

FORUM NATIONAL INVESTMENTS LTD.

Second Quarter report for the three and six months ended March 31, 2010 and 2009

Condensed Consolidated Financial Statements
(Expressed in Canadian dollars)
(Unaudited)

NOTICE TO READER OF THE INTERIM FINANCIAL STATEMENTS

These financial statements of Forum National Investments Ltd. (“the Company”) which include the accompanying interim balance sheet as at March 31, 2010 and the interim statements of operations and deficit and cash flows for the three-month and nine-month periods ended March 31, 2010 and 2009 are the responsibility of the Company’s management. These financial statements have not been reviewed on behalf of the shareholders by the independent auditors of the Company. The interim financial statements have been prepared by management and include the selection of appropriate accounting principles, judgments and estimates necessary to prepare these financial statements in accordance with Canadian generally accepted accounting principles.

FORUM NATIONAL INVESTMENTS LTD.

Condensed Consolidated Balance Sheets
(Expressed in Canadian dollars)

	(Unaudited)	
	March 31,	September
	2010	30, 2009
Assets		
Current		
Cash and cash equivalents	\$ 1,080,440	\$ 1,825,635
Short-term deposits	14,685	14,685
Marketable securities	222,789	2,240,375
Amounts and notes receivable	178,908	160,920
Other receivables	30,218	17,285
Prepaid expenses	38,166	119,678
Total Current Assets	1,565,206	4,378,578
Amounts and notes receivable	155,404	205,136
Investment in life settlement contracts (note 6)	4,058,241	4,052,220
Related party advance	205,000	205,000
Property and Equipment	9,824,016	9,562,321
Intangible assets	123,753	72,168
Total Assets	\$ 15,931,620	\$ 18,475,423
Liabilities and Shareholders' Equity		
Current		
Accounts payable and accrued liabilities	\$ 668,088	\$ 614,847
Due to broker	72,078	569,996
Secured borrowing	263,811	263,694
Deferred revenue - current portion	1,085,084	1,439,840
Current portion of long-term debt (note 7)	145,855	145,625
Convertible Debentures	40,486	40,486
Loans from related parties	117	486,379
Total Current Liabilities	2,275,519	3,560,867
Deferred Revenue	1,116,927	1,482,092
Long-Term Debt (note 7)	4,882,408	5,222,774
Future income tax payable	1,712,000	1,712,000
Total Liabilities	9,986,854	11,977,733
Shareholders' Equity		
Capital Stock (note 9)	25,810,369	25,810,369
Contributed Surplus (note 9(e))	2,757,581	2,757,581
Deficit	(22,623,184)	(22,070,260)
Total Shareholders' Equity	5,944,766	6,497,690
Total Liabilities and Shareholders' Equity	\$ 15,931,620	\$ 18,475,423

Nature of Operations and Ability to continue as a Going Concern (note 1)

Commitments and contingencies (note 8)

Approved on behalf of the Board:

"Dan Clozza" Director
Dan Clozza

"Martin Tutschek" Director
Martin Tutschek

See accompanying notes to condensed consolidated financial statements.

FORUM NATIONAL INVESTMENTS LTD.

Condensed Consolidated Statements of Operations and Deficit (Unaudited)
(Expressed in Canadian dollars)

	Three Months Ended March 31,		Six Months Ended March 31,	
	2010	2009	2010	2009
		(restated - Note 4)		(restated - Note 4)
Revenues				
Revenues (note 6)	\$ 1,012,370	\$ 1,513,549	\$ 1,983,116	\$ 2,351,431
Net Revenues	1,012,370	1,513,549	1,983,116	2,351,431
Expenses				
General and administration	1,278,479	132,162	2,274,246	907,509
Amortization of property and equipment	176,524	110,517	353,048	128,840
Amortization of purchased memberships	–	170,339	–	340,675
Total Operating Expenses	1,455,002	413,018	2,627,294	1,377,024
Other Income (Expenses)				
Net gains on investment in life settlement contracts	119,788	–	232,190	773,841
Foreign exchange gains (loss)	76,526	–	59,319	–
Write-off Needles Project	–	(752,624)	–	(752,624)
Unrealized losses on marketable securities	(92,676)	–	(643,999)	–
Loss on sale-lease back of vehicle	–	–	(37,642)	–
Total Other Income (Expenses)	103,638	(752,624)	(390,132)	21,217
Income (Loss) Before Income Taxes	(338,995)	347,907	(1,034,310)	995,624
Income Taxes Expense	–	–	–	(3,004)
Net Income (Loss) for the Period	(338,995)	347,907	(1,034,310)	992,620
Deficit, Beginning of Period	(22,284,189)	(11,491,596)	(22,070,260)	(11,910,648)
Opening deficit adjustment	–	–	481,386	–
Deficit, End of Period	\$ (22,623,184)	\$ (11,143,689)	\$ (22,623,184)	\$ (10,918,028)
Basic earnings (loss) per share	\$ (0.01)	\$ 0.01	\$ (0.04)	\$ 0.03
Diluted earnings (loss) per share	\$ (0.01)	\$ 0.00	\$ (0.04)	\$ 0.01
Weighted average number of common shares outstanding (note 9 (b))				

See accompanying notes to condensed consolidated financial statements.

FORUM NATIONAL INVESTMENTS LTD.

Condensed Consolidated Statements of Cash Flows (Unaudited)
(Expressed in Canadian dollars)

	Six Months Ended March 31,	
	2010	2009 (restated)
Operating Activities		
Net income (loss)	\$ (1,034,310)	\$ 992,620
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Net gains on investment in life settlement contracts	(232,190)	(773,841)
Deferred revenue	(354,756)	–
Amortization	353,048	128,840
Amortization of purchased memberships	–	340,675
Write –off Needles Project	–	752,624
Unrealized (loss) on marketable securities	643,999	–
Foreign exchange losses (gains)	355,274	–
	(268,935)	1,463,309
Changes in working capital:		
Amounts, notes and other receivables	18,811	301,373
Life Settlements receivable	–	5,371,606
Prepaid expenses	81,512	3,219
Accounts payable and accrued liabilities	53,241	285,889
Other payables	–	58,277
Deferred revenue	(365,165)	(547,300)
	(211,601)	5,473,064
Cash Generated From (Used in) Operating Activities	(480,536)	6,921,213
Investing Activities		
Purchase of intangible property	(51,585)	–
Proceeds from marketable securities	1,373,587	–
Purchase of life insurance premiums	(129,105)	–
Purchase of property and equipment	(614,743)	(1,177,342)
Cash Used in Investing Activities	578,154	(1,184,563)
Financing Activities		
Net proceeds received on share issuance	–	179,970
Amounts due to (from) related parties	(486,262)	(85,181)
Proceeds from secured borrowing	117	–
Long-term debt repayments	(340,138)	918,758
Due to broker	(497,918)	–
Cash Provided by Financing Activities	(1,324,199)	1,013,547
Effects of Foreign Exchange	–	(707,270)
Opening adjustment to deficit	481,386	–
Increase (Decrease) in Cash	(745,195)	6,042,927
Cash and Cash Equivalents, Beginning of Period	1,825,635	227,795
Cash and Cash Equivalents, End of Period	\$ 1,080,440	\$ 6,270,722

See accompanying notes to condensed consolidated financial statements.

FORUM NATIONAL INVESTMENTS LTD.

Notes to Condensed Consolidated Financial Statements (Unaudited)
Six months ended March 31, 2010 and 2009
(Expressed in Canadian dollars)

1. Nature of Operations and Ability to Continue as a Going Concern

The Company was incorporated on September 22, 1995 under the *Business Corporations Act* (British Columbia) and commenced operations on that date. On October 2, 1997, the Company was continued under the laws of the Province of Ontario. Effective February 26, 1999, the Company changed its name from Snowbird Vacations International Inc. to inTRAVELnet.com inc. and on April 17, 2002, the Company's name was changed to Forum National Investments Ltd.

The Company earns revenue from investments in life settlement contracts, the sale of travel and fitness club membership and monthly dues from the members of its travel and fitness clubs. As at March 31, 2009, the Company has accumulated deficit of \$22,623,185 and working capital deficit of \$710,315. The Company anticipates incurring substantial expenditures to further develop its life settlement line of business. The Company's cash flow from operating activities may not be sufficient to satisfy its obligations as they come due and meet the requirements of its capital investment programs and covenants on its long term debt. The continued existence of the Company is dependent upon its ability to generate profit from its life settlement and vacation club business lines to meet its obligations as they become due. The Company intends to finance the future capital required to acquire life settlement contracts and continued operations from a combination of traditional debt, equity markets and cash flow from operations. However, there is no assurance that (a) traditional debt and equity markets may be accessible as required, or if so, on acceptable terms and, or (b) the demand for and selling prices of the Company's products, may not be sufficient to meet cash flow. The outcome of these matters cannot be predicted with certainty and therefore the Company may not be able to continue operations as planned. These consolidated financial statements do not include any adjustments to the amounts and classification of assets and liabilities that may be necessary should the Company be unable to continue as a going concern

2. Financial Statement Presentation

These unaudited interim consolidated financial statements have been prepared in accordance with the accounting principles generally accepted in Canada for interim financial information and follow the same accounting policies and methods of their application as the Company's most recent annual financial statements. These interim consolidated financial statements do not include all of the disclosure included in the audited annual consolidated financial statements, and accordingly, these unaudited interim consolidated financial statements should be read in conjunction with the audited annual consolidated financial statements for the year ended September 30, 2008. In the opinion of management, all adjustments considered necessary for fair presentation have been included in these unaudited interim consolidated financial statements. The results of operations for the interim periods are not necessarily indicative of the results of operations for the entire year.

These unaudited interim consolidated financial statements have been prepared in accordance with accounting principles generally accepted in Canada. These principles differ in certain respects from those accounting principles and practices that the Company would have followed had its unaudited consolidated financial statements been prepared in accordance with accounting principles and practices generally accepted in the United States.

FORUM NATIONAL INVESTMENTS LTD.

Notes to Condensed Consolidated Financial Statements (Unaudited)
Six months ended March 31, 2010 and 2009
(Expressed in Canadian dollars)

3. Significant Accounting Policies

(a) Basis of presentation

These interim consolidated financial statements are prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP") and include the accounts of the Company and the following wholly owned subsidiaries:

Subsidiaries	Incorporating Jurisdiction	Date of Acquisition or Incorporation
inTRAVELnet.com inc.	Alberta, Canada	November 9, 1999
Intravelnet Ltd.	Ontario, Canada	July 25, 2003
ATM Travel Group Ltd. ("ATM")	British Columbia, Canada	April 3, 2000
International Fitness Vacations (BC) Ltd.	British Columbia, Canada	December 31, 2006
Price Shield Systems Inc.	Washington State, USA	February 27, 2007
American Life Settlement Society LLC	State of Delaware, USA	November 15, 2007

All significant intercompany balances and transactions have been eliminated.

4. Restatement of Prior Figures

The restatements to the March 31, 2009 consolidated financial statements as previously reported result from the adoption of Goodwill and Intangible Assets – Section 3064 and Financial Statement Concept – Section 1000:

As at October 1, 2008, the Company adopted CICA HB 3064 and the revised HB 1000 on a retrospective basis, and as a result has recorded an adjustment of \$1,599,590 to deficit previously reported as at October 1, 2008. As per the transitional requirements of the standards, the effects of adoption have been recorded on a retrospective basis. Accordingly, the Company has reflected an increase of \$225,661 to previously reported net income for the six month period ended December 31, 2008. The impact on the balance sheet was to reduce total assets as at December 31, 2008 by \$1,373,919 and increase the opening deficit by \$1,373,919, and closing deficit by \$1,599,590. There were no income tax impact from these changes.

FORUM NATIONAL INVESTMENTS LTD.

Notes to Condensed Consolidated Financial Statements (Unaudited)
Six months ended March 31, 2010 and 2009
(Expressed in Canadian dollars)

4. Restatement of Prior Figures (continued)

At March 31, 2009 the restatements resulted in changes to the previously reported varying values of and shareholders' equity, revenue, and other income as follows:

	Previously Reported	Adjustments	Restated
Assets			
Deferred Organization Costs	\$ 265,777	\$ (265,777)	\$ –
Deferred costs, net	1,108,142	(1,108,142)	–
Shareholders' Equity			
Opening Deficit	(11,910,648)	(1,599,590)	(13,510,238)

The restatements resulted in changes to the previously amounts of consolidated statements of operations and deficit for the six months ended March 31, 2009, as follows:

	Previously Reported	Adjustments	Restated
Revenue	3,125,272	(773,841)	2,351,431
Expenses			
General and administration	1,133,170	(225,661)	907,509
Total Operating Expenses	1,602,685	(225,661)	1,377,024
Other Income (expenses)			
Net gain on investment in life settlement contracts	–	773,841	773,841
Total Other Income	(752,624)	773,841	21,217
Net Loss for Period	766,959	225,661	992,620
Deficit, Beginning of Period	(11,910,648)	(1,599,590)	(13,510,238)
Deficit, End of Period	(11,491,597)	(225,661)	(10,918,028)
Basic earnings per share	\$ 0.01	\$ 0.01	\$ 0.02

FORUM NATIONAL INVESTMENTS LTD.

Notes to Condensed Consolidated Financial Statements (Unaudited)

Six months ended March 31, 2010 and 2009

(Expressed in Canadian dollars)

5. Business segments

The Company operates in one business segment being hospitality and tourism.

(a) Identifiable Assets

	Six months ended March 31, 2010	Year ended September 30, 2009
Canada	\$ 11,873,379	\$ 14,423,203
United States of America	4,058,240	4,052,220
Total Assets	\$ 15,931,619	\$ 18,475,423

(b) Revenue

	Six months ended March 31, 2010	Six months ended March 31, 2009
Canada	\$ 1,983,116	\$ 2,351,431
United States of America	-	-
Total Revenue	\$ 1,983,116	\$ 2,351,431

(c) Net income (loss)

	Six months ended March 31, 2009	Six months ended March 31, 2009
Canada	\$ (1,266,500)	\$ 218,789
United States of America	232,190	773,841
Total net income (loss)	\$ (1,034,310)	\$ 992,630

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6. Life Settlements

The Company purchases Life Settlement contracts for long term investment purposes and accounts for these investments under CICA HB 3855. The Company designated the investments in Life Settlement contracts as held-for-trading and are recorded at fair value on each reporting dates. As of March 31, 2009 the Company has the following investment in Life Settlement contracts.

Period Ending	Carrying value	Premiums payable	Face Value (USD)
September 30, 2009	\$ 4,052,220	\$ 248,734	25,838,000
March 31, 2010	\$ 4,058,240	\$ 119,630	25,838,000

Fair value is estimated using good-faith estimates calculated by a valuation committee. The committee considered the following factors: cost at date of purchase; recent purchases and sales of similar investments; financial standing of the issuer; changes in economic conditions affecting the issuer; standard, actuarially developed mortality tables; and industry life expectancy reports.

For the fiscal period presented on the current statement of operations and deficit, six months ended March 31, 2009, and six months ended March 31, 2008 the investments experienced the following gains:

Period Ended	Realized Gains	Unrealized Gains
March 31, 2009	\$ –	\$ 773,841
March 31, 2010	\$ –	\$ 232,190

7. Long-Term Debt

	March 31, 2010	September 30, 2009
Long-term loan in US funds for vessel	\$ 4,979,183	\$ 5,312,048
Lease financing against motor vehicle	49,079	56,351
Less: current portion	(145,855)	(145,625)
Long-term portion	\$ 4,882,407	\$ 5,222,774

The long-term loan is secured by the motor vessel and by a personal guarantee from two of the directors of the Company, bears interest at 7% per annum for a 5-year term.

During the six month period ended March 31, 2010, the Company lease financed a motor vehicle. The loan is in the form of a capital lease repayable in equal instalments over 48 months and is secured by a guarantee over the motor vehicle acquired. The minimum lease payment for the lease is \$1,273 per month, interest rate at 8.9% p.a. and the guaranteed residual value is \$17,000.

The Company lease financed a motor vehicle during the year September 30, 2008. The loan is in the form of a capital lease repayable in equal instalments over 36 months and is secured by a guarantee over the motor vehicle acquired during the year ended September 30, 2009. The minimum lease payment for the lease is \$1,838 per month, interest rate at 8.5% per annum and the guaranteed residual value is \$32,000.

FORUM NATIONAL INVESTMENTS LTD.

Notes to Condensed Consolidated Financial Statements (Unaudited)
Six months ended March 31, 2010 and 2009
(Expressed in Canadian dollars)

8. Commitments and Contingencies

- (a) The Company has commitments in respect of operating leases with total aggregate payments due of approximately \$146,085 (September 30, 2008 – \$170,780). Payments due in each of the next three years are as follows:

2010	\$	59,086
2011		40,046
2012		29,880
2013		17,074
Total	\$	146,085

- (b) The Company has commitments in respect of office leases with total aggregate payments due of approximately \$97,560 (September 30, 2008 – \$44,240). Payments due in each of the next two years are as follows:

2010	\$	43,560
2011		54,000
Total	\$	97,560

- (c) During the six months period ended March 31, 2009, the Company used its accounts and notes receivable as collateral for secured borrowing. As at March 31, 2009, the Company recorded a liability of \$263,811 (September 30, 2009 - \$263,694) related to this borrowing.

9. Capital Stock

- (a) The authorized capital stock:

Unlimited - Common shares without par value

Unlimited - Series "A" - Preference non-dilutive convertible shares without par value (convertible to 50% of outstanding common shares at the time of conversion)

Unlimited - Series "B" - Preference convertible shares without par value (convertible to one common share for each preferred share held)

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Notes to Condensed Consolidated Financial Statements (Unaudited)
Six months ended March 31, 2010 and 2009
(Expressed in Canadian dollars)

9. Capital Stock (continued)

(b) The issued capital stock of the Company is as follows:

13,933,983 Series "A" preferred shares for no consideration
13,933,983 Series "B" preferred shares for no consideration

	Number of Common Shares	Amount
Balance, September 30, 2009	28,856,984	\$ 25,810,369
Balance, March 31, 2010	28,856,984	\$ 25,810,369

Weighted average outstanding common stock for the calculation of earning (loss) per share for each of the period presented:

	Three months ended		Six months ended	
	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009
Basic	28,856,984	28,613,983	28,856,984	28,453,983
Diluted common stock	90,891,934	90,435,932	90,891,934	90,495,932

(c) Options

The Company did not reserve any further shares in terms of the stock option plan for the reporting period.

(d) Stock-based compensation

Since no employee options were granted, modified or settled during the three or six months ended March 31, 2010 or 2009, there was no stock-based compensation expense included in the net income for such periods.

The table below summarizes the outstanding stock options as at March, 31 2010 and September 30, 2009:

	Number of Options	Exercise Price (US \$)
Balance, September 30, 2009	2,655,000	\$ 1.00
Balance, March 31, 2010	2,655,000	\$ 1.00

FORUM NATIONAL INVESTMENTS LTD.

Notes to Condensed Consolidated Financial Statements (Unaudited)
Six months ended March 31, 2010 and 2009
(Expressed in Canadian dollars)

9. Capital Stock (continued)

(d) Stock-based compensation (continued)

The table below summarizes the attributes of the outstanding stock options as at March 31, 2009:

Options Outstanding			Options Exercisable	
Exercise Price (US \$)	Number of Options	Remaining Contractual Life	Number of Options	Exercise Price (US \$)
\$1.00	2,655,000	3.25 years	2,655,000	\$ 1.00

The fair value of stock options used to calculate stock-based compensation is estimated using the Black-Scholes option pricing model with the following weighted average assumptions:

	September 30, 2007
Dividend rate	–
Expected volatility	209%
Interest rate	4.88%
Expected life	5 years

(e) Contributed surplus

Balance, September 30, 2009	\$ 2,757,581
Stock-based compensation	–
Balance, March 31, 2010	\$ 2,757,581

10. Comparative Information

Certain comparative amounts from the prior year have been reclassified to conform to the current year's presentation.