

UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF NEW JERSEY

In re Silverton Marine Corp.

Case No. 12-21221

Reporting Period:

2/1/2013 - 2/28/2013

MONTHLY OPERATING REPORT

File with Court and submit copy to United States Trustee within 20 days after end of month.

Submit copy of report to any official committee appointed in the case.

REQUIRED DOCUMENTS	Form No.	Document Attached	Explanation Attached	Affidavit/Supplement Attached
Schedule of Cash Receipts and Disbursements	MOR-1	X		
Bank Reconciliation (or copies of debtor's bank reconciliations)	MOR-1a	X		
Schedule of Professional Fees Paid	MOR-1b	X		
Copies of bank statements				
Cash disbursements journals				
Statement of Operations	MOR-2	X		
Balance Sheet	MOR-3	X		
Status of Postpetition Taxes	MOR-4	X		
Copies of IRS Form 6123 or payment receipt				
Copies of tax returns filed during reporting period				
Summary of Unpaid Postpetition Debts	MOR-4	X		
Listing of aged accounts payable	MOR-4			
Accounts Receivable Reconciliation and Aging	MOR-5	X		
Debtor Questionnaire	MOR-5	X		


I declare under penalty of perjury (28 U.S.C. Section 1746) that this report and the attached documents are true and correct to the best of my knowledge and belief.

\_\_\_\_\_  
Signature of Debtor

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature of Joint Debtor

\_\_\_\_\_  
Date

  
\_\_\_\_\_  
Signature of Authorized Individual\*

10-Jun-13  
\_\_\_\_\_  
Date

John Peterson  
Printed Name of Authorized Individual

Treasurer  
Title of Authorized Individual

\*Authorized individual must be an officer, director or shareholder if debtor is a corporation; a partner if debtor is a partnership; a manager or member if debtor is a limited liability company.

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Debtor

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### SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS

Amounts reported should be per the debtor's books, not the bank statement. The beginning cash should be the ending cash from the prior month or, if this is the first report, the amount should be the balance on the date the petition was filed. The amounts reported in the "CURRENT MONTH - ACTUAL" column must equal the sum of the four bank account columns. The amounts reported in the "PROJECTED" columns should be taken from the SMALL BUSINESS INITIAL REPORT (FORM IR-1). Attach copies of the bank statements and the cash disbursements journal. The total disbursements listed in the disbursements journal must equal the total disbursements reported on this page. A bank reconciliation must be attached for each account. [See MOR-1 (CONT)]

	BANK/ESCROW ACCOUNTS					CURRENT MONTH		CUMULATIVE FILING TO DATE	
	OPER.	ESCROW (1)	PAYROLL	TAX	OTHER	ACTUAL	PROJECTED	ACTUAL	PROJECTED
CASH BEGINNING OF MONTH	0	0	0	0	0	0	0	0	0
<b>RECEIPTS</b>									
CASH SALES									
ACCOUNTS RECEIVABLE									
LOANS AND ADVANCES									
SALE OF ASSETS									
OTHER (ATTACH LIST)									
TRANSFERS (FROM DIP ACCTS)									
<b>TOTAL RECEIPTS</b>	0	0	0	0	0	0	0	0	0
<b>DISBURSEMENTS</b>									
NET PAYROLL									
PAYROLL TAXES									
SALES, USE, & OTHER TAXES									
INVENTORY PURCHASES									
SECURED/ RENTAL/ LEASES									
INSURANCE									
ADMINISTRATIVE									
SELLING									
OTHER (ATTACH LIST)		0	0			0			
OWNER DRAW *									
TRANSFERS (TO DIP ACCTS)	0		0						
PROFESSIONAL FEES		0				0			
U.S. TRUSTEE QUARTERLY FEES									
COURT COSTS									
<b>TOTAL DISBURSEMENTS</b>	0	0	0	0	0	0	0	0	0
NET CASH FLOW									
(RECEIPTS LESS DISBURSEMENTS)									
<b>CASH - END OF MONTH</b>	0	0	0	0	0	0	0	0	0

\* COMPENSATION TO SOLE PROPRIETORS FOR SERVICES RENDERED TO BANKRUPTCY ESTATE

### THE FOLLOWING SECTION MUST BE COMPLETED

DISBURSEMENTS FOR CALCULATING U.S. TRUSTEE QUARTERLY FEES: (FROM CURRENT MONTH ACTUAL COLUMN)	
TOTAL DISBURSEMENTS	0
LESS: TRANSFERS TO DEBTOR IN POSSESSION ACCOUNTS	0
PLUS: ESTATE DISBURSEMENTS MADE BY OUTSIDE SOURCES (i.e. from escrow accounts)	0
<b>TOTAL DISBURSEMENTS FOR CALCULATING U.S. TRUSTEE QUARTERLY FEES</b>	<b>0</b>

(1) Asset sale proceeds of \$452k escrowed with Debtors' Counsel previously recorded in the Silverton MOR is now reflected in the Hunter Marine Corporation MOR for simplicity of tracking cash reporting. January Disbursements from this escrow of \$444k are reflected on Hunter Marine Corporation MOR.

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## Continuation Sheet for MOR-1

A bank reconciliation must be included for each bank account. The debtor's bank reconciliation may be substituted for this page.

[illegible]

In re Silverton Marine Corp.  
Debtor

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### SCHEDULE OF PROFESSIONAL FEES AND EXPENSES PAID

This schedule is to include all retained professional payments from case inception to current month.

[illegible]

In re Silverton Marine Corp.  
Debtor

Case No. 12-21221  
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**STATEMENT OF OPERATIONS**  
(Income Statement)

The Statement of Operations is to be prepared on an accrual basis. The accrual basis of accounting recognizes revenue when it is realized and expenses when they are incurred, regardless of when cash is actually received or paid.

<b>REVENUES</b>	<b>Month</b>	<b>Cumulative Filing to Date</b>
Gross Revenues	-	250,000.00
Less: Returns and Allowances		-
Net Revenue	-	250,000.00
<b>COST OF GOODS SOLD</b>		
Beginning Inventory	0.00	523,645.15
Add: Purchases	0.00	-
Add: Cost of Labor	0.00	-
Add: Other Costs (attach schedule)	0.00	-
Less: Ending Inventory	0.00	523,645.15
Cost of Goods Sold	0.00	523,645.15
Gross Profit	0.00	(273,645.15)
<b>OPERATING EXPENSES</b>		
Advertising	0.00	-
Auto and Truck Expense	0.00	-
Bad Debts	0.00	-
Contributions	0.00	-
Employee Benefits Programs	0.00	6,152.00
Insider Compensation*	0.00	-
Insurance	0.00	57,370.45
Management Fees/Bonuses	0.00	-
Office Expense	0.00	-
Pension & Profit-Sharing Plans	0.00	-
Repairs and Maintenance	0.00	9,618.08
Rent and Lease Expense	0.00	-
Salaries/Commissions/Fees	0.00	36,550.51
Supplies	0.00	(2,812.88)
Taxes - Payroll	0.00	5,229.58
Taxes - Real Estate	0.00	67,500.00
Taxes - Other	0.00	600.00
Travel and Entertainment	0.00	-
Utilities	0.00	30,794.64
Other (attach schedule)	0.00	80,014.92
Total Operating Expenses Before Depreciation	0.00	291,017.30
Depreciation/Depletion/Amortization	0.00	131,467.97
Net Profit (Loss) Before Other Income & Expenses	0.00	(696,130.42)
<b>OTHER INCOME AND EXPENSES</b>		
Other Income (attach schedule)	0.00	5,474.00
Interest Expense	0.00	0.00
Other Expense (attach schedule)	0.00	0.00
Net Profit (Loss) Before Reorganization Items	0.00	(690,656.42)
<b>REORGANIZATION ITEMS</b>		
Professional Fees	0.00	0.00
U. S. Trustee Quarterly Fees	0.00	325.00
Interest Earned on Accumulated Cash from Chapter 11 (see continuation sheet)	0.00	0.00
Gain (Loss) from Sale of Equipment	0.00	175,552.42
Other Reorganization Expenses (attach schedule)	0.00	0.00
Total Reorganization Expenses	0.00	0.00
Income Taxes	0.00	0.00
Net Profit (Loss)	0.00	(514,779.00)

\*"Insider" is defined in 11 U.S.C. Section 101(31).

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**STATEMENT OF OPERATIONS - continuation sheet**

BREAKDOWN OF "OTHER" CATEGORY	Month	Cumulative Filing to Date
<b>Other Costs</b>		
None		
<b>Other Operational Expenses</b>		
Loss on sale of Salisbury Real Property	0	
Trustee fees paid by Hunter	0	
<b>Other Income</b>		
Rental Income 10 Acres	0	0
<b>Other Expenses</b>		
None		
<b>Other Reorganization Expenses</b>		
None		

**Reorganization Items - Interest Earned on Accumulated Cash from Chapter 11:**

Interest earned on cash accumulated during the chapter 11 case, which would not have been earned but for the bankruptcy proceeding, should be reported as a reorganization item.

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### BALANCE SHEET

The Balance Sheet is to be completed on an accrual basis only. Pre-petition liabilities must be classified separately from postpetition obligations.

ASSETS	BOOK VALUE AT END OF CURRENT REPORTING MONTH	BOOK VALUE ON PETITION DATE
<b>CURRENT ASSETS</b>		
Unrestricted Cash and Equivalents	0.00	2,280.89
Restricted Cash and Cash Equivalents (see continuation sheet)	452,131.46	
Accounts Receivable (Net)	(185,407.48)	(185,407.48)
Notes Receivable	0.00	
Inventories	0.00	523,645.15
Prepaid Expenses	93,558.05	54,610.10
Professional Retainers	0.00	
Other Current Assets (attach schedule)	874,475.19	874,475.19
<b>TOTAL CURRENT ASSETS</b>	<b>1,234,757.22</b>	<b>1,269,603.85</b>
<b>PROPERTY AND EQUIPMENT</b>		
Real Property and Improvements	6,713,639.18	7,588,114.37
Machinery and Equipment	0.00	4,049,154.07
Furniture, Fixtures and Office Equipment	0.00	
Leasehold Improvements	1,205,030.92	1,205,030.92
Vehicles	0.00	67,756.58
Less Accumulated Depreciation	(4,124,546.82)	(8,020,541.92)
<b>TOTAL PROPERTY &amp; EQUIPMENT</b>	<b>3,794,123.28</b>	<b>4,889,514.02</b>
<b>OTHER ASSETS</b>		
Loans to Insiders*		
Other Assets (attach schedule)	5,231,132.94	4,972,450.70
<b>TOTAL OTHER ASSETS</b>	<b>5,231,132.94</b>	<b>4,972,450.70</b>
<b>TOTAL ASSETS</b>	<b>10,260,013.44</b>	<b>11,131,568.57</b>

LIABILITIES AND OWNER EQUITY	BOOK VALUE AT END OF CURRENT REPORTING MONTH	BOOK VALUE ON PETITION DATE
<b>LIABILITIES NOT SUBJECT TO COMPROMISE (Postpetition)</b>		
Accounts Payable		
Taxes Payable (refer to FORM MOR-4)		
Wages Payable		
Notes Payable		
Rent / Leases - Building/Equipment		
Secured Debt / Adequate Protection Payments		
Professional Fees		
Amounts Due to Insiders*		
Other Postpetition Liabilities (attach schedule)	71,973.00	
<b>TOTAL POSTPETITION LIABILITIES</b>	<b>71,973.00</b>	<b>0.00</b>
<b>LIABILITIES SUBJECT TO COMPROMISE (Pre-Petition)</b>		
Secured Debt	8,661,076.52	9,009,178.00
Priority Debt	30,392.58	30,392.58
Unsecured Debt	7,613,184.90	7,693,200.05
<b>TOTAL PRE-PETITION LIABILITIES</b>	<b>16,304,654.00</b>	<b>16,732,770.63</b>
<b>TOTAL LIABILITIES</b>	<b>16,376,627.00</b>	<b>16,732,770.63</b>
<b>OWNER EQUITY</b>		
Capital Stock	6,396,666.28	6,396,666.28
Additional Paid-In Capital	3,244,478.99	3,244,478.99
Partners' Capital Account	0.00	
Owner's Equity Account	0.00	
Retained Earnings - Pre-Petition	(15,242,979.83)	(15,242,347.33)
Retained Earnings - Postpetition	(514,779.00)	
Adjustments to Owner Equity (attach schedule)		
Postpetition Contributions (Distributions) (Draws) (attach schedule)		
<b>NET OWNER EQUITY</b>	<b>(6,116,613.56)</b>	<b>(5,601,202.06)</b>
<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>	<b>10,260,013.44</b>	<b>11,131,568.57</b>

0.00

\*\*"Insider" is defined in 11 U.S.C. Section 101(31).

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**BALANCE SHEET - continuation sheet**

ASSETS		BOOK VALUE AT END OF CURRENT REPORTING MONTH	BOOK VALUE ON PETITION DATE
<b>Other Current Assets</b>			
	Investment In Salisbury 10 Acres	312,649.22	312,649.22
	Investment In Salisbury 20 Acres	561,825.97	561,825.97
<b>Other Assets</b>			
	Due from Hunter Marine	2,986,727.72	2,727,404.76
	Due from Mainship	1,524,618.40	1,525,259.12
	Due from Luhrs	672,816.82	672,816.82
	Deferred Fed Tax Asset	37,838.00	37,838.00
	Deferred State Tax Asset	9,132.00	9,132.00
LIABILITIES AND OWNER EQUITY		BOOK VALUE AT END OF CURRENT REPORTING MONTH	BOOK VALUE ON PETITION DATE
<b>Other Postpetition Liabilities</b>			
	City of Millville Real Estate Taxes	67,500.00	
<b>Adjustments to Owner Equity</b>			
	None		
<b>Postpetition Contributions (Distributions) (Draws)</b>			
	None		
C			

Restricted Cash is cash that is restricted for a specific use and not available to fund operations. Typically, restricted cash is segregated into a separate account, such as an escrow account.



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### STATUS OF POSTPETITION TAXES (1)

The beginning tax liability should be the ending liability from the prior month or, if this is the first report, the amount should be zero.  
Attach photocopies of IRS Form 6123 or payment receipt to verify payment or deposit of federal payroll taxes.  
Attach photocopies of any tax returns filed during the reporting period.

	Beginning Tax Liability	Amount Withheld or Accrued	Amount Paid	Date Paid	Check No. or EFT	Ending Tax Liability
<b>Federal</b>						
Withholding	None	None	None	None	None	None
FICA-Employee	None	None	None	None	None	None
FICA-Employer	None	None	None	None	None	None
Unemployment	None	None	None	None	None	None
Income	None	None	None	None	None	None
Other:	None	None	None	None	None	None
Total Federal Taxes	None	None	None	None	None	None
<b>State and Local</b>						
Withholding	None	None	None	None	None	None
Sales	None	None	None	None	None	None
Excise	None	None	None	None	None	None
Unemployment	None	None	None	None	None	None
Real Property	None	None	None	None	None	None
Personal Property	None	None	None	None	None	None
Other:	None	None	None	None	None	None
Total State and Local	None	None	None	None	None	None
<b>Total Taxes</b>	None	None	None	None	None	None

### SUMMARY OF UNPAID POSTPETITION DEBTS

Attach aged listing of accounts payable.

	Number of Days Past Due					Total
	Current	0-30	31-60	61-90	Over 90	
Accounts Payable	None	None	None	None	None	None
Wages Payable	None	None	None	None	None	None
Taxes Payable	None	None	None	None	None	None
Rent/Leases-Building	None	None	None	None	None	None
Rent/Leases-Equipment	None	None	None	None	None	None
Secured Debt/Adequate Protection Payments	None	None	None	None	None	None
Professional Fees	None	None	None	None	None	None
Amounts Due to Insiders*	None	None	None	None	None	None
Real Estate Tax Accrual	None	None	None	None	None	None
Other:	None	None	None	None	None	None
<b>Total Postpetition Debts</b>	None	None	None	None	None	None

Explain how and when the Debtor intends to pay any past-due postpetition debts.

The Debtors will pay its post-petition debts through the use of cash generated from operations as described in the Cash Collateral Motions and Orders and through borrowings under the interim DIP facility.

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### ACCOUNTS RECEIVABLE RECONCILIATION AND AGING

Accounts Receivable Reconciliation		Amount
Total Accounts Receivable at the beginning of the reporting period		78,106.71
+ Amounts billed during the period	None	
- Amounts collected during the period	None	
Total Accounts Receivable at the end of the reporting period		78,106.71
Accounts Receivable Aging		Amount
0 - 30 days old	None	
31 - 60 days old	None	
61 - 90 days old	None	
91+ days old		78,106.71
Total Accounts Receivable		78,106.71
Amount considered uncollectible (Bad Debt)	None	
Accounts Receivable (Net)	None	

### DEBTOR QUESTIONNAIRE

Must be completed each month	Yes	No
1. Have any assets been sold or transferred outside the normal course of business this reporting period? If yes, provide an explanation below.		X
2. Have any funds been disbursed from any account other than a debtor in possession account this reporting period? If yes, provide an explanation below. (2)		X
3. Have all postpetition tax returns been timely filed? If no, provide an explanation below.	X	
4. Are workers compensation, general liability and other necessary insurance coverages in effect? (1) If no, provide an explanation below.	X	
5. Has any bank account been opened during the reporting period? If yes, provide documentation identifying the opened account(s). If an investment account has been opened provide the required documentation pursuant to the Delaware Local Rule 4001-3.		X

(1) The Debtors maintain property coverage on only remaining material asset. As the Debtors have no employees, it no longer carries employment related coverages. The Debtors tenant maintains liability coverage.

(2) Funds disbursed from the Arent Fox Escrow account are reflected in cash disbursement schedules (MOR1) but not yet reflected in the Debtor's general ledger.