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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:

Le 7 mars 2016 (16-10).

SENSIO TECHNOLOGIES INC.

Vu les allégations ;
Vu la fausse promesse, dont
le rapport du syndic ; -and-

Petitioner

Vu l'absence de contestation ;

DELOITTE RESTRUCTURING INC.

Trustee

Par ces motifs ;
Pronog le délai au 21 avril 2016 ;
SANS FRAIS.

M. G.
SECOND MOTION FOR AN ORDER EXTENDING THE STAY PERIOD
Registrare - (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 April 21, 2016.

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.

PROITS DE GREFFE
Gouvernement du Québec
PALAIS JUSTICE MONTREAL
2016-03-03
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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

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

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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 December 23, 2015, 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 "Trustee"); 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,

14. On December 24, 2015, the Transactions closed.
15. On December 30, 2015, with the proceeds received by the Company following the closing 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.

IV. RESTRUCTURING EFFORTS

16. Since the filing of the NOI, the Company has 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.
17. More specifically, since the filing of the NOI, the Company has, *inter alia*:
 - a) terminated some of its contracts, including its commercial lease for its offices in January 2016, resulting in cost reductions of over \$11,000 per month;
 - b) sold its equipment and furniture which were located at such 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; and
 - c) reduced the number of hours per week during which the services of its remaining employees would be required.
18. Concurrently with the above, the Company entered into several arrangements with some of its suppliers in order to maintain its 3DGO!TM streaming services during the Sale Process.

V. THE SALE PROCESS

19. Concurrently with its operational restructuring, since early January 2016, the Company has worked with Deloitte Corporate Finance Inc. (the "Financial Advisor") in order to put in place a formal sale process in respect of its main asset, which consists in its 3DGO!TM streaming services.

20. In the context of such Sale Process, 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 to 22 potentially interested parties, indicating that all final binding offers to be made in respect of the Company's assets had to be submitted by no later than February 15, 2016 (the "**Bid Deadline**"); and
 - d) Prepared a virtual data room to enable parties potentially interested in the Company's assets.
21. However, as most of the potential purchasers were Chinese companies, it was apparent that it would be very difficult for such companies to formulate and submit to the Company any offer before the Bid Deadline as the representatives of such companies were on holidays (given the Chinese New Year) during the week preceding such Bid Deadline.
22. As such, despite having received some indications of interests in the preceding weeks, no offer was received by the Company prior to the Bid Deadline.
23. Accordingly, on February 9, 2016, the Company, with the advice of its Financial Advisor, decided to extend the Bid Deadline until March 1, 2016, in order to allow all parties potentially interested in purchasing the assets of the Company to properly conduct its due diligence and submit an offer in respect thereof.
24. As such, between January 14 and February 27, 2016, a total of 6 parties signed a confidentiality agreement with the Company in order to obtain access to further information with respect to the Company's assets, and operations.
25. On March 1, 2016, however, none of these parties were able to submit a binding offer.
26. Nevertheless, several follow-ups were made in the following days by both the Company and the Financial Advisor in order to determine whether or not there was any interest in the former's assets. Both the Company and the Financial Advisor were advised by certain parties that they were interested in potentially submitting an offer in respect of the Company's 3DGO!TM streaming services, but requested more time to perform their due diligence and properly consider such possibility.
27. In parallel with the above Sale Process, the Company continues its efforts to sell its rights as licensor to some of its remaining license agreements to its licensees.

VI. REQUEST FOR EXTENSION OF THE STAY PERIOD

28. 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.
29. It is respectfully submitted that, at this stage, the continuation of the Sale Process for a limited period of time in the context of these proceedings still constitutes the best option in order to meet the above objective.
30. 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 April 21, 2016 (i.e. 45 days).
31. Such extension should allow the Company and its Financial Advisor to have sufficient time to : (i) finalize its solicitation efforts, (ii) negotiate the sale of its assets for the best price possible for the benefit of its stakeholders, (iii) potentially present to its creditors a proposal, or, depending on the outcome of the Sale Process, (iv) consider its other alternatives.
32. 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.
33. The Company understands that the Trustee will file, prior to the hearing on this Motion, a report, in which the latter confirms, *inter alia*, his support for the extension requested.
34. The present Motion is well founded in fact and in law.

WHEREFORE, MAY THIS COURT:

GRANT this *Second 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 April 21, 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, March 3, 2016

Stikeman Elliott LLP

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NOTICE OF PRESENTATION

To: Service List

TAKE NOTICE that the *Second 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 March 7, 2016.

DO GOVERN YOURSELVES ACCORDINGLY.

MONTRÉAL, March 3, 2016

Stikeman Elliott LLP

STIKEMAN ELLIOTT LLP

Attorneys for the Petitioner

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- vs -

DELOITTE RESTRUCTURING INC.

Trustee

BS0350

File: 128928-1017

SECOND 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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