

IN THE SUPREME COURT OF BRITISH COLUMBIA

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF

PLEASE MUM PARTNERSHIP
AND
ELIA FASHIONS LTD.
AND
BOSSA NOVA FASHIONS LTD.
(collectively, "**Please Mum**" or the "**Company**")

SECOND REPORT TO THE COURT
SUBMITTED BY DELOITTE & TOUCHE INC.
IN ITS CAPACITY AS MONITOR

APRIL 3, 2012

**PLEASE MUM
MONITOR'S SECOND REPORT TO COURT
APRIL 3, 2012**

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INTRODUCTION

1. On December 6, 2011, Please Mum Partnership, Elia Fashions Ltd. and Bossa Nova Fashions Ltd. (collectively, “**Please Mum**” or the “**Company**”) sought and obtained protection from its creditors under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985 c. C-36, as amended, (the “**CCAA**”) pursuant to an Order of the Supreme Court of British Columbia (the “**Initial Order**”). A copy of the Initial Order is attached hereto as **Appendix A**.
2. Pursuant to the Initial Order, Deloitte & Touche Inc. was appointed as monitor of the Petitioners (the “**Monitor**”) in this CCAA proceeding. The Monitor has made the Initial Order and other information related to these insolvency proceedings available on its website at www.deloitte.com/ca/please-mum.
3. On January 5, 2012, the Court granted an Order extending the stay of proceedings to April 5, 2012 (the “**First Extension Order**”). A copy of the First Extension Order is attached hereto as **Appendix B**.
4. On March 28, 2012, the Court granted an Order approving certain steps of a tax savings transaction over the lands situated at 333 Woodland Drive, Vancouver, B.C. (the “**Woodland Property**”) owned by 0710345 B.C. Ltd. (“**071**”) to enable Bossa Nova Fashions Ltd. (“**Bossa**”) to utilize tax losses and shelter the gain of the sale of the Woodland Property (the “**Woodland Property Order**”). A copy of the Woodland Property Order is attached hereto as **Appendix C**.

PURPOSE, QUALIFICATIONS AND RESTRICTIONS OF THIS REPORT

5. This report is the Monitor’s second report (“**Second Report**”) to the Court. The Second Report should be read in conjunction with the Monitor’s first report to the Court dated January 4, 2012 (“**First Report**”). A copy of the First Report is attached hereto as **Appendix D**.
6. The purpose of this Second Report is to provide this Honourable Court with information in respect of the following:
 - (a) the status of the Company’s operations and key stakeholder relationships;
 - (b) an update of the Company’s cash flow forecast and comments on variances between actual results compared to forecast for the period ended March 24, 2012;
 - (c) the activities of the Company with respect to restructuring the operations of Please Mum; and

(d) the Company's request for an extension of the stay of proceedings to May 7, 2012.

TERMS OF REFERENCE

7. In preparing this Second Report, the Monitor has relied upon unaudited financial information of Please Mum, and discussions with management (“**Management**”) and its legal advisors.
8. The financial information of Please Mum has not been audited, reviewed or otherwise verified by the Monitor as to its accuracy or completeness, nor has it necessarily been prepared in accordance with generally accepted accounting principles and the reader is cautioned that this report may not disclose all significant matters about Please Mum. Additionally, none of our procedures were intended to disclose defalcations or other irregularities. Were we to perform additional procedures or to undertake an audit examination of the financial statements in accordance with generally accepted auditing standards, additional matters may have come to our attention. Accordingly, the Monitor does not express an opinion or provide any other form of assurance on the financial or other information presented herein. The Monitor may refine or alter its observations as further information is obtained or brought to its attention after the date of this report.
9. The financial projections attached to this report, were prepared by Management (except where noted). Although we have reviewed the assumptions underlying the projections for reasonableness, financial projections, by their nature, are dependent upon future events, which are not susceptible to verification. Actual results will vary from the information presented and the variations may be material.
10. The Monitor assumes no responsibility or liability for any loss or damage occasioned by any party as a result of the circulation, publication, reproduction or use of this report. Any use which any party makes of this report, or any reliance or decisions to be made based on this report, is the sole responsibility of such party.
11. All dollar amounts identified in this report are expressed in Canadian dollars, unless otherwise specified.

BACKGROUND

12. Elia Fashions Ltd. (“**Elia**”) and Bossa were formed on April 29, 1986 and January 23, 1989, respectively. Please Mum Partnership was subsequently established on August 5, 2001 as a general partnership between Elia and Bossa. The founder and Chief Executive Officer, Ms. Kathryn Adrian, controls Please Mum through a majority ownership of Elia.
13. On July 7, 2011, Please Mum filed a notice of intention to make a proposal (“**NOI**”) pursuant to Section 50.4 of the *Bankruptcy and Insolvency Act* and Deloitte & Touche Inc. was appointed as trustee under the proposal (“**Proposal Trustee**”).
14. On August 5, 2011, by Order of this Honourable Court, the NOI stay of proceedings was extended to September 20, 2011.
15. On August 20, 2011, by Order of this Honourable Court, the NOI stay of proceedings was extended to September 30, 2011.
16. On September 30, 2011 by Order of this Honourable Court, the NOI stay of proceedings was extended to November 14, 2011.
17. On November 7, 2011 by Order of this Honourable Court, the NOI stay of proceedings was extended to November 21, 2011.
18. On November 21, 2011 by Order of this Honourable Court, the NOI stay of proceedings was extended to November 28, 2011.
19. On November 24, 2011 by Order of this Honourable Court, the NOI stay of proceedings was extended to December 6, 2011.
20. This Second Report should be read in conjunction with the Proposal Trustee’s reports dated August 2, 2011, September 14, 2011 and December 5, 2011 and with the Monitor’s First Report dated January 4, 2012.
21. Since filing the NOI, and as part of its restructuring, the Company has:

- (i) Closed 77 stores nationally and redistributed inventory amongst its remaining 13 stores and e-commerce site. In addition, inventory has been consolidated to achieve optimum product mix.
- (ii) Undertaken an orderly liquidation sales strategy to realize inventory and generate sufficient cash to continue the operations of the business through a reduced store network.
- (iii) Reduced headcount from approximately 869 employees to 123 employees across the retail network, warehouse and head office location.
- (iv) Removed all gift cards from Please Mum stores and deactivated gift cards distributed through other retail channels.
- (v) Secured a refinancing of the Royal Bank of Canada credit facilities (the “**RBC Facilities**”) through a related entity, 071.
- (vi) Engaged environmental consultants to undertake environmental assessment work at the Woodland Property.
- (vii) On March 29, 2012, 071 completed the sale of the Woodland Property.
- (viii) Held negotiations with financiers and investors with respect to funding the ongoing operations of the Company in the long term.

ACTIVITIES OF THE MONITOR

22. Since the date of the First Report, the Monitor’s activities have included the following:

- a) attending to ongoing enquiries from creditors, customers, landlords, federal and provincial government agencies and other stakeholders of the Company; and
- b) continued regular monitoring of the business and financial affairs of the Company in accordance with the terms of the Initial Order.

STAKEHOLDER UPDATE

23. The Company's key stakeholders continue to generally support the ongoing operations of Please Mum during these CCAA proceedings:

(i) Suppliers

The Monitor has been advised by Management that suppliers have been generally supportive of the Company post-filing and continue to supply goods and services on commercially reasonable terms.

The Company is supplied inventory by a related company, World Shake Productions Inc. ("**World Shake**"). The Company has entered into a consignment arrangement whereby inventory is purchased by World Shake and sold to the Company at retail price. According to Management, World Shake is able to negotiate more favourable payment terms than Please Mum due to the Company's insolvency proceedings. The Monitor has requested Management provide the Monitor with an intercompany reconciliation. Management has advised it will provide an intercompany reconciliation as soon as possible. The Monitor has been advised that off-shore inventory purchases will be made by a third party investor beginning in April, 2012.

(ii) Employees

Management has advised that the existing employees remain committed to the Company during its restructuring efforts.

Management has advised that source deductions are current and will continue to be remitted as they come due.

(iii) Customers

To date, the Monitor has been contacted by approximately 500 affected customers who hold unused and cancelled gift cards. According to the Company, the aggregate value of the cancelled gift cards is approximately \$750,000.

(iv) CRA

CRA has advised the Monitor that it intends to utilize any GST/HST credit balances in Elia and Bossa from post-filing periods to set-off any pre-filing or post-filing GST/HST balances owing by the Company. Management estimates the pre-filing GST/HST liability for the Company to be approximately \$230,000 (plus any reassessments that may be related to future debt forgiveness). Management estimates the post-filing GST/HST liability for the period July to November, 2011 to be approximately \$280,000.

CASH FLOW STATEMENT AND LIQUIDITY

24. The Company's cash receipts and disbursements for the period December 25, 2011 to March 24, 2012 are attached as **Appendix E** with a comparison to the Cash Flow Statement filed with the Court in connection with the Company's initial application.

25. The Monitor has conducted weekly reviews of the Company's actual cash flow compared to forecast based on assumptions contained in the Cash Flow Statement. The Monitor's comments on the actual cash flow results to March 24, 2012 are as follows:

- (i) Sales receipts were approximately \$270,000 (16%) lower than projected due to lower than anticipated inventory levels and product mix in stores resulting from cash flow constraints.
- (ii) The Company had originally forecasted no additional receipts during the forecast period in connection with financing by World Shake and 071, and has net receipts of approximately \$33,000 that was provided through intercompany advances in order to help the Company meet cash requirements.
- (iii) Disbursements with respect to payroll and taxes were approximately \$30,000 (4%) lower than projected. Management has advised the Monitor that the variance is the result of an effort to reduce operating costs. The Company has also confirmed that it has remitted all employee source deductions due as at March 24, 2012.
- (iv) Freight expense was approximately \$33,000 (95%) higher than projected due to catch-up payments being required for previously deferred payments as well as rate increases with Canada Post due to lower shipping volumes.

- (v) Offshore purchases were nil as forecast. All inventory purchases during the period have been through World Shake on a consignment basis.
 - (vi) In some instances, store rent was deferred for February 2012 as a result of Management reaching an agreement with certain landlords with catch-up payments being made in three equal payments on April 1, 2012, May 1, 2012 and June 1, 2012.
 - (vii) Head office rent was \$46,000 (100%) below the forecasted amount as a result of mortgage holders agreeing to defer payment until the sale of the Woodland property was completed.
 - (viii) Trade payables were approximately \$18,000 (6%) lower than forecast. The variance is primarily a result of the Company managing payables in order to maximize cash availability.
 - (ix) Other disbursements were approximately \$34,000 over budget resulting from higher than expected insurance, bank and credit card charges.
 - (x) Environmental fees in connection with the Woodland Property were consistent with the forecasted amount.
 - (xi) Closing cash balance is approximately \$37,500, which is approximately \$266,000 behind the amount forecasted.
26. Management has updated and extended the cash flow projections to reflect current assumptions. Attached as **Appendix F** is the Company's revised cash flow statement for the period ending July 7, 2012, adopting the Probable and Hypothetical Assumptions set out in the Notes.
27. The Monitor's comments on the revised cash flow statement to July 7, 2012 are as follows:
- (i) The revised cash flow statement contains lower sales levels than in the previous forecast in order to reflect more conservative estimates given current inventory levels and product mix. The revised forecast reflects a decrease in sales in the near term followed by a gradual increase which Management expects in the spring and summer based on historical performance.
 - (ii) Total receipts in the revised cash flow statement reflect \$510,000 in funding from 071 that will be used to pay professional fees outstanding in relation to the CCAA proceedings.

- (iii) The revised cash flow statement shows no inventory deposits or offshore purchases. The Company will not be funding any direct inventory deposits or purchases. As noted earlier, all inventory purchases during the revised cash flow period will be made by a third party investor.
- (iv) The revised cash flow statement reflects no payments in respect of head office rent for the month of April 2012 as no formal lease agreement is in place. The Company is currently in discussions with the new owners of the Woodland Property with respect to future lease arrangements. Management has estimated rent for the months of May and June to be equal to \$70,000 per month based on historical figures.
- (v) The revised cash flow statement contemplates payment to store landlords with respect to rent in each future month. In addition the revised cash flow statement contemplates payment of deferred February, 2012 rent in three equal installments during the months of April, May and June 2012.
- (vi) The revised cash flow payment contemplates full payment of outstanding post-filing trades payable over three installments in the first seven weeks of the forecast period.
- (vii) The revised cash flow statement shows that source deductions will be remitted on a current basis. Management has advised that payroll expenses may increase over the forecast period as a result of increased labour required due to the arrival of new inventory shipments as well as higher customer traffic.
- (viii) The revised cash flow statement estimates that for the period of March 25, 2012 to July 7, 2012, the Company will have gross receipts of approximately \$3.28 million and disbursements of \$2.78 million, representing a net cash inflow of approximately \$510,000.
- (ix) The Monitor's review of the revised cash flow statement consisted of inquiries, analytical procedures and discussion related to information supplied to us by certain of the Management and employees of the Company. Since Hypothetical Assumptions need not be supported, the Monitor's procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the cash flow statement. The Monitor has also reviewed the support provided by Management for the Probable Assumptions, and the preparation and presentation of the cash flow statement.
- (x) Based on the Monitor's review, nothing has come to our attention that causes them to believe that, in all material respects:

- the Hypothetical Assumptions are not consistent with the purpose of the cash flow statement;
- as at the date of this report, the Probable Assumptions developed by Management are not suitably supported and consistent with the plans of the Company or do not provide a reasonable basis for the cash flow statement, given the Hypothetical Assumptions; or
- the cash flow statement does not reflect the Probable and Hypothetical Assumptions.

28. Since the cash flow statement is based on Assumptions regarding future events, actual results will vary from the information presented even if the Hypothetical Assumptions occur, and the variations may be material. Accordingly, the Monitor expresses no assurance as to whether the cash flow statement will be achieved. The Monitor's express no opinion or other form of assurance with respect to the accuracy of any financial information presented in this report, or relied upon by the Monitor in preparing this report.

RESTRUCTURING EFFORTS

Sale of Woodland Property

29. Throughout these proceedings, it has been the intention of the Company to use the proceeds from the sale of the Woodland Property to assist in the restructuring of Please Mum.
30. The sale of the Woodland Property closed on March 29, 2012 and the Company is now in a position to consider developing a plan which it can present to its creditors.

REQUEST FOR EXTENSION OF THESE PROCEEDINGS

31. The current stay of proceedings expires on April 5, 2012. In order to facilitate continued restructuring efforts and to develop a plan of arrangement to its creditors, the Company is requesting an extension of the stay of proceedings to May 7, 2012. The Company proposes to use this additional time to enter into discussions with its creditors in order to determine whether an economically feasible plan can be developed.

32. The Monitor is of the view that continuing the Company's restructuring under these CCAA proceedings will preserve the business as a going concern and allow time for the Company to determine whether a viable plan of arrangement with the Company's creditors can be formed.
33. The Company is working diligently to manage the financial and operational restructuring of Please Mum.
34. The Monitor is of the view that the Company has acted, and is acting, in good faith and with due diligence. Accordingly, the Monitor respectfully recommends that this Honourable Court approve an extension of the stay of proceedings to May 7, 2012.

All of which is respectfully submitted this 3rd day of April, 2012.

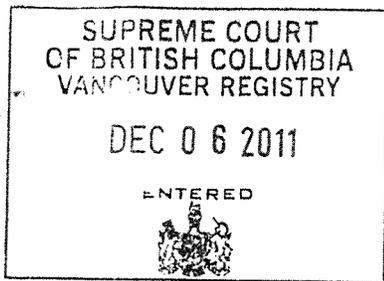
DELOITTE & TOUCHE INC.

In its capacity as Court-appointed Monitor of
Please Mum Partnership, Elia Fashions Ltd. and Bossa Nova Fashions Ltd.
and not in its personal capacity.



Per: Huey Lee, MBA, CMA, CIRP
Senior Vice President

APPENDIX A
INITIAL ORDER DATED DECEMBER 6, 2011



No.S118142
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c.
C-36**

AND

IN THE MATTER OF THE BUSINESS CORPORATIONS ACT, S.B.C. 2002, c. 57

AND

**IN THE MATTER OF ELIA FASHIONS LTD. (in its own capacity and in its capacity as a
partner of PLEASE MUM PARTNERSHIP) and
BOSSA NOVA FASHIONS LTD. (in its own capacity and in its capacity as a partner of
PLEASE MUM PARTNERSHIP)**

PETITIONERS

INITIAL ORDER

BEFORE THE HONOURABLE
MR. JUSTICE BURNYEAT

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TUESDAY, the 6th DAY OF
DECEMBER 2011

THE APPLICATION of the Petitioners coming on for hearing at Vancouver, British Columbia, on the 6th day of December, 2011 (the "**Order Date**"); AND ON HEARING John R. Sandrelli and Cindy Cheuk, counsel for the Petitioners and those other counsel listed on Schedule "A" hereto; AND UPON READING the material filed, including the Affidavit #1 of Kathryn Adrian sworn November 29, 2011, the Affidavit #2 of Fran Thibodeau, sworn November 28, 2011, the Affidavit #1 of Telis Kardakaris, sworn December 2, 2011, the Affidavit #2 of Telis Kardakaris, sworn December 5, 2011, the Third Report of Deloitte & Touche Inc., submitted in its capacity as Proposal Trustee and Proposed Monitor, and the consent of Deloitte & Touche Inc. to act as Monitor; AND UPON BEING ADVISED that the secured creditors and others who are likely to be affected have been given notice; AND pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985 c. C-36 as amended (the "**CCAA**"), the British Columbia Supreme Court Civil Rules and the inherent jurisdiction of this Honourable Court;

THIS COURT ORDERS AND DECLARES THAT:

JURISDICTION

1. The Petitioners, Elia Fashions Ltd. ("**Elia**") and Bossa Nova Fashions Ltd. ("**Bossa Nova**"), are companies to which the CCAA applies.
2. The business of Elia and Bossa Nova are so closely connected and intertwined with Please Mum Partnership (the "**Partnership**") that, although not a Petitioner, the Partnership shall enjoy the benefit of the protections of and the authorizations provided by this Initial Order.
3. The proceedings commenced under Part III of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 (the "**BIA**") in Supreme Court of British Columbia Vancouver Registry No. VLC-S-B-110732 (the "**BIA Proceeding**") on July 7, 2011 (the "**BIA Stay Date**") by Elia, Bossa Nova and the Partnership (collectively, "**Please Mum**") as Petitioners, be continued herein, pursuant to section 11.6 of the CCAA.

SUBSEQUENT HEARING DATE

4. The hearing of Please Mum's application for an extension of the Stay Period (as defined in paragraph 19 of this Order) and for any ancillary relief shall be held at the Courthouse at 800 Smithe Street, Vancouver, British Columbia at 10:00 a.m. on Thursday, the 5th day of January, 2012 or such other date as this Court may order.

PLAN OF ARRANGEMENT

5. Please Mum shall have the authority to file and may, subject to further order of this Court, file with this Court a plan of compromise or arrangement (hereinafter referred to as the "**Plan**").
6. Please Mum shall not make any payments to unsecured creditors under any Plan filed herein until Please Mum has paid in full all amounts owing to landlords of retail premises disclaimed by Please Mum pursuant to section 65.2 of the BIA on account of arrears of unpaid

rents for the period of the BIA Stay Date to the expiry date of the applicable notice period under section 65.2 of the BIA in respect of such premises.

POSSESSION OF PROPERTY AND OPERATIONS

7. Subject to this Order and any further Order of this Court, Please Mum shall remain in possession and control of its current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the **"Property"**), and continue to carry on its business (the **"Business"**) in the ordinary course and in a manner consistent with the preservation of the Business and the Property. Please Mum shall be authorized and empowered to continue to retain and employ the employees, consultants, agents, experts, accountants, counsel and such other persons (collectively, **"Assistants"**) currently retained or employed by it, with liberty to retain such further Assistants as it deems reasonably necessary or desirable in the ordinary course of business or for carrying out the terms of this Order.

8. Please Mum shall be entitled, but not required, to pay the following expenses which may have been incurred prior to the BIA Stay Date:

- (a) all outstanding wages, salaries, employee and pension benefits (including long and short term disability payments), vacation pay and expenses (but excluding severance pay) payable before or after the Order Date, in each case incurred in the ordinary course of business and consistent with the relevant compensation policies and arrangements existing at the time incurred (collectively **"Wages"**); and
- (b) the fees and disbursements of any Assistants retained or employed by Please Mum which are related to Please Mum's restructuring, at their standard rates and charges, including payment of the fees and disbursements of legal counsel retained by Please Mum, whenever and wherever incurred, in respect of:
 - (i) these proceedings, the BIA Proceeding or any other similar proceedings in other jurisdictions in which Please Mum or any subsidiaries or affiliated companies of Please Mum are domiciled;
 - (ii) any litigation in which Please Mum is named as a party or is otherwise involved, whether commenced before or after the BIA Stay Date; and

- (iii) any related corporate matters.
- (c) with the written consent of the Monitor, those creditors who are determined by Please Mum and the Monitor to be critical to the ongoing Business of Please Mum on the following terms:
- (i) pay the entire amount of Please Mum's obligations to any creditor if the amount of such obligations, as agreed between Please Mum and the creditor, is \$2,000 or less as at the BIA Stay Date;
 - (ii) pay \$2,000 to any creditor to which the outstanding obligations of Please Mum are greater than \$2,000 as at the BIA Stay Date, provided that such creditor agrees to accept that amount in full satisfaction of all obligations of Please Mum to such creditor as at the BIA Stay Date;
 - (iii) pay any such lesser amount as may be required to maintain supply or services for Please Mum; or
 - (iv) pay such other amount as may be authorized by further Order of this Court.

9. Except as otherwise provided herein, Please Mum shall be entitled to pay all expenses reasonably incurred by Please Mum in carrying on the Business in the ordinary course following the BIA Stay Date, and in carrying out the provisions of this Order, which expenses shall include, without limitation:

- (a) all expenses and capital expenditure reasonably incurred and which are necessary for the preservation of the Property or the Business including, without limitation, payments on account of insurance (including directors' and officers' insurance), maintenance and security services, provided that any capital expenditure exceeding \$10,000 shall be approved by the Monitor;
- (b) all obligations incurred by Please Mum after the BIA Stay Date, including without limitation, with respect to goods and services actually supplied to Please Mum following the BIA Stay Date (including those under purchase orders outstanding at the BIA Stay Date but excluding any interest on Please Mum's obligations incurred prior to the BIA Stay Date); and

- (c) fees and disbursements of the kind referred to in paragraph 8(b) which may be incurred after the BIA Stay Date.

10. Please Mum is authorized to remit, in accordance with legal requirements, or pay:

- (a) any statutory deemed trust amounts in favour of the Crown in right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from Wages, including, without limitation, amounts in respect of (i) employment insurance, (ii) Canada Pension Plan, (iii) Quebec Pension Plan, and (iv) income taxes or any such claims which are to be paid pursuant to Section 6(3) of the CCAA;
- (b) all goods and services or other applicable sales taxes (collectively, "**Sales Taxes**") required to be remitted by Please Mum in connection with the sale of goods and services by Please Mum, but only where such Sales Taxes accrue or are collected after the BIA Stay Date, or where such Sales Taxes accrued or were collected prior to the BIA Stay Date but not required to be remitted until on or after the BIA Stay Date; and
- (c) any amount payable to the Crown in right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal property taxes, municipal business taxes or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured creditors.

11. Until such time as a real property lease is disclaimed in accordance with the CCAA, Please Mum shall pay all amounts constituting rent or payable as rent under real property leases (including, for greater certainty, common area maintenance charges, utilities and realty taxes and any other amounts payable as rent to the landlord under the lease) based on the terms of existing lease arrangements or as otherwise may be negotiated between Please Mum and the landlord from time to time ("**Rent**"). In the case of a lease disclaimed in accordance with the CCAA, Please Mum shall pay such Rent up to and including the effective date of such disclaimer.

12. Except as specifically permitted herein, Please Mum is hereby directed, until further Order of this Court:

- (a) to make no payments of principal, interest thereon or otherwise on account of amounts owing by Please Mum to any of its creditors as of the BIA Stay Date except as authorized by this Order;
- (b) to make no payments in respect of any financing leases which create security interests;
- (c) to grant no security interests, trust, mortgages, liens, charges or encumbrances upon or in respect of any of its Property, nor become a guarantor or surety, nor otherwise become liable in any manner with respect to any other person or entity except as authorized by this Order;
- (d) to not grant credit except in the ordinary course of the Business only to its customers for goods and services actually supplied to those customers, provided such customers agree that there is no right of set-off in respect of amounts owing for such goods and services against any debt owing by Please Mum to such customers as of the BIA Stay Date; and
- (e) to not incur liabilities except in the ordinary course of Business.

13. Notwithstanding paragraph 12(c) of this Order, Please Mum may, with the consent of the Monitor, grant a purchase money security interest to any consignor in relation to any goods consigned by such consignor to Please Mum.

FINANCIAL ARRANGEMENTS

14. Notwithstanding any other provision in this Order:

- (a) Please Mum is hereby authorized and empowered to borrow, repay and reborrow from its lenders (the "**Lenders**") such amounts from time to time as Please Mum considers necessary, and the Lenders shall be entitled to revolve their operating loan facilities (the "**Lender Loan Facilities**") and collect interest, fees and costs

on the Lender Loan Facilities, subject to such amendments as are agreed between the Lender and Please Mum;

- (b) to the extent that any Lender Loan Facilities are secured, such Lender Loan Facilities shall be secured by the same charge (the "**Lender Charge**") as secured the Lender Loan Facility as at the BIA Stay Date; and
- (c) Please Mum is authorized to deal with any Lender in respect of the Lender Loan Facility on such terms as may be negotiated and agreed upon between Please Mum and the Lender.

RESTRUCTURING

15. Subject to such requirements as are imposed by the CCAA, Please Mum shall have the right to:

- (a) permanently or temporarily cease, downsize or shut down all or any part of its Business or operations and commence marketing efforts in respect of any of its redundant or non-material assets and to dispose of redundant or non-material assets not exceeding \$50,000 in any one transaction or \$100,000 in the aggregate;
- (b) terminate the employment of such of its employees or temporarily lay off such of its employees as it deems appropriate; and
- (c) pursue all avenues of refinancing for its Business or Property, in whole or part;

all of the foregoing to permit Please Mum to proceed with an orderly restructuring of the Business (the "**Restructuring**").

16. Please Mum shall provide each of the relevant landlords with notice of Please Mum's intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes Please Mum's entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors who claim a security interest in the fixtures, such landlord and Please Mum, or by further Order of this Court upon application by Please Mum, the landlord or the applicable

secured creditors on at least two (2) clear days' notice to the other parties. If Please Mum disclaims the lease governing such leased premises in accordance with Section 32 of the CCAA, it shall not be required to pay Rent under such lease pending resolution of any dispute concerning such fixtures (other than Rent payable for the notice period provided for in Section 32(5) of the CCAA), and the disclaimer of the lease shall be without prejudice to Please Mum's claim to the fixtures in dispute.

17. If a notice of disclaimer is delivered pursuant to Section 32 of the CCAA, then: (a) during the period prior to the effective time of the disclaimer, the landlord may show the affected leased premises to prospective tenants during normal business hours on giving Please Mum and the Monitor 24 hours' prior written notice; and (b) at the effective time of the disclaimer, the landlord shall be entitled to take possession of any such leased premises without waiver of or prejudice to any claims the landlord may have against Please Mum, or any other rights the landlord might have, in respect of such lease or leased premises and the landlord shall be entitled to notify Please Mum of the basis on which it is taking possession and gain possession of and re-lease such leased premises to any third party or parties on such terms as the landlord considers advisable, provided that nothing herein shall relieve the landlord of its obligation to mitigate any damages claimed in connection therewith.

18. Pursuant to Section 7(3)(c) of the *Personal Information Protection and Electronics Documents Act*, S.C. 2000, c. 5 and Section 18(1)(o) of the *Personal Information Protection Act*, S.B.C. 2003, c. 63, and any regulations promulgated under authority of either Act, as applicable (the "**Relevant Enactment**"), Please Mum, in the course of these proceedings, is permitted to, and hereby shall, disclose personal information of identifiable individuals in its possession or control to stakeholders, its advisors, prospective investors, financiers, buyers or strategic partners (collectively, "**Third Parties**"), but only to the extent desirable or required to negotiate and complete the Restructuring or to prepare and implement the Plan or transactions for that purpose; provided that the Third Parties to whom such personal information is disclosed enter into confidentiality agreements with Please Mum, binding them in the same manner and to the same extent with respect to the collection, use and disclosure of that information as if they were an organization as defined under the Relevant Enactment, and limiting the use of such information to the extent desirable or required to negotiate or complete the Restructuring or to prepare and implement the Plan or transactions for that purpose, and attorning to the jurisdiction of this Court for the purposes of that agreement. Upon the completion of the use of personal

information for the limited purposes set out herein, the Third Parties shall return the personal information to Please Mum or destroy it. If the Third Parties acquire personal information as part of the Restructuring or the preparation and implementation of the Plan or transactions in furtherance thereof, such Third Parties may, subject to this paragraph and any Relevant Enactment, continue to use the personal information in a manner which is in all respects identical to the prior use thereof by Please Mum.

STAY OF PROCEEDINGS, RIGHTS AND REMEDIES

19. Until and including 5:00 p.m. on January 5, 2012, or such later date as this Court may order (the "**Stay Period**"), no action, suit or proceeding in any court or tribunal (each, a "**Proceeding**") in respect of any claim or obligation arising prior to the BIA Stay Date against or in respect of Please Mum, or the Monitor, or affecting the Business or the Property, shall be commenced or continued except with the written consent of Please Mum and the Monitor or with leave of this Court, and any and all Proceedings currently under way against or in respect of Please Mum or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court.

20. During the Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency, or any other entities (all of the foregoing, collectively being "**Persons**" and each being a "**Person**") in respect of any claim or obligation arising prior to the BIA Stay Date, against or in respect of Please Mum or the Monitor, or affecting the Business or the Property, are hereby stayed and suspended except with the written consent of Please Mum and the Monitor or leave of this Court.

21. Nothing in this Order, including paragraphs 19 and 20, shall: (i) empower Please Mum to carry on any business which Please Mum is not lawfully entitled to carry on; (ii) affect such investigations, actions, suits or proceedings by a regulatory body as are permitted by Section 11.1 of the CCAA; (iii) prevent the filing of any registration to preserve or perfect a mortgage, charge or security interest (subject to the provisions of Section 39 of the CCAA relating to the priority of statutory Crown securities); or (iv) prevent the registration or filing of a lien or claim for lien or the commencement of a Proceeding to protect lien or other rights that might otherwise be barred or extinguished by the effluxion of time, provided that no further step shall be taken in respect of such lien, claim for lien or Proceeding except for service of the initiating documentation on Please Mum.

NO INTERFERENCE WITH RIGHTS

22. During the Stay Period, no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by Please Mum, except with the written consent of Please Mum and the Monitor or leave of this Court.

CONTINUATION OF SERVICES

23. During the Stay Period, all Persons having oral or written agreements with Please Mum or mandates under an enactment for the supply of goods and/or services, including without limitation all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation, services, utility or other services to the Business or Please Mum, are hereby restrained until further Order of this Court from discontinuing, altering, interfering with, or terminating the supply of such goods or services as may be required by Please Mum, and that Please Mum shall be entitled to the continued use of its current premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the BIA Stay Date are paid by Please Mum in accordance with normal payment practices of Please Mum or such other practices as may be agreed upon by the supplier or service provider and Please Mum and the Monitor, or as may be ordered by this Court.

NON-DEROGATION OF RIGHTS

24. Notwithstanding any provision in this Order, no Person shall be prohibited from requiring immediate payment for goods, services, use of leased or licensed property or other valuable consideration provided on or after the BIA Stay Date, nor shall any Person be under any obligation to advance or re-advance any monies or otherwise extend any credit to Please Mum on or after the BIA Stay Date. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA.

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

25. During the Stay Period, and except as permitted by subsection 11.03(2) of the CCAA, no Proceeding may be commenced or continued against the directors or officers of Please Mum with respect to any claim against the directors or officers that arose before the date hereof and that relates to any obligations of Please Mum whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such obligations, until a compromise or arrangement in respect of Please Mum, if one is filed, is sanctioned by this Court or is refused by the creditors of Please Mum or this Court. Nothing in this Order, including in this paragraph, shall prevent the commencement of a Proceeding to preserve any claim against a director or officer of Please Mum that might otherwise be barred or extinguished by the effluxion of time, provided that no further step shall be taken in respect of such Proceeding except for service of the initiating documentation on the applicable director or officer.

DIRECTORS AND OFFICERS INDEMNIFICATION AND CHARGE

26. Please Mum shall indemnify its directors and officers against obligations and liabilities that they may incur as directors or officers of Please Mum after the commencement of the within proceedings, except to the extent that, with respect to any director or officer, the obligation or liability was incurred as a result of the director's or officer's gross negligence or wilful misconduct.

27. The directors and officers of Please Mum shall be entitled to the benefit of and are hereby granted a charge (the "**Directors' Charge**") on the Property, which charge shall not exceed an aggregate amount of \$150,000 as security for the indemnity provided in paragraph 26 of this Order. The Directors' Charge shall have the priority set out in paragraphs 38 and 40 herein.

28. Notwithstanding any language in any applicable insurance policy to the contrary, (a) no insurer shall be entitled to be subrogated to or claim the benefit of the Directors' Charge, and (b) Please Mum's directors and officers shall only be entitled to the benefit of the Directors' Charge to the extent that they do not have coverage under any directors' and officers' insurance policy,

or to the extent that such coverage is insufficient to pay amounts indemnified in accordance with paragraph 26 of this Order.

APPOINTMENT OF MONITOR

29. Deloitte & Touche Inc. is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the business and financial affairs of Please Mum with the powers and obligations set out in the CCAA or set forth herein, and that Please Mum and its shareholders, officers, directors, and Assistants shall advise the Monitor of all material steps taken by Please Mum pursuant to this Order, and shall co-operate fully with the Monitor in the exercise of its powers and discharge of its obligations and provide the Monitor with the assistance that is necessary to enable the Monitor to adequately carry out the Monitor's functions.

30. The Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:

- (a) monitor Please Mum's receipts and disbursements;
- (b) report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business, and such other matters as may be relevant to the proceedings herein;
- (c) advise Please Mum, to the extent required by Please Mum, in its development of the Plan and any amendments to the Plan;
- (d) assist Please Mum, to the extent required by Please Mum, with the holding and administering of creditors' or shareholders' meetings for voting on the Plan;
- (e) have full and complete access to the Property, including the premises, books, records, data, including data in electronic form, and other financial documents of Please Mum to the extent that is necessary to adequately assess Please Mum's business and financial affairs or to perform its duties arising under this Order;

- (f) be at liberty to engage independent legal counsel or such other persons as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order; and
- (g) perform such other duties as are required by this Order or by this Court from time to time.

31. The Monitor shall not take possession of the Property and shall take no part whatsoever in the management or supervision of the management of the Business and shall not, by fulfilling its obligations hereunder, or by inadvertence in relation to the due exercise of powers or performance of duties under this Order, be deemed to have taken or maintained possession or control of the Business or Property, or any part thereof, and nothing in this Order shall be construed as resulting in the Monitor being an employer or a successor employer, within the meaning of any statute, regulation or rule of law or equity, for any purpose whatsoever.

32. Nothing herein contained shall require or allow the Monitor to occupy or to take control, care, charge, possession or management (separately and/or collectively, "**Possession**") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Fisheries Act*, the *British Columbia Environmental Management Act*, the *British Columbia Fish Protection Act* and regulations thereunder (the "**Environmental Legislation**"), provided however that nothing herein shall exempt the Monitor from any duty to report or make disclosure imposed by applicable Environmental Legislation. For greater certainty, the Monitor shall not, as a result of this Order or anything done in pursuance of the Monitor's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

33. The Monitor shall provide any creditor of Please Mum with information provided by Please Mum in response to reasonable requests for information made in writing by such creditor addressed to the Monitor. The Monitor shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that

the Monitor has been advised by Please Mum is confidential, the Monitor shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Monitor and Please Mum may agree.

34. In addition to the rights and protections afforded the Monitor under the CCAA or as an officer of this Court, the Monitor shall incur no liability or obligation as a result of its appointment or the carrying out of the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the rights and protections afforded the Monitor by the CCAA or any applicable legislation.

ADMINISTRATION CHARGE

35. The Monitor, counsel to the Monitor, and counsel to Please Mum shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, by Please Mum as part of the cost of these proceedings. Please Mum is hereby authorized to pay the accounts of the Monitor, counsel to the Monitor and counsel to Please Mum on a periodic basis and, in addition, Please Mum is hereby authorized to pay to the Monitor, counsel to the Monitor, and counsel to Please Mum, retainers in such amounts as may be agreed between Please Mum and its counsel, and between Please Mum and the Monitor and the Monitor's counsel, to be held by them as security for payment of their respective fees and disbursements outstanding from time to time.

36. The Monitor and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Monitor and its legal counsel are hereby referred to a judge of the British Columbia Supreme Court and may be heard on a summary basis.

37. The Monitor, counsel to the Monitor, and counsel to Please Mum shall be entitled to the benefit of and are hereby granted a charge (the "**Administration Charge**") on the Property, which charge shall not exceed an aggregate amount of \$350,000 as security for their respective fees and disbursements incurred at the standard rates and charges of the Monitor and such counsel, both before and after the making of this Order which are related to Please Mum's restructuring which, for greater clarity, shall include the respective fees and disbursements incurred in relation to the BIA Proceeding. The Administration Charge shall have the priority set out in paragraphs 38 and 40 hereof.

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

38. The priorities of the Administration Charge and the Directors' Charge, as among them, shall be as follows:

First – Administration Charge (to the maximum amount of \$350,000);

Second - Directors' Charge (to the maximum amount of \$150,000)

39. Any security documentation evidencing, or the filing, registration or perfection of, the Administration Charge and the Directors' Charge (collectively, the "**Charges**") shall not be required, and that the Charges shall be effective as against the Property and shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered or perfected subsequent to the Charges coming into existence, notwithstanding any failure to file, register or perfect any such Charges.

40. Each of the Administration Charge and the Directors' Charge (all as constituted and defined herein) shall constitute a mortgage, security interest, assignment by way of security and charge on the Property and such Charges shall rank in priority to all other security interests, trusts, liens, mortgages, charges and encumbrances and claims of secured creditors, statutory or otherwise (collectively, "**Encumbrances**"), in favour of any Person.

41. Except as otherwise expressly provided herein, or as may be approved by this Court, Please Mum shall not grant or suffer to exist any Encumbrances over any Property that rank in priority to, or *pari passu* with the Charges, unless Please Mum obtains the prior written consent of the Monitor, and the beneficiaries of the Administration Charge and the Director's Charge.

42. The Administration Charge and the Director's Charge shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Charges (collectively, the "**Chargees**") shall not otherwise be limited or impaired in any way by (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) any application(s) for bankruptcy order(s) issued pursuant to the BIA, or any bankruptcy order made pursuant to such applications; (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; or (d) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances,

contained in any existing loan documents, lease, mortgage, security agreement, debenture, sublease, offer to lease or other agreement (collectively, an "**Agreement**") which binds Please Mum; and notwithstanding any provision to the contrary in any Agreement:

- (a) the creation of the Charges shall create or be deemed to constitute a breach by Please Mum of any Agreement to which it is a party;
- (b) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting the creation of the Charges; and
- (c) the payments made by Please Mum pursuant to this Order and the granting of the Charges by Please Mum do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

43. THIS COURT ORDERS that any Charge created by this Order over leases of real property in Canada shall only be a Charge in Please Mum's interest in such real property leases.

SERVICE AND NOTICE

44. The Monitor shall (i) without delay, publish in the Globe and Mail a notice containing the information prescribed under the CCAA, (ii) within five days after the Order Date, (A) make this Order publicly available in the manner prescribed under the CCAA, (B) send, in the prescribed manner, a notice to every known creditor who has a claim against Please Mum of more than \$1,000, and (C) prepare a list showing the names and addresses of those creditors and the estimated amounts of those claims, and make it publicly available in the prescribed manner, all in accordance with Section 23(1)(a) of the CCAA and the regulations made thereunder.

45. Please Mum and the Monitor are at liberty to serve this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or electronic transmission to Please Mum's creditors or other interested parties at their respective addresses as last shown on the

records of Please Mum and that any such service or notice by courier, personal delivery or electronic transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

46. Any Person that wishes to be served with any application and other materials in these proceedings must deliver to the Monitor by way of ordinary mail, courier, personal delivery or electronic transmission a request to be added to a service list (the "**Service List**") to be maintained by the Monitor. The Monitor shall post and maintain an up to date form of the Service List on its website at: www.deloitte.com/ca/please-mum

47. Any party to these proceedings may serve any court materials in these proceedings by emailing a PDF or other electronic copy of such materials to counsels' email addresses as recorded on the Service List from time to time, and the Monitor shall post a copy of all prescribed materials on its website at: www.deloitte.com/ca/please-mum

48. Notwithstanding paragraphs 46 and 47 of this Order, service of the Petition, the Notice of Hearing of Petition, the Affidavit #1 of Kathryn Adrian, the Affidavit #1 of Fran Thibodeau, the Affidavits #1 and #2 of Telis Kardakaris, this Order and any other pleadings in this proceeding (collectively, the "**Materials**"), shall be made on the federal and British Columbia Crowns in accordance with the *Crown Liability and Proceedings Act*, R.S.C. 1985, c. C-50, and regulations thereto, in respect of the federal Crown, and the *Crown Proceeding Act*, R.S.B.C. 1996, c. 89, in respect of the British Columbia Crown.

GENERAL

49. Please Mum or the Monitor may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

50. Nothing in this Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager, or a trustee in bankruptcy of Please Mum, the Business or the Property.

51. THIS COURT REQUESTS the aid and recognition of other Canadian and foreign Courts, tribunal, regulatory or administrative bodies, including any Court or administrative tribunal of any Federal or State Court or administrative body in the United States of America, to

act in aid of and to be complementary to this Court in carrying out the terms of this Order where required. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to Please Mum and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist Please Mum and the Monitor and their respective agents in carrying out the terms of this Order.

52. Each of Please Mum and the Monitor be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order and the Monitor is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada, including acting as a foreign representative of Please Mum to apply to the United States Bankruptcy Court for relief pursuant to Chapter 15 of the *United States Bankruptcy Code*, 11 U.S.C. §§ 101-1330, as amended.

53. Please Mum may (subject to the provisions of the CCAA and the BIA) at any time file a voluntary assignment in bankruptcy or a proposal pursuant to the commercial reorganization provisions of the BIA if and when Please Mum determines that such a filing is appropriate.

54. Please Mum is hereby at liberty to apply for such further interim or interlocutory relief as it deems advisable within the time limited for Persons to file and serve Responses to the Petition.

55. Leave is hereby granted to hear any application in these proceedings on two (2) clear days' notice after delivery to all parties on the Service List of such Notice of Application and all affidavits in support, subject to the Court in its discretion further abridging or extending the time for service.

56. Any interested party (including Please Mum and the Monitor) may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to all parties on the Service List and to any other party or parties likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

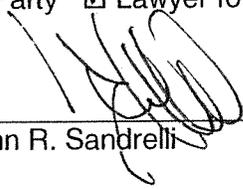
57. Endorsement of this Order by counsel appearing on this application is hereby dispensed with.

58. This Order and all of its provisions are effective as of 12:01 a.m. local Vancouver time on the Order Date.

THE FOLLOWING PARTIES APPROVE THE FORM OF THIS ORDER AND CONSENT TO EACH OF THE ORDERS, IF ANY, THAT ARE INDICATED ABOVE AS BEING BY CONSENT:


BURNYEAT, J.

Signature of
 Party Lawyer for the Petitioners



John R. Sandrelli

BY THE COURT



REGISTRAR

Schedule "A"

(List of Counsel)

Name of Counsel:	Representing:
John R. Sandrelli Cindy Cheuk	Petitioners
Colin Brousson	Deloitte & Touche Inc.
Greg Gehlen	Zu Vcc Management Inc. Crombie Real Estate Investment
	Ivanhoe Cambridge.
	Morguard Investments Limited.
	Primoris Retail Real Estate Investment Trst.
	Retrocom Mid Market Reit

No.
Vancouver Registry

IN THE SUPREME COURT OF BRITISH
COLUMBIA

IN THE MATTER OF THE COMPANIES'
CREDITORS ARRANGEMENT ACT, R.S.C.
1985, c. C-36

AND IN THE MATTER OF ELIA FASHIONS LTD.
(in its own capacity and in its capacity as a
partner of PLEASE MUM PARTNERSHIP) and
others

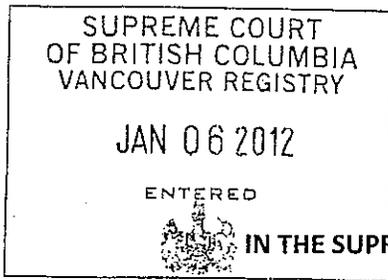
PETITIONER

CCAA INITIAL ORDER

Fraser Milner Casgrain LLP
250 Howe Street, 20th Floor
Vancouver, BC. V6C 3R8

Counsel: John R. Sandrelli / Cindy Cheuk
Matter No 546438-1

APPENDIX B
FIRST EXTENSION ORDER DATED JANUARY 5, 2012



NO. S118142
VANCOUVER REGISTRY

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
R.S.C. 1985, c. C-36, AS AMENDED

AND

IN THE MATTER OF THE *BUSINESS CORPORATIONS ACT*, S.B.C. 2002, c. 57

AND

IN THE MATTER OF ELIA FASHIONS LTD. (in its own capacity and in its capacity as a partner of
PLEASE MUM PARTNERSHIP) and
BOSSA NOVA FASHIONS LTD. (in its own capacity and in its capacity as a partner of PLEASE MUM
PARTNERSHIP)

PETITIONERS

ORDER

[CONFIRMATION OF INITIAL ORDER AND EXTENSION OF STAY OF PROCEEDINGS]

BEFORE THE HONOURABLE) THURSDAY, THE 5th DAY
)
MR. JUSTICE BURNYEAT) OF JANUARY, 2012
)

THE APPLICATION of the Petitioners coming on for hearing at Vancouver, British Columbia, on the 5th day of January, 2012; AND ON HEARING Cindy Cheuk, counsel for the Petitioners and those other counsel listed on Schedule "A" hereto; AND UPON READING the material filed, including the Affidavit #2 of Kathryn Adrian sworn January 3, 2012, the Fourth Report of Deloitte & Touche Inc.; AND pursuant to section 11.02 of the *Companies' Creditors Arrangement Act*, R.S.C. 1985 c. C-36, and the inherent jurisdiction of this Honourable Court:

THIS COURT ORDERS AND DECLARES THAT:

1. The stay of proceedings and other relief granted to Elia Fashions Ltd., Bossa Nova Fashions Ltd. and Please Mum Partnership in the Initial Order of this Court made herein on December 6, 2011 is hereby confirmed and extended to 11:59 p.m. on April 5, 2012 or such later date as this Court may subsequently allow.

AC

~~2. Approval as to the form of this Order by counsel appearing on this application is hereby
dispensed with.~~

AC

THE FOLLOWING PARTIES APPROVE THE FORM OF THIS ORDER AND CONSENT TO EACH OF THE ORDERS, IF ANY, THAT ARE INDICATED ABOVE AS BEING BY CONSENT.

BY THE COURT

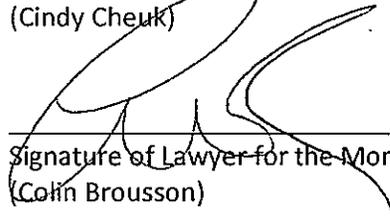


REGISTRAR

APPROVED AS TO FORM:



Signature of Lawyer for the Petitioners
(Cindy Cheuk)



Signature of Lawyer for the Monitor, Deloitte & Touche Inc.
(Colin Brousson)

SCHEDULE "A"

List of Counsel Appearing

Counsel:	Appearing for:
Cindy Cheuk	The Petitioners
Colin Brousson	The Monitor

NO. S118142
VANCOUVER REGISTRY

IN THE SUPREME COURT OF BRITISH COLUMBIA

IN THE MATTER OF THE *COMPANIES' CREDITORS*
ARRANGEMENT ACT,

R.S.C. 1985, c. C-36, AS AMENDED

AND

IN THE MATTER OF THE *BUSINESS CORPORATIONS ACT,*

S.B.C. 2002, c. 57

AND

IN THE MATTER OF ELIA FASHIONS LTD. (in its own capacity
and in its capacity as a partner of PLEASE MUM
PARTNERSHIP) and

BOSSA NOVA FASHIONS LTD. (in its own capacity and in its
capacity as a partner of PLEASE MUM PARTNERSHIP)

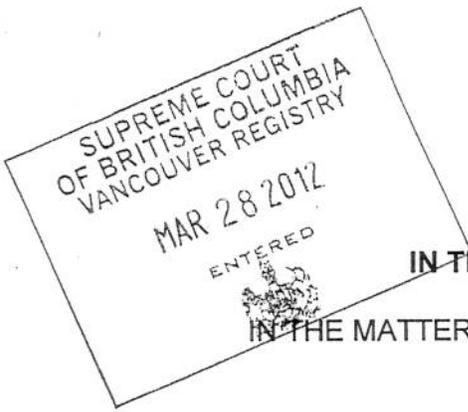
PETITIONERS.

ORDER OF JANUARY 20 2012

FRASER MILNER CASGRAIN LLP
20th Floor – 250 Howe Street
Vancouver, British Columbia
V6C 3R8

6134-546438-1
Attention: Cindy Cheuk

APPENDIX C
WOODLAND PROPERTY ORDER DATED MARCH 28, 2012



NO. S118142
VANCOUVER REGISTRY

IN THE SUPREME COURT OF BRITISH COLUMBIA

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT,
R.S.C. 1985, c. C-36, AS AMENDED

AND

IN THE MATTER OF THE BUSINESS CORPORATIONS ACT, S.B.C. 2002, c. 57

AND

IN THE MATTER OF ELIA FASHIONS LTD. (in its own capacity and in its capacity as a partner of PLEASE MUM PARTNERSHIP) and BOSSA NOVA FASHIONS LTD. (in its own capacity and in its capacity as a partner of PLEASE MUM PARTNERSHIP)

PETITIONERS

ORDER

BEFORE THE HONOURABLE

)

WEDNESDAY, the 28th DAY

MR. JUSTICE BURNYEAT

)

OF MARCH, 2012

)

THE APPLICATION of the Petitioners coming on for hearing at Vancouver, British Columbia, on the 28th day of March, 2012; AND ON HEARING John Sandrelli, counsel for the Petitioners and those other counsel listed on **Schedule "A"** hereto; AND UPON READING the material filed, including the Affidavit #3 of Kathryn Adrian sworn March 25, 2012; AND pursuant to section 74(1)(a) of the *Business Corporations Act*, S.B.C. 2002, c. 57 as amended, and the inherent jurisdiction of this Honourable Court:

THIS COURT ORDERS AND DECLARES THAT:

1. Bossa Nova Fashions Ltd. ("**Bossa**")'s purchase of 0710345 B.C. Ltd. ("**071**")'s beneficial interest in the lands located at 333 Woodland Drive, Vancouver, B.C. (the "**Beneficial Asset**") and legally described as:

Firstly: City of Vancouver, PID: 015-292-835, Lot 1 Block 4 of Block C District Lot 183 Plan 417; and

Secondly: City of Vancouver, PID: 015-292-851, Lot A (Explanatory Plan 2993)
Block 4 of Block C District Lot 183 Plan 417

(collectively, the "**Lands**")

in exchange for 1,335,000 Class A Non-Voting Preferred Shares (the "**Pref Shares**"), to be issued by Bossa to 071, as described in the Affidavit #3 of Kathryn Adrian, sworn March 25, 2012 (the "**071/Bossa Beneficial Asset Purchase Transaction**"), is hereby approved such that:

- (a) Bossa is hereby authorized and approved to:
 - (i) increase its authorized capital by creating an unlimited number of Class A Non-Voting Preferred Shares without par value;
 - (ii) enter into and execute a section 85 of the *Income Tax Act* (Canada) asset purchase agreement to purchase the Beneficial Asset from 071 (the "**071/Bossa Agreement**");
 - (iii) issue the Pref Shares to 071 as consideration for the purchase of the Beneficial Asset, increase the capital of Bossa attached to the Pref Shares by \$13,350,000 and set both the aggregate redemption price and issue price for the Pref Shares at \$13,350,000;
 - (iv) enter into and execute a bare trust and agency agreement whereby Bossa will direct 071 to hold the legal title to the Lands to give effect to the 071/Bossa Agreement;
 - (v) enter into and execute an indemnity agreement whereby 071 agrees to indemnify Bossa for any debts or liabilities registered against title to the Lands and any property taxes owing with the respect to the Lands; and
- (b) Bossa and its directors and shareholders are hereby authorized and approved to take such additional steps and execute such additional documents

as may be necessary or desirable for the completion of the 071/Bossa Beneficial Asset Purchase Transaction.

2. Upon the closing of the 071/Bossa Beneficial Asset Purchase Transaction, the Beneficial Asset shall vest in Bossa free and clear of:

(a) the "**Administration Charge**", as defined and created pursuant to the Initial Order granted on December 6, 2011 (the "**Initial Order**");

(b) the "**Directors' Charge**", as defined and created pursuant to the Initial Order; and

(c) any estate, right, title, equity of redemption, interest (beneficial or otherwise) or any other claim whatsoever of any creditor or claimant of Bossa or of any other party claiming against the Lands through or against Bossa

(collectively, the "**Claims**").

3. Bossa is hereby authorized and approved, after the closing of the 071/Bossa Beneficial Asset Purchase Transaction, to reduce the capital of Bossa attached to the Pref Shares by \$13,350,000 (the "**Reduced Amount**") pursuant to sections 74(1)(a) and 74(1.2) of the *Business Corporations Act* (British Columbia) as amended, and Bossa is hereby further authorized and approved to pay the Reduced Amount to 071 by way of a transfer of the Beneficial Asset to 071 and upon such transfer, the Beneficial Asset shall vest in 071 free and clear of the Claims.

4. For greater certainty, notwithstanding:

(a) the pendency of these proceedings,

(b) any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) in respect of Bossa and any bankruptcy order issued pursuant to such applications;

(c) any assignment in bankruptcy made in respect of Bossa; and

(d) any applications for an order now or hereafter issued pursuant to the *Winding Up and Restructuring Act* (Canada) in respect of Bossa and any winding up order issued pursuant to such application,

the transactions approved herein including the 071/Bossa Agreement, Bossa's reduction of the capital attached to the Pref Shares by the Reduced Amount and payment of such Reduced Amount to 071 by way of a transfer of the Beneficial Asset to 071, the vesting of the Beneficial Asset in Bossa free and clear of the Claims and the vesting of the Beneficial Asset in 071 free and clear of the Claims (collectively, the "Transactions") shall be binding on any trustee in bankruptcy that may be appointed in respect of Bossa and shall not be void or voidable by creditors of Bossa, nor shall any of the Transactions constitute or be deemed to be a settlement, assignment, fraudulent preference, fraudulent conveyance, transfer at undervalue or other reviewable transaction under the *Bankruptcy and Insolvency Act* (Canada) or any other applicable federal or provincial legislation, nor shall any of the Transactions constitute oppressive or unfairly prejudicial conduct pursuant to any applicable or provincial legislation.

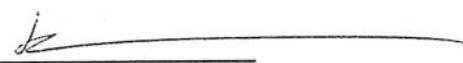
5. Nothing in this Order shall affect any encumbrances registered against title to the Lands as of the date of this Order.

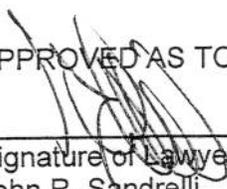
6. Approval as to the form of this Order by counsel appearing on this application is hereby dispensed with.

THE FOLLOWING PARTIES APPROVE THE FORM OF THIS ORDER AND CONSENT TO EACH OF THE ORDERS, IF ANY, THAT ARE INDICATED ABOVE AS BEING BY CONSENT.


BURNHEAT, J.

BY THE COURT


REGISTRAR

APPROVED AS TO FORM:

Signature of Lawyer for the Petitioners,
John R. Sandrelli

SCHEDULE "A"

List of Counsel Appearing

Counsel:	Appearing for:
John Sandrelli	Petitioners

APPENDIX D
FIRST REPORT OF THE MONITOR DATED JANUARY 4, 2012

No. S118142
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF

PLEASE MUM PARTNERSHIP
AND
ELIA FASHIONS LTD.
AND
BOSSA NOVA FASHIONS LTD.
(collectively, "Please Mum" or the "Company" or the "Petitioners")

FIRST REPORT TO THE COURT
SUBMITTED BY DELOITTE & TOUCHE INC.
IN ITS CAPACITY AS MONITOR

JANUARY 4, 2012

**PLEASE MUM
MONITOR'S FIRST REPORT TO COURT
JANUARY 4, 2012**

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APPENDIX A – INITIAL ORDER

**APPENDIX B - NOTICE TO CREDITORS PUBLISHED IN THE GLOBE AND MAIL ON
DECEMBER 12, 2011**

APPENDIX C - NOTICE TO CREDITORS DATED DECEMBER 7, 2011

**APPENDIX D - CASH FLOW STATEMENT FOR THE PERIOD NOVEMBER 27 TO
DECEMBER 24, 2011**

**APPENDIX E – REVISED CASH FLOW STATEMENT FOR THE PERIOD DECEMBER 25,
2011 to APRIL 7, 2012**

INTRODUCTION

1. On December 6, 2011, Please Mum Partnership, Elia Fashions Ltd. and Bossa Nova Fashions Ltd. (collectively, “**Please Mum**” or the “**Company**” or the “**Petitioners**”) sought and obtained protection from its creditors under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985 c. C-36, as amended, (the “**CCAA**”) pursuant to an Order of the Supreme Court of British Columbia (the “**Initial Order**”). A copy of the Initial Order is attached hereto as **Appendix A**.
2. Pursuant to the Initial Order, Deloitte & Touche Inc. was appointed as monitor of the Petitioners (the “**Monitor**”) in this CCAA proceeding. The Monitor has made the Initial Order and other information related to the BIA and CCAA proceedings available on its website at www.deloitte.com/ca/please-mum.

PURPOSE, QUALIFICATIONS AND RESTRICTIONS OF THIS REPORT

3. This report is the Monitor’s first report (the “**First Report**”) to the Supreme Court of British Columbia, (the “**Court**”) and is intended to provide information pertaining to the initial activities of the Company since the Initial Order.
4. The purpose of this First Report is to provide this Honourable Court with information in respect of the following:
 - (a) a summary of the initial activities of the Monitor;
 - (b) the status of the Company’s operations and key stakeholder relationships subsequent to the Initial Order;
 - (c) an update of the Company’s cash flow forecast and comments on variances between actual results compared to forecast for the period ended December 24, 2011;
 - (d) the activities of the Company since the Initial Order with respect to restructuring the operations of Please Mum; and
 - (e) the Petitioners’ request for an extension of the stay of proceedings.

TERMS OF REFERENCE

5. In preparing this First Report, the Monitor has relied upon unaudited financial information of Please Mum, and discussions with management (“**Management**”) and its financial and legal advisors.
6. The financial information of Please Mum has not been audited, reviewed or otherwise verified by the Monitor as to its accuracy or completeness, nor has it necessarily been prepared in accordance with generally accepted accounting principles and the reader is cautioned that this report may not disclose all significant matters about Please Mum. Additionally, none of our procedures were intended to disclose defalcations or other irregularities. Were we to perform additional procedures or to undertake an audit examination of the financial statements in accordance with generally accepted auditing standards, additional matters may have come to our attention. Accordingly, the Monitor does not express an opinion or provide any other form of assurance on the financial or other information presented herein. The Monitor may refine or alter its observations as further information is obtained or brought to its attention after the date of this report.
7. The financial projections attached to this report, were prepared by Management (except where noted). Although we have reviewed the assumptions underlying the projections for reasonableness, financial projections, by their nature, are dependent upon future events, which are not susceptible to verification. Actual results will vary from the information presented and the variations may be material. We have not prepared a compilation as contemplated by Section 4250 of the Canadian Institute of Chartered Accountants Handbook.
8. The Monitor assumes no responsibility or liability for any loss or damage occasioned by any party as a result of the circulation, publication, reproduction or use of this report. Any use which any party makes of this report, or any reliance or decisions to be made based on this report, is the sole responsibility of such party.
9. All dollar amounts identified in this report are expressed in Canadian dollars, unless otherwise specified.

BACKGROUND

10. Elia Fashions Ltd. and Bossa Nova Fashions Ltd. were formed on April 29, 1986 and January 23, 1989, respectively. Please Mum Partnership was subsequently established on August 5, 2001 as a general partnership between Elia Fashions Ltd. and Bossa Nova Fashions Ltd. The founder and Chief Executive Officer, Ms. Kathryn Adrian, controls Please Mum through a majority ownership of Elia Fashions Ltd.
11. On July 7, 2011, Please Mum filed a notice of intention to make a proposal (“NOI”) pursuant to Section 50.4 of the *Bankruptcy and Insolvency Act* (“BIA”) and Deloitte & Touche Inc. was appointed as trustee under the proposal (“Proposal Trustee”).
12. On August 5, 2011, by Order of this Honourable Court, the stay of proceedings was extended to September 20, 2011.
13. On August 20, 2011, by Order of this Honourable Court, the stay of proceedings was extended to September 30, 2011.
14. On September 30, 2011 by Order of this Honourable Court, the stay of proceedings was extended to November 14, 2011.
15. On November 7, 2011 by Order of this Honourable Court, the stay of proceedings was extended to November 21, 2011.
16. On November 21, 2011 by Order of this Honourable Court, the stay of proceedings was extended to November 28, 2011.
17. On November 24, 2011 by Order of this Honourable Court, the stay of proceedings was extended to December 6, 2011.
18. This First Report should be read in conjunction with the Proposal Trustee’s reports dated August 2, 2011, September 14, 2011 and December 5, 2011.
19. Since filing the NOI, and as part of its restructuring, the Company has:

- (i) Closed 80 stores nationally and redistributed inventory amongst its remaining 13 stores and e-commerce site. In addition, inventory has been consolidated to achieve optimum product mix.
- (ii) Undertaken an orderly liquidation sales strategy to realize inventory and generate sufficient cash to continue the operations of the business through a reduced store network.
- (iii) Reduced headcount from approximately 869 employees to 169 employees across the retail network, warehouse and head office location.
- (iv) Removed all gift cards from Please Mum stores and deactivated gift cards distributed through other retail channels.
- (v) Secured a refinancing of the Royal Bank of Canada credit facilities (the “**RBC Facilities**”) through a related entity, 0710345 B.C. Ltd. (“**071**”).
- (vi) Continued to engage environmental consultants to undertake environmental assessment work at the Company’s head office location situated at 333 Woodland Drive, Vancouver (the “**Woodland Property**”) in order to close a sale contract. The Woodland Property is owned by 071.
- (vii) Held negotiations with financiers and investors with respect to funding the ongoing operations of the Company in the long term.

20. In consideration of the constraints imposed by section 50.4(9) of the BIA and given the protracted timing to close the sale of the Woodland Property, it was determined that it is in the best interests of Please Mum’s stakeholders to continue its restructuring under these CCAA proceedings.

INITIAL ACTIVITIES OF THE MONITOR

21. Since the date of the Initial Order, the Monitor’s activities have included the following:

- a) establishing a website and making available the Initial Order, application materials and a list of creditors with claims against Please Mum of more than \$1,000;

- b) preparation and issuance of notices required under the Initial Order, including the following creditor correspondence and notices:
 - (i) notice to creditors published in the Globe and Mail on December 12, 2011, a copy of which is attached hereto as **Appendix B**.
 - (ii) notice to creditors mailed on December 8, 2011 to approximately 330 creditors of the Company with respect to the CCAA proceedings. A copy of the notice is attached hereto as **Appendix C**.
 - (iii) notices issued to the Office of the Superintendent of Bankruptcy in the prescribed form as required under section 23(1)(f) of the CCAA.
- c) notified customers with outstanding gift cards, by e-mail, of the CCAA proceedings;
- d) held discussions with Management and the Company's legal counsel and financial advisors regarding the Company's business and financial affairs, including the Cash Flow Statement (as defined in paragraph 25 below), restructuring activities, employee and creditor matters and other matters relating to the CCAA proceedings generally;
- e) attending to continued enquiries from creditors and customers of the Company; and
- f) continued monitoring of the business and financial affairs of the Company in accordance with the Initial Order.

STAKEHOLDER UPDATE

22. The Company's key stakeholders continue to generally support the ongoing operations of Please Mum during these CCAA proceedings:

- (i) Suppliers

The Monitor has been advised by Management that suppliers have been generally supportive of the Company post-filing and continue to supply goods and services on commercially reasonable terms.

The Company is supplied inventory by a related company, World Shake Productions Inc. (“**World Shake**”). The Company has entered into a consignment arrangement whereby inventory is purchased by World Shake and sold to the Company. According to Management, World Shake is able to negotiate more favourable payment terms than Please Mum due to the insolvency proceedings. The Monitor has not reviewed the intercompany transactions between these related parties. The Monitor has requested Management provide the Monitor with an intercompany reconciliation, but it was not available prior to the filing of this Report. Management has advised it will provide an intercompany reconciliation as soon as possible.

(ii) Employees

The Monitor has notified approximately 100 employees with outstanding entitlements of more than \$1,000 owed by the Company advising of the CCAA proceedings. Management has advised that the existing employees remain committed to the Company during its restructuring efforts.

Management advises that employee source deductions outstanding as at the date of the CCAA filing have been remitted by the Company to the Canada Revenue Agency (“**CRA**”), in full. Management has advised that source deductions will be remitted on a timely basis, going forward.

(iii) Customers

The Monitor has notified all known customers with outstanding gift cards of the CCAA proceedings and advised that the Company is not in a position to honour gift cards or credit notes issued prior to July 7, 2011. To date, the Monitor has been contacted by approximately 450 affected customers who hold unused gift cards.

CASH FLOW STATEMENT AND LIQUIDITY

23. The Company’s cash receipts and disbursements for the period November 27, 2011 to December 24, 2011 are attached as **Appendix D** with a comparison to the Cash Flow Statement filed with the Court in connection with the Company’s initial application.

24. The Monitor has conducted weekly reviews of the Company's actual cash flow compared to forecast by Management and contained in the Cash Flow Statement. The Monitor's comments on the actual cash flow to December 24, 2011 are as follows:

- (i) Sales receipts were approximately \$114,000 (16%) higher than projected due to stronger than anticipated sales during the Christmas season and performance of certain product lines. However, total receipts for the period were approximately \$30,000 lower than projected as a result of financing not being obtained as of the date of the First Report. The Company had originally forecasted \$150,000 in additional receipts during the period in connection with a prior expression of interest to provide additional financing by a third party.
- (ii) Disbursements with respect to payroll and taxes were approximately \$100,000 higher than originally projected. Management has advised the Monitor that the Company has remitted all employee source deductions outstanding as at December 24, 2011. Payroll and tax disbursements exceeded forecast during the period as a result of catch-up payments on previously unremitted source deductions.
- (iii) Freight expense was approximately \$19,000 (70%) lower than projected due to deferral of payments to assist with short term cash flow.
- (iv) Offshore purchases were approximately \$151,000 (53%) lower than forecast. The decrease in offshore purchases represents deposits not paid towards the acquisition of new inventory. The Company issued fewer deposits than expected as working capital was used to fund other obligations.
- (v) Trade payables were approximately \$61,000 (100%) higher than forecast. The variance was primarily a result of an unanticipated disbursement to the Company's point-of-sale and gift card provider, and unexpected maintenance repairs at the Woodland Property.
- (vi) Environmental fees were approximately \$60,000 lower than projected as a result of payment negotiations with its environmental consultant described further below.

25. Subsequent to the Initial Order, Management has updated cash flow projections to reflect current information and assumptions.. Attached as **Appendix E** is the Company's revised cash flow statement for the period ending April 7, 2012, adopting the Probable and Hypothetical Assumptions set out in the Notes.

26. The Monitor's comments on the revised cash flow statement to April 7, 2012 are as follows:

- (i) The revised cash flow statement shows a reduction in sales of \$245,000 (18%). Management has advised that its expectation of sales has reduced due to a lack of new inventory on hand and product mix in January 2012. As noted above, reduced inventory deposits during December may negatively impact stock availability in the immediate term. However, the revised forecast shows a significant increase in sales during March and April 2012. The Monitor has enquired about the expectation of strong sales during March and April. The Company has advised that sales will improve during these months due to increased inventory as a result of purchases made by World Shake through the previously described consignment arrangement, in addition to historical sales improving as the spring season approaches.
- (ii) Total receipts in the revised cash flow statement have been reduced by \$757,000. The Company has advised that the previously forecasted \$500,000 in cash receipts by third party financing will not be obtained during the revised forecast period.
- (iii) The revised cash flow statement shows no inventory deposits or offshore purchases. The Company will not be funding any direct inventory deposits or purchases. World Shake will fund all inventory purchases during the revised cash flow period in accordance with the consignment arrangement.
- (iv) The revised cash flow statement reflects no payments made in respect of head office rent/mortgage expense during January and February 2012. Management has advised that it has approached the mortgage lender to defer mortgage payments in January and February 2012, to assist with working capital funding.
- (v) The revised cash flow statement includes no payments to store landlords in February 2012. The Company has advised it will be contacting store landlords to discuss possible accommodations of February rent payments. Management has advised that it intends to increase rent payments during the period from April to September 2012 in consideration of the February 2012 rent deferral.
- (vi) Legal and professional fees in connection with the CCAA proceeding will be deferred by the Company until the closing of the Woodland Property sale.

(vii) The revised cash flow statement includes a reduction of \$210,000 (52%) in payroll and taxes from the original forecast. The revised cash flow statement shows that source deductions will be remitted on a current basis. The Company has advised further that cost reductions may be achieved by the following means:

- Management may consider further labour force reductions or decreased labour hours;
- The Company may curtail certain head office operations for the month of January 2012;
- and
- The Company's RRSP benefit plan will be postponed and employee medical benefits have been reduced.

(viii) The revised cash flow statement shows that GST payments will be reduced by approximately \$30,000. Management has advised that all statutory remittances during the CCAA period will be kept current. The reduction in expected GST expense is due to reduced sales expectations.

(ix) Environmental fees of \$60,000 were previously forecast to be paid by December 24, 2011. This payment has been deferred into the revised forecast period.

(x) The revised cash flow statement estimates that for the period December 25, 2011 to April 7, 2012, the Company will have gross receipts of approximately \$2.24 million and disbursements of \$2.10 million, representing a net operating cash inflow of approximately \$147,000.

(xi) The Monitor's review of the revised cash flow statement consisted of inquiries, analytical procedures and discussion related to information supplied to us by certain of the Management and employees of the Company. Since Hypothetical Assumptions need not be supported, the Monitor's procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the cash flow statement. The Monitor has also reviewed the support provided by Management for the Probable Assumptions, and the preparation and presentation of the cash flow statement.

(xii) Based on the Monitor's review, nothing has come to our attention that causes them to believe that, in all material respects:

- the Hypothetical Assumptions are not consistent with the purpose of the cash flow statement;
 - as at the date of this report, the Probable Assumptions developed by Management are not suitably supported and consistent with the plans of the Company or do not provide a reasonable basis for the cash flow statement, given the Hypothetical Assumptions; or
 - the cash flow statement does not reflect the Probable and Hypothetical Assumptions.
27. Since the cash flow statement is based on Assumptions regarding future events, actual results will vary from the information presented even if the Hypothetical Assumptions occur, and the variations may be material. Accordingly, the Monitor expresses no assurance as to whether the cash flow statement will be achieved. The Monitor's express no opinion or other form of assurance with respect to the accuracy of any financial information presented in this report, or relied upon by the Monitor in preparing this report.

RESTRUCTURING EFFORTS

Sale of Woodland Property

28. A successful restructuring under the CCAA proceedings will be subject to 071 closing the sale of the Woodland Property to realize funds for the Company in order for it to be in a position to present a Plan to its creditors.
29. According to Management, the remaining condition of the Woodland Property sale contract provides for a certificate of compliance (“COC”) to be issued by the Province of British Columbia Ministry of the Environment with respect to the Woodland Property and delivered to the purchaser along with a Federal Risk Assessment. Management has advised the Monitor that the COC application has not been filed by the Company's environmental consultant as of the date of the First Report. The Company has advised that the delay in submission of the COC application is due to a fee dispute with the Company's environmental consultant. The Company expects the dispute to be resolved forthwith and the COC application to be submitted within approximately one week of the date of this Report.
30. The Monitor concurs with the view of Management that the completion of the sale of the Woodland Property is essential for the Company to be in a position to present a viable Plan to its creditors.

REQUEST FOR EXTENSION OF THESE PROCEEDINGS

31. The current stay of proceedings under the Initial Order expires on January 5, 2012. In order to facilitate restructuring efforts and development of a viable plan of arrangement to its creditors, the Company is requesting an extension of the stay of proceedings to April 5, 2012. Management has advised that this extension period coincides with the expected timing of the sale of the Woodland Property.
32. The Monitor is of the view that continuing the Company's restructuring under CCAA proceedings will preserve the business as a going concern and allow time for the completion of the sale of the Woodland Property, the proceeds of which will provide the Company with the best opportunity to fund a plan of arrangement or compromise with its creditors. The alternative to a continued restructuring under CCAA proceedings is a deemed bankruptcy, which may cease existing operations, and result in a nil return to unsecured creditors.
33. The Company is working diligently to manage the financial and operational restructuring of Please Mum while fulfilling the outstanding terms of the Woodland Property sale contract.
34. The Monitor is of the view that the Company has acted, and is acting, in good faith and with due diligence. Accordingly, the Monitor respectfully recommends that this Honourable Court approve an extension of the stay of proceedings to April 5, 2012.

All of which is respectfully submitted this 4th day of January, 2012.

DELOITTE & TOUCHE INC.

In its capacity as Court Appointed Monitor of
Please Mum Partnership, Elia Fashions Ltd. and Bossa Nova Fashions Ltd.
and not in its personal capacity.



Per: Huey Lee, MBA, CMA, CIRP
Senior Vice President

APPENDIX E
CASH FLOW STATEMENT FOR THE PERIOD DECEMBER 25, 2011 TO MARCH 24, 2012

	Actual	Forecast	Variance	Actual	Forecast	Variance	Actual	Forecast	Variance	Actual	Forecast	Variance	Actual	Forecast	Variance	Actual	Forecast	Variance	Actual	Forecast	Variance	
Week Ending	7 31-Dec			8 7-Jan			9 14-Jan			10 21-Jan			11 28-Jan			12 4-Feb			13 11-Feb			
Receipts																						
Retail/Web Sales	124,992	130,320	(5,328)	88,002	71,429	16,573	85,900	80,952	4,948	98,574	80,952	17,622	83,947	85,714	(1,768)	84,808	95,238	(10,430)	98,858	123,810	(24,951)	
GST Received	6,250	6,516	(266)	4,400	3,571	829	4,295	4,048	247	4,929	4,048	881	4,197	4,286	(88)	4,240	4,762	(522)	4,943	6,190	(1,248)	
Transfers in from 0710345	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	28,000	-	28,000	-	-	-	
Transfers in from WS	-	-	-	-	-	-	4,000	-	4,000	-	-	-	-	-	-	36,000	-	36,000	(21,700)	-	(21,700)	
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Receipts	131,242	136,836	(5,594)	92,402	75,000	17,402	94,195	85,000	9,195	103,503	85,000	18,503	88,144	90,000	(1,856)	153,048	100,000	53,048	82,101	130,000	(47,899)	
PM Disbursements																						
Payroll & Taxes	95,291	96,427	(1,137)	59,739	74,000	(14,261)	62,589	45,000	17,589	44,571	43,000	1,571	50,980	56,000	(5,020)	41,372	37,500	3,872	52,446	56,000	(3,554)	
GST	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	36,788	38,444	(1,656)	-	-	-	
Freight	1,500	1,500	-	2,000	2,000	-	1,500	2,000	(500)	2,000	3,000	(1,000)	-	3,000	(3,000)	1,500	3,000	(1,500)	28,758	3,000	25,758	
Store Rent	-	-	-	102,926	150,000	(47,074)	45,256	-	45,256	-	-	-	-	-	-	-	-	-	-	-	-	
Head Office Rent	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Offshore Purchases	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Trade Payables	22,935	9,166	13,769	40,560	16,000	24,560	1,416	20,000	(18,584)	19,819	20,000	(181)	14,913	20,000	(5,087)	33,293	10,000	23,293	21,009	32,000	(10,991)	
Transfers to Related Parties	-	-	-	55,750	55,000	750	-	-	-	-	-	-	2,061	-	2,061	53,900	55,000	(1,100)	-	-	-	
Other	2,441	-	2,441	6,403	-	6,403	449	-	449	456	-	456	4,901	4,698	203	5,241	-	5,241	1,718	-	1,718	
Total PM Disbursements	122,167	107,093	15,074	267,379	297,000	(29,621)	111,210	67,000	44,210	66,847	66,000	847	72,856	83,698	(10,842)	172,094	143,944	28,151	103,931	91,000	12,931	
Total Bank Disbursements	122,167	107,093	15,074	267,379	297,000	(29,621)	111,210	67,000	44,210	66,847	66,000	847	72,856	83,698	(10,842)	172,094	143,944	28,151	103,931	91,000	12,931	
Operating Cash Flow	9,075	29,743	(20,668)	(174,977)	(222,000)	47,023	(17,015)	18,000	(35,015)	36,656	19,000	17,656	15,288	6,302	8,986	(19,046)	(43,944)	24,897	(21,830)	39,000	(60,830)	
One-Time Costs																						
Legal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Professional Fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Woodland - Environ.	61,320	61,320	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total One-Time	61,320	61,320	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Beg. Line Bal.	259,267	259,267	-	207,022	227,691	(20,668)	32,045	5,691	26,354	15,030	23,691	(8,661)	51,686	42,691	8,996	66,975	48,993	17,982	47,928	5,049	42,879	
Net Cash Flow	(52,245)	(31,577)	(20,668)	(174,977)	(222,000)	47,023	(17,015)	18,000	(35,015)	36,656	19,000	17,656	15,288	6,302	8,986	(19,046)	(43,944)	24,897	(21,830)	39,000	(60,830)	
Ending Line Bal.	207,022	227,691	(20,668)	32,045	5,691	26,354	15,030	23,691	(8,661)	51,686	42,691	8,996	66,975	48,993	17,982	47,928	5,049	42,879	26,098	44,049	(17,951)	

	Actual	Forecast	Variance	Actual	Forecast	Variance	Actual	Forecast	Variance	Actual	Forecast	Variance	Actual	Forecast	Variance	Actual	Forecast	Variance	Actual	Forecast	Variance	
Week	14			15			16			17			18			19						
Ending	18-Feb			25-Feb			3-Mar			10-Mar			17-Mar			24-Mar			Total	Total		
Receipts																						
Retail/Web Sales	94,947	136,190	(41,243)	117,595	138,095	(20,500)	100,496	144,762	(44,266)	121,733	161,905	(40,171)	150,986	171,429	(20,443)	121,644	221,905	(100,261)	1,372,483	1,642,701	(270,218)	
GST Received	4,747	6,810	(2,062)	5,880	6,905	(1,025)	5,025	7,238	(2,213)	6,087	8,095	(2,009)	7,549	8,571	(1,022)	6,082	11,095	(5,013)	68,624	82,135	(13,511)	
Transfers in from 0710345	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,500	-	1,500	29,500	-	29,500	
Transfers in from WS	(14,300)	-	(14,300)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,000	-	4,000	
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Receipts	85,395	143,000	(57,605)	123,475	145,000	(21,525)	105,521	152,000	(46,479)	127,820	170,000	(42,180)	158,535	180,000	(21,465)	129,226	233,000	(103,774)	1,474,607	1,724,836	(250,229)	
PM Disbursements																						
Payroll & Taxes	40,757	44,500	(3,743)	53,062	56,000	(2,938)	27,849	45,500	(17,651)	56,928	56,000	928	39,340	45,500	(6,160)	56,559	56,000	559	681,486	711,427	(29,942)	
GST	-	-	-	-	-	-	-	-	-	-	20,714	(20,714)	-	-	-	-	-	-	36,788	59,158	(22,370)	
Freight	3,000	3,000	-	2,000	3,000	(1,000)	2,457	3,000	(543)	5,296	3,000	2,296	15,487	3,000	12,487	3,691	3,000	691	69,188	35,500	33,688	
Store Rent	-	-	-	-	-	-	70,911	151,000	(80,089)	8,925	-	8,925	60,060	-	60,060	12,580	-	12,580	300,658	301,000	(342)	
Head Office Rent	-	-	-	-	-	-	-	-	-	-	-	-	-	46,000	(46,000)	-	-	-	-	46,000	(46,000)	
Offshore Purchases	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Trade Payables	21,352	22,000	(648)	12,557	22,000	(9,443)	6,870	22,000	(15,130)	17,006	28,000	(10,994)	30,791	28,000	2,791	16,845	28,000	(11,155)	259,368	277,166	(17,798)	
Transfers to Related Parties	16,653	-	16,653	2,200	-	2,200	27,000	55,000	(28,000)	1,000	-	1,000	-	-	-	81,000	-	81,000	239,564	165,000	74,564	
Other	3,966	-	3,966	4,812	4,698	114	7,019	-	7,019	1,715	-	1,715	4,245	-	4,245	4,615	4,698	(83)	47,981	14,093	33,888	
Total PM Disbursements	85,728	69,500	16,228	74,631	85,698	(11,066)	142,106	276,500	(134,394)	90,869	107,714	(16,845)	149,924	122,500	27,424	175,290	91,698	83,593	1,635,033	1,609,344	25,689	
Total Bank Disbursements	85,728	69,500	16,228	74,631	85,698	(11,066)	142,106	276,500	(134,394)	90,869	107,714	(16,845)	149,924	122,500	27,424	175,290	91,698	83,593	1,635,033	1,609,344	25,689	
Operating Cash Flow	(333)	73,500	(73,833)	48,844	59,302	(10,459)	(36,585)	(124,500)	87,915	36,951	62,286	(25,335)	8,611	57,500	(48,889)	(46,064)	141,302	(187,367)	(160,426)	115,492	(275,918)	
One-Time Costs																						
Legal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Professional Fees	-	10,000	(10,000)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	10,000	(10,000)	
Woodland - Environ.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	61,320	61,320	-	
Total One-Time	-	10,000	(10,000)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	61,320	71,320	(10,000)	
Beg. Line Bal.	26,098	44,049	(17,951)	25,765	107,549	(81,784)	74,609	166,852	(92,242)	38,024	42,352	(4,327)	74,975	104,637	(29,662)	83,586	162,137	(78,552)	259,267	259,267	-	
Net Cash Flow	(333)	63,500	(63,833)	48,844	59,302	(10,459)	(36,585)	(124,500)	87,915	36,951	62,286	(25,335)	8,611	57,500	(48,889)	(46,064)	141,302	(187,367)	(221,746)	44,172	(265,918)	
Ending Line Bal.	25,765	107,549	(81,784)	74,609	166,852	(92,242)	38,024	42,352	(4,327)	74,975	104,637	(29,662)	83,586	162,137	(78,552)	37,521	303,440	(265,918)	37,521	303,440	(265,918)	

APPENDIX F
PROJECTED CASH FLOW STATEMENT FOR THE PERIOD
MARCH 25, 2012 to JULY 7, 2012

Please Mum
Cash Flow Forecast to July 7, 2012

	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Week	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15		
Ending	31-Mar	7-Apr	14-Apr	21-Apr	28-Apr	5-May	12-May	19-May	26-May	2-Jun	9-Jun	16-Jun	23-Jun	30-Jun	7-Jul		Total
Receipts																	
Retail/Web Sales	107,485	114,286	110,714	135,238	158,095	173,333	181,905	201,905	208,571	206,667	216,190	242,857	229,524	219,048	209,524		2,715,342
GST Received	5,374	5,714	5,536	6,762	7,905	8,667	9,095	10,095	10,429	10,333	10,810	12,143	11,476	10,952	10,476		135,767
Transfers in from 0710345	-	150,000	-	210,000	-	-	-	-	-	-	-	-	-	-	-		360,000
Transfers in from WS	-	-	-	-	-	70,000	-	-	-	-	-	-	-	-	-		70,000
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		-
Total Receipts	112,859	270,000	116,250	352,000	166,000	252,000	191,000	212,000	219,000	217,000	227,000	255,000	241,000	230,000	220,000		3,281,109
PM Disbursements																	
Payroll & Taxes	41,797	64,000	43,000	58,000	43,000	53,000	45,000	53,000	45,000	43,000	47,000	53,000	47,000	53,000	57,000		745,797
GST	-	20,595	-	-	-	25,092	-	-	-	-	34,583	-	-	-	39,952		120,223
Freight	2,733	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000		58,733
Store Rent	-	88,206	45,227	67,392	-	88,206	90,454	22,165	-	88,206	-	112,619	-	-	86,320		688,793
Head Office Rent	-	-	-	-	-	70,000	-	-	-	70,000	-	-	-	-	20,000		160,000
Offshore Purchases	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		-
Trade Payables	(9,075)	16,000	30,000	14,000	61,000	14,000	34,000	65,000	65,000	32,000	38,000	32,000	32,000	36,000	42,000		501,925
Transfers to Related Parties	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		-
Other	-	6,000	3,798	-	-	6,000	3,798	-	-	-	6,000	3,798	-	-	6,000		35,395
Total PM Disbursements	35,455	198,800	126,025	143,392	108,000	260,298	177,252	144,165	114,000	237,206	129,583	205,417	83,000	93,000	255,272		2,310,866
Total Bank Disbursements	35,455	198,800	126,025	143,392	108,000	260,298	177,252	144,165	114,000	237,206	129,583	205,417	83,000	93,000	255,272		2,310,866
Operating Cash Flow	77,404	71,200	(9,775)	208,608	58,000	(8,298)	13,748	67,835	105,000	(20,206)	97,417	49,583	158,000	137,000	(35,272)		970,243
One-Time Costs																	
Legal	-	-	-	210,000	20,000	-	-	-	-	20,000	-	-	-	-	10,000		260,000
Professional Fees	-	150,000	-	-	20,000	-	-	-	-	20,000	-	-	-	10,000	-		200,000
Woodland - Environ.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		-
Total One-Time	-	150,000	-	210,000	40,000	-	-	-	40,000	-	-	-	-	20,000	-		460,000
Beg. Line Bal.	37,521	114,925	36,125	26,350	24,958	42,958	34,660	48,407	116,243	181,243	161,037	258,454	308,037	466,037	583,037		37,521
Net Cash Flow	77,404	(78,800)	(9,775)	(1,392)	18,000	(8,298)	13,748	67,835	65,000	(20,206)	97,417	49,583	158,000	117,000	(35,272)		510,243
Ending Line Bal.	114,925	36,125	26,350	24,958	42,958	34,660	48,407	116,243	181,243	161,037	258,454	308,037	466,037	583,037	547,764		547,764

Assumptions for Revised Cash Flow Model

- 1 Sales are forecasted to grow over this 15 week period. The main reasons for this projected growth:
 - 1) Sale typically increase during this period
 - 2) Increased inventory for the stores
 - 3) Addition of two stores in July
- 2 The majority of offshore purchases will be funded by a private investor, hence no off-shore purchase expense has been forecasted for this 15 week period.
- 3 A lease agreement has not been executed between Please Mum and Canada Post. The mostly likely scenario is that Please Mum will maintain operations at 333 Woodland Drive to the end of June 2012 at a cost of \$70,000 per month. No request for rent has been received from Canada Post for April 2012. We anticipate a one month free rent period while CP and Please Mum negotiate a rental agreement. If we can not negotiate a rent amount of \$20,000 per month beginning July 2012, we will seek alternate solutions.
- 4 April, May, June and July rent will be paid in the months they are due as per terms negotiated between Nil and the landlords. The outstanding February rent amount will be paid in 3 parts over the months of April, May and June (which has been reflected through a 33% increase in rent payments for April, May & June).
- 5 Deferred professional fees, legal fees and environmental fees have been held back by FMC from the proceeds of the sale from 333 Woodland Drive. We have forecasted some continued professional and legal fees for April & May.
- 6 Along with the repayment of all deferred payments mentioned in items 4 & 5, we plan to bring all post July 7th, 2011 trade payables to current. The time line to bring these payables to current is within the first 7 weeks of this forecast period.
- 7 Government remittances scheduled to be kept current. This includes GST/HST and payroll remittances.
- 8 A slight increase in head office overhead that is a direct result of having warehouse staff called back to work to help process off-shore inventory.
- 9 A slight increase in retail overhead that is a direct result of increased retail staff to help with the projected increase in store traffic.