



This is the 1st affidavit
of Kathryn Adrian in this case
and was made on July 29th, 2011

No. VLC-S-B-110732
VANCOUVER REGISTRY
Estate No's 11-253244, 11-253245, and 11-253246

IN THE SUPREME COURT OF BRITISH COLUMBIA

IN BANKRUPTCY AND INSOLVENCY

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF

**PLEASE MUM PARTNERSHIP
ELIA FASHIONS LTD.
BOSSA NOVA FASHIONS LTD.**

AFFIDAVIT

I, **KATHRYN ADRIAN**, businessperson, of 333 Woodland Drive, Vancouver, B.C., V5L 3P6, SWEAR THAT:

1. I am authorized by Please Mum Partnership, Elia Fashions Ltd. and Bossa Nova Fashions Ltd. (collectively "**Please Mum**" or the "**Company**") to depose this Affidavit and do so on their behalf.
2. Elia Fashions Ltd. ("**Elia**") is a privately held British Columbia company, formed on April 29, 1986. Bossa Nova Fashions Ltd. ("**Bossa Nova**") is a privately held British Columbia company, formed on January 23, 1989. Please Mum Partnership was established on August 5, 2011 as a general partnership between Elia and Bossa Nova.

3. I am the Founder and the Chief Executive Officer of Please Mum and, as such, I have personal knowledge of the matters herein deposed to, except where stated to be based upon information and belief, in which case I do verily believe the same to be true.

BACKGROUND

4. Please Mum maintains its headquarters in Vancouver.

5. Please Mum is an iconic, leading Canadian specialty retailer of high quality children's clothes.

6. Please Mum designs, contracts to manufacture and retails its products under several Please Mum trademark brand names.

7. The Company operates an e-commerce site for selling its product and, until its recent downsizing this past month, operated 90 retail locations throughout Canada.

8. Until recently, Please Mum had a very strong track record of sustained growth and profitability. From fiscal 2005 through fiscal 2010, the Company's average annual revenues were approximately \$57 million per year and its average earnings before interest, taxes, depreciation and amortization ("**EBITDA**") were approximately \$3 million per year.

9. Unfortunately, the Company has suffered set backs in the past two years, primarily due to excess inventory purchases, turnover of key members of the executive management team, and aggressive retail store expansion throughout Canada during a period that coincided with the global recession.

10. Please Mum's expansion was largely financed by secured credit facilities granted by Royal Bank of Canada ("**RBC**"). The balance on RBC's operating line of credit is approximately \$1.6 million as of the date of my Affidavit. Over the past year, Please Mum has unsuccessfully endeavoured to refinance the RBC debt.

RESTRUCTURING STEPS

11. In order to address its financial issues, Please Mum filed a Notice of Intention to Make a Proposal under section 50.4 of the *Bankruptcy and Insolvency Act* on July 7, 2011.

12. The Company has been working cooperatively with RBC and Deloitte & Touche Inc., the Proposal Trustee, to rebuild its business. In order to strengthen the Company, Please Mum has taken immediate steps including the downsizing of its retail operations and labour force and the consolidation of its inventory.

Downsizing of Retail Operations

13. After filing its NOI, Please Mum took immediate steps to drastically reduce its 90 retail stores by issuing notices to landlords pursuant to section 65.2 of the *Bankruptcy and Insolvency Act* to disclaim all of its retail leases except for 21 high performing stores which Please Mum intends to retain for the time being.

14. The remaining 21 strong stores accounted for approximately \$17 million in revenue and \$2.7 million in EBITDA. In addition, the Company will continue to operate its successful e-commerce site to sell its products.

15. Nearly all of the lease disclaimers were issued and sent for service by registered mail on July 8, 2011. The remaining 9 lease disclaimers were sent for service soon thereafter. Now produced and shown to me and attached as **Exhibit "A"** to my Affidavit is a copy of the package sent for service by registered mail to Larco Investments Ltd. as an example of the lease disclaimers served by Please Mum this month.

16. The reduction in rent costs from shutting down lower performing stores is intended to help Please Mum emerge as a stronger business. Thus far, the downsizing of Please Mum's retail operations has been relatively smooth and there have not been any significant landlord issues other than certain landlords contacting Please Mum to make demand for rents payable during the 30 day disclaimer period. Please Mum will be writing to those landlords shortly to inform them that Please Mum is not in a position at this time to pay those rents and that the Company is hopeful that this can be addressed in a Proposal.

Downsizing of Labour Force

17. On July 8, 2011, Please Mum took the difficult step of issuing written notice to several hundred of its employees to reduce its labour force from approximately 900 employees to approximately 240 employees working at its head office, warehouse and retail operations. Now produced and shown to me and attached as **Exhibit "B"** to my

Affidavit is a copy of the letter, dated July 8, 2011, which was sent to terminated employees to inform them of the layoff.

18. Most terminated employees worked their last day on July 13, 2011 and the remainder worked their last day on July 14, 2011.

Consolidation and Orderly Liquidation of Inventory

19. Please Mum has transferred inventory from its disclaimed stores, some of which has been moved to its 21 remaining stores and the balance of which is currently held in warehouse facilities for delivery to the 21 stores at a later date. The process has proceeded smoothly and landlords of disclaimed stores have not raised any significant issues regarding the consolidation of inventory.

20. By consolidating the inventory, Please Mum has improved inventory management and ensured that the optimum product mix is available to consumers at the 21 remaining stores.

21. Please Mum has solicited inventory appraisals to assess the realizable value of its inventory in the event of a liquidation in a bankruptcy scenario. These appraisals indicate that RBC would suffer a shortfall based on an orderly liquidation. While Please Mum has been in discussions with leading liquidators, these liquidators have advised that they will not provide a net minimum guarantee on the sale of the Company's inventory.

22. Given the appraisal evidence regarding the value of the inventory, the restructuring of Please Mum as a going concern would be in the best interest of stakeholders, especially unsecured creditors who are owed approximately \$6.7 million but would receive no return in a bankruptcy. In the interests of all its stakeholders, Please Mum has and continues to work closely with the Proposal Trustee and RBC to rebuild our business.

WORKING WITH RBC

23. A copy of the Company's cash flow is attached to the Proposal Trustee's First Report to the Court. RBC holds security over the Company's inventory but as indicated in the cash flow projection, the indebtedness to RBC will be reduced over the 13 week period while the inventory is sold. Please Mum has worked cooperatively with RBC and

its advisors, Alvarez and Marsal, by providing RBC with requested information and agreeing to operate within financial parameters required by RBC.

24. In the meantime, there is a pending sale of 330 Woodland Drive, Vancouver (the "Property") for the price of \$13.35 million pursuant to a Purchase and Sale Agreement, dated April 4, 2011. The Company's head office is located on the Property, which is owned by a related entity. RBC holds collateral security over the Property and the sale of the Property will generate more than sufficient proceeds to repay the Company's debt to RBC.

25. The Purchase and Sale Agreement remains conditional upon the resolution of certain environmental issues and the parties have agreed to extend the time to satisfy environmental condition under the Purchase and Sale Agreement until October 28, 2011.

26. The Company and the related owner are working with the purchaser to address the environmental issues. All parties are motivated to complete this sale and the parties have each engaged environmental consultants to work collaboratively to investigate the environmental issues and the Company is currently undertaking the remediation work required. Once the sale of the Property is complete, it is anticipated that RBC will be fully paid out.

27. In the meantime, I note that the Company also is in discussions with private investors, financiers and liquidators to consider debtor in possession finance to refinance the RBC debt. These discussions are at a preliminary stage and Please Mum would require more time to continue discussions and permit any interested parties to conduct due diligence before a transaction could proceed.

28. RBC is aware of the Company's efforts to address the RBC debt and I am optimistic that RBC will not oppose the extension sought and discussions are ongoing in an effort to obtain their support.

MOVING FORWARD

29. After many years of growth and success, the recent months have been a very difficult time for the Company and the decision to file a Notice of Intention was made after careful deliberation and consideration for the interests of the Company's stakeholders.

30. The Company is working hard to move in a positive direction. Generally, the Company's landlords, employees, trade creditors and employees have been supportive of the Company's restructuring efforts thus far.

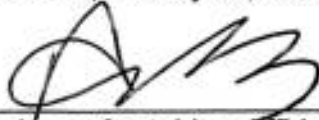
31. Historically, Please Mum's sales tend to increase in August and September as demand for back to school clothing, outerwear and holiday wear increases. The Company expects that this will be the case again this year, thus sales are projected to increase.

32. With the assistance of the Proposal Trustee and the support of RBC, Please Mum will continue to monitor the performance of its e-commerce site and the 21 remaining stores and make any other changes needed to optimize its business.

33. Please Mum is seeking this 45 day extension in order to continue with its orderly downsizing and liquidation, move forward with the sale of the Property, continue discussions with interested private investors, financiers and liquidators and develop its Proposal which would preserve Please Mum as a going concern for the benefit of its stakeholders.

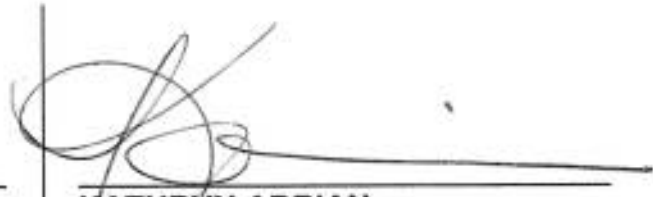
34. Until very recently, the Company was very successful and by taking the steps to restructure its business under the Proposal regime, Please Mum is working towards restoring the Company to success and profitability for its stakeholders.

SWORN BEFORE ME at Penticton
British Columbia, on July 29, 2011.

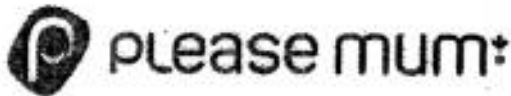


A Commissioner for taking Affidavits
within British Columbia

ANTHONY WILLIAM BINFET
NOTARY PUBLIC
434 MAIN STREET
PENTICTON BC V2A 5C5
Phone: 250-492-3110


KATHRYN ADRIAN

Attested to but neither
drawn nor advised upon
by
A.W. BINFET



333 Woodland Drive
Vancouver, B.C. V5L 3P6

July 8, 2011

Dear Sirs/Mesdames:

**In the Matter of the Notice of Intention to Make a Proposal of Please Mum Partnership
District of British Columbia, Division No. 03-Vancouver
Court No. and Estate No. 11-253244**

Notice to Lessor to Disclaim or Resiliate a Lease by Commercial Tenant

We are writing to inform you that, due to difficult financial circumstances, Please Mum Partnership (consisting of and including Elia Fashions Ltd. and Bossa Nova Fashions Ltd.) ("Please Mum") filed a Notice of Intention to Make a Proposal under the *Bankruptcy and Insolvency Act* (the "BIA") on July 7, 2011 (the "Notice"). Deloitte & Touche Inc. (the "Trustee") has consented to act as the Trustee under the Notice. We are enclosing a copy of the Notice.

In order to restructure under the BIA, it is necessary for Please Mum to downsize its retail business by closing a number of its stores operated on leased premises, including the store premises that it leased from you. We are enclosing a copy of our notice to disclaim our lease with you pursuant to section 65.2 of the BIA.

Should you have questions regarding this matter, please contact Alvin Tan at (778) 328-8544.

Yours Truly,

Please Mum Partnership
Per: Kathryn Adrian

This is Exhibit "A" referred to in the
affidavit of Kathryn Adrian
sworn before me at Penticton, B.C.
this 07 day of July

A Commissioner for taking Affidavits
for British Columbia

FORM 45

Notice to Lessor to Disclaim or Resiliate a Lease by Commercial Tenant
(Rule 95)

To Larco Investments Ltd., Lessor

Take notice that:

1. A notice of intention to make a proposal in respect of the undersigned commercial lessee was filed under subsection 50.4(1) of the Act on the 7th day of July, 2011.
2. Pursuant to subsection 65.2(1) of the Act, the commercial lessee hereby gives you, the lessor, 30 days' notice of its disclaimer or resiliation of the lease that the lessee signed on the 3rd day of June, 2005 which lease granted possession of the property situated at Unit 107 – 4295 Blackcomb Way, Whister, BC.
3. The disclaimer or resiliation of the lease will become effective on the 7th day of August, 2011.
4. You may apply to the court, within 15 days after the day on which you are given this notice, for a declaration that subsection 65.2(1) of the Act does not apply in respect of the lease mentioned above.
5. If you make such an application, the court, on notice to such parties as it may direct, shall make such a declaration unless the commercial lessee satisfies the court that the lessee would not be able to make a viable proposal, without its disclaimer or resiliation of the lease and all other leases that the lessee has disclaimed or has resiliated under subsection 65.2(1) of the Act.

Dated at Vancouver, British Columbia, this 8th day of July, 2011.

Elia Fashions Ltd.

Commercial Tenant

From:



Office of the Superintendent
of Bankruptcy Canada

Bureau du surintendant
des faillites Canada

An Agency of
Industry Canada

Un organisme
d'Industrie Canada

District of BRITISH COLUMBIA

Division No. 03 - Vancouver

Court No. 11-253246

Estate No. 11-253246

In the Matter of the Notice of Intention
to make a proposal of:

BOSSA NOVA FASHIONS

Insolvent Person

/DELOITTE & TOUCHE INC.

Trustee

Date of the Notice of Intention: July 7, 2011

CERTIFICATE OF FILING OF A NOTICE OF INTENTION TO MAKE A PROPOSAL
Subsection 50.4(1)

I, the undersigned, Official Receiver in and for this bankruptcy district, do hereby certify that the aforementioned insolvent person filed a Notice of Intention to Make a Proposal under subsection 50.4 (1) of the Bankruptcy and Insolvency Act.

Pursuant to subsection 59(1) of the Act, all proceedings against the aforementioned insolvent person are stayed as of the date of filing of the Notice of Intention.

per 

GARY SAM

Official Receiver

#2000 - 300 W. Georgia St., Vancouver, BRITISH COLUMBIA, V6B 6E1, 877/376-9902

Canada

From:



Office of the Superintendent
of Bankruptcy Canada

Bureau du surintendant
des faillites Canada

An Agency of
Industry Canada

Un organisme
d'industrie Canada

District of BRITISH COLUMBIA

Division No. 03 - Vancouver

Court No. 11-253244

Estate No. 11-253244

In the Matter of the Notice of Intention
to make a proposal of:

PLEASE MUM PARTNERSHIP
Insolvent Person

DELOITTE & TOUCHE INC.
Trustee

Date of the Notice of Intention: July 7, 2011

CERTIFICATE OF FILING OF A NOTICE OF INTENTION TO MAKE A PROPOSAL
Subsection 50.4(1)

I, the undersigned, Official Receiver in and for this bankruptcy district, do hereby certify that the aforementioned insolvent person filed a Notice of Intention to Make a Proposal under subsection 50.4 (1) of the Bankruptcy and Insolvency Act.

Pursuant to subsection 69(1) of the Act, all proceedings against the aforementioned insolvent person are stayed as of the date of filing of the Notice of Intention.

[Handwritten signature]
for _____

GARY SAM

Official Receiver

#2000 - 300 W. Georgia St., Vancouver, BRITISH COLUMBIA, V6B 6E1, 877/378-9902

Canada

From:



Office of the Superintendent
of Bankruptcy Canada

Bureau du surintendant
des faillites Canada

An Agency of
Industry Canada

Un organisme
d'Industrie Canada

District of BRITISH COLUMBIA

Division No. 03 - Vancouver

Court No. 11-253245

Estate No. 11-253245

In the Matter of the Notice of Intention
to make a proposal of:

ELIA FASHION LTD.

Insolvent Person

DELOITTE & TOUCHE INC.


Trustee

Date of the Notice of Intention: July 7, 2011

CERTIFICATE OF FILING OF A NOTICE OF INTENTION TO MAKE A PROPOSAL
Subsection 50.4(1)

I, the undersigned, Official Receiver in and for this bankruptcy district, do hereby certify that the aforementioned insolvent person filed a Notice of Intention to Make a Proposal under subsection 50.4 (1) of the Bankruptcy and Insolvency Act.

Pursuant to subsection 69(1) of the Act, all proceedings against the aforementioned insolvent person are stayed as of the date of filing of the Notice of Intention.

for 

GARY SAM

Official Receiver

#2000 - 300 W. Georgia St., Vancouver, BRITISH COLUMBIA, V6B 6E1, 877/376-9902

Canada

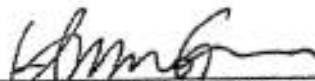
IN THE MATTER OF THE BANKRUPTCY AND INSOLVENCY ACT

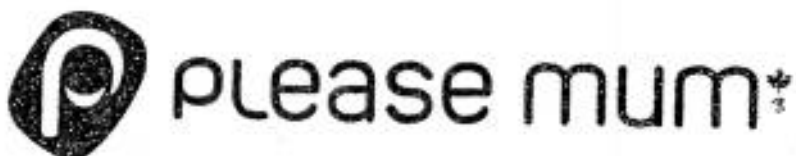
Please Mum Partnership
Elia Fashions Ltd.
Bossa Nova Fashions Ltd.
Vancouver
In the Province of British Columbia

CONSENT OF TRUSTEE

WE, DELOITTE & TOUCHE INC., of the City of Vancouver, in the Province of British Columbia hereby consent to being appointed as Trustee under the Notice of Intention to Make a Proposal of PLEASE MUM PARTNERSHIP, ELIA FASHIONS LTD. & BOSSA NOVA FASHIONS LTD.

Dated at Vancouver, this 7th day of July, 2011


DELOITTE & TOUCHE INC.
2800 - 1055 Dunsmuir Street
Vancouver, BC, V7X 1P4
604-640-3060
604-899-8159



July 8, 2011

[REDACTED]
c/o Please Mum Home Office
[REDACTED]

Due to difficult financial circumstances, on July 7, 2011, Please Mum Partnership (consisting of and including Elia Fashions Ltd. and Bossa Nova Fashions Ltd.) ("Please Mum") filed a Notice of Intention to Make a Proposal under the *Bankruptcy and Insolvency Act* (the "BIA"). Deloitte & Touche Inc. has consented to be the Trustee under the Proposal.

In order to restructure under the BIA, it is necessary for Please Mum to immediately downsize its workforce. We regret to inform you that your employment with Please Mum is hereby terminated as of July 8, 2011. Please Mum has issued cheques for days worked by terminated employees in the current pay period, up to and including July 8, 2011. Your Record of Employment will be issued on or around Tuesday, July 12, 2011.

We thank you for your past service to Please Mum and wish you well in your future endeavours.

Sincerely,
PLEASE MUM PARTNERSHIP

[REDACTED]
Kathryn Adrian
CEO

CC: Employee File

This is Exhibit " B " referred to in the
affidavit of ... *Kathryn Adrian* ...
sworn before me at ... *Penticton, B.C.* ...
this *27* day of ... *July* ... *2011*

.....
A Commissioner for taking Affidavits
for British Columbia