

This is the 2nd affidavit
of Kathryn Adrian in this case
and was made on September 14, 2011

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

IN THE SUPREME COURT OF BRITISH COLUMBIA

IN BANKRUPTCY AND INSOLVENCY

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

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

AFFIDAVIT

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

1. I am authorized by Please Mum Partnership, Elia Fashions Ltd. and Bossa Nova Fashions Ltd. (collectively "**Please Mum**" or the "**Company**") to depose this Affidavit and do so on their behalf.
2. I am the Founder and the Chief Executive Officer of Please Mum and, as such, I have personal knowledge of the matters herein deposed to, except where stated to be based upon information and belief, in which case I do verily believe the same to be true.



BACKGROUND

3. On July 7, 2011, Please Mum filed a Notice of Intention to Make a Proposal ("NOI") under section 50.4 of the *Bankruptcy and Insolvency Act* on July 7, 2011. Deloitte & Touche Inc. was appointed as the Proposal Trustee of the Company (the "**Proposal Trustee**").

4. On August 5, 2011, the Company obtained an Order from this Court, extending the time to file a Proposal to September 20, 2011.

5. Since then, the Company has continued to work cooperatively with Royal Bank of Canada ("**RBC**") to substantially reduce the balance owing on its secured credit facility and with the Proposal Trustee to continue the orderly downsizing of its retail operations and the consolidation of its inventory.

Working with RBC

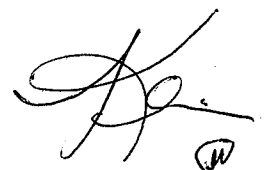
6. A copy of the Company's cash flow is attached to the Proposal Trustee's Second Report to the Court.

7. At the end of July 2011, approximately \$1.6 million was owed to RBC. As of the date of my Affidavit, the RBC indebtedness has been substantially reduced to approximately \$750,000 through the sale of Please Mum's consolidated inventory and dramatic reduction in operating costs.

8. Please Mum has continued to work cooperatively with RBC and its advisors, Alvarez and Marsal, by providing RBC with requested information and continuing to operate within financial parameters required by RBC.

9. As discussed in my Affidavit #1, there is a pending sale of property located at 330 Woodland Drive, Vancouver (the "**Property**") for \$13.35 million, owned by a related entity. RBC holds collateral security over the Property and the sale of the Property is expected to generate more than sufficient proceeds to repay the Company's debt to RBC.

10. The purchase and sale agreement for the Property remains conditional upon the resolution of certain environmental issues. The Company and the related owner have continued to work with the purchaser and their respective environmental consultants have



delineated the environmental issues. The testing and remediation work is proceeding favourably, with a view to obtaining approval from the Ministry of the Environment within approximately 90 days so that the remaining subjects to the purchase and sale agreement can be satisfied.

11. Once the sale of the Property is complete, it is anticipated that RBC will be fully paid out.

Further Downsizing of Retail Operations

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

13. Since my Affidavit #1, in order to further reduce its operating costs and optimize the complement of inventory in stores remaining open, Please Mum disclaimed a further eight stores which were closed on August 29, 2011.

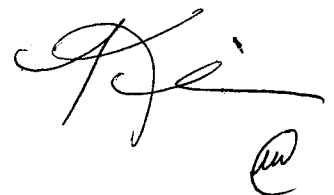
14. The downsizing of Please Mum's retail operations has been relatively smooth and there have not been any significant landlord issues other than certain landlords contacting Please Mum to make demand for rents payable during the 30 day disclaimer period.

15. Please Mum, through counsel, has written to those landlords to inform them that Please Mum is not in a position at this time to pay those rents and that the Company is hopeful that this can be addressed in a Proposal.

Further Downsizing of Labour Force

16. On July 8, 2011, Please Mum reduce its labour force from approximately 900 employees to approximately 240 employees working at its head office, warehouse and retail operations.

17. Since then, Please Mum has further reduced its operating costs by terminating a further 72 employees which were no longer required with the closure of the further eight stores at the end of August 2011.

Handwritten signature and initials in the bottom right corner of the page.

Please Mum Gift Cards

18. Due to its financial difficulties, Please Mum is not in a position to permit the redemption of any gift cards.

19. In order to minimize the number of customers affected, immediately after the filing of its NOI, Please Mum stopped selling gift cards in its retail stores and e-commerce site and directed its exclusive gift card distributor to do the same. Please Mum ensured that all gift cards were removed from its retail stores and I am advised by Please Mum's gift card distributor that no gift cards could or have been sold through the distributor since 12:00 am on July 10, 2011.

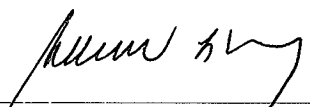
20. Please Mum, through its counsel, has been corresponding with Consumer Protection BC ("**Consumer Protection**") and informed Consumer Protection that it has stopped selling gift cards and that it is unfortunately not able at this time to permit the redemption of any previously purchased gift cards. These discussions with Consumer Protection remain ongoing.

21. Through its counsel, Please Mum has been providing Consumer Protection with requested information and Please Mum is hopeful that the claims of gift card holders can be addressed through its Proposal.

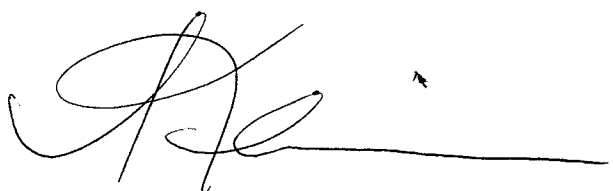
Extension

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

SWORN BEFORE ME at Vancouver
British Columbia, on September 14,
2011.



A Commissioner for taking Affidavits
within British Columbia



KATHRYN ADRIAN

ADRIAN L. WONG
A Commissioner for taking
affidavits for British Columbia