

CANADA
PROVINCE OF QUÉBEC
DISTRICT OF MONTRÉAL

SUPERIOR COURT
(Commercial Division)

No. : 500-11-049891-159

IN THE MATTER OF THE NOTICE OF
INTENTION TO MAKE A PROPOSAL OF:

SENSIO TECHNOLOGIES INC.

Petitioner

-and-

DELOITTE RESTRUCTURING INC.

Trustee

FIRST MOTION FOR AN ORDER EXTENDING THE STAY PERIOD
(Section 50.4(9) of the *Bankruptcy and Insolvency Act*)

TO ONE OF THE JUDGES OR REGISTRAR OF THE SUPERIOR COURT SITTING
IN COMMERCIAL DIVISION, IN AND FOR THE DISTRICT OF MONTREAL, THE
PETITIONER RESPECTFULLY SUBMITS THE FOLLOWING:

I. ORDER SOUGHT

1. As further described below, the Petitioner, Sensio Technologies Inc. (the "Company" or the "Petitioner") hereby seeks the issuance of an order extending the Stay Period (as defined below) until March 7, 2015.

II. THE COMPANY

2. The Company 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.
3. The Company has no subsidiaries, is based in Montreal (Quebec), and its common shares are listed on the TSX Venture Exchange under the symbol "SIO".
4. For over 15 years, the Corporation has been developing, patenting and marketing advanced 3D image processing technology providing superior image quality and a simple user friendly experience.

5. Since 2003, the Company has been involved in 3D content distribution in support of its technologies. Starting with DVD's in 2003, the Company now delivers 3D movies via internet streaming through 3DGO!TM, the world's first and only dedicated 3D transactional video-on-demand service featuring Hollywood studio blockbuster movies.
6. The Company also manages and offers 3DGO!TM directly to consumers. These activities include the development of the services' features and specifications, customer service, content management, and marketing of the service.
7. 3DGO!TM has been in service since April 2013 in the U.S. and since March 2015 in Canada.

III. THE INSOLVENCY PROCEEDINGS

8. Throughout the years, although the Company has attempted to diversify its sources of revenues, such revenues have remain limited to this day. As such, most of the Company's operations have been financed by way of equity financing.
9. Since March 2015, the Company has 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.
10. Although the Company had no secured creditors (or third party financier), the accounts payable, trade debts and employee obligations of the Company as at December 21, 2015 amounted to \$1,492,875.
11. 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 property 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").
12. The execution of the LOI, which was conditional upon, namely, the approval by the Court, consisted in the first step towards the orderly disposition of the Company's assets in the context of a sale process (the "Sale Process").
13. Accordingly, on the same day, following the execution of the LOI:
 - a) the Company filed a *Notice of Intention to Make a Proposal* (the "NOI") pursuant to section 50.4 of the *Bankruptcy and Insolvency Act* (the "BIA") in order to continue the Sale Process under the supervision of this Court, with a view of maximizing their value for the benefit of all of its stakeholders. Deloitte Restructuring Inc. was appointed as Trustee to the NOI (the "NOI"); and

- b) the Company sought and obtained an order by this Court approving the Transactions, approving the execution of a DIP loan (and a DIP charge) - which would allow the Company to cover its expenses pending the closing of the Transactions - and approving priority charges in favour of some of the Company's key employees, its directors and officers and the professionals involved in the context of these proceedings,

as appears from the court record.

IV. THE SALE PROCESS

- 14. Following the approval of the Transactions by this Court on December 23, 2015, the Company worked towards the closing of the Transactions which occurred on the following day, being December 24, 2015.
- 15. On December 30, 2015, with the proceeds received by the Company on December 24, 2015, as a result of the Transactions, the Company reimbursed in full the DIP loan, which, as previously mentioned, was only meant to serve as a bridge loan, pending the closing of the Transactions.
- 16. In the following weeks, the Company worked with Deloitte Corporate Finance Inc. (the "Financial Advisor") in order to put in place a formal sale process in respect of its remaining assets, which essentially consists in its 3DGO!TM streaming services.
- 17. As such, since the filing of the NOI, the Company and the Financial Advisor:
 - a) Finalized a list of potential purchasers (mainly strategic);
 - b) Communicated directly with 30 potential purchasers; and
 - c) Prepared and sent solicitation of offers ("Teasers") to 22 potentially interested parties, indicating that all final binding offers to be made in respect of the Company's assets must be submitted by no later than February 15, 2016.
- 18. As of the date hereof, two parties either signed a confidentiality agreement with the Trustee or indicated its intention to sign such a confidentiality agreement in order to obtain additional information with respect to the Company and its assets.
- 19. The Company is currently in the process of preparing a virtual data room which will enable parties potentially interested in its assets and which have signed a confidentiality agreement to proceed with their due diligence, and, potentially, submit an offer in respect of some or all of these assets.
- 20. In the meantime, the Company has also taken steps to both reduce its operating costs and liquidate some of its non-core assets, in view of generating additional liquidities to complete the Sale Process.

21. More specifically, on January 14, 2016, the Company sent a notice to disclaim a commercial lease, as it intends to move its operations to a smaller office in order to reduce rent costs.
22. The Company is also looking to sell its equipment and furniture which are located at its current offices. Given their specific use and their nominal value however, the Company and the Trustee decided not to include these assets as part of the Sale Process. As of the date hereof, various auctioneers companies have visited the offices of the Company and have demonstrated some interest in acquiring such non-core assets.

V. REQUEST FOR EXTENSION OF THE STAY PERIOD

23. As previously indicated to the Court, the objective of the Company is to attempt to maximize the value of its assets, for the benefit of its stakeholders.
24. It is respectfully submitted that, at this stage, the pursuit of the Sale Process in the context of these proceedings constitutes the best option in order to meet the above objective as it is currently believed that it will yield better results than any "go-dark" scenario, where it is expected that the value of its assets would be substantially reduced.
25. As previously mentioned, all potential purchasers were informed that all final binding offers must be made by no later than February 15, 2016, at which date, the Company will be in a better position to assess the situation.
26. In light of the foregoing, the Company respectfully submits that the stay of proceedings resulting from the filing of the NOI on December 23, 2015 (the "Stay Period"), should be extended until March 7, 2016 (i.e. 45 days), as it will allow the Company, the Trustee and the Financial Advisor to properly canvass the market and seek offers for its assets in the context of the Sale Process.
27. The Company is of the view that no creditor will suffer any undue prejudice by the extension of the Stay Period and that the extension sought is appropriate in the present circumstances.
28. The Company hereby files, in support of this motion, as **Exhibit P-1**, a copy of the Trustee's report, in which the latter confirms, *inter alia*, his support for the extension requested.
29. The present Motion is well founded in fact and in law.

WHEREFORE, MAY THIS COURT:

GRANT this *First Motion for the Extension of the Stay Period* (the "**Motion**");

DECLARE that the notices given for the presentation of the Motion are proper and sufficient;

EXTEND the stay of proceedings resulting from the filing by Sensio Technologies Inc.'s *Notice of Intention to Make a Proposal* pursuant to the *Bankruptcy and Insolvency Act* on December 23, 2015, until March 7, 2016;

ORDER the provisional execution of this Order to be rendered notwithstanding any appeal and without the necessity of furnishing any security;

WITHOUT COSTS, save and except in case of contestation.

MONTRÉAL, January 18, 2016

[S] STIKEMAN ELLIOTT LLP

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NOTICE OF PRESENTATION

To: Service List

TAKE NOTICE that the *First Motion for the Extension of the Stay Period* will be presented for adjudication before the one of the Honourable judges or registrar sitting in Commercial Division in and for the District of Montréal, at the Montréal Court House, 1 Notre-Dame Street East, Montréal, Quebec, in room 16.10, at 8:45, on January [20], 2016.

DO GOVERN YOURSELVES ACCORDINGLY.

MONTRÉAL, January 18, 2016

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PROVINCE OF QUÉBEC
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- vs -

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Trustee

BS0350

File: 128928-1017

FIRST MOTION FOR AN ORDER EXTENDING THE
STAY PERIOD
(Section 50.4(9) of the Bankruptcy and Insolvency Act)
AND NOTICE OF PRESENTATION

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