.24
\$2,032.86	\$61.81	\$2,719.64
\$2,866.81	\$103.06	\$4,534.64
\$2,932.85	\$105.43	\$4,638.92
\$1,912.90	\$58.16	\$2,559.04
\$2,925.57	\$105.17	\$4,627.48
\$3,238.75	\$116.43	\$5,122.92
\$5,824.35	\$209.37	\$8,212.28
\$2,866.81	\$103.06	\$4,534.64
\$3,201.69	\$97.34	\$4,282.98
\$2,930.77	\$105.35	\$4,635.40



Exhibit "E"

**Supplemental to the Fifth Report of  
A. John Page & Associates Inc.  
In its Capacity as the Monitor of  
Nelson Financial Group Ltd.  
Dated July 23, 2010**

**Security Opinion dated July 23, 2010**



# ThorntonGroutFinnigan

THE INSOLVENCY & LITIGATION BOUTIQUE

James H. Grout  
Direct: 416-304-0557 E-mail: [jgrout@tgf.ca](mailto:jgrout@tgf.ca)  
File No. 1363-001

July 23, 2010

## VIA EMAIL

John Page  
A. John Page & Associates Inc.  
Suite 447  
100 Richmond Street West  
Toronto, ON M5H 3K6  
Canada

Dear Mr. Page:

**Re: Nelson Financial Group Ltd. ("Nelson")**

You have requested our opinion as to the validity and enforceability of a promissory note dated November 16, 2009 in the principal amount of \$653,341.63 (the "**Promissory Note**") and a Security Agreement dated November 16, 2009 (the "**Security Agreement**") granted by Nelson to Foscarini Mackie Holdings Inc. ("**Foscarini**").

We are solicitors qualified to practice law in the Province of Ontario and can only opine as to the laws of the Province of Ontario and the laws of Canada enforced therein. The opinions expressed herein relate only to the laws of the Province of Ontario and no opinions are expressed with respect to the laws of any other jurisdiction. Without limiting the generality of the foregoing, we express no opinion with respect to the laws of any other jurisdiction to the extent that those laws may govern the validity, perfection, effect of perfection or non-perfection, enforcement or priority of the security interests created by the Security Agreement reviewed herein as a result of the application of Ontario conflict of laws rules, including, without limitation, Sections 5-8 inclusive of the *Personal Property Security Act* (Ontario) (the "**PPSA**"). In addition, we express no opinion whether, pursuant to those conflict of laws rules, Ontario law would govern the validity, perfection, effect of perfection or non-perfection or enforcement or priority of the security interests created by the security agreements reviewed herein.

The Promissory Note provides that it is governed by the laws of the Province of Ontario and the federal laws of Canada applicable therein. The Security Agreement does not provide the jurisdiction of governance. For the purposes of this opinion, we have assumed that the Security Agreement is also governed by the laws of the Province of Ontario and the federal laws of Canada applicable therein.

Our opinion is based on our review of the documents provided to us. For the purposes of the opinions expressed herein, we have assumed the genuineness of all signatures, the authenticity of

ThorntonGroutFinnigan LLP

Suite 3200, Canadian Pacific Tower, 100 Wellington St. West, P.O. Box 329, Toronto-Dominion Centre, Toronto, Canada M5K 1K7  
Phone: (416) 304-1616 Fax: (416) 304-1313 [www.tgf.ca](http://www.tgf.ca)

all documents delivered to us as originals and the conformity to the authentic original documents of all documents delivered to us as certified, notarized or conformed. The opinions expressed herein are based upon and subject to the foregoing qualifications and assumptions, the qualifications and assumptions set out in Schedule "A" hereto and whatever qualifications or assumptions may be hereinafter expressed (collectively, the "**Qualifications**").

### **CORPORATE INFORMATION**

We have conducted a search in the records of the Ontario Ministry of Consumer and Business Services (the "**Ministry**"), which disclose that Nelson was incorporated under the *Business Corporations Act* (Ontario) (the "**OBCA**") on September 14, 1990 as Ontario corporation number 911152. The records maintained by the Ministry indicate that Nelson's business names include "Nelson Group" and "Newstart Canada" and that its registered head office is located at 1739 Orangebrook Court, Pickering, Ontario L1W 3G8.

Based upon the records maintained by the Ministry and subject to the Qualifications, we are of the view that Nelson was a valid and subsisting corporation at all material times discussed herein.

### **CORPORATE AUTHORIZATION**

We understand that Nelson did not execute any documents specifically authorizing Nelson to enter into the Promissory Note and the Security Agreement and to grant the security interests created by the Security Agreement. However, we have reviewed Nelson's By-Law No. 2 relating generally to the transaction of the business and affairs of Nelson (the "**By-Law**"). Section 5.1 of the By-Law provides as follows:

Subject to the articles and any unanimous shareholder agreement, the Board may from time to time appoint a president, one or more vice presidents (to which title may be added words indicating seniority or function), a secretary, a treasurer and such other officers as the Board may determine, including one or more assistants to any of the officers so appointed. The Board may specify the duties of and, in accordance with this by-law and subject to the provisions of the Act, delegate to such officers powers to manage the business and affairs of the Corporation. Two or more offices of the Corporation may be held by the same person.

Pursuant to Section 11.1 of the By-Law, deeds, transfers, assignments, contracts and any other documents of Nelson shall be signed on behalf of Nelson by two (2) directors or the President together with the Secretary. Pursuant to our search in the records of the Ministry, Marc Boutet has been the sole director of Nelson since the date of its incorporation, the President since September 17, 1990 being three (3) days after the date of Nelson's incorporation and an officer of another type that is unspecified since June 9, 2006. Accordingly, in our view, it is not possible for Nelson to execute documents in compliance with Section 11.1 of the By-Law.

However, Marc Boutet is the sole director of Nelson, the only officers of Nelson and, in our view, is the mind and management of Nelson. Accordingly, subject to the Qualifications, we are of the view that Nelson had the requisite corporate authority to enter into the Promissory Note and Security Agreement and grant the security interests created by the Security Agreement.

## **LOAN AND SECURITY DOCUMENTATION**

### **1. Promissory Note**

We have reviewed the Promissory Note. The Promissory Note has been executed on behalf of Nelson by Marc Boutet, in his capacity as President, and by Stephanie Sobol, in her capacity as General Manager. As discussed above, it is not possible to execute the Promissory Note in accordance with Section 11.1 of the By-Law, however, the Promissory Note was executed by Marc Boutet who is the sole director, only officers and the mind and management of Nelson, and accordingly, we are of the view that, subject to the Qualifications, Marc Boutet was authorized to execute and deliver the Promissory Note on behalf of Nelson. We are also of the view that the execution of the Promissory Note by Stephanie Sobol is irrelevant.

The Promissory Note provides that Nelson acknowledges itself indebted and promises to pay to Foscarini the principal sum of \$653,341.63 together with interest thereon at the rate of 12% per annum, calculated monthly. The Promissory Note matures on November 16, 2012. Subject to the Qualifications, we are of the view that the Promissory Note represents a valid and binding obligation of Nelson to Foscarini and is valid and enforceable in accordance with its terms.

### **2. Security Agreement**

We have reviewed the Security Agreement. The Security Agreement has been executed on behalf of Nelson by Marc Boutet in his capacity as President. As discussed above, it is not possible to execute the Security Agreement in accordance with Section 11.1 of the By-Law, however, the Security Agreement was executed by Marc Boutet who is the sole director, only officers and the mind and management of Nelson, and accordingly, we are of the view that, subject to the Qualifications, Marc Boutet was authorized to execute and deliver the Security Agreement on behalf of Nelson.

Pursuant to the Security Agreement, Nelson has granted Foscarini a security interest in the Collateral (as defined below) to secure the repayment of any and all indebtedness of Nelson to Foscarini, and for the payment and discharge of all other liability and obligations, direct or indirect, absolute or contingent, now or hereafter arising, of Nelson to Foscarini (collectively, the "**Obligations**"). Subject to the Qualifications, we are of the view that the Obligations includes the obligations of Nelson to Foscarini under the Promissory Note.

The "**Collateral**" includes all of Nelson's assets listed in Schedule "A" to the Security Agreement, together with all renewals, substitutions and proceeds thereof. Schedule "A" to the Security Agreement is a list of certain loan agreements or contracts entered into between a customer, as borrower, and Nelson, as lender. The Security Agreement provides that (i) the Collateral will be equal to two (2) times the total principal amount of the Obligations; (ii) the

contracts comprising the Collateral mature from time to time in the ordinary course of Nelson's business and that Nelson shall replenish the Collateral on a scheduled basis such that the actual total market value of the Collateral shall at no time be less than an amount equal to one and one half (1 ½) times the total principal amount of the Obligations; and (iii) all revised copies of Schedule "A" provided by Nelson to Foscarini showing the deletion of matured contracts and the addition of new contracts shall form part of the Security Agreement.

Subject to the Qualifications, we are of the view that the Security Agreement represents a valid and binding obligation of Nelson to Foscarini, grants a security interest in favour of Foscarini in respect of the Collateral and is valid and enforceable in accordance with its terms.

### **REGISTRATION**

We have searched the Ontario Personal Property Registration System for any registrations made against Nelson pursuant to the *Personal Property Security Act* (Ontario). As at March 22, 2010, Foscarini had registered a financing statement under the PPSA on December 24, 2009 against Nelson over all classes of collateral except "consumer goods". This registration is adequate to perfect a security interest in the Collateral in Ontario and is valid for a period of 5 years, expiring on December 24, 2014. There are a number of registrations against Nelson that are registered in priority to Foscarini.

### **OTHER CONSIDERATIONS**

As indicated above, the foregoing opinion is rendered based upon our review of the loan and security documentation provided to us. In addition, you have asked us to consider whether valid consideration was provided by Foscarini for the Promissory Note and Security Agreement and whether the granting of the Security Agreement by Nelson to Foscarini constitutes a fraudulent preference or transaction at undervalue pursuant to Sections 95 and 96 of the *Bankruptcy and Insolvency Act* (Canada) (the "BIA"). We have considered each of these issues on a preliminary basis and our preliminary views with respect thereto are outlined below.

We have been advised by Nelson of the following facts:

1. Foscarini and Nelson are unrelated parties;
2. Foscarini held two (2) unsecured promissory notes issued by Nelson – one promissory note was in the principal amount of \$300,000 dated November 16, 2008, which matured on November 16, 2009 (the "November Promissory Note") and the other promissory note was in the principal amount of \$350,769.32 dated January 25, 2008, which would have matured on January 25, 2010 (the "January Promissory Note");
3. in or about March 2009, Foscarini began requesting that Nelson secure the indebtedness;
4. in or about November 2009, prior to the maturity of the November Promissory Note, Foscarini advised Nelson that it would not reinvest the proceeds from the November

Promissory Note and the January Promissory Note unless Nelson provided security for the indebtedness; and

5. on November 16, 2009, Foscarini obtained the Promissory Note and Security Agreement by surrendering the November Promissory Note, surrendering the January Promissory Note and providing a certain amount of cash (collectively, the “**Consideration**”);
6. in or about the same time, Nelson was issuing similar promissory notes to other creditors without granting a security interest to those other creditors; and
7. throughout its history, Nelson would, at the request of any investor, redeem a promissory note upon its maturity by paying the principal amount together with all accrued interest to the investor without penalty.

For the purposes of this opinion, we have assumed that the foregoing facts are true and correct in all respects.

We have considered whether the Consideration paid by Foscarini for the Promissory Note and Security Agreement was valid consideration. We are of the view that the cash component of the Consideration constituted valid consideration. We are also of the view that the surrendering of the November Promissory Note and the January Promissory Note also constituted valid consideration. Given that the November Promissory Note matured on the same date that the Promissory Note was issued, the proceeds from the November Promissory Note were properly due and owing by Nelson to Foscarini and, accordingly, in our view, the reinvestment of such proceeds by Foscarini constituted fresh consideration for the Promissory Note. Furthermore, in *Royal Bank of Canada v. Grobe and Walbridge*, [1928] 3 D.L.R. 93 (Alta. S.C. (Trial)), Walbridge hypothecated two (2) promissory notes issued by Grobe to Walbridge to Royal Bank of Canada (the “**Bank**”) on September 1 and September 14, 1925, respectively, as collateral security for Walbridge’s indebtedness to the Bank. Subsequently, the Bank commenced proceedings against Grobe to recover on the second promissory note. Grobe advanced the position that the Bank had not provided value for the second promissory note as the consideration upon which the Bank took the second promissory note was the surrender to Walbridge of Grobe’s first promissory note. The Alberta Supreme Court held that Walbridge’s delivery of the second promissory note to the Bank as consideration for the Bank’s surrender of the first promissory note to Walbridge was sufficient consideration on the principle of *Haigh v. Brooks* (1839), 113 E.R. 119 as the Bank parted with something it might have kept. Similarly, we are of the view that Foscarini’s surrender of the January Promissory Note was valid consideration for the Promissory Note as Foscarini was entitled to keep the January Promissory Note and obtain the proceeds therefrom upon maturity.

We have also considered, on a preliminary basis, whether the granting of the Security Agreement constitutes a fraudulent preference or transaction at undervalue pursuant to Sections 95 and 96 of the BIA. Based on our preliminary view of the case law, we are of the view that, given that valid consideration was paid by Foscarini for the Promissory Note and Security Agreement, this

transaction does not constitute a fraudulent preference or transaction at undervalue pursuant to Sections 95 and 96 of the BIA.

We trust you find the foregoing satisfactory. If you have any questions or concerns, please do not hesitate to contact the undersigned.

Yours very truly,

**ThorntonGroutFinnigan LLP**

A handwritten signature in black ink, appearing to read 'JH Grout', written over a horizontal line.

James H. Grout  
JHG\*sa

## SCHEDULE "A"

Capitalized terms used in this Schedule "A" have the same meanings ascribed to them in the attached reporting letter, unless otherwise defined herein. The opinions contained in this letter are subject to the following assumptions and qualifications:

### ASSUMPTIONS

1. The genuineness of all signatures and the authenticity of all documents submitted to us as originals, and the conformity to original documents of all documents submitted to us as certified, notarized or photostatic copies.
2. The accuracy of all representations made and facts contained in any certificate delivered by Nelson and referred to herein.
3. That Nelson has rights in the collateral described in the security granted to Foscarini, that value has been given to Nelson and that no agreement exists between Foscarini and Nelson whereby the time for attachment of the security interest has been postponed.
4. The accuracy, completeness and currency of all public records wherein we conducted searches, as set out herein.
5. That valid consideration has been given by Foscarini to Nelson in respect of which the security was granted, that Foscarini has in fact advanced funds to Nelson, that amounts remain outstanding and owing by Nelson to Foscarini and that at no time since such advance was made was the amount owing by Nelson to Foscarini reduced to zero.
6. That any property pledged by Nelson or in respect of which a security interest has been granted to Foscarini is located in the Province of Ontario and is therefore subject only to the laws of the Province of Ontario or the laws of Canada applicable therein. We are qualified to practice law only in the Province of Ontario and provide no opinion in respect of any property of Nelson that is not located in the Province of Ontario or which may be subject to extra-provincial laws or security interests.
7. That an amalgamated corporation possesses all of the property, rights, privileges and franchises and is subject to all liabilities, including civil, criminal and quasi criminal, and all contracts, disabilities and debts of each of the amalgamating corporations pursuant to Section 179(b) of the OBCA.
8. That, since the repeal of the *Corporation Securities Registration Act*, a specific pledge of a debenture by a debtor to a secured creditor is not required to either grant or perfect the security interests in the collateral referenced in the debenture or enable the secured creditor to enforce the debenture.
9. That Foscarini is not a person "related to" Nelson within the meaning of Section 96 of the BIA.

10. That any documents governed by the laws of any jurisdiction other than Ontario are valid and enforceable in such jurisdiction.

### QUALIFICATIONS

11. The enforceability of any security is subject to all applicable bankruptcy and insolvency laws and laws of general application affecting the enforcement of creditors' rights generally, and the enforcement of such rights and the availability of equitable remedies are subject to the inherent discretion of the Court. In particular, and without limiting the foregoing, we offer no opinion with respect to the effect of Sections 91-101 of the BIA.
12. As Ontario does not have a system for recording ownership of personal property, no opinion is given with respect to title to any of the personal property pledged by Nelson in favour of Foscarini.
13. Our opinion with respect to registrations of the personal property security held by Foscarini from Nelson is based solely upon a review of a certified PPSA search for Nelson provided to us by the Ministry. We express no opinion with respect to any unregistered or unperfected claims of third parties whether now existing or arising in the future, which may, in the absence of any registration or perfection, rank in priority to the security interests of Foscarini. In addition, our search under the PPSA would only reveal registrations made under that legislation. We express no opinion with respect to any security that may have been granted by Nelson in other jurisdictions. We have conducted no searches with respect to any real property owned by Nelson and therefore offer no opinion with respect to any security interests granted in real property under any of the security.
14. In accordance with our usual practice, we have conducted no searches and made no registrations in respect of any trademarks, trade-names, patents, copyrights or other intellectual property rights of Nelson. We therefore express no opinion with respect to the validity or enforceability of any security granted by Nelson to Foscarini which are in the nature of a trade-mark, copyright, industrial design, patent, patent application, licence, approval, privilege, quota, franchise, permit or any other intellectual property.
15. Government licenses, permits, quotas or rights may be incapable of assignment, or may require the approval of or notice to the relevant governmental authority prior to becoming effective. We offer no opinion with respect to the effect upon the security of any laws, regulations or other legislation, whether provincial or federal, governing the necessity of obtaining a government licence, permit, quota or right in connection with the business carried on by Nelson and the effect thereon upon the security.
16. The PPSA does not apply to a security interest in an insurance contract, and accordingly any such interest must be confirmed and recorded with the relevant insurance company, and should be updated periodically according to the term of the policy to which it relates, to ensure that it remains in full force and effect and that your interest remains noted. In accordance with our usual practice and unless specifically requested, we do not make any



- such inquiries of insurance companies with respect to any insurance policies which may be in place.
17. Powers of attorney, although expressed to be irrevocable, may in some circumstances be revoked, including without limitation, pursuant to the *Substitute Decisions Act* (Ontario).
  18. We express no opinion on the enforceability of any provision of the security:
    - (a) which purports to exclude unwritten amendments, waivers or consents;
    - (b) which purports to waive any legal, statutory or equitable rights or doctrines;
    - (c) which purports to relieve any party from any duty or the consequence of its own negligence;
    - (d) which purports to sever a provision that is prohibited or unenforceable under applicable law, without effecting the validity or enforceability of the remainder of the document, which can be determined only in the discretion of the Court; or
    - (e) which provides for or may have the effect of providing for the payment of rates, fees, or any other amounts which may exceed the "Criminal Interest Rate" provisions of the *Criminal Code* (Canada).
  19. We express no opinion as to whether a court would interpret any of the provisions of the security in such a manner as to limit, alter or decline to enforce any particular provision or to restrict the enforcement by Foscarini or any of its rights thereunder, all such matters being the subject of specific judicial interpretation based on the particular facts before the court.
  20. The enforceability of any guarantee is subject to any defences that the law provides generally to guarantors. We are unable to advise as to the potential merit of any such defences until such time as they are raised and examined on the particular facts in question. We have assumed that none of the guarantees reviewed herein fall within the prohibition against financial assistance contained in Section 20 of the OBCA.
  21. A perfected security interest may become unperfected prior to its stated expiry date in certain circumstances, such as where a debtor transfers its collateral out of the ordinary course of business or changes its name and the secured party fails to register an amendment to its PPSA registration within a prescribed period of time after learning of same.
  22. While the order of registration is not absolutely indicative of priority, the general rules of priority under the PPSA provide that the first party to perfect its security interest has priority over parties who perfect their security interest at a later date. There are exceptions to this rule, such as inventory and equipment that is purchased through the use of a *purchase-money security interest* ("PMSI") security arrangement, whereby a

security interest is granted in the purchased goods to secure payment of the purchase price. A PMSI registration can have priority over a pre-existing PPSA registration in the event that the requirements for a PMSI are met by a PMSI lender. Collateral may also be subject to unregistered government super priority claims. We are not able to advise you as to the merits of such PMSI or government claims until a respective party subsequently raises such claims.

23. There may be certain other claims that may have a “practical priority” over Foscarini’s priority even if they are not entitled to legal priority. Certain claims, such as landlord and employee claims, may have to be paid in the event of a security enforcement in order to allow a receiver and manager to continue to operate the debtor’s business operations, even though such claims may not rank in priority to Foscarini’s security.
24. Our opinion with respect to the priority of the personal property security held by Foscarini from Nelson is based solely upon a review of a certified PPSA search for Nelson provided to us by the Ministry. We express no opinion with respect to any unregistered or unperfected claims of third parties whether now existing or arising in the future, which may, in the absence of any registration or perfection, rank in priority to the security interests of Foscarini.
25. A Court in the Province of Ontario may decline to enforce rights of indemnity and contribution under the security to the extent that they are found to be contrary to equitable principles or public policy.
26. The failure to exercise or delay in exercising a right of action or remedy under the security may act as a bar to the enforcement at anytime thereafter, or waiver, of such rights.
27. A Court in the Province of Ontario may decline to enforce the recovery of default interest or any additional amount payable pursuant to the security to the extent that it is found to be a penalty.
28. We express no opinion as to the validity, effect, enforceability, perfection or effect of perfection or non perfection of any security interest in collateral that has transformed in such a way that it is not identifiable or traceable or on any proceeds of collateral that are not identifiable or traceable.

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 NELSON FINANCIAL GROUP LTD.

Court File No.: 10-8630-00CL

**ONTARIO**  
**SUPERIOR COURT OF JUSTICE**  
**COMMERCIAL LIST**

Proceedings commenced at Toronto

**SUPPLEMENTAL TO FIFTH REPORT OF**  
**A. JOHN PAGE & ASSOCIATES INC. IN ITS CAPACITY**  
**AS THE MONITOR OF THE APPLICANT**  
**DATED JULY 23, 2010**

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