

24. The Petitioners draft audited consolidated financial statements for the year ended December 31, 2014, dated October 22, 2015, reflect that the



Companies have a deficit (negative equity) of \$52.8M after incurring losses of \$14.1M in 2013 and \$22.8M in 2014. Furthermore, the auditor's report reflects that there is "...material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern". In addition to the foregoing, there are liquidity constraints due to the lack of further availability under the Companies' credit facilities. Due to these liquidity constraints, the Petitioners have been unable to pay all of their liabilities in the normal course of business and have been unable to pay all of their liabilities as they generally became due. Accordingly, it is the Monitor's view that the Petitioners are insolvent. Notwithstanding the foregoing, we understand that, based on recent evaluation reports obtained, the assets and operations of the Petitioners continue to have significant value and accordingly, a process that would allow interested parties to maximize such value would be appropriate.