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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

FIFTH 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 "**CCAA Parties**"), and a stay of proceedings was granted in their favour until March 8, 2019 (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 CCAA Parties pursuant to the CCAA, and LGBM Inc. (Mr. Paul Lafrenière) was appointed as Chief Restructuring Officer (the "**CRO**") for the CCAA Parties.

3. On November 12, 2018, the Court rendered an order approving a transaction (the "**Transaction**") whereby substantially all of the assets of certain of the CCAA Parties (the "**Vendors**") were sold to FNX-Innov Inc. (formerly 11017870 Canada Inc., the "**Purchaser**"), Thornhill G.P. and 11054953 Canada Inc. (the "**Approval and Vesting Order**"). Pursuant to said Order the Court also expanded the powers of the Monitor and discharged the CRO.

Purpose

4. The purpose of this fifth report of the Monitor (the "**Fifth Report**") is to report to the Court with respect to:

   a) The status of the CCAA Proceedings;

   b) The developments since the issuance of the Monitor's Fourth Report;

   c) The financial performance of the CCAA Parties and its cash flow projections;

   d) The Applicants' *Joint Application to Extend the Stay Period* (the "**Application**"); and

   e) The Monitor's recommendation.

5. In preparing this Fifth Report, the Monitor has been provided with and has relied upon unaudited financial information, the CCAA Parties's books and records, financial information and projections prepared by the CCAA Parties and discussions with the CCAA Parties' management team. While the Monitor has reviewed the information, some in draft format, obtained since it has been involved with the CCAA Parties, the Monitor has not performed an audit or other verification of such information. The forward-looking financial information included in the Fifth Report is based on assumptions regarding future events, and actual results achieved will vary from this information and the variations may be material.

6. 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 Application.

7. 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 the CCAA Proceedings

8. On August 24, 2018, the date of the Initial Order, the Monitor began monitoring the CCAA Parties' cash flow. As part of this process, the Monitor has performed the following:

   a) An analysis of all cash inflows and outflows originating from the CCAA Parties'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 D of the Monitor's Fourth Report dated December 6, 2018, filed with the Court under confidential seal.

9. In accordance with the Initial Order, any disbursements, which were to be made for services rendered to the CCAA Parties subsequent to the date of the Initial Order, were submitted to the Monitor for its review.

10. Since the issuance of the Preliminary Closing Certificate confirming the preliminary closing of the Transaction, the disbursements reviewed by the Monitor have been minimal, considering that all business operations of the Vendors are now being performed by the Purchaser.

The developments since the issuance of the Monitor's fourth report

Update on the implementation of the Transaction and Assignment Process

11. On December 10 and 13, 2018, respectively, the Court issued orders (collectively the "**Assignment Orders**") assigning the rights and obligations of the CCAA Parties under certain agreements to the Purchaser upon the filing of the Final Closing Certificate (as defined in the Approval and Vesting Order).

12. Pursuant to the Assignment Orders:

    a) The Purchaser was given the ability to notify the CCAA Parties in writing within 60 days of the date of the issuance of the Final Closing Certificate (as defined therein), with a copy to the Monitor, confirming its intention to seek the post-closing assignments of the rights, benefits, obligations and interests of the Vendors (or of any of them) under one or more agreements not previously assigned (the "**Proposed Post-Closing Assignment**");

    b) upon receipt of such notice from the Purchaser, the Monitor, provided that it approved the Proposed Post-Closing Assignments, was to send, within five days of such notification, a Notice of Assignment to the applicable counterparties (each a "**Post-Closing Notice of Assignment**"); and

    c) following the receipt of a Post-Closing Notice of Assignment, each of the affected counterparties was given fifteen (15) days delay to advise the Monitor of its opposition to the Proposed Post-Closing Assignment, in which case, the Purchaser or the Applicants would then be entitled to apply to the Court to seek an order forcing the assignment of the applicable contract.

13. On December 14, 2018, the agreements governing the Transaction were amended solely to postpone Final Closing (as defined therein) of the Transaction in respect of Enerpro LP. The impact of such amendment was that a separate Final Closing of the Transaction in respect solely to Enerpro LP had to occur at a later date (the "**Enerpro Final Closing**").

14. On December 14, 2018, the Monitor issued the Final Closing Certificate (Excluding Enerpro LP).

15. On December 21, 2018, five (5) Post-Closing Notices of Assignment were sent by the Monitor in connection with agreements to which Enerpro LP was a party. The Monitor did not receive any notification of opposition following the issuance of these notices.

16. On January 11, 2019, the Monitor issued the Final Closing Certificate in respect of Enerpro LP.

17. On February 11, 2019, the Monitor received from the Purchaser a list of contracts and tenders for which it was seeking the Proposed Post-Closing Assignment. This list contained 1,035 contracts and/or tenders, which required 675 Post-Closing Notices of Assignment to be sent. All such Post-Closing Notices of Assignment were sent by the Monitor between February 13 and February 15, 2019 either by email or by registered mail.

18. During the 15-day period after the issuance of the Notices of Assignment, the Monitor received notification of opposition for 14 contracts (or 9 parties). The Monitor understands that the Purchaser and/or the Applicants are currently considering the possibility of applying to this Court to seek the assignment of certain contracts and/or tenders.

19. On February 19, 2019, following a motion presented by the Applicants, this Court issued an order assigning the rights and obligations of the Vendors under certain agreements with the City of Montréal to the Purchaser.

CRO Claims Process

20. Since the Monitor has not received any Appeal Motions from any of the creditors that received a notice of revision or disallowance, the Monitor signed on December 12, 2018, the Monitor's Certificate under the CRO Claims Process Order.

Proposal – Groupe S.M. International Inc.

21. As indicated in previous Monitor's reports, a portion of the CCAA Parties' operations were outside North America namely in Algeria and Saudi Arabia. After a thorough review done by the Purchaser, it concluded that the assignment of the contracts performed in these countries could be difficult. Consequently, in order to address this, the Purchaser proposed to fund a proposal that was filed by S.M. International Inc. ("**SMI**") pursuant to the *Bankruptcy and Insolvency Act* (the "**Proposal**"), in exchange of which, the Purchaser would become the sole shareholder of SMI.

22. The Proposal was filed by the Monitor on January 16, 2019, with Raymond Chabot Inc. acting as proposal trustee, in accordance with the power granted by the Court to the Monitor as per subparagraph 57 (n) of the Initial Order as amended in the Approval and Vesting Order.

23. The meeting of creditors took place on February 6, 2019, and the Proposal was accepted by the SMI's creditors. This Court sanctioned the Proposal on February 11, 2019.

CSP Consultants en sécurité Inc.

24. During the month of November 2018, most of the employees that were performing contracts on behalf of CSP Consultants en sécurité Inc. ("**CSP**"), a company forming part of the CCAA Parties, resigned and accepted an offer from Bouthillette Parizeau ("**BPA**"). The impact of such resignations was that CSP (and eventually the Purchaser) had insufficient resources to perform the ongoing contracts signed with CSP' customers. Therefore, the Purchaser decided not to request the assignment of the CSP contracts.

25. Accordingly, the Monitor sought to determine whether or not another buyer could be interested in acquiring these CSP contracts. The Monitor therefore initiated discussions with various potential buyers during the month of December 2018, including BPA and CSP's main customer. The Monitor understood from these discussions, including with CSP's main customer, that the only company that could realistically continue the CSP contract would be BPA due to its industry knowledge and newly added human resources.

26. With the consent of the Monitor, BPA contacted all counterparties of CSP and most of them consented by email to the assignment of their contracts to BPA. Consequently, in accordance with the power granted by this Court per paragraph 44 c) of the Initial Order, the Monitor came to an agreement with BPA and agreed to assign the CSP contracts to BPA for an amount of $65,000 plus applicable taxes.

Assignments in bankruptcy of certain CCAA Parties

27. As contemplated in the Initial Order per paragraph 57 o) i) and as amended in the Approval and Vesting Order in paragraph 109, the Monitor filed an assignment in bankruptcy for Les Services de Personnel S.M. Inc. on December 14, 2018, for S.M. Pro L.P. (formerly Enerpro L.P.) on January 11, 2019, and for Faciliop Expert Corp. on January 29, 2019.

28. These bankruptcy filings were done in order to allow the employees of these entities to make a claim pursuant to the Wage Earner Protection Program Act ("**WEPPA**").

Transition Financing

29. Pursuant to the Transition Financing Agreement approved as part of the Transaction, the transition financing provided for therein (the "**Transition Financing**") is to be reimbursed based on a formula that takes into consideration the amounts paid to former employees of various CCAA Parties under the

WEPPA. As of the date of this report, approximately 70 employees have yet to receive their payments from Service Canada such that the Monitor is not yet able to provide the calculations necessary to permit the reimbursement of the Transition Financing.

30. The Monitor should be in a position in the next few weeks to determine the final amount payable by the Purchaser in accordance with the Transition Financing Agreement.

Distributions

31. Unless otherwise defined in this Fifth Report, all capitalized terms used in paragraphs 32 to 37 hereof have the meanings ascribed to them in the Approval and Vesting Order.

32. On December 7, 2018, pursuant to the minutes of the Court hearing held on November 22, 2018, the Monitor distributed a total amount of $213,340.35 out of the Fee Claim Fund of $250,000 for the payment of the Fee Claims of Blake, Cassels & Graydon and Robinson Sheppard Shapiro, S.E.N.C.R.L. The remainder of the Fee Claim Fund of $36,659.65 was transferred to the Litigation Fund.

33. On December 19, 2018, pursuant to paragraph 87 c) of the Approval and Vesting Order, the Monitor distributed out of the Prior Ranking Secured Debt provision of $16,478 an amount of $3,823.86 to the Royal Bank of Canada for the payment of the Prior Ranking Secured Debt, in accordance with their claim. The remainder of the Prior Ranking Secured Debt provision of $12,654.14 was transferred to the Litigation Fund.

34. On December 20, 2018, following the issuance of the CRO Certificate, and pursuant to paragraph 88 of the Approval and Vesting Order, the Monitor distributed the amount of $1,500,000 to Alaris Royalty Corp.

35. On January 15, 2019, following the issuance of the Final Closing Certificate in respect of Enerpro LP and pursuant to paragraph 87 b) of the Approval and Vesting Order, the Monitor distributed a total amount of $32,868.16 to the federal and provincial taxation authorities for the payment of the Vendors' Deemed Trust Debt.

36. On February 8, 2019, pursuant to paragraph 90 of the Approval and Vesting Order, the Monitor distributed the remaining amount in the Litigation Fund of $870,455.50 to Alaris Royalty Corp.

37. As of the date of this Fifth Report, the Monitor has in its possession an amount of approximately $313,000 ("**Excess Funds**"). These Excess Funds will be used to cover some of the professional fees as explained later in this Fifth Report (see paragraph 48).

Potential monetization of remaining assets

38. Following the sale of substantially all of the Vendors' assets pursuant to the Transaction, the Monitor has, in consultation with the Applicants, been examining possible avenues to realizing upon certain remaining assets of the CCAA Parties.

39. In particular, the following assets of the Vendors were not sold pursuant to the Transaction:

    a) Certain research and development tax credits under the federal Scientific Research and Experimental Development (SR&ED) program (the "**Tax Credits**");

    b) Certain claims against third parties, including Mr. Bernard Poulin (the "**Poulin Claims**");

    c) a receivable owed by Groupe Hexagone S.E.C. or any of its affiliates (the "**Hexagone Receivable**").

40. the Monitor has yet to receive the Hexagone Receivable and is currently conducting analyses for the purpose of determining whether it would be appropriate to seek to monetize the Tax Credits.

41. The Monitor is also examining whether certain life insurance policies subscribed by Poulin for the benefit of certain of the CCAA Parties (the "**Life Insurance Policies**") are assets that can be realized upon.

42. With respect to the Poulin Claims, the Monitor understands that proceedings have been instituted by the Applicants in connection therewith and that a bankruptcy application was issued against Mr. Poulin on March 1, 2019. The Monitor will determine in due course whether it is appropriate for it to seek to realize on the Poulin claims.

Financial performance and cash flow projections

Cash flow results for the 2-week period ended December 15, 2018

Pre-Final Closing period cash flow

43. For the Pre Final Closing period cash flow ended December 15, 2018, the net cash flow generated by the consolidated operations and other collections were $688k higher than projected in the cash flow forecast prepared by the Debtors (the "**Fourth Report Cash Flow Forecast**") and attached to the Monitor's Fourth Report.

44. The actual Pre Final Closing period cash flow results and the variances from the Fourth Report Cash Flow Forecast for the 2-week period are presented in further detail at **Appendix B** attached to this Fifth Report. Most of the variances are related to timing differences, as some collections expected in the 2-week period were received post December 15, 2018 as well as some disbursements, mainly to suppliers, were also done post December 15, 2018.

Post-Final Closing period cash flow

45. The net cash flow of the Post Final Closing period cash-flow for the 9-week period ended February 16, 2019, was $230k higher than projected in the cash flow forecast prepared by the Debtors (the "**Fourth Report Cash Flow Forecast**") and attached to the Monitor's Fourth Report.

46. The actual Post Final Closing period cash flow results and the variances from the Fourth Report Cash Flow Forecast for the 9-week period are presented in further detail at **Appendix C** attached to this Fifth Report.

Cash flow forecast for the 12-week period ending May 11, 2019

47. To determine the CCAA Parties's post-closing cash flow and ongoing financing requirements during the CCAA Proceedings, the Monitor prepared a cash flow forecast (the "**Post-Closing Cash Flow Forecast**") for the 12-week period ending May 11, 2019. The Post Closing Cash Flow Forecast reflects the fees related to the ongoing CCAA Proceedings either related to the post-closing issues with the Purchaser or related to the potential monetization of remaining assets of the CCAA Parties, including those discussed above.

48. Since the CCAA Parties are no longer collecting accounts receivable, the fees related to the CCAA proceedings during the 12-week period ending May 11, 2019, will be funded, either by the Purchaser (if the work is related to the transaction) or from the Excess Funds.

49. The Post-Closing Cash Flow Forecast is attached as **Appendix D** to this Report. Please note that the opening cash balance represents the Excess Funds that were held by the Monitor as at February 16, 2019.

Extension of the Stay Period

50. As indicated earlier in this Fifth Report, the Monitor requires additional time to evaluate and, if appropriate, pursue various potential avenues to monetize certain of the CCAA Parties' remaining assets, the whole for the benefit of their creditors.

51. In addition, there are certain steps in the implementation of the Transaction to be accomplished, namely:

(a) providing the calculations necessary to permit the reimbursement of the Transition Financing; and

(b) resolving, through adjudication by the Court or otherwise, the various oppositions filed by certain counterparties to agreements for which the assignment to the Purchaser has been sought pursuant to a Proposed Post-Closing Assignment.

52. As things currently stand, the Stay Period (as defined in the Initial Order) expires on March 8, 2019. The Applicants, therefore, seek an extension of the Stay Period up to and including May 10, 2019.

53. The extension of the Stay Period is necessary to determine the best course of action to monetize the remaining assets and to complete the implementation of the Transaction. Consequently, the Monitor supports the Application and the extension of the Stay Period sought therein.

54. As described earlier in this Fifth Report, the Monitor, on behalf of the CCAA Parties, has prepared cash-flow projections, which cover the period February 17 to May 11, 2019, and which indicate that it will have sufficient liquidity to cover expenses during the proposed extension of the Stay Period.

Monitor's recommendation

55. In light of the foregoing, the Monitor recommends that the Stay Period is extended to May 10, 2019. It is the Monitor's view that the Applicants have acted in good faith and with due diligence in accordance with the CCAA and the Initial Order and the subsequent orders rendered by the Court.

The Monitor respectfully submits to the Court its Fifth Report.

DATED AT MONTREAL, this 6th day of March 2019.

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 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, 12^{th} 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, 12^{th} 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, 12^{th} Floor, Montréal, Québec H2N 2J8.

9229-4263 QUÉBEC INC.,
a corporation having its registered office at 433, Chabanel Street West, 12^{th} Floor, Montréal, Québec H2N 2J8

Appendix B

Groupe SM - Budget to Actual - Pre Final Closing Period Cash-Flo

Consolidated - ($000)	Actual	Budget	Variance	Note
	For the two-week period ended December 15, 2018			
Collections				
Collections from operations	2 299	3 057	**(758)**	
Collections from operations - Telecom	2 554	2 340	**214**	
Other	9	-	**9**	
Total Collections	**4 862**	**5 397**	**(535)**	(1)
Disbursements				
Payroll	1 187	1 200	**13**	
DAS & RRSP	730	674	**(56)**	(2)
Purchases, suppliers and other	543	386	**(157)**	(3)
Purchases, suppliers and other - Telecom	1 170	2 379	**1 209**	(3)
Operating leases	37	37	**-**	
Insurances	140	52	**(88)**	(4)
Rents	118	105	**(13)**	
Professional fees	106	314	**208**	(5)
External Consultant	-	19	**19**	
Interest on Fiera financing	-	88	**88**	
Total Disbursements	**4 031**	**5 254**	**1 223**	
Net Cash-Flow	**831**	**143**	**688**	
Net cash (Shortfall) - Beginning	1 793	1 793	**-**	
Net cash (Shortfall) - End	**2 624**	**1 936**	**688**	

SM Group
Budget to actual – Pre-Closing Cash-flow
Main explanations

1. **Collections from operations:** Management indicated that the negative variance is mainly explained by the fact that some clients paid faster than expected (timing) due to collections efforts done in previous weeks. These payments were schedule to be made on the week ended December 15, 2018 but were made during the week ended December 1st, 2018.

2. **DAS & RRSP:** This negative variance is mainly due to a timing difference. A payment was schedule for the week ended December 1st but was only due on the week ending December 14, 2018.

3. **Purchases, suppliers and other:** The positive variance is mainly due to the postponement of a payment to a supplier. This supplier was paid after the closing.

4. **Insurances:** The negative variance is mainly due to a payment scheduled to be made on November 30, 2018 that was made on December 3, 2018.

5. **Professional fees:** This positive variance is mainly due to a timing difference. The professional fees were paid in the week ended December 29, 2018.

Appendix C

Groupe SM - Budget to Actual - Post-Closing Cash-Flow	**For the nine-week period ended February 16, 2019**			
Consolidated - ($000)	**Actual**	**Budget**	**Variance**	**Note**
Collections				
Collections from operations	-	-	-	
Collections from operations - Telecom	-	-	-	
Other	-	-	-	
Total Collections	**-**	**-**	**-**	
Disbursements				
Payroll	-	-	-	
DAS & RRSP	-	-	-	
Purchases, suppliers and other	-	-	-	
Purchases, suppliers and other - Telecom	-	-	-	
Operating leases	-	-	-	
Insurances	-	-	-	
Rents	-	-	-	
Professional fees	426	217	**(209)**	**(1)**
External Consultant	-	-	-	
Amounts remitted to FNX-Innov Inc.	1,968	1,719	**(249)**	**(2)**
Total Disbursements	**2,394**	**1,936**	**(458)**	
Net Cash-Flow	**(2,394)**	**(1,936)**	**(458)**	
Net cash (Shortfall) - Beginning	2,624	1,936	**688**	
Net cash (Shortfall) - End	**230**	**-**	**230**	

SM Group
Budget to actual – Post-Closing Cash-flow
Main explanations

1. **Professional fees:** This negative variance is mainly due to a timing difference. Some of the professional fees were scheduled to be paid during the two-week period ended December 15, 2018.
2. **Amounts remitted to FNX-Innov:** This represents the amount that had to be remitted to the Purchaser related to collections of receivables post-closing.

Appendix D

The SM Group

Cash-flow projections for the period from February 17, 2019 to May 11, 2019

Week #		1	2	3	4	5	6	7	8	9	10	11	12	
($000)		23-févr-19	02-mars-19	09-mars-19	16-mars-19	23-mars-19	30-mars-19	06-avr-19	13-avr-19	20-avr-19	27-avr-19	04-mai-19	11-mai-19	TOTAL
Collections														
Collection of the Hexagone Receivable (Excluded Assets as per the APA)	1	-	-	-	-	225	-	-	-	164	-	-	-	**389**
Advances from FNX-Innov	2	-	-	172	-	80	-	3	-	3	-	3	3	**264**
Total Collections		**-**	**-**	**172**	**-**	**305**	**-**	**3**	**-**	**167**	**-**	**3**	**3**	**653**
Disbursements														
Payment to a secured lender	3	-	-	271	-	-	-	-	-	-	-	-	-	**271**
Professional fees - CCAA proceedings	4	-	-	172	-	80	-	3	-	3	-	3	3	**264**
Professional fees - Other	5	35	67	96	47	-	53	-	44	-	44	-	119	**505**
GST/QST		-	-	10										**10**
Total Disbursements		**35**	**67**	**549**	**47**	**80**	**53**	**3**	**44**	**3**	**44**	**3**	**122**	**1 050**
Net Cash-Flow		**(35)**	**(67)**	**(377)**	**(47)**	**225**	**(53)**	**-**	**(44)**	**164**	**(44)**	**-**	**(119)**	**(397)**
Net cash (Shortfall) - Beginning		**783**	748	681	304	257	482	429	429	385	549	505	505	**783**
Net cash (Shortfall) - End		**748**	**681**	**304**	**257**	**482**	**429**	**429**	**385**	**549**	**505**	**505**	**386**	**386**

SM Group
Cash flow projections – Main assumptions

1. Represents the projected collections of the Hexagone Receivable.
2. Represents the projected amounts to be received from FNX-Innov in order to cover the professional fees related to post-closing outstanding issues.
3. As per paragraph 92 of the Monitor's Third Report, the Monitor was waiting for a written confirmation that would confirm that Investissement Québec ("IQ") agreed to cede the rank of its claims to those of Alaris. Since no such confirmation was obtained from Alaris nor IAM, the Monitor paid the full amount owed to IQ as secured lender out of the proceeds currently held in trust.
4. Represents the professional fees related to post-closing outstanding issues payable to the Monitor, the Monitor's counsel and the Applicants' counsels.
5. Represents the professional fees related to all other matters in these CCAA proceedings payable to the Monitor, the Monitor's counsel and the Applicants' counsels.