

COURT FILE NO CV-13-10009-00CL

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 THE JOHN
FORSYTH SHIRT COMPANY LTD., FORSYTH HOLDINGS, INC.
AND FORSYTH OF CANADA, INC.

SUPPLEMENTARY REPORT OF THE
THIRD REPORT DATED JULY 4, 2013
BDO CANADA LIMITED
IN ITS CAPACITY AS MONITOR OF
THE APPLICANTS UNDER THE *COMPANIES' CREDITORS ARRANGEMENT ACT*

DATED JULY 9, 2013

1. **PURPOSE**

- 1.1 All defined terms herein are as presented in the Third Report of the Monitor dated July 4, 2013.
- 1.2 The purpose of this Supplementary Report dated July 9, 2013 is to provide this Honourable Court with information in respect of:
- (a) The extension and terms of the DIP Credit Agreement.

2. **DIP FINANCING**

- 2.1 The Initial Order approved DIP Financing provided by Wells Fargo (in such capacity, the "DIP Lender") to a maximum amount of \$10 million subject to the terms set out in the Forsyth DIP Commitment Letter dated February 20, 2013 (the "DIP Credit Agreement") previously filed with the Court. The DIP Credit Agreement created a new facility for the funding of expenses during the CCAA Proceedings and operates on terms substantially similar to those of the pre-filing credit facilities between the Applicants and their pre-filing senior secured lender, Wells Fargo.
- 2.2 The DIP Lender has agreed to an extension of the DIP Credit Agreement to September 30, 2013. A copy of the amendment is attached as Appendix "A". Other than the date and an extension fee of \$10,000, there are no other changes to the DIP Credit Agreement.
- 2.3 The Monitor recommends that the Court approve the Applicants' entering into this amended DIP Credit Agreement. This would provide time to either obtain alternative financing or provided evidence to the DIP Lender of the Applicant's ability to achieve its forecasts and merit a more permanent financing arrangement with the DIP Lender.

All of which is respectfully submitted this 9th day of July, 2013.

BDO CANADA LIMITED

Per:



Blair F. Davidson, CPA, CA•CIRP, CBV, CMC
President

APPENDIX “A”

SECOND AMENDING AGREEMENT

THIS AGREEMENT is made as of the 9th day of July, 2013.

AMONG:

**THE JOHN FORSYTH SHIRT COMPANY LTD. (the
"Canadian Borrower")**

- and -

**FORSYTH OF CANADA, INC. (the "US Borrower" and
together with the Canadian Borrower, the "Borrowers")**

- and -

**FORSYTH HOLDINGS, INC. (collectively with the Borrowers,
the "Loan Parties")**

- and -

**WELLS FARGO CAPITAL FINANCE CORPORATION
CANADA ("Agent" and "Canadian DIP Lender")**

- and -

**WELLS FARGO CAPITAL FINANCE, LLC ("US DIP
Lender", and together with the Canadian DIP Lender, the "DIP
Lenders")**

WHEREAS the Loan Parties have filed for protection under the *Companies' Creditors Arrangement Act* (Canada) (the "CCAA Proceedings") and the Ontario Superior Court of Justice (Commercial List) (the "Court") granted an initial order in the CCAA Proceedings on February 22, 2013;

AND WHEREAS in connection with the CCAA Proceedings, the Loan Parties and the DIP Lenders entered into a DIP Commitment Letter dated as of February 20, 2013 (as amended, modified, restated and/or supplemented from time to time, the "DIP Commitment Letter") in which the DIP Lenders agreed to provide for the short term liquidity needs of the Borrowers while under CCAA protection;

AND WHEREAS the DIP Commitment Letter was amended by the First Amending Agreement dated May 17, 2013;

AND WHEREAS the parties to the DIP Commitment Letter have agreed to further amend the DIP Commitment Letter in accordance with the terms of this Second Amending Agreement;

NOW THEREFORE in consideration of the respective covenants of the parties hereto herein contained and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged) the parties hereto agree as follows:

**ARTICLE 1
INTERPRETATION**

1.1 Defined Terms

All capitalized terms used (including in the recitals) and not otherwise defined herein shall have the meanings specified in the DIP Commitment Letter.

**ARTICLE 2
AMENDMENTS TO THE DIP COMMITMENT LETTER**

2.1 Amendment to the Maturity Date

The paragraph in the DIP Commitment Letter entitled "Repayment" is hereby amended by deleting the date "July 12, 2013" and replacing it with the date "September 30, 2013".

2.2 Amendment to the DIP Lenders Fees

The paragraph in the DIP Commitment Letter entitled "DIP Lenders Fees" is hereby amended by inserting the following at the end of this paragraph:

"The Borrowers shall pay the DIP Lenders an extension fee in the amount of Canadian \$10,000, which fee shall be fully earned and payable immediately after the execution of the Second Amending Agreement."

**ARTICLE 3
GENERAL PROVISIONS**

3.1 Court Approval

The Borrowers and the DIP Lenders acknowledge and agree that Court approval of this Second Amending Agreement shall be sought and obtained before the amendments contained herein become effective.

3.2 Other Documents

Any reference to the DIP Commitment Letter made in any documents delivered pursuant thereto or in connection therewith shall be deemed to refer to the DIP Commitment Letter as amended, extended, modified, renewed or supplemented from time to time, unless the context otherwise permits.

3.3 Ratification and Confirmation

Except for the specific amendments to the DIP Commitment Letter contained herein, the DIP Commitment Letter and all related documents are in all other respects hereby ratified and

confirmed and the DIP Commitment Letter as amended and extended hereby shall be read, taken and construed as one and the same instrument.

3.4 Headings

The division of this Second Amending Agreement into articles, sections and clauses, and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Second Amending Agreement.

3.5 Governing Law

This Second Amending Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

3.6 Attornment

The parties hereto irrevocably submit and attorn to the non-exclusive jurisdiction of the Court for all matters arising out of or in connection with this Second Amending Agreement.

3.7 Binding Effect

This Second Amending Agreement shall be binding upon and enure to the benefit of each of the parties hereto and their respective successors and permitted assigns.

3.8 Further Assurances

The parties hereto shall execute and deliver such supplemental documents and take such supplemental action as may be necessary or desirable to give effect to the provisions and purposes of this Second Amending Agreement, all at the expense of the Borrowers.

3.9 Execution in Counterparts

This Second Amending Agreement may be executed and delivered by facsimile or other electronic transmission and in any number of counterparts, each of which when so executed and delivered is an original but all of which taken together constitute one and the same instrument.

[Remainder of page intentionally left blank.]

IN WITNESS HEREOF, the parties hereby execute this Second Amending Agreement as at the date first above mentioned.

**The John Forsyth Shirt Company Ltd., as
Canadian Borrower and Guarantor**

Per: 

Name: Harris Hester

Title: PRESIDENT

I have authority to bind the corporation.

**Forsyth of Canada, Inc., as US Borrower and
Guarantor**

Per: 

Name: Harris Hester

Title: PRESIDENT

I have authority to bind the corporation.

Forsyth Holdings, Inc., as Guarantor

Per: 

Name: Harris Hester

Title: Chairman

I have authority to bind the corporation.

**Wells Fargo Capital Finance Corporation
Canada as Agent and Canadian DIP Lender**

Per: _____

Name:

Title:

I have authority to bind the corporation.

IN WITNESS HEREOF, the parties hereby execute this Second Amending Agreement as at the date first above mentioned.

**The John Forsyth Shirt Company Ltd., as
Canadian Borrower and Guarantor**

Per: _____
Name:
Title:
I have authority to bind the corporation.

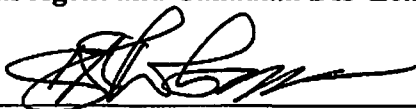
**Forsyth of Canada, Inc., as US Borrower and
Guarantor**

Per: _____
Name:
Title:
I have authority to bind the corporation.

Forsyth Holdings, Inc., as Guarantor

Per: _____
Name:
Title:
I have authority to bind the corporation.

**Wells Fargo Capital Finance Corporation
Canada as Agent and Canadian DIP Lender**

Per:  _____
Name:
Title: **Raymond Eghobamien
Vice President**
I have authority to bind the corporation.

**Wells Fargo Capital Finance LLC, as US DIP
Lender**

Per:



Name: Raymond Eghobamien
Title: Vice President
I have authority to bind the corporation.

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