Court File No. 05-CL-5881

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

BETWEEN:

MORRIS J. WAXMAN
Applicant

– AND –

CHESTER WAXMAN, BAILEY WAXMAN, AARON WAXMAN, WAXMAN INDUSTRIAL SERVICES CORP., WARREN WAXMAN and I. WAXMAN & SONS LIMITED

Respondents

SUPPLEMENT TO

THIRD REPORT OF DELOITTE & TOUCHE INC.
IN ITS CAPACITY AS RECEIVER OF THE
ASSETS, PROPERTIES AND UNDERTAKINGS OF
I. WAXMAN & SONS LIMITED

August 20, 2007

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EXHIBIT B **August 14, 2007 Endorsement of Justice Pepall re Fee Motion**

EXHIBIT C **Notice of Cross-Examination of Karen Cramm**

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Purpose of Report

1. The report of Deloitte & Touche Inc., in its capacity as receiver (the "Receiver") of all of the assets, properties and undertakings of I. Waxman & Sons Limited ("IWS" or the "Company") has been prepared as a supplement to the Receiver's Third Report dated August 9, 2007 (the "Third Report"). This supplement is hereafter referred to as the "Supplemental Third Report".
2. The purpose of the Supplemental Third Report is to advise the Ontario Superior Court of Justice (the "Court") of events since the August 14, 2007 motions discussed below and provide a revised allocation of costs to the Windermere Property and the effect of this revision on the requested authorizations from the Court.
3. Capitalized terms used herein and not otherwise defined shall have the meaning given to them in the Third Report.

August 14 Motions

4. As set out in the Third Report, the Receiver was bringing motions to (a) approve a cost allocation and seek related relief with respect to costs of the sale of the Windermere Property, Centennial Property and Fixed Assets of IWS as well as seek authority to make a distribution of approximately $1.7 million to Morriston Investments Limited ("Morriston") in respect of its half interest in the Windermere Property (the "Cost Allocation Motion"); and (b) approve the fees and disbursements of the Receiver and its legal counsel, Ogilvy Renault LLP (the "Fee Motion").
5. On August 14, 2007 the Receiver agreed to an adjournment of the Cost Allocation Motion (except with respect to the distribution to Morriston) as a result of specific objections that had been made by Chesterton Investments Limited ("Chesterton").
6. On August 14, 2007, Justice Pepall issued an endorsement adjourning the entirety of the Cost Allocation Motion except for a distribution to Morriston Investments Limited ("Morriston") to a 9:30 a.m. appointment on August 21, 2007. Attached as Exhibit "A" is a copy of the Order and endorsement in this regard. On the same date, Justice Pepall adjourned the Fee Motion to August 23, 2007. Attached as Exhibit "B" is the endorsement in this regard.

Events Subsequent to August 14, 2007

7. On August 14, 2007, Chesterton served the Receiver with a Notice of Cross-Examination of Karen Cramm (the "Notice") which requested that Ms. Cramm make herself available on August 17, 2007 for cross-examination as well as included a request of documents to be produced no later than August 15, 2007. A copy of the Notice is attached as Exhibit "C".

8. The Receiver responded to the Notice by agreeing to the cross-examination and spent considerable time throughout the day on August 15, 2007 compiling and providing the documents that had been requested in the Notice to be provided to Chesterton. Copies of all documents that were provided to Chesterton were also provided to Morriston.

9. On August 16, 2007, the Receiver held discussions with representatives of Chester Waxman, Chesterton, Lightning Distribution Inc. ("Lightning"), Morris Waxman and Morriston to discuss the allocation. The Receiver considered the options that were proposed, particularly in light of a lease dated as of December 20, 1983 (the "Lease") among Chester Waxman, Chesterton, Morris Waxman and Morriston, as landlords, and IWS, as tenant relating to the Windermere Property. The terms of the Lease allocated to IWS responsibility for payment of all occupancy costs.

10. As a result of the subsequent discussions, the Receiver has agreed to make certain revisions to some of the cost allocation related to the Windermere Property. There is no change to the allocation of pre-receivership costs allocated to the property at 480-500 Centennial Parkway, Hamilton, Ontario (the "Centennial Property").

11. On August 16, 2007, following the discussions referenced in paragraph 9 above, Chesterton cancelled its cross-examination of Ms. Cramm.

Revised Allocation of Costs for Windermere Property

12. A summary of the proposed revisions to the cost allocation are as follows:

    (i) Pre-Receivership Transaction Costs. With respect to the Pre-Receivership Transaction Costs previously set out in Exhibit C to the Third Report, fees and costs of the Marketing Agent totalling $73,493 (professional fees of $71,731 and costs of $1,762) have been removed from the costs allocated to the Windermere Property and have been re-allocated as part of the Receiver's Post-Receivership Transaction Costs. Attached as Exhibit D to this Supplemental Third Report is a revised summary of the Pre-Receivership Transaction Costs.

    (ii) Post-Receivership Transaction Costs. With respect to the Post-Receivership Transaction Costs previously set out in Exhibit D to the Third Report, the adjustments are as follows:

a. The costs described as security, utilities, cleaning services, rent, contractor – Brian Landman and property insurance, previously allocated to Morriston and Chesterton as owners of the Windermere Property, have been reallocated to IWS on the basis of the contractual responsibility for such costs as set out in the Lease;

b. Legal costs attributed to the Windermere Property are adjusted from $80,515 to $80,000 and are based on an estimate of Ogilvy Renault LLP, legal counsel to the Receiver, as to the post-receivership legal fees attributable to the sale of the Windermere Property; and,

c. The Receiver's fees attributed to the Windermere Property are increased from $123,000 to $143,500 and are based on a commission rate of 3.5% of the Windermere Property's selling price of $4.1 million (these allocated Receiver's fees are part of the total Receiver's fees before the Court for taxation and not in addition to these fees). The Receiver has been advised that a reasonable commission rate on the sale of commercial property, such as the Windermere Property, is in the range of 2.5% to 3.5% of the gross selling price. The high-end of the range has been selected to cover the Marketing Agent's pre-receivership fees and costs and the post-receivership fees and costs of the Receiver.

13. Attached as Exhibit E to this Supplemental Report is a revised summary of the Post-Receivership Transaction Costs.

14. As a result of the revised allocation, in addition to the amount that was originally distributed to Morriston subsequent to the August 14, 2007 motion, Morriston will be entitled to an additional $53,635 out of the sale proceeds of the Windermere Property.

15. On August 20, 2007, a representative of Lightning indicated that the acreage of the Centennial Property allocated to it on Exhibit D may be slightly higher than the 1.4 acres currently allocated to it. If, upon review of the requisite documents, the percentage ownership is slightly higher (and thus allocated proceeds and costs) the calculations will be adjusted accordingly before a final distribution is made.

Fees Motion

16. Neither Chesterton nor Morriston now object to the approval of the fees and disbursements of the Receiver and Ogilvy as set out in the Third Report, the affidavit of Karen Cramm sworn August 8, 2007 and the affidavit of Mario Forte sworn August 7, 2007.

Bankruptcy Orders

17. Representatives of Chester Waxman and Chesterton have now raised concerns with respect to the making of the bankruptcy order. The Receiver was not aware at the time of the filing of the Third Report that there were any such concerns from any party since at the time of the Receivership Order it was generally conceded that the financial circumstances of IWS were such as to warrant the implementation of an insolvency proceeding.

18. Attached as Exhibits "F" and "G" respectively, are copies of the current listing of estimated assets of IWS and known creditors. The list of known creditors includes related party claims of Morris Waxman and Solid Waste Reclamation totalling $46.4 million and $5.0 million respectively. Robert Waxman has advised the Receiver that he believes the claims of Morris Waxman and Solid Waste Reclamation should be significantly reduced. To date there has been no formal claims process to prove the listed claims.

Recommendation

19. Based on the foregoing, the Receiver respectfully recommends that this Honourable Court make an order granting the relief detailed in paragraph 3(c) of the Third Report with the following amendments:

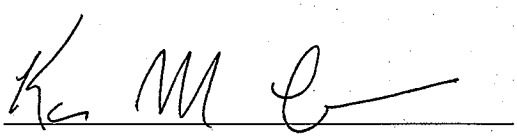
    (i) authorizing the Receiver to recover from the Windermere Property sale proceeds certain selling costs totalling $71,427 paid by IWS prior to the issuance of the Receivership Order plus certain post receivership fees and costs totalling $223,500 paid by the Receiver; and

    (ii) approving a distribution to Morriston of $53,635, being the amount owing to Morriston taking into account the revised allocation of costs as outlined above.

Dated the 20th day of August, 2007.

RESPECTFULLY SUBMITTED,

Deloitte & Touche Inc.,
in its capacity as Receiver of
all of the assets, properties and undertakings of
I. Waxman & Sons Limited
and not in its personal capacity.



Karen Cramm, CA·CIRP, MBA
Senior Vice-President

Exhibit F

List of Estimated Assets of IWS as at August 20, 2007 (Note 1)

Cash on hand in the Receiver's trust account and in term deposits	$25.7 million
Less: proceeds of sale from the Windermere Property plus accrued interest attributable to Chesterton Investments Limited and Morriston Investments Limited ("Morriston") net of interim distribution to Morriston	(2.3)
	23.4
Add: Costs to be recovered by the Receiver on the Windermere and Centennial Properties	.8
Less: Estimated income taxes which may be owing on the sale of IWS' assets and estimated costs of completing the administration of the receivership and pending bankruptcy	(4.0)
	20.2
Add: Possible recoveries currently in dispute	
(i) recovery of legal fees paid by IWS on behalf of Chester Waxman	5.0
(ii) due from Lightning Distribution Inc.	.6
Total estimated recovery on assets of IWS	$25.8 million

Note 1: The Receiver has almost completed its liquidation of the assets of IWS with some anticipated minor price adjustments to come with respect to the sale of bins and inventory to American Iron & Metal Company Inc. In addition, the Receiver has engaged IWS' former accountants to prepare the 2006 financial statements and 2006 tax return and, once the date of bankruptcy is established, will be proceeding to prepare the 2007 financial statements and 2007 tax return. Until the tax returns are completed it is not possible to determine the tax implications arising from recoveries on the assets of IWS.

EXHIBIT G

Deloitte & Touche Inc.,
Receiver of I. Waxman & Sons Limited
Creditor Listing (See Note 1 Below)
As at August 14, 2007

Trade		Employee		Related Party		Tax Authority	
Name	Amount per A/P ledger	Name	Amount	Name	Amount	Name	Amount
CDN Materials							
All Type Metal Stampings	13,957.52	Burdick, Karen	21,583.33	Chesterton Investments Limited / CHW Holdings Inc. (Note 2)	1.00	Ministry of Finance - Secured claim	1,440,427.00
Ancaster Conveying Systems Limited	1,486.97	Christou, Thomas	1,144.00	Morris Waxman	46,400,000.00	Ministry of Finance - Unsecured claim	9,265.46
Armtec Industries	7,413.03	Cujo, Stevan	17,318.00	Solid Waste Reclamation	5,000,000.00	Canada Revenue Agency - GST	36,335.74
Attar Metals Inc	39,001.31	Culic, Spiro	22,060.50	Waxman, Chester	1.00	Receiver General (per IWS records)	1,362,680.80
B & D Steel Inc.	1,460.15	Foley, Wendy	1,598.08	Waxman, Gary	1.00		
Belden (Canada) Inc.	9,460.74	Gouldstone, Adam	1,716.00	Waxman, Robert K.	1.00		
Ben Met Steel & Metal Inc.	7,212.77	Groves, Charles	18,861.25	Waxman, Warren	450,000.00		
Brander Steel Industries Ltd.	533.39	Haberstadt, Brenda	1.00				
Budget Environmental Disposal Ltd.	1,084.91	Hawley, Kim	140,000.00				
Canada Forgings Inc.	14,296.00	Kozack, Brian	32,775.60				
Cherrymill Iron & Metal Co Ltd.	64,198.25	Landman, Brian	146,466.67				
City of Woodstock	3,486.86	Landman, Scott	39,375.00				
Credit Valley Steel Products	9,131.26	Linton, Wayne	315,000.00				
Dahl Brothers Canada Limited	5,837.26	Massie, Robert	1.00				
Ebcotech Products	2,724.20	Robson, Tony	35,632.96				
Enrack Systems Inc.	33,932.76	Ryckman, Brenda	21,583.33				
Fiesta Barbeques Ltd.	20,630.73	Scheerer, Carolyn	1,423.08				
General Motors of Canada Limited	1,967.63	Somorai, Jozef	37,539.00				
Gerdau (Whitby) Ameristeel	3,081.21	Stuart, Brian	1,738.00				
Greif Bros.Canada Inc.(Arvin)	941.29	Tisi, Sharon	1,115.38				
Greif Bros.Canada Inc.(Millen)	27,531.54	Woods, Geoff	1,144.00				
Grizzly Enterprises	9,581.06	Wright, Archie	5,130.40				
GSW Water Heating Inc.	25,165.23	Kumar, Sheldon	656,250.00				
Hess Machine	2,085.44						
Hidden Hitch	7,399.77						
HSB Inc.	4,124.49						
John Zubick Ltd.	38,155.87						
K & K Recycling Services	26,151.15						
Miller Waste System	93,960.48						
Mittal Canada Hamilton Inc.	6,291.63						
Moffatt Scrap Iron & Metal	13,742.11						
Mold Masters Limited	1,431.21						
Multitube	3,846.08						
N.I.M. Disposals Ltd.	23,306.70						
Pacific Westeel Racking	2,963.76						
Pointe-Claire Steel	21,812.46						
Siemens Westinghouse Inc.	4,790.50						
Stackpole-Precision Metal Components	11,866.41						
Stark Iron & Metal Co.	36,573.08						
The J. Murray Pratt Mfg. Co. Ltd.	1,498.84						
TML Industries	1,233.31						
Tri Lad	10,399.42						
Vineland Manufacturing	1,012.67						
Watch Tower Bible Tract Society	747.40						
Waxman Recycling Industries Ltd.	97,067.71						
Wellington Perforated Sheet Plate	1,329.24						
Wellmaster Pipe & Supply Inc.	9,100.43						
Wolfedale Engineering Limited	38,314.15						
	763,320.38						
US Materials FX Rate: 1.06							
Buffalo Fuel Corp.	5,771.28						
Essex-Windsor Solid Waste Authority	67,577.39						
Halton Recycling	160,795.89						
Yazaki North America	43,257.61						
	277,402.17						
CDN Trade							
Air Liquide Canada Inc.,	438.71						
Arizon Disposal Services Ltd.	1,696.00						
B. I. Z. Mechanical Inc.	2,213.83						
BCB Canada	34.98						

EXHIBIT G

Deloitte & Touche Inc.,
Receiver of I. Waxman & Sons Limited
Creditor Listing (See Note 1 Below)
As at August 14, 2007

Trade		Employee		Related Party		Tax Authority	
Name	Amount per A/P ledger	Name	Amount	Name	Amount	Name	Amount
Bell Canada	1,927.76						
Bill Lonschek	4,011.74						
Canon Canada Inc.,	417.10						
CARI Directory	695.00						
Cascade International Printing & Graphic Design	2,201.45						
CBSC Capital Inc.	1,032.68						
Citi Commerce Solution of Canada Ltd.,	344.47						
City of Hamilton	200.00						
City of Toronto	46.00						
Court International Inc.	7,397.02						
Cross Point Transportation Inc.,	1,601.66						
DaimlerChrylser Services Canada Inc.	1.00						
Donna Clements	1,650.00						
ETR 407 Express Toll Route	1,571.01						
Every Scale Ltd.	477.00						
Fluke Transportation Group	2,391.70						
Future Enterprises	6,385.69						
GE Capital Canada Leasing Trust	1.00						
Genor Recycling Services Limited	1,091.80						
Gowlings Lafleur Henderson LLP	7,942.53						
Grand River Propane	118.00						
Holly Services	1,326.93						
Horizon Utilities Corp.,	3,554.13						
Image Financial Services Inc.	1.00						
J T Fabrication Ltd.,	6,668.50						
John Zubick Limited	552.48						
John Ebos Fuels, A Division of Petro Partners Ltd.	8,862.33						
Joseph K Joseph	2,028.01						
La Farge Canada Inc. T8044	712.32						
Laidlaw Carriers Bulk LP	6,719.34						
Laser Age	588.24						
Leclair Truck Repairs Ltd.,	8,165.98						
Liebherr - Canada Ltd.,	6,368.30						
Liftcapital Corporation	1.00						
Liftway Material Handling Solutions	477.00						
Mack Sales & Service of Stoney Creek Ltd.,	630.55						
McMaster University	1,250.00						
MCQ Handling Inc.,	840.69						
Metal Man Processor Services Inc.	525.91						
Modern Landfill, Inc.	1,043.91						
Navigata Communications Inc.,	98.26						
Nevena Electric	2,098.08						
Newalta Industrial Services Inc.	580.51						
Norm Court	3,506.89						
O'Brien Installations Limited	165.36						
OIPMAC	479.76						
Ontrac Equipment Service Inc.,	402.40						
Petro-Canada	11,443.82						
Pitney Bowes	405.68						
Pitney Works	667.64						
Reliable Mobile Wash	735.64						
Reliance Home Comfort	101.84						
Rogers AT&T Wireless	674.92						
Roll-Leez Roll-Off Systems	8,950.46						
Sam's Scrap	1,170.24						
Sheldon Kumer (expenses)	2,541.04						
Staples Business Depot	344.47						
Taylor Liebow LLP	12,296.00						
Telus Mobility	2,654.08						
The Billing Center	31.78						
The Transfer Network	487.60						
The Water Source	174.50						
Top Lift Enterprises Inc.,	4,037.66						

EXHIBIT G

Deloitte & Touche Inc.,
Receiver of I. Waxman & Sons Limited
Creditor Listing (See Note 1 Below)
As at August 14, 2007

Trade			Employee		Related Party		Tax Authority	
Name		Amount per A/P ledger	Name	Amount	Name	Amount	Name	Amount
Town Media		583.00						
Travale Tires & Service Inc.,		5,443.18						
Union Gas		15,992.32						
Van Meers Farms		8.48						
Workplace Safety & Insurance Board		4,275.52						
		176,555.86						
US Trade	FX Rate: 1.06							
BCB Canada		18.54						
BCB International Inc.		424.00						
Bon L Canada		44,084.67						
Peter Hodge Transport Limited		23,536.89						
Stone Transport		4,107.39						
		72,171.49						
CDN Waste								
BFI Canada Inc.		1,253.31						
BFI Canada Inc. - Hamilton District		66,333.17						
Grace Transport Inc.		93,166.91						
Joseph K Joseph		4,683.89						
Newalta Industrial Services Inc.		9,438.96						
Norfolk Disposal Services Limited		10,065.16						
Provincial Environment Services Inc.		12,271.68						
Regional Disposal Service Inc		2,827.80						
		200,040.88						
US Waste	FX Rate: 1.06							
Rockwood Landfill		11,896.24						
Waste Management Inc.,		3,552.47						
		15,448.72						
Sub Totals		1,504,939.49		1,519,456.58		51,850,004.00		2,848,709.00
Grand Total		57,723,109.07						

Notes

(1) The amounts included in this summary have been derived from IWS' books and records and from certain correspondence. None of the listed amounts have been verified to date by means of a formal claims process. Those claims listed at $1.00 have yet to be determined and/or valued.

(2) IWS' financial statements, dated December 31, 2005, show an amount due to shareholder of $1.9 million. At this time we have received correspondence from the shareholder to provide for a claim but no amount was provided. The notes to the financial statements advise that the shareholder is not able to request payment of the loan due to the judgments as described in the notes to the financial statements. Pending the final determination of amounts owing in relation to the judgments and a review of appropriate set-offs for amounts that may be owing by this shareholder to IWS, we have valued the amount at $1.00 pending a formal claims process.