

CANADA
PROVINCE OF QUEBEC
DISTRICT OF MONTRÉAL
DIVISION 01 - MONTRÉAL
COURT No.: 500-11-049891-159
ESTATE No.: 41-2072229
OFFICE No.: 939661-1000002

SUPERIOR COURT
Commercial Division

**IN THE MATTER OF THE
BANKRUPTCY OF:**

SENSIO TECHNOLOGIES INC., a legal person, duly
incorporated according to law, having its head office at
9160 boul. Leduc, Quartier Dix30, bureau 410,
Brossard, Québec J4Y 0E3

Bankrupt

– and –

DELOITTE RESTRUCTURING INC.
(Martin Franco, CPA, CA, CIRP, person in charge)
having a place of business at 1190, Canadiens-de-
Montréal avenue, suite 500, Montreal, Quebec
H3B 0M7

Trustee

TRUSTEE'S PRELIMINARY REPORT TO CREDITORS

The *Bankruptcy and Insolvency Act*, a federal act in Canada (the "BIA"), provides for a first meeting of creditors to discuss the creditors' collective interest in the administration of the Bankrupt's estate.

A) Background

1. Sensio Technologies Inc. (the "**Company**" or "**Sensio**") is regulated by the Business Corporations Act (Quebec) and results from an amalgamation between TEG Sensorial Technologies Inc. and Sensio Technologies Inc. which occurred on May 31, 2006.
2. The Company is based in Montreal (Quebec), and its common shares were listed on the Toronto TSX Venture Exchange under the symbol "SIO".
3. The Company has no subsidiaries.

4. The Company has no secured creditor and no third party financier.
5. The Company was a pioneer in the fields of stereoscopic imaging and 3D content distribution at home. For over 15 years, the Company has been developing, patenting and marketing advanced 3D image processing technology providing superior image quality and a simple, user friendly experience.
6. The Company also managed and offered 3DGO!™ directly to consumers. These activities included the development of the services' features and specifications, customer service, content management, and marketing of the service.
7. 3DGO!™ was in service since April 2013 in the U.S. and since March 2015 in Canada.
8. The Company operated in two distinct fields:
 - a. Technology (patent and technology licensing in the theatrical, broadcast and consumer electronics ("CE") markets);
 - b. Content distribution (3DGO!™ service offered to the general consumer market).
9. As such, its revenue stream derived mainly from the following:
 - a. Licensing of its 3D image processing technologies to chipset vendors and original equipment manufacturers in the theatrical, broadcast and CE's markets;
 - b. Licensing of its patents, either directly or through its patent licensing agreement with Wi-LAN Inc. ("Wi-LAN"); and
 - c. Rentals of 3D movies from its 3DGO!™ VOD service by consumers in the United States and Canada.
10. The revenues from the operations have been limited throughout the life of the Company. As such, most of the Company's operations were financed by way of equity financing.
11. Since March 2015, the Company attempted to raise additional financing both from its largest shareholder and by way of private placement of shares. However, such attempts have failed, causing the Company to experience a liquidity crisis.
12. On November 17, 2015, Sensio Technologies Inc. engaged Deloitte Restructuring Inc. as financial advisor ("**Financial Advisor**") to provide financial consulting services to the special committee of the board of directors ("**Special Committee**") of the Company in order to, among others things, initiate a divestiture process.
13. On December 23, 2015, the Company executed a Letter of Intent (the "**LOI**") whereby all of its rights, title and interest in certain of its intellectual properties would be sold to a third party purchaser who had previously been granted exclusive rights in respect of a substantial portion of such intellectual property (the "**Transactions**"). The execution of the LOI, was conditional, namely, upon the approval by the Court.
14. On December 23, 2015, following the execution of the LOI, the Company filed a Notice of Intention to Make a Proposal (the "**NOI**") pursuant to section 50.4 of the BIA with the intention of

continuing, under the supervision of this Court, a sale process (the “**Sale Process**”) in respect of its assets (the “**Assets**”) with a view of maximizing their value for the benefit of all of its stakeholders, as well as a motion seeking, inter alia, the approval of the LOI, which motion was granted on the same day.

15. On December 24, 2015, the Company concluded the Transactions and the proceeds were received by Sensio.
16. On December 30, 2015, the Company reimbursed in full the DIP loan which served as a bridge loan pending the closing of the Transactions. The bridge loan was initially disbursed by the DIP lender on December 23, 2015.
17. The following weeks, the Company with the help of the Financial Advisor and the Trustee, initiated a new sale process to orderly sell the Company’s remaining assets.
18. As such, the Company with the help of the Financial Advisor and the Trustee:
 - a. Identified 34 potential buyers for the Company’s assets, including mainly strategic investors;
 - a. Completed and sent a solicitation of offers (“**Teaser**”) to 34 potential buyers;
 - b. Performed 3 management presentations to potential buyers;
 - c. Prepared a non-disclosure agreement (“**NDA**”) which was submitted and signed by 6 of the potential buyers;
 - d. Initiated the preparation of a virtual data room which enabled potential purchasers who signed an NDA to proceed with their due diligence and potentially submit a final binding offer.
19. The proposed deadline for submitting a binding offer or definitive agreement was set to February 15, 2016 (the “**Bid Deadline**”). However, as many of the potential purchasers were Chinese companies and given the Chinese New Year, the Company, with the help of its Financial Advisor, decided to extend the Bid Deadline to March 1, 2016, in order to allow such potential buyers to have sufficient time to formulate an acceptable binding offer on or prior the Bid Deadline.
20. Despite the Bid Deadline extension, none of these parties were able to submit a binding offer on or prior to March 1, 2016.
21. Following the Bid Deadline, the Company, with the help of its Financial Advisor, made several follow-ups in order to determine whether or not there was still an interest by the potential buyers. Both the Company and the Financial Advisor were advised by certain parties that they were indeed interested in potentially submitting an offer in respect of the Company’s 3DGO!™ streaming services, but requested more time to perform their due diligence and properly consider such possibility.
22. In parallel with the above Sale Process, the Company and its Financial Advisor continued their efforts to sell the Company’s rights as licensor to some of its remaining license agreements to its licensees.

23. Due to the unsuccessful outcome of the Sale Process, the lack of liquidity which was necessary in order to pursue the Sale Process further and because of the low probability that the Company would be able to complete a transaction, the Company decided not to make a proposal to its creditors prior to the expiry of the second extension granted by the court on March 7.
24. On April 22, 2016, Sensio Technologies Inc. was deemed to have made an assignment in bankruptcy and Deloitte Restructuring Inc., was appointed as trustee of the estate of the bankrupt by the official receiver, subject to affirmation by the creditors of the trustee's appointment or substitution of another trustee by the creditors.

B) Trustee's preliminary evaluation of assets and details of security interest

Below is a summary of the Statement of Affairs as of April 21, 2016, which includes the estimated net realization value of the assets of Sensio as well as the estimated deficit following the distribution:

As at April 21, 2016 (unaudited) C\$ 000	Book value	Estimated realization
Assets		
Cash and cash equivalents	59	59
Receivables	42	2
Deposits	47	-
Equipment	3	-
Intellectual property	-	-
	<u>151</u>	<u>61</u>
Liabilities		
Payables and others	1,002	1,002
Employee severances	649	649
	<u>1,651</u>	<u>1,651</u>
Deficit	<u>1,500</u>	<u>1,590</u>

Sale Process:

Subsequent to its appointment, the Trustee initiated a private call for tender on April 29, 2016 in order to sell the Company's equipment and intellectual property. The deadline to submit offers is Wednesday, May 11, 2016 at 5:00 p.m. (EDT).

As such, the Trustee prepared an information memorandum (see Appendix A) which was distributed to 34 potential purchasers.

Any received offers will be submitted to the inspectors, if appointed, for approval. In addition, any sale between a related person and the Trustee will be subject to the prior approval of the Court.

C) Conservatory and protective measures

The Trustee has made the following implementation of conservatory measure:

- Opened a trust account at the National Bank of Canada;
- Mail forwarding.

It is important to understand that the Trustee had already implemented the following conservative measures:

- Modified the Company's bank accounts signing authorities and requested that the fund be transferred to its trust account;
- Control receipts and disbursements;
- Obtained a detailed listing of the remaining pieces of equipment (with minimal value);
- Took possession of the books and records.

D) Information relating to provable claims

As of the time of this report, and considering the low number of proofs of claim received to date, the Trustee is not able to determine if there will be a significant difference between the amount of claims declared by the Bankrupt and the amount of claims proven by the various creditors.

E) Legal proceedings, transfer at undervalue, and preference payments

At the date of this report, the Trustee did not initiate the review of potential transfers at undervalue and preferential payments.

F) Projected distribution and Trustee's comments on anticipated asset realization

Due to the fact that Sensio assets seem to be free of any liens, the Trustee is of the opinion that a distribution to unsecured creditors is probable. However, as of the time of this report, and considering the low number of proofs of claim received to date, the Trustee is not able to determine the anticipated distribution.

DATED AT Montreal, Quebec, this 11th day of May, 2016.

Deloitte Restructuring Inc.

In its capacity as Trustee of the Estate of
Sensio Technologies Inc. and not in its personal
capacity

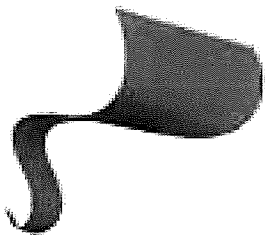
Per:



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

Deloitte.

Sensio Technologies Inc.
Sale of Assets in Bankruptcy



SENSIO®

Information Memorandum

April 29, 2016

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Notice to Reader

Deloitte Restructuring Inc. ("Deloitte") is acting in its capacity as Trustee of the Estate of Sensio Technologies Inc., and not in its personal capacity. Please note that the term "Trustee" used in this Information Memorandum refers to Deloitte, but only in the above-mentioned capacity.

This document has been prepared solely for the convenience of prospective purchasers ("Purchaser" or collectively "Purchasers") to assist them in their determination of whether they wish to submit a proposal to purchase the assets of Sensio Technologies Inc. (the "Assets").

The Trustee expressly advises, and the Purchaser acknowledges, that the Purchaser will not and should not rely on this information in arriving at a decision to purchase the Assets or making a proposal to purchase them. The Trustee has not independently verified any of the information contained herein and makes no express or implied representation or warranty whatsoever, including with respect to the accuracy or completeness of such information. Nothing contained in this document is, or should be relied upon as, a representation as to the potential for the Assets. Each Purchaser must only and exclusively rely upon his own inspection and investigation in order to satisfy himself as to all matters relating to the Assets to be purchased, including without limitation, as to title, merchantability, encumbrances, description, fitness for purpose, quantity, condition, existence, quality, and value.

The information contained herein has been prepared for the sole purpose of presentation to Purchasers of the Assets and is to be held in confidence and is not to be reproduced or used for any other purpose or disclosed to third parties without the Trustee's prior written consent. Any sale of the Assets to a related person as defined in the *Insolvency and Bankruptcy Law* ("BIA") ("Related Person") will be subject to prior approval by the Court.

Neither this document, nor its delivery to any Purchaser, shall constitute an offer to sell.

Sale Procedures

The Trustee will only consider proposals to purchase the Assets on an “as-is, where-is” basis at the Purchaser’s own risk and peril, without any representation or warranty whatsoever, whether legal or conventional.

Additional Assets information is available by contacting the Deloitte representative identified below.

All offers must be submitted in accordance with this Information Memorandum and the Terms and Conditions of sale detailed hereof and must be received on or before 5:00 p.m. (EDT), Wednesday, May 11, 2016 (the “Submission Deadline”), at the Trustee’s office at the address below.

All contacts by Purchasers are to be made directly with the designated representative of the Trustee noted below:

Deloitte Restructuring Inc. 1190, avenue des Canadiens-de-Montréal Suite 500 Montréal QC H3B 0M7	Mr. Charles Lamarre Phone: 514-393-5519 Fax: 514-390-4103 E-mail: clamarre@deloitte.ca
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The Trustee is only inclined to consider proposals submitted to the Trustee in accordance with the Proposal Form (Appendix A) and the Terms and Conditions of this Information Memorandum.

Purchasers are advised that the Trustee reserves the right to sell the Assets at any time prior to the Submission Deadline. In addition, the highest proposal may not necessarily be accepted, nor will any of the proposals submitted necessarily be accepted. Any proposal, which is accepted, will be subject to the execution of instruments of transfer on terms and in a form acceptable to the Trustee. Furthermore, any sale taking place between a Related Person and the Trustee will be subject to the prior approval of the Court.

Asset Information

Asset information

The Trustee expressly advises, and the Purchaser acknowledges, that the Purchaser will not and should not rely on this information in arriving at a decision to purchase the Assets or making a proposal to purchase them. The Trustee has not independently verified any of the information contained and makes no express or implied representation or warranty with respect to the accuracy or completeness of such information. Nothing contained in this document is, or should be relied upon as, a representation as to the potential for the Assets. Each Purchaser must only and exclusively rely upon his own inspection and investigation in order to satisfy himself as to all matters relating to the Assets to be purchased, including without limitation, as to title, merchantability, encumbrances, description, fitness for purpose, quantity, condition, existence, quality, and value.

<p>3DGO! System backbone</p> <ul style="list-style-type: none"> - Including user database; - Information system; - 3DGO! Apps (i.e. generic app with UI design); - 3DGO! Website and Social Medias. 	<p>Lot 1</p>
<p>3DGO! Trademark</p>	<p>Lot 2</p>
<p>Bulk lot of equipment (i.e. laptop, monitors, printers, TV's)</p>	<p>Lot 3</p>

Terms and Conditions

1. The Trustee will only consider written proposals to purchase the Assets. All applicable taxes in connection with the sale shall be over and above the tendered price of purchase unless clearly indicated to the contrary in the proposal. Such proposals must be in a sealed envelope marked **"DO NOT OPEN: PROPOSAL OFFER RE: SENSIO"**.

All proposals must be received by the Trustee at the following address on or before 5:00 p.m. (EDT), Wednesday, May 11, 2016:

Deloitte Restructuring Inc.	Mr. Charles Lamarre
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1190, avenue des Canadiens-de-Montréal Suite 500 Montréal QC H3B 0M7	Phone: 514-393-5519 Fax: 514-390-4103 E-mail: clamarre@deloitte.ca
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2. Upon submission of a proposal, a Purchaser recognizes that it has inspected the Assets and examined and satisfied itself as to the title thereto and that no representation, warranty (legal or conventional), term, condition, understanding or collateral agreement, statutory or otherwise, is expressed or can be implied, with respect to anything including title, merchantability, condition, description, quality, quantity, existence or non-existence, or any other thing, affecting the Assets or in respect of any other matter or thing whatsoever.

Without limiting the foregoing, any Purchaser submitting a proposal acknowledges and agrees that the Assets will be sold on an "as-is, where-is" basis, at the Purchaser's own risk and peril, and without any legal or conventional representations or warranties whatsoever, in the condition that the Assets are in on the date of closing (the "Closing Date") and that no adjustments shall be allowed to either the Trustee or a Purchaser for changes in condition or quantities of the Assets from the date hereof regardless of whatever defects, conditions or apparent defects. The Purchaser further acknowledges that the Trustee is not a professional seller within the meaning of the Article 1733 of the Civil Code of Québec.

Any Purchaser submitting a proposal acknowledges that it shall be deemed, to have relied entirely on its own judgment, inspection and investigation. It shall be the sole responsibility of a Purchaser to obtain, at its own expense, any consent to transfer the Assets and any further documents or assurance which are necessary. The Trustee shall not be liable for any incorrect description, any defect or condition of any of the Assets, and no person submitting a proposal shall be entitled to make any claim against the Trustee, the Company or any of their respective shareholders, directors, officers or employees in connection with the proposal for the purchase of any of the Assets.

3. All proposals must be signed by a duly authorized officer of the entity or person making the proposal.
4. All proposals must be accompanied by a bank draft or certified cheque payable to Deloitte Restructuring Inc., in its capacity as Trustee of the Estate of Sensio Technologies Inc." in an amount equal to 25% of the gross purchase price offered. If the proposal is accepted, this draft or cheque shall be deemed a non-refundable cash deposit (the "Deposit") and shall be held and applied against the purchase price at the Closing Date.
5. The Trustee shall have no obligation to accept or even consider any proposal and reserves the right to reject any and/or all proposals, including the highest one. The acceptance of any proposal is at the Trustee's sole and absolute discretion and subject to the approval of the Court in the event the Purchaser is a Related Person. No person shall retract, withdraw or countermand a proposal before

notification of acceptance or rejection of the proposal by the Trustee. For greater certainty, any proposal submitted shall constitute a firm and a legal commitment on the part of such person and shall be irrevocably open for acceptance until notification of acceptance or rejection by the Trustee.

6. The Trustee reserves the right, at any time, to waive any term or condition set forth herein. The Trustee reserves the right to amend or terminate the proposal process at any time and shall have no responsibility or liability for so doing.
7. If any proposal is accepted by the Trustee, the Trustee will notify the Purchaser immediately, by notice in writing either by e-mail, delivered or by prepaid registered mail addressed to the Purchaser at the address set forth in his proposal, such notice to be deemed effectively given and received when deposited in the post office or when delivered as the case may be.
8. A proposal and the acceptance thereof in accordance with paragraph 7 above, together with these Terms and Conditions of sale, which shall be deemed to form part of each proposal, shall constitute a valid and binding "Agreement of Purchase and Sale" between the party submitting the proposal and the Trustee with respect to such Assets, and such Agreement of Purchase and Sale shall not be amended without the written consent of the Trustee.
9. Each instrument of transfer necessary to give effect to the sale of the Assets pursuant to the Agreement of Purchase and Sale shall be on terms and in a form acceptable to the Trustee.

The conclusion of any sale with a Related Person shall be subject to prior approval of the Court and the Related Person recognizes that the Trustee makes no representations as to its ability to obtain such approval.
10. The balance of the purchase price, together with any taxes referred to below, shall be paid by bank draft or certified cheque payable to the Trustee on the Closing Date which shall be no later than ten (10) business days after acceptance of the proposal by the Trustee or in the case of a Related Person, Court approval.
11. All Deposits in respect of proposals not accepted by the Trustee shall be returned to the party by prepaid registered mail, addressed to the party at the address set forth in its proposal, **without interest thereon.**
12. The Purchaser will pay to the Trustee on the Closing Date, in addition to the balance of the Purchase Price, any and all federal, provincial, and other sales, goods and services taxes and other taxes whatsoever which are payable in connection with the sale, purchase and conveyance of the Assets herein, together with all duties, registration fees or other charges properly payable upon or in connection with the conveyance or transfer of the Assets or will provide the Trustee with appropriate exemption certificates in form and substance satisfactory to the Trustee in respect of such taxes.
13. The Purchaser will indemnify and hold the Trustee harmless in respect of:
 - a) any taxes, penalties, interest and other amounts which may be assessed against the Trustee under the *Excise Tax Act* (Canada), or any comparable law, whether provincial or federal, as a result of the sale of the Assets or as a result of the failure by the Purchaser to pay all the aforementioned taxes payable in connection with the transactions contemplated by this Agreement, whether arising from re-assessment or otherwise;
 - b) any and all fees and disbursements, including legal and other professional fees and disbursements related to a proposal made, any Agreement of Purchase and Sale resulting therefrom, any and all searches, evaluations, consultations or representations, which the Purchaser may wish to do or has done; and
 - c) any and all costs and expenses relating to the preparation and execution of any proposal or deed of sale, the registration and preparation of authentic copies thereof.
14. The Trustee shall not be required to furnish or produce any abstract, survey, deed, declaration or any other document or evidence of title except as such is in its possession, if any.
15. Prior to the Closing Date, all Assets shall be and remain in the possession of and at the risk of the Trustee, who may hold policies of insurance effected thereon and the proceeds thereof in trust for the

Purchaser and each Purchaser as their respective interests may appear. After the Closing Date, Assets shall be at the risk of the Purchaser.

16. If a sale contemplated by an Agreement of Purchase and Sale is not completed because of the Purchaser's default, the Purchaser's Deposit and all other payments made in connection with the Purchase Price shall be retained by the Trustee as liquidated damages, without prejudice to the Trustee's rights and recourses against the Purchaser to seek any and all additional damages or other remedies resulting from the Purchaser's failure to comply with an Agreement of Purchase and Sale.
17. **The submission of a proposal to the Trustee shall constitute an acknowledgment that the Purchaser has reviewed, understood, acknowledged and agreed to the terms of this Information Memorandum, including without limitation the accompanying "Notice to Reader", as well as these "Terms and Conditions" of sale, all of which shall be deemed to be included in such proposal as if recited therein at length.**
18. The Purchaser acknowledges that the Trustee is acting solely in its capacity as Trustee of the Estate of Sensio Technologies Inc., and that, as such, the Trustee shall have no liability of any kind, whether in contract, in tort (extra-contractual liability) or otherwise, hereunder or under any Agreement of Purchase and Sale contemplated hereby, or as a result of any sale contemplated hereby.
19. The present Information Memorandum, any proposal or offer, any Agreement of Purchase and Sale and any instruments of transfer shall be governed by the laws of Québec, and such agreement shall ensure to the benefit of and be binding upon the parties thereto, and their respective heirs, executors, administrators, successors or assigns as the case may be, provided that a Purchaser may not assign or transfer any of its rights or obligations under any Agreement of Purchase and Sale without the prior written consent of the Trustee, which may be withheld in the Trustee's sole discretion.
20. The Terms and Conditions contained herein shall not merge on the closing of the transaction contemplated by any Agreement of Purchase and Sale but shall survive such closing and remain in full force and effect and be binding on any Purchaser thereafter.

DATED AT MONTRÉAL, this 29th day of April 2016.

Deloitte Restructuring Inc.

In its capacity as Trustee of the Estate of Sensio Technologies Inc., and not in its personal capacity.

Appendix A

Proposal Form

To: **Deloitte Restructuring Inc.**
In its capacity as Trustee of the Estate of Sensio Technologies Inc., and not in its personal capacity

1190, avenue des Canadiens-de-Montréal
Suite 500
Montréal QC H3B 0M7

Attention: Charles Lamarre

1 _____
(Name of Party issuing Proposal)

2 _____
(Address of Party)

3 _____
(Person to be contacted)

4 _____
(Telephone number)

5 _____
(Fax number)

6 _____
(E-mail address)

7. The amount offered for each lot is as follows:

Lot #	Description	Amount offered
Lot 1	3DGO! System backbone - Including user database; - Information system; - 3DGO! Apps (i.e. generic app with UI design); - 3DGO! Website and Social Medias.	\$
Lot 2	3DGO! Trademark	\$
Lot 3	Bulk of equipment (i.e. Laptop, monitors, printers, TV's)	\$

8. Enclosed is a certified deposit cheque payable to the Trustee, in the amount of \$ _____ being 25% of the offered price for lot(s).

9. The offer must be considered as an all or nothing offer.

Yes: _____

No: _____

10. This Proposal is submitted pursuant to the Information Memorandum, including the Terms and Conditions of sale prepared by Deloitte Restructuring Inc. in its capacity as Trustee of the Estate of Sensio Technologies Inc., and not in its personal capacity.

Date

PRINT NAME - Authorized Signing Officer

SIGNATURE - Authorized Signing Officer

www.deloitte.ca

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