

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

TWELFTH REPORT OF THE MONITOR

ALVAREZ & MARSAL CANADA ULC

January 26, 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* ("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 January 29, 2010, seeking, *inter alia*, (a) an Order extending the Stay Period, as defined in the Initial Order and as subsequently

extended, from January 31, 2010 to April 30, 2010; (b) an Order approving a distribution of proceeds to those creditors of the Applicants whose claims have been resolved since the distribution authorized by the Order of the Honourable Justice Morawetz dated December 7, 2009 (the "First Distribution Order"); (c) an Order authorizing the Monitor to distribute proceeds to the remaining creditors of the Applicants as and when their claims are resolved consensually, but otherwise directing the Monitor to retain all proceeds pending further order of the Court; and (d) an Order approving this report (the "Twelfth Report") and the actions and activities of the Monitor described therein.

4. The purpose of the Twelfth 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. Michelle Mosier, 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.
9. All references to dollars in this report are in Canadian currency unless otherwise noted.

BACKGROUND

10. 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.
11. 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.
12. 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

13. 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.
14. As reported in the Eleventh Report of the Monitor dated November 30, 2009 (the "Eleventh Report"), a copy of which (without exhibits) is attached hereto as **Exhibit "A"**, the Monitor recommended the distribution, from the proceeds of the Sale Transaction and other amounts received by or owing to InterTAN that were in the Monitor's possession, of \$11,672,749.48 in aggregate to creditors 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 Eleventh Report.
15. As at January 21, 2010, the Monitor was holding, in trust, the total amount of \$90,434,192, representing the balance of the proceeds of the Sale Transaction and other amounts received by or owing to InterTAN, after the distribution of \$11,672,749.48 referenced above.
16. The Monitor is also holding, as escrow agent, the further amount of \$34,950,000 (the "Escrow Amount"), which Escrow Amount is being held pursuant to the escrow agreement dated February 23, 2009, and is to be dealt with in accordance with Section 2.7 of the APA. As reported in the Tenth Report of the Monitor dated October 21, 2009 (the "Tenth Report") and the Eleventh Report, there is an ongoing dispute among InterTAN and the Purchaser over the calculation of the Closing Date Financial Statement under Section 2.7 of the APA. The parties have been discussing potential resolutions to some or all of the matters in dispute and have agreed to further extend the date after which any unresolved dispute must be referred to arbitration to February 5, 2010.
17. The Monitor continues to be apprised by the Applicants and their advisors of the ongoing discussions with the Purchaser regarding the Closing Date Financial Statement and will continue to report upon this matter to the Court. Pending resolution of these matters, the Monitor will continue to hold the Escrow Amount.

UPDATE ON CLAIMS PROCESSES

18. Further to the First Distribution Order, the Monitor made distributions in the total amount of \$11,672,749.48 as described in paragraph 14 above by mailing out cheques on December 15, 2009. These distributions, together with the revisions and disallowances issued by the Monitor in the Claims Process, resolved 527 of the total 598 Pre-Filing and Post-Filing Claims filed with the Monitor.
19. After the revisions and disallowances described in the Eleventh Report, and taking into account “Additional Pre-Filing Claims”¹ and “Restructuring Claims”² filed after November 30, 2009, the following 71 claims remained to be administered: (i) 61 “Pre-Filing POCs”³ totalling \$21,017,963.79 in claims; (ii) 3 Additional Pre-Filing Claims totalling \$15,138.00; and (iii) 7 Restructuring Claims totalling \$773,604.49 (collectively, the “Remaining Claims”). Pursuant to the terms of the Claims Process Order, 60 of the 61 Pre-Filing POCs (totalling \$20,793,934.19) were potentially subject to full or partial set-off against post-filing accounts receivable, and which accounts receivable have been the subject of extensive discussions between InterTAN, the Purchaser and the Monitor as part of the discussions related to the Closing Date Financial Statement referred to in paragraph 16.
20. An approach was agreed to among InterTAN, the Purchaser and the Monitor such that the Monitor issued Notices of Allowance or Revision or Notices of Disallowance for 60 of the 61 remaining Pre-Filing POCs on or before December 15, 2009. These Notices of

¹ As defined in the Tenth Report: Any claim by a Claimant who had commenced litigation against an Applicant prior to November 10, 2008 but who did not receive a Pre-Filing Claims Package.

² As defined in the Tenth Report: Any claim that arose on or following November 10, 2008 arising from or caused by the repudiation by an Applicant of any contract, lease or other agreement, whether written or oral, as part of these CCAA proceedings, or caused by any other step of the Applicants taken as part of these CCAA proceedings.

³ As defined in the Tenth Report: Pre-Filing Proofs of Claim.

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Allowance or Revision or Notices of Disallowance effected a set-off of pre-filing and post-filing accounts receivable owing by the claimants to InterTAN, and were as follows:

- (i) The Monitor delivered 6 Notices of Disallowance disallowing, in their entirety, Pre-Filing POCs totalling \$687,666.87; and
 - (ii) The Monitor delivered 54 Notices of Allowance or Revision effectively allowing \$11,139,029.23 from Pre-Filing POCs totalling \$20,106,267.32, and thereby disallowing \$8,967,238.09.
21. The Monitor received a total of 18 Notices of Dispute in respect of its determination of Pre-Filing POCs with a face amount of \$12,632,212.18 in aggregate that were revised by the Monitor to account for the set-off of pre-filing and post-filing receivables to an aggregate claims amount allowed of \$6,264,177.30. Of the aggregate claims amount disallowed of \$6,368,034.88, Notices of Dispute were received with respect to \$3,601,475.27 of such claims.
22. The time for delivering a Notice of Dispute has otherwise expired for all of the other Pre-Filing POCs, such that all remaining Pre-Filing POCs have been determined, other than (i) the Disputed Claims (as herein defined), and (ii) 1 remaining Pre-Filing POC to be administered, the determination of which depends on the successful application or realization of other set-offs.
23. With respect to the 18 claimants noted in paragraph 21 above who have filed Notices of Dispute, the Monitor, with the input and assistance of the Applicants and the Purchaser, has continued to attempt to consensually resolve each of the claims in dispute (the "Disputed Claims"). To date, 4 such disputes have been consensually resolved such that 14 Disputed Claims remain. If these Disputed Claims cannot be resolved, the Monitor will be required to refer the matters to the Claims Officer for determination.
24. The Monitor had the following dates set aside with the Claims Officer to deal with Disputed Claims: January 14, 15, 27, 28 and 29, 2010 and February 17 and 18, 2010. The January 14 and 15, 2010 dates were not utilized, and the Monitor has since advised

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the Claims Officer that the January 27, 28 and 29, 2010 dates will not be used, but the Monitor still has the February dates available.

25. Further, since the Eleventh Report, the Monitor has (i) allowed the 3 Additional Pre-Filing Claims for a total of \$15,138.00; (ii) allowed 3 of the Restructuring Claims for a total of \$27,120.16; and (iii) disallowed 1 of the Restructuring Claims for \$572,704.61, which disallowance is in dispute. There remain 3 Restructuring Claims to be administered, plus the resolution of the aforementioned dispute.
26. In summary, with respect to the 71 total claims remaining to be determined after the First Distribution, as of the date hereof and including disputes already resolved, the Monitor and the Applicants:
 - (a) have allowed a further total of \$5,292,567.82 from the Pre-Filing POCs (comprised of 41 claims);
 - (b) have disallowed on an undisputed basis a further total of \$595,470.63 from the Pre-Filing POCs (comprised of 5 claims);
 - (c) have 14 outstanding Disputed Claims, involving the disallowance of \$6,278,774.05 from the remaining Pre-Filing POCs (the amount of which \$3,558,430.48 has been disputed) with a face amount of \$12,145,993.33, which are pending resolution;
 - (d) have allowed a further total of \$42,258.16 from the Additional Pre-Filing and Restructuring Claims (comprised of 6 claims);
 - (e) have 1 outstanding disputed Restructuring Claim, involving the disallowance of a \$572,704.61 claim;
 - (f) have 3 Restructuring Claims in the face amount of \$168,803.24 which have yet to be administered as the Monitor is awaiting further information on each claim; and

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- (g) have 1 Pre-Filing POC in the amount of \$224,029.60 yet to administer as its administration depends upon the application of set-offs against other claims.

ADDITIONAL POTENTIAL LIABILITY

27. InterTAN has a subsidiary company located in France that has not operated for more than 10 years. It is not clear whether the French subsidiary was formally wound up after its operations ceased. If not, InterTAN may need to wind-up this subsidiary, in connection with the winding up of the Applicants' operations, which may result in potential tax liabilities to the French taxing authorities. InterTAN has received legal advice that, as a shareholder of the French subsidiary, it could be held directly liable under French tax law for any taxes assessed by the French authorities. The Applicants have retained PricewaterhouseCoopers ("PWC") to conduct an analysis of the potential tax implications. PWC has advised that the amount of the potential tax exposure will depend on how certain matters are finally determined. The Monitor will report further as this tax matter is addressed.

INTERIM DISTRIBUTION

28. As noted above, the Monitor has allowed and/or admitted a further total of 47 claims for a total of \$5,663,843.26. Attached hereto as **Exhibit "B"** is a schedule setting out the name of each claimant whose Remaining Claim has been fully administered, the amount of their allowed or otherwise admitted claim in the Claims Process, and whether the claim is a pre-filing claim or a post-filing claim. As of the date of this Twelfth Report, only the 14 Disputed Claims referenced in paragraph 23, 1 remaining Pre-Filing POC and 4 Restructuring Claims remain to be resolved (the remaining 5 claims have been disallowed without dispute). If all of the outstanding disputes or claims are successful (i.e. each creditor's position prevails), the total amount payable by the estate would be \$10,391,187.21 plus interest at 5% to the date of payment. If all of those disputes or claims fail (i.e. InterTAN's position prevails), the total amount payable by the estate would be \$5,129,284.70 plus interest at 5% to the date of payment. Accordingly, the range of potential amounts payable in connection with the 19 Remaining Claims is

between \$5,129,284.70 and \$10,391,187.21, plus interest, as set out in **Exhibit "C"**. As noted in the Eleventh Report, although there is a potential liability on account of the French subsidiary of InterTAN, the amount payable or potentially payable relating to the Remaining Claims, post-filing claims, foreign tax issues and professional fees and other costs is expected to be well below the amount being held by the Monitor, as set out in paragraph 15 of this report. Accordingly, the Monitor remains of the view that the creditors of the Applicants should be paid 100% of their admitted or allowed claims in the Claims Process.

29. In light of the foregoing, and consistent with the First Distribution Order, the Monitor recommends that it be authorized and directed by this Honourable Court to make payment, by cheques to be issued no later than February 3, 2010, of the principal amounts owing to each of the 47 claimants identified in **Exhibit "B"**, together with interest thereon at a rate of 5% per annum for the period from: (a) in the case of a pre-filing claim, November 10, 2008 to February 3, 2010, and (b) in the case of a post-filing claim, the date on which such claim arose to February 3, 2010. **Exhibit "B"** also sets out the Monitor's calculation of interest on each claim on the basis of this recommendation. The total amount to be so distributed to such creditors is \$5,663,843.26, as detailed in **Exhibit "B"**.
30. As previously noted, the Monitor, with the assistance of the Applicants and the Purchaser, is attempting to consensually resolve the Disputed Claims. To avoid the costs that would be associated with a further motion concerning the Disputed Claims or the other 4 Remaining Claims whose administration is not complete, and to avoid delays in making distributions if and when any such Remaining Claims are resolved, the Monitor recommends that it be authorized and directed by this Honourable Court to make distributions on account of those 19 Remaining Claims if the resolution and related distribution in respect of any such Remaining Claim is (i) below the high end of the range specified for the claimant in **Exhibit "C"** hereto, and (ii) agreed to in writing by each of the claimant in question, the Monitor, InterTAN and the Purchaser, in which event the Monitor would be authorized to issue a cheque in payment of the settled or resolved claim, plus interest at 5% per annum from the later of November 10, 2008 or the date on

which the claim arose to the date of payment. The Monitor will, of course, report to the Court on the status or completion of payments on account of those 19 Remaining Claims in its next report to the Court.

31. The Monitor further recommends that it be authorized and directed to retain all remaining funds available for distribution pending further order of this Court.
32. In terms of a distribution of any surplus funds to the Applicants' shareholders, the Monitor understands that there are ongoing discussions between the Applicants and the Circuit City estate in the United States to discuss the most tax efficient manner of dealing with any such distribution. The Monitor further understands that the Applicants and Circuit City have sought an advance tax ruling from the Canada Revenue Agency ("CRA") as to their proposed manner of dealing with any such distribution, but CRA has not ruled as yet. The Monitor is not, at this time, seeking authority to make any distribution to the Applicants' shareholders.

EXTENSION OF STAY PERIOD

33. The Stay Period currently expires on January 31, 2010 and the Applicants are proposing that the Stay Period be extended to April 30, 2010.
34. As detailed above, the Monitor has made substantial progress in reviewing, reconciling and administering the Proofs of Claim filed in the Claims Processes. However, a number of Disputed Claims still remain to be determined, and the Monitor is assisting the Applicants in attempting to resolve their differences concerning the Closing Date Financial Statement.
35. The Monitor believes that the Applicants have been and continue to act in good faith and with due diligence in these CCAA Proceedings. The extension as sought is necessary in order to complete the final stages of the Claims Processes in order to allow for the expeditious distribution of the Sale Proceeds to the creditors and shareholders of the Applicants.

MONITOR'S OTHER ACTIVITIES

36. In addition to its work in administering the Claims Process, the Monitor has also provided assistance and support to InterTAN and the Purchaser in their efforts to resolve matters related to the Closing Date Financial Statement. In particular, the Monitor has provided assistance and support in attempting to reconcile and deal with post-filing accounts receivable, including by assisting with the preparation and issuance of letters to certain claimants whose post-filing obligations to InterTAN exceeded their claims against InterTAN based on InterTAN's books and records.
37. The Monitor and its counsel have also responded to enquiries from creditors and other stakeholders, participated in discussions concerning potential tax liabilities, and managed the appointments booked with the Claims Officer.

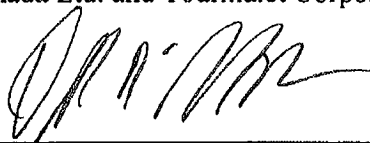
MONITOR'S RECOMMENDATION

38. For the foregoing reasons, the Monitor respectfully requests that:
- (i) the Stay Period be extended to April 30, 2010;
 - (ii) the interim distributions proposed herein be approved; and
 - (iii) this Twelfth Report and the activities of the Monitor described herein be approved.

ALL OF WHICH IS RESPECTFULLY SUBMITTED at Toronto, Ontario this 26th day of January, 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

IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF INTERTAN
CANADA LTD. AND TOURMALET CORPORATION

Court File No.: 08-CL-7841

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

Proceeding commenced at Toronto

TWELFTH REPORT OF THE MONITOR

GOODMANS LLP
Barristers & Solicitors
333 Bay Street, Suite 3400
Toronto, Canada M5H 2S7

L. Joseph Latham (LSUC# 32326A)
Hannah Arthurs (LSUC#55337O)

Tel: 416.979.2211
Fax: 416.979.1234

Lawyers for the Monitor

**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

ELEVENTH REPORT OF THE MONITOR

ALVAREZ & MARSAL CANADA ULC

November 30, 2009

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* ("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".

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3. This report (the "Eleventh Report") is prepared by the Monitor in support of the Monitor's motion to seek (a) directions from the Court to make an interim distribution of proceeds to all of those creditors whose claims have been allowed or admitted through the Claims Process (as herein defined) as at November 30, 2009, together with interest from November 10, 2008 to the date of payment; and (b) approval of this Report and of the fees and disbursements of the Monitor for the period April 26, 2009 to October 29, 2009, as well as its Canadian legal counsel, Goodmans LLP, for the period from April 27, 2009 to October 28, 2009, and its U.S. legal counsel, Allen & Overy LLP, for the period from April 27, 2009 to September 9, 2009.
4. All terms not otherwise defined herein shall have the meanings ascribed to them in the Monitor's previous reports.

TERMS OF REFERENCE

5. 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.
6. 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.
7. The Monitor has requested that the Applicants and Post-Closing Officer, Ms. Michelle Mosier, 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.

8. 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 reported in the Tenth Report of the Monitor dated October 21, 2009 (the "Tenth Report"), the Sale Transaction with the Purchaser closed with effect as of 12:01 a.m. on July 1, 2009. As at November 30, 2009, the Monitor is holding, in trust, the total amount

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of \$101,765,437.74, representing the balance of sale proceeds and other amounts received by or owing to InterTAN, all subject to distribution as may be directed by the Court.

13. The Monitor is also holding, as escrow agent, the further amount of \$34,950,000 (the "Escrow Amount"), which Escrow Amount is being held pursuant to the escrow agreement dated February 23, 2009, and is to be dealt with in accordance with section 2.7 of the APA. As reported in the Tenth Report, there is an ongoing dispute among InterTAN and the Purchaser over the calculation of the Closing Date Financial Statement under Section 2.7 of the APA. The parties have been discussing potential resolutions to some or all of the matters in dispute and have agreed to extend the date after which any unresolved dispute must be referred to arbitration. Discussions continue in this regard.
14. The Monitor continues to be apprised by the Applicants and their advisors of the ongoing discussions with the Purchaser regarding the Closing Date Financial Statement and will continue to report upon this matter to the Court. Pending resolution of these matters, the Monitor will continue to hold the Escrow Amount.

UPDATE ON CLAIMS PROCESSES

15. As reported in the Tenth Report, a total of 566 Pre-Filing Proofs of Claim (each a "Pre-Filing POC") totalling \$50.7 million were submitted under the Pre-Filing Claims Process Order, and an additional three (3) Pre-Filing POCs totalling \$14,053 were submitted under the Claims Process Order. As well, 23 Proofs of Claim totalling \$1.14 million were received on account of Restructuring Claims ("Restructuring POCs") under the Claims Process Order. No D&O Claims were received under the Claims Process Order.

(a) Pre-Filing Claims

16. Pursuant to the formal resolution process stipulated by the Claims Process Order, the Monitor has undertaken to deliver a Notice of Allowance or Revision or Notice of Disallowance (as each term is defined therein) (collectively, "Notices") in respect of each

Pre-Filing POC. To date, the Monitor has formally administered 508 of the 569 Pre-Filing POCs,¹ as follows:

- (i) The Monitor has delivered 335 Notices of Allowance or Revision allowing, in their entirety, Pre-Filing POCs totalling \$6,344,310.74;
 - (ii) The Monitor has delivered 144 Notices of Disallowance disallowing, in their entirety, Pre-Filing POCs totalling \$8,251,187.49, and
 - (iii) The Monitor has delivered 29 Notices of Allowance or Revision effectively allowing \$4,128,834.59 from Pre-Filing POCs totalling \$10,937,113.35, and disallowing \$6,808,278.76.
17. The Monitor, with the assistance of the Applicants, continues to work through the determination of the remaining 61 Pre-Filing POCs totalling \$21,017,963.79 in claims. Pursuant to the terms of the Claims Process Order, 60 of the remaining 61 Pre-Filing POCs (totalling \$20,793,934.19) may be subject to full or partial set-off against post-filing accounts receivable, and which accounts receivable have been the subject of extensive discussions between InterTAN, the Purchaser and the Monitor as part of the discussions related to the Closing Date Financial Statement referred to in paragraph 13. An approach has been agreed to amongst InterTAN, the Purchaser and the Monitor such that the Monitor expects to be able to issue Notices of Revision or Disallowance for all of the remaining Pre-Filing POCs on or before December 15, 2009. The Monitor will continue to report upon its progress in determining the remaining Pre-Filing POCs.
18. To date the Monitor has received eight (8) Notices of Dispute in respect of its determination of Pre-Filing POCs, disputing a total of \$6,277,108.45 in amounts claimed that were otherwise revised, and in two cases allowed, by the Monitor.

¹ This total includes three (3) additional Pre-Filing POCs received under the Claims Process Order and excludes the Star Choice Television Network Inc. Pre-Filing POC, which was ultimately withdrawn, all as reported in the Tenth Report.

19. The time for delivering a Notice of Dispute has otherwise expired for the 508 Pre-Filing POCs that have been determined.

(b) Post-Filing Claims

20. In addition, pursuant to the Claims Process Order, the Monitor has reviewed and administered 19 of the 23 Restructuring POCs received. The Monitor has delivered Notices allowing 15 of the Restructuring POCs totalling \$319,985.62 and disallowing four (4) of the Restructuring POCs, totalling \$62,262.33.
21. The deadline to file a Notice of Dispute for the Restructuring POC Claimants who received Notices of Disallowance expired on October 13, 2009. The deadline to file a Notice of Dispute for the Restructuring POC Claimants who received Notices of Allowance expired on November 10, 2009.
22. With the assistance of the Applicants, the Monitor continues to review and administer the remaining four (4) Restructuring POCs and expects to deliver the appropriate Notices of Disallowance or Notices of Allowance or Revision shortly.

(c) Notices of Dispute and Dispute Process

23. With respect to the eight (8) Claimants noted in paragraph 18 above who have filed Notices of Dispute, the Monitor, with the input and assistance of the Applicants, is attempting to consensually resolve each of the Claims in dispute (the "**Disputed Claims**"). However, if the Disputed Claims cannot be resolved, the Monitor will be required to refer the matters to the Claims Officer for determination.
24. The Monitor believes five (5) of the Disputed Claims, which were not litigation related, will be resolved between the parties without referral to the Claims Officer. Three (3) of the Disputed Claims were litigious in nature and accounted for \$6.31 million of the Disputed Claims.
25. Two (2) of the three (3) litigious Disputed Claims, with Pre-Filing POCs totalling \$5.43 million, involved wrongful dismissal type claims, together with other allegations, all of which InterTAN denied. An appointment was booked for November 20, 2009 before the

Claims Officer to discuss logistics for litigating the disputes within the Claims Process. The Monitor is pleased to report that these two (2) Disputed Claims were settled on November 20, 2009, resulting in the Monitor and InterTAN agreeing to accept claims totalling \$211,000 on account of these claims, in exchange for releases from the claimants for all other claims against all other parties involved with InterTAN. Documentation to effect that settlement is presently being finalized, and the releases will become effective as and when counsel for the claimants receives payment in respect of the claims as settled.

26. The remaining litigious Disputed Claim is for the amount of \$885,233 and relates to a dispute with a former franchisee of InterTAN. Despite discussions with a view to resolving this claim, no resolution has yet been reached, and a meeting has been booked with the Claims Officer to discuss this matter on December 4, 2009. The Monitor will report on this matter in subsequent reports.
27. Given the number of Pre-Filing POCs and Restructuring POCs that have yet to be determined, the Monitor has asked the Claims Officer to tentatively set aside January 14, 15, 27, 28 and 29, 2010 and February 17 and 18, 2010 as potential dates to deal with claims.

(d) **Summary**

28. In summary, as of the date hereof, the Monitor and the Applicants:
 - (a) have allowed pre-filing claims totalling \$10,599,990.63;
 - (b) have disallowed pre-filing claims totalling \$14,252,312.98;
 - (c) have advanced the supporting work but are waiting to finally determine Pre-Filing POC's totalling \$21,017,963.79 where the Pre-Filing POCs may be subject to full or partial set-off against post-filing accounts receivable;
 - (d) have one (1) Disputed Claim, involving the disallowance of \$799,233, which is pending resolution;

- (e) have allowed restructuring claims totalling \$319,985.62;
- (f) have disallowed restructuring claims totalling \$62,262.33; and
- (g) are in the process of administering four (4) Restructuring POC's totalling \$758,604.49.

ADDITIONAL POTENTIAL LIABILITY

29. InterTAN has a subsidiary company located in France that has not operated for more than 10 years. In connection with the winding up of the Applicants' operations, InterTAN will need to wind-up its French subsidiary, which may result in potential tax liabilities to the French taxing authorities. InterTAN has received legal advice that as a shareholder of the French subsidiary, it could be held directly liable under French tax law for any taxes assessed by the French authorities. The Applicants have retained PricewaterhouseCoopers ("PWC") to conduct an analysis of the potential tax implications. PWC has advised that the amount of the potential tax exposure will depend on how certain matters are finally determined. The Monitor will report further as this tax matter is addressed.

INTERIM DISTRIBUTION

30. As noted above, the Monitor has allowed and/or admitted a total of 378 claims for a total of \$10,919,976.25. Attached hereto as **Appendix "A"** is a schedule setting out the name of each such claimant, the amount of their allowed or otherwise admitted claim in the Claims Process, and whether the claim is a pre-filing claim or a post-filing claim. As well, as noted above, there are potentially a further 66 claims totalling approximately \$22.66 million yet to be administered, and a potential liability on account of the French subsidiary of InterTAN. In total, the amount payable or potentially payable on account of all pre-filing claims, post-filing claims and professional and other costs is likely less than \$35 million (and potentially substantially less, depending on the outcome of the administration of the remaining Pre-Filing POCs). However, as noted in paragraph 12, the Monitor is presently holding over \$100 million. InterTAN's tax and legal advisors do not expect that the potential tax exposure associated with the wind-up of the French

subsidiary would exceed or even materially erode the significant estimated minimum cash surplus of \$65 million referred to above. Accordingly, the creditors of the Applicants should be paid 100% of their admitted or allowed claims in the Claims Process.

(a) **Interest on Claims**

31. One of the Notices of Dispute received by the Monitor in the Claims Process was a dispute received from a claimant whose claim had been fully allowed, but who wished to have interest paid on the outstanding claim amount. A number of other creditors have made similar enquiries of the Monitor. There are no statutory provisions in the CCAA dealing with payment of interest in the event that there is a surplus after payment in full of all claims against the debtor.
32. Section 143 of the *Bankruptcy and Insolvency Act* provides that, where there is a surplus after payment of claims, "it shall be applied in payment of interest from the date of the bankruptcy at the rate of 5% per annum on all claims proved in the bankruptcy and according to their priority". Section 95(2) of the *Winding-Up and Restructuring Act* also provides for interest at 5% per annum on all claims proved in a winding-up and according to their priority, where there is a surplus. These two provisions are both instructive in terms of the potential quantum of interest payable in this matter. Another point of reference would be the amount of post-judgment interest which would be payable under the *Courts of Justice Act* ("CJA"), assuming that there had been a judgment in favour of each claimant on the date the Applicants filed their CCAA application. In that regard, the post-judgment interest rate specified by section 127 of the CJA is 5% per annum for the fourth quarter of 2008, the time at which these proceedings were commenced.
33. It would therefore appear that the most reasonable interest rate to apply in this matter, based on other statutes and on litigation practice, is 5% per annum. Accordingly, the Monitor recommends that this Court approve the payment of interest on each allowed or admitted claim, calculated at a rate of 5% per annum on the basis set out in paragraph 34 below. This recommendation would apply not only to those claimants whose claims have already been allowed or determined in accordance with the Claims Process, but would

also apply to those claimants whose Pre-Filing POCs and Restructuring POCs have yet to be administered by the Monitor.

(b) **Interim Distribution**

34. In light of the amounts available for distribution and the amount of the allowed or potential claims, and in light of Justice Morawetz's endorsement dated October 26, 2009, a copy of which is attached hereto as **Appendix "B"**, the Monitor recommends that it be authorized and directed by this Honourable Court to make payment, by cheques to be issued no later than December 15, 2009, of the principal amounts owing to each of the claimants indentified in Appendix "A" together with interest thereon at a rate of 5% per annum for the period from: (a) in the case of a pre-filing claim, November 10, 2008 to December 15, 2009, and (b) in the case of a post-filing claim, the date on which such claim arose to December 15, 2009. Appendix "A" also contains the Monitor's calculation of interest on each claim on the basis of this recommendation. The total amount to be so distributed is \$11,515,924.42, as detailed in Appendix "A".
35. The Monitor further recommends that it be authorized and directed to retain all remaining funds available for distribution pending further Order of this Court. The timing of payments to the remaining claimants is dependent upon either the resolution of the Closing Date Financial Statement (referred to in paragraph 13 above) or the completion of the Claims Process, or both. However, the Monitor will issue notices of allowance and/or revision as soon as the matters in paragraph 13 are sufficiently agreed to by the parties.
36. In terms of distributions to the Applicants' shareholders of any surplus funds, the Monitor understands that there are ongoing discussions between the Applicants and the Circuit City estate in the United States to discuss the most tax efficient manner of dealing with any such distribution. The Monitor is not, at this time, seeking authority to make any distribution to the Applicants' shareholders.

APPROVAL OF THE MONITOR'S FEES

37. Pursuant to paragraph 27 of the Initial Order, the Monitor was authorized to engage independent legal counsel (among others) to assist with the exercise of its powers and the performance of its obligations.
38. In accordance with paragraphs 32 and 33 of the Initial Order, the Monitor and its legal counsel, Goodmans LLP (Canadian counsel) and Allen & Overy LLP (U.S. counsel), are to be paid their reasonable fees and disbursements at their standard rates and charges, and are required to pass their accounts from time to time. By Order dated June 2, 2009, a copy of which is attached hereto as **Appendix "C"**, the fees and disbursements of the Monitor and both sets of its legal counsel were approved for the periods set out in paragraphs 55 through 57 of the Monitor's Seventh Report.
39. During the period from April 26, 2009 to October 29, 2009, the Monitor expended a total of 1,909.25 hours in connection with this matter, giving rise to fees and disbursements totalling \$861,726.38 (inclusive of GST). Details of the hours spent, the hourly rates and total fees and disbursements of the Monitor for the period April 26, 2009 to October 29, 2009 are included in the Affidavit of Douglas R. McIntosh sworn November 30, 2009.
40. During the period from April 27, 2009 to October 28, 2009, Goodmans LLP expended a total of 426.90 hours in connection with this matter, giving rise to fees and disbursements totalling \$282,959.45 (inclusive of GST). Details of the hours spent, the hourly rates and total fees and disbursements of the Goodmans LLP for the period April 27, 2009 to October 28, 2009 are included in the Affidavit of Jay Carfagnini sworn November 26, 2009.
41. During the period from April 27 2009 to September 9, 2009, Allen & Overy LLP expended a total of 37.4 hours in connection with this matter, giving rise to fees and disbursements totalling U.S. \$13,850.50. Details of the hours spent, the hourly rates and total fees and disbursements of the Allen & Overy LLP for the period from April 27, 2009 to September 9, 2009 are included in the Affidavit of Ken Coleman sworn

November 30, 2009. Given the manner in which the U.S. proceedings have unfolded, the Monitor has asked Allen & Overy LLP to incur no further time or expense in monitoring the U.S. proceedings.

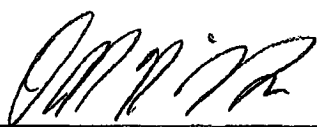
MONITOR'S RECOMMENDATION

42. For the foregoing reasons, the Monitor respectfully requests that:
- (i) the interim distribution proposed herein be approved, including the payment of interest as recommended in paragraph 34;
 - (ii) this Eleventh Report and the activities of the Monitor described herein be approved; and
 - (iii) the professional fees and disbursements of the Monitor and its legal counsel be approved.

ALL OF WHICH IS RESPECTFULLY SUBMITTED at Toronto, Ontario this 30th day of November, 2009.

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

IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF INTERTAN
CANADA LTD. AND TOURMALET CORPORATION

Court File No.: 08-CL-7841

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

Proceeding commenced at Toronto

ELEVENTH REPORT OF THE MONITOR

GOODMANS LLP
Barristers & Solicitors
250 Yonge Street, Suite 2400
Toronto, Canada M5B 2M6

L. Joseph Latham (LSUC# 32326A)
L. Butti (LSUC#47083W)

Tel: 416.979.2211
Fax: 416.979.1234

Lawyers for the Monitor

V5784183

**Exhibit "B" to the Twelfth Report of the Monitor
InterTAN Canada Ltd.
Schedule of Further Admitted Claims Through January 22, 2010
In Support of Second Distribution to be Made February 3, 2010**

No.	Claimant	Note: (1)	Notes: (2) (3)	Total
		Admitted Principal	Interest (5%)	
	Pre-Filing POCs			
1	Aastra Telecom Inc.	47,651.26	2,943.93	50,595.19
2	American Power Conversion Corporation	77,163.16	4,767.20	81,930.36
3	Audiovox Canada Ltd.	922,048.74	56,964.93	979,013.67
4	Belkin International Inc.	243,025.50	15,014.32	258,039.82
5	Bell Distribution Inc.	496,526.84	30,675.84	527,202.68
6	Borgfeldt (Canada) Ltd.	139,915.97	8,644.12	148,560.09
7	CD Doctor Inc.	17,945.02	1,108.66	19,053.68
8	Cogeco Cable Canada Inc.	177,656.87	10,975.79	188,632.66
9	Corel Corporation	1,132,591.83	69,972.45	1,202,564.28
10	Dantona Industries Inc.	11,022.29	680.97	11,703.26
11	Daymen Photo Marketing LP	10,555.40	652.12	11,207.52
12	D-Link Canada Inc.	46,810.38	2,891.98	49,702.36
13	Dorcy International Inc.	31,255.71	1,931.00	33,186.71
14	Dorel Industries Inc.	3,090.08	190.91	3,280.99
15	Energizer Canada Inc.	290,950.61	17,975.17	308,925.78
16	Eton Electronics Canada Ltd.	11,104.26	686.03	11,790.29
17	Gem-Sen Holding	31,486.75	1,945.28	33,432.03
18	Helium Digital Inc.	15,961.80	986.13	16,947.93
19	Ion Audio, LLC	14,282.63	882.39	15,165.02
20	K-G Packaging Inc.	15,930.43	984.20	16,914.63
21	Lectron Radio Sales Limited	18,982.80	1,172.77	20,155.57
22	Lenbrook Industries Ltd.	36,992.41	2,285.42	39,277.83
23	Microcel Corporation	156,011.62	9,638.53	165,650.15
24	Ministere de la Justice	638.00	39.42	677.42
25	Mitek Canada Distribution	53,989.28	3,335.50	57,324.78
26	North American Battery Company	121,235.83	7,490.05	128,725.88
27	Ottimo Creations Inc.	369,760.87	22,844.13	392,605.00
28	Overrunz International Inc.	119,092.89	7,357.66	126,450.55
29	Reuben Penner	7,500.00	463.36	7,963.36
30	Rias Ait Aneur	7,000.00	432.47	7,432.47
31	RLW Design (833137 Ontario Ltd.)	1,575.00	97.30	1,672.30
32	Scosche Industries Inc.	61,708.49	3,812.40	65,520.89
33	Senario LLC	136,833.00	8,453.66	145,286.66
34	Starcase Canada Inc.	33,680.03	2,080.78	35,760.81
35	Targus Canada Ltd.	15,636.26	966.02	16,602.28
36	Tessco Incorporated	7,045.55	435.28	7,480.83
37	Thomson Multimedia Ltd.	12,782.43	789.71	13,572.14
38	Ultralife Corporation	8,893.73	549.46	9,443.19
39	Unisource Canada Inc.	60,614.40	3,744.81	64,359.21
40	Vantage Point Canada Limited	4,249.67	262.55	4,512.22
41	Vestalife, LLC	2,692.49	166.34	2,858.83
42	Wade Antenna Inc.	1,291.10	79.77	1,370.87
43	Xantrex Technology Inc.	13,520.92	835.33	14,356.25
44	Yamaha Canada Music Ltd.	319,003.52	19,708.30	338,711.82
	Total	\$ 5,307,705.82	\$ 327,914.43	\$ 5,635,620.25

No.	Claimant	Note: (1)	Notes: (2) (3)	Total
		Admitted Principal	Interest (5%)	
	Restructuring POCs			
45	Claude Beaulieu	19,120.16	890.53	20,010.69
46	Graeme Thomas Durkin	2,500.00	72.95	2,572.95
47	Lies Malek	5,500.00	139.38	5,639.38
	Total	\$ 27,120.16	\$ 1,102.86	\$ 28,223.02
	GRAND TOTAL	\$ 5,334,825.98	\$ 329,017.28	\$ 5,663,843.26

Notes:

- (1) The principal amount of certain admitted claims relates to amounts owing to former employees for termination and severance compensation. The amounts to be distributed to these claimants will be net of all applicable statutory deductions and withholdings.
- (2) Interest on Pre-Filing POCs is calculated on the admitted claim amount at a rate of 5% per annum for the period November 10, 2008 to February 3, 2010.
- (3) Interest on Restructuring POCs is calculated on the admitted claim amount at a rate of 5% per annum for the period from the date the claim arose to February 3, 2010.

**Exhibit "C" to the Twelfth Report of the Monitor
InterTAN Canada Ltd.
Schedule of Range of Potential Claim Amounts to be Admitted for Claims that have not been Finally Determined**

No.	Claimant	Notes: (1) (2)	Notes: (1) (3)
		Low	High
Pre-Filing POCs			
1	Fidelity Electronics Inc.	33,060.94	36,404.11
2	Garmin USA, Inc.	3,309,475.77	3,615,931.97
3	Kodak Canada Inc.	54,656.07	170,545.70
4	Lexmark Canada Inc.	-	92,196.24
5	Mitac Digital Corp.	543,489.61	2,591,620.13
6	Monster Cable International Limited	336,267.88	408,637.46
7	Monster Technology International Limited	10,715.02	31,162.26
8	Motorola Canada Limited	316,487.14	643,191.23
9	Nokia Products Ltd.	13,277.59	444,755.97
10	PRG-Schultz Canada Corp.	-	224,029.60
11	Priestman Electronics Corporation (The)	59,817.94	81,485.53
12	Sennheiser (Canada) Inc.	43,391.89	55,037.18
13	Syntax-Brilliant Corporation	268,411.41	695,975.30
14	Verbatim Americas, LLC	122,260.63	146,953.41
15	Vidcotron Ltd.	17,972.81	411,753.27
Total		\$ 5,129,284.70	\$ 9,649,679.36
Restructuring POCs			
16	Brendan Moore & Associates Ltd.	-	47,505.43
17	Gaetan Gagnon	-	7,000.00
18	Ministry of Revenu Quebec	-	572,704.61
19	Thimens Industrial Development Corp. Ltd.	-	114,297.81
Total		\$ -	\$ 741,507.85
GRAND TOTAL		\$ 5,129,284.70	\$ 10,391,187.21

Notes:

- (1) Low and High claim amounts exclude interest. Interest on Pre-Filing POCs will be calculated on the admitted claim amount (once finally determined) at a rate of 5% per annum for the period November 10, 2008 to the date the claim is paid. Interest on Restructuring POCs will be calculated on the admitted claim amount (once finally determined) at a rate of 5% per annum for the period from the date the claim arose to the date the claim is paid.
- (2) The amounts shown in the Low end of the above range are the amounts reflected in the Notices of Revision or Disallowance issued to the Claimants by the Monitor, with the exception of Garmin International, Inc. and Nokia Products Limited, where the amounts reflected in the Notices of Dispute were less than the amounts reflected in the Notices of Revision.
- (3) The amounts shown in the High end of the above range are the amounts reflected in the Notices of Dispute received by the Monitor from the Claimants, with the exception of Garmin International, Inc. and Nokia Products Limited, where the amounts reflected in the Notices of Revision were greater than the amounts reflected in the Notices of Dispute.