

FORUM NATIONAL INVESTMENTS LTD.
Six Month Report Fiscal 2010

MANAGEMENT DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS

(ALL FIGURES BELOW AND IN THE ATTACHED SCHEDULES ARE STATED IN CANADIAN DOLLARS, unless otherwise stated)

The accompanying unaudited interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of the Company's unaudited interim consolidated financial statements as at and for the six months ended March 31, 2010.

The following Management Discussion and Analysis dated June 10, 2010 and the reference to forward-looking statements within this report should be read in conjunction with the Company's consolidated financial statements for the year ended September 30, 2009 and Press Releases issued by the Company during the past year, all of which are available from the System for Electronic Data Analysis and Retrieval at www.sedar.com.

Forward-Looking Statements

Certain statements contained in the following Management Discussion and Analysis may be deemed forward looking statements. All statements other than statements of historical facts and possible future financings are forward looking statements. Although the Company believes the expectations expressed in such forward looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statements were made, and readers are also advised to consider such forward-looking statements while considering the risks set forth below.

Overview

Based in Vancouver, B.C., Forum National Investments Ltd.:

- Owns and operates travel clubs under the name of *Snowbird Vacations* and *Family Vacations Centers*. In addition to accessing a full service travel agency and other travel benefits, travel club members are entitled to rent vacation ownership rentals from a broad variety of participating resorts at wholesale rates. The Company did not actively market new membership in the six months ended March 31, 2010. The Company is investigating and developing an online marketing version from which to grow membership.
- Owns a passenger carrying yacht; the 120' MV Spirit of 2010. The vessel was launched in February 2009 for charter cruises to the Pacific Northwest, with other destination of Alaska and Baja Mexico possibilities, in addition to day cruises from its home port in Vancouver, B.C. Marketing of the vessel and charters opportunities to the general public in addition to the existing travel club membership. Subsequent to June 30, 2009 the Company began generating limited charter revenue.
- Operates within the Life Settlement market. A Life Settlement is the purchase of an existing life insurance policy by a third party. The third party then continues to make the premiums payments until the policy has matured and at that time receives the benefits. There were no changes to the portfolio in the quarter. The Company presently holds \$26 million in face value and sees this new market as a high growth opportunity in which to participate through its subsidiary The American Life Settlement Society.

Operating Results

Six months ended March 31, 2010 (“Q2-2010”) compared with Six months ended March 31, 2009.

Revenues from operations were \$1,983,116 for the six months ended March 31, 2010 compared with \$2,351,431 for the six months ended March 31, 2009, a decrease of 16% or \$368,315. The overall decrease in revenue was a result of decreased membership dues. Sales from our membership sales and Travel club division were constant at \$840,086 during the six months ended March 31, 2010 compared with \$268,476 during the six months ended March 31, 2009.

Expenses were \$2,627,294 for the six months ended March 31, 2010 compared with \$1,377,024 for the six months ended March 31, 2009, an increase of \$1,250,270. The increase in costs can primarily be attributed to the increased costs associated to the charter yacht operations, (interest expense, insurance expense, and salaries), and an overall increase in professional fees.

The most notable increase in operating costs was interest expense from \$11,169 for the six months ended March 31, 2009 to \$185,507 for the six months ended March 31, 2010, due to the completion of the motor vessel construction, interest no longer capitalized to the costs of the motor vessel.

The company continues to achieve efficiencies in management and administrative roles for all the divisions.

Summary of Quarterly Results

Three months ended	03/31/10	12/31/09	09/30/09	6/30/09	03/31/09	12/31/08	09/30/08	06/30/08	03/31/08
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Total Revenues	1,012,370	970,746	-497,645	1,112,931	1,513,549	1,611,723	-907,326	7,541,138	1,633,100
Income (Loss) before discontinued operations and extraordinary items	-338,995	-695,315	-1,950,287	-203,540	-43,129	36,427	-3,453,582	835,696	-223,713
Diluted Income (Loss) per Share before discontinued operations and extraordinary items	—	—	—	—	—	—	—	—	—
Income (Loss) per Share before discontinued operations and extraordinary items	—	—	—	—	—	—	—	—	—
Earnings (Loss)	-338,995	-695,315	-6,355,001	243,723	347,944	419,051	-3,406,395	6,012,116	15,539
Earnings (Loss) per Share	-0.01	-0.02	-0.07	0.02	0.01	0.01		0.31	0
Earnings (Loss) Fully Diluted	-0.01	-0.02	-0.07	0.02	0.01	0.01		0.31	0

Our consolidated financial statements are presented in Canadian dollars and are prepared in accordance with accounting principles generally accepted in Canada ("Canadian GAAP") which differ in certain respects from accounting principles generally accepted in the United States ("U.S. GAAP"). The differences between Canadian GAAP and U.S. GAAP, as they relate to our business, are explained in the notes to our annual consolidated financial statements. We use the Canadian dollar as our reporting currency. All references in this Quarterly Report to "dollars" or "\$" are expressed in Canadian dollars, unless otherwise indicated

Liquidity

During the six month period ended March 31, 2010 the Company decreased its cash position by \$745,195 from \$1,825,635 at September 30, 2009 to \$1,080,440 at March 31, 2010.

We continue to endeavor to operate our travel club operations on a cash neutral position. As of this time we are inactive in marketing of the travel club memberships. To continue our investments in our yacht charter operations and our investment in life settlement contracts and projects, we will be required to continue to draw down our cash reserves accordingly. We have no significant sources of financing at this time. Management may be required to seek additional financing including from the sale of common shares which could potentially result in a dilution to the existing shareholders. Should current economic conditions persist, management anticipates challenges raising financing through debt or equity.

At March 31, 2010, our liabilities relating to operations consisted primarily of a loan for the Motor Vessel with total indebtedness of \$4,979,183, accounts payable to suppliers and service providers of \$668,088, and operating lease and premium payment obligations of \$222,276 for the remainder of the fiscal year.

Capital Resources

As at March 31, 2010, we have cash on hand of approximately \$1,080,440 (compared to \$1,825,635 at the end of September 30, 2009). We anticipate that it is likely that we will continue to have a negative cash flow from operations for the balance of 2010 and into 2011. Any additional major marketing initiatives or business development will also increase our cash requirements. Accordingly management may be required to seek additional financing including from the sale of common shares which could potentially result in a dilution to the existing shareholders.

While we believe corporate initiatives will result in growth in our overall businesses and cash flow, it is premature to make any trend assessment with respect to sales.

Off Balance Sheet Arrangements

The company has no off balance sheet arrangements.

Critical accounting policies and changes in accounting policies

The Corporation's significant accounting policies are described in Note 2 to the Corporation's audited annual financial statements.

Critical Accounting Estimates

The preparation of financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Areas requiring the use of estimates include the valuation of amounts and notes receivable, impairment of assets, including intangible assets, rates for amortization and revenue recognition, balances of accrued liabilities, income taxes provision, and valuation allowance for future income tax assets, and the determination of the variables used in the calculation of fair value of life settlement contracts and stock-based compensation. While management believes the estimates used are reasonable, actual results could differ from those estimates and could impact future results of operations and cash flows.

Impairment of Long-lived Assets

Canadian generally accepted accounting principles require that long-lived assets and intangibles to be held and used by the Company be reviewed for possible impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If changes in circumstances indicate that the carrying amount of an asset that an entity expects to hold and use may not be recoverable, future cash flows expected to result from the use of the asset and its disposition must be estimated. If the undiscounted value of the future cash flows is less than the carrying amount of the asset, impairment is recognized. Management believes there has been no further impairment of the Company's long-lived assets as at December 31, 2009.

Calculation of Fair Value of Life Settlement Contracts

The Company records investments in the life settlement contracts at fair value on each balance sheet date. Any changes to fair value will be recognized in the statements of operations in the period in which the changes occur. The Company recognizes in other income the difference between the death benefits and the carrying value of the policy when the Company determined that settlement and ultimate collection is reasonably assured. Other income includes both recognized and un-recognized amounts and is presented net of related costs including premium costs.

Cash flows relating to the acquisition of the Company's investments in life settlement contract and premiums are recognized as investing activities in the statement of cash flows. Proceeds from the maturity of a life settlement contract will be shown as cash in-flows from investing activities, with realized gain on maturity of life settlement policies as a reconciling item in the determination of net cash provided by operating activities.

Changes in Accounting Policies Including Initial Adoption

In the previous fiscal year the Company adopted a change to basic earnings-per-share. Basic earnings-per-share is calculated using the weighted average number of common shares outstanding during the year and assumes conversion of all outstanding Series "B" Preference convertible shares. The Series "B" preferred convertible shares are included in the calculation of basic earnings (loss) per share because management considers these shares substantially equivalent to common stock. Management believes the Series "B" preferred shares are not "contingently issuable shares" and considers conversion at the option of the Series "B" holder does not constitute a barrier to conversion. Series "B" preferred convertible shares are without par value, are convertible to one common share for each preferred share held, have no rights to dividends, voting, profit sharing, or liquidation.

In the previous fiscal years the Company adopted a change in Revenue Recognition. In accordance with CICA HB 3400, Revenue, the portion of revenue received from members, which

entitles members to use the Company's vacation and travel club privileges at a future date, is deferred and recognized in income evenly over the term of the member's entitlements. For lifetime memberships, revenue is recognized over a period of five years, which is management's best estimate of the period over which performance will be required.

In February 2008, the Canadian Accounting Standards Board ("**AcSB**") confirmed the mandatory changeover date to IFRS for Canadian profit-oriented publicly accountable entities ("**PAE's**") such as the Company.

The AcSB requires that IFRS compliant financial statements be prepared for annual and interim financial statements commencing on or after January 1, 2011. For PAE's with a September 30 year-end, the first unaudited interim financial statements under IFRS will be the quarter ending December 31, 2011, with comparative financial information for the quarter ended December 31, 2011. The first audited annual financial statements will be for the year ending September 30, 2012, with comparative financial information for the year ended September 30, 2011. This also means that all the opening balance sheet adjustments relating to the adoption of IFRS must be reflected in the October 1, 2011 opening balance sheet which will be issued as part of the comparative financial information in the December 31, 2011 unaudited interim financial statements.

The Company intends to adopt these requirements as set out by the AcSB and other regulatory bodies. At this time, the impact of adopting IFRS cannot be reasonably quantified. During fiscal 2009, the Company will continue to evaluate the impact of IFRS on the Company and develop and put in place a plan for the conversion to IFRS. If the Company decides not to early adopt the standards, the actual conversion work will occur in late 2009 and 2010, in anticipation of the preparation of the September 30, 2011 balance sheet that will be required for comparative purposes for all periods ending in 2012.

The Company is in the preliminary stages of developing a changeover plan with emphasis on the following critical areas:

- the production of IFRS compliant financial statements from the first quarter 2011
- identification of applicable accounting policies
- description of the decision making process
- quantification of the impact of the adoption of IFRS on the financial statements
- internal expertise required to implement IFRS
- the effect on business activities
- the effect on control activities

Financial Instruments and Other Instruments

In June 2009, the CICA amended Section 3862, "Financial Instruments - Disclosures ("Section 3862")", to include additional disclosure requirements about fair value measurement for financial instruments and liquidity risk disclosures. These amendments require a three-level hierarchy that reflects the significance of the inputs used in making the fair value adjustments. The amendments to Section 3862 apply for annual statements relating to fiscal years ending after September 30, 2009. The three levels of fair value hierarchy under Section 3862 are:

- Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 - Inputs other than quoted prices that are observable for assets or liabilities, either directly or indirectly; and
- Level 3 - Input for assets or liabilities that are not based on observable market data.

The adoption of this statement did not have a material impact on the Company's consolidated financial position or results of operations

The Company's financial instruments and the types of risks to which their carrying values are

exposed are as follows:

	Credit	Risks Liquidity	Foreign Exchange
Measured at amortized cost:			
Accounts & notes receivable	X		
Other receivables	X		
Accounts payable and accrued liabilities		X	
Convertible debentures		X	
Secured borrowings		X	X
Long term debt		X	X
Loans from related parties		X	
Due to broker		X	
Related party advance	X		
Measured at fair value:			
Cash and cash equivalents	X		X
Funds held in trust	X		X
Short- term deposits	X		
Marketable securities	X		
Investment in life settlement contracts	X		X

There was no change to the risks faced by the Company for the quarter ended December 31, 2009.

Outstanding Share Information at June 10, 2010

The authorized capital stock:

Unlimited - Common shares without par value

Unlimited - Series "A" - Preference non-dilutive convertible shares without par value (convertible to 100% of outstanding common shares at the time of conversion). Series "A" preference share holders are not entitled to notice of or to attend any meetings of the common shareholders of the Company. Each Series A preference shareholder is entitled to one vote for each series "A" preference share held for any matters submitted to holders of preference shareholders for consideration. Series "A" preference shares are convertible to 50% of the outstanding common shares after conversion. The Company considers the series "A" shares to be contingently issuable shares, as the approval from 100% of the series "A" shareholders must approve of the transaction before the shares can be issued has not been made.

Unlimited - Series "B" - Preference convertible shares without par value (convertible to one common share for each preferred share held). Series "B" preference shareholders are not entitled to notice or to attend any meetings of common shareholders of the Company. Each Series "B" preference shareholder is entitled to one vote for each series A preference share held for any matters submitted to holders of preference shareholders for consideration. Series "B" preference shareholders are entitled to convert the shares into 13,933,983 shares at the holders discretion.

The issued capital stock of the Company is as follows: 13,933,983 Series "A" preferred shares convertible and 13,933,983 Series "B" preferred shares convertible and common shares as follows:

Number of

	Common Shares	Share Capital	Contributed Surplus
Balance, September 30, 2009	28,856,984	\$ 25,810,369	\$ 2,757,581
Stock options exercised	-	-	-
Balance, March 31, 2010	28,856,984	\$ 25,810,369	\$ 2,757,581

Other MD & A Requirements

Additional information relating to the Company - principally the quarterly financial statements and the Management Discussion and Analysis (MD&A) prepared and issued by the Company for previous quarters, and the year end audited Financial Statements with accompanying MD&A issued and filed by the Company for September 30, 2009, have been filed on SEDAR and are available at www.sedar.com.