Court File No. 04-CL-5552

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 FINCORE INDUSTRIES INC.

FOURTH REPORT TO THE COURT SUBMITTED BY BDO DUNWOODY LIMITED IN ITS CAPACITY AS MONITOR

13 APRIL 2005

INTRODUCTION

1. On September 15, 2004, Fincore Industries Inc. (hereinafter referred to as "Fincore" or the "Company") made an application under the *Companies' Creditors Arrangement Act* (the "CCAA") and obtained an Order (the "Initial Order") of the Honourable Madam Justice Pepall of the Ontario Superior Court of Justice (Commercial List) (the "Court") which granted, *inter alia*, a Stay of Proceedings against the Company until October 15, 2004 (the "Stay Period") and appointed BDO Dunwoody Limited as Monitor (the "Monitor"). By Order of the Court dated October 12, 2004, the stay period was extended until December 15, 2004. Subsequently, on December 14, 2004, the stay period was extended until February 15, 2005, and by Order of this Court granted February 14, 2005, the stay period was further extended until April 15, 2005.

2. The purpose of this, the Monitor's Fourth Report, is to inform the Court regarding the following:

    i. Structure of Fincore and, 999361 Ontario Inc. ("999361") a company who owns the equipment used by Fincore under a Lease and also has a common shareholder along with a common Secured Creditor;

    ii. Fincore's activities since the date of the Monitor's Third Report, dated February 10, 2005;

iii. The Company's operations and cash flow from commencement of these proceedings on September 15, 2004, to the end of February 2005;

iv. An estimate of the Company's currently outstanding post-filing obligations;

v. The Monitor's activities to date; and

to provide a recommendation to implement interim receivership proceedings with respect to Fincore and 999361.

3. The information contained in this report has been obtained from the accounting records of the Company and is based on discussions with, and representations made by Mr. Sheldon E. Gross, the Company's principal, who effectively represents the financial management of Fincore, supplemented by Mr. Sid Persaud, the Company's operational manager.

4. The Monitor assumes no responsibility or liability for any loss or damage occasioned by any party as a result of the circulation, publication, re-production or use of this report. Any use which any party, other than the Court, makes of this report, or any reliance on or decision made based on it, is the responsibility of such party.

5. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian dollars. Capitalized terms not otherwise defined are as defined in the Initial Order.

STRUCTURE OF FINCORE AND 999361

6. Fincore is incorporated under the laws of Ontario, with its head office in Toronto. The Company was established in 1992 and commenced operations in 1993. All of the common shares of the Company are owned by Mr. Sheldon E. Gross, who has been a Director of the Company since its inception, and has been actively involved in its day-to-day management.

7. Fincore carries on business as a Tier II supplier to the automotive trade, providing Electrodeposition (E-coat), Powder and Liquid (Base/Coat/Clear) coating services for both metal and plastic substrates. Products include wheels, antennas and seat risers for Tier I suppliers who ship their components to General Motors, Nissan, Chrysler, Bentley, Honda and Ford.

8. Fincore is located in a 115,000 sq. ft. plant located at 10 Medford Drive, Units 1-12, Scarborough, Ontario.

   Fincore's landlord, N. Turk Investments, is entitled to monthly rent of approximately $72,000, which by mutual agreement has been paid at the rate of about $18,000 per week.

9. Until very recently, Fincore employed approximately 80 unionized workers, who are members of the United Steelworkers of America. Additionally, there were approximately 20 non-unionized management and office employees.

10. Fincore's major secured creditors are Mr. Sheldon Gross personally, his wife Deborah Gross, personally and Durable G.M. Products Inc. ("Durable G.M.") a company controlled by Mr. Gross. As at August 31, 2004, Fincore owed Durable G.M. about US $2.4 million and Fincore owed Sheldon and Deborah Gross about US $2.6 million.

11. On October 31, 2002 the Company sold its manufacturing machinery and equipment to 999361, as discussed previously is also owned by Sheldon E. Gross. Particulars of this transaction are set out in Notes 3 and 5(d) to the audited financial statements of Fincore as at October 31, 2002, attached as an exhibit to the affidavit of Sheldon E. Gross sworn September 14, 2004. The Monitor is advised that this transaction was entered into in order to use up tax losses of Fincore which otherwise were expiring.

The sale price of the assets was partly satisfied by the assumption by 999361 of CDN $5 million of secured debt owed to Mr. Gross and/or his wife. That amount approximates the currently owing secured debt by 999361.

FINCORE'S ACTIVITIES SINCE THE MONITOR'S THIRD REPORT

12. As reported in paragraphs 6, 16 and 17 of the Monitor's Third Report, "Fincore, with the assistance of the Monitor, [was to] continue to review and assess offers received from potential purchasers, or consider alternatives for [the] re-financing or restructuring of Fincore." Further,

Fincore was to "continue to pursue opportunities to supply product to new customers during the stay period."

13. Since then, there were continued negotiations between Fincore and one particular prospective purchaser, which resulted in an offer dated March 11, 2005, to buy all of the assets of Fincore, and of 999361. Fincore replied to the prospective purchaser on the same date, in writing, indicated dissatisfaction with the price offered, and made a counter offer.

14. Subsequently, there were a number of telephone discussions between Mr. Gross and the principal of the prospective purchaser, without the participation of the Monitor, and these discussions led to a meeting of the parties, including the Monitor, on March 30, 2005, which meeting resulted in a nominal increase in the offer made, and the rejection thereof by Fincore, as insufficient. There being no agreement, the discussions between the parties then terminated.

15. Meanwhile, one of Fincore's major customers announced the closure of its major plant in the United States which, according to Mr. Gross, had been producing similar product to that made by Fincore on behalf of the customer. As a result of this situation, Mr. Gross advised the Monitor that he had had discussions with the customer which led him to believe that there could be a significant new business opportunity with the customer for Fincore, and that Fincore would, as a result, be much more viable than it had been to date. Mr. Gross thought that this opportunity would be beneficial and could be the foundation for the preparation of a Plan of Arrangement for the benefit of the Fincore creditors.

16. All of the foregoing events and discussions relating to the offer from the prospective purchaser, and the proposed arrangements with the major customer, took place on March 30, 2005.

17. Unfortunately on April 1, 2005, the above referred to major customer decided to terminate its business arrangements with Fincore, and removed its inventory (the wheel program) from Fincore's premises to send to another supplier. It also repossessed a couple of small machines owned by it, and used in the manufacturing process. As a result of this, Fincore had by the weekend and on Monday morning, April 4, 2005 sent home most of the employees, for lack of work. Mr. Gross advised the Monitor that the only business remaining with Fincore, at this time, was the antenna business, and certain product being produced for another customer. Clearly, this business is insufficient to sustain Fincore. However, Fincore has advised the Monitor that it remains optimistic that there will be a significant opportunity developing within the next ninety days that could create the basis for a Plan of Arrangement for the benefit of the Fincore creditors..

OPERATIONS AND CASH FLOW

18. The Monitor noted in paragraph 10 of its Third Report that the cash flow forecasts for the months of February, March and April 2005 indicated that "additional sums of approximately $200,000 will need to be injected into the Company during those months so as to cover all necessary disbursements." Attached as ***Exhibit A*** to this Report is a Statement of Cash Flow for the period from September 15, 2004 to February 28, 2005, and of the cash flow budget for the months of March and April 2005.

The cash flow indicates that during the month of February, a sum of $98,945 was injected into the Company to meet cash flow shortfalls, and the budget indicates that a further sum of $95,000 was to be injected during the months of March and April 2005, to ensure that all post-filing obligations were paid. The Monitor has not yet been able to obtain all necessary financial records to determine the precise actual cash flow for the month of March 2005. Based on the daily cash records forwarded to the Monitor, it is evident that cash flow has remained tight, although post-filing obligations falling due during the period have generally been met.

19. We attach as ***Exhibit B*** a Summary of Monthly Balance Sheets for the period from the end of September 2004 to the end of February 2005, and of the Income Statement for the same period. The exhibit includes as well, a company-prepared detailed Balance Sheet as at February 28, 2005, and a detailed Income Statement for the month of February 2005 as well as cumulatively for the four months ended on that date. These statements indicate that a loss of approximately $412,000 was incurred for the month of February 2005, and that a loss of approximately $1.1 million was incurred for the four months of November 2004 to February 2005. The effect of these losses on the balance sheet was to reduce dramatically the remaining assets, which consisted primarily of accounts receivable and inventory, and to marginally increase trade payables.

MONITOR'S ACTIVITIES SINCE THE MONITOR'S THIRD REPORT

20. As reported in paragraph 11 of the Monitor's Third Report, the Monitor has been in frequent contact with a number of creditors, and with Mr. Gross, in view of "delays in paying post-filing obligations to a number of critical creditors, including particularly the Union, for employee benefit plan premiums, the landlord for rent (which is payable on a weekly basis), the supplier of natural gas, used for the heat ovens as well as premises heat, and to Hydro." Further, the Monitor's counsel verbally brought these concerns to the attention of the Court at the time of obtaining the Extension Order of February 14, 2005.

21. The Monitor has continued to review these payments and payment arrangements carefully, on a regular, almost daily basis, and until recently had been satisfied that bills coming due were being paid regularly and in accordance with arrangements made with creditors.

22. On April 4, 2005, the Monitor commenced a process of contacting major creditors to inquire as to the current state of accounts. Further, the Monitor attended at the premises of Fincore to review unpaid invoices on hand, and prepared a listing of post-filing obligations, attached as ***Exhibit C***. Based on invoices on hand, these unpaid bills, including unpaid invoices of the Monitor in the amount of $51,387.51, and of its legal counsel, Fraser, Milner Casgrain, in the amount of $14,213.72, totaled approximately $323,000. However, as noted under Notes 2 and 3, a post-filing GST refund and an Enbridge deposit, as well as a further cash receipt deposited in the bank on April 6, 2005, would reduce the

total post-filing obligations at April 6, 2005 to approximately $203,000. That amount is based on invoices received up to April 6, 2005. Obviously, a number of creditors, particularly the utilities, are somewhat slow in billing, and accordingly, the Monitor estimates that by April 15, 2005, the total post-filing obligations could approximate $379,000, including payroll obligations, and less further cash deposits that might be received from customers, or from Mr. Gross.

23. Mr. Gross has advised that to date he has provided funding in excess of of $635,000 since the inception of this action on September 15, 2005, much of it by funding purchases through his personal VISA card. Nonetheless, the Monitor has been concerned for some time that, Mr. Gross might be unable to provide sufficient additional advances to Fincore to fund the cash shortfalls in their entirety and ensure that <u>all</u> post-filing obligations are in fact paid. Accordingly, at the time of the second extension of the Stay, and the issuance of the Monitor's Second Report, dated December 10, 2004, the Monitor obtained an undertaking from Mr. Gross, acting on behalf of the secured creditors, to postpone the secured creditors' security over the assets of Fincore "up to $250,000, in order to pay in full the required Fincore post-filing obligations". This letter is attached to this Report, as ***Exhibit D***.

24. Further, in view of the delays and difficulties encountered in paying <u>all</u> post-filing obligations, the Monitor insisted on an improvement of this undertaking prior to going to Court for the third extension, and finalization of the Monitor's Third Report dated February 10, 2005. Accordingly, on February 11, 2005 the Monitor obtained a further letter from Mr. Gross, acting on behalf of the secured creditors, undertaking to

"increase the limit of funding from $250,000 to $300,000." This letter is attached as ***Exhibit E***. Further, the earlier undertaking was amended to include the secured creditors' security over the assets of, 999361, as follows: "Additionally, I agree as a representative of the secured creditors of 999361 Ontario Inc. ("999361") that in the event that Fincore's cash flows prove insufficient to meet the outstanding post filing obligations, and the realization from the liquidation of the assets of Fincore does not provide enough funding to remedy the Fincore cash flow shortfall to pay the post-filing obligations of Fincore, then we will make available to the Monitor, out of the realization that we obtain from our security over the assets of 999361, the additional amounts required in order to pay the remaining unpaid Fincore post CCAA filing obligations, up to THREE HUNDRED THOUSAND DOLLARS ($300,000CDN), which can be realized only to the extent required to pay the remaining unpaid Fincore's obligations generated subsequent to the CCAA filing. As security for the payment of the amounts contemplated in this paragraph, I hereby grant as a representative of the secured creditors a security interest in the security that such secured creditors of 999361 were granted in respect of the assets of 999361."

CONCLUSION

25. While there is a possibility that Fincore may be able to enter into a satisfactory arrangement that will allow a viable Fincore plant operation and possibly a plan of arrangement, there is a recognition that in light of the continuing deterioration of the business prospects of Fincore and the charge given to the Monitor by Fincore to pay post filing obligations, that it is appropriate that BDO Dunwoody Limited be appointed Interim

Receiver over the assets of Fincore for the sole purpose of selling the assets of Fincore. Additionally, in order to effectively sell the assets of Fincore, the equipment owned by 999361 and leased to Fincore, must also be sold. In light of the agreement between Mr. Gross, the Secured Creditor of 999361, and the Monitor, that will make available to the Monitor, out of the realization obtained through Mr. Gross' security over the assets of 999361, the additional amounts required to pay the remaining unpaid Fincore post CCAA filing obligations, up to THREE HUNDRED THOUSAND DOLLARS ($300,000CDN), it is appropriate that BDO Dunwoody Limited be appointed Interim Receiver over the assets of 999361. The Monitor understands that 999361 and its secured creditors have agreed to same.

All of which is respectfully submitted.

BDO DUNWOODY LIMITED

Per:

Uwe Manski, FCA, FCIRP

President

/bc

Encl.

Exhibit A

FINCORE INDUSTRIES INC.

Cash Flow Statement (September 2004 to April 2005)

	Budget					
	15-Sep-04 to 30-Sep-04	Oct-04	Nov-04	Dec-04	Jan-05	Feb-05
Opening Cash Balance						
CDN Account	$ 41,643					
US Account (CDN equivalent)	24,475					
Total Opening Cash Balance	$ 66,118	$ 120,348	$ 123,330	$ 165,557	$ 3,670	$ 30
Cash Collections						
Sales / Accounts Receivable	$ 475,734	$ 779,449	$ 696,238	$ 248,337	$ 490,051	$ 419,412
Other - Note (1)					118,000	106,000
Total Cash Collections	$ 475,734	$ 779,449	$ 696,238	$ 248,337	$ 608,051	$ 525,412
Cash Disbursements						
Inventory Purchases	104,661	111,521	111,521	48,715	75,397	64,952
Other Production Costs	33,348	35,000	35,000	24,358	50,265	15,000
Payroll (and related costs)	169,000	255,000	255,000	120,000	218,936	193,548
Rent	64,000	68,510	68,510	71,891	102,852	98,591
Utilities	91,000	156,000	81,500	62,500	115,755	95,434
Insurance	30,000	41,947	16,126	16,126	16,126	33,500
Equipment Leases	3,000	2,889	2,889	2,889	2,889	5,800
General and Administrative Expenses	21,914	65,000	55,000	40,000	20,000	12,000
Management Fee ($US)	-	15,600	15,600	11,800	5,000	5,000
Miscellaneous	-	25,000	30,000	1,500	1,000	1,500
Total Cash Disbursements	516,923	776,467	671,146	399,779	608,220	525,325
Cash Surplus/(Shortfall) for Period	(41,189)	2,982	25,092	(151,442)	(169)	87
Closing Cash Balance	$ 24,929	$ 123,330	$ 148,421	$ 14,115	$ 3,501	$ 117

	Actual						Budget		Total
	15-Sep-04 to 30-Sep-04	Oct-04	Nov-04	Dec-04	Jan-05	Feb-05	Mar-05	Apr-05	Total
Opening Cash Balance									
CDN Account	$ 65,869	70,051	46,620	127,041	3,491	15			
US Account (CDN equivalent)	24,468	50,297	34,154	38,516	164	-			
Total Opening Cash Balance	$ 90,338	$ 120,348	$ 80,774	$ 165,557	$ 3,655	$ 15	$ 17,510	$ 17,516	$ 90,338
Cash Collections									
Sales / Accounts Receivable	$ 367,091	$ 718,772	$ 716,781	$ 185,461	$ 355,069	$ 398,390	$ 420,846	$ 420,846	$ 3,583,256
Other - Note (1)					98,376	98,945	49,000	44,000	290,321
Total Cash Collections	$ 367,091	$ 718,772	$ 716,781	$ 185,461	$ 453,445	$ 497,335	$ 469,846	$ 464,846	$ 3,873,577
Cash Disbursements									
Inventory Purchases	115,039	143,531	107,071	30,021	66,231	62,363	64,952	64,952	654,160
Other Production Costs	26,573	41,636	23,716	32,345	12,947	18,248	15,000	15,000	185,465
Payroll (and related costs)	89,500	308,808	251,580	185,440	193,250	212,416	193,548	193,548	1,628,090
Rent	34,255	68,510	89,863	32,030	71,891	80,877	71,891	71,891	521,208
Utilities	-	82,904	78,915	19,224	98,551	49,323	87,434	82,434	498,785
Insurance	30,000	44,859	16,126	16,127	-	16,933	16,126	16,126	156,297
Equipment Leases	2,889	-	3,852	2,385	-	5,871	2,889	2,889	20,775
General and Administrative Expenses	35,955	52,890	55,457	17,389	10,334	20,264	12,000	12,000	216,289
Management Fee ($US)	-	14,300	3,900	11,700	2,400	10,540	5,000	5,000	52,840
Miscellaneous	2,869	908	1,518	687	1,481	3,005	1,000	1,000	12,468
Total Cash Disbursements	337,080	758,346	631,998	347,348	457,085	479,840	469,840	464,840	3,946,377
Cash Surplus/(Shortfall) for Period	30,011	(39,574)	84,783	(161,887)	(3,640)	17,495	6	6	(72,800)
Closing Cash Balance	$ 120,348	$ 80,774	$ 165,557	$ 3,670	$ 15	$ 17,510	$ 17,516	$ 17,522	$ 17,537

Notes

(1) Any cash shortfalls are to be funded by the related party secured creditors.

(2) $US converted to $CDN at 1.18

Exhibit B

FINCORE INDUSTRIES INC.
Summarized Balance Sheet

	Feb-05	Jan-05	Dec-04	Nov-04	Oct-04	Sep-04
Assets						
Current	228	411	425	693	852	928
Capital	575	581	587	594	601	602
	803	992	1,012	1,287	1,453	1,530
Liabilities						
Trade Payables	6,592	6,425	6,266	6,171	6,153	6,332
Bank Debt	4	4	4	4	4	4
Related Party Loans	6,508	6,508	6,508	6,508	6,508	6,508
Foreign Exchange on Loans	(468)	(524)	(560)	(560)	(560)	(220)
Net Related Party Loans	6,040	5,984	5,948	5,948	5,948	6,288
Total Liabilities	12,636	12,413	12,218	12,123	12,105	12,624
Excess of Liabilities over Assets	(11,833)	(11,421)	(11,206)	(10,836)	(10,652)	(11,094)
	803	992	1,012	1,287	1,453	1,530

FINCORE INDUSTRIES INC.
Summarized Income Statement

	Feb-05	Jan-05	Dec-04	Nov-04	Oct-04	Sep-04
Sales	326	369	143	497	628	677
Gross Profit Margin	-30.8%	20.3%	46.0%	33.5%	17.9%	30.1%
Loss from Operations	(426)	(198)	(364)	(106)	(198)	(171)
Gain/(Loss) on Foreign Exchange	14	(11)	(3)	6	351	223
Other Income	0	0	0	0	24	24
Interest Expenses	(1)	(6)	(2)	0	(4)	(3)
	13	(17)	(5)	6	371	244
Gain/(Loss) for Period	(413)	(215)	(369)	(100)	173	73

FINCORE INDUSTRIES INC.
BALANCE SHEET

	AS AT 28-Feb-05
ASSETS	
Current	
Cash and Bank	-$124,057.52
Accounts receivable	$70,570.36
Inventory	$137,310.40
Prepaid expenses	$143,746.52
Total current assets	**$227,569.76**
Capital assets [note 3]	$574,586.75
Investment in Preferred Shares	$1.00
	$802,157.51
LIABILITIES, SHARE CAPITAL AND DEFICIT	
Current	
Bank indebtedness	
Accounts payable and accrued liabilities [note 4]	$6,592,352.79
Deferred revenue - current [note 5]	
Current portion of long-term debt [note 6]	$4,090.80
Total current liabilities	**$6,596,443.59**
Long-term debt [note 6]	
Deferred revenue - long-term portion [note 5]	
Advances from related parties [note 4]	$6,039,536.26
Total liabilities	**$12,635,979.85**
Share capital and deficit	
Share capital [note 7]	$120.00
Contributed Surplus	$3,428,616.59
Deficit [note 1]	-$15,262,558.93
Total share capital and deficit	**-$11,833,822.34**
	$802,157.51
check	$0.00

FAX Attn: Nav / BDO
416-865-0904
Muralee / Fincore
03 DATE: Apr 08/05

FINCORE INDUSTRIES INC.
INCOME STATEMENT

	4 Months Ended February 28, 2005	Sales % of	Monthly February 28, 2005	Monthly % of %
Sales : E-COAT	$26,559	1.99%	$11,809	3.62%
Sales : POWDER COAT	$787,638	58.96%	$182,785	55.97%
Sales : T-COAT	$521,582	39.05%	$131,981	[redacted]
Sales : TOOLING	$0	0.00%	$0	0.00%
TOTAL SALES	$1,335,779	100.00%	$326,575	100.00%
Less : sales freight out EC	$645	0.05%	$210	0.06%
Less : sales freight out TC	$0	0.00%	$0	0.00%
Less : Sales Return	$0	0.00%	$0	0.00%
NET SALES	$1,335,134	99.95%	$326,365	99.94%
COST OF GOOD SOLD:				
Material - EC	$143,164	10.72%	$36,177	11.08%
Material - TC	$336,673	25.20%	$198,671	60.83%
Material - Tooling	$0	0.00%	$0	0.00%
Direct Labour - EC	$361,025	27.03%	$95,325	[redacted]
Direct Labour - TC	$158,974	11.90%	$42,549	13.03%
Indirect Labour	$110,792	8.29%	$30,479	9.33%
	$1,110,628	83.14%	$403,200	123.46%
OTHER VARIABLE EXPENSES :				
Manufacturing Salary	$49,816	3.73%	$10,493	3.21%
Repairs and maintenance	$39,487	2.96%	$2,731	0.84%
Filter supplies	$11,748	0.88%	$2,661	0.81%
Stripping and rework - outside	$0	0.00%	$0	0.00%
Safety and medical supplies	$1,675	0.13%	$485	0.15%
Welding supplies	$3,443	0.26%	$1,059	0.32%
Chemical and garbage disposal	$2,673	0.20%	$479	0.15%
Chemical supplies	$0	0.00%	$0	0.00%
Uniforms	$2,441	0.18%	$553	0.17%
Vehicle	$35,047	2.62%	$4,673	1.43%
Brokerage	$3,541	0.27%	$588	0.18%
Miscellaneous	$0	0.00%	$0	0.00%
Travel	$0	0.00%	$0	0.00%
	$149,872	11.22%	$23,722	7.26%
CONTRIBUTION	*$74,634*	5.59%	-$100,867	-30.79%
FIXED MANUFACTURING EXP				
Utilities	$339,170	25.39%	$124,282	38.06%
Building rent	$159,677	11.95%	$36,786	11.26%
Property taxes	$96,435	7.22%	$27,242	8.34%
Amortization	$22,932	1.72%	$5,733	1.76%
Equipment rental	$213,513	15.98%	$53,510	16.39%
Insurance	$61,681	4.62%	$15,420	4.72%
	$893,407	66.88%	$262,973	80.52%
MANUFACTURING PROFIT/ (LOSS)	-$818,773	-61.30%	-$363,530	-111.32%
General and administrative variable	$55,662	4.17%	$11,895	3.64%
General and administrative fixed	$219,583	16.44%	$50,568	15.48%
TOTAL ADMINISTRATIVE EXP	$275,245	20.61%	$62,463	19.13%
NET INCOME / LOSS FROM OPERATION	-$1,094,018	-81.90%	-$425,993	-130.44%
(Gain) / Loss on foreign exchange	-$5,967	-0.45%	-$14,339	-4.39%
other (income) / loss	$0	0.00%	$0	0.00%
Interest expense	$9,414	0.70%	$806	0.25%
	$3,447	0.26%	-$13,533	-4.14%
Gain / (Loss) for year	-$1,097,465	-82.16%	-$412,460	-126.30%
Deficit, beginning of year	-$14,165,094			
DIVIDENTS				
Deficit, end of period	-$15,262,559			
check	$0			

COST OF GOODS SOLD-

	4 Months Ended Feb-28 2005	Sales % of	3 Months Ended Jan-31 2005	Sales % of
Variable expenses:				
Salaries, wages and benefits	$158,974	11.90%	$116,425	11.54%
Materials	$336,673	25.20%	$138,002	13.67%
Repairs and maintenance	$39,487	2.96%	$36,756	3.64%
Filter supplies	$11,748	0.88%	$9,087	0.90%
Stripping and rework - outside	$0	0.00%	$0	0.00%
Safety and medical supplies	$1,675	0.13%	$1,191	0.12%
Welding supplies	$3,443	0.26%	$2,384	0.24%
Chemical and garbage disposal	$2,673	0.20%	$2,194	0.22%
Chemical supplies	$0	0.00%	$0	0.00%
Uniforms	$2,441	0.18%	$1,888	0.19%
Vehicle	$0	0.00%	$0	0.00%
Miscellaneous	$0	0.00%	$0	0.00%
Travel	$0	0.00%	$0	0.00%
Insurance recovery [note 9]	$0	0.00%	$0	0.00%
Freight	$35,047	2.62%	$30,374	3.01%
	$0	0.00%	$0	0.00%
	$592,160	44.33%	$338,300	33.52%
Fixed Cost:				
Utilities	$339,170	25.39%	$214,889	21.29%
Building rent	$159,677	11.95%	$122,891	12.18%
Property taxes	$96,435	7.22%	$69,193	6.86%
Amortization	$22,932	1.72%	$17,199	1.70%
Equipment rental	$213,513	15.98%	$160,003	15.85%
Insurance	$61,681	4.62%	$46,261	4.58%
	$893,407	66.88%	$630,434	62.47%
Total cost of sales	$1,485,568	111.21%	$968,734	95.99%

GENERAL AND ADMINISTRATIVE

	4 Months Ended Feb-28 2005	Sales % of	3 Months Ended Jan-31 2005	Sales % of
Variable expenses:				
Travel	$16,077	1.20%	$11,601	1.15%
Office	$17,619	1.32%	$12,906	1.28%
Consulting	$11,869	0.89%	$11,869	1.18%
Legal and audit	$0	0.00%	$0	0.00%
Telephone	$4,401	0.33%	$3,528	0.35%
Vehicle	$0	0.00%	$0	0.00%
Bad debt	$0	0.00%	$0	0.00%
Meals and entertainment	$15	0.00%	$15	0.00%
Bank charges	$5,681	0.43%	$3,848	0.38%
Commission	$0	0.00%	$0	0.00%
CCAA EXPENSE	$35,047	0.026237	$30,374	0.0301
	$55,662	4.17%	$43,767	4.34%
Fixed Cost:				
Salaries, wages and benefits	$185,745	13.91%	$147,248	14.59%
Management fees	$27,415	2.05%	$16,950	1.68%
Amortization	$2,939	0.22%	$2,204	0.22%
Business taxes	$0	0.00%	$0	0.00%
Insurance	$3,483	0.26%	$2,612	0.26%
	$219,583	16.44%	$169,015	16.75%
Total General and Admin	$275,245	20.61%	$212,782	21.08%

Exhibit C

FINCORE INDUSTRIES INC.
POST-FILING OBLIGATIONS

Creditor	Approximate Balance Based on Investigation April 6, 2005	Estimated to April 15, 2005	
Toronto Hydro	80,202.00	142,702.00	(1)
Enbridge	53,880.37	70,615.42	(2)
BDO Dunwoody Limited	51,387.51	61,387.51	
Payroll	40,000.00	60,000.00	
N. Turk Investments	17,972.62	53,917.86	
CRA - Payroll Tax	15,250.99	22,876.49	(3)
Fraser Milner Casgrain	14,213.72	21,713.72	
WSIB	18,698.08	15,845.28	(4)
Toronto Water	3,107.65	8,546.04	
Conductive Plastics Company	6,055.84	6,055.84	
Telus Mobility	2,232.30	5,022.68	
US Filter Inc.	3,142.59	4,713.89	
Liftow Ltd.	2,889.00	4,333.50	
Bell Canada	1,000.00	2,500.00	
Union Dues - Weekly	1,109.46	1,859.46	
Minister of Community Services	1,404.00	1,638.00	
City-Wide Glass Inc.	321.00	321.00	
David Moore Enterprizes Inc.	141.24	141.24	
Lang Michener	0.00	0.00	(5)
Miscellaneous	10,000.00	15,000.00	
	323,008.37	499,189.90	
Less:			
Enbridge Deposit	(67,000.00)	(67,000.00)	(2)
GST Refund Owing	(11,974.58)	(11,974.58)	(3)
Cash receipts post April 6, 2005	(41,448.34)	(41,448.34)	
	202,585.45	378,766.98	

Notes

(1) Company believes balance is lower; however, no independent confirmation from creditor.

(2) Deposit held by creditor amounting to $67,000 would reduce balance owing.

(3) Post filing GST refund of $11,974.58 would reduce balance owing.

(4) Balance for creditor reduced for cheque clearing post April 6, 2005.

(5) Amount owed to creditor is not on accounts payable listing.

Exhibit D

Sheldon E. Gross
10 Melford Drive UNIT 12
Scarborough, ON M1B 2G1
Cellular 267-266-4517 or 416-771-4727
FAX 954-876-0502

10 December 2004

TELEFAX TO: 416-865-0904

Mr. Uwe Manski, FCA, FCIRP
BDO DUNWOODY LIMITED
P.O. Box 33 Royal Bank Plaza
Toronto, ON M5J 219

Re: *Fincore Industries Inc. ("Fincore")*

Dear Mr. Manski:

This letter is further to our telephone discussion of Thursday December 9, 2004.

As we discussed, Fincore in its CCAA proceedings has requested your support for the proposed extension of Fincore's CCAA proceedings, which is before the court next week. However, Fincore due to the timing and upcoming year end inventory adjustments and customer shut downs, Fincore has not been able to produce the usual cash flow statements that would be expected to be filed on an extension request.

You have advised me that you are concerned that Fincore has been and may well continue to suffer losses on a monthly basis while Fincore pursues the various alternatives in the restructuring process that is currently underway. In the past, I have assured you that I would fund any reasonable amounts necessary to cover cash deficiencies and you have been doing so to date.

The Monitor continues to work with Fincore, reviewing its cash flow and expenditures on a daily basis, in order to make sure there are adequate resources to meet the obligations incurred by Fincore after its date of filing. However, given the present uncertainty concerning cash flows and the inability of the company to produce projected cash flow statements, I have agreed as the representative of Fincore's secured creditors, to provide additional comfort with respect to the payment of post-filing obligations. Therefore, in the event Fincore's cash flows prove insufficient to meet the outstanding post filing obligations, I agree as Fincore's secured creditors, to make available to the Monitor, out the realization that we obtain from our security over the assets of Fincore, the amounts required, up to $250,000, in order to pay in full the required Fincore post filing obligations.

Yours very truly,

Sheldon E. Gross

Exhibit E

Sheldon E. Gross
10 Melford Drive Unit 12
Scarborough, ON M1B 2G1
416-771-4727

February 11, 2005

Mr. Uwe Manski, FCA FCRIP
BDO DUNWOODY LIMITED
P.O. Box 33 Royal Bank Plaza
Toronto, ON M5J 2I9

RE: Fincore Industries, Inc ("Fincore")

Dear Mr. Manski:

This will confirm our discussions of February 9, 2005.

Fincore has requested the support of BDO Dunwoody Ltd. in its capacity as court appointed monitor (the "Monitor") in the CCAA proceedings to extend the stay of proceedings to April 15, 2005, which motion is to be heard by the Court on Monday, February 14, 2005.

On December 10, 2004, as the representative of Fincore's secured creditors, I agreed that in the event that Fincore's cash flows prove insufficient to meet the outstanding post filing obligations, to make available to the Monitor, out of the realization that we obtain from our security over the assets of Fincore, the amounts required, up to TWO HUNDRED FIFTY THOUSAND DOLLARS ($250,000CDN), in order to pay in full Fincore's post filing obligations.

You have expressed a concern based on Fincore's cash flow projections provided to the Monitor for the months of March and April 2005, which indicate that cumulative cash flow deficiencies could total about THREE HUNDRED THOUSAND DOLLARS ($300,000CDN) by the end of April 2005. Accordingly, as a representative of Fincore's secured creditors, I hereby amend my December 10, 2004 letter to increase the limit of funding from TWO HUNDRED FIFTY THOUSAND DOLLARS ($250,000CDN) to THREE HUNDRED THOUSAND DOLLARS ($300,000CDN).

Additionally, I agree as a representative of the secured creditors of 999361 Ontario Inc. ("999361") that in the event that Fincore's cash flows prove insufficient to meet the outstanding post filing obligations, and the realization from the liquidation of the assets of Fincore does not provide enough funding to remedy the Fincore cash flow shortfall to pay the post-filing obligations of Fincore, then we will make available to the Monitor, out of the realization that we obtain from our security over the assets of 999361, the additional amounts required in order to pay the remaining unpaid Fincore post CCAA filing obligations, up to THREE HUNDRED THOUSAND DOLLARS ($300,000CDN), which can be realized only to the extent required to pay the remaining unpaid Fincore's obligations generated subsequent to the CCAA filing. As security for the payment of the amounts contemplated in this paragraph, I hereby grant as a representative of the secured creditors a security interest in the security that such secured creditors of 999361 were granted in respect of the assets of 999361.

Very truly yours,

Sheldon E. Gross

416-865-0904
cc: NAV SHARMA