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C A N A D A
PROVINCE OF QUEBEC
DISTRICT OF QUEBEC
COURT. No.:
OFFICE No.:

S U P E R I O R   C O U R T
Commercial Division

IN THE MATTER OF A PLAN OF ARRANGEMENT AND REORGANIZATION OF:

LE GROUPE SMI INC. / THE SMI GROUP INC., a corporation incorporated pursuant to the laws of Québec, having its head office at 740 Galt Street West, Sherbrooke, Québec, J1H 1Z3 and an elected domicile at 433, Chabanel Street West, 12th Floor, Montréal, Québec H2N 2J8.

– and –

LE GROUPE S.M. INC. / THE S.M. GROUP INC., a corporation incorporated pursuant to the laws of Québec, having its head office at 433, Chabanel Street West, 12th Floor, Montréal, Québec H2N 2J8.

– and –

CLAULAC INC., a corporation incorporated pursuant to the laws of Québec, having its head office at 433, Chabanel Street West, 12th Floor, Montréal, Québec H2N 2J8.

– and –

SMi CONSTRUCTION INC., a corporation incorporated pursuant to the laws of Québec, having its head office at 433, Chabanel Street West, 12th Floor, Montréal, Québec H2N 2J8.

– and –

ÉNERPRO INC., a corporation incorporated pursuant to the laws of Québec, having its head office at 433, Chabanel Street West, 12th Floor, Montréal, Québec H2N 2J8.

– and –

LE GROUPE S.M. INTERNATIONAL (CONSTRUCTION) INC. / S.M. INTERNATIONAL GROUP CONSTRUCTION INC., a corporation incorporated pursuant to the laws of Québec, having its head office at 433, Chabanel Street West, 12th Floor, Montréal, Québec H2N 2J8.

Debtors

– and –

THE ENTITIES LISTED IN APPENDIX "A"

Mises-en-cause

– and –

ALARIS ROYALTY CORP.
and
INTEGRATED PRIVATE DEBT FUND V LP.

Joint Applicants

– and –

DELOITTE RESTRUCTURING INC.
having a place of business at 1190 avenue des Canadiens-de-Montréal, Suite 500, Montréal, Québec H3B 0M7

Proposed Court-Appointed Monitor

FIRST REPORT TO THE COURT
SUBMITTED BY DELOITTE RESTRUCTURING INC.
IN ITS CAPACITY AS PROPOSED MONITOR ("PROPOSED MONITOR")
(Companies' Creditors Arrangement Act, R.S.C. 1985, c. C-36, as amended)

INTRODUCTION

1. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian dollars. Capitalized terms not otherwise defined are as defined in the Joint Application for an Initial Order ("**Motion**") under the Companies' Creditors Arrangement Act ("**CCAA**").

2. Unless otherwise stated, the Debtors and Mises-en-cause are also collectively referred to as the "**Company**".

3. This report is filed with this Honorable Court for the purpose of advising the Court in respect of a number of factual and procedural matters listed in paragraph 4 below, and to provide the Proposed Monitor's recommendations regarding the Initial Order proposed by the Joint Applicants (the "**Report**").

4. The topics covered in the Report include the following:

   (i) The Proposed Monitor's prior relationship with the Company;

   (ii) Deloitte's findings during its mandates granted by the Company;

   (iii) The business, financial affairs and financial results of the Company;

   (iv) The Company's main creditors;

   (v) The Company's cash flow forecast prepared by the CRO;

   (vi) Charges in the draft Initial Order;

   (vii) Key employee retention program ("**KERP**"); and

   (viii) The Proposed Monitor's conclusion and recommendations.

5. In preparing this Report, the Proposed Monitor has relied upon unaudited financial information, the Company's records, the Motion and previous discussions with the Management of the Company. While the Proposed Monitor has reviewed the information, some in draft format, obtained since he has been involved with the Company, the Proposed Monitor has not performed an audit or other verification of such information. Forward looking financial information included in the Report is based on assumptions regarding future events, and actual results achieved will vary from this information and the variations may be material.

THE PROPOSED MONITOR'S PRIOR RELATIONSHIP WITH THE COMPANY

6. The Proposed Monitor has provided extended services to the Company over the past year, as per the different mandates hereunder described.

7. On July 27, 2017, the Proposed Monitor has been first retained as financial advisor ("**First Mandate**") of the Company, with the consent of Alaris Royalty Corp. ("**Alaris**"), to provide support to the Company's Management on the following matters:

   (i) Review the consolidated financial situation of the Company at a recent date;
   (ii) Review the business plan for FY 2017 (including Bank covenants) prepared by Management;
   (iii) Assist Management to prepare and review the weekly cash flows with the objective to be self-sufficient (i.e. without requesting additional funding from Alaris);
   (iv) Weekly actual cash-flow compare to budget;
   (v) Review the monthly work in progress ("**WIP**") per project in order to identify potential losses;
   (vi) Comparison of the historical data project with budget; and,
   (vii) Monitor monthly expenses and related party payments including expenses incurred by Management.

   A copy of the First Mandate is included under seal as Appendix "B".

8. The First Mandate was provided, at the time, at the request of the Company to replace another financial advisor that was originally mandated. It is Deloitte's understanding that the Company was not satisfied by the work performed by the previous financial advisor such that it decided to replace it.

9. On January 12, 2018, Deloitte was then hired by the Company, again with the consent of Alaris, for a separate mandate (the "**Second Mandate**") consisting of assisting the Company with a potential transaction involving a raise of capital by SM, a refinancing or a divestiture (the "**Transaction**"). A copy of the Second Mandate is included under seal as Appendix "**C**".

10. As part of the Second Mandate, Deloitte mostly achieved the following tasks:

    (i) Deloitte first assessed and planned the anticipated go to market. To do so, Deloitte worked closely with the management of the Company, improving its understanding of the business and of its financials. From that planning phase, an overview of the Company was prepared ("**Teaser**") to be used to solicit initial interest in the Transaction, the assistance in the revision of SM financial model. A copy of the Teaser is included under seal as Appendix "**D**";

(ii) Deloitte then prepared, in collaboration with the Company, a confidential information memorandum ("**CIM**") intended for distribution and presentation to investors and purchasers providing sufficient detail and analysis about the business and the transaction opportunity to enable potential investors and purchasers to make an informed assessment as to their interest in participating in the Transaction to be circulated following the execution of the confidentiality agreement. A copy of the CIM is included under seal as Appendix "**E**";

(iii) Deloitte established with the Company a list of 110 potential investors and purchasers, including national and international engineering firms and financial investors (the "**Parties**");

(iv) Following the preparation of the different documents as well as the identification of the Parties, Deloitte launched on February 19, 2018 the sale process and contacted the Parties on a confidential basis to obtain confirmation of their interest in pursuing the Transaction. The interested parties executed a non-disclosure agreement, and then obtained all the information outlining the terms of the Transaction and the conditions to be fulfilled prior to closing. Over a period of 3 months, Deloitte solicited 110 Parties, and 27 of them executed confidentiality agreements. The CIM was circulated and Deloitte participated to discussions with the parties potentially interested in pursuing a Transaction. No lenders were included as part of the Parties as it was determined that equity investors were to be found prior to contacting potential lenders considering the difficult financial situation of the Company.

(v) Through that 3-month process, expressions of interest ("**EOI**") were received from only 3 potential investors. These EOI were declined because they did not meet the Company's expectations.

11. In addition to the above, the Second Mandate also included the support to a potential transaction that the Company/Management was contemplating at the date of the execution of the Second Mandate. Deloitte gave support in the event that the Company would come to an agreement on this potential transaction that would be satisfactory to all stakeholders including Alaris. This potential transaction ultimately never did go forward.

12. At the beginning of May 2018, Deloitte was made aware of the appointment of Alternative Capital Group ("**ACG**") as another financial advisor of the Company. Deloitte collaborated with ACG over the past months, but to our knowledge, no significant developments were made towards the identification of a potential transaction that would be agreeable to the Company.

13. On June 19, 2018, following a notice of default provided to the Company by Alaris, an amendment to the First Mandate was signed by the Company and Alaris. The amendment, further to the discovery of certain material payments (close to $900K over a period of six months) made to the Company's shareholder (some of which came out of an account that had not been disclosed to Deloitte), added the review and approval of all disbursements of any kinds by Deloitte before issuance. A copy of the amendment to the First Mandate is included under seal as Appendix "**F**".

14. At the beginning of July 2018, Paul Lafrenière was appointed as chief restructuring officer ("**CRO**") of the Company and Deloitte worked in collaboration with him over the past weeks.

15. On August 22nd, 2018, Deloitte was made aware of the filing by the Company of a motion to initiate proceedings under the CCAA. Despite its role as financial advisor of the Company and its role with the Company for over 12 months, Deloitte was never advised of the intent of the Company to initiate these formal restructuring proceedings, nor has it been consulted by the Company with respect to the proposed plan as part of these proceedings. Deloitte was further informed by the Company's counsel (or previous counsel) who had been advising the Company since Deloitte's implication pursuant to the First Mandate and by the CRO that they too had not made aware of these proceedings prior to their filing.

16. As of today, although the First Mandate (as amended) is still ongoing pursuant to its terms (and the Second Mandate has not been formally terminated although put aside by the Company due to the lack of interest to do a transaction), Deloitte has been advised by the Company on August 22nd to stop working on both mandates until further notice by the Company.

17. Deloitte is a trustee within the meaning of subsection 2(1) of the *Bankruptcy and Insolvency Act* (Canada).

18. The senior Deloitte professional personnel associated with this matter have acquired knowledge of the Company and its business through the First Mandate and the Second Mandate. Deloitte has spent time with Management understanding the operations, debt structure and intercompany arrangements as more fully described in this Report for the assistance of the Court. This mandate also included consultation with independent legal advisors. Deloitte is, therefore, in a position to act as court-appointed monitor of the Company in an efficient and diligent manner in the CCAA proceedings.

19. Deloitte is not subject to any of the restrictions on who may be appointed as Monitor set out in section 11.7(2) of the CCAA.

DELOITTE'S KNOWLEDGE OF THE COMPANY AND FINDINGS DURING ITS MANDATES

20. Through its implications in the Company as part of the First Mandate, Deloitte acquired a deep knowledge of the business and the operations of the Company. The Company had a history of growth and profitability a few years ago. However, in the recent years, the Company has faced new challenges affecting its profitability. The recent struggles partially resulted from the increased size and complexity of the corporate structure, with operations in several sectors and locations across different continents. Moreover, several contracts were unprofitable partially due to inaccurate pricing in quoted bids and to deficient project management and/or decreased employee productivity.

21. Deloitte reviewed the financial information of the Company. Deloitte realized that there were some serious issues with respect to the financial information provided, including namely with respect to the accounting policies regarding its accounts receivables and "work-in-progress". It is the understanding of Deloitte that this partly explains why the Company was unable to obtain audited financial statements from an external auditor since 2015.

22. Deloitte also reviewed the past cash flows of the Company. In this role, Deloitte identified liquidity issues and raised them with the Company, questioning certain disbursements (including related party disbursements) and proposing certain disbursements that could be avoided at first view. Although Deloitte recommended, on several occasions, that the Company, in light of its financial situation and liquidity issues, entered into an operational and financial restructuring, these recommendations were ignored by the Company. Management focus remained on the long-term perspective of total revenues rather than focusing on the profitability of the contracts and on the short-term critical issues faced by the Company, and on completing the transaction that was contemplated at the time of the Second Mandate. Therefore Deloitte has gained an in depth understanding of the cost-cutting measures that could quickly be implemented. Moreover, the CRO also provided additional insights and recommendations on the most critical challenges faced by the Company.

THE BUSINESS, FINANCIAL AFFAIRS AND FINANCIAL RESULTS OF THE COMPANY

23. The main head office of the Company is located at 433, Chabanel Street West, 12th Floor, Montréal, Québec H2N 2J8. Founded in 1972, the Company was initially specialized in earth sciences and quality control contracts. Over time, the Company expended significantly, following organic growth and several acquisitions. The Company is now composed of a numbers of different entities, with operations in more than 35 countries. About 700 unionized employees, subject to seasonality and activities, are working for the Company. In addition, more than 400 qualified engineers and professionals non-unionized are working across the companies.

24. Having executed countless major projects, the Company core operations are divided approximately into the following areas:
    a. Infrastructure (Revenues 36%);
    b. Energy Generation, distribution and optimization (Revenues 25%);
    c. Telecommunications (Revenues 18%);
    d. Earth Sciences (Revenues 9%);
    e. Building services (Revenues 4%); and,
    f. Oil & Gas and others (Revenues 4%).

25. Already in the 1980's, the Company was participating in high profile projects such as James Bay, LG2A, LG1, LA1 and others. In the 1990's, the international footprint increased with major projects in China, Brazil, Mexico and Latin America. In the early 2000's, the Company consolidated its Canadian presence in key provinces including Quebec, Ontario, Saskatchewan, Alberta and British Columbia to better serve the growing demand in transportation, telecommunications, and high-voltage infrastructure in those markets. At the same time, it opened offices in other parts of the globe to take full advantage of its diversified capabilities and find viable opportunities. Since then, the Company has held permanent offices in Switzerland and the United States as well as the United Arab Emirates, Saudi Arabia, Algeria and Luxembourg and has grown via several acquisitions of consulting and engineering firms. Despite the significant growth in the operations, the Company has sustained important losses over the years. The losses are largely attributable to the low contributions of the divisions, not sufficient to cover the corporate overhead expenses. The low contribution is mainly the consequence of some contracts generating losses due to the low billing rate negotiated, budget not being respected and to the low productivity of certain employees. The financial information below has been extracted from the corresponding internal financial statements:

Historical Results (Unaudited) ($000)	**Losses**
FY2015	(11,272)
FY2016	(6,025)
FY2017	(7,692)
FY2018 (Q1 & Q2)	(9,974)
Other asset adjustments (1)	(66,470)
Total	**(101,433)**

(1) Include potential write-offs to account receivables and to the contract in progress

26. As demonstrated here below with the balance sheet of the Company as of the end of June 2018, the Company is currently presenting an insolvent position, where assets are clearly not sufficient to cover debt accumulated by the Company:

Balance Sheet ($000)	**Jun-18**
Current Assets	48,169
Long-term Assets	36,476
Total Assets	**84,645**
Current Liabilities	48,142
Long-term Liabilities	47,630
Litigation & Settlement (contingent liability)	47,895
Preferred Capital Contributions	40,500
Total Liabilities	**184,167**

THE COMPANY'S MAIN CREDITORS

27. The Proposed Monitor has been advised through his current mandates that the Company's main secured lenders are Alaris, Integrated Private Debt Fund V ("**IPDF**"), Investissement Québec ("**IQ**"), RBC Equipment Financing ("**RBC**") and Intact Secured Indemnity ("**Intact**").

28. The Alaris indebtedness is secured by hypothec covering all movable assets of SM LP and SM Group.

29. The IPDF indebtedness is secured by hypothec covering all movable assets of SM LP and guaranteed by SM Group, SM IG Construction, Énerpro Inc., Claulac, SM Personnel, SM Ontario, Aménatech, Labo SM, SM Industrial Consultants, SM International, SM Consultants, CSP Security, Faciliop and Enerpro LP.

30. The RBC indebtedness is secured by a charge over the universality of the movable assets of SM LP.

31. The IQ indebtedness is secured by hypothec covering all movable assets of SM Group, SM LP, Claulac, Énerpro Inc., SM IG Construction, SM International and SM International S.A.

32. The Intact indebtedness is secured by hypothec covering (i) the universality of claims, contracts, permits and rights resulting from insurance contract, (ii) equipment, financing agreements for equipment, tools, materials, work-in-progress, inventory etc. of Group SM, Labo SM, SM International, CSP Security, SM Consultants, Aménatech, SM IG Construction, Énerpro Inc., SMi Construction and SM LP. The Intact Secured Indemnity is a contingent debt.

33. The Proposed Monitor has not completed a review of these credit facilities. The Proposed Monitor has based its report on the assumption that the security granted in favour of the secured lenders are valid and enforceable.

34. According to Management, payroll obligations are current. The Company is preparing the payroll internally on a bi-weekly basis.

35. The following table, provided by the Company presents the amount due to the secured and unsecured creditors as of July 31, 2018:

Creditors ($'000)	Secured	Unsecured	Total
Alaris	10,227	83,457	93,684
IPDF	25,780	-	25,780
IQ	354	-	354
RBC	16	-	16
Intact	-	-	-
Deduction at source	5,689	-	5,689
Accrued salaries and vacation pay	-	2,951	2,951
Trade payables	-	7,721	7,721
Loan for lease improvements	-	77	77
Litigation & Settlement (contingent liability)	-	47,895	47,895
	42,066	142,101	184,167

THE COMPANY'S CASH FLOW FORECAST

36. The statement of projected cash flow of the Company as of August 24, 2018 ("**Cash Flow Statement**"), attached as Appendix "**G**" to this report, has been prepared by the Chief Restructuring Officer ("**CRO**") of the Company for the purpose described in the notes to the Cash Flow Statement, using the probable and hypothetical assumptions set out in the notes to the Cash Flow Statement.

37. The Proposed Monitor's review of the Cash Flow Statement consisted of inquiries, analytical procedures and discussions on the information provided to us by the CRO of the Company. Since these Hypothetical Assumptions are not being supported, our involvement with respect to them was limited to evaluating whether they were consistent with the purpose of the Cash Flow Statement. We have also reviewed the support provided by the CRO of the Company for the Probable Assumptions, and the preparation and presentation of the Cash Flow Statement.

38. Based on our review and the foregoing reserves and limitations, nothing has come to our attention that causes us to believe that, in all material respects:

    a) The Hypothetical Assumptions are not consistent with the purpose of the Cash Flow Statement;
    b) As at the date of this report, the Probable Assumptions developed by the CRO are not suitably supported and consistent with the plans of the Company or do not provide a reasonable basis for the Cash Flow Statement, given the Hypothetical Assumptions; or
    c) The Cash Flow Statement does not reflect the Probable and Hypothetical Assumptions.

39. Since the Cash Flow Statement is based on assumptions regarding future events, actual results will vary from the information presented even if the Hypothetical Assumptions occur, and the variations may be material. Accordingly, we express no opinion as to whether the projections in the Cash Flow Statement will be achieved. We express no opinion or other form of assurance with respect to the accuracy of any financial information presented in this report, or relied upon by us in preparing this report. Neither do we express any opinion as to the performance of the Company' statutory obligations with regard to projected payments to be made in accordance with the Cash Flow Statement, *inter alia* the payment of wages, the government remittances and the payroll deductions to be made by the Company.

40. The Cash Flow Statement has been prepared solely for the purpose described in the Notes to the Cash Flow Statement, and readers are cautioned that the Cash Flow Statement may not be appropriate for other purposes.

41. The Company's Cash Flow Statement is for a period of fifteen (15) weeks from August 19 to November 30, 2018. The key assumptions used in the Cash Flow Statement are based on a revised fiscal year 2018 operating plan. The Company's cash balance as of August 19, 2018 is of approximately $1.652 million and the company Cash Flow Statement demonstrate that this current amount of liquidity is sufficient to fund the operations during the period. Still, given the uncertainty relating to the collection of receivables and in order to reassure the market and the employees about the Company's ability to maintain its operations during the CCAA proceedings, the CRO has secured a DIP facility in the amount of $2.0 million that can be drawn by the Company if needed (see section below for further details).

42. The CRO anticipates more restrictive payment terms for purchases following the announcement of the CCAA proceedings. As such, the CRO has anticipated certain paid upon delivery purchases and payment of deposits to certain utility providers.

43. The CRO believes that the forecast is reasonable.

CHARGES IN THE DRAFT INITIAL ORDER

Administration Charge

44. The draft Initial Order provides for a charge in the amount of $250K for the Proposed Monitor, counsel to the Proposed Monitor, the Applicants' counsel and the CRO as security for their professional fees and disbursements incurred before and after the making of the draft Initial Order in respect of these CCAA proceedings (the "**Administration Charge**"). The Administration Charge has been established based on the respective professionals' previous history and experience with restructuring of similar magnitude and complexity. The Proposed Monitor believes that the Administration Charge is required and is reasonable under the circumstances.

DIP Lender Charge

45. In order to have sufficient funds to operate, Integrated Asset Management have agreed to act as Debtor-in-Possession lender (the "**DIP Lender**") for a non-revolving credit facility (the "**DIP Facility**") up to a maximum amount of $2.0 million.

46. The Company will be using the DIP Facility to continue to operate and satisfy its obligations.

47. The DIP Facility is subject, inter alia, to the granting of an order by this Court a charge to the DIP Lender in the principal amount of $2.4 million (the "**DIP Lender Charge**"). The DIP Lender Charge shall provide a priority over all liens, except for the Administration Charge.

48. The DIP Facility shall be reimburse in full at least after four (4) months from the date of the Initial Order.

49. The DIP Facility is bearing interest at a rate of 9% per annum calculated daily and payable monthly in arrears on the last day of each calendar month, and a standby fee at a rate of 1% per annum payable at maturity for any unused amount.

50. The proposed Monitor agrees that the DIP Facility and the DIP Lender Charge are fair and reasonable in the circumstances.

KEY EMPLOYEE RETENTION PROGRAM

51. The CRO prepared a Key Employee Retention Program ("**KERP**") to encourage the key employees to remain in the employment of the Company. This program aims to keep the operations ongoing to maximize the enterprise value of the Company, which value is essentially derived from the quality of its employees.

52. The proposed Monitor and the CRO believe that the continued employment of the key employees is crucial to its successful restructuring and that absent the establishment of an incentive plan in favor of these key employees, they are likely to seek other employment opportunities, especially in the current context of high demand for qualified engineers in the industry.

53. The global amount planned by the KERP proposed by the CRO is $500K and the Monitor agrees that this amount is reasonable at this stage and will allow to reassure the employees globally. Considering the short-term notice given to the CRO to prepare the KERP, the Monitor did not have the opportunity to review the proposed KERP on an employee by employee basis. The analysis of the KERP, detailed by employees, will be completed by the CRO and the Proposed Monitor by the end of the Initial Stay of Proceeding, at which time the final KERP will be filed with the Court by the CRO and the Proposed Monitor will report regarding same.

54. The KERP amount will be remitted from the Company to the Proposed Monitor to be held in escrow, for the benefit of the key employees that will be identified as explained above.

55. The Proposed Monitor has reviewed the KERP global amount and believes that this amount is reasonable and justified in the circumstances.

THE PROPOSED MONITOR'S CONCLUSION AND RECOMMENDATIONS

56. The Proposed Monitor believes that it is appropriate that the Debtors be granted the benefit of protection under the CCAA. Such protection will enable to protect the value of the Debtors' assets, in the best interest of the creditors and all stakeholders, as well as develop the optimal plan in order to maximize the recovery of the creditors.

57. Given the complexity of the operations of the Debtors and the current financial situation, the Proposed Monitor supports the need for the KERP.

58. Further to the Proposed Monitor's review of the proposed Initial Order, the Proposed Monitor supports the Administration Charge in the amount of $250K and the DIP Lender Charge in the amount of $2,400,000. The Proposed Monitor believes that the access to a DIP Facility will reassure the market and the employees in light of the Company's ability to maintain its operations during the CCAA proceedings.

59. The Proposed Monitor respectfully submits to the Court this, its First Report.

DATED AT MONTREAL, this 24th day of August 2018.

DELOITTE RESTRUCTURING INC.
In its capacity as Proposed Court-Appointed Monitor of the Company

Martin Franco, CPA, CA, CIRP, SAI,
Senior Vice President

Patrick Fillion, CPA, CA, CF
Director

Appendix A

Mises-en-cause

LE GROUPE S.M. INTERNATIONAL S.E.C. / THE S.M. GROUP INTERNATIONAL LP,
a limited partnership formed pursuant to the laws of Alberta, having its head office at 433, Chabanel Street West, 12th Floor, Montréal, Québec H2N 2J8.

ÉNERPRO S.E.C. / ENERPRO LP,
a limited partnership formed pursuant to the laws of Québec, having its head office at 433, Chabanel Street West, 12th Floor, Montréal, Québec H2N 2J8.

LES SERVICES DE PERSONNEL S.M. INC.,
a limited partnership formed pursuant to the laws of Québec, having its head office at 433, Chabanel Street West, 12th Floor, Montréal, Québec H2N 2J8.

LE GROUPE S.M. (ONTARIO) INC. / THE S.M. GROUP (ONTARIO) INC.,
a corporation incorporated pursuant to the laws of Canada, having its registered office at 205-6205B Airport Road, Mississauga, Ontario L4V 1E3.

LE GROUPE S.M. (ONTARIO) INC. / THE S.M. GROUP (ONTARIO) INC.,
a corporation incorporated pursuant to the laws of Canada, having its registered office at 205-6205B Airport Road, Mississauga, Ontario L4V 1E3.

LE GROUPE S.M. (ONTARIO) INC. / THE S.M. GROUP (ONTARIO) INC.,
a corporation incorporated pursuant to the laws of Canada, having its registered office at 205-6205B Airport Road, Mississauga, Ontario L4V 1E3.

AMÉNATECH INC.,
a corporation incorporated pursuant to the laws of Québec, having its head office at 740 Galt Street West, Sherbrooke, Québec, J1H 1Z3 and an elected domicile at 433, Chabanel Street West, 12th Floor, Montréal, Québec H2N 2J8.

LABO S.M. INC.,
a corporation incorporated pursuant to the laws of Québec, having its head office at 740 Galt Street West, Sherbrooke, Québec, J1H 1Z3 and an elected domicile at 433, Chabanel Street West, 12th Floor, Montréal, Québec H2N 2J8.

LES CONSULTANTS INDUSTRIELS S.M. INC. / S.M. INDUSTRIAL CONSULTANTS INC.,
a corporation incorporated pursuant to the laws of Québec, having its head office at 740 Galt Street West, Sherbrooke, Québec, J1H 1Z3 and an elected domicile at 433, Chabanel Street West, 12th Floor, Montréal, Québec H2N 2J8.

LES CONSULTANTS S.M. INC. / S.M. CONSULTANTS INC.,
a corporation incorporated pursuant to the laws of Québec, having its head office at 2111 Fernand-Lafontaine Blvd., Longueuil, Québec, J4G 2J4 and an elected domicile at 433, Chabanel Street West, 12th Floor, Montréal, Québec H2N 2J8.

FACILIOP EXPERTS CORP.
a corporation incorporated pursuant to the laws of Canada, having its registered office at 1400, 350 – 7 Avenue SW, Calgary, Alberta, T2P 3N9.

LE GROUPE S.M. INTERNATIONAL INC. / THE S.M. GROUP INTERNATIONAL INC.,
a corporation incorporated pursuant to the laws of Québec, having its head office at 740 Galt Street West, Sherbrooke, Québec, J1H 1Z3 and an elected domicile at 433, Chabanel Street West, 12th Floor, Montréal, Québec H2N 2J8.

CSP CONCULTANTS EN SÉCURITÉ INC. / CSP SECURITY CONSULTING INC.,
a corporation incorporated pursuant to the laws of Canada, having its head office at 433, Chabanel Street West, 12th Floor, Montréal, Québec H2N 2J8.

LE GROUPE S.M. INTERNATIONAL (S.A.) INC. /
THE S.M. GROUP INTERNATIONAL (S.A.) INC.,
a corporation incorporated pursuant to the laws of Canada, having its head office at 433, Chabanel Street West, 12th Floor, Montréal, Québec H2N 2J8.

LE GROUPE S.M. INTERNATIONAL (CONSTRUCTION) EURL,
a corporation incorporated pursuant to the laws of the People's Democratic Republic of Algeria, having its head office at Villa 40, cooperative El Amel, extension <D>, El Anchour, Alger, 16104, Algeria.

SM SAUDI ARABIA CO LTD,
a corporation incorporated pursuant to the laws of the Kingdom of Saudi Arabia, having its head office at 7958 Al Amir Muhammed lbn Faisal Road, Hajar Unit No: 25, Dharan 34253-5296, Kingdom of Saudi Arabia.

THE S.M. GROUP INTERNATIONAL SARL,
a corporation incorporated pursuant to the laws of Grabd Duchy of Luxembourg, having its head office at 595, 1er étage, rue de Neudorf, L-2220, Luxembourg.

THE S.M. GROUP INTERNATIONAL ALGÉRIE EURL,
a corporation incorporated pursuant to the laws of the People's Democratic Republic of Algeria, having its head office at Villa 40, cooperative El Amel, extension <D>, El Anchour, Alger, 16104, Algeria.

S.M. UNITED EMIRATES GENERAL CONTRACTING LLC,
a corporation incorporated pursuant to the laws of the United Arab Emirates, having its head office at Mezzanine 2, bâtiment n. 295, Mohammed Ben Zayed, Mussoffah Shabiya Khalifa, ME-11 P.O. Box 91777, Abu Dhabi, United Arab Emirates.

COMMANDITÉ SMi-ÉNERPRO FONDS VERT INC. /
SMi-ENERPRO GREEN FUND GP INC.,
a corporation incorporated pursuant to the laws of Canada, having its head office at 433, Chabanel Street West, 12th Floor, Montréal, Québec H2N 2J8.

SMi-ÉNERPRO FONDS VERT S.E.C. /
SMi-ENERPRO GREEN FUND LP,
a corporation incorporated pursuant to the laws of Canada, having its head office at 433, Chabanel Street West, 12th Floor, Montréal, Québec H2N 2J8.

Appendix B

First Mandate

UNDER SEAL

Appendix C

Second Mandate

UNDER SEAL

Appendix D

Teaser

UNDER SEAL

Appendix E

CIM

UNDER SEAL

Appendix F

Amended Engagement Letter

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Appendix G

Cash Flow Statement

Groupe SM
Cash-flow for the period ending November 30, 2018
Unaudited - in ¨000¨$Cdn

Week ending		25-Aug-18	1-Sep-18	8-Sep-18	15-Sep-18	22-Sep-18	29-Sep-18	6-Oct-18	13-Oct-18	20-Oct-18	27-Oct-18	3-Nov-18	10-Nov-18	17-Nov-18	24-Nov-18	30-Nov-18	TOTAL
Receipts																	
Collection of accounts receivable	1	1,581	1,250	3,246	1,274	1,345	1,381	1,481	1,389	1,489	1,554	1,737	1,274	1,256	1,622	1,804	**23,683**
Other																	**-**
Total receipts		**1,581**	**1,250**	**3,246**	**1,274**	**1,345**	**1,381**	**1,481**	**1,389**	**1,489**	**1,554**	**1,737**	**1,274**	**1,256**	**1,622**	**1,804**	**23,683**
Disbursements																	
Payroll net	2	1,300	-	1,300	-	1,100	-	1,100	-	1,100	-	1,100	-	1,100	-	1,100	**9,200**
Vacation (layoff)	3	-	-	-	-	250	-	-	-	-	-	-	-	-	-	-	**250**
DAS & REER - current	4	-	44	-	700	44	700	-	625	-	625	-	625	44	625	-	**4,032**
GST/QST- current	5	-	-	-	-	-	-	600	-	-	-	457	-	-	-	640	**1,697**
Purchases, suppliers and other	6	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	**4,500**
Alaris	7	-	84	-	-	-	-	84	-	-	-	84	-	-	-	84	**336**
Capital & interest	8	8	1	37	1	37	3	37	1	5	4	37	-	2	5	38	**216**
Integrated Private Debt Fund LP	9	-	-	-	-	153	-	-	-	153	-	-	-	-	153	-	**459**
Insurances	10	-	108	43	9	21	3	108	6	25	-	103	6	14	11	103	**560**
Credit card purchases	11	40	55	40	55	40	55	40	55	40	55	40	55	40	55	40	**705**
Rents	12	-	318	-	-	-	-	318	-	-	-	318	-	-	-	-	**954**
Croix-Bleue (group insurance)	13	75	-	75	-	75	-	75	-	75	-	75	-	75	-	75	**600**
KERP	14	-	-	500	-	-	-	-	-	-	-	-	-	-	-	-	**500**
Professional fees	15	150	100	30	30	30	50	100	50	30	30	75	30	30	30	75	**840**
Total Disbursements		**1,873**	**1,010**	**2,325**	**1,095**	**2,050**	**1,111**	**2,762**	**1,037**	**1,728**	**1,014**	**2,589**	**1,016**	**1,605**	**1,179**	**2,455**	**24,849**
Net Cash-Flow		**(292)**	**240**	**921**	**179**	**(705)**	**270**	**(1,281)**	**352**	**(239)**	**540**	**(852)**	**258**	**(349)**	**443**	**(651)**	**(1,166)**
Net cash (Shortfall), Beginning		1,652	1,360	1,600	2,521	2,700	1,995	2,265	984	1,336	1,097	1,637	785	1,043	694	1,137	**1,652**
Net cash (Shortfall), End		**1,360**	**1,600**	**2,521**	**2,700**	**1,995**	**2,265**	**984**	**1,336**	**1,097**	**1,637**	**785**	**1,043**	**694**	**1,137**	**486**	**486**

Group SM
Assumptions Weekly Cash-flow Forecast

1. Represents collections of accounts receivables, based on historical and forecasted sales for the period. Opening AR balance of $14M as at August 19, 2018, considering significant amount due over 90 days.

2. Represents bi-weekly net payroll for the Group's 700 employees.

3. Represents the vacation to be paid to lay-off employees.

4. Represent DAS remittance done bi-weekly. The remittance for September 1st not considered as it refer to the period prior to the filing.

5. Remittance monthly of sales taxes.

6. Represents the purchases for the entire group, including Telecom equipment and utilities.

7. Represents the interest payments on the Alaris $10M secured loan.

8. Represents the monthly lease payments and interest payments to the various Term and financing loans.

9. Represents the monthly interest payment to Integrated Private Debt Fund LP.

10. Represents the Group's professional insurance, civil liabilities and other insurances.

11. Represents payments made to suppliers by credit cards.

12. Represents the monthly rent expenses for the 21 offices leases.

13. Represents the Group employees insurance.

14. Represents the Key Employees Retention Program (¨KERP¨).

15. Represents the fees paid to the professionals working on the file, SM's counsel, monitor and CRO and respectives counsels, secured creditors counsels.