



No.S-085453
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
R.S.C. 1985, c.C-36

-AND-

IN THE MATTER OF THE BUSINESS CORPORATION ACT,
S.B.C. 2002, c.57

-AND-

IN THE MATTER OF

**HAYES FOREST SERVICES LIMITED
HAYES HOLDINGS SERVICES LIMITED
And HAYES HELICOPTER SERVICES LIMITED**

Monitor's Tenth Report to the Court

April 21, 2009

I. INTRODUCTION AND PURPOSE OF REPORT

On July 31, 2008 upon the application of Hayes Forest Services Limited, Hayes Holding Services Limited and Hayes Helicopter Services Limited (the "Petitioners"), The Supreme Court of British Columbia issued an order (the "Initial Order") declaring that Hayes Forest Services Limited, Hayes Holding Services Limited and Hayes Helicopter Services Limited ("Hayes" or the "Company") are companies to which the *Companies' Creditors Arrangement Act* (the "CCA") applies.

The Initial Order granted, inter alia, a stay of proceedings against the Petitioners until August, 29, 2008; this stay was subsequently extended and is currently in effect until April 30, 2009. The Company is seeking to extend the stay until September 30, 2009.

This is the Monitor's tenth report and is a special purpose report with respect to the Company's application to extend the stay. The Monitor's previous reports have provided information on the Petitioners' activities, operating results and asset sales.

Copies of relevant information with respect to these proceedings including the various Orders and the Monitor's Reports are available on the Monitor's website www.bowragroup.com.

II. COMPANY'S APPLICATION AND RATIONALE

The Company is making an application to extend the stay of proceedings from April 30, 2009 to September 30, 2009. The basis for this application is management's belief that a higher recovery for creditors can be achieved through a continuation of a management-driven

liquidation of the remaining assets. Management estimates that all remaining assets should be liquidated by September 30, 2009 and that it can keep costs to between \$100,000 to \$120,000 per month. Hayes points out that to date it has realized over \$18 million from sales of fixed assets and helicopter inventory and has a number of other sales pending. If it is able to achieve the high value of projected realizations through a controlled and orderly sale process for the remainder of its assets, Hayes believes that it will be able to pay some portion of unsecured creditors during the proposed extension period. Hayes has the support of its major secured creditor, Canadian Imperial Bank of Commerce ("CIBC"). As of the date of this report, CIBC is owed approximately \$6.2 million.

III. MONITOR'S POSITION

The Monitor's ninth report dated March 31, 2009 noted that:

"based on management's assessment, in the best case scenario all post filing liabilities are paid and pre-filing creditors might expect to receive a maximum of 62 cents on the \$1 of their claims. Based on the Companies' low value estimates, there will be no recovery for the pre-filing creditors and there will be a shortfall on its post filing liabilities. In our opinion it is unlikely that the best case (represented by high value realizations) will be exceeded in the current market, and it is possible that actual results may not achieve even the low value estimates. Given time, management may be able to realize sales closer to the higher end of their estimated recovery range."

While it is uncertain what future recoveries from a liquidation of the remaining assets might be, we agree with management that net recoveries will likely be higher if management is allowed to conduct this process as opposed to liquidation through a formal process by a Receiver or a Trustee in Bankruptcy. In addition, we note that the Bill 13 contracts contain provisions that allow for their termination in the event of Hayes' bankruptcy. Although Hayes has not to date been able to complete a sale of either of these contracts, it has been diligently attempting to sell these assets and remains confident that a sale can be completed in the near future. One of the difficulties in concluding a sale has been the licence-holders suspension of logging on these contracts.

Hayes has provided the Monitor with full co-operation and unrestricted access to its premises, books and records. Hayes has acted diligently and in good faith in the post filing period, and has developed and partly executed an asset disposal plan. The Monitor has reviewed and consented to all the sales of fixed assets to date.

IV. CONCLUSION

On the basis that:

- management has successfully negotiated and completed sales of a significant number of assets since the filing date at values in excess of liquidation prices;
- management has developed a reasonable and realistic plan for the disposal of remaining assets within the proposed extension period and has the resources to execute such a plan;
- prices likely to be achieved for the sale of the remaining assets through an orderly process will exceed forced liquidation values;
- the proposed plan indicates that there is some expectation for partial payment of unsecured creditors claims based on estimated realization prices;
- the extension of the stay is supported by the two major secured creditors, CIBC and the Hayes family,

the Monitor supports the application for an extension of the stay of proceedings to September 30, 2009.

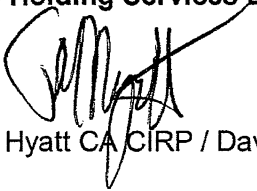
All of which is respectfully submitted this 21st day of April, 2009.

The Bowra Group Inc.

Court appointed Monitor of Hayes Forest Services Limited,

Hayes Holding Services Limited and Hayes Helicopter Services Limited

Per:


Martin Hyatt CA CIRP / David Bowra CA CIRP