

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

**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 INTERTAN CANADA LTD.
AND TOURMALET CORPORATION**

APPLICANTS

FOURTEENTH REPORT OF THE MONITOR

ALVAREZ & MARSAL CANADA ULC

July 9, 2010

INTRODUCTION

1. By Order of this Honourable Court dated November 10, 2008, as subsequently amended and restated on December 5, 2008 (the "Initial Order"), InterTAN Canada Ltd. ("InterTAN") and Tourmalet Corporation ("Tourmalet" and together with InterTAN, the "Applicants") obtained protection from their creditors under the *Companies' Creditors Arrangement Act* (the "CCAA") and Alvarez & Marsal Canada ULC ("A&M") was appointed monitor of the Applicants (the "Monitor"). These proceedings are referred to herein as the "CCAA Proceedings".
2. Concurrent with the commencement of the CCAA Proceedings, the Applicants' ultimate parent company, Circuit City Stores, Inc. ("Circuit City"), and certain of its U.S. affiliates (collectively, the "U.S. Debtors"), commenced proceedings under Chapter 11, Title 11 of the *United States Code* (the "U.S. Bankruptcy Code"). These proceedings are referred to herein as the "Chapter 11 Proceedings".
3. The Monitor will be bringing a motion returnable July 16, 2010, seeking, *inter alia*, (a) an Order approving a distribution of proceeds to those creditors of the Applicants whose claims have been resolved since the distributions described in the Monitor's Thirteenth

Report and the distribution to Thimens Industrial Development Corp. Ltd. authorized by the Order of the Honourable Justice Morawetz dated April 26, 2010 (the “Third Distribution Order”); (b) an Order that Appendix “A” to the Fourteenth Report be treated as confidential, sealed and not form part of the public record, pending further Order of this Court; and (c) an Order approving this report (the “Fourteenth Report”) and the actions and activities of the Monitor described herein. The Monitor also seeks to update this Honourable Court regarding the potential French tax liability referred to in the Monitor’s Twelfth and Thirteenth Reports.

4. The purpose of the Fourteenth Report is to provide the Court and the Applicants’ stakeholders with information concerning the Monitor’s motion. For the reasons discussed below, the Monitor respectfully recommends that the Court grant the relief requested by the Monitor.
5. All terms not otherwise defined herein shall have the meanings ascribed to them in the Monitor’s previous reports.

TERMS OF REFERENCE

6. In preparing this report, the Monitor has relied upon unaudited financial information, InterTAN’s books and records, financial information prepared by InterTAN and its advisors, and discussions with management of InterTAN and its advisors. The Monitor has not audited, reviewed, or otherwise attempted to verify the accuracy or completeness of the information and, accordingly, the Monitor expresses no opinion or other form of assurance on the information contained in this report.
7. Certain of the information referred to in this report may consist of or include forecasts and/or projections. An examination or review of financial forecasts and projections, as outlined in the Canadian Institute of Chartered Accountants Handbook, has not been performed. Readers are cautioned that since projections are based upon assumptions about future events and conditions that are not ascertainable, actual results will vary from the projections, even if the assumptions materialize, and the variations could be significant.

8. The Monitor has requested that the Applicants and Post-Closing Officer, Ms. Katie Bradshaw, bring to its attention any significant matters that were not addressed in the course of its specific inquiries. Accordingly, this report is based solely on the information (financial or otherwise) made available to the Monitor. All references to dollars in this report are in Canadian currency unless otherwise noted.

BACKGROUND

9. InterTAN was a leading specialty retailer of consumer electronics in Canada and was the operating Canadian subsidiary of the U.S.-based electronics retailer Circuit City. Tourmalet is a Nova Scotia unlimited liability company that is an indirect, wholly-owned subsidiary of Circuit City. Tourmalet is a non-operating holding company whose sole asset is the preferred stock of InterTAN, Inc., which is the sole shareholder of InterTAN. Circuit City is the Applicants' ultimate parent company. Further background to InterTAN, Tourmalet and Circuit City is contained in the materials filed relating to the Initial Order, including the Affidavit of Mark Wong sworn November 10, 2008. These documents, together with other information regarding the CCAA Proceedings, including the Initial Order and supporting affidavit, have been posted by the Monitor on its website at www.alvarezandmarsal.com/intertan.
10. On November 10, 2008, the U.S. Debtors commenced the Chapter 11 Proceedings in the United States Bankruptcy Court for the Eastern District of Virginia (the "U.S. Bankruptcy Court"). The U.S. Debtors have subsequently commenced and substantially completed a liquidation of their assets and property in the Chapter 11 Proceedings. A hyperlink to information concerning the U.S. Debtors' restructuring and liquidation can be found at www.kccllc.net.
11. Additional background information can be found in the prior reports submitted by the Monitor to this Honourable Court.

ADMINISTRATION AND WIND-DOWN OF THE APPLICANTS POST-CLOSING

12. As previously reported by the Monitor, the Sale Transaction with the Purchaser closed with effect as of 12:01 a.m. on July 1, 2009.

13. By Order dated December 7, 2009 (the “First Distribution Order”), this Honourable Court authorized and directed the Monitor to distribute, from the proceeds of the Sale Transaction and other amounts received by or owing to InterTAN that were in the Monitor’s possession, the total amount of \$11,672,749.48 to those creditors and in the amounts set forth in Schedule “A” to the First Distribution Order, which amounts included interest on such claims calculated at a rate of 5% per annum on the basis proposed in the Monitor’s Eleventh Report.
14. As described in the Twelfth Report, the Monitor made the distributions authorized by the First Distribution Order by mailing cheques to those creditors on December 15, 2009.
15. By Order dated January 29, 2010 (the “Second Distribution Order”), this Honourable Court authorized and directed the Monitor to distribute the further amount of \$5,784,906.66 to those creditors and in the amounts set forth in Schedule “A” to the Second Distribution Order. These distributions were for payment of those claims that had been resolved since the First Distribution Order, which amounts included interest on such claims calculated at a rate of 5% per annum on the basis proposed in the Monitor’s Twelfth Report.
16. Paragraph 5 of the Second Distribution Order also provided that the Monitor was authorized and directed to make distributions to resolve the seventeen remaining claims, provided that the payment was for an amount less than the high end of the range for each such claim contained in Schedule “B” to the Second Distribution Order and provided that InterTAN, the Purchaser and the claimant agreed in writing to the payment amount.
17. As described in the Thirteenth Report, the Monitor made the distributions specifically authorized by the Second Distribution Order by mailing cheques to those creditors on February 3, 2010. As further described in the Thirteenth Report, the Monitor also subsequently made distributions to an additional ten claimants within the ranges specified in Schedule “B” to the Second Distribution Order in the total amount of \$5,235,697.26, inclusive of interest calculated at a rate of 5% per annum.

18. By Order dated April 26, 2010 (the “Third Distribution Order”), this Honourable Court also authorized the Monitor to distribute the further amount of \$207,706.62 (inclusive of interest calculated at a rate of 5% per annum) to Thimens Industrial Development Corp. Ltd. (“Thimens”), which amount was outside of the range specified in Schedule “B” to the Second Distribution Order. The Monitor made the distribution to Thimens by mailing a cheque to Thimens on April 30, 2010.

UPDATE ON CLAIMS PROCESSES

19. At the time that the Third Distribution Order was issued, the remaining unresolved and disputed claims consisted of four Pre-Filing Claims in the total face amount of \$3,329,764.67 and two Post-Filing Claims in the total face amount of \$620,210.04.
20. Since the Third Distribution Order was issued, the Monitor has resolved five of the remaining six claims, as follows:

Claimant	Admitted Principal	Interest (5%)	Total
Pre-Filing Claims			
Mitac Digital Corp.	\$849,994.64	\$71,842.01	\$921,836.65
PRG-Schultz Canada Corp.	\$140,358.21	\$11,863.15	\$152,221.36
The Priestman Electronics Corporation	\$50,775.12	\$4,291.54	\$55,066.66
Videotron Ltd.	\$248,853.62	\$21,033.24	\$269,886.86
Post-Filing Claims			
Brendan Moore & Associates Ltd.	\$47,505.43	\$3,104.12	\$50,609.55
Total	\$1,337,487.02	\$112,134.06	\$1,449,621.08

21. The only remaining outstanding claim is the claim of Revenu Québec. Revenu Québec has asserted a post-filing claim in the amount of \$572,704.61. The Applicants and the Monitor are continuing to work with Revenu Québec and the Purchaser to reconcile and attempt to resolve this remaining claim.

22. All of the claims noted in paragraph 20 were resolved for an amount less than the high end of the range for each such claim contained in Schedule “B” to the Second Distribution Order. However, given the potential French tax liability facing the Applicants described below, the Monitor is seeking the Court’s approval of any further distributions. Appendix “A” to this Report, which is confidential and for which the Monitor will seek a sealing order, has been provided to give this Honourable Court comfort that, subject to exchange rate fluctuations and other factors, the Monitor should have sufficient funds to make these distributions, even in light of the potential French tax liability.

POTENTIAL FRENCH TAX LIABILITY

23. As reported in the Twelfth and Thirteenth Reports, InterTAN has a subsidiary company located in France that has not operated for more than 10 years. The Monitor learned on April 16, 2010 that there was also a branch office of InterTAN in France. It appears that the subsidiary and the branch were not formally wound up after operations ceased. In connection with the winding up of the Applicants’ operations, InterTAN may need to wind-up its French branch and subsidiary, which may result in potential tax liabilities to the French taxing authorities. The Monitor has been advised that InterTAN has received legal advice, from a French law firm, that it could be held directly liable under French tax law for any taxes assessed by the French authorities. The Monitor understands that the Company and the Unsecured Creditors’ Committee in the Chapter 11 Proceedings are working towards a resolution of the potential French tax liability. The Monitor has also engaged French counsel to help it assess this potential liability.
24. Attached to this Report as a separate confidential Appendix is a summary of the assessment of the potential French tax liability, which illustrates the different possible scenarios and corresponding potential liabilities, based on the advice provided by InterTAN’s French counsel. Also contained in the confidential Appendix is a chart illustrating a proposed equity distribution if the worst-case potential French tax liability ultimately were to transpire. This chart illustrates that, even if the worst-case scenario transpires, subject to exchange rate fluctuations and other factors, the Monitor should have sufficient funds to pay out the remaining Pre-Filing and Post-Filing Claims

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(including interest) and professional fees. The Monitor seeks to have this Appendix treated as confidential, sealed and not form part of the public record. The Appendix to the Monitor's Fourteenth Report contains privileged and sensitive confidential information. It discloses estimates of potential French tax liabilities and of potential equity distributions to the shareholder of InterTAN. The Monitor believes that disclosure of these numbers could prove prejudicial to the estate, particularly in attempting to deal with the French tax liabilities. Disclosure presents a serious risk to an important interest and there are no reasonable alternative measures that will prevent the risk. Moreover, the salutary effects of the order sought outweigh any deleterious effects as no third party has a legitimate expectation to review the privileged advice received by InterTAN or the Monitor and those who might be curious would be prejudicing the opportunities of themselves and others with economic interests in the estate to receive additional proceeds.

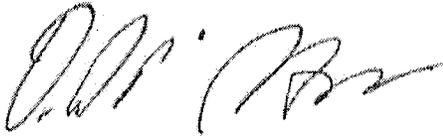
MONITOR'S RECOMMENDATION

25. For the foregoing reasons, the Monitor respectfully recommends and requests that:
- (i) the distributions described in paragraph 20 hereof be approved;
 - (ii) Appendix "A" to the Fourteenth Report be treated as confidential, sealed and not form part of the public record, pending further Order of this Court; and
 - (iii) this Fourteenth Report and the activities of the Monitor described herein be approved.

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ALL OF WHICH IS RESPECTFULLY SUBMITTED at Toronto, Ontario this 9th day of July, 2010.

ALVAREZ & MARSAL CANADA ULC
in its capacity as Court appointed Monitor of
InterTAN Canada Ltd. and Tourmalet Corporation



Per:

Name: Douglas R. McIntosh
Title: Managing Director
I have the authority to bind the corporation

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

Proceeding commenced at Toronto

FOURTEENTH REPORT OF THE MONITOR

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