



Tel: 416 865 0210
Fax: 416 865 0904
www.bdo.ca

BDO Canada Limited
123 Front Street W, Suite 1200
Toronto ON M5J 2M2 Canada

May 5, 2014

To: The Creditors of The John Forsyth Shirt Company Ltd., Forsyth Holdings, Inc. and Forsyth of Canada Inc. - Going-Concern Sale

On February 22, 2013, The John Forsyth Shirt Company Ltd., Forsyth Holdings, Inc. and Forsyth of Canada Inc. ("Forsyth") filed for protection under the Companies' Creditors Arrangement Act ("CCAA") and obtained an initial order from the Ontario Superior Court of Justice (the "Court"). BDO Canada Limited was appointed as the Monitor ("Monitor") of the estate.

As you are aware the intent of the CCAA filing was to assist Forsyth in reorganizing its affairs which included negotiating a settlement of pre-filing debt with its existing unsecured creditors as well as finding a replacement senior secured lender. Subsequent to the CCAA filing Forsyth prepared a plan of arrangement which was approved by both the Creditors and the Court (the "Plan"). The Plan provided for a distribution to be made to the Creditors on January 15, 2014 (the "Distribution"). In addition, subsequent to the Plan approval Forsyth was successful in replacing its senior secured lender.

On January 14, 2014 we advised that the Distribution had been delayed as a result of insufficient funds available to make such payment. At that time the Company commenced searching for alternatives to in order to fund the payment. On February 4, 2014 we wrote to the creditors to advise that, unfortunately the Company was unsuccessful in its efforts and there was no realistic possibility of a Distribution being made in the foreseeable future.

Subsequently, management undertook a search for a going-concern purchaser of the business. On May 5, 2014 an Asset Purchase Agreement was executed wherein the Forsyth assets would be sold to 2414395 Ontario Inc. ("241"). The Purchaser is owned primarily by Manunion, which was Forsyth's largest trade creditor in the CCAA proceedings.

The purchase price is to be the assumption of the existing secured indebtedness. This transaction would not generate any recovery for the original creditors under the CCAA Plan. The companies are seeking the approval of the Court for the sale of its assets to 241 on May 13, 2014. The Monitor will advise the Court that we recommend the Court approve the sale as there appears to be no better alternative in the circumstances.

Should you have any questions or concerns please feel free to contact Ken Pearl at 416-865-0210.

Yours very truly,
BDO CANADA LIMITED
In its capacity as Court Approved CCAA Monitor of
The John Forsyth Shirt Company Ltd.
Forsyth Holdings, Inc.
Forsyth of Canada, Inc.
Per:

Blair Davidson, CPA, CA, CIRP, CBV, CMC
President

/bc