

District of: Ontario  
Division No: 09-Toronto  
Court No: 31-456971  
Estate No: 31-456971

In the Matter of the Bankruptcy of  
**4437691 CANADA INC.**  
Report of the Trustee on PRELIMINARY ADMINISTRATION  
For the First Meeting of Creditors  
January 9, 2012

**PRELIMINARY COMMENTS**

Pursuant to an Order issued December 9, 2011, FTI Consulting Canada Inc. (“**FTI**”) was appointed receiver (in such capacity, the “**Receiver**”) without security, of all of the assets, undertakings and properties of 4437691 Canada Inc. (“**Filmco**” or the “**Company**”).

The Company filed an assignment in bankruptcy with the Official Receiver on December 19, 2011 and FTI was appointed Trustee of the estate of the bankrupt (in such capacity, the “**Trustee**”) by the Official Receiver on December 19, 2011, subject to confirmation of its appointment by the creditors.

In preparing this Report, we relied on unaudited financial information and information collected based on books and records found on Company premises. We have not carried out an audit or other review of the information, and accordingly express no opinion thereon.

**BACKGROUND**

In August 2007, Canwest Global Communications Corp. (now 2737469 Canada Inc.) (“**Canwest Global**”), jointly with GS Capital Partners VI Fund L.P., GSCP VI AA One Holding S.ar.l and GS CP VI AA One Parallel Holding S.ar.l (collectively, the “**GS Parties**”), acquired certain specialty channels from Alliance Atlantis Communications Inc.

In addition to the specialty channels, Canwest Global and the GS Parties were obligated to acquire shares of Filmco which owns, directly or indirectly, shares or partnership units of approximately 175 corporations and partnerships (collectively, the “**Filmco Subsidiaries**”) which were created by Alliance Atlantis Communications Inc. to hold certain film rights and be eligible for certain tax credits under the *Income Tax Act* (Canada).

Canwest Global acquired 50% of the shares of Filmco through a wholly owned subsidiary 4437489 Canada Inc. (“**443**”). The remaining 50% of the shares in Filmco are owned by the GS Parties.

The majority of the Filmco Subsidiaries do not carry on business and have no assets or liabilities. The only Filmco Subsidiaries with any material assets or liabilities recorded on their books are: Filmco, a Canadian Business Corporations Act (“**CBCA**”) company, Alliance Atlantis Equicap Corporation (“**AAEC**”), a wholly owned subsidiary of Filmco, and Equicap Financial Corporation (“**EFC**”), a wholly owned subsidiary of AAEC. A copy of the organizational chart outlining this relationship can be found in Exhibit “A”.

Filmco's head office and principal place of business was located at 121 Bloor Street East, Toronto, Ontario M4W 3M5. Filmco has no employees and is inactive.

Filmco has significant unsecured obligations due and insufficient cash to satisfy the obligations. Filmco no longer has the capacity to meet its obligations generally as they become due.

### **CONFLICT OF INTEREST**

No conflict of interest exists for FTI to act as Trustee of Filmco.

On October 6, 2009, Canwest Media Inc. ("CMI") and certain of its subsidiaries listed in Schedules "A" and "B" to the CCAA initial order (collectively, the "CMI Entities") sought and obtained protection from their creditors pursuant to an initial order (the "Initial Order") under the *Companies' Creditors Arrangement Act* (Canada) (the "CCAA"). All documents in their proceedings under the CCAA can be found posted online at the Monitor's website: <http://cfcanada.fticonsulting.com/cmi/>. Pursuant to the Initial Order, FTI was appointed Monitor of the CMI Entities.

Filmco and Filmco Subsidiaries were not applicants in any of the CCAA Proceedings.

On January 8, 2010, FTI was appointed Monitor of Canwest Publishing Inc./Publications Canwest Inc., Canwest Books Inc., Canwest (Canada) Inc. and Canwest Limited Partnership/Canwest Societe Commandite.

On November 26, 2009, FTI was appointed Trustee in the bankruptcies of Fireworks Entertainment Inc., CEIDI (Canada) I Inc., CEIDI (Canada) II Inc., and Canwest Entertainment Inc.

On October 28, 2010, FTI was appointed Trustee in the bankruptcies of 4514858 Canada Inc. (Formerly National Post Holdings Ltd.) and Legacy NPC Partnership (Formerly the National Post Company).

On October 25, 2011, FTI was appointed Trustee in the bankruptcy of 4514866 Canada Inc. (Formerly CMI).

On December 9, 2011, FTI was appointed Receiver pursuant to a Court Order, of all of the assets, undertakings and properties of AAEC, Filmco and EFC.

### **TAKING POSSESSION AND SAFEGUARDING ASSETS**

Currently, the Trustee has taken possession of all known assets.

### **CONSERVATORY AND PROTECTIVE MEASURES**

The Trustee has made arrangements for storage of Filmco's books and records.

**STATEMENT OF AFFAIRS**

The Statement of Affairs (“SoA”) was prepared by the Trustee in compliance with the provisions of the BIA on December 19, 2011 (being the date the assignment in bankruptcy was filed with the Official Receiver). The following is a summary of the assets and liabilities of Filmco as reflected in the SoA:

<b>Statement of Affairs</b>	
<b>Assets</b>	
Cash	\$ -
Other	\$ -
<b>Total Assets</b>	<b>\$ -</b>
<b>Liabilities</b>	
Unsecured Creditors	\$ 100,001
Other	\$ -
<b>Total Liabilities</b>	<b>\$ 100,001</b>
<b>Deficiency</b>	<b>\$ (100,001)</b>

***Cash***

Filmco has no cash.

***Other***

Filmco has no other assets.

***Unsecured Creditors***

99.9% of Filmco’s liabilities are due to Revenue Canada and relate to estimated assessments on missing tax returns from 2008 and 2009.

**LEGAL PROCEEDINGS**

According to information available to the Trustee, no legal proceedings against the estate were commenced since the date of bankruptcy.

To date, the Trustee has not initiated any legal actions.

**TRANSFERS UNDERVALUE AND PREFERENCES**

The Trustee has secured the books and records of Filmco for the purpose of identifying Transfers Under Value and Preferences. The Trustee will report to and seek instructions from the estate inspector(s) regarding its findings once this review is completed.

**THIRD PARTY DEPOSITS/GUARANTEES**

The Trustee has received guarantees of its fees pursuant to section 5.9 of the Plan Emergence Agreement from the Plan Sponsor in the CMI Entities’ CCAA Proceedings. The guarantee is in respect of \$50,000.

**ANTICIPATED REALIZATION AND DISTRIBUTION PROCESS**

Based on the estimated realizable value of the assets of Filmco, the Trustee is of the view that the unsecured creditors with proven claims will receive a NIL distribution of the available assets.

We will be available at the meeting of creditors should creditors have any questions regarding this report or other related matters.

DATED at the City of Toronto, in the Province of Ontario this 9<sup>th</sup> day of January, 2012.

FTI Consulting Canada Inc.

In its capacity as Trustee of 4437691 Canada Inc. and not in its personal capacity

Per:

A handwritten signature in black ink, appearing to read 'Greg Watson', with a long horizontal flourish extending to the right.

Greg Watson  
Senior Managing Director

# **Exhibit A**

# Simplified Corporate Organizational Chart

