

Court File No. CV-14-10655-00CL

**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 MARTIN ROSS GROUP INC.**

**THIRD REPORT OF THE MONITOR,
COLLINS BARROW TORONTO LIMITED**

October 16, 2014

**COLLINS BARROW TORONTO LIMITED
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(FILED SEPARATELY AND SUBJECT TO A REQUEST FOR A SEALING ORDER)**

Appendix "1" Second Liquidator

**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
MARTIN ROSS GROUP INC.**

**THIRD REPORT OF THE MONITOR
October 16, 2014**

I. Introduction

1. This is the Third Report prepared by Collins Barrow Toronto Limited (the "**Monitor**"), in its capacity as the Monitor of Martin Ross Group Inc. ("**MRG**" or the "**Company**") appointed pursuant to section 11.7 of the *Companies' Creditors Arrangement Act* (the "**CCAA**") by an Order of Mr. Justice Penny dated August 7, 2014 (the "**Initial Order**"). A copy of the Initial Order is attached hereto as Appendix "**A**".
2. On August 27, 2014, the Company sought and obtained from the Court an Order extending the stay period to September 11, 2014 ("**First Stay Extension Order**"). A copy of the First Stay Extension Order is attached hereto as Appendix "**B**".
3. On September 11, 2014, the Company sought and obtained from the Court an Order extending the stay period to October 31, 2014, as well as an Order authorizing and directing the Monitor to conduct the sale process attached as Schedule "A" to that Order ("**Sale Process Approval and Second Stay Extension Order**"). A copy of the Sale Process Approval and Second Stay Extension Order, without appendices, is attached hereto as Appendix "**C**".

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4. On October 8, 2014, the Company sought and obtained an Order providing for the payment of \$947,679.38 by 2436768 Ontario Inc. ("**2436768**") to the Company for the sole purpose of making payments to Eligible Employees, and the appropriate withholdings related thereto to Canada Revenue Agency, ("**Eligible Employee Payment Order**") as more fully described therein. A copy of the Eligible Employee Payment Order is attached hereto as Appendix "**D**".
 5. The First Report of the Monitor dated September 5, 2014 (the "**First Report**"), which was used in support of the Company's motion on September 11, 2014, was filed with the Court on September 8, 2014. A copy of the First Report, without appendices, is attached hereto as Appendix "**E**".
 6. The Second Report of the Monitor dated October 6, 2014 (the "**Second Report**"), which was used in support of 2436768's motion on October 6, 2014, was filed with the Court on October 7, 2014. A copy of the Second Report, without appendices, is attached hereto as Appendix "**F**".
 7. The purpose of this Third Report is to:
 - i) provide the Court with an update on the Sale Process approved by the Court on September 11, 2014, and the results thereof;
 - ii) provide information on the Company's activities since the Second Report;
 - iii) comment on the Company's proposed liquidation processes (the "**Liquidation Process**") of its various assets, including its:
 - a. finished goods inventory and the liquidation services agreement (the "**Liquidation Services Agreement**") therefor with Silverman Chapman & Reese Consulting Ltd. ("**SCR**");
 - b. loose diamond inventory (the "**Loose Diamonds Liquidation Process**");
 - c. gold and other precious metals; and

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- d. its remaining assets, excluding those assets subject to the Liquidation Services Agreement and the Loose Diamonds Liquidation Process, gold and other precious metals and its accounts receivable;
 - iv) comment on MRG's request to increase the aggregate threshold for sales not requiring Court approval to \$1,750,000 and for the Court to issue an order vesting the Company's right, title and interest in and to the assets sold in accordance with the requested Order, in and to the applicable purchasers;
 - v) provide information on the updated Cash Flow Statement filed by the Company;
 - vi) comment, and provide a recommendation to the Court, on the Company's motion for an extension of the stay of proceedings to January 31, 2015;
 - vii) provide information on the Monitor's activities to September 30, 2014 and to seek an Order approving the Monitor's activities and Monitor Invoices # 1 and #2; and
 - viii) request the Court order the sealing of the expression of interest to liquidate the Company's inventory received from a second party pending further order of the Court.
8. In preparing this Third Report and making the comments herein, the Monitor has relied upon unaudited financial information prepared or provided by the Company, discussions with management of the Company, the Company's counsel and information from other third-party sources (collectively, the "Information"). As the Information included in this Third Report has been provided by the Company or other parties, the Monitor has relied on the Information and, to the extent possible, reviewed the Information for reasonableness. However, the Monitor has not audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards

pursuant to the CPA Canada Handbook and, accordingly, the Monitor expresses no opinion or other form of assurance in respect of the Information.

9. Capitalized terms not defined in this Third Report are as defined in the Initial Order, the First Stay Extension Order, the Sale Process Approval and Second Stay Extension Order, and the Eligible Employee Payment Order. All references to dollars are in Canadian currency unless otherwise noted.
10. The Monitor has to date posted to its website the Application Record dated August 5, 2014, the Initial Order, the First Report, the First Stay Extension Order, the Sale Process Approval and Second Stay Extension Order, the Second Report, the Eligible Employee Payment Order and Endorsement, the Company's motion record dated October 15, 2014 for the approval of a liquidation process and stay extension, a list of the Company's creditors, a notice sent to the Company's creditors, and the Service List. The Monitor's website is found at <http://www.collinsbarrow.com/en/toronto-ontario/martin-ross-group>. The Monitor will continue to post to its website documents in accordance with the E-service Protocol for the Commercial List in the Toronto region.

II. **Sale Process**

11. The Company proposed a sale process (the "**Sale Process**"), to be conducted by the Monitor, for its assets, details of which are set out in the First Report. The Sale Process was approved by the Court on September 11, 2014 and the Court issued the Sale Process Approval and Second Stay Extension Order.
12. The Monitor, in accordance with the Sale Process, sent out an information overview document ("**Flyer**") and then proceeded to send out a confidential information memorandum ("**CIM**"), including proprietary details of the Company's business, to those interested parties that had signed a confidentiality agreement ("**NDA**").

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13. Offers under the Sale Process were to be received by the Monitor on or before September 30, 2014 (the “**Sale Process Deadline**”). A summary of the results of the Sale Process as at the Sale Process Deadline are set out below:

Description	#
Flyers sent	25
NDA's signed and CIMs issued	18
Parties that accessed the Company's data room	3
Interested parties with additional enquiries	2
Offers received	1

14. As set out in the above table, only one offer (a non-material offer for certain of the Company's assets) was received. The Monitor subsequently followed up with parties which had received the CIM, to confirm that those parties did not intend to provide the Monitor with offers for the Company's assets.
15. The Monitor notes that it was advised by parties interested in making offers for the Company's inventory, that it was difficult for them to do so, as the components of the inventory were changing on a daily basis due to ongoing production. The Monitor suggested to those parties that they submit their offer based on the category of inventory, with the purchase price to be determined based on a physical count of that inventory as at the date of sale. No offers were received on that basis.
16. Subsequent to September 30, 2014, MRG entered into negotiations with the party that submitted the offer. The Monitor was advised by the Company on October 15, 2014 that the parties have reached an agreement and that the Monitor is to forward the deposit received pursuant to the Sale Process to the Company upon the closing of the transaction.

III. **MRG's Activities**

17. MRG's activities since the granting of the Sale Process and Approval Order are set out in the affidavit of Cameron Gillies sworn on October 15, 2014 (the

“Gillies Affidavit”), which affidavit is attached to the motion materials of the Applicant. Based on the information in the Gillies Affidavit and the Monitor’s interaction with the Company and its counsel, it appears to the Monitor that MRG is acting in good faith and with due diligence.

IV. Eligible Employees

18. The Second Report sets out that 2436768 had provided \$947,679.38 to the Company for the sole purpose of paying amounts to Eligible Employees. As set out in the affidavit of Allen Shechtman sworn on October 6, 2014 in these proceedings, there were 76 Eligible Employees.
19. The Monitor was advised by counsel to 2436768 on October 15, 2014 that to date, seventy (70) of the Eligible Employees had signed the Acknowledgement and Release.
20. The Monitor has, pursuant to the terms of the Eligible Employee Payment Order, agreed to extend to November 15, 2014 (for two employees) and to January 15, 2015 (for one employee) the date upon which the Eligible Employee Payment has to be made.

V. Liquidation of Assets

21. As a result of the lack of any significant offers for MRG’s assets and the decision, set out in the First Report, of MRG’s principal lender to not advance any additional credit to the Company, the Company is proposing to liquidate its assets. The assets being liquidated are primarily its inventories using a multi-faceted approach, which is necessitated by the unique nature of the different components of the Company’s inventory.
22. The Company’s proposed liquidation approach is described in detail in the Gillies Affidavit, and is set out below:

Nature of Asset	Proposed Method of Liquidation
Finished goods inventory	Retail liquidation utilizing the services of SCR
Surplus finished goods inventory	Consignment sale of goods through SCR's network of third party jeweller retailers across Canada
Loose diamonds inventory	Loose Diamonds Liquidation Process
Gold and other precious metals inventory	Sale to refineries at prevailing market prices
Coloured stones and surplus finished goods inventory	Bulk sales to jewellers, dealers, retailers and wholesalers
Fixed assets	Attempt to sell to parties who may be interested in taking over the Company's leased premises or by liquidation auction
Other assets	Any interested party

Finished Goods Inventory

23. As set out in the Gillies Affidavit, the Company's view is that the best manner in which to liquidate its finished goods inventory is through a retail liquidation sale in advance of the upcoming Christmas retail season.
24. The Company received expressions of interest from two parties, one of which was from SCR, to conduct the liquidation of the Company's inventory. Both offers were on a commission basis and did not include any form of net minimum guarantee. An unredacted copy of the Company's agreement with SCR was filed with the Company's Motion Record in connection with the within Application, a redacted version of the expression of interest from the second party (the "**Second Liquidator**") is being filed with the Court by the Monitor as "**Confidential Appendix 1**".
25. Paragraph 31 of the Gillies Affidavit sets out the Company's analysis of the two expressions of interest. Based on that analysis, the Company has given careful consideration to the two expressions of interest, including taking into account that the commission rate to be charged by the Second Liquidator is "considerably lower" than the rate to be charged by SCR. Based on that analysis, the

Company determined that SCR's offer constitutes the offer that the Company proposes to accept.

26. The Company has entered into the Liquidation Services Agreement with the Liquidator and a redacted copy of the Liquidation Services Agreement has been attached to the Gillies Affidavit. A complete version of the Liquidation Services Agreement has been filed with the Court by the Company with a request that it be sealed until completion of the liquidation sale.
27. Based on the foregoing, the Monitor concurs with the Company's decision to engage SCR to conduct the liquidation of the Company's finished goods inventory as set out herein. The Monitor agrees that the unredacted version of the Liquidation services Agreement should be sealed until further order of tis Court.

Loose Diamonds Liquidation Process

28. As set out in the Gillies Affidavit, based on MRG's experience, only diamond dealers, many of whom are familiar to the Company, have the means to purchase sufficient quantities of loose diamonds that will result in the loose diamond inventory being liquidated in an efficient manner. In this regard, Paragraph 41 of the Gillies Affidavit sets out Mr. Gillies' rationale as to why MRG is best situated to perform this liquidation.
29. A summary of the process, including timeline, proposed by the Company for the Loose Diamonds Liquidation Process is set out below:

Description	Timeline
Complete organization of loose diamond inventory, in accordance with industry standards	By October 31, 2014
Contact and advise certain diamond dealers of opportunity to inspect and submit bids for specific lots of MRG's loose diamonds	Beginning November 3, 2014
Permit inspection of loose diamond inventory by interested parties	November 3 – 21, 2014
Provision of specific terms and conditions of sale and bid sheets to interested parties	Up to November 24, 2014
Sealed bids, together with 10% of the aggregate bid price as a deposit	On or before 5:00 pm on November 24, 2014
Bids to be opened in the presence of the Monitor and to be considered by the Company and the Monitor	November 25, 2014 to December 8, 2014
Successful bidders notified and arrangements to close transactions to be made	December 8, 2014

30. Additional salient terms and conditions of any offer made by an interested party are proposed to be that: (i) all bids are irrevocable until December 8, 2014; and (ii) a bill of sale, on an "as is, where is" basis, will be issued to purchasers after payment in full of the purchase price has been made.
31. The Monitor notes that while it will not be conducting the Loose Diamonds Liquidation Process, offers pursuant thereto are to be delivered to the Monitor rather than the Company.
32. Based on its review of the Loose Diamonds Liquidation Process, including the Terms and Conditions of Sale relating thereto, the Monitor considers the Loose Diamonds Liquidation Process and the Company's proposed timeline with regard to this process to be reasonable.

Gold and Other Precious Metals

33. MRG proposes to liquidate most of its inventory of gold and other precious metals, given that these inventories are primarily commodities, by selling it to refineries at prevailing market prices. Some of this inventory, in the form of jewellery components, precious metal scrap, filings and gold dust will likely have to remain on hand for jewellery repairs. On the basis that these precious metal inventories are commodities and trade on the open markets at prevailing market prices, the Company does not propose in engaging in a separate sales process for them.
34. The Monitor considers the Company's approach with regard to the liquidation of gold and other precious metal inventories reasonable as sales will be on the open market at prevailing prices for these commodities.

Coloured Stones and Surplus Finished Goods

35. The Company has advised that the sale of coloured stones differs significantly from loose diamonds, in that interested parties will likely purchase coloured stones on the spot and in bulk without the need for a detailed inspection. Furthermore, MRG intends to make available additional surplus finished goods inventories that are not consigned by SCR to potential purchasers of coloured stones and other retailers and wholesalers.
36. MRG proposes to invite prospective purchasers of these inventories from its network of contacts to make offers to purchase coloured stones and surplus finished goods in bulk without further approval of this Court, provided that each individual sale transaction does not exceed \$100,000 or, together with the sale of fixed assets and other assets does not in aggregate exceed \$1,750,000.

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37. Based on the nature of the contemplated inventory and the likelihood that coloured stones and surplus finished goods will be sold in bulk, the Company's approach to liquidating this type of inventory is not unreasonable.

Fixed Assets

38. As set out in the Gillies Affidavit, MRG's fixed assets are highly specialized and are "hard-engineered" into the specific premises. The Company's proposed method of sale, being identification of an interested party that would be amenable to leasing or purchasing the premises from which MRG operates, is the ideal manner in which to sell the subject fixed assets as it would eliminate significant removal and other costs.
39. MRG advises that if it is unable to sell the fixed assets in-situ within a reasonable amount of time, it will have to proceed to an auction from the premises. Although realizations may not be maximized through the conduct of an auction, there may be no alternative.
40. Based on the forgoing, the Monitor considers MRG's approach to selling its fixed assets practical.

Other Assets

41. The Company owns certain intangible assets such as trademarks and industrial designs and moulds and models for products that it manufactured and sold. It is not expected that the market for these assets will be extensive and it is not expected that any given sale transaction for these types of assets will exceed \$100,000 or \$1,750,000, in aggregate.
42. The Monitor agrees with the Company's view with regard to the sale of these types of assets and recommends that the Court approve MRG's request that it be allowed to sell the assets directly without further Order of the Court, provided that any individual transaction and all transactions, in aggregate, do not exceed \$100,000 and \$1,750,000 respectively.

Accounts Receivable

43. As set out in the Gillies Affidavit, MRG continues to collect its accounts receivable and is not intending on selling the accounts receivable as part of the contemplated liquidation process. MRG believes that greater value will be realized for its stakeholders if MRG collects its accounts receivable itself.
44. As of September 26, 2014, the Company reported to the Monitor that accounts receivable collections were \$1,893,000 compared to a projected amount of \$2,040,000, representing a negative variance of approximately 7%.

Vesting Order

45. The Company has requested that the Court issue an Order vesting all of MRG's right, title and interest in and to the assets sold in accordance with the Order being sought, free and clear of any and all encumbrances of any kind, in and to the applicable purchasers.
46. In light of the nature of the inventory, likely volume of transactions and the Company's knowledge of the industry, including potential transaction values, the Monitor believes that the Company's request is practical and reasonable in the circumstances.

VI. Extended Cash Flow Projection

47. Attached hereto as Appendix "G" is MRG's cash flow projection for the period October 6, 2014 to January 31, 2015 (the "**Extended Cash Flow Projection**") that was filed by the Company with its motion for an extension to the stay of proceedings (the "**Stay**") to January 31, 2015. The Monitor has reviewed the Extended Cash Flow Projection and the assumptions therein.
48. As set out in the Extended Cash Flow Projection, the significant facts that are evidenced in and were considered in preparing the Extended Cash Flow Projection include:

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- manufacturing operations ceased on October 3, 2014; and
 - 21 staff members have been offered continuing employment to assist with the Liquidation Process – 4 until October 17, 2014, 1 until October 31, 2014, 6 until November 30, 2014 and 10 until December 31, 2014 and beyond.
49. The Extended Cash Flow Projection sets out that the Company will generate sufficient cash to fund operations and pay its debts as they generally come due for the period of the Extended Cash Flow Projection. A summary of the projected results for the period of the Extended Cash Flow Projection are set out below:
- a. accounts receivable collections are projected to total \$3.9 million;
 - b. retail sales by the liquidator are estimated to total \$6.8 million, inclusive of harmonized sales tax (“HST”);
 - c. consignment inventory sales through the Liquidator are forecast to be \$1 million;
 - d. loose diamond inventory sales are estimated to total \$2.4 million;
 - e. other inventory liquidation realizations are expected to be \$536,000;
 - f. significant disbursements include: HST (\$782,000), payroll and commissions (\$495,000), commissions to SCR (\$600,000) and professional fees (\$200,000);
 - g. total receipts and disbursements for the period of the Extended Cash Flow Projection are forecast to be \$14.6 million and \$2.7 million respectively with net cash flow of approximately \$11.9 million; and
 - h. the Company’s closing cash balance is forecast to be \$12.9 million.
50. Based on the Monitor’s review of the Extended Cash Flow Projection, nothing has come to the Monitor’s attention that causes the Monitor to believe that, in all material respects, the assumptions developed by the Company are not suitably

supported and consistent with the Company's plan or do not provide a reasonable basis for the Extended Cash Flow Projection. Since the Extended Cash Flow Projection is based on assumptions regarding future events, actual results may vary from the information presented, and such variations may be material. Accordingly, the Monitor can provide no assurances that the Extended Cash Flow Projection will be achieved.

VII. The Company's Request for an Extension of the Stay of Proceedings

51. The stay of proceedings pursuant to the Sale Process Approval and Second Stay Extension Order expires on October 31, 2014.
52. The Company wishes to extend the stay period such that the Liquidation Process may be carried out. The Monitor believes the Liquidation Process as described in the Gillies Affidavit is fair and reasonable and will maximize realizations for the Company's creditors.
53. The Monitor is of the view that the Company is proceeding in good faith and diligently during these proceedings and the Company's request for an extension of the stay period to January 31, 2015 is appropriate and reasonable in the circumstances and the Monitor recommends such extension.

VIII. The Monitor's Fees and Disbursements

54. The Monitor and its counsel have maintained detailed records of their professional fees and disbursements during the course of these proceedings.
55. The Monitor's accounts total \$54,823.50 in fees, \$1,831.82 in disbursements plus HST of \$7,365.19 for a total amount of \$64,020.51 from July 28, 2014 to September 30, 2014 (the "**Monitor's Accounts**"). A copy of the Monitor's Accounts, together with a summary of the accounts, the total billable hours charged per account, and the average hourly rate charged per account, is set out in the Affidavit of Daniel Weisz sworn October 16, 2014 that is attached hereto as Appendix "H".

56. The accounts of the Monitor's counsel, Torkin Manes LLP, total \$17,000.00 in fees, \$414.10 in disbursements and \$2,261.75 in HST for a total of \$19,675.85 (the "**Torkin Accounts**") for the period ending September 30, 2014. A copy of the Torkin Accounts, together with a summary of the personnel, hours and hourly rates described in the Torkin Accounts, supported by the Affidavit of Stewart Thom sworn October 14, 2014 is attached hereto as Appendix "I".

IX. Requests of the Court

57. The Monitor requests that the Court grant an Order approving:
- a. the Second Report and the Third Report and the Monitor's activities described therein;
 - b. the fees and disbursements of the Monitor and its counsel to September 30, 2014; and
 - c. sealing the expression of interest received from the Second Liquidator until further order of this Court.

All of which is respectfully submitted to this Court as of this 16th day of October, 2014.

COLLINS BARROW TORONTO LIMITED
in its capacity as the Monitor appointed in
the CCAA proceedings of Martin Ross Group Inc.,
and not in its personal capacity



Per: Daniel R. Weisz, CPA, CA, CIRP
Senior Vice President

APPENDIX A

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE Mr.)
JUSTICE Penny)

THURSDAY, THE 7TH
DAY OF AUGUST, 2014

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 MARTIN ROSS GROUP INC. (the
"Applicant")

INITIAL ORDER

THIS APPLICATION, made by the Applicant, pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA") was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of Cameron Gillies sworn August 5, 2014 and the Exhibits thereto, and on being advised that the secured creditors who are likely to be affected by the charges created herein were given notice, and on hearing the submissions of counsel for the Applicant, no one appearing for Sherfam Inc., RP Holdings Inc., or Dell Financial Services Canada Limited, although duly served as appears from the affidavit of service of Stephen Wolpert affirmed August 5, 2014 and on reading the consent of Collins Barrow Toronto Limited to act as the Monitor,

SERVICE

1. THIS COURT ORDERS that the time for service of the Notice of Application and the Application Record is hereby abridged and validated so that this Application is properly returnable today and hereby dispenses with further service thereof.

APPLICATION

2. THIS COURT ORDERS AND DECLARES that the Applicant is a company to which the CCAA applies.

PLAN OF ARRANGEMENT

3. THIS COURT ORDERS that the Applicant shall have the authority to file and may, subject to further order of this Court, file with this Court a plan of compromise or arrangement (hereinafter referred to as the "Plan").

POSSESSION OF PROPERTY AND OPERATIONS

4. THIS COURT ORDERS that the Applicant shall remain in possession and control of its current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the "Property"). Subject to further Order of this Court, the Applicant shall continue to carry on business in a manner consistent with the preservation of its business (the "Business") and Property. The Applicant is authorized and empowered to continue to retain and employ the employees, consultants, agents, experts, accountants, counsel and such other persons (collectively "Assistants") currently retained or employed by it, with liberty to retain such further Assistants as it deems reasonably necessary or desirable in the ordinary course of business or for the carrying out of the terms of this Order.

5. THIS COURT ORDERS that the Applicant shall be entitled but not required to pay the following expenses whether incurred prior to or after this Order:

- (a) all outstanding and future wages, salaries, employee benefits, vacation pay and expenses payable on or after the date of this Order, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements; and
- (b) the fees and disbursements of any Assistants retained or employed by the Applicant in respect of these proceedings, at their standard rates and charges.

6. THIS COURT ORDERS that, except as otherwise provided to the contrary herein, the Applicant shall be entitled but not required to pay all reasonable expenses incurred by the Applicant in carrying on the Business in the ordinary course after this Order, and in carrying out the provisions of this Order, which expenses shall include, without limitation:

- (a) all expenses and capital expenditures reasonably necessary for the preservation of the Property or the Business including, without limitation, payments on account of insurance (including directors and officers insurance), maintenance and security services; and
- (b) payment for goods or services actually supplied to the Applicant following the date of this Order.

7. THIS COURT ORDERS that the Applicant shall remit, in accordance with legal requirements, or pay:

- (a) any statutory deemed trust amounts in favour of the Crown in right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from employees' wages, including, without limitation, amounts in respect of (i) employment insurance, (ii) Canada Pension Plan, and (iv) income taxes;
- (b) all goods and services or other applicable sales taxes (collectively, "Sales Taxes") required to be remitted by the Applicant in connection with the sale of goods and services by the Applicant, but only where such Sales Taxes are accrued or collected after the date of this Order, or where such Sales Taxes were accrued or collected prior to the date of this Order but not required to be remitted until on or after the date of this Order, and
- (c) any amount payable to the Crown in right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal realty, municipal business or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured creditors and which are attributable to or in respect of the carrying on of the Business by the Applicant.

8. THIS COURT ORDERS that until a real property lease is disclaimed in accordance with the CCAA, the Applicant shall pay all amounts constituting rent or payable as rent under real property leases (including, for greater certainty, common area maintenance charges, utilities and realty taxes and any other amounts payable to the landlord under the lease) or as otherwise may be negotiated between the Applicant and the landlord from time to time ("Rent"), for the period

commencing from and including the date of this Order, twice-monthly in equal payments on the first and fifteenth day of each month, in advance (but not in arrears). On the date of the first of such payments, any Rent relating to the period commencing from and including the date of this Order shall also be paid.

9. THIS COURT ORDERS that, except as specifically permitted herein, the Applicant is hereby directed, until further Order of this Court: (a) to make no payments of principal, interest thereon or otherwise on account of amounts owing by the Applicant to any of its creditors as of this date; (b) to grant no security interests, trust, liens, charges or encumbrances upon or in respect of any of its Property; and (c) to not grant credit or incur liabilities except in the ordinary course of the Business.

RESTRUCTURING

10. THIS COURT ORDERS that the Applicant shall, subject to such requirements as are imposed by the CCAA, have the right to:

- (a) permanently or temporarily cease, downsize or shut down any of its business or operations, and to dispose of redundant or non-material assets not exceeding \$100,000 in any one transaction or \$1,000,000 in the aggregate
- (b) terminate the employment of such of its employees or temporarily lay off such of its employees as it deems appropriate; and
- (c) pursue all avenues of refinancing of its Business or Property, in whole or part, subject to prior approval of this Court being obtained before any material refinancing,

all of the foregoing to permit the Applicant to proceed with an orderly restructuring of the Business (the "Restructuring").

11. THIS COURT ORDERS that the Applicant shall provide each of the relevant landlords with notice of the Applicant's intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the Applicant's entitlement to remove any such fixture under the provisions of

the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the Applicant, or by further Order of this Court upon application by the Applicant on at least two (2) days notice to such landlord and any such secured creditors. If the Applicant disclaims the lease governing such leased premises in accordance with Section 32 of the CCAA, it shall not be required to pay Rent under such lease pending resolution of any such dispute (other than Rent payable for the notice period provided for in Section 32(5) of the CCAA), and the disclaimer of the lease shall be without prejudice to the Applicant's claim to the fixtures in dispute.

12. THIS COURT ORDERS that if a notice of disclaimer is delivered pursuant to Section 32 of the CCAA, then (a) during the notice period prior to the effective time of the disclaimer, the landlord may show the affected leased premises to prospective tenants during normal business hours, on giving the Applicant and the Monitor 24 hours' prior written notice, and (b) at the effective time of the disclaimer, the relevant landlord shall be entitled to take possession of any such leased premises without waiver of or prejudice to any claims or rights such landlord may have against the Applicant in respect of such lease or leased premises, provided that nothing herein shall relieve such landlord of its obligation to mitigate any damages claimed in connection therewith.

NO PROCEEDINGS AGAINST THE APPLICANT OR THE PROPERTY

13. THIS COURT ORDERS that until and including September 6, 2014, or such later date as this Court may order (the "Stay Period"), no proceeding or enforcement process in any court or tribunal (each, a "Proceeding") shall be commenced or continued against or in respect of the Applicant or the Monitor, or affecting the Business or the Property, except with the written consent of the Applicant and the Monitor, or with leave of this Court, and any and all Proceedings currently under way against or in respect of the Applicant or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

14. THIS COURT ORDERS that during the Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency, or any other entities (all of the foregoing, collectively being "Persons" and each being a "Person") against or in respect of the

Applicant or the Monitor, or affecting the Business or the Property, are hereby stayed and suspended except with the written consent of the Applicant and the Monitor, or leave of this Court, provided that nothing in this Order shall (i) empower the Applicant to carry on any business which the Applicant is not lawfully entitled to carry on, (ii) affect such investigations, actions, suits or proceedings by a regulatory body as are permitted by Section 11.1 of the CCAA, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH RIGHTS

15. THIS COURT ORDERS that during the Stay Period, no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Applicant, except with the written consent of the Applicant and the Monitor, or leave of this Court.

CONTINUATION OF SERVICES

16. THIS COURT ORDERS that during the Stay Period, all Persons having oral or written agreements with the Applicant or statutory or regulatory mandates for the supply of goods and/or services, including without limitation all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Business or the Applicant, are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Applicant, and that the Applicant shall be entitled to the continued use of its current premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Applicant in accordance with normal payment practices of the Applicant or such other practices as may be agreed upon by the supplier or service provider and each of the Applicant and the Monitor, or as may be ordered by this Court.

NON-DEROGATION OF RIGHTS

17. THIS COURT ORDERS that, notwithstanding anything else in this Order, no Person shall be prohibited from requiring immediate payment for goods, services, use of lease or

licensed property or other valuable consideration provided on or after the date of this Order, nor shall any Person be under any obligation on or after the date of this Order to advance or re-advance any monies or otherwise extend any credit to the Applicant. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA.

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

18. THIS COURT ORDERS that during the Stay Period, and except as permitted by subsection 11.03(2) of the CCAA, no Proceeding may be commenced or continued against any of the former, current or future directors or officers of the Applicant with respect to any claim against the directors or officers that arose before the date hereof and that relates to any obligations of the Applicant whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such obligations, until a compromise or arrangement in respect of the Applicant, if one is filed, is sanctioned by this Court or is refused by the creditors of the Applicant or this Court.

DIRECTORS' AND OFFICERS' INDEMNIFICATION

19. THIS COURT ORDERS that the Applicant shall indemnify its directors and officers against obligations and liabilities that they may incur as directors or officers of the Applicant after the commencement of the within proceedings, except to the extent that, with respect to any officer or director, the obligation or liability was incurred as a result of the director's or officer's gross negligence or wilful misconduct.

APPOINTMENT OF MONITOR

20. THIS COURT ORDERS that Collins Barrow Toronto Limited is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the business and financial affairs of the Applicant with the powers and obligations set out in the CCAA or set forth herein and that the Applicant and its shareholders, officers, directors, and Assistants shall advise the Monitor of all material steps taken by the Applicant pursuant to this Order, and shall co-operate fully with the Monitor in the exercise of its powers and discharge of its obligations and provide the Monitor with the assistance that is necessary to enable the Monitor to adequately carry out the Monitor's functions.

21. THIS COURT ORDERS that the Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:

- (a) monitor the Applicant's receipts and disbursements;
- (b) report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business, and such other matters as may be relevant to the proceedings herein;
- (c) advise the Applicant in its preparation of the Applicant's cash flow statements which information shall be reviewed with the Monitor;
- (d) advise the Applicant in its development of the Plan and any amendments to the Plan;
- (e) assist the Applicant, to the extent required by the Applicant, with the holding and administering of creditors' or shareholders' meetings for voting on the Plan;
- (f) have full and complete access to the Property, including the premises, books, records, data, including data in electronic form, and other financial documents of the Applicant, to the extent that is necessary to adequately assess the Applicant's business and financial affairs or to perform its duties arising under this Order;
- (g) be at liberty to engage independent legal counsel or such other persons as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order; and
- (h) perform such other duties as are required by this Order or by this Court from time to time.

22. THIS COURT ORDERS that the Monitor shall not take possession of the Property and shall take no part whatsoever in the management or supervision of the management of the Business and shall not, by fulfilling its obligations hereunder, be deemed to have taken or maintained possession or control of the Business or Property, or any part thereof.

23. THIS COURT ORDERS that nothing herein contained shall require the Monitor to occupy or to take control, care, charge, possession or management (separately and/or

collectively, "Possession") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, or the *Ontario Occupational Health and Safety Act* and regulations thereunder (the "Environmental Legislation"), provided however that nothing herein shall exempt the Monitor from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Monitor shall not, as a result of this Order or anything done in pursuance of the Monitor's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

24. THIS COURT ORDERS that that the Monitor shall provide any creditor of the Applicant with information provided by the Applicant in response to reasonable requests for information made in writing by such creditor addressed to the Monitor. The Monitor shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the Monitor has been advised by the Applicant is confidential, the Monitor shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Monitor and the Applicant may agree.

25. THIS COURT ORDERS that, in addition to the rights and protections afforded the Monitor under the CCAA or as an officer of this Court, the Monitor shall incur no liability or obligation as a result of its appointment or the carrying out of the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the protections afforded the Monitor by the CCAA or any applicable legislation.

26. THIS COURT ORDERS that the Monitor, counsel to the Monitor and counsel to the Applicant shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, by the Applicant as part of the costs of these proceedings. The Applicant is hereby authorized and directed to pay the accounts of the Monitor, counsel for the Monitor and counsel for the Applicant on a monthly basis and, in addition, the Applicant is hereby authorized

to pay to the Monitor, counsel to the Monitor, and counsel to the Applicant, retainers in the amount[s] of \$50,000 , respectively, to be held by them as security for payment of their respective fees and disbursements outstanding from time to time

27. THIS COURT ORDERS that the Monitor and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Monitor and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

28. THIS COURT ORDERS that the Monitor, counsel to the Monitor, if any, and the Applicant's counsel shall be entitled to the benefit of and are hereby granted a charge (the "Administration Charge") on the Property, which charge shall not exceed an aggregate amount of \$500,000.00, as security for their professional fees and disbursements incurred at the standard rates and charges of the Monitor and such counsel, both before and after the making of this Order in respect of these proceedings. The Administration Charge shall have the priority set out in paragraph30 hereof.

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

29. THIS COURT ORDERS that the filing, registration or perfection of the Administration Charge shall not be required, and that the Administration Charge shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Administration Charge coming into existence, notwithstanding any such failure to file, register, record or perfect.

30. THIS COURT ORDERS that the Administration Charge (as constituted and defined herein) shall constitute a charge on the Property and such charge shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise (collectively, "Encumbrances") in favour of any Person.

31. THIS COURT ORDERS that except as otherwise expressly provided for herein, or as may be approved by this Court, the Applicant shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, the Administration Charge, unless the Applicant also obtains the prior written consent of the Monitor and the beneficiaries of the Administration Charge, or further Order of this Court.

32. THIS COURT ORDERS that the Administration Charge shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Administration Charge (collectively, the "Chargees") shall not otherwise be limited or impaired in any way by (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) any application(s) for bankruptcy order(s) issued pursuant to BIA, or any bankruptcy order made pursuant to such applications; (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (d) the provisions of any federal or provincial statutes; or (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an "Agreement") which binds the Applicant, and notwithstanding any provision to the contrary in any Agreement:

- (a) the creation of the Administration Charge shall not create or be deemed to constitute a breach by the Applicant of any Agreement to which it is a party;
- (b) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the creation of the Administration Charge; and
- (c) the payments made by the Applicant pursuant to this Order, and the granting of the Administration Charge, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

33. THIS COURT ORDERS that any charge created by this Order over leases of real property in Canada shall only be a charge in the Applicant's interest in such real property leases.

SERVICE AND NOTICE

34. THIS COURT ORDERS that the Monitor shall (i) without delay, publish in The National Post a notice containing the information prescribed under the CCAA, (ii) within five days after the date of this Order, (A) make this Order publicly available in the manner prescribed under the CCAA, (B) send, in the prescribed manner, a notice to every known creditor who has a claim against the Applicant of more than \$1000, and (C) prepare a list showing the names and addresses of those creditors and the estimated amounts of those claims, and make it publicly

available in the prescribed manner, all in accordance with Section 23(1)(a) of the CCAA and the regulations made thereunder.

35. THIS COURT ORDERS that the E-Service Protocol of the Commercial List (the "Protocol") is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at <http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/e-service-protocol/>) shall be valid and effective service. Subject to Rule 17.05 this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Protocol with the following URL <http://www.collinsbarrow.com/en/toronto-ontario/martin-ross-group>

36. THIS COURT ORDERS that if the service or distribution of documents in accordance with the Protocol is not practicable, the Applicant and the Monitor are at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or facsimile transmission to the Applicant's creditors or other interested parties at their respective addresses as last shown on the records of the Applicant and that any such service or distribution by courier, personal delivery or facsimile transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

GENERAL

37. THIS COURT ORDERS that the Applicant or the Monitor may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

38. THIS COURT ORDERS that nothing in this Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager, or a trustee in bankruptcy of the Applicant, the Business or the Property.

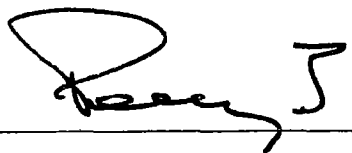
39. THIS COURT HEREBY REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, to give

effect to this Order and to assist the Applicant, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicant and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Applicant and the Monitor and their respective agents in carrying out the terms of this Order.

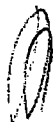
40. THIS COURT ORDERS that each of the Applicant and the Monitor be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Monitor is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

41. THIS COURT ORDERS that any interested party (including the Applicant and the Monitor) may apply to this Court to vary or amend this Order on not less than seven (7) days notice to any other party or parties likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

42. THIS COURT ORDERS that this Order and all of its provisions are effective as of 12:01 a.m. Eastern Daylight Time on the date of this Order.



ENTERED AT / INSCRIT A TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO.:



AUG 7 2014

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 MARTIN ROSS GROUP INC.

Court File No. CV-14-10655-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

PROCEEDING COMMENCED AT
TORONTO

INITIAL ORDER

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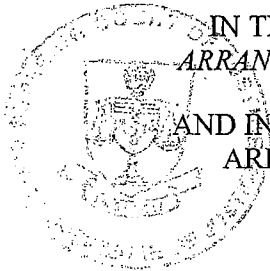
Fax: (416) 306-9874

Lawyers for the Applicant, Martin Ross Group Inc.

APPENDIX B

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE) WEDNESDAY, THE 27TH
JUSTICE HAINES)
DAY OF AUGUST, 2014



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 MARTIN ROSS GROUP INC.

ORDER

(Stay Period extension to September 11, 2014)

THIS MOTION, made by the Applicant, for an Order extending the Stay Period, as defined in paragraph 13 of the Initial Order of the Honourable Mr. Justice Penny granted on August 7, 2014 (the "Initial Order") in these proceedings, from September 6, 2014 to September 11, 2014, was read, in chambers, this day at 330re University Avenue, 8th Floor, Toronto, Ontario.

ON READING the draft Notice of Motion for an order extending the Stay Period and approving a sale process, returnable September 11, 2014, and on hearing the submissions of the lawyers for the Applicant and the Monitor,

1. THIS COURT ORDERS that the Stay Period be and is hereby extended from September 6, 2014 to September 11, 2014.

ENTERED AT / INSCRIT A TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO.:

AUG 27 2014

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 MARTIN ROSS GROUP INC.

Court File No. CV-14-10655-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

PROCEEDING COMMENCED AT
TORONTO

ORDER
(Stay Period extension to September 11, 2014)

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Lawyers for the Applicant, Martin Ross Group Inc.

APPENDIX C



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

THE HONOURABLE

JUSTICE *NEUBOLD*

) THURSDAY, THE 11TH

)
) DAY OF SEPTEMBER, 2014

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 MARTIN ROSS GROUP INC.

**ORDER
(Sale process approval and Stay extension)**

THIS MOTION, made by the Applicant for an Order, among other things:

- (a) Approving the sale process ("**Sale Process**"), attached as Schedule "A" to this Order;
- (b) Extending the Stay Period, as defined in the Initial Order of the Honourable Mr. Justice Penny granted on August 7, 2014 (the "**Initial Order**") in these proceedings, from September 11, 2014 to October 31, 2014; and,
- (c) Approving the First Report of Collins Barrow Toronto Limited ("**CBTL**"), in its capacity as court-appointed monitor of the Applicant (the "**Monitor**") and the actions and activities of the Monitor described therein,

was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of Cameron Gillies sworn September 5, 2014 and the Exhibits thereto, the First Report of the Monitor, and on hearing the submissions of the lawyers for the Applicant and the Monitor, no one else from the Service List appearing, although

properly served as appears from the affidavit of service of Kelly Barrett, sworn September 5, 2014,

SERVICE

1. THIS COURT ORDERS that the time for service and filing of the Notice of Motion and the Motion Record is hereby abridged and validated so that this Motion is properly returnable today and hereby dispenses with further service thereof.

SALE PROCESS

2. THIS COURT ORDERS that the Sale Process, attached as Schedule "A" to this Order, be and is hereby approved.

3. THIS COURT ORDERS that the Applicant and the Monitor be and are hereby authorized and directed to perform their obligations under and take such steps as they consider necessary or desirable in carrying out the Sale Process and any step taken by the Applicant or the Monitor in connection with the Sale Process prior to the date hereof be and is hereby approved and ratified.

4. THIS COURT ORDERS that the Monitor shall have no personal or corporate liability in connection with the Sale Process, including, without limitation:

- (a) by advertising the Sale Process, including, without limitation, the opportunity to acquire all or a portion of the Applicant's assets (the "Assets");
- (b) by exposing the Assets to any and all parties, including, but not limited to, those parties who have made their interests known to the Monitor;

- (c) by responding to any and all requests or inquiries in regards to due diligence conducted in respect of the Applicant or the Assets;
- (d) by disclosing any and all information regarding the Applicant or the Assets arising from, incidental to, or in connection with, the Sale Process; and,
- (e) in respect of any and all offers received by the Applicant in accordance with the Sale Process; and,
- (f) in respect of any agreements entered into by the Applicant in respect of the sale of any of the Assets of the Applicant's business.

5. THIS COURT ORDERS that, pursuant to clause 7(3)(c) of the *Canada Personal Information Protection and Electronic Documents Act*, the Applicant and the Monitor are authorized and permitted to disclose personal information of identifiable individuals to prospective purchasers or bidders and to their advisors but only to the extent desirable or required to negotiate and attempt to complete one or more sale transactions (each, a "Transaction"). Each prospective purchaser or bidder to whom such information is disclosed shall maintain and protect the privacy of such information and shall limit the use of such information to its evaluation of the Transaction, and if it does not complete a Transaction, shall:

- (i) return all such information to the Applicant or the Monitor;
- (ii) destroy all such information;
- or, (iii) in the case of such information that is electronically stored, destroy all such information to the extent it is reasonably practical to do so.

6. THIS COURT ORDERS that, pursuant to clause 3(c)(i) of the *Electronic Commerce Protection Regulations*, made under *An Act to Promote the Efficiency and Adaptability of the Canadian Economy by Regulating Certain Activities that Discourage Reliance on Electronic*

Means of Carrying out Commercial Activities, and to Amend the Canadian Radio-television and Telecommunications Commission Act, the Competition Act, the Personal Information Protection and Electronic Documents Act and the Telecommunications Act, S.C. 2010, c. 23, the Applicant and the Monitor are authorized and permitted to send, or cause or permit to be sent, commercial electronic messages to an electronic address of prospective purchasers or bidders and to their advisors but only to the extent desirable or required to provide information with respect to the Sale Process.

STAY EXTENSION

7. THIS COURT ORDERS that the Stay Period be and is hereby extended from September 11, 2014 to October 31, 2014.

APPROVAL OF THE FIRST REPORT AND MONITOR'S ACTIVITIES

8. THIS COURT ORDERS that the First Report of the Monitor, and the actions and activities of the Monitor as described therein, be and are hereby approved.

ENTERED AT / INSCRIT A TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO.:

SEP 11 2014

MB

9. THIS COURT FURTHER ORDERS that the Confidential Information Memorandum attached as Appendix I to the First Report of the Monitor be sealed pending further order of this Court.

25

ENTERED AT / INSCRIT A TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO.:

[Signature]

SEP 11 2014

APPENDIX D

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE) WEDNESDAY, THE 8th DAY
JUSTICE *Patillo*) OF OCTOBER, 2014



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 MARTIN ROSS GROUP INC.

ORDER

THIS MOTION made by 2436768 Ontario Inc. (the "Moving Party") for an Order providing for the payment and distribution of an Eligible Employee Payment (as defined below) and certain declaratory and other relief related thereto as set out in the Notice of Motion dated October 6, 2014, and for an Order appointing Dewart Gleason LLP ("Dewart Gleason") as representative counsel in this proceeding for the Eligible Employees (as set out in Schedule "A" attached hereto). was heard this day at 330 University Avenue, Toronto.

ON READING the Affidavit of Allen Shechtman sworn October 6, 2014 (the "Shechtman Affidavit"), and on hearing the submissions of counsel for the Moving Party, for Martin Ross Group Inc. ("MRG") and for the Monitor, Collins Barrow Toronto Limited ("Collins Barrow"), no one else appearing although served as evidenced by the Affidavit of Service of Chad Kopach sworn October 7, 2014, and the Affidavit of Service of Elaine Persaud sworn October 7, 2014, filed, and on being advised that Canada Revenue Agency ("CRA") does not oppose the relief sought;

1. **THIS COURT ORDERS** that the time for service of the Moving Party's Notice of Motion returnable October 8, 2014 (the "**Notice of Motion**"), and related motion material filed in support of that Notice of Motion (the "**Motion Material**") be and is hereby abridged, that service of the Notice of Motion and Motion Material is hereby validated such that service effected on the parties served with the Notice of Motion and Motion Material shall be good and sufficient notice thereof, and that further service thereof is hereby dispensed with.

2. **THIS COURT ORDERS** and declares that, upon payment of the amount of \$947,679.38 (the "**Eligible Employee Payment**") from the Moving Party to MRG:

- (a) the Eligible Employee Payment shall be held in trust by MRG for the benefit of the Eligible Employees;
- (b) the Eligible Employee Payment shall not form part of the property of MRG for distribution to its creditors or any other purpose; and
- (c) other than the Eligible Employees, no creditor of MRG or any of its affiliates shall have any interest in, or shall be entitled to, or shall make a claim against the Eligible Employee Payment.

3. **THIS COURT ORDERS** that MRG is hereby authorized and directed to distribute the net amount of the Eligible Employee Payment to the Eligible Employees, and the appropriate statutory withholdings to CRA, in accordance with the distribution schedule attached as Exhibit "F" to the Shechtman Affidavit, and to report such payments, and to complete and provide all requisite documentation, including but not limited to, Records of Employment and T4-Statements of Remuneration Paid, to the Eligible Employees and CRA, provided that prior to

issuing a payment to an Eligible Employee and the corresponding payment to CRA, such Eligible Employee shall have delivered to MRG an executed acknowledgment and release (the "**Acknowledgment and Release**") substantially in the form attached as Exhibit "G" to the Shechtman Affidavit, and the distribution of the net amount of the Eligible Employee Payment and the corresponding payment to CRA shall not constitute a preference.

4. **THIS COURT ORDERS** and declares that the Acknowledgment and Release shall be an absolute full and final defence in disallowing an Eligible Employee's proof of claim against the assets of MRG in the CCAA proceedings or otherwise.

5. **THIS COURT ORDERS AND DIRECTS** MRG to return to the Moving Party forthwith that part of the Eligible Employee Payment that has not been paid out to the Eligible Employees by October 17, 2014, or to CRA by October 31, 2014, unless the Monitor consents in writing to an extension, and this return of the Eligible Employee Payment (or part thereof) to the Moving Party shall not constitute a preference.

6. **THIS COURT ORDERS AND DIRECTS** the Moving Party to bring a further motion for payment and distribution of the Contingent Additional Payment (as that term is defined in the Shechtman Affidavit) following the liquidation of MRG's assets, if, and only if, the funds available for distribution to MRG's unsecured creditors, net of all payments that in law take priority over unsecured creditors, and all costs incurred, including but not limited to costs of liquidation (including commissions), professional fees (including Monitor's fees and fees and disbursements of counsel to the Monitor and to MRG), and payments to MRG's secured creditors, is greater than \$9,000,000.00.

7. **THIS COURT ORDERS** that the Moving Party shall not file a claim against MRG in the CCAA proceeding or otherwise in respect of the Eligible Employee Payment or the Conditional Additional Payment.

8. **THIS COURT ORDERS** that subject to paragraph 9 below, Dewart Gleason is hereby appointed in this proceeding as representative counsel ("**Representative Counsel**") for the Eligible Employees with respect to providing them with independent legal advice as to the meaning and effect of the Acknowledgment and Release (collectively the "**Mandate**").

9. **THIS COURT ORDERS** that the role of Representative Counsel for the Eligible Employees shall be limited to the Mandate.

10. **THIS COURT ORDERS** that any individual Eligible Employees who do not wish to be represented by Representative Counsel and be bound by this Order and all other orders which may subsequently be made in this proceeding related to the appointment of Representative Counsel, shall by October 14, 2014 (the "**Opt-Out Date**") notify counsel for the Moving Party by facsimile, email or delivery, in the form attached hereto as **Schedule "B"** (the "**Opt-Out Letter**"), and shall thereafter not be represented by Representative Counsel for the purpose of the Mandate.

11. **THIS COURT ORDERS** that, in fulfilling its duties hereunder, Representative Counsel:

- (a) shall not be obligated to follow the instructions of, nor provide opinions to, any of the Eligible Employees; and,
- (b) shall act in the best interests of the Eligible Employees as a whole, and take such necessary and appropriate actions and steps as Representative Counsel deems advisable from time to time.

12. **THIS COURT ORDERS** that any expenditure or liability which shall properly be made or incurred by Representative Counsel, including the reasonable fees and disbursements of Representative Counsel, shall be paid by the Moving Party in a timely manner to allow Representative Counsel to fulfill its Mandate in accordance with this Order, but in the event of any disagreement regarding such fees and disbursements such matters will be dealt with on an assessment of the accounts in this proceeding and payment shall be deferred until that time.

13. **THIS COURT ORDERS** that, subject to further order of the Court, and without limitation to any other right or protection in favour of Representative Counsel, Dewart Gleason shall not be required to take any step or action if it reasonably believes that there will not be sufficient funds available to it to complete such step or action, and Dewart Gleason may apply to be discharged from its role as Representative Counsel at any time in its sole discretion, including, without limitation, on the basis that it reasonably believes that there are insufficient funds available to it to carry out the terms of this Order or otherwise fulfill its role as Representative Counsel.

14. **THIS COURT ORDERS** that the Moving Party shall provide notice of this Order to the Eligible Employees set out in **Schedule "A"** hereto by: (a) e-mailing, mailing or delivering a copy of the Moving Party's Notice attached as **Schedule "C"** hereto, together with a copy of this Order, after the issuance of this Order, to the Eligible Employees at their last known addresses, and by (b) arranging for the Monitor to post a copy of the Moving Party's Notice on the Monitor's website as soon as practicable after the issuance of this Order.

15. **THIS COURT ORDERS** that Representative Counsel shall have no liability for any act or omission as a result of its appointment or the fulfillment of its duties in carrying out the provisions of this Order, save and except for any gross negligence or willful misconduct on its part, and that no action or other proceedings shall be commenced against Representative Counsel relating to its acting as such, except with prior leave of this Court to be obtained on at least (7) seven days' notice to Representative Counsel and upon further order in respect of security for costs on a substantial indemnity basis of Representative Counsel in connection with any such action or proceeding.

16. **THIS COURT ORDERS** that Representative Counsel shall be at liberty and is authorized at any time to apply to this Court for advice and directions in the discharge and variations of its powers and duties, including but not limited to whether or not any individual should be represented by Representative Counsel because of a potential conflict of interest or otherwise.

17. **THIS COURT ORDERS** that in the event this Order is later amended by further Order of the Court, the Moving Party shall arrange for the Monitor to post such further Order on the Monitor's website and such posting will constitute adequate notice to the Eligible Employees of such amended Order.

A handwritten signature in black ink, appearing to read "A. P. ...", is written above a horizontal line.

ENTENDU ET ECRIIT A TORONTO
ON / BOU...
LE / DANS LE REGISTRE NO...

OCT 8 2014

A small, stylized handwritten mark or signature, possibly initials, is located to the left of the date stamp.

APPENDIX E

Court File No. CV-14-10655-00CL

**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 MARTIN ROSS GROUP INC.**

**FIRST REPORT OF THE MONITOR,
COLLINS BARROW TORONTO LIMITED**

SEPTEMBER 5, 2014

COLLINS BARROW TORONTO LIMITED
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**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
MARTIN ROSS GROUP INC.**

**FIRST REPORT OF THE MONITOR
September 5, 2014**

I. Introduction

1. This is the First Report prepared by Collins Barrow Toronto Limited (the "**Monitor**"), in its capacity as the monitor of Martin Ross Group Inc. ("**MRG**" or the "**Company**") appointed pursuant to section 11.7 of the *Companies' Creditors Arrangement Act* (the "**CCAA**") by an Order of Mr. Justice Penny dated August 7, 2014 (the "**Initial Order**"). A copy of the Initial Order is attached hereto as Appendix "**A**".
2. The First Report of the Monitor (the "**First Report**") is prepared pursuant to paragraph 21(b) of the Initial Order which directed the Monitor to report to the Court "... at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business, and such other matters as may be relevant to the proceedings herein."
3. The purpose of this First Report is to:
 - i) provide a brief background as to the reason for the Company seeking the Initial Order;

- ii) provide information on the Cash Flow Statement filed by the Company;
 - iii) provide information on activities relating to the Company since the Initial Order;
 - iv) comment on the Company's proposed marketing and sale process ("**Sale Process**") to solicit offers for the sale of all or a portion of the Company's assets;
 - v) comment, and provide a recommendation to the Court, on the Company's motion for an extension of the stay of proceedings to October 31, 2014; and
 - vi) to provide information on the Monitor's activities to August 31, 2014 and to seek an Order approving the Monitor's activities and Monitor Invoice #1.
4. In preparing this First Report and making the comments herein, the Monitor has relied upon unaudited or draft internal financial statements and/or financial information prepared or provided by the Company, discussions with management of the Company, and information from other third-party sources (collectively, the "**Information**"). As the Information included in this First Report has been provided by the Company or other parties, the Monitor has relied on the Information and, to the extent possible, reviewed the Information for reasonableness. However, the Monitor has not audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards pursuant to the Canadian Institute of Chartered Accountants Handbook and, accordingly, the Monitor expresses no opinion or other form of assurance in respect of the Information.
5. Capitalized terms not defined in this First Report are as defined in the Initial Order and the First Stay Extension Order (defined later herein). All references to dollars are in Canadian currency unless otherwise noted.

6. The Monitor has to date posted to its website the Application Record dated August 5, 2014, the Initial Order, the First Stay Extension Order, a list of the Company's creditors, a notice sent to the Company's creditors, and the Service List. The Monitor's website is found at <http://www.collinsbarrow.com/en/toronto-ontario/martin-ross-group>. The Monitor will continue to post to its website documents in accordance with the E-service Protocol for the Commercial List in the Toronto region.

II. Background

7. Founded in 1934, the Company is a manufacturer and wholesaler of fine jewellery, with an emphasis on products that have been mined and manufactured entirely within Canada.
8. The landlord of the Premises, Sherfam Inc. ("Sherfam") is also the Company's majority shareholder and, according to the Company's unaudited financial statements as at June 30, 2013, its largest creditor. According to the Affidavit of Cameron Gillies, the President of the Company, sworn on August 5, 2014 (the "**First Gillies Affidavit**"), Sherfam has been a lender to the Company since 1993 and has always acted as the Company's principal lender. As a result, the Company did not need to resort to financing from traditional lenders such as banks and as of August 7, 2014, the Company had no outstanding indebtedness to any traditional lenders. A copy of the First Gillies Affidavit, without enclosures, is attached hereto as Appendix "B".
9. In or around June 2014, Sherfam advised the Company that it would not advance any additional credit to the Company. This had the effect of straining the Company's cash flow and impeding its ability to meet its day-to-day obligations, including its ability to secure the ongoing supply of raw materials for production and other jewellery for the Company's wholesaling operations.

10. On August 7, 2014, the Company made an application to the Court for protection from its creditors, including a stay of proceedings, under the CCAA which was approved by the Court and the Initial Order was issued.
11. On August 27, 2014, the Company sought and obtained from the Court an Order extending the stay period to September 11, 2014 ("**First Stay Extension Order**"). A copy of the First Stay Extension Order is attached hereto as Appendix "C".

III. Cash Flow Projection

12. Attached hereto as Appendix "D" is the cash flow projection for the period August 1, 2014 to October 31, 2014 that was filed by the Company with its application for the Initial Order. The Monitor reviewed, prior to the application for the Initial Order, the Cash Flow Projection and the assumptions therein. The Monitor's review consisted of inquiries and discussions with management and review of supporting documentation provided by the Company.
13. As set out in the Cash Flow Projection, the significant assumptions made in preparing the Cash-Flow Projection include:
 - manufacturing operations will continue to September 30, 2014 in order to process existing orders and also to manufacture finished goods for sale from existing raw material inventory;
 - 13 employees on lay-off will be recalled to report to the Company on August 8, 2014;
 - staff will be reduced on October 1, 2014 to those considered necessary to facilitate the sale of inventory;
 - inventory not considered by the Company to be saleable at retail will be liquidated; and

- accounts receivable collections are assumed to not be significantly affected by the Initial Order.
14. The Cash Flow Projection sets out that the Company will generate sufficient cash to fund operations and that the Company will not require external interim or debtor in possession financing over the course of the three-month period ending October 31, 2014.
 15. Based on the Monitor's review of the Cash Flow Projection prior to the application for the Initial Order, nothing has come to the Monitor's attention that causes the Monitor to believe that, in all material respects, the assumptions developed by the Company are not suitably supported and consistent with the Company's plan or do not provide a reasonable basis for the Cash Flow Projection. Since the Cash Flow Projection is based on assumptions regarding future events, actual results may vary from the information presented, and such variations may be material. Accordingly, the Monitor can provide no assurances that the Cash Flow Projection will be achieved.

IV. Activities relating to the Company since the Initial Order

a) Cash flow results

16. As the Cash-Flow Projection has been prepared on a semi-monthly basis, as of the date of the First Report, the Monitor has been able to review the actual cash flow results for the period August 1, 2014 to August 29, 2014 ("**Actual Results**"). A schedule summarizing the Actual Results is attached hereto as Appendix "**E**".
17. In its review of the Actual Results compared to the cash flow statement filed in the Application Record, the Monitor reports that the ending cash balance as at August 29, 2014 was \$865,000, which was \$171,000 lower than the projected balance of \$1,036,000. This variance is attributed primarily to three factors:

- a. Accounts receivable collections for the four weeks ended August 29, 2014 were below projections by \$175,000 or 13.3% as a result of collections being less timely than anticipated;
 - b. Gold purchases for the four weeks ended August 29, 2014 were greater than projections by \$137,000 or 304.4% as a result of the Company expending more than planned to fulfil an unanticipated order from one of its larger customers which the Company believes will generate sales in excess of \$300,000; and
 - c. Professional fees were below projections by \$80,000 or 100% as a result of no payments being made. These fees are expected to be paid shortly.
18. The Company still expects to have sufficient cash available to continue operating and to conduct and complete the Sale Process to October 31, 2014.

b) Inventory

19. As discussed in the Affidavit of Cameron Gillies sworn on September 5, 2014 in support of the Company's application to the Court to extend the Stay Period to October 31, 2014 (the "**Second Gillies Affidavit**"), certain of the Company's inventory is supplied on a consignment basis. The Company has continued to send out notices to customers requiring that the customers return the consigned goods, or in some cases, providing the customer with the option of purchasing the goods outright. This has resulted in existing consignment inventory either being converted to cash if purchased outright, or returned so that the raw materials can be extracted and used to produce finished goods considered to be more saleable by the Company. A copy of the Second Gillies Affidavit, without enclosures, is attached hereto as Appendix "F".
20. In order to assist with the manufacture of finished goods inventory such that production is completed by the first week of October, 2014, MRG recalled thirteen employees who had been laid off so that these employees could assist

with the anticipated increase in the manufacture of finished goods. Of the thirteen employees, eleven have returned to work at MRG, while two others have found alternate employment.

21. The Company does not maintain a perpetual inventory system. As a result, the Company has advised the Monitor that absent an inventory count, which would result in significant interruptions to operations, the Company does not have a way of tracking the conversion of its raw materials to finished goods, nor can it easily demonstrate an increase in finished goods resulting from production. As a result, the Monitor is unable to provide any comments on the change in inventory for the period ending August 31, 2014. The Company has informed the Monitor that it plans to perform an inventory count upon its completion of the manufacturing of the Company's raw materials into finished goods which is expected to be by the first week of October, 2014.
22. Umicore Precious Metals NJ, LLC ("**Umicore**") is the beneficiary under an Irrevocable Standby Letter of Credit ("**LOC**") secured by Sherfam. On August 21, 2014, Umicore exercised its rights under the LOC to make an immediate draw of \$1,940,100 which represents the current value of the metal leased to the Company pursuant to a lease agreement. The Monitor understands that Umicore has now drawn on the LOC, thereby increasing the Company's liability to Sherfam.

V. Proposed Marketing and Sale Process

23. As indicated in the Second Gillies Affidavit, at least eight interested parties have made inquiries regarding MRG's assets. MRG has concluded that the most advantageous course of conduct in these proceedings to achieve value for MRG's stakeholders is a sale of all, or substantially all, of its business or assets.
24. As such, the Company is proposing the Sale Process that will be conducted by the Monitor, with the assistance of the Company. Although the Sale Process will be conducted by the Monitor, the vendor of the assets will be the Company.

25. For purposes of the Sale Process, the assets have been categorized into the following parcels:
- a. Parcel A - Libman & Company ("Libman") division, to be sold as a going concern;
 - b. Parcel B – Trademarks and trade names not part of the Libman division;
 - c. Parcel C - Machinery, equipment and furniture; and,
 - d. Parcel D - All of MRG's property (Parcels A-C).
26. The Company proposes that the Sale Process provide for a relatively short offer period and require that offers be submitted by September 30, 2014. As set out in the Second Gillies Affidavit, there are several important factors which make the short offer period reasonable and appropriate. These factors include:
- a. completing the Sale Process sufficiently in advance of the Christmas retail season is important to the business of both MRG and its customers. If the marketing period extends into October, it will be difficult for any purchaser to take advantage of the upcoming Christmas retail season;
 - b. making efforts to solicit offers before October 3, 2014 will provide a greater chance that some, or all, of MRG's employees, who have been terminated effective as of October 3, 2014, may be hired by a purchaser, resulting in the non-interruption of employment for some, or all, of MRG's employees; and
 - c. the participants in the jewellery industry are likely to already be familiar with MRG's business and the nature of the assets that will be available.
27. Taking the above into account, the Monitor believes that a documentation preparation and marketing period of approximately three weeks will be sufficient

to expose the Company's assets and permit qualified parties to conduct due diligence and to determine if they will make an offer.

28. The Sale Process is described in the Second Gillies Affidavit and is summarized below:

- (a) distribution on September 12, 2014 of an information overview document ("Flyer") to potential purchasers. The list of potential purchasers will be developed from the Company's experience and contacts in the industry, as well as expressions of interest received to date by the Monitor and the Company from interested parties. A copy of the Flyer is attached hereto as Appendix "G";
- (b) an advertisement setting out the assets available for sale will be placed for one day during the week of September 14, 2014 in the Globe and Mail newspaper, national edition. A copy of the draft advertisement is attached hereto as Appendix "H";
- (c) distribution to prospective purchasers who sign back a confidentiality agreement of a confidential information memorandum ("CIM") providing detailed information in respect of the assets available for sale. The CIM will also include the terms and conditions of sale and a form of offer. Attached as a separate document as Appendix "I" is a copy of the CIM which the Monitor requests be sealed by the Court until after a sale transaction closes. The CIM contains confidential information which is not publicly available and its disclosure would be detrimental to the Company and the sale process. Attached hereto as Appendix "J" is a copy of the confidentiality agreement. Two of the appendices to the CIM, namely the Form of Offer and Terms and Conditions of Sale, and the Agreement of Purchase and Sale are attached hereto as Appendices "K" and "L", respectively;
- (d) following up with prospective purchasers interested in the opportunity and provide access to the Company and additional information as required;

- (e) setting 12 o'clock noon Eastern Daylight Time on September 30, 2014 as the deadline for the submission of binding offers;
- (f) requiring each offeror, with its offer, to deliver, *inter alia*, to the Company the following:
 - i. An amount equal to 10%, payable to the Monitor, in trust, to be held in a non-interest bearing account; and
 - ii. An executed copy of the template agreement of purchase and sale;
- (g) any transaction resulting from the Sale Process will be subject to the approval of the Court. The Company will not be bound to sell any of its assets until it has entered into a binding agreement of purchase and sale and received approval from the Court to complete such transaction. The Company will also reserve the right to enter into one or more agreements to sell any or all of its assets at any time and to withdraw any or all of its assets from the sale; and
- (h) all sales will be on an "as is, where is" basis. No representation, warranty or condition will be expressed or implied as to title, description, fitness for purpose, merchantability, quantity, conditions or quality of the assets being sold or in respect of any other matter or thing whatsoever.

VI. Monitor's Activities

29. Since the date of the Initial Order, the Monitor's activities have included, *inter alia*, the following:

- reviewed the Company's three month cash flow for the period ending October 31, 2014;
- reviewed the Company's Actual Results for the four weeks ending August 29, 2014;

- addressed creditor enquiries regarding the status of the CCAA proceedings;
- corresponded with various parties which communicated to the Monitor their interest in the Company, its assets, or its possible need for financing;
- sent notices to all known creditors in the prescribed manner advising them that the Initial Order is publicly available. A copy of the notice sent to creditors is attached hereto as Appendix "M";
- reviewed a list prepared by the Company including the names and addresses of all creditors and made it publicly available in the prescribed manner. A copy of the list is attached hereto as Appendix "N";
- published on August 14, 2014 and August 21, 2014 a notice in the National Post newspaper in the prescribed manner. Copies of the notices are attached hereto as Appendix "O"; and
- Developed the Sale Process in conjunction with the Company.

30. The Monitor respectfully requests that the Court approve the activities of the Monitor for the period ending August 31, 2014. A summary of the Monitor's activities is set out in the Monitor's first invoice ("**Monitor Invoice #1**"), a copy of which is attached hereto as Appendix "P". The Monitor is seeking the Court's approval of the First Invoice.

VII. The Company's Request for an Extension of the Stay of Proceedings

31. The stay of proceedings pursuant to the First Stay Extension Order expires on September 11, 2014.
32. The Company wishes to extend the stay period such that the Sale Process be carried out. The Monitor believes the results of the Sale Process will assist the Company in determining its future course of action with respect to the development of a Plan of Arrangement.

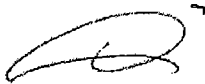
33. The Monitor is of the view that the Company is proceeding in good faith and diligently during these proceedings and the Company's request for an extension of the stay period to October 31, 2014 is appropriate and reasonable in the circumstances.

VIII. Recommendation

34. The Monitor recommends to the Court that it approve the Sale Process outlined herein, as well as the extension of the Stay Period to October 31, 2014.
35. The Monitor also requests that the Court approve the Monitor's activities to August 31, 2014 and Monitor Invoice #1.

All of which is respectfully submitted to this Court as of this 5th day of September, 2014.

COLLINS BARROW TORONTO LIMITED
in its capacity as the Monitor appointed in
the CCAA proceedings of Martin Ross Group Inc.,
and not in its personal capacity



Per: ~~Daniel R. Weisz, CPA, CA, CIRP~~
Senior Vice President

APPENDIX F

Court File No. CV-14-10655-00CL

**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 MARTIN ROSS GROUP INC.**

**SECOND REPORT OF THE MONITOR,
COLLINS BARROW TORONTO LIMITED**

October 6, 2014

COLLINS BARROW TORONTO LIMITED
11 King St. W., Suite 700
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Toronto, ON M5H 4C7

E SERVICE LIST

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TORKIN MANES LLP 151 Yonge Street, Suite 1500 Toronto, ON M5C 2W7	S. Fay Sulley Tel: 416-777-5419 Fax: 1-888-587-5769	Monitor, Collins Barrow Toronto Limited	fsulley@torkinmanes.com
COLLINS BARROW TORONTO LIMITED 11 King Street West, #700 Toronto, ON M5H 4C7	Daniel Weisz Tel: 416-646-8778 Fax: 416-480-2646 Eric Corrado Tel: 647-727-3659 Fax: 416-480-2646	Monitor	dweisz@collinsbarrow.com ejcorrado@collinsbarrow.com
DEPARTMENT OF JUSTICE CANADA Tax Section, Exchange Tower Suite 3400, P.O. Box 36 130 King Street West Toronto, ON M5X 1K6	Diane H. A. Winters Tel: 416-973-3172 Fax: 416-973-0810		diane.winters@justice.gc.ca
MINISTRY OF REVENUE (ONTARIO) Legal Services Branch 6th Floor, P.O. Box 627, Station A 33 King Street West Oshawa, ON L1H 8H5	Kevin O'Hara Tel: 905-433-6934 Fax: 905-436-4510		kevin.ohara@ontario.ca
BLANEY MCMURTRY LLP 2 Queen Street East, Suite 1500 Toronto, ON M5C 3G5	Eric Golden Tel: 416-593-1221 Fax: 416-593-5437	Sherfam Inc. 2436768 Ontario Inc.	egolden@blaney.com ckopach@blaney.com

RP HOLDINGS INC. 1 City Centre Drive Suite 620 Mississauga, ON L5B 1M2	Craig Baxter Tel: 416-401-7380 Fax: 1-800-609-9444		cbaxter@apotex.ca
DELL FINANCIAL SERVICES CANADA LIMITED 155 Gordon Baker Road Suite 501 Toronto, ON M2H 3N5	Daniel Murphy		daniel_e_murphy@dell.com
FARRIS, VAUGHAN, WILLS & MURPHY LLP 25 th Floor 700 W Georgia Street Vancouver, BC V7Y 1B3	Tim Louman-Gardiner Tel: 604-661-1729 Fax: 604-661-9349	S. Vinodkumar USA, Inc., creditor	tlouman-gardiner@farris.com
DEWART GLEASON LLP 102- 366 Adelaide St. West Toronto, ON M5V 1R9	Sean Dewart Tel: 416-583-5755 Fax: 416-971-8001	Eligible Employees	sdewart@dglp.ca

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IV.	REPRESENTATIVE COUNSEL	5
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Appendices

Appendix "A"	Initial Order of The Honourable Mr. Justice Penny, dated August 7, 2014
Appendix "B"	First Stay Extension Order of The Honourable Mr. Justice Hainey, dated August 27, 2014
Appendix "C"	Sale Process Approval and Second Stay Extension Order of The Honourable Mr. Justice Newbould, dated September 11, 2014
Appendix "D"	First Report (without appendices) of the Monitor, Collins Barrow Toronto Limited, dated September 5, 2014

**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
MARTIN ROSS GROUP INC.**

**SECOND REPORT OF THE MONITOR
October 6, 2014**

I. Introduction

1. This is the Second Report prepared by Collins Barrow Toronto Limited (the "**Monitor**"), in its capacity as the monitor of Martin Ross Group Inc. ("**MRG**" or the "**Company**") appointed pursuant to section 11.7 of the *Companies' Creditors Arrangement Act* (the "**CCAA**") by an Order of Mr. Justice Penny dated August 7, 2014 (the "**Initial Order**"). A copy of the Initial Order is attached hereto as Appendix "**A**".
2. On August 27, 2014, the Company sought and obtained from the Court an Order extending the stay period to September 11, 2014 ("**First Stay Extension Order**"). A copy of the First Stay Extension Order is attached hereto as Appendix "**B**".
3. On September 11, 2014, the Company sought and obtained from the Court an Order extending the stay period to October 31, 2014, as well as an Order authorizing and directing the Monitor to conduct the sale process attached as Schedule "A" to that Order ("**Sale Process Approval and Second Stay Extension Order**"). A copy of the Sales Process Approval and Second Stay Extension Order is attached hereto as Appendix "**C**".

4. The First Report of the Monitor dated September 5, 2014 (the "**First Report**"), which was used in support of the Company's motion on September 11, 2014, was filed with the Court on September 8, 2014. A copy of the First Report, without appendices, is attached hereto as Appendix "D".
5. The purpose of this Second Report is to provide:
 - i) a brief summary as to the results of the Sale Process;
 - ii) the Monitor's comments on the proposed funding by 2436768 Ontario Inc. ("**2436768**") with respect to a proposed payment of monies to certain MRG employees whose employment was terminated by MRG, as described in the affidavit of Allan Shechtman sworn on October 6, 2014 (the "**Shechtman Affidavit**"); and
 - iii) the Monitor's comments on the proposed appointment of Dewart Gleason LLP ("**Dewart Gleason**") as representative counsel to the Eligible Employees (as defined the Shechtman Affidavit).
6. In preparing this Second Report and making the comments herein, the Monitor has relied upon unaudited or draft internal financial statements and/or financial information prepared or provided by the Company, discussions with management of the Company, discussions with counsel for 2436768, and information from other third-party sources (collectively, the "**Information**"). As the Information included in this Second Report has been provided by the Company or other parties, the Monitor has relied on the Information and, to the extent possible, reviewed the Information for reasonableness. However, the Monitor has not audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards pursuant to the Canadian Institute of Chartered Accountants Handbook and, accordingly, the Monitor expresses no opinion or other form of assurance in respect of the Information.

7. Capitalized terms not defined in this Second Report are as defined in the Initial Order, the First Report, the First Stay Extension Order and the Sale Process Approval and Second Stay Extension Order. All references to dollars are in Canadian currency unless otherwise noted.
8. The Monitor has to date posted to its website the Application Record dated August 5, 2014, the Initial Order, the First Report, the First Stay Extension Order, the Sale Process Approval and Second Stay Extension Order, a list of the Company's creditors, a notice sent to the Company's creditors, and the Service List. The Monitor's website is found at <http://www.collinsbarrow.com/en/toronto-ontario/martin-ross-group>. The Monitor will continue to post to its website documents in accordance with the E-service Protocol for the Commercial List in the Toronto region.

II. **Sale Process**

9. The First Report set out in detail the Sale Process that was approved by the Court.
10. It is the Monitor's intention to provide the Court with the results of the Sale Process in respect of which offers were to be received by September 30, 2014 ("**Sale Process Deadline**"). The Monitor will provide its report to the Court after the Company provides the Monitor with its position relating to offer(s) received for the Company's assets and advises the Monitor of its plan in light of the results of the Sale Process.
11. Pending that reporting, and in view of 2436768's motion to the Court scheduled for October 8, 2014, the Monitor wishes to advise the Court that no material offers for MRG's assets were received by the Sale Process Deadline.

III. Proposed Funding by 2436768 Ontario Inc.

12. The Shechtman Affidavit sets out that 2436768 is proposing to provide funds to MRG for the sole purpose of paying monies to certain MRG employees whose employment was terminated by MRG. In particular, Paragraph 4 of the Shechtman Affidavit sets out that arrangements have been made to fund that payment and as a result, the payments to be made to MRG's employees would not be funded from assets of MRG.
13. As part of the proposed payment to Eligible Employees (as defined in the Shechtman Affidavit), Eligible Employees would release their rights as unsecured creditors and not be entitled to advance a claim against the assets of MRG. As a result, the Eligible Employees would not dilute the other unsecured creditors' pro-rata share of the net funds that will be available following the liquidation of MRG's assets.
14. With respect to 2436768's possible claim against MRG in respect of the amounts to be advanced, the Order being sought by 2436768 provides that 2436768 "shall not file a claim against MRG in the CCAA proceeding or otherwise in respect of the Eligible Employee Payment or the Conditional Additional Payment".
15. Based on the above, the Monitor is of the view that the proposal set out in the Shechtman Affidavit: (i) appears to benefit the Eligible Employees by providing them with funds by October 17, 2014, rather than them possibly having to wait until the conclusion of the within CCAA proceedings to receive payment on account of claims they may have against MRG; and (ii) provides, to the employees of MRG, access to Independent Legal Counsel at no cost to them.
16. Based on the above, the Monitor supports the proposal set out in the Shechtman Affidavit.

IV. Representative Counsel

17. 2436768 is proposing that Dewart Gleason LLP be appointed as Representative counsel for the MRG employees. As set out in the Shechtman Affidavit, Dewart Gleason LLP has expertise in both employment law and in insolvency law (and in CCAA proceedings specifically) and 2436768 is proposing to pay the fees of Representative Counsel.
18. The Monitor supports the appointment of Representative Counsel and has no objection to Dewart Gleason LLP being so appointed.

V. Conclusion

19. The Monitor supports:
- i) the proposed funding by 2436768 with respect to a proposed payment of monies to certain MRG employees whose employment was terminated by MRG as described in the Shechtman Affidavit; and
 - ii) the appointment of Representative Counsel, and has no objection to Dewart Gleason LLP being so appointed.

All of which is respectfully submitted to this Court as of this 6th day of October, 2014.

COLLINS BARROW TORONTO LIMITED
in its capacity as the Monitor appointed in
the CCAA proceedings of Martin Ross Group Inc.,
and not in its personal capacity



Per: Daniel R. Weisz, CPA, CA, CIRP
Senior Vice President

APPENDIX G

Martin Ross Group Inc.
Projected Cash Flow

WEEKLY CASH FLOW - FROM OCTOBER 6 2014 TO JANUARY 31 2015

C000's

	Oct 6 -10	Oct 13 -17	Oct 20 -24	Oct 27 -31	Nov 3 - 7	Nov 10 - 14	Nov 17 - 21	Nov 24 - 28	Dec 1 - 5	Dec 8 - 12	Dec 15 - 19	Dec 22 - 26	Dec 29 -31 3 days	January '15 full month	TOTAL
Cash Receipts															
Zale - regular		90			70		20		10		100		200		490
Zale - conversion					700		100								800
Regular collections	250	55	55	170	125	75	150	300	75	75	150	150	600	400	2,630
Canarctic sale				678	475	542	610	746	949	1,017	1,153	610		285	6,780
Silverman off-site sale							221		220		324				1,050
Diamond liquidations										783	783	783			2,350
Inventory liquidations		18	18			50	50	50	50	50	250				536
Total Receipts	250	163	73	848	1,370	667	1,151	1,096	1,304	1,925	2,760	1,543	800	685	14,636
Cash Disbursements															
HST				25					55				259	443	782
PAYROLL		110		60		55		55		45		38		42	405
COMMISSION		10		20			20						20	20	90
RENT	16				16				16					16	64
FREIGHT/SHIPPING		5		5		5		3		3		3		5	29
UTILITIES		5		5				5			5			10	30
EMPLOYEE BENEFITS		12		8		8		8		6		6		6	54
CANARCTIC SALE EXPENSES															
Advertising			15	15	15	15	15	15	15	15	15	15			150
Staff		4		2		14		14		14		14		7	69
Security		4	7	8	7	8	7	8	7	8	7	4			75
Set-up	5	25									5				35
Insurance/Supplies etc	8		6		12				12					5	43
Fees 10%				60	42	54	66	84	90	102	54	50	0	0	600
PROFESSIONAL FEES			50		50			50			50				200
OTHER Contingency	2	3	2	3	2	3	2	3	2	3	2	3	2	3	35
Total Disbursements	31	178	80	206	99	206	78	197	241	184	136	187	281	557	2,661
Net Cash In / (Out)	219	-15	-7	642	1,271	461	1,073	899	1,063	1,741	2,624	1,356	519	128	11,975
Cash - Opening Balance	909	1,128	1,113	1,106	1,748	3,019	3,480	4,553	5,452	6,515	8,256	10,881	12,237	12,756	909
Cash - Ending Balance	1,128	1,113	1,106	1,748	3,019	3,480	4,553	5,452	6,515	8,256	10,881	12,237	12,756	12,884	12,884

- Notes:
1. Manufacturing operations ceased on Oct 3 and the company will now begin liquidating its assets
 2. 21 staff members have been offered continuing employment to assist with this process- 4 until Oct 17, 1 until Oct 31, 6 until Nov 30, and 10 until Dec 31 and beyond

APPENDIX H

**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
MARTIN ROSS GROUP INC.**

**AFFIDAVIT OF DANIEL WEISZ
(Sworn on October 16, 2014)**

I, DANIEL WEISZ, of the City of Vaughan, in the Province of Ontario, **MAKE OATH AND SAY AS FOLLOWS:**

1. I am a Senior Vice-President of Collins Barrow Toronto Limited ("**CBTL**"), in its capacity as Court-appointed Monitor (in such capacity, the "**Monitor**"), of all of the assets, undertakings and properties of Martin Ross Group Inc. (the "**Company**") and, as such, I have knowledge of the matters to which I hereinafter depose. Unless I indicate to the contrary, the facts herein are within my personal knowledge and are true. Where I have indicated that I have obtained facts from other sources, I believe those facts to be true.

2. Attached hereto and marked as **Exhibit "A"** are detailed invoices (the "**Invoices**") issued to the Company by CBTL for fees and disbursements incurred by CBTL in connection with the Company's proceedings pursuant to the Companies Creditors Arrangement Act for the period July 28, 2014 and September 30, 2014 (the "**Appointment Period**"). The total

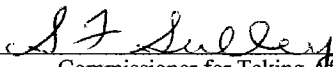
fees charged by CBTL to the Company during the Appointment Period were \$54,823.50, plus disbursements of \$1,831.82, plus HST of \$7,365.19 totaling \$64,020.51.

3. The Invoices are a fair and accurate description of the services provided and the amounts charged by CBTL.

4. Attached hereto and marked as **Exhibit "B"** is a schedule summarizing each invoice in Exhibit "A", the total billable hours charged per invoice, the total fees charged per Invoice and the average hourly rate charged per Invoice.

5. I make this affidavit in support of a motion for an Order approving the Monitor's fees and disbursements and for no other or improper purpose.

SWORN BEFORE ME at the City of Toronto, in the Province of Ontario, on October 16, 2014



Commissioner for Taking Affidavits
(or as may be)



DANIEL WEISZ

EXHIBIT "A"

Detailed Invoices



Collins Barrow Toronto Limited
 Collins Barrow Place
 11 King Street West
 Suite 700, PO Box 27
 Toronto, Ontario
 M5H 4C7 Canada

To Martin Ross Group Inc.
 250 Canarctic Drive
 Toronto, Ontario
 M3J 2N7

T. 416.480.0160
 F. 416.480.2646

www.collinsbarrow.com

Attention: Mr. Cameron Gillies, President

Date September 5, 2014

Client File 112096
 Invoice 1
 No. 6500094

GST/HST: 80784 1440 RT 0001

For professional services rendered with respect to the appointment of Collins Barrow Toronto Limited as Court-appointed Monitor pursuant to the Companies' Creditors Arrangement Act ("CCAA") of Martin Ross Group Inc. ("Martin Ross" or the "Company") for the period ending August 31, 2014.

Date	Professional	Description
07/28/2014	Weisz, Daniel	Prepare for and attend at the offices of Kronis, Rotsztain, Margles, Cappel LLP ("KRMC") for meeting to discuss Company's proposed filing under the CCAA.
07/29/2014	Weisz, Daniel	Review emails; exchange emails with M. Robinson of the Company, B. Wong & M. Abramowitz of KRMC on status.
07/31/2014	Weisz, Daniel	Review documents sent; telephone call with M. Abramowitz on status; telephone call with J. Grauman of Sherfam Holdings Inc. ("Sherfam") on status; review emails.
08/01/2014	Weisz, Daniel	Review draft consent and email to S. Wolpert of KRMC regarding same; review draft affidavit of C. Gillies of the Company and discuss same with S. Wolpert; telephone call with M. Robinson on status; review and execute revised consent and deliver same to KRMC; conference call with M. Abramowitz and S. Wolpert regarding cash flow statement and prepare suggested notes for consideration; review draft CCAA Order and provide comments to S. Wolpert.
08/05/2014	Corrado, Eric	Review data from A/P listings; email to D. Weisz with noted issues and questions for M. Robinson including vendors outside of North America and vendors with missing addresses; prepare draft sale process.
08/05/2014	Weisz, Daniel	Telephone call with M. Robinson regarding insurance and uncashed cheques and refer him to KRMC; discussion with M. Abramowitz; meet with E. Corrado regarding work to be done; preliminary review of application record.
08/06/2014	Weisz, Daniel	Discussion with B. Tannenbaum on status; review various emails; meet with E. Corrado to discuss the sale process; telephone call with M. Robinson regarding Libman division and refer him to KRMC; conference call with B. Tannenbaum and M. Robinson regarding status; telephone call with N. Levy of Canada Revenue Agency ("CRA") regarding audit request and email to M. Robinson regarding same.

Date	Professional	Description
08/06/2014	Corrado, Eric	Draft sale process including marketing flyer, form of offer and confidentiality agreement.
08/07/2014	Weisz, Daniel	Prepare for and attend in Court regarding Company application for Initial Order; meet with E. Corrado to discuss sale process and things to be done; review email from M. Robinson regarding outstanding cheques and reply to same; review and update posting to website.
08/07/2014	Weisz, Daniel	Review email from M. Robinson and reply thereto; telephone call with M. Robinson regarding outstanding cheques; discussion with E. Corrado regarding posting of documents to the website.
08/07/2014	Weisz, Daniel	Review correspondence; telephone calls with M. Robinson regarding meeting with the Company with respect to monitoring requirements; telephone call with M. Robinson regarding proposed payments to be made by the Company; exchange emails with respect to same; discussion with E. Corrado regarding marketing package.
08/07/2014	Corrado, Eric	Draft sale process including Confidential Information Memorandum ("CIM"); draft newspaper advertisement for National Post.
08/07/2014	Tannenbaum, Bryan	Attend Court for application to appoint Monitor; discussions with counsel; discuss monitoring strategy with D. Weisz.
08/08/2014	Corrado, Eric	Provide information for website posting; review website posting; make updates to creditor mailing list per email from M. Robinson; review sale process package with D. Weisz and update; preparation of Form 1 to be filed.
08/08/2014	Weisz, Daniel	Review and update Form 1; prepare cover letter to the Office of the Superintendent of Bankruptcy enclosing Form 1; prepare cover letter enclosing application record and email; review and edit notice to creditors, newspaper notice and website posting; review various emails; telephone call with S. Wolpert regarding amount owing by the Company to Sherfam; email to S. Wolpert requesting information regarding Form 2.
08/08/2014	Weisz, Daniel	Discussion with E. Corrado on various matters.
08/11/2014	Corrado, Eric	Prepare Form 2.
08/11/2014	Corrado, Eric	Create newspaper notice and co-ordinate details with National Post; prepare notice to creditors and update creditor mailing list based on new information provided by the Company regarding secured creditors and change in unsecured creditors.
08/11/2014	Corrado, Eric	Meeting with M. Robinson and C. Gillies to discuss reporting requirements of the Monitor.
08/11/2014	Weisz, Daniel	Attend meeting at the Company with E. Corrado and meet with C. Gillies and M. Robinson to discuss reporting requirements of the Monitor; exchange correspondence and telephone discussion with the OSB regarding the sending of the application record; review summary of meeting and discuss with B. Tannenbaum; prepare amended Form 1 and finalize and forward to OSB; review advertisement for the National Post; review and update letter to creditors; review information regarding Sherfam claim; telephone call with S. Wolpert regarding status of Form 2; meet with E. Corrado to discuss list of creditors; review of documents; telephone call with M. Abramowitz regarding sale process documents.
08/12/2014	Corrado, Eric	Updates to newspaper notice and updates to creditor mailing list based on new invoices provided by the Company.

Date	Professional	Description
08/12/2014	Weisz, Daniel	Exchange emails with the OSB regarding information filed; review and update draft confidentiality agreement, form of offer and agreement of purchase and sale and forward to KRMC; preliminary review of fixed assets provided; discussion with E. Corrado on various matters.
08/13/2014	Corrado, Eric	Make changes to Form 2 based on correspondence with the Company and lawyers; updates to notice to creditors and updates to creditor mailing list based on new information provided by the Company.
08/13/2014	Weisz, Daniel	Review creditors list and cover letter and discussion with E. Corrado on same; review and update Form 2 and finalize; discussion with M. Abramowitz regarding sale process; email to M. Robinson regarding status of review of information provided regarding sale process.
08/14/2014	Corrado, Eric	Return telephone calls to Commport Communications and Mormark Print Productions regarding CCAA proceeding.
08/14/2014	Corrado, Eric	Draft first report of the Monitor.
08/14/2014	Corrado, Eric	Review changes requested by the Company to the creditor mailing list.
08/14/2014	Corrado, Eric	Review posting made to the Monitor's website regarding notice to creditors and creditor mailing list.
08/15/2014	Corrado, Eric	Prepare A/R stratification portion of sale process flyer.
08/18/2014	Corrado, Eric	Prepare and submit amended Form 2 to the OSB; draft first report of the Monitor.
08/18/2014	Weisz, Daniel	Discussions with M. Robinson and M. Abramowitz regarding proposed sale process.
08/18/2014	Tannenbaum, Bryan	Emails to Torkin Manes LLP (" Torkin Manes ") regarding independent counsel; telephone call to F. Sulley and forward her the Application Record, etc.
08/18/2014	Tannenbaum, Bryan	Receipt and review of emails regarding Omnicore Precious Metals.
08/19/2014	Weisz, Daniel	Review non-disclosure agreement form and forward comments to P. Resnick; forward to Company email received from Callidus Capital; review various emails; review final non-disclosure agreement, make final changes, sign and forward to the Company.
08/19/2014	Weisz, Daniel	Meet with E. Corrado to discuss monitoring of information, report to Court; update CIM.
08/19/2014	Corrado, Eric	Draft first report of the Monitor; review A/R reconciliation prepared by M. Robinson; update CIM.
08/20/2014	Weisz, Daniel	Review emails; reply to M. Robinson regarding enquiries being made to the Monitor; telephone call with Bridging Capital regarding its enquiry; reply to email from Reich Brothers; discussion with E. Corrado on his attendance at the Company tomorrow; review draft agreement of purchase and sale and form of offer and discuss comments with P. Resnick.
08/20/2014	Corrado, Eric	Draft first report of the Monitor; discussion with D. Weisz on Monitor's report and on agenda for meeting with M. Robinson; telephone calls with creditors and prospective purchasers.
08/21/2014	Weisz, Daniel	Telephone call with M. Robinson regarding potential interested party; telephone call with F. Sulley of Torkin Manes regarding status of CCAA proceedings; telephone call with M. Abramowitz regarding sale process and timetable; work on report to court; reply to email from the Company regarding transactions with a major customer and email F. Sulley on same;

Date	Professional	Description
		exchange emails with the Company regarding the sale process.
08/21/2014	Weisz, Daniel	Forward email from Bridging Capital to the Company; review email regarding a major customer from the Company and email to F. Sulley re same.
08/21/2014	Corrado, Eric	Meeting with M. Robinson at the Company regarding cash flow results, sale process and inventory roll forward; make updates to first report of the Monitor; discussion with D. Weisz regarding meeting with M. Robinson.
08/22/2014	Weisz, Daniel	Attend at the Company to meet with M. Robinson to discuss the CIM and other matters; review updated changes to Terms and Conditions of Sale, and Agreement of Purchase and Sale; telephone call with M. Abramowitz; exchange emails with F. Sulley regarding Monitor's postings to website; update CIM; discussion with E. Corrado on the CIM, advertisement; telephone call with P. Cho regarding timing of court attendance; email draft sale process to P. Cho; review draft agreement between the Company and a major customer and forward to F. Sulley; email to F. Sulley regarding timing of court attendance and enclose copy of draft report; telephone call with J. Grauman of Sherfam.
08/22/2014	Corrado, Eric	Updates to first report of the Monitor; updates to website; A/R stratification work; updates to CIM.
08/24/2014	Corrado, Eric	Updates to CIM and update newspaper advertisement for sale process.
08/25/2014	Weisz, Daniel	Review and update CIM and newspaper advertisement; telephone call with F. Sulley on draft report and other matters; telephone call with P. Cho regarding status of sale process; telephone call with M. Robinson regarding CIM; conference call with P. Cho, P. Resnick, M. Robinson to discuss CIM and stay extension.
08/25/2014	Corrado, Eric	Correspondence with M. Robinson regarding proposed changes to CIM and reflecting said changes to CIM.
08/26/2014	Tannenbaum, Bryan	Telephone call with a business broker from last week; receipt and review of email from M. Robinson regarding same; email to M. Robinson for him to follow up with the business broker.
08/26/2014	Weisz, Daniel	Telephone calls with P. Cho on tomorrow's application; review documents; update report to court; file organization.
08/26/2014	Weisz, Daniel	Review draft court order and notice of motion and email to P. Cho re same.
08/26/2014	Corrado, Eric	Correspondence with the Company regarding Succession Capital; emails to Alphachem and Crieri SRL regarding their CCAA enquiries.
08/27/2014	Weisz, Daniel	Review emails; prepare for and attend in court regarding application for extension of stay of proceedings to September 11 th .
08/27/2014	Corrado, Eric	Update website posting and marketing flyer to reflect changes made to CIM.
08/28/2014	Weisz, Daniel	Review proposed teaser letter and update; exchange emails with P. Cho regarding status of affidavit to support Company motion; exchange emails with T. Louman-Gardiner of Farris, Vaughan, Wills & Murphy LLP regarding its request to be added to service list and email to KRMC re same; exchange emails with F. Sulley regarding status of review of documents.
08/28/2014	Tannenbaum, Bryan	Email to the Company regarding the Company's indebtedness to Sherfam and RP Holdings Inc. ("RP") regarding the Company's indebtedness to them and supporting documentation.

Date	Professional	Description
08/28/2014	Tannenbaum, Bryan	Telephone call from M. Robinson regarding sales package and the business broker's interest.
08/28/2014	Corrado, Eric	Correspondence regarding status of NDA and other agreements and update to marketing flyer based on M. Robinson's comments.
08/29/2014	Corrado, Eric	Review draft of first report of Monitor.
08/29/2014	Weisz, Daniel	Review draft affidavit of C. Gillies; review and update report to court; exchange emails with F. Sulley.
08/29/2014	Tannenbaum, Bryan	Receipt and review of email from M. Robinson regarding Sherfam and RP advances and respond to same; telephone call from J. Grauman regarding same; email from M. Abramowitz regarding same.
		To all other administrative matters with respect to this engagement, including all meetings, telephone attendances, and written and verbal correspondence to facilitate the foregoing.

Fee Summary

Professional	Level	Hours	Rate	Fees
Bryan A. Tannenbaum, FCPA, FCA, FCIRP	President	3.70	\$ 495	\$ 1,831.50
Daniel R. Weisz, CPA, CA, CIRP	Senior Vice President	46.70	\$ 495	23,116.50
Eric J. Corrado, CPA, CA	Senior Analyst	60.90	\$ 185	11,266.50
Total hours and professional fees			<u>111.30</u>	\$ 36,214.50
Disbursements				
Parking	\$ 17.86			
Mileage	31.35			
Taxi	17.86			
Courier	9.00			
Postage	110.25			
Photocopies	55.50			
Newspaper Ad (2 times)	<u>1,590.00</u>			
Total disbursements				1,831.82
Total professional fees and disbursements				\$ 38,046.32
HST @ 13%				4,946.02
Total payable				\$ 42,992.34

PAYMENT BY VISA ACCEPTED

VISA NUMBER _____ Expiry Date _____
 Name on Card _____ Amount _____

WIRE PAYMENT DETAILS

For CA\$ Payments: For credit to the account of Collins Barrow Toronto Limited, Account No. 65-84918, Canadian Imperial Bank of Commerce
 Branch No. 00002, Commerce Court Banking Centre, Toronto, ON M5L 1G9

PLEASE RETURN ONE COPY WITH REMITTANCE

Terms: Payment upon receipt. Interest will be charged at the rate of 12% per annum (1% per month) on overdue accounts.
 The Collins Barrow trademarks are used under license.

Collins Barrow Toronto Limited
 Collins Barrow Place
 11 King Street West
 Suite 700, PO Box 27
 Toronto, Ontario
 M5H 4C7 Canada

To Martin Ross Group Inc.
 250 Canarctic Drive
 Toronto, Ontario
 M3J 2N7

T. 416.480.0160
 F. 416.480.2646

www.collinsbarrow.com

Attention: Mr. Cameron Gillies, President

Date October 14, 2014

Client File 112096
Invoice 2
No. 6500107

GST/HST: 80784 1440 RT 0001

For professional services rendered with respect to the appointment of Collins Barrow Toronto Limited as Court-appointed Monitor pursuant to the Companies' Creditors Arrangement Act ("CCAA") of Martin Ross Group Inc. ("**Martin Ross**" or the "**Company**") for the period ending September 30, 2014.

Date	Professional	Description
09/02/2014	Weisz, Daniel	Review draft letter of intent received from a potential purchaser; draft email to M. Robinson of the Company regarding same and F. Sulley of Torkin Manes LLP (" Torkin Manes ") on same.
09/02/2014	Tannenbaum, Bryan	Review email from A Shechtman regarding offer for asset.
09/02/2014	Corrado, Eric	Review email from European Design regarding CCAA proceeding and review invoices provided; telephone call with contact from HK Designs (India) regarding CCAA proceeding; attend to updated service list to the Monitor's website.
09/03/2014	Weisz, Daniel	Telephone call with M. Robinson regarding considerations with respect to draft offer from received; review summary of activities; discussion with M. Abramowitz of Kronis, Rotsztein, Margles, Cappel LLP (" KRMC ") on status and draft offer received; telephone call with P. Cho of KRMC regarding status; meet with E. Corrado on various matters.
09/03/2014	Tannenbaum, Bryan	Receipt and review of sale process summary – edit and provide comments.
09/03/2014	Tannenbaum, Bryan	Review D. Weisz's response to M. Robinson regarding draft letter of intent from an interested party.
09/03/2014	Tannenbaum, Bryan	Review of letter of intent regarding Libman; email from C. Baxter of RP Holdings Inc. (" RP ") regarding same and respond to email.
09/03/2014	Corrado, Eric	Review C. Gillies' affidavit; review draft letter of intent from an interested party and D. Weisz's comments regarding same; review and correspond with M. Robinson regarding cash flow schedule for the two weeks ending August 29, 2014 and incorporating the results into the First Monitor Report; set-up of data room for potential purchasers and discussion with M. Robinson and D. Weisz regarding same; review summary of activities and update; meeting with D. Weisz to review First Report of the Monitor; telephone call with P. Cho regarding the need for a cash flow projection.

Date	Professional	Description
09/04/2014	Tannenbaum, Bryan	Review and provide comments re First Report of the Monitor.
09/04/2014	Corrado, Eric	Telephone call with M. Robinson regarding data room and update contents of data room based on said discussion; review cash flow results for August and compare to supporting documentation provided by the Company; update First Report of the Monitor and appendices based on discussion and comments from D. Weisz; update Confidential Information Memorandum ("CIM"), newspaper advertisement for sale process and other CIM appendices; telephone call from F. Sulley regarding the status of the lease for the Company's premises.
09/04/2014	Weisz, Daniel	Review updated draft affidavit of C. Gillies; update report based on same; review documents.
09/05/2014	Weisz, Daniel	Telephone calls with M. Robinson on various matters; review and finalize First Report of the Monitor and email to F. Sulley.
09/05/2014	Corrado, Eric	Update First Report of the Monitor based on D. Weisz's comments; updates to appendices and compile appendices for First Report of the Monitor; review report.
09/06/2014	Weisz, Daniel	Review Company's draft court order and notice of motion; email to F. Sulley in connection with same.
09/10/2014	Weisz, Daniel	Telephone call with F. Sulley regarding Monitor's court report and attendance in court tomorrow regarding relief being sought.
09/11/2014	Weisz, Daniel	Prepare for and attend in court regarding Company's motion for approval of sale process and other matters.
09/11/2014	Weisz, Daniel	Telephone call with M. Robinson regarding various matters; telephone call with P. Resnick regarding possible transaction with a customer (the "Transaction") and subsequent discussion with F. Sulley regarding same.
09/12/2014	Corrado, Eric	Update marketing flyer; discussion with D. Weisz on same and on sale process; review of confidentiality agreement; obtain D. Weisz and the Company's signature on said agreement, forwarding marketing flyer and confidentiality agreement to interested parties; correspondence with contact from Globe and Mail for sale process notice posting; email to an interested party regarding information request from the Company.
09/12/2014	Weisz, Daniel	Review emails regarding the Transaction; discussion with E. Corrado regarding sale process; finalize marketing flyer; sign confidentiality agreement for use by persons requesting additional information.
09/15/2014	Weisz, Daniel	Review email from M. Robinson regarding proposal received re liquidation of inventory and reply; review email from F. Sulley.
09/15/2014	Corrado, Eric	Prepare finalized version of CIM for distribution; send copy of CIM to interested parties; collect and document confidentiality agreements received and e-mail M. Robinson regarding same; coordinating sale process advertisement with Globe and Mail.
09/16/2014	Weisz, Daniel	Review draft advertisement and email to F. Sulley regarding same; telephone call with F. Sulley regarding sale process; review email from an interested party and forward to F. Sulley; review emails relating thereto.
09/16/2014	Corrado, Eric	Update notice of sale process to be published in Globe and Mail based on D. Weisz's and F. Sulley's comments; telephone call with a party regarding its request to attend at the Company premises to view inventory and email to M. Robinson regarding same.

Date	Professional	Description
09/17/2014	Weisz, Daniel	Telephone call with M. Robinson regarding enquiries for inventory being received; telephone call with J. Grauman of RP regarding status of sale process and other matters; discussion with E. Corrado regarding various matters relating to the sale process; draft reply to email from an interested party and send.
09/17/2014	Corrado, Eric	Review of confidentiality agreement received from an interested party and send to that party a copy of the CIM and access to the data room; correspondence with Globe and Mail regarding sale process advertisement and payment for same; review of correspondence a creditor sent regarding outstanding invoices to consider during claims process.
09/18/2014	Corrado, Eric	Attend to receipt and distribution of documents relating to the sale process.
09/18/2014	Tannenbaum, Bryan	Attend meeting at the Company with M. Robinson, C. Gillies and D. Weisz to discuss various issues relating to the Company and the CCAA proceeding.
09/18/2014	Weisz, Daniel	Prepare for and attend at the Company and meet with M. Robinson, C. Gillies and B. Tannenbaum; telephone call with F. Sulley regarding the status of various matters; draft email to RP Holdings regarding status of CCAA proceedings.
09/19/2014	Weisz, Daniel	Draft email to an interested party in response to its email; conference call with F. Sulley and M. Abramowitz on status.
09/19/2014	Corrado, Eric	Obtain printout of Globe and Mail advertisement and review; correspondence and various discussions with a number of parties regarding the sale process.
09/22/2014	Weisz, Daniel	Review emails regarding attendance requests at the premises; telephone call with a party regarding the sale process.
09/22/2014	Corrado, Eric	Correspondence and various discussions with a number of parties regarding the sale process.
09/23/2014	Weisz, Daniel	Review emails regarding payments to employees; discussion with B. Tannenbaum and F. Sulley regarding same and subsequently with B. Tannenbaum on same.
09/23/2014	Corrado, Eric	Correspondence and various discussions with a number of parties regarding the sale process.
09/24/2014	Weisz, Daniel	Telephone call with F. Sulley regarding consideration with respect to employee payments.
09/24/2014	Tannenbaum, Bryan	Receipt and review of extensive emails regarding gratuitous employee payments; meet with D. Weisz to prepare for meeting.
09/24/2014	Tannenbaum, Bryan	Attend meeting/conference call at KRMC's office.
09/24/2014	Corrado, Eric	Correspondence and various discussions with a number of parties regarding the sale process.
09/25/2014	Weisz, Daniel	Review and respond to emails.
09/25/2014	Corrado, Eric	Correspondence and various discussions with a number of parties regarding the sale process.
09/26/2014	Weisz, Daniel	Review emails; exchange emails with A. Shechtman; email to an interested party.
09/26/2014	Corrado, Eric	Review correspondence from a party regarding the sale process.
09/29/2014	Weisz, Daniel	Review and reply to email from an interested party; review emails;

Date	Professional	Description
		telephone call with M. Abramowitz.
09/29/2014	Tannenbaum, Bryan	Review of email from F. Sulley regarding the Monitor's position with respect to a transaction proposed to be entered into by the Company and reply thereto.
09/30/2014	Corrado, Eric	Correspondence and various discussions with a number of parties regarding the sale process.
09/30/2014	Weisz, Daniel	Review offer received and E. Corrado on following up with parties who received CIM; prepare summary email regarding offers received; telephone call with E. Golden; telephone call with M. Abramowitz; review email from an interested party and draft reply and discussion with E. Corrado on same; review email from an interested party; telephone call with F. Sulley; conference call with F. Sulley/E. Golden/M. Abramowitz/ M. Robinson on results of sale process.
		To all other administrative matters with respect to this engagement, including all meetings, telephone attendances, and written and verbal correspondence to facilitate the foregoing.

Fee Summary

Professional	Level	Hours	Rate	Fees
Bryan A. Tannenbaum, FCPA, FCA, FCIRP	President	6.20	\$ 495	\$ 3,069.00
Daniel R. Weisz, CPA, CA, CIRP	Senior Vice President	22.20	\$ 495	10,989.00
Eric J. Corrado, CPA, CA	Senior Analyst	24.60	\$ 185	4,551.00
Total hours and professional fees		<u>53.00</u>		\$ 18,609.00
HST @ 13%				2,419.17
Total payable				\$ 21,028.17

PAYMENT BY VISA ACCEPTED

VISA NUMBER _____ Expiry Date _____

Name on Card _____ Amount _____

WIRE PAYMENT DETAILS

For CA\$ Payments: For credit to the account of Collins Barrow Toronto Limited, Account No. 65-84918, Canadian Imperial Bank of Commerce
 Branch No. 00002, Commerce Court Banking Centre, Toronto, ON M5L 1G9

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EXHIBIT "B"

Calculation of Average Hourly Billing Rates of Collins Barrow Toronto Limited for the Appointment Period

Invoice No.	Billing Period	Total Fees	Disbursements	HST	Hours	Average Hourly Rate	Total
1	July 28, 2014 to August 31, 2014	\$36,214.50	\$1,831.82	\$4,946.02	111.3	\$325.38	\$42,992.34
2	September 1, 2014 to September 30, 2014	\$18,609.00	-	\$2,419.17	53.0	\$351.11	\$21,028.17
	Total	\$54,823.50	\$1,831.82	\$7,365.19	164.3	\$333.68	\$64,020.51

APPENDIX I

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 MARTIN ROSS GROUP INC.

AFFIDAVIT OF STEWART THOM

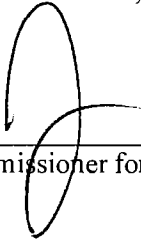
I, **STEWART THOM**, of the City of Toronto, in the Province of Ontario **MAKE OATH AND SAY AS FOLLOWS:**

1. I am an Associate with the law firm of TORKIN MANES LLP ("**Torkin Manes**"), which has been engaged as independent counsel to Collins Barrow Toronto Limited, ("**Collins Barrow**"), in its capacity as Monitor, over all of the assets, undertakings and properties of Martin Ross Group Inc. ("**Martin Ross**") in this proceeding and as such have knowledge of the matters to which I hereinafter depose either through my own knowledge or by informing myself with respect thereto in which case I have indicated the source of my information and belief.
2. Attached hereto as **Exhibit "A"** is a true copy of the account issued by Torkin Manes to Collins Barrow, in its capacity as Monitor in this proceeding, which includes detailed descriptions for the work performed for the period from August 18, 2014 to and including September 30, 2014. The total fees charged by Torkin Manes to Collins Barrow during this period was \$17,000.00 plus HST of \$2,210.00, plus disbursements of \$414.10 plus HST of \$51.75 for a total invoice of \$19,675.85.

3. I confirm that the account described above accurately reflect the services provided by
Torkin Manes in this matter and the fees and disbursements claimed by it during the period
described above.

4. Additionally, attached hereto as **Exhibit "B"** is a summary of additional information
with respect to the aforesaid account indicating all members of Torkin Manes who worked on
this matter during the period described above, their year of call to the bar, total time charges and
hourly rates, and I hereby confirm that this list represents an accurate account of such
information.

SWORN before me at the City of
Toronto, in the Province of Ontario, this
14th day of October, 2014.

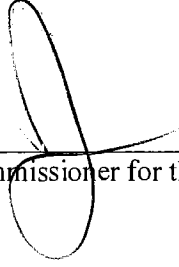


A Commissioner for taking affidavits.



STEWART THOM

This is Exhibit "A" to the Affidavit of
Stewart Thom, sworn on October 14, 2014



A Commissioner for the taking of affidavits, etc.

Torkin Manes LLP
Barristers & Solicitors
151 Yonge Street, Suite 1500
Toronto, ON M5C 2W7

Tel: 416 863 1188
Fax: 416 863 0305
torkinmanes.com

Torkin|Manes
Barristers & Solicitors

September 30, 2014

Invoice No.: 255090

Attention: Bryan Tannenbaum
Collins Barrow Toronto Limited
11 King St. W., Suite 700
Box 27
Toronto, ON M5H 4C7

ACCOUNT FOR PROFESSIONAL SERVICES RENDERED

RE: Martin Ross Group Inc.
File No.: 34487.0001

TO PROFESSIONAL SERVICES RENDERED HEREIN AS FOLLOWS:

- Aug 18 14 Conducting a Personal Property Security Act search against Martin Ross Group Inc.; reviewing search results and preparing a search summary memorandum
- Aug 18 14 Telephone discussion with Bryan Tannenbaum
- Aug 18 14 Review of PPSA search and security
- Aug 19 14 Telephone discussion with Danny Weisz; telephone discussion with Mervyn Abramowitz; review correspondence re proposed transactions including Zale transaction
- Aug 21 14 Review of correspondence re Umicore; telephone discussion with client
- Aug 21 14 Review of further correspondence relating to proposed transaction; telephone discussion with Paul Resnick; telephone discussion with client
- Aug 22 14 Correspondence re motion date for stay of proceedings

Page 2
September 30, 2014
Our File No.: 34487.0001
Invoice # 255090

Torkin|Manes
Barristers & Solicitors

Aug 22 14 Review of draft documentation required for Sales Process including APA; provide comments on same

Aug 25 14 Telephone discussion with Danny Weisz; telephone discussion with Mervyn Abramowitz

Aug 25 14 Review of draft of Monitor's report; review of marketing materials; telephone discussion with Eric Corrado; telephone discussion with Danny Weisz

Aug 25 14 Conference call

Aug 26 14 Review of draft order and revised draft order; review of correspondence from Philip Cho and Danny Weisz

Aug 27 14 Review of draft CIM; telephone discussion with client and Mervyn Abramowitz; telephone discussion with Philip Cho; review of draft motion materials

Aug 27 14 Telephone discussion with client; review of issued order extending stay period

Aug 28 14 Review of correspondence from Danny Weisz and Philip Cho; review of draft Affidavit of C Gilles; correspondence to Danny Weisz

Aug 28 14 Review of revised CIM and market teaser; telephone discussion with Eric Corrado

Aug 29 14 Review of Monitor's comments on draft Affidavit; provide additional comments; telephone discussion with client

Sep 01 14 Review of revised affidavit

Sep 02 14 Review of correspondence and letter of intent re offer from Richline Group re Libman assets; telephone discussion with client re same

Sep 02 14 Review of revised draft sales process; correspondence re same

Sep 04 14 Review of revised Offer - Terms and Conditions

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September 30, 2014
Our File No.: 34487.0001
Invoice # 255090

Torkin|Manes
Barristers & Solicitors

Sep 04 14 Review of final version of Terms and Conditions re Offer to Purchase

Sep 04 14 Further review of CIM and telephone discussion with Eric Corrado

Sep 05 14 Review of final motion record; telephone discussion with Danny Weisz; service of final Monitor's Report

Sep 09 14 Telephone discussion with Danny Weisz and Mervyn Abramowitz

Sep 11 14 Preparation for and attendance in court; telephone discussion with Mervyn Abramowitz; telephone discussion with Danny Weisz

Sep 12 14 Review of correspondence from Paul Resnick re offer to purchase moulds; telephone discussion with Danny Weisz re Monitor's position

Sep 16 14 Review of Globe & Mail advertisement

Sep 17 14 Correspondence to Paul Resnick; telephone discussion with Danny Weisz

Sep 18 14 Review of commission agreement and correspondence re same

Sep 19 14 Telephone discussion with Paul Resnick; telephone discussion with Danny Weisz

Sep 19 14 Review of correspondence from Tim Louman and telephone discussion with Danny Weisz re same

Sep 19 14 Review of correspondence to and from Omni; telephone discussion with Danny Weisz re same

Sep 19 14 Further correspondence to and from Mervyn Abramowitz and Danny Weisz

Sep 22 14 Review of correspondence to and from Eric Golden and Mervyn Abramowitz re voluntary payment to employees; discussion re same

Sep 23 14 Conference call with clients and all parties

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September 30, 2014
Our File No.: 34487.0001
Invoice # 255090

Torkin|Manes
Barristers & Solicitors

- Sep 23 14 Review of correspondence from Mervyn Abramowitz and Danny Weisz and respond to same; telephone discussion with Mervyn Abramowitz
- Sep 29 14 Review of correspondence from Eric Golden and Mervyn Ambramowitz; telephone discussion with Danny Weisz
- Sep 29 14 Telephone discussion with Barbara Boake; correspondence to and from Bryan Tannenbaum and Barbara Boake; review of correspondence from Mervyn Ambramowitz
- Sep 30 14 Review of correspondence from Danny Weisz re offers; telephone discussion with Eric Golden; telephone discussion with Mervyn Abramowitz; conference call with all parties; follow up telephone discussion with Danny Weisz

OUR FEE:	\$17,000.00
HST:	\$2,210.00
SUB-TOTAL:	<hr/> \$19,210.00

DISBURSEMENTS

TAXABLE DISBURSEMENTS:

Agents fees	83.00
Laser copies	315.10
	<hr/> 398.10

Page 5
September 30, 2014
Our File No.: 34487.0001
Invoice # 255090

Torkin|Manes
Barristers & Solicitors

NON-TAXABLE DISBURSEMENTS:

Corporate search	8.00
Personal Prop Securities Act search	8.00
	<hr/>
	16.00

Total Disbursements	\$414.10
HST on Disbursements	\$51.75

TOTAL DISBURSEMENTS: \$465.85

TOTAL FEE & DISBURSEMENTS \$19,675.85

BALANCE DUE AND OWING BY YOU \$19,675.85

TORKIN MANES LLP

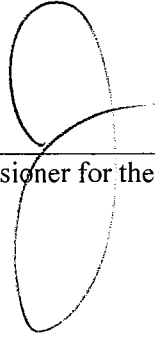
Per: Fay Sulley
Fay Sulley

E. & O. E.

HST REGISTRATION NUMBER: R117245456

Payment is due upon receipt.
Interest will be charged pursuant to the Solicitors Act at the
rate of 1.3 percent per year.

This is Exhibit "B" to the Affidavit of
Stewart Thom, sworn on October 14, 2014

A handwritten signature in black ink, consisting of a large, stylized loop that crosses itself, positioned above a horizontal line.

A Commissioner for the taking of affidavits, etc.

Summary of Lawyers

Lawyer	Year of Call	Hours Billed	Hourly Rate	Total Billed
S. Fay Sulley	1984	31.60	\$537.98	\$17,000.00
TOTAL				\$17,000.00

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

AND

AND IN THE MATTER OF A PLAN OF COMPROMISE
OR ARRANGEMENT OF MARTIN ROSS GROUP INC.

Court File Number CV-14-10655-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

PROCEEDING COMMENCED AT TORONTO

AFFIDAVIT OF STEWART THOM
DATED OCTOBER 14, 2014

TORKIN MANES LLP
Barristers & Solicitors
151 Yonge Street, Suite 1500
Toronto ON M5C 2W7

S. Fay Sulley (24257D)
fsulley@torkinmanes.com
Tel: 416-777-5419
Fax: 1-888-587-5769

Tel: 416-863-1188
Fax: 416-863-0305

Lawyers for the Monitor, Collins Barrow Toronto Limited

APPENDIX "1"

The Second Liquidator is being requested to be sealed by the court as it contains confidential information.

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

AND AND IN THE MATTER OF A PLAN OF COMPROMISE
OR ARRANGEMENT OF MARTIN ROSS GROUP INC.

Court File No. CV-14-10655-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

PROCEEDING COMMENCED AT TORONTO

THIRD REPORT OF THE MONITOR, COLLINS
BARROW TORONTO LIMITED
OCTOBER 16, 2014

COLLINS BARROW TORONTO LIMITED
11 King St. W., Suite 700
Box 27
Toronto, ON M5H 4C7