

IN THE SUPREME COURT OF BRITISH COLUMBIA

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

**PROPOSAL TRUSTEE'S REPORT TO THE OFFICIAL RECEIVER
ADVISING OF A MATERIAL ADVERSE CHANGE
(Subsection 50.4(7)(b)(i) of the *Bankruptcy & Insolvency Act*)**

INTRODUCTION AND BACKGROUND

1. 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. (collectively, "Please Mum" or the "Company"). The founder and Chief Executive Officer, Ms. Kathryn Adrian, controls Please Mum through a majority ownership of Elia Fashions Ltd.
2. 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").
3. On August 5, 2011, by Order of the Supreme Court of British Columbia (the "Court"), the stay of proceedings was extended to September 20, 2011.
4. On August 20, 2011, by Order of the Court, the stay of proceedings was extended to September 30, 2011.
5. On September 30, 2011 by Order of the Court, the stay of proceedings was extended to November 14, 2011.
6. On November 7, 2011 by Order of the Court, the stay of proceedings was extended to November 21, 2011.

7. On November 21, 2011 by Order of the Court, the stay of proceedings was extended to November 28, 2011.
8. On November 24, 2011 by Order of the Court, the stay of proceedings was extended to December 6, 2011.
9. This report should be read in conjunction with the Proposal Trustee's reports dated August 2, 2011 and September 14, 2011.
10. Additional information on these proceedings is available on the Proposal Trustee's website at www.deloitte.com/ca/please-mum.

MATERIAL ADVERSE CHANGE

11. The Proposal Trustee has reviewed the actual cash flow results with a comparison to the cash flow projections prepared by the Company for the 12-week period from September 10, 2011 to November 26, 2011 and filed with the Court in the Proposal Trustee's report dated September 14, 2011. The Proposal Trustee provides the following comments:
 - (i) The Proposal Trustee has recently been informed by Management that the Company has not remitted source deductions to the Canada Revenue Agency ("CRA") for the payroll period from September 9 to November 18, 2011 totaling approximately \$117,000. A portion of these funds constitute a deemed trust priority including unremitted amounts of federal and provincial income tax, as well as employee contributions of Canada Pension Plan and Employment Insurance that have been deducted or withheld.
 - (ii) The Company has advised that it has insufficient funds to pay the outstanding professional fees of the Proposal Trustee at this time. The Proposal Trustee is currently owed approximately \$50,000 as at the date of this report.
12. The Proposal Trustee is of the view that the non-payment of source deductions and the inability of the Company to pay outstanding professional fees constitute a material adverse change in the Company's cash flow and financial circumstances.

PROPOSED CCAA PROCEEDINGS

13. The Proposal Trustee has been advised by the Company that it will be making an application for creditor protection under the *Companies' Creditors Arrangements Act* ("CCAA") on December 6, 2011.

PROPOSAL TRUSTEE'S INTENDED COURSE OF ACTION

14. The Proposal Trustee is of the view that:

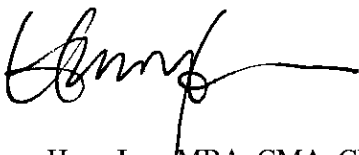
- (i) The Company has not operated in a manner consistent with its cash flow projections for the period September 10 to November 26, 2011; and
- (ii) There have been material changes to the Company's financial position since NOI filing date.

15. It is the Proposal Trustee's intended course of action to file this report with Court pursuant to subsection 50.4(7)(b)(ii) of the BIA. The Proposal Trustee also intends to distribute this report to creditors of the Company pursuant to subsection 50.4(7)(c) of the BIA.

Dated at Vancouver, British Columbia this 2nd day of December 2011.

DELOITTE & TOUCHE INC.

In its capacity as Proposal Trustee 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