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C A N A D A
PROVINCE OF QUEBEC
DISTRICT OF QUEBEC
COURT. No.: 500-11-055122-184

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

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, RSC 1985, C C-36, AS AMENDED: LE GROUPE SMI INC. / THE SMI GROUP INC.

- and -

LE GROUPE S.M. INC. / THE S.M. GROUP INC.

- and -

CLAULAC INC.

- and -

SMi CONSTRUCTION INC.

- and -

ÉNERPRO INC.

- and -

LE GROUPE S.M. INTERNATIONAL (CONSTRUCTION) INC. / S.M. INTERNATIONAL GROUP CONSTRUCTION INC.

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.

Monitor

**FOURTH REPORT TO THE COURT
SUBMITTED BY DELOITTE RESTRUCTURING INC.
IN ITS CAPACITY AS MONITOR**

(Companies' Creditors Arrangement Act, R.S.C. 1985, c. C-36, as amended)

INTRODUCTION

1. On August 24, 2018, following the filing of a joint application (the "**Joint Application**") made by Alaris Royalty Corp. and Integrated Private Debt Fund V LP (collectively, the "**Applicants**"), the Superior Court of Quebec (Commercial Division) (the "**Court**") rendered an Initial Order (as amended, the "**Initial Order**") , pursuant to the *Companies' Creditors Arrangement Act* (the "**CCAA**" and the "**CCAA Proceedings**") in respect of each of the SMI Group Inc., The S.M. Group Inc., Claulac Inc., SMi Construction Inc., Énerpro Inc, S.M. International Group (Construction) Inc. (collectively, the "**Debtors**") and the entities listed in **Appendix A** (collectively, the "**Mises-en-cause**" and, together with the Debtors, the "**Company**"), and a stay of proceedings was granted in their favour until December 19, 2018 (the "**Stay Period**").
2. As part of the Initial Order, Deloitte Restructuring Inc. ("**Deloitte**" or the "**Monitor**") was appointed to monitor the business and financial affairs of the Company pursuant to the CCAA, and LGBM Inc. (Mr. Paul Lafrenière) was appointed as Chief Restructuring Officer (the "**CRO**") for the Company.

PURPOSE

3. The purpose of this Fourth Report of the Monitor (the "**Fourth Report**") is to report to the Court with respect to:

- a) The status of the CCAA proceedings;
 - b) The operations since the issuance of the Monitor's Third Report;
 - c) Financial performance and cash flow projections;
 - d) Request for an extension of the stay of proceedings; and
 - e) The Monitor's recommendation.
4. In preparing this Fourth Report, the Monitor has been provided with and has relied upon unaudited financial information, the Company's books and records, financial information and projections prepared by the Company and discussions with the Company's management team. While the Monitor has reviewed the information, some in draft format, obtained since he has been involved with the Company, the Monitor has not performed an audit or other verification of such information. Forward looking financial information included in the Fourth Report is based on assumptions regarding future events, and actual results achieved will vary from this information and the variations may be material.
5. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian dollars. Capitalized terms not otherwise defined herein shall have the same meaning ascribed to them in the *Joint Application to Assign Agreements and to Extend the Stay Period* (the "**Application**").
6. Copies of the relevant orders, procedures and reports in connection with the CCAA Proceedings are available on the Monitor's website at www.insolvencies.deloitte.ca/en-ca/sm-group. The Monitor has also established a toll free telephone number and an email address (groupesmccaa@deloitte.ca) that is referenced on the Monitor's website so that parties may contact the Monitor if they have questions with respect to the CCAA Proceedings.

THE STATUS OF CCAA PROCEEDINGS

7. On August 24, 2018, the date of the Initial Order, the Monitor began monitoring the Company's cash flow. As part of this process, the Monitor, with the support of the CRO, has performed the following:
- a) An analysis of all cash inflows and outflows originating from the Company's various bank accounts on a daily basis; and,
 - b) A weekly analysis and comparison of all cash inflows and outflows to the cash flow forecast previously submitted in Appendix K of the Monitor's Third Report dated November 6, 2018 filed with the Court under confidential seal.
8. In the event where material variances were noted, the Monitor requested and received from the Company's accounting team detailed explanations allowing it to determine whether such variance had a permanent impact requiring the cash-flow forecast to be adjusted, or whether such variance was only temporary and would be corrected in the near future by the passage of time.
9. In accordance with the Initial Order, up until November 19, 2018, any disbursements which were to be made for services rendered to the Company subsequent to the date of

the Initial Order, were submitted to the CRO for its review and, once approved by the CRO, were submitted to the Monitor for its approval. On November 19, 2018, following the issuance by the Monitor of the Preliminary Closing Certificate, the CRO was discharged and released and the Monitor was authorized to exercise any of the powers previously granted to the CRO under paragraph 57 of the Initial Order. Consequently, since November 19th, the CRO approval is no longer required.

THE OPERATIONS SINCE THE ISSUANCE OF THE MONITOR'S THIRD REPORT

Overview of the transaction

10. On November 12, 2018, the Court issued an order (the "**Approval Order**") approving, *inter alia*:
 - a) the Transactions contemplated in the Asset Purchase Agreement (the "**APA**") executed on October 31, 2018 between 11017870 Canada Inc. (now known as FNX-INNOV Inc.), Thornhill G.P. and 11054953 Canada Inc. (collectively, the "**Purchaser**"), Thornhill as guarantor of certain payment obligations, and the CRO, on behalf of various entities of the SM Group (the "**Vendors**") pursuant to which substantially all of the assets of the Vendors with the exception of certain excluded Assets are to be sold to the Purchaser (the "**Transaction**"); and
 - b) a Transition Services Agreement (the "**TSA**") executed by the Vendors, Les Services de Personnel S.M. Inc. and the Purchaser.
11. On November 16, 2018, the Transaction closed in escrow. On November 19, 2018, following the release from escrow and the reception of the Cash Purchase Price, the Monitor filed with the Court the Preliminary Closing Certificate in accordance with the Approval Order.

CRO claims process

12. On November 12, 2018, the Court also issued an order (the "**CRO Claims Process Order**") allowing the Monitor to conduct a process for the determination and, if applicable, adjudication of claims against the CRO (the "**CRO Claims Process**"). Pursuant to the CRO Claims Process Order, a "Claims Bar Date" was set on November 30, 2018 at 5:00 p.m. (Montréal time) (the "**Claims Bar Date**").
13. In accordance with the CRO Claims Process Order, the Monitor posted on its website, the CRO Claims Process Order as well as the Form of Proof of Claim.
14. On November 16, 2018, pursuant to the CRO Claims Process Order, the Monitor published a notice in The Gazette and La Presse advising potential claimants of the CRO Claims Process, the CRO Claims Process Order and the Claims Bar Date.
15. As at the Claims Bar Date, the Monitor had received ten (10) proofs of claim. After review and analysis with its advisors of each of these proofs of claim, the Monitor issued notices of revision or disallowance for each of these claims disallowing the claims in full

on the basis that each of these claims were not related to the CRO's conduct but were rather pre-filing claims asserted against the Debtors. In addition, the Initial Order provides that the CRO shall not be deemed to be a director or trustee of the Debtors and shall not incur any liability or obligation as a result of its appointment or the carrying out of the provisions of the Initial Order (except for any liability or obligation incurred as a result of gross negligence or wilful misconduct which is not being alleged in the proofs of claim).

16. As of the date of this Fourth Report, the Monitor has not received any Appeal Motion from any of the creditors that received a notice of revision or disallowance from the Monitor.
17. The Monitor expects to be in a position to sign the Monitor's Certificate under the CRO Claims Process Order on December 7, 2018, unless the Monitor receives an Appeal Motion before such date.

Appointment of the Receiver

18. On November 12, 2018, an order appointing a receiver ("**Receivership Order**") was granted stating that upon the filing of the Preliminary Closing Certificate, Deloitte shall be appointed to act as Receiver to the property of Les Services de Personnel S.M. Inc. ("**Personnel SM**").
19. On November 19, 2018, following the issuance by the Monitor of the Preliminary Closing Certificate, Deloitte filed the Receivership Order to the Office of the Superintendent of Bankruptcy.
20. Following the issuance of the Receivership Order, Deloitte, in its capacity as receiver to Personnel SM, sent to each of its employees a notice as well as a proof of claim form allowing them to make a claim pursuant to the Wage Earner Protection Program Act ("**WEPPA**").

Assignment of contracts

21. The Application is presentable on December 7, 2018.
22. Following the Approval Order, the Monitor, with the assistance of the management of the Debtors and of the representatives of the Purchaser, began preparing a list of all agreements to which the Vendors are party to, totaling approximately 2,000 agreements.
23. Considering the important number of contracts, and the fact that copies of these actual contracts are not organized in a centralized database, and in order to be as efficient as possible considering the time constraints and the lack of resources at SM to support such a considerable task, the Monitor used the following methodology in order to identify the proper representatives of the counterparty to be notified.

Major contracts

- a) For approximately 200 contracts, the Monitor consulted the actual copies of the contracts and extracted the contact information contained therein. These 200

contracts represent more than 75% of the anticipated revenues from the SM order book as at November 12, 2018.

- b) For some of these contracts, the Monitor noticed that there were multiple contracts with the same entity but with various contacts parties (i.e. a different contact person for every contract). In these cases, it was decided to send all the notice of assignment with respect to all of the contracts to a senior member of the counterparty (e.g. VP legal or the registrar (*greffier*) when such notice was sent to a city or municipality).
- c) Also, for some of these contracts, there was no contact information. In these cases, the Monitor, with the support of the Debtors' management and of the representatives of the Purchaser, did various research on the internet and/or reached the counterparty to identify the appropriate contact person to receive the notice of assignment.

Other contracts

- d) With respect to other contracts that represent approximately 20% of the anticipated revenues, the Monitor applied a similar methodology. However, considering the high volume of the contracts in this category (approx. 1300), the Monitor obtained the contact information primarily by searching the internet and/or reaching the counterparty. Again, it is important to note that due to the lack of internal resources at SM to support the Monitor and the fact that there was no centralized database where a copy of the actual contracts could be obtained, the Monitor concluded that this procedure was the most efficient and appropriate in the circumstances.
 - e) As it relates to the remaining 5% of anticipated revenues, which represents about 500 contracts, the Monitor used the Debtors' project database where a summary description of the contract is entered manually by an SM employee.
24. Between November 28 and November 30, 2018, the Applicants' counsel sent 789 notices of assignment to 789 counterparties for a total of 1739 agreements.
 25. The Monitor is informed that for 157 of these agreements (74 counterparties) (the "**Ongoing Assignment Notifications**"), the Applicants' counsels were advised that the notice of assignment sent had either: (i) not been received by the counterparty ("bounced back") or (ii) been the object of a response to the effect that the person having received the notice was not the correct one or had no knowledge about the contracts in question.
 26. The Ongoing Assignment Notifications exclude the situations where the person having received the notification advised the Applicants' counsel that he or she was sending it to the appropriate person, or gave the contact information of the appropriate person to whom the notice was sent.
 27. The Monitor performed a preliminary review of the Ongoing Assignment Notifications, which indicated that the contact information for 36 of the agreements that were not properly notified came from the Debtors' project database. As it relates to the remaining ones, the Monitor understands that 90 of these relates to two specific counterparty. The

Monitor with the support of the Debtors' management has or will obtain the appropriate contact information for the above counterparties and will share such information with the Applicants' counsel when available.

28. The Monitor, with the support of the Debtors' employees, is currently looking for new contact information so as to allow the Applicants' counsels to resend the notice of assignment to the counterparties relating to the Ongoing Assignment Notifications.
29. The agreements relating to the Ongoing Assignment Notifications, for the meantime, are being excluded from the list of contracts that will be submitted to the Court in order to form part of the Assignment Order being sought on December 7, 2018.
30. The Monitor respectfully submits that the assignment of the agreements, for which the counterparties have received the above notice, should be approved by the Court.
31. As for the agreements relating to the Ongoing Assignment Notifications, the Monitor supports the mechanics provided by the draft Assignment Order providing that these may be assigned in the period of 60 days following the date of the Final Closing Certificate, with proper notice and in the absence of an opposition manifested to the Monitor within 15 days following the receipt of the "Notice of Assignment" referred to as Schedule B to the draft Assignment Order.

Monetary defaults under the Assigned Contracts (if any)

32. The draft Assignment Order provides that any monetary defaults of the Vendors in relation to the Assigned Contracts – other than those arising by reason only of the insolvency of the Vendors, the commencement of proceedings under the CCAA or the failure to perform non-monetary obligations – must be remedied by the Purchaser pursuant to agreements to be concluded with counterparties to such Assigned Contracts. The Monitor is advised that the Purchaser undertakes to do so by February 15, 2019 at the latest and that this will be reflected in an amended draft Assignment Order.

Set-Off

33. The Monitor notes that paragraph 21 of the Proposed Assignment Order eliminates or limits certain rights of contract counterparties to effect set-off.

34. The definition of "Assignment Order" contained in the APA reads as follows:

"Assignment Order" means an order of the Court issued in the CCAA Proceedings, in form and substance satisfactory to the Parties, acting reasonably, assigning the Vendors' right, benefit and interest (including for greater certainty any and all entitlement to the Accounts Receivable) in and to any Assigned Contract to the Purchaser pursuant to section 11.3 of the CCAA, and providing that the counterparty to any Assigned Contract shall not be entitled to invoke setoff on amounts owed under such Assigned Contract against claims that such counterparty might have against any Vendor which are unrelated to the Assigned Contracts, which order shall be executory notwithstanding any appeal.

35. The Monitor understands that this was a key condition of the Purchaser, as it did not want to acquire the Assigned Contracts and pay the Purchase Price in consideration for

same, and execute the obligations in connection with said Assigned Contracts, while facing the possibility of not being entitled to the proceeds from such Assigned Contracts on the basis of claims of the contracting parties against the Debtors.

36. After discussions in order to arrive at a text that would be satisfactory to the parties, paragraph 21 of the draft Assignment Order has been modified in order to provide as follows:

[20] DECLARES that subject to the Purchaser's obligations relating to the monetary defaults set forth in paragraph [20], the counterparties to any Assigned Agreements have no right to claim or effect compensation between:

a) on the one hand, the amounts that are currently owing or which may become owing by such counterparties to any of the Vendors or the Purchaser, as the case may be, in connection with professional services rendered or to be rendered under the Assigned Agreements by the Vendors or the Purchaser, as the case may be, as and from November 19, 2018, being the date of the Monitor's Preliminary Closing Certificate ; and

b) on the other hand, any amounts owed, or allegedly owed, by the Debtors to such counterparties prior to November 19, 2018, whether related or not to the Assigned Agreements;

37. Section 21 of the CCAA generally recognises the application of the law of set-off notwithstanding the filing of CCAA proceedings. This being said, the Quebec Court of Appeal in the Kitco case ruled that set-off of pre-filing payables against the post-filing receivables is not permitted. Similarly, set-off would obviously not apply between payables of a CCAA debtor and receivables generated by a third party purchaser after the closing of the sale of a business; the modified language uses the date of November 19th, 2018, being the date of the Preliminary Closing Certificate, to reflect this principle, in light of the particularity of this case where the closing is done in two stages.
38. The Monitor is of the view that paragraph 21 of the draft Assignment Order, as modified , is fair in the circumstances and reflects the terms of the APA.

Banking

39. Following the Approval Order, the Monitor made certain changes to the Debtors' banking operations to remove the CRO as authorized signatory. As of the date of this report, only the Monitor is a signatory of the Company's bank accounts.

Customers

40. As indicated in the Monitor's Third Report, since the beginning of the CCAA Proceedings, the Company has continued to deal with its main customers, and has also been able to enter into a few new contracts with certain existing or new customers.

Vendors

41. The Monitor, with the assistance of the Applicants and their respective advisors, continues to promptly address suppliers' concerns to ensure the continuity of the Company's operations.

Employee-Related Matters

42. The Company has generally made employee-related payments on a business as usual basis.
43. As at the date of the Initial Order, the Company employed more than 700 employees. The Monitor, together with the Company's management team and with the support of the Purchaser, has been able to retain most of these employees; as of the issuance of this Report, the Company currently employs approximately 650 employees.
44. Since the issuance of the Monitor's Third Report, 19 employees were laid off, of which 13 were on sick leave for more than a year. The remaining lay-offs were spread across all business units after a thorough review done by the Purchaser with the support of the Company's management team.

Financial performance and cash flow projections

Cash flow results for the 4-week period ended December 1st, 2018

Pre-Closing cash flow

45. For the Pre-Closing cash-flow period ended November 17, 2018, the net cash flow generated by the consolidated operations and other collections was nil, considering that the cash on hand at the end of the Pre-Closing cash-flow period was transferred to the Monitor and is subject to the Applicants' security.
46. The actual Pre-Closing cash flow results and the variances from the Third Report Cash Flow Forecast for the 2-week period are presented in further detail at **Appendix B** attached to this Fourth Report. As indicated on Appendix B, the Monitor transferred \$775k more than anticipated due mostly to the collections of receivables, which was higher than anticipated by approximately \$845k (timing issue).

Post-Closing cash flow

47. The net cash flow of the Post-Closing cash-flow for the 2-week period ended December 1st, 2018, was \$1,342,000 higher than projected in the cash flow forecast prepared by the Debtors (the "**Third Report Cash Flow Forecast**") and attached to the Monitor's Third Report.
48. The actual Post-Closing cash flow results and the variances from the Third Report Cash Flow Forecast for the 2-week period are presented in further detail at **Appendix C** attached to this Fourth Report.

Cash flow forecast for the 11-week period ending February 16, 2019

49. To determine the Company's post-closing cash flow and ongoing financing requirements during the CCAA Proceedings and until the end of the Transition Period, the Company have prepared a revised cash flow forecast (the "**Post-Closing Cash Flow Forecast**") for the 11-week period ending February 16, 2019. The Post Closing Cash Flow Forecast reflects the last two weeks of operations of the Company before the expected Final Closing on December 14, 2018 and the fees related to the ongoing CCAA proceedings after the closing of the transaction with the Purchaser.
50. The Post-Closing Cash Flow Forecast projects that during the weeks prior to the final closing, the Company will generate a positive cash flow of \$143,000. Since the Company will no longer collect accounts receivable after the Final Closing Date, the fees related to the CCAA proceedings during the 9-week period ending February 16, 2019 after the final closing date will be funded, either by the Purchaser or by the Litigation Fund.
51. The Post-Closing Cash Flow Forecast is attached as **Appendix D** to this Report and shall be filed with the Court under confidential seal.
52. The Post-Closing Cash Flow Forecast reflects the cash position of the Debtors. For this reason, the fees of Blakes and RSS which are secured by the Administration Charge and must be paid out of the Fee Claim Fund pursuant to the order of this Court rendered on November 22nd, 2018, are not presented on the Post-Closing Cash Flow Forecast. These fees are expected to be paid by the Monitor on December 7, 2018, and the balance of the Fee Claim Fund will be added to the Litigation Fund, in accordance with the order of this Court rendered on November 12, 2018.

REQUEST FOR AN EXTENSION TO THE STAY OF PROCEEDINGS

53. While the Purchaser, the Monitor and the Applicants are seeking to complete the implementation of the Transaction as quickly as possible, it is possible that this may not occur before the expiry of the Stay Period on December 19, 2018. Also, even if the Final Closing does occur as expected on December 14, 2018, an additional period of at least 60 days is necessary in order to deal with the Ongoing Assignment Notifications.
54. In addition, there are also other matters to be determined in the context of the CCAA proceedings such as, the pending proceedings to recover certain amounts from Mr. Bernard Poulin. On this front, the Monitor is advised that a lawyer filed a response on behalf of Mr. Bernard Poulin and that the Applicants' counsel provided her with certain information and will be in communication with her in order to determine next steps.
55. As things currently stand, the stay period expires on December 19, 2018. The Applicants therefore seek an extension of the stay period until and including February 16, 2019.
56. The extension of the stay period is necessary to complete the implementation of the Transaction and the finalization of the transfer of the Assigned Contracts (as defined in the APA). It is expected that this may take a number of weeks to complete. As a result, the Company will require an extension of the Stay Period.

57. As described earlier in this Fourth Report, the Company has prepared the forecast, which covers the period December 2, 2018 to February 16, 2019 and which indicates that it has sufficient liquidity to sustain the CCAA proceedings.

MONITOR'S RECOMMENDATION

58. Finally, Monitor recommends that the Stay Period be extended to February 16, 2019.

The Monitor respectfully submits to the Court its Fourth Report.

DATED AT MONTREAL, this 6th day of
December 2018.

DELOITTE RESTRUCTURING INC.
In its capacity as Court-Appointed Monitor



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

Appendix A

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.

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 CONCLTANTS 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 Anhour, 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 Ibn 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 Grand 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 Anhour, 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.

9229-4263 QUÉBEC INC.,

a corporation having its registered office at 433, Chabanel Street West, 12th Floor, Montréal, Québec H2N 2J8

Appendix B

Groupe SM - Budget to Actual - Pre-Closing Cash-Flow	For the two-week period ended November 17, 2018			
Consolidated - (\$000)	Actual	Budget ⁽¹⁾	Variance	Note
Collections				
Collections from operations	3,694	2,849	845	1
Other	8	-	8	
Litigation Claim	359	364	(5)	
Total Collections	4,061	3,213	848	
Disbursements				
Payroll	1,310	1,300	(10)	
DAS & RRSP	805	748	(57)	2
GST/QST	-	-	-	
Purchases, suppliers and other	466	473	7	
Operating leases	-	-	-	
Insurances	67	67	-	
Rents	10	14	4	
Group Insurances	79	87	8	
Professional fees	2,063	2,023	(40)	
Interests on DIP Financing	-	15	15	
Amount transferred to the Monitor	1,462	687	(775)	3
Total Disbursements	6,262	5,414	(848)	
Net Cash-Flow	(2,201)	(2,201)	1,696	
Net cash (Shortfall) - Beginning	2,201	2,201	(1,696)	
Net cash (Shortfall) - End	-	-	-	

SM Group

Budget to actual – Pre-Closing Cash-flow

Main explanations

- 1. Collections from operations:** Management indicated that the favorable variance is mainly explained by the fact that some clients paid faster than expected (timing).
- 2. DAS & RRSP:** This negative variance is mainly due to the payment of the post-filing deduction at source of Faciliop.
- 3. Amount transferred to the Monitor:** This amount represents the cash on hand at the Pre-Closing date that was remitted to the Monitor.

Appendix C

Groupe SM - Weekly monitoring - Post-Closing Cash-flow		For the two-week period ended 1 Dec, 2018		
Consolidated - (\$000)	Actual	Budget	Variance	Note
Collections				
Collections from operations	3,332.0	2,945.0	387.0	1
Other	42.0	-	42.0	
Applicants' post-closing transition DIP	1,834.0	1,834.0	-	
Total Collections	5,208.0	4,779.0	429.0	
Disbursements				
Payroll	1,228.0	1,200.0	(28.0)	
DAS & RRSP	706.0	858.0	152.0	2
GST/QST	454.0	510.0	56.0	3
Purchases, suppliers and other	749.0	1,257.0	508.0	4
Operating leases	4.0	4.0	-	
Insurances	55.0	154.0	99.0	5
Rents	140.0	155.0	15.0	
Group Insurances	79.0	87.0	8.0	
KERP	-	-	-	
Professional fees	-	103.0	103.0	6
Total Disbursements	3,415.0	4,328.0	913.0	
Net Cash-Flow	1,793.0	451.0	1,342.0	
Net cash (Shortfall) - Beginning	-	-	-	
Net cash (Shortfall) - End	1,793.0	451.0	1,342.0	

SM Group

Budget to actual – Post-Closing Cash-flow

Main explanations

- 1. Collections from operations:** Management indicated that the favorable variance is mainly explained by the fact that some clients paid faster than expected (timing) due to collections efforts.
- 2. DAS & RRSP:** This positive variance is mainly due to a timing difference. This payment was scheduled for the week ended December 1st but was only due on the week ending December 14, 2018.
- 3. GST/QST:** This positive variance is mainly due to the fact that the amount payable for GST/QST for the month of October is lower than expected.
- 4. Purchases, suppliers and other:** The positive variance is mainly due to the postponement of a payment to a supplier.
- 5. Insurances:** The positive variance is mainly due to a payment scheduled to be made on November 30, 2018 that was made on December 3, 2018.
- 6. Professional fees:** This positive variance is mainly due to a timing difference. The professional fees will be paid in the week ending December 8, 2018.

Appendix D (under seal)