

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)
(IN BANKRUPTCY AND INSOLVENCY)**

**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 AND ARRANGEMENT
OF SAAN STORES LTD. - LES MAGASINS SAAN LTÉE**

**NINTH REPORT OF THE MONITOR
(Dated as of May 21, 2008)**

1. This is the Ninth Report prepared by Mintz & Partners Limited (the "**Monitor**"), in its capacity as the monitor of SAAN Stores Ltd. – Les Magasins SAAN Ltée ("**SAAN**" or the "**Company**") appointed pursuant to section 11.7 of the *Companies' Creditors Arrangement Act* (the "**CCAA**") by an Order of the Honourable Justice Morawetz dated December 28, 2007 (the "**Filing Date**") and the Amended and Restated Initial Order dated December 28, 2007 (the "**2007 CCAA Order**").
2. The Purpose of this Ninth Report is to:
 - i) advise the Court regarding a correction to the Company's actual cash flow results that were previously filed with this Court; and
 - ii) file with the Court the revised security opinion concerning the security held by 6301553 Canada Inc. ("**630**").
3. In preparing this Ninth Report, the Monitor has relied upon financial and other information provided by SAAN and on information contained in SAAN's financial records. The Monitor has not audited or independently verified the information provided by SAAN or contained in SAAN's financial records. Capitalized terms used in this Ninth

Report and not otherwise defined herein have the meanings given to them in the 2007 CCAA Order, the Company's Plan of Compromise or Arrangement dated March 28, 2008 or the Sales Process Order dated May 6, 2008.

I. Correction to Actual Cash Flow Results

4. In its Seventh Report to the Court dated as of May 9, 2008, the Monitor reported that SAAN had prepared a revised cash flow forecast for the period ending June 1, 2008 (the "**Revised Cash Flow Forecast**") that did not provide for any purchases during the forecast period nor did it provide for the payment of any post-Filing Date accounts payable. A copy of the Revised Cash Flow Forecast was attached as Appendix "A" to the Seventh Report.
5. The Revised Cash Flow Forecast included actual results for the four weeks ended May 4, 2008 (the "**Actual Results Period**"). The Monitor has recently been advised by the Company that cheques totaling approximately \$790,000 that were recorded as disbursements for the Actual Results Period had in fact not been released by the Company. The Company has advised that these cheques were generated by the Company's accounts payable/disbursement system during the period April 22 through May 2, 2008 which prints cheques based on the payment due date for the related invoice(s). While the Company has advised that it had intended to release these cheques, and consequently recorded these cheques as actual disbursements, the lack of available funds commencing during the week of May 5, 2008 necessitated that these cheques not be released.
6. While the Monitor is not aware of any impact this correction may have on the Company's CCAA proceedings, the Monitor is reporting this correction in order that the Court and other interested parties have this information in the event they are relying on the Revised Cash Flow Forecast for their purposes.

II. Revised Security Opinion for 6301533 Canada Inc.

7. At the meeting of creditors held on May 2, 2008 to consider the Company's Plan of Compromise or Arrangement dated March 28, 2008 (as subsequently amended), the Monitor distributed a Supplemental Report to Creditors at that meeting which advised that the Monitor's counsel, Kronis, Rotsztain, Margles, Cappel ("KRMC"), had issued a revised security opinion in regards to the security interest held by 630. The revised security opinion has not to date been filed with the Court and the Monitor is filing that opinion with the Court at this time. A copy of the revised opinion is attached as **Appendix "A"** to this report.

8. The revised opinion states that 630 does have properly perfected security interests in respect of the general security agreement and hypothec, arising out of an earlier financing statement that was registered by a prior secured party and whose security position was subsequently assigned to 630.

ALL OF WHICH is respectfully submitted this 21th day of May, 2008

MINTZ & PARTNERS LIMITED in its capacity
as the Monitor of SAAN Stores Ltd. – Les
Magasins SAAN Ltée and not in its personal
capacity

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