

C A N A D A
DISTRICT OF NEWFOUNDLAND AND LABRADOR

Division No. : 01 – Newfoundland and Labrador
Court No. : 21224
Estate No.: 51-2233575

IN THE MATTER OF THE BANKRUPTCY OF:

EQUITY CAPITAL CORP.

TRUSTEE'S REPORT TO THE CREDITORS ON PRELIMINARY ADMINISTRATION

SECTION A History

- Equity Capital Corp. (the "Company"), founded in August 1999, was a member of Skymark Group Company.
 - The Company's financial difficulties can be attributed to the following:
 - Poor costing and planning of certain major projects;
 - Overall poor economic conditions in Newfoundland;
 - Margins were not sufficient to cover Company's overhead structure;
 - Increased market competition by larger players led to a price war which reduced the Company's profitability on public projects.
 - On March 28, 2017, the debtor filed a Notice of Intention to Make a Proposal ("NOI") in accordance with section 50.4(1) of the *Bankruptcy and Insolvency Act*.
 - On April 10, 2017, the Company was deemed bankrupt pursuant to the non-filing of a cash-flow statement.
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SECTION B Assets

Description	Book Value	Estimated realization value (as of the date of bankruptcy)	Notes
	(\$)	(\$)	
Term Deposit	242,833	-	1
Accounts receivable	623	623	2

Note 1 : Consists of a cash term deposit held at TD Bank to secure the letters of credit issued to the Town of St. John's on the Kilbride development assigned to Weir's Construction. The Trustee does not anticipate realizing on the asset.

Note 2 : The accounts receivable consists of HSF refund and credit line overpayment.

SECTION C

▪ **Books and records**

The Trustee is in the process of recovering books and records of the company.

▪ **Conservatory and Protection Measures**

The Trustee opened a bank account with the BMO Bank of Montreal for the bankruptcy estate.

▪ **Operating business of the bankrupt** **N/A**

SECTION D Legal proceedings

No legal proceedings were brought to the trustee's attention.

SECTION E Provable claims

- The provable claims are summarized as follows:

	As per the Statement of Affairs	Received to date
	(\$)	(\$)
Privileged creditors	-	-
Secured creditors	-	-
Unsecured creditors	584,256	-
Employee-creditors (termination notice)	-	-
Government priority claims	-	-

SECTION F Secured claims

N/A

SECTION G Anticipated realization and projected dividend

- Due to the uncertainty of realizing on the Company's assets, the Trustee does not anticipate any dividend available to the creditors.

SECTION H Reviewable transactions and preferential payments

- The Trustee has not completed the analysis of revisable transactions and preferential payments. Once completed, he will report to the inspectors to be appointed in the estate.

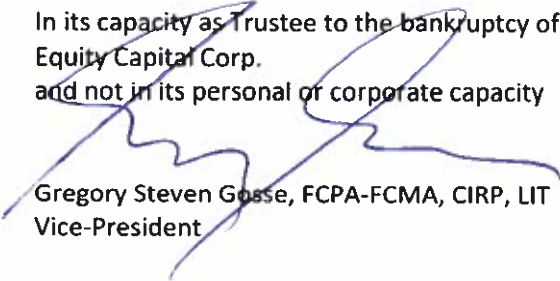
SECTION I Other subjects

- The Trustee published the notice of bankruptcy in Telegram, on April 26, 2017.

SIGNED AT MOUNT PEARL, this 28th day of April 2017.

MNP Ltd.

In its capacity as Trustee to the bankruptcy of
Equity Capital Corp.
and not in its personal or corporate capacity


Gregory Steven Gosse, FCPA-FCMA, CIRP, LIT
Vice-President