

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")**

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

September 14, 2011

PLEASE MUM PARTNERSHIP
SECOND REPORT OF THE PROPOSAL TRUSTEE

TABLE OF CONTENTS

1. INTRODUCTION AND BACKGROUND	3
2. TERMS OF REFERENCE.....	3
3. CASH FLOW PROJECTIONS AND RESULTS.....	4
4. UPDATED CASH FLOW PROJECTIONS.....	6
5. PRELIMINARY RESTRUCTURING PLAN.....	7
6. STAY EXTENSION APPLICATION.....	9

APPENDICES

- A. Extension Order dated August 5, 2011**
- B. First Report of the Proposal Trustee dated August 2, 2011**
- C. Cash Flow Projections dated July 15, 2011 filed with the Office of the Superintendent of Bankruptcy and Actual Cash Flow Results for the nine-week period ended September 3, 2011**
- D. Updated Cash Flow Projections for the period September 10, 2011 to November 26, 2011**

1. INTRODUCTION AND BACKGROUND

1.1 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, Kathryn Adrian, controls Please Mum through a majority ownership of Elia Fashions Ltd.

1.2 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**”). On August 5, 2011, by Order of this Honourable Court, the stay of proceedings was extended to September 20, 2011 (the “**Extension Order**”). Attached hereto as **Appendix A** is a copy of the Extension Order.

1.3 Pursuant to the Extension Order, the Proposal Trustee has:

- (i) established a website at www.deloitte.com/ca/please-mum and uploaded all materials filed with the Court in connection with these proceedings; and
- (ii) mailed a copy of the Extension Order to all landlords and all creditors with claims greater than \$25,000.

1.4 This report (the “**Second Report**”) should be read in conjunction with the First Report of the Proposal Trustee dated August 2, 2011. Attached hereto as **Appendix B** is a copy of the First Report.

2. TERMS OF REFERENCE

2.1 In preparing this report, the Proposal Trustee has relied upon financial information of the Company, and discussions with Company management (“**Management**”) and its financial and legal advisors.

2.2 The financial information of the Company has not been audited, reviewed or otherwise verified by the Proposal Trustee 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 the Company. 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 cash flow statement in accordance with generally accepted auditing standards, additional matters may have come to our attention. Accordingly, the Proposal Trustee does not express an opinion or provide any other form of assurance on the financial or other information presented herein. The Proposal Trustee may refine or alter its observations as further information is obtained or brought to its attention after the date of this report.

2.3 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.

2.4 The Proposal Trustee 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.

2.5 All dollar amounts identified in this report are expressed in Canadian dollars, unless otherwise specified.

3. CASH FLOW PROJECTIONS AND RESULTS

3.1 The original cash flow projections prepared by the Company for the 13-week period ended October 1, 2011 were filed with the Office of the Superintendent of Bankruptcy (“OSB”) and this Honourable Court on July 15, 2011. A copy of the cash flow projections filed with the OSB along with actual cash flow results for the nine-week period ended September 3, 2011 are attached hereto as **Appendix C**.

3.2 The original cash flow projections were prepared on the basis that, (i) the number of operating stores would be reduced from approximately 90 stores to 21 stores plus an e-commerce site; (ii) consolidation of inventory and an orderly liquidation of excess inventory; and (iii) the ongoing support of Royal Bank of Canada (“RBC”) based on credit availability at the time of the NOI filing.

3.3 The Proposal Trustee has reviewed the actual cash flow results for the nine-week period ended September 3, 2011 and notes the following observations:

- (i) Sales receipts were approximately \$161,000 (5%) lower than projected. Sales have been generally consistent with forecast up to the week ended August 27, 2011. However, the Company elected to close an additional 8 stores at the end of August, which has impacted sales for the week ending September 3, 2011. However, there has been corresponding reductions with respect to overhead costs and disbursements during the comparable period. Further commentary with respect to the Company’s strategy to close an additional 8 stores is provided in section 4 of this report.
- (ii) Inventory balances have decreased by approximately \$3.1 million (42%) from \$7.35 million to \$4.25 million during the NOI period. No inventory purchases were contemplated during the cash flow projection period; however, approximately \$200,000 of higher margin inventory, which was paid for prior to the date of the NOI filing, has been received by the Company and made available for sale.
- (iii) Payroll disbursements were approximately \$8,500 higher than projected due to a portion of the payroll period overlapping the NOI filing date.
- (iv) GST paid was approximately \$516,000 lower than projected due to timing differences. Of the unpaid GST, approximately \$232,000 relates to the pre-filing period and approximately \$284,000 relates to the post-filing period. Management has advised that the payment of GST has been deferred to assist with short term cash flow funding requirements.

- (v) Freight disbursements were approximately \$17,000 higher than projected as the Company was required to pay its suppliers in advance to continue delivery services post-filing and incurred additional freight costs to remove inventory from the additional 8 stores closed at the end of August 2011.
- (vi) Store rent payments were approximately \$97,000 lower than projected due to the additional 8 stores closed in August 2011.
- (vii) Offshore purchases of \$11,644 represent a payment made to a customs broker to release approximately \$200,000 of higher margin inventory. This disbursement was not included in the original cash flow projection.
- (viii) Trade payables were approximately \$134,000 lower than projected.

4. UPDATED CASH FLOW PROJECTIONS

- 4.1 The Company has prepared updated cash flow projections for a 12-week period ending November 26, 2011. A copy of the revised cash flow projections are attached hereto as **Appendix D**.
- 4.2 The updated cash flow projections were prepared on the basis that, (i) store numbers would be further reduced from approximately 21 stores to 13 stores plus an e-commerce site; (ii) further consolidation of inventory including the ongoing orderly liquidation of excess inventory; and (iii) continued support of RBC during the NOI proceedings.
- 4.3 The Company closed an additional 8 stores on August 29, 2011. The decision to reduce the number of stores to 13 was made following further analysis around sales levels and cash flow funding requirements.
- 4.4 The Company's updated cash flow projections indicate a decrease in overhead costs by approximately \$186,000 per month resulting from the additional store closures.

5. PRELIMINARY RESTRUCTURING PLAN

5.1 The ability of the Company to file a viable proposal continues to be largely dependent on the following:

- (i) Achieving sales projections to generate cash for further debt reduction;
- (ii) Completion of the sale of the Company's head office situated at 333 Woodland Drive, Vancouver (the "**Property**");
- (iii) Securing additional capital to improve the liquidity position of the Company; and
- (iv) Continued support from RBC during the NOI period;

5.2 Since the First Report to the Court of the Proposal Trustee, the Company has:

- (i) satisfied RBC's forbearance terms, which have included, inter alia, the reduction of the Company's operating credit limit to below \$1.025 million by September 3, 2011. The Company is required to further reduce the balance on the operating facility to \$700,000 by September 20, 2011. Management is of the view that RBC will continue to support the Company in these proceedings, subject to continued satisfaction of forbearance terms.
- (ii) closed an additional 8 stores and reduced headcount by a further 72 employees in an effort to reduce overhead costs and improve cash flow. The closure of the additional 8 stores has also resulted in the consolidation of inventory to improve the product mix at the remaining higher performing stores.
- (iii) ensured that all gift cards have been removed from Please Mum locations and deactivated gift cards distributed through other retail channels. Management has advised that amounts outstanding with respect to gift cards are approximately \$750,000.
- (iv) assessed the balance of entitlements owing to employees of the Company at the date of the NOI filing. The balances owing with respect to vacation pay, termination and severance is approximately \$450,000, \$860,000 and \$70,000, respectively.

- (v) continued to engage environment consultants to undertake assessment work at the Property in order to close a sale forthwith. In this regard, milestones with respect to the testing and remediation work continue to be achieved. Management has advised that it anticipates obtaining a certificate of compliance within approximately 90 days which should put it in a position to close the sale currently on foot generating sufficient funds to entirely pay out RBC.
- (vi) obtained a term sheet from a third party financier. Management has advised that the terms were not in the best interests of the Company and as such did not provide sufficient capital to assist in the funding of a Proposal at a cost that was manageable and, therefore, have not pursued this financing opportunity at this time.
- (vii) engaged in discussions with a syndicate of investors potentially interested in funding the ongoing operations of the Company in the long term.

5.3 Generally, the downsizing has proceeded smoothly with a total of 75 store leases disclaimed since the date of the NOI filing. To date, 16 landlords have demanded payment for unpaid rent during the 30-day notice period leading to the effective disclaimer date. The Company, through its legal counsel, has advised those affected landlords that the Company is unable to remit payment with respect to the notice period due to cash flow constraints; however, these claims are contemplated to be reviewed and addressed within the context of a proposal. The Company has advised that amounts owing to affected landlords with respect to the lease disclaimer notice period is approximately \$807,000. The Proposal Trustee understands that the landlords who, through their counsel, have contacted the Company or its counsel will be served with the application by the Company for an extension of the time to file a Proposal.

5.4 As noted in the First Report, Management has obtained multiple inventory appraisals to assess the realizable value of all inventory in a liquidation scenario. The appraisals suggest that RBC would potentially suffer a shortfall from the net realizations in an orderly liquidation scenario. In addition, certain liquidators have advised that they would not provide a net minimum guarantee for the current inventory.

5.5 Management has advised that current employees, landlords, trade creditors and customers continue to generally be supportive.

5.6 Based on appraisals obtained by Management, the liquidation of the Company's assets in a bankruptcy scenario would result in a nil return to unsecured creditors. Therefore, the prospects of a going concern restructuring scenario will likely be more attractive to creditors generally.

6. STAY EXTENSION APPLICATION

6.1 In our view, the Company has acted and continues to act in good faith and with due diligence. In this regard, the Company has continued to take steps to reduce overhead costs by closing a further 8 stores to improve its cash flow position. Furthermore, the Company continues to progress negotiations with potential investors, investigate alternative funding options and undertake remediation work in order to accelerate the sale of the Property.

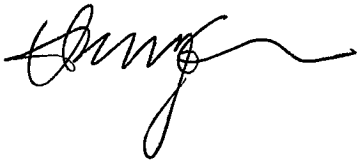
6.2 A viable proposal will be partially dependent on the settlement of the Property transaction and the Company's ability to reach an agreement with financier(s) and/or investors. Accordingly, the Company requires additional time to allow the Property remediation work to be completed and for prospective financiers and/or investors to complete sufficient due diligence to be in a position to consider a transaction with the Company.

6.3 The only creditor that may be impacted by an extension of the stay of proceedings is RBC as the value of its security may be reduced as the Company continues to sell down its inventory in the normal course of its business. However, the Company's cash flow projections indicate that RBC's credit facility will be reduced as the sale of inventory progresses. Management has advised that they are currently negotiating an extension of the forbearance agreement with RBC and that they do not anticipate that RBC will object to a 45-day extension of the NOI proceedings.

All of which is respectfully submitted this 14th day of September, 2011.

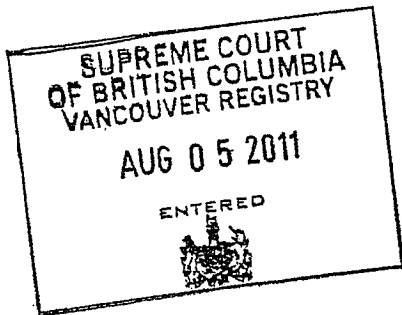
DELOITTE & TOUCHE INC.

In its capacity as Proposal Trustee of
Please Mum Partnership, Elia Fashions Ltd. and Bossa Nova Fashions Ltd.
and not in its personal capacity.

A handwritten signature in black ink, appearing to read 'Huey Lee', with a long horizontal flourish extending to the right.

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

APPENDIX A
EXTENSION ORDER DATED AUGUST 5, 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.

ORDER

BEFORE THE HONOURABLE
MR. JUSTICE BURNEYAT

FRIDAY, THE 5th DAY OF
AUGUST 2011

THE APPLICATION of Please Mum Partnership, Elia Fashions Ltd. and Bossa Nova Fashions Ltd. (collectively, "**Please Mum**"), coming on for hearing on August 5, 2011 and on hearing Cindy Cheuk, counsel for Please Mum, and John F. Grieve, counsel for Royal Bank of Canada, and no one else appearing, although duly served, and upon reading the materials filed herein including the Notice of Application, dated July 29, 2011, the Affidavit #1 of Kathryn Adrian, sworn July 29, 2011 and the First Report of Deloitte & Touche Inc., the Proposal Trustee herein;

THIS COURT ORDERS that:

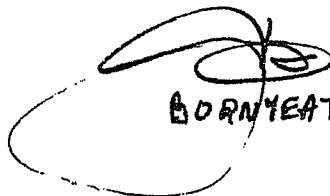
1. The time for the filing of a Proposal by Please Mum under Part III of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended, be and the same is

B-110732

hereby extended pursuant to section 50.4(9) of the BIA for a period of 45 days being until September 20, 2011.

2. Notwithstanding paragraph 1 of this Order, Royal Bank of Canada, upon giving no less than two clear days notice to Please Mum or such lesser amount of notice as this Court may order, shall not be bound by the stay of proceedings pursuant to section 69(1) of the BIA during the period of the extension.

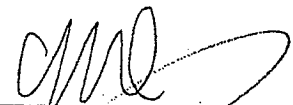
THE FOLLOWING PARTIES APPROVE THE FORM OF THIS ORDER AND CONSENT TO EACH OF THE ORDERS, IF ANY, THAT ARE INDICATED AS BEING BY CONSENT.

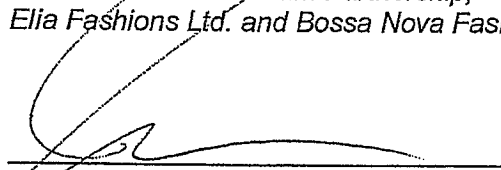

BORNHEAT, J.

BY THE COURT


DISTRICT REGISTRAR

APPROVED AS TO FORM:


Counsel for Please Mum Partnership,
Elia Fashions Ltd. and Bossa Nova Fashions Ltd.


Counsel for Royal Bank of Canada

APPENDIX B
FIRST REPORT OF THE PROPOSAL TRUSTEE DATED AUGUST 2, 2011



No. B110732
Vancouver Registry

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")

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

August 2, 2011

**PLEASE MUM PARTNERSHIP
FIRST REPORT OF THE PROPOSAL TRUSTEE**

TABLE OF CONTENTS

1. INTRODUCTION AND BACKGROUND	3
2. TERMS OF REFERENCE.....	3
3. FINANCIAL POSITION AND CAUSES OF FINANCIAL DIFFICULTY	4
4. CASH FLOW PROJECTIONS AND PRELIMINARY RESULTS	5
5. PRELIMINARY RESTRUCTURING PLAN	7
6. STAY EXTENSION APPLICATION.....	9

APPENDICES

- A. Please Mum Partnership Organizational Chart**
- B. Summary of Historical Financial Performance (2005 – 2010)**
- C. Cash Flow Projections dated July 15, 2011 filed with the Office of the Superintendent of Bankruptcy and Actual Cash Flows for the three weeks ended July 23, 2011**

1. INTRODUCTION AND BACKGROUND

- 1.1 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, Kathryn Adrian, controls Please Mum through a majority ownership of Elia Fashions Ltd. A copy of the Please Mum Partnership organizational chart is attached hereto as **Appendix A**.
- 1.2 Please Mum is a specialty retailer of high quality children's wear. The Company designs, contracts to manufacture and retails its products under several Please Mum trademark brand names. The Company is headquartered in Vancouver with all products sold exclusively through its corporately owned stores and e-commerce site. Over the preceding 10 years, the Company has grown from approximately 40 stores to over 90 stores, which are located in all Canadian provinces except Quebec.
- 1.3 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").

2. TERMS OF REFERENCE

- 2.1 In preparing this report, the Proposal Trustee has relied upon financial information of the Company, and discussions with Company management ("Management") and its financial and legal advisors.
- 2.2 The financial information of the Company has not been audited, reviewed or otherwise verified by the Proposal Trustee 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 the Company. 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 Proposal Trustee does not express an opinion or provide any other

form of assurance on the financial or other information presented herein. The Proposal Trustee may refine or alter its observations as further information is obtained or brought to its attention after the date of this report.

2.3 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.

2.4 The Proposal Trustee 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.

2.5 All dollar amounts identified in this report are expressed in Canadian dollars, unless otherwise specified.

3. FINANCIAL POSITION AND CAUSES OF FINANCIAL DIFFICULTY

3.1 The Company's average annual revenues from fiscal 2005 through fiscal 2010 were approximately \$57 million per annum and average earnings before interest, taxes, depreciation and amortization ("EBITDA") over the same period were approximately \$3 million per annum. The Company's EBITDA deteriorated significantly in fiscal 2010, at a time when store numbers were at a peak. A summary of the historical financial performance of the Company from fiscal 2005 to fiscal 2010 is attached hereto as **Appendix B**.

3.2 Management attributes the financial difficulty of the business to aggressive store expansion that coincided with the global recession, poor inventory management and turnover of key executive personnel.

3.3 The expansion of the Company's store numbers was primarily funded through working capital and credit facilities provided by Royal Bank of Canada ("RBC"). Management has advised that the Company endeavoured to refinance the RBC debt and source further capital injections through a marketing and sales process over the past 12 months, without success. The Company's funding position was further impacted by the delay in the settlement of a sale contract in respect to the sale of the Company's head office location situated at 333 Woodland Drive, Vancouver (the "Property") due to potential environmental concerns. Part of the proceeds from the sale of the Property, which is owned by a related entity, was contemplated to repay the RBC debt. The Company is currently undertaking remediation work on the Property to satisfy the terms of the sale contract, which Management anticipates will be completed by November 2011.

3.4 An analysis of store operations and results undertaken by Management indicates that approximately 50% of stores were unprofitable with sales per square foot being the primary determinate of store profitability. The analysis has resulted in Management identifying a business model to include 21 of the highest performing stores, which accounted for approximately \$17 million in sales and \$2.7 million in store-level EBITDA for fiscal 2011.

3.5 The analysis undertaken by Management also indicates that the Company has historically carried excess inventory, which has committed significant capital to fund purchases and carrying costs. The analysis has resulted in Management taking steps to consolidate inventory in an effort to achieve an optimum product mix at each of the remaining store locations.

3.6 Management has advised that due to continued losses and in order to allow time for the Company to restructure its operations and affairs, it was resolved that a NOI be filed on July 7, 2011.

4. CASH FLOW PROJECTIONS AND PRELIMINARY RESULTS

4.1 Cash flow projections prepared by the Company for a 13-week period to October 1, 2011 were filed with the Office of the Superintendent of Bankruptcy ("OSB") and this Honourable Court on July 15, 2011. A copy of the cash flow projections filed with the OSB along with actual cash flows for the three weeks ended July 23, 2011 are attached hereto as **Appendix C**.

4.2 The cash flow projections were prepared on the assumption that, (i) store numbers would be reduced from approximately 90 stores to 21 stores plus an e-commerce site; (ii) consolidation of inventory including an orderly liquidation of excess inventory; and (iii) the ongoing support of RBC based on credit availability at the time of the NOI filing.

4.3 The Proposal Trustee has reviewed the actual cash flow results for the three week period ended July 23, 2011 and notes the following observations:

(i) Sales receipts were approximately \$70,000 higher than projected. Sales have been consistent with the Company's summer sales strategy of offering significant discounts; however, ensuring product lines that have historically turned over quickly are not marked down as aggressively compared with slower moving product lines.

(ii) Inventory balances have decreased by approximately 18% from \$7.35 million to \$6.02 million during the period. No inventory purchases were contemplated during the cash flow projection period. Management has advised that approximately \$200,000 of high margin inventory, which was paid for prior to the date of the NOI filing, is awaiting customs clearance. Management is currently assessing the commercial benefit of settling with the customs broker in order for this inventory to be released.

(iii) Payroll disbursements were approximately \$8,500 higher than projected due to a portion of the payroll period overlapping the NOI filing date.

(iv) Freight disbursements were approximately \$6,000 higher than projected as the Company was required to pay Canada Post in advance to continue delivery services post-filing.

(v) Overall, disbursements for the period are comparable to those projected.

(vi) Based on these preliminary actual results, the cash flow projections appear to be consistent with Management's assumptions.

4.4 The Company's sales are projected to increase during August and September due to an increased turnover of 'Back to School' inventory, outerwear and holiday inventory. Management has advised that this is consistent with the Company's historical sales trends. The period July to December was also confirmed as a 'high selling period' in an independent inventory appraisal obtained by the Company.

4.5 Sales and operating costs disclosed in the cash flow projections to October 1, 2011 are based on a 21 store model; however, Management continues to analyze the profitability of each store with further closures to be undertaken, if necessary, to optimize the financial position of the business.

5. PRELIMINARY RESTRUCTURING PLAN

5.1 The ability of the company to file a viable proposal will be largely dependent on the following:

- (i) Continued support from RBC during the NOI period;
- (ii) Achieving sales projections to generate cash for further debt reduction;
- (iii) Completion of the Property sale contract; and
- (iv) Securing capital to improve the liquidity position of the Company.

5.2 The Company has taken the following steps to date in respect to its restructuring plan:

- (i) Disclaimed 72 store leases and redistributed inventory amongst the remaining 21 stores. In addition, inventory has been consolidated to achieve an optimum product mix in terms of ratio of tops to bottoms, colour, size and number of units per store.
- (ii) Adopted an orderly liquidation sales strategy in an effort to realize on excess inventory levels.

(iii) Reduced employee head count from approximately 869 to 240 over the retail stores, warehouse and head office locations. The majority of terminated employees have been paid their outstanding wages up to the date of filing.

(iv) Engaged independent environmental contractors to begin testing and remediation work at the Property to progress the sale contract.

(v) Prior to the NOI filing, the Company held discussions with a number of parties to attract investment through a sales and marketing process. Management has advised that they were unable to finalize a sale of the business as the due diligence undertaken by potential investors suggested that the 90 store model was not sustainable. The Company also approached multiple financial institutions; however, due to onerous terms sought by the financiers, the Company did not proceed with a refinance of its debt.

(vi) To date, the Company has held discussions with private investors, financiers and liquidators to consider debtor in possession finance ("DIP"). These discussions are at a preliminary stage.

5.3 Management has obtained multiple inventory appraisals to assess the realizable value of all inventory in a liquidation scenario. The appraisals suggest that RBC would potentially suffer a shortfall from the net realizations in an orderly liquidation scenario. In addition, certain liquidators have advised that they would not provide a net minimum guarantee for the current inventory.

5.4 A summary of the Customer's creditor profile as at July 7, 2011 is provided below.

Creditor Type	Estimated number of Creditors	Estimated balance owing at July 7, 2011 (\$000s)
Secured creditors	5	2,650
Landlords (unsecured)	57	703
Trade Creditors (unsecured)	287	6,652
Total	349	10,005

The creditor balances have been extracted from the records of the Company and may be subject to adjustments once reconciled with creditor claims. Furthermore, there are a number of customers who purchased gift cards prior to the NOI filing. The Company has taken the position that these gift cards are an unsecured claim and will be dealt with in the context of a proposal along with landlord claims and other unsecured claims of the estate.

5.5 Management has advised that employees, landlords, trade creditors and customers have generally been supportive since the NOI filing.

5.6 Based on appraisals obtained by Management, the liquidation of the Company's assets in a bankruptcy scenario would result in a nil return to unsecured creditors. Therefore, the prospects of a going concern restructuring scenario will likely be more attractive to creditors generally.

6. STAY EXTENSION APPLICATION

6.1 In our view, the Company has acted and continues to act in good faith and with due diligence. In this regard, the Company immediately took steps following the NOI filing to improve cash flow by closing 72 unprofitable stores, terminating 629 employees and consolidating and liquidating excess inventory. Furthermore, the Company is progressing negotiations with private investors, investigating alternative funding options and undertaking remediation work in order to accelerate the settlement of the Property transaction.

6.2 A viable proposal will be partially dependent on the settlement of the Property transaction and the Company's ability to reach an agreement with a financier and/or investors. Accordingly, the Company will require additional time to allow the Property remediation work to be undertaken and for prospective financiers and/or investors to complete sufficient due diligence to be in a position to consider a transaction with the Company.

6.3 The only creditor that may be impacted by an extension of the stay of proceedings is RBC as the value of its security may be reduced as the Company continues to sell down its inventory in the normal course of its business. However, the Company's cash flow projections indicate that RBC's credit facility will be reduced over the 13-week period as the sale of inventory progresses. Management has advised that RBC does not object to a 45-day extension of the NOI proceedings.


All of which is respectfully submitted this 2nd day of August 2011.

DELOITTE & TOUCHE INC.

In its capacity as Proposal Trustee of

Please Mum Partnership, Elia Fashions Ltd. and Bossa Nova Fashions Ltd.

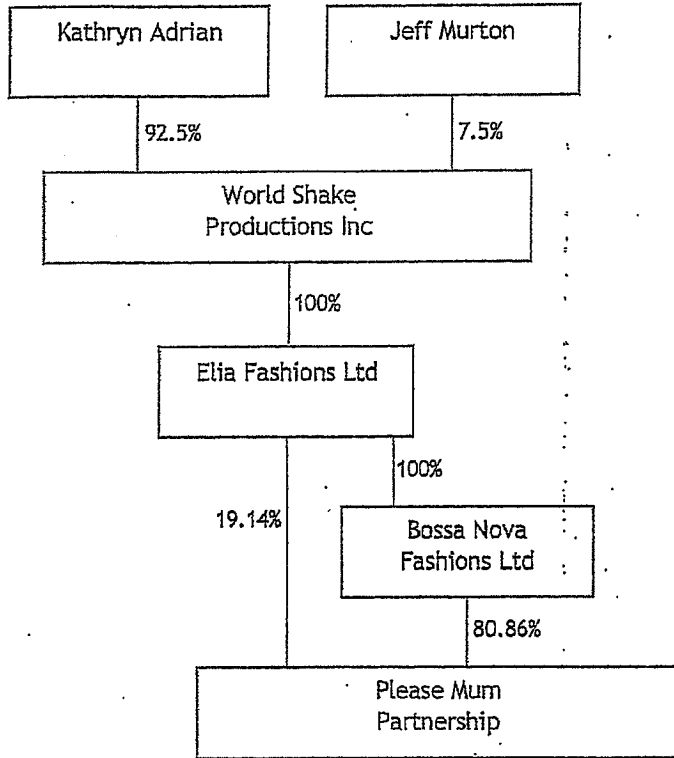
and not in its personal capacity.



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

APPENDIX A
PLEASE MUM PARTNERSHIP ORGANIZATIONAL CHART

PLEASE MUM PARTNERSHIP
ORGANIZATIONAL CHART



APPENDIX B
SUMMARY OF HISTORICAL FINANCIAL PERFORMANCE 2005 - 2010

Elia Fashions Ltd. Consolidated Statement of Income		2-Apr-05	1-Apr-06	31-Mar-07	29-Mar-08	28-Mar-09	27-Mar-10
Fiscal Year for 52 weeks ended, in CDNs		(actual)	(actual)	(actual)	(actual)	(actual)	(actual)
Revenue							
	Product Sales	\$ 56,386,444	\$ 60,974,634	\$ 60,245,048	\$ 56,344,164	\$ 54,376,905	\$ 54,911,802
	Other	101,019	102,783	339,053	352,324	220,231	52,980
Revenues		56,487,463	61,077,417	60,584,101	56,696,488	54,597,136	54,964,782
Cost of sales		27,970,724	27,458,022	28,241,546	22,894,342	24,267,997	24,760,309
Gross Profit		28,516,739	33,619,395	32,342,555	33,802,146	30,329,139	30,204,473
Gross Margin %		50.6%	55.1%	53.7%	60.0%	55.8%	55.0%
Expenses:							
	Selling expenses	18,551,372	20,941,352	23,542,748	21,785,916	22,565,880	25,158,815
	General and administration	6,713,609	6,182,191	9,090,383	7,360,476	5,014,839	6,836,394
	Amortization	1,194,784	1,632,928	2,065,432	2,336,452	2,367,198	2,506,589
	Interest expense	157,084	167,821	187,033	289,019	129,582	138,481
		26,616,849	28,924,292	34,885,596	31,771,863	30,077,499	34,640,279
Earnings before the undernoted		1,899,890	4,695,104	(2,543,040)	2,030,283	251,640	(4,435,805)
Other expenses (income)							
	Asset Impairment loss (Gain)	-	-	-	-	-	359,391
	Unrealized foreign exchange loss (gain)	-	-	-	-	(601,389)	278,804
	Loss on disposal of property, plant & equip	(14,565)	(2,000)	(230,676)	9,155	-	-
		(14,565)	(2,000)	(230,676)	9,155	(601,389)	638,195
Earnings before income taxes		1,914,455	4,697,104	(2,312,364)	2,021,128	853,029	(5,074,000)
Income taxes:							
	Current (recovery)	505,946	640,045	202,633	-	(15,828)	-
	Future:						
	Short Term	280,224	948,366	(801,827)	(15,405)	823,874	(938,166)
	Long Term	(117,468)	98,291	54,918	165,408	(589,158)	(676,352)
		668,702	1,686,702	(544,276)	150,003	218,888	(1,614,518)
Net earnings from continuing operations		1,245,753	3,010,402	(1,768,088)	1,871,125	634,142	(3,459,482)
Loss from discontinued operations, net of taxes		(893,749)	(1,135,599)	(360,237)	-	-	-
Net earnings		352,004	1,874,803	(2,128,325)	1,871,125	634,142	(3,459,482)
Retained earnings, beginning of period		4,296,388	4,648,392	6,523,195	4,394,869	6,327,889	6,962,031
Retained Earnings, end of Period		\$ 4,648,392	\$ 6,523,195	\$ 4,394,869	\$ 6,265,995	\$ 6,962,031	\$ 3,502,548

Elia Fashions Ltd. EBITDA		2-Apr-05	1-Apr-06	31-Mar-07	29-Mar-08	28-Mar-09	27-Mar-10
Fiscal Year for 52 weeks ended, in CDNs		(actual)	(actual)	(actual)	(actual)	(actual)	(actual)
Net earnings		352,004	1,874,803	(2,128,325)	1,871,125	634,142	(3,459,482)
Adjustments							
	Amortization	1,194,784	1,632,928	2,065,432	2,336,452	2,367,198	2,506,589
	Interest expense	157,084	167,821	187,033	289,019	129,582	138,481
	Income tax expense	668,702	1,686,702	(544,276)	150,003	218,888	(1,614,518)
	Disposal of P, P & E	(14,565)	(2,000)	(230,676)	9,155	-	-
	Asset Impairment loss	-	-	-	-	-	359,391
	Management fee	1,420,000	500,000	1,825,000	400,000	400,000	500,000
	Loss from discontinued operations, net of taxes	893,749	1,135,599	360,237	-	-	-
EBITDA		\$ 4,671,758	\$ 6,995,853	\$ 1,534,425	\$ 5,055,754	\$ 3,749,809	\$ (1,569,540)

Elia Fashions Ltd.
Consolidated Balance Sheet
In CDNS

2-Apr-05
(actual)

1-Apr-06
(actual)

31-Mar-07
(actual)

29-Mar-08
(actual)

28-Mar-09
(actual)

27-Mar-10
(actual)

ASSETS

Current assets:

Cash	\$ 321,990	\$ 623,391	\$ 417,395	\$ 433,630	\$ 489,783	\$ 373,463
Restricted cash	113,220	83,867	100,877	26,633	-	-
Investment In Forward Contracts	-	-	-	-	601,389	-
Accounts receivable	210,944	200,117	105,872	98,935	107,480	279,212
Inventories	8,447,615	6,771,925	6,419,047	7,391,841	8,311,860	8,782,206
Income Tax Receivable	-	-	-	718	2,557	-
Due from shareholder	462,500	2,515,195	-	-	-	-
Prepaid expenses and deposits	424,906	402,348	543,405	644,860	890,600	790,916
Current assets of discontinued operations	1,338,694	962,639	308,101	-	-	-

11,319,869 11,559,482 7,894,698 8,596,617 10,403,669 10,225,797

Property, plant & equipment	4,360,103	5,303,745	8,109,249	8,523,465	8,527,133	7,673,369
Future income taxes	125,682	27,391	-	-	396,223	1,072,575
Partnership organization costs	-	1,283	0	0	0	0
Trademark	22,706	37,375	54,303	65,301	723,691	688,847
Promissory Note	-	-	2,828,400	2,828,400	828,400	828,400
Due from (to) related companies	1,001,908	-	-	-	-	-

5,510,399 5,369,794 10,991,952 11,417,166 10,475,447 10,263,191

\$ 16,830,268 \$ 16,929,276 \$ 18,886,650 \$ 20,013,783 \$ 20,879,116 \$ 20,488,988

LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities:

Bank indebtedness	1,841,637	120,000	2,710,000	1,780,000	520,000	1,690,000
Accounts payable and accrued liabilities	6,007,592	5,703,801	5,739,353	4,437,071	6,303,062	7,018,910
Income taxes payable	13,428	1,759	6,227	-	-	-
Current portion of obligations under capita	451,098	534,520	310,145	298,964	246,866	218,439
Term Loans	411,580	88,903	237,833	6,582	867	-
Unrealized Gain on Foreign Exchange Contracts	-	-	-	-	-	278,804
Deferred revenue	30,639	40,877	1,417,783	1,305,465	387,318	452,791
Future Income Taxes	2,069,002	3,017,368	2,215,540	2,200,135	3,024,010	2,085,842

10,824,976 9,507,228 12,636,882 10,028,217 10,482,124 11,744,786

Term Loans	-	-	-	5,132	-	-
Deferred Revenue	-	-	-	-	1,197,334	1,246,887
Obligations under capital lease	320,348	190,295	208,994	346,380	233,329	15,840
Long Term Debt	29,042	245,799	10,907	-	-	2,300,000
Long Term Future Income Taxes	-	-	27,526	192,935	-	-
Due to shareholders	544,750	-	1,607,211	3,174,864	2,004,040	1,678,667

894,140 436,093 1,854,638 3,719,311 3,434,703 5,241,394

Shareholders' Equity:

Share capital	462,760	462,760	260	260	260	260
Retained earnings	4,648,392	6,523,195	4,394,870	6,265,995	6,962,029	3,502,548

Partners' Capital

Elia Fashions Ltd.	-	-	-	-	-	-
Bossa Nova Fashions Ltd.	-	-	-	-	-	-

5,111,152 6,985,954 4,395,130 6,266,255 6,962,289 3,502,808

\$ 16,830,268 \$ 16,929,276 \$ 18,886,650 \$ 20,013,783 \$ 20,879,116 \$ 20,488,988

APPENDIX C
CASH FLOW PROJECTIONS DATED JULY 15, 2011 AND
ACTUAL CASH FLOWS FOR THE THREE WEEKS ENDED JULY 23, 2011

Please Mum
13-Week Cash Flow

@ Presentation

Week Ending	1	2	3	4	5	6	7	8	9	10	11	12	13	Total
	9-Jul	16-Jul	23-Jul	30-Jul	6-Aug	13-Aug	20-Aug	27-Aug	3-Sep	10-Sep	17-Sep	24-Sep	1-Oct	
Receipts														
Retail/Web Sales	636,892	331,921	260,000	260,000	305,000	305,000	359,000	415,000	524,000	443,000	342,000	285,000	209,000	4,640,712
GST Received	31,845	16,591	13,000	13,000	15,250	17,950	17,950	20,750	26,200	22,150	17,100	14,750	10,450	262,096
Other														0
Total Receipts	668,736	348,512	273,000	273,000	320,250	322,950	376,950	435,750	550,200	465,150	359,100	309,750	219,450	4,902,808
Disbursements														
Payroll & Taxes	265,693	303,931	146,520	174,866	96,669	110,160	68,460	106,880	49,600	110,680	64,480	110,860	64,480	1,673,686
GST							223,223		197,436		70,150			490,809
Freight	15,000	15,000	15,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	146,000
Store Rent	261,398			121,220			46,000		242,440					736,278
Head Office Rent											46,000			136,000
Offshore Purchases														0
Trade Payables	57,603	25,463	63,000	18,000	23,000	23,000	10,000	13,000	38,000	23,000	23,000	13,000	23,000	361,067
Other	153,442	16,578		10,805	58,000		10,000	12,805	50,000	8,000	10,000	1,805	50,000	76,661
Total Disbursements	636,292	405,972	274,520	293,891	193,669	264,360	375,889	422,689	587,476	457,860	223,830	356,665	247,480	3,611,373
Operating Cash Flow	232,484	(60,660)	58,480	59,309	(36,079)	56,070	1,267	293,065	(37,276)	313,290	135,470	174,085	71,970	1,281,375
One-Time Costs														
Legal/Trustee Fees				60,000		60,000		60,000		60,000		60,000		300,000
Professional Fees				40,000				40,000				20,000		100,000
Woodland - Environ.											48,000			85,000
Total One-Time				100,000		60,000		100,000		60,000	48,000			485,000
Reg. Line Bal.	(1,824,376)	(1,591,092)	(1,652,453)	(1,598,973)	(1,639,563)	(1,675,742)	(1,679,972)	(1,710,806)	(1,517,541)	(1,554,616)	(1,301,526)	(1,214,056)	(1,119,974)	(1,824,376)
Net Cash Flow	232,484	(60,660)	58,480	59,309	(36,079)	56,070	1,267	293,065	(37,276)	313,290	135,470	174,085	71,970	1,281,375
Ending Line Bal.	(1,591,092)	(1,652,453)	(1,598,973)	(1,539,663)	(1,675,742)	(1,710,806)	(1,517,541)	(1,684,816)	(1,301,526)	(1,214,056)	(1,119,974)	(1,046,001)	(1,046,001)	(1,046,001)

[Handwritten Signature]

Please Mum Partnership, Ella Fashions Ltd. & Bossa Nova Fashions Ltd. per Kathryn Adrian

[Handwritten Signature]
Deloitte & Touche Inc., Proposal Trustee

Please Mum

Cash Flow Assumptions

Web and Retail Store

- Sales are based on 21 stores and web store
- Plan is based on current inventory levels and mix; includes trending from Summer to Back to School periods
- Reduction of stores where sales targets are not being met

Headcount

- Minimal head office headcount to maintain baseline operations
 - Reduced core Head office staff to 9; Warehouse supervision to 2; Web operations to 3
- Retail support to 1; Field directors will move to stores and will not exceed displaced managers salary costs.

Operating Expenses

- Payment of all post-filing operating expenses including lease costs, freight, phone, internet, etc.

Priority Payments

- Payment of all priority payments including source, GST and payroll

Other

- \$85K of environmental expenses to obtain risk assessment with deferral of remaining \$165K
- RBC's ongoing support substantially based on present credit availability
- NOI filing date was July 7, 2011; Cashflow for week ended July 9th reflects some pre-filing receipts and disbursements

Please Mum
13-Week Cash Flow

60 minutes

Week Ending	9-Jul	16-Jul	23-Jul	30-Jul	6-Aug	13-Aug	20-Aug	27-Aug	3-Sep	10-Sep	17-Sep	24-Sep	1-Oct	Total
Receipts	636,892	333,104	325,749	260,000	260,000	305,000	358,000	418,000	624,000	443,000	342,000	295,000	208,000	4,707,744
Retail/Web Sales	31,445	16,555	19,000	19,000	19,000	15,250	17,950	20,750	26,200	22,150	17,100	14,750	10,450	235,387
GST Received														0
Other	668,736	349,759	302,036	215,000	215,000	279,750	375,950	435,750	560,200	418,550	359,700	308,750	218,450	2,845,192
Total Receipts	265,693	154,773	315,437	146,520	169,917	174,988	106,978	106,980	48,600	110,860	64,480	110,860	64,480	1,602,220
Disbursements	15,000	15,000	20,851	15,000	5,851	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	149,161
Payroll & Taxes	281,396	48,063	63	-	-	-	-	-	-	-	-	-	-	736,278
Freight	57,603	17,540	25,463	7,923	7,923	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	130,063
Store Opex	153,442	9,977	10,932	10,892	10,892	10,892	10,892	10,892	10,892	10,892	10,892	10,892	10,892	136,063
Office Rent	438,252	243,352	306,972	213,520	137,215	213,520	317,739	432,685	590,027	157,360	223,630	335,685	417,380	3,613,113
Clienture Purchases														0
Trade Payables														0
Other														69,882
Total Disbursements	232,484	196,407	166,967	59,309	66,179	59,309	44,739	293,065	40,027	319,290	136,470	174,065	71,970	1,330,919
Operating Cash Flow	33,209	58,366	248,468	87,219	103,738	115,679	62,239	13,915	8,573	71,570	28,010	36,795	92,510	1,271,301
One-Time Costs														0
Legal/Printing Fees														0
Travel														0
Woodland - Environ.														0
Total One-Time														0
Net Cash Flow	33,209	58,366	248,468	87,219	103,738	115,679	62,239	13,915	8,573	71,570	28,010	36,795	92,510	1,271,301
Beginning Line Bal.	(1,591,892)	(1,485,485)	(1,485,485)	(1,485,485)	(1,485,485)	(1,485,485)	(1,485,485)	(1,485,485)	(1,485,485)	(1,485,485)	(1,485,485)	(1,485,485)	(1,485,485)	(1,485,485)
Ending Line Bal.	(1,558,683)	(1,427,119)	(1,176,717)	(995,466)	(891,728)	(776,049)	(623,806)	(489,891)	(400,818)	(328,248)	(256,738)	(189,943)	(127,433)	185,816

APPENDIX C
CASH FLOW PROJECTIONS DATED JULY 15, 2011 FILED WITH THE OFFICE OF
THE SUPERINTENDENT OF BANKRUPTCY AND ACTUAL CASH FLOW RESULTS
FOR THE NINE-WEEK PERIOD ENDED SEPTEMBER 3, 2011

Please Mum
Actual Cash Flow
to September 3, 2011

Week Ending	1 9-Jul			2 16-Jul			3 23-Jul			4 30-Jul			5 6-Aug		
	Actual	Variance	Filed	Actual	Variance	Filed	Actual	Variance	Filed	Actual	Variance	Filed	Actual	Variance	Filed
Receipts															
Retail/Web Sales	636,892	0	636,892	333,104	1,284	331,821	325,749	65,749	260,000	193,206	(66,794)	260,000	368,103	(66,794)	260,000
GST Received	31,845	0	31,845	16,655	64	16,591	16,287	3,287	13,000	9,660	(3,340)	13,000	18,405	(3,340)	13,000
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Receipts	668,736	0	668,736	349,759	1,348	348,412	342,036	69,036	273,000	202,866	(70,134)	273,000	386,508	(70,134)	273,000
Disbursements															
Payroll & Taxes	265,693	-	265,693	154,773	149,158	303,931	315,437	168,917	146,520	64,460	110,426	174,886	202,591	110,426	96,859
GST	-	-	-	-	-	-	-	-	-	95,952	95,952	-	-	95,952	-
Freight	15,000	-	15,000	15,000	-	15,000	20,851	5,851	15,000	16,350	6,350	10,000	16,000	6,350	10,000
Store Rent	251,398	-	251,398	-	-	-	-	-	-	-	-	-	238,454	-	121,220
Head Office Rent	-	-	-	46,063	63	46,000	-	-	-	-	-	-	-	-	-
Offshore Purchases	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Trade Payables	57,603	-	57,603	17,540	7,923	25,463	1,516	51,484	53,000	11,640	6,360	18,000	6,808	6,360	23,000
Other	153,442	-	153,442	9,977	8,601	18,578	10,932	10,932	10,805	3,905	6,900	10,805	60,764	6,900	58,000
Total Disbursements	436,252	0	436,252	243,352	(165,519)	408,972	348,735	134,215	214,520	402	(213,288)	213,591	524,617	(213,288)	309,079
Operating Cash Flow	232,484	0	232,484	106,407	166,967	(60,560)	(6,699)	(65,179)	58,480	202,464	143,154	59,309	(138,110)	(36,079)	(36,079)
One-Time Costs															
Legal/Trustee Fees	-	-	-	-	-	-	2,912	2,088	5,000	-	60,000	60,000	26,721	60,000	26,721
Professional Fees	-	-	-	-	-	-	-	-	-	-	40,000	40,000	-	40,000	-
Woodland - Environ.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total One-Time	0	0	0	0	0	0	2,912	(2,088)	5,000	0	(100,000)	100,000	26,721	(100,000)	26,721
Beg. Line Bal.	(1,824,376)	0	(1,824,376)	(1,591,892)	0	(1,591,892)	(1,485,485)	166,967	(1,652,453)	(1,495,096)	103,876	(1,598,973)	(1,292,633)	103,876	(1,639,663)
Net Cash Flow	232,484	0	232,484	106,407	166,967	(60,560)	(9,611)	(63,091)	53,480	202,464	243,154	(40,691)	(164,830)	243,154	(36,079)
Ending Line Bal.	(1,591,892)	0	(1,591,892)	(1,485,485)	166,967	(1,652,453)	(1,495,096)	103,876	(1,598,973)	(1,292,633)	347,030	(1,639,663)	(1,457,463)	347,030	(1,675,742)

1,652,000

LOC MAXIMUM

Please Mum
Actual Cash Flow
to September 3, 2011

Week Ending	6 13-Aug			7 20-Aug			8 27-Aug			9 3-Sep			Total	Total	Variance	FILED	VARIANCE
	Actual	Filed	Variance	Actual	Filed	Variance	Actual	Filed	Variance	Actual	Filed	Variance					
Receipts	279,799	305,000	(25,201)	337,257	359,000	(21,743)	379,413	415,000	(35,587)	336,786	524,000	(187,214)	3,190,307	3,351,712	(161,405)		
Retail/Web Sales	13,990	15,250	(1,260)	16,863	17,950	(1,087)	18,971	20,750	(1,779)	16,839	26,200	(9,361)	159,515	167,586	(8,070)		
GST Received													0	0	0		
Other	293,789	320,250	(26,461)	354,120	376,950	(22,830)	398,384	435,750	(37,366)	353,625	550,200	(196,575)	3,348,823	3,519,298	(169,475)		
Total Receipts	108,268	110,160	1,892	73,562	68,460	5,102	97,794	106,880	9,086	48,886	49,600	714	1,331,462	1,322,988	8,474		
Disbursements	4,000	10,000	6,000	7,000	10,000	3,000	3,000	10,000	7,000	25,000	10,000	15,000	(95,952)	420,659	(516,611)		
Payroll & Taxes													197,436	197,436	-		
GST													10,000	10,000	-		
Freight													242,440	242,440	-		
Store Rent													92,125	92,000	125		
Head Office Rent	11,644	-	11,644	40,002	18,000	22,002	637	13,000	13,637	1,600	38,000	36,400	11,644	0	11,644		
Offshore Purchases	1,080	23,000	24,080	897	10,000	9,103	9,534	12,805	3,271	55,091	50,000	5,091	134,992	269,067	(134,074)		
Trade Payables	9,103	-	9,103	167,524	375,883	(208,159)	109,891	142,885	(32,994)	279,872	587,476	(307,604)	2,242,380	2,952,738	(710,358)		
Other													6,760	6,746	14		
Total Disbursements	161,855	55,870	105,985	186,596	1,267	185,329	288,693	293,065	(4,372)	73,753	(37,276)	111,029	1,107,443	566,560	540,883		
Operating Cash Flow	41,511	60,000	18,489	28,874	60,000	31,174	28,874	60,000	31,174	28,874	60,000	28,874	97,105	180,000	(82,895)		
One-Time Costs	30,195	-	30,195	5,517	32,000	26,483	0	40,000	40,000	28,874	0	0	30,195	80,000	(49,805)		
Legal/Trustee Fees													8,429	37,000	(28,571)		
Professional Fees																	
Woodland - Environ.																	
Total One-Time	71,706	60,000	11,706	5,517	32,000	26,483	0	40,000	40,000	28,874	0	28,874	135,729	297,000	(161,271)		
Reg. Line Bal.	(1,457,463)	(1,675,742)	218,279	(1,367,315)	(1,679,872)	312,558	(1,186,235)	(1,710,606)	524,370	(897,542)	(1,517,541)	619,998	(1,824,376)	(1,591,892)	(232,484)		
Net Cash Flow	90,149	(4,130)	94,279	181,079	(30,733)	211,812	288,693	193,065	95,628	44,860	(37,276)	82,155	971,714	289,580	702,154		
Ending Line Bal.	(1,367,315)	(1,679,872)	312,558	(1,186,235)	(1,710,606)	524,370	(897,542)	(1,517,541)	619,998	(852,663)	(1,554,816)	702,154	(852,663)	(1,554,816)	702,154		
LOC MAXIMUM	1,552,000			1,400,000			1,250,000			1,150,000							

APPENDIX D
UPDATED CASH FLOW PROJECTION
FOR THE PERIOD SEPTEMBER 10 TO NOVEMBER 26, 2011

Please Mum
Cash Flow Forecast
to November 26, 2011

Week Ending	10	11	12	13	14	15	16	17	18	19	20	21	Forecast
	10-Sep	17-Sep	24-Sep	1-Oct	8-Oct	15-Oct	22-Oct	29-Oct	5-Nov	12-Nov	19-Nov	26-Nov	Forecast
Receipts													
Retail/Web Sales	248,919	216,190	219,048	213,333	215,238	231,429	228,571	229,524	210,571	198,095	206,667	215,238	2,632,824
GST Received	12,446	10,810	10,952	10,667	10,762	11,571	11,429	11,476	10,529	9,905	10,333	10,762	131,641
Other													0
Total Receipts	261,365	227,000	230,000	224,000	226,000	243,000	240,000	241,000	221,100	208,000	217,000	226,000	2,764,465
Disbursements													
Payroll & Taxes	80,816	61,193	71,754	60,980	71,110	61,100	71,110	61,100	71,110	61,100	70,110	61,100	802,583
GST	-	-	-	-	50,000	-	-	-	-	-	-	-	100,000
Freight	13,000	13,000	10,000	10,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	142,000
Store Rent	-	-	-	149,295	-	-	46,000	-	149,295	-	-	-	298,590
Head Office Rent	-	46,000	71,000	-	-	-	-	-	-	-	46,000	-	138,000
Offshore Purchases	5,186	-	-	-	20,000	-	-	-	-	-	-	-	96,186
Trade Payables	8,152	15,000	-	18,000	6,500	29,000	10,000	13,000	8,000	10,000	13,000	16,000	146,652
Other	10,535	13,500	-	28,000	-	8,000	10,000	2,000	28,000	1,805	5,000	3,000	109,840
Total Disbursements	117,690	148,693	152,754	266,275	159,610	110,100	149,110	88,100	268,405	84,905	146,110	142,100	1,833,852
Operating Cash Flow	143,675	78,307	77,246	(42,275)	66,390	132,900	90,890	152,900	(47,305)	123,095	70,890	83,900	930,613
One-Time Costs													
Legal/Trustee Fees		18,547			25,000	27,000	25,000	25,000	20,000	20,000		20,000	135,547
Professional Fees	22,011					20,000							87,011
Woodland - Environ.	40,766					48,000				50,000			138,766
Total One-Time	62,777	18,547	0	0	25,000	95,000	25,000	25,000	20,000	70,000	0	45,000	386,324
Beg. Line Bal.	(852,663)	(771,764)	(712,005)	(634,759)	(677,034)	(635,644)	(597,744)	(531,854)	(403,954)	(471,259)	(418,164)	(347,274)	(852,663)
Net Cash Flow	80,898	59,760	77,246	(42,275)	41,390	37,900	65,890	127,900	(67,305)	53,095	70,890	38,900	544,289
Ending Line Bal.	(771,764)	(712,005)	(634,759)	(677,034)	(635,644)	(597,744)	(531,854)	(403,954)	(471,259)	(418,164)	(347,274)	(308,374)	(308,374)
LOC MAXIMUM	1,025,000	850,000	700,000	700,000	675,000	650,000	600,000	525,000	500,000	475,000	425,000	400,000	

Please Mum
Cash Flow Assumptions

Web and Retail Store

- Sales are based on 13 stores and web store
- Plan is based on current inventory levels and mix as well as the addition on new inventory to be purchased in Week 3 of September and be in stores Week 2 of October.

Headcount

- Minimal head office headcount to maintain baseline operations
- Reduced core Head office staff to 8; Warehouse supervision to 2; Web operations to 3
Retail support to 1; Field directors will move to stores and will not exceed displaced managers salary costs.

Operating Expenses

- Payment of all post-filing operating expenses including lease costs, freight, phone, internet, etc.

Priority Payments

- Payment of all priority payments including source, partial GST and payroll
- Total outstanding GST due for May, June & July totals \$352,849 and will be deferred. August GST payment \$50K to be made (on time) on October 3rd.
An additional payment of \$50K will be made in the 3rd week of November to be applied against September remittance.

Other

- \$138K of environmental expenses to Keystone
- RBC's ongoing support substantially based on present credit availability
- \$222K of legal & professional fees
- As mentioned above, \$71K worth of offshore purchases through one vendor on a special deal (\$20K in duty and freight to be paid 10 days later).