

Amended Final Report of the Receiver
(Subsection 246(3) of the *Bankruptcy and Insolvency Act*)

In the Matter of the Receivership of
J.S.N. Jewellery Inc., J.S.N. Jewellery UK Limited, GMJ Corp., 2373138 Ontario Inc.,
Always & Forever Family Collection Incorporated, and P.M.R. Inc.
of the City of Vaughan
in the Province of Ontario

The Receiver gives notice and declares that:

1. This amended final report, for the period ending September 15, 2017, is filed by Richter Advisory Group Inc. ("**Richter**") in its capacity as receiver (the "**Receiver**") of J.S.N. Jewellery Inc. ("**JSN Jewellery**"), 2373138 Ontario Inc. ("**237**"), Always & Forever Family Collection Inc. ("**A&F**"), and P.M.R. Inc. ("**PMR**"), (collectively, the "**Canadian Debtors**"), GMJ Corp. ("**GMJ**"), and J.S.N. Jewellery UK Limited ("**JSN UK**", and together with the Canadian Debtors and GMJ, "**JSN**" or the "**Company**"). The receiver has prepared this amended final report to properly account for a previously unreported foreign exchange gain in the amount of approximately \$860 U.S. (see the Amended Final Statement of Receipts and Disbursements, attached as **Appendix "A"**).
2. On August 16, 2016 (the "**Date of Appointment**"), the Ontario Superior Court of Justice (Commercial List) (the "**Court**"), issued an order (the "**Receivership Order**") appointing Richter as Receiver, pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985 c.B-3, as amended, and section 101 of the *Courts of Justice Act* R.S.O. 1990 c.43, as amended of all the assets, undertakings and properties (the "**Property**") of the Company. Additionally, the Receivership Order ratified the appointment of FAAN Advisors Group Inc. ("**FAAN**") as chief restructuring officer (the "**CRO**") of the Company.
3. As a result of the Company's deteriorating financial position, a series of professionally-run refinancing and/or sale processes were completed prior to the appointment of the Receiver. The primary purpose of the receivership was to (i) facilitate the sale of certain of the Company's assets (intellectual property, consignment inventory and open-order finished goods inventory), to Unique Designs Inc. ("**Unique**"), pursuant to an offer to purchase (the "**Unique Sale Agreement**") dated August 15, 2016 (the "**Unique Transaction**"), and (ii) authorize the Receiver to conduct a sales process (the "**Sales Process**") for the Company's remaining assets after completion of the Unique Transaction (i.e. Property not included in the Unique Sale Agreement, including finished goods inventory, loose gemstones and furniture, fixtures and equipment ("**FF&E**")).
4. On the Date of Appointment, in addition to granting the Receivership Order, the Court issued an order (the "**Unique Sale Approval Order**") that, among other things, approved the Unique Transaction and authorized and directed the Receiver to execute the Unique Sale Agreement and take such additional steps necessary to complete the Unique Transaction. As certain of the Property included in the Unique Transaction was subject to the claims (the "**Sharon Stone Claims**") of a third party affiliated with JSN, Sharon Stone Co. Ltd. ("**Sharon Stone**"), the Unique Sale Approval Order approved the Unique Transaction and vested clear title in and to the purchased assets in favour of Unique subject to the Court's ultimate determination of the Sharon Stone Claims, which claims were to be dealt with by the Court on a later date. The Receiver was to hold a portion of the purchase price in escrow (the "**Escrow Funds**") pending the outcome of the Sharon Stone Claims.



5. On December 1, 2016, the Court issued an order that, among other things, approved the terms of settlement (the “**Settlement Terms**”) among the Receiver, the Company, Salus (as hereinafter defined), Sharon Stone, and Utopia Jewellery Ltd. (a company affiliated with JSN and Sharon Stone) regarding the Sharon Stone Claims. Although the Settlement Terms were ordered sealed until further order of the Court, the settlement of the Sharon Stone Claims both provided certainty regarding the Unique Transaction, and allowed for the release of the Escrow Funds.
6. On October 6, 2016, the Court issued two (2) orders approving the sale of certain Property to each of Sparkle Gems Inc. and Simplex Diam Inc. (together, the “**Sundry Asset Transactions**”). In addition to approving the Sundry Asset Transactions, the Court issued a further order on October 6, 2016 authorizing, among other things, the Receiver to enter into an agreement with Infinity Asset Solutions Inc. to carry out an auction for the Company’s remaining Property (primarily FF&E) that was not subject to either the Unique Transaction or the Sundry Asset Transactions.
7. During the course of the Receivership proceedings, the Receiver has filed five reports (including the report of Richter in its capacity as proposed receiver of JSN) with the Court (the “**Receiver’s Reports**”) which, among other things, described the refinancing and/or sales processes undertaken, the various sales transactions involving the Property, and the actions and activities of the Receiver.
8. On April 20, 2017, the Court issued an order (the “**Distribution and Termination of Receivership Order**”), among other things:
 - (a) Authorizing the Receiver to distribute \$100,000 to Salus Capital Partners, LLC (“**Salus**”) in partial satisfaction of the secured indebtedness owed to it by the Company, and such further amounts as the Receiver may determine are available for distribution to Salus, without further order of the Court, provided the aggregate distributions to Salus do not exceed the secured indebtedness owed to it by the Company;
 - (b) Authorizing as a distribution in kind, all uncollected and outstanding accounts receivable to Salus as at the termination of the receivership proceedings provided the aggregate distributions to Salus do not exceed the secured indebtedness owed to it by the Company;
 - (c) Approving the fourth report of the Receiver dated April 13, 2017 (the “**Fourth Report**”) and the activities of the Receiver referred to therein;
 - (d) Approving the Receiver’s statement of receipts and disbursements referred to in the Fourth Report;
 - (e) Approving the fees and disbursements of the Receiver and its counsel as set out in the Fourth Report, including an estimate of the fees and disbursements of the Receiver and its counsel to complete any remaining matters and finalize the receivership proceedings;
 - (f) Approving the activities of the CRO and terminating the CRO effective as of the termination of the receivership proceedings; and
 - (g) Terminating the receivership proceedings, including the Receiver’s Charge and the Receiver’s Borrowing Charge (each as defined in the Receivership Order), and discharging the Receiver upon the Receiver filing a certificate (the “**Receiver’s Discharge Certificate**”) with the Court certifying that all remaining matters have been completed.

9. The Receiver has completed its administration of the receivership and, pursuant to the Distribution and Termination of the Receivership Order, received its discharge subject to the filing of the Receiver's Discharge Certificate. The Receiver's Discharge Certificate was filed with the Court on July 18, 2017.
10. Attached as **Appendix "A"** is the Receiver's Amended Final Statement of Receipts and Disbursements, presented on a consolidated basis, for the period from August 16, 2016 to September 15, 2017.
11. The realizations from the sale of the Property have been insufficient to pay, in full, the secured claim of Salus. Accordingly, there are no funds available to support a distribution to the Company's unsecured creditors.
12. Creditors who wish to receive a copy of this amended final report may request a copy by writing to the Receiver at the following address:

Richter Advisory Group Inc.
Receiver of J.S.N. Jewellery Inc., J.S.N. Jewellery UK Limited, GMJ Corp., 2373138 Ontario Inc.,
Always & Forever Family Collection Incorporated, and P.M.R. Inc
181 Bay Street, Suite 3320
Toronto, ON M5J 2T3

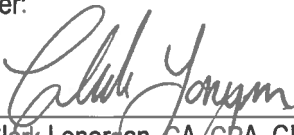
Attention: Katherine Forbes
Telephone: +1 416 785 1151
Facsimile: +1 416 488 3765

Further information and materials related to the receivership proceedings may be obtained from the Receiver's website at <http://www.richter.ca/en/folder/insolvency-cases/j/jsn-jewellery-inc>.

Dated at Toronto, in the Province of Ontario, on September 27, 2017.

Richter Advisory Group Inc.
in its capacity as Receiver of J.S.N. Jewellery Inc., J.S.N. Jewellery UK Limited, GMJ Corp.,
2373138 Ontario Inc., Always & Forever Family Collection Incorporated,
and P.M.R. Inc.

Per:


Clark Lonergan, CA, CPA, CIRP, LIT
Senior Vice President

Clark Lonergan, CA, CPA, CIRP, LIT
Senior Vice President

SCHEDULE "A"

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 Always & Forever Family Collection Incorporated, and P.M.R. Inc.
 Amended Final Statement of Receipts and Disbursements
 For the period August 16, 2016 to September 15, 2017

Receipts		Notes:
Unique Transaction	\$ 4,666,515.80	1
Sundry Asset Transactions	4,450,330.37	1
Net Proceeds received from JSN UK	3,739,744.30	2
Accounts receivable collections	1,220,942.07	
Cash in bank at the receivership date	415,303.97	
Asset realizations - scrap precious metal	221,230.33	3
Release of Holdback Amount	191,636.05	4
Pre-receivership GST/HST refund	155,197.82	
GST/HST refund in receivership	136,645.93	
Asset realizations - Fixed Assets	76,198.00	3
Refund of insurance premium	18,832.98	
Refund of pre-receivership overpayment	3,772.45	
Interest earned	2,394.90	
GST/HST collected on sales	258.05	
Total Receipts	\$ 15,299,003.02	
Professional fees - Receiver	595,672.42	
Consultant fees	214,985.29	5
Other legal costs	196,222.04	6
Professional fees - Receiver's counsel	195,536.36	
Holdback Amount	191,636.05	4
Provincial sales taxes paid on disbursements	144,992.25	
Independent contractor services	75,983.49	
Tax preparation costs	66,537.50	6
Pre-receivership company payroll	28,954.65	
IT consulting services	24,457.61	
Occupation rent	21,240.16	
Insurance	16,013.05	
Other occupation costs	12,121.71	
Utilities	6,377.52	
Storage	5,358.73	
Security	4,345.08	
Payroll-related costs	2,126.66	
Bank charges	687.25	
Receivership filing fees	70.00	
Total Disbursements	\$ 1,803,317.82	
Excess of Receipts over Disbursements	\$ 13,495,685.20	
Distributions to Secured Lender	(13,488,510.56)	7
Foreign exchange loss on translation	(7,174.64)	7, 8
Cash on Hand	\$ -	

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Amended Final Statement of Receipts and Disbursements
For the period August 16, 2016 to September 15, 2017

Notes:

- 1) Proceeds from the Unique Transaction and the Sundry Assets Transactions, as outlined in the Receiver's Reports.
- 2) Approximately US\$3,280,000 in net proceeds from JSN UK was paid to the Receiver by the CRO, reflecting net realizations on the JSN UK assets.
- 3) Realizations from the sale of JSN's scrap precious metal and remaining fixed assets, as outlined in the Receiver's Reports.
- 4) Holdback Amount held by the receiver and subsequently released, as per the terms of the Receivership Order.
- 5) Consultant fees comprise fees paid to consultants engaged by the Receiver in connection with the Sundry Assets Transactions.
- 6) Other legal costs and tax preparation costs include the services of foreign legal counsel engaged by the Receiver to provide independent legal opinions on Salus' security under foreign jurisdictions, and legal advice with respect to the foreign entities, GMJ and JSN UK, for the Unique Transaction and the receivership proceedings generally, and with respect to investigation of the Sharon Stone Claims. Also included in these costs are the fees paid for the preparation of income tax returns to satisfy administrative requirements.
- 7) The Amended Final Statement of Receipts and Disbursements reflects a previously unreported foreign exchange gain of \$857.74 U.S. (\$1,155.22 CDN for presentation purposes), resulting in a further distribution made to the Secured Lender on September 15, 2017, and a corresponding decrease to the total foreign exchange loss (refer to note #8, below).
- 8) U.S. dollar-denominated transactions were converted into Canadian dollars at the average monthly rate, for presentation purposes. Foreign exchange loss on translation represents the fluctuation of the U.S. dollar foreign exchange rate during the receivership proceedings.