

OFFICE OF THE UNITED STATES TRUSTEE
CENTRAL DISTRICT OF CALIFORNIA

In Re: Colorep Inc.

Debtor(s).

CHAPTER 11 (Remittance)

Case Number: 2:13-bk-27689-WB
 Operating Report Number: 8
 For the Month Ending: 28-Feb-14

I. CASH RECEIPTS AND DISBURSEMENTS
A. (REMITTANCE ACCOUNT*)

1. TOTAL RECEIPTS PER ALL PRIOR REMITTANCE ACCOUNT REPORTS 1.00

2. LESS: TOTAL DISBURSEMENTS PER ALL PRIOR REMITTANCE
ACCOUNT REPORTS 1.00

3. BEGINNING BALANCE: 0.00

4. RECEIPTS DURING CURRENT PERIOD:

Accounts Receivable - Post-filing

Accounts Receivable - Pre-filing

General Sales 0.00

Other (Specify) Transfer from Transprint OP 0.00

Account. (required to keep acct open)

TOTAL RECEIPTS THIS PERIOD: 0.00

5. BALANCE: 0.00

6. LESS: TOTAL DISBURSEMENTS DURING CURRENT PERIOD

Transfers to Other DIP Accounts (from page 2) 0.00

Disbursements (from page 2) 0.00

TOTAL DISBURSEMENTS THIS PERIOD:*** 0.00

7. ENDING BALANCE: **** 0.00

8. General Account Number(s): 004980218459 (remitt account)

Depository Name & Location: Citibank. NY,NY

* All receipts must be deposited into the general account.

** Include receipts from the sale of any real or personal property out of the ordinary course of business; attach an exhibit specifying what was sold, to whom, terms, and date of Court Order or Report of Sale.

***This amount should be the same as the total from page 2.

**** This account was closed on Novemeber 12th, 2013.

TOTAL DISBURSEMENTS THIS PERIOD:

** Fill in amounts in this column if they are DISBURSEMENTS to outside payees; the "amount" column will be filled in for you.

UNITED STATES DEPARTMENT OF JUSTICE
OFFICE OF THE UNITED STATES TRUSTEE
CENTRAL DISTRICT OF CALIFORNIA

| | | |
|---|--------------------------|------------------|
| In Re: Colorep Inc. Debtor(s). | CHAPTER 11 (Operating) | |
| | Case Number: | 2:13-bk-27689-WB |
| | Operating Report Number: | 8 |
| | For the Month Ending: | 28-Feb-14 |

I. CASH RECEIPTS AND DISBURSEMENTS
A. (GENERAL ACCOUNT*)

| | |
|--|----------------------------------|
| 1. TOTAL RECEIPTS PER ALL PRIOR GENERAL ACCOUNT REPORTS | 1.00 |
| 2. LESS: TOTAL DISBURSEMENTS PER ALL PRIOR GENERAL ACCOUNT REPORTS | 1.00 |
| 3. BEGINNING BALANCE: | 0.00 |
| 4. RECEIPTS DURING CURRENT PERIOD: | |
| Accounts Receivable - Post-filing | |
| Accounts Receivable - Pre-filing | |
| General Sales | 0.00 |
| Other (Specify) Transfer from Transprint OP | 0.00 |
| Account. (required to keep acct open) | |
| TOTAL RECEIPTS THIS PERIOD: | 0.00 |
| 5. BALANCE: | 0.00 |
| 6. LESS: TOTAL DISBURSEMENTS DURING CURRENT PERIOD | |
| Transfers to Other DIP Accounts (from page 2) | 0.00 |
| Disbursements (from page 2) | 0.00 |
| TOTAL DISBURSEMENTS THIS PERIOD:*** | 0.00 |
| 7. ENDING BALANCE: ****\ | 0.00 |
| 8. General Account Number(s): | 004980218467 (operating account) |
| Depository Name & Location: | Citibank. NY,NY |

* All receipts must be deposited into the general account.

** Include receipts from the sale of any real or personal property out of the ordinary course of business; attach an exhibit specifying what was sold, to whom, terms, and date of Court Order or Report of Sale.

***This amount should be the same as the total from page 2.

**** This amount was closed on November 12, 2013.

TOTAL DISBURSEMENTS FROM GENERAL ACCOUNT FOR CURRENT PERIOD

[illegible]

* Fill in amounts in this column if they are TRANSFERS to another DIP account (e.g. Payroll or Tax); the "amount" column will be filled in for you.

** Fill in amounts in this column if they are DISBURSEMENTS to outside payees; the "amount" column will be filled in for you.

GENERAL ACCOUNT
BANK RECONCILIATION

Bank statement Date: _____ Balance on Statement: \$0.00

Plus deposits in transit (a):

Deposit Date

Deposit Amount

| | |
|-------|-------|
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |

TOTAL DEPOSITS IN TRANSIT

0.00

Less Outstanding Checks (a):

Check Number

Check Date

Check Amount

| | | |
|-------|-------|-------|
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| _____ | _____ | _____ |

TOTAL OUTSTANDING CHECKS:

0.00

Bank statement Adjustments:

Explanation of Adjustments-

| |
|--|
| |
|--|

ADJUSTED BANK BALANCE:

\$0.00

* It is acceptable to replace this form with a similar form

** Please attach a detailed explanation of any bank statement adjustment

B. (PAYROLL ACCOUNT)

| | |
|--|-----------------|
| 1. TOTAL RECEIPTS PER ALL PRIOR PAYROLL ACCOUNT REPORTS | 1.00 |
| 2. LESS: TOTAL DISBURSEMENTS PER ALL PRIOR PAYROLL ACCOUNT REPORTS | 1.00 |
| 3. BEGINNING BALANCE: | 0.00 |
| 4. RECEIPTS DURING CURRENT PERIOD: | 0.00 |
| Transferred from Transprint OP account (required to keep tha account open) | |
| 5. BALANCE: | 0.00 |
| 6. LESS: TOTAL DISBURSEMENTS DURING CURRENT PERIOD | |
| TOTAL DISBURSEMENTS THIS PERIOD:** | 0.00 |
| 7. ENDING BALANCE: ** | 0.00 |
| 8. PAYROLL Account Number(s): | 004980218440 |
| Depository Name & Location: | Citibank. NY,NY |

*This amount should be the same as the total from page 2.

** This amount was closed on Novemeber 12, 2013.

| | |
|----------------------------------|------|
| TOTAL DISBURSEMENTS THIS PERIOD: | 0.00 |
|----------------------------------|------|

Bank statement Date: _____ Balance on Statement: \$0.00

Plus deposits in transit (a):

| <u>Deposit Date</u> | <u>Deposit Amount</u> |
|---------------------|-----------------------|
|---------------------|-----------------------|

| | |
|-------|-------|
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |

TOTAL DEPOSITS IN TRANSIT 0.00

Less Outstanding Checks (a):

| <u>Check Number</u> | <u>Check Date</u> | <u>Check Amount</u> |
|---------------------|-------------------|---------------------|
|---------------------|-------------------|---------------------|

| | | |
|-------|-------|-------|
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| _____ | _____ | _____ |

TOTAL OUTSTANDING CHECKS: 0.00

Bank statement Adjustments:

Explanation of Adjustments-

ADJUSTED BANK BALANCE: \$0.00

C. (TAX ACCOUNT)

| | |
|---|-----------------------------------|
| 1. TOTAL RECEIPTS PER ALL PRIOR TAX ACCOUNT REPORTS | <input type="text"/> |
| 2. LESS: TOTAL DISBURSEMENTS PER ALL PRIOR TAX ACCOUNT REPORTS | <input type="text"/> |
| 3. BEGINNING BALANCE: | <input type="text" value="0"/> |
| 4. RECEIPTS DURING CURRENT PERIOD: (Transferred from General Account) | <input type="text"/> |
| 5. BALANCE: | <input type="text" value="0.00"/> |
| 6. LESS: TOTAL DISBURSEMENTS DURING CURRENT PERIOD TOTAL DISBURSEMENTS THIS PERIOD:*** | <input type="text" value="0.00"/> |
| 7. ENDING BALANCE: | <input type="text" value="0.00"/> |
| 8. TAX Account Number(s): | <input type="text"/> |
| Depository Name & Location: | <input type="text"/> |
| | <input type="text"/> |
| | <input type="text"/> |

| | |
|----------------------------------|------|
| Page 8 of 16 | |
| TOTAL DISBURSEMENTS THIS PERIOD: | 0.00 |

Plus deposits in transit (a):

Deposit DateDeposit Amount

TOTAL DEPOSITS IN TRANSIT

0.0

0.00

Less Outstanding Checks (a):

Check NumberCheck DateCheck Amount

TOTAL OUTSTANDING CHECKS:

0.00

Bank statement Adjustments:

Explanation of Adjustments-

ADJUSTED BANK BALANCE:

\$0.00

* It is acceptable to replace this form with a similar form

** Please attach a detailed explanation of any bank statement adjustment

(Provide a copy of monthly account statements for each of the below)

| | |
|----------------------------|------|
| **Petty Cash (from below): | 0.00 |
|----------------------------|------|

0.00

| Date | Purpose | Amount |
|------|---------|--------|
|------|---------|--------|

| | |
|--------------------------------|------|
| TOTAL PETTY CASH TRANSACTIONS: | 0.00 |
|--------------------------------|------|

**** Attach Exhibit Itemizing all petty cash transactions**

II. STATUS OF PAYMENT OBLIGATIONS OF DEBTORS, LESSORS
AND OTHER PARTIES TO EXECUTORY CONTRACTS

| | |
|------------|-----|
| TOTAL DUE: | 0.0 |
|------------|-----|

FOR THE REPORTING PERIOD:

Total Wages Paid: _____

| | Total Post-Petition Amounts Owing | Amount Delinquent | Date Delinquent Amount Due |
|------------------------|--------------------------------------|-------------------|-------------------------------|
| Federal Withholding | | | |
| State Withholding | | | |
| FICA- Employer's Share | | | |
| FICA- Employee's Share | | | |
| Federal Unemployment | | | |
| Sales and Use | | | |
| Real Property | | | |
| Other: | | | |
| TOTAL: | 0.00 | 0.0 | |

IV. AGING OF ACCOUNTS PAYABLE AND RECEIVABLE

30 days or less
31 - 60 days
61+

V. INSURANCE COVERAGE

General Liability
Worker's Compensation
Casualty
Vehicle
Others: D&O

VI. UNITED STATES TRUSTEE QUARTERLY FEES (TOTAL PAYMENTS)

650.00

Page 12 of 16

| Name of Insider | Date of Order Authorizing Compensation | *Authorized Gross Compensation | Gross Compensation Paid During the Month |
|-----------------|--|--------------------------------|--|
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |

VIII. SCHEDULE OF OTHER AMOUNTS PAID TO INSIDERS

| Name of Insider | Date of Order Authorizing Compensation | Description | Amount Paid During the Month |
|-----------------|--|-------------|---------------------------------|
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |

IX. PROFIT AND LOSS STATEMENT
 (ACCRUAL BASIS ONLY)

| | Current Month | Cumulative Post-Petition |
|--|---------------|--------------------------|
| Sales/Revenue: | | |
| Gross Sales/Revenue | | |
| Less: Returns/Discounts | | |
| Net Sales/Revenue | 0.0 | 0.0 |
| Cost of Goods Sold: | | |
| Beginning Inventory at cost | | |
| Purchases | | |
| Less: Ending Inventory at cost | | |
| Cost of Goods Sold (COGS) | 0.00 | 0.00 |
| Gross Profit | 0.00 | 0.00 |
| Other Operating Income (Itemize) | | |
| Operating Expenses: | | |
| Payroll - Insiders | | |
| Payroll - Other Employees | | |
| Payroll Taxes | | |
| Other Taxes (Itemize) | | |
| Depreciation and Amortization | | |
| Rent Expense - Real Property | | |
| Lease Expense - Personal Property | | |
| Insurance | | |
| Real Property Taxes | | |
| Telephone and Utilities | | |
| Repairs and Maintenance | | |
| Travel and Entertainment (Itemize) | | |
| Miscellaneous Operating Expenses (Itemize) | | |
| Total Operating Expenses | 0.00 | 0.00 |
| Net Gain/(Loss) from Operations | 0.00 | 0.00 |
| Non-Operating Income: | | |
| Interest Income | 0.00 | 0.00 |
| Net Gain on Sale of Assets (Itemize) | | |
| Other (Itemize) | | |
| Total Non-Operating income | 0.00 | 0.00 |
| Non-Operating Expenses: | | |
| Interest Expense | 0.00 | 115,713.39 |
| Legal and Professional (Itemize) | | |
| Other (Itemize) | | |
| Total Non-Operating Expenses | 0.00 | 115,713.39 |
| NET INCOME/(LOSS) | 0.00 | (115,713.39) |

(Attach exhibit listing all itemizations required above)

(Attach exhibit listing all itemizations required above)

| ASSETS | | Current Month End | |
|---------------------------------------|--|-------------------|----------------|
| Current Assets: | | 0.00 | |
| Unrestricted Cash | | 0.00 | |
| Restricted Cash | | 0.00 | |
| Accounts Receivable | | 0.00 | |
| Inventory | | 0.00 | |
| Notes Receivable | | 0.00 | |
| Prepaid Expenses | | 0.00 | |
| Other | | 0.00 | |
| Total Current Assets | | | 0.00 |
| Property, Plant, and Equipment | | 0.00 | |
| Accumulated Depreciation/Depletion | | 0.00 | |
| Net Property, Plant, and Equipment | | | 0.00 |
| Other Assets (Net of Amortization): | | | |
| Due from Insiders | | 0.00 | |
| Other (Itemize) Intellectual Property | | 0.00 | |
| Total Other Assets | | | 0.00 |
| TOTAL ASSETS | | | 0.00 |
| LIABILITIES | | | |
| Post-petition Liabilities: | | | |
| Accounts Payable | | 0.00 | |
| Taxes Payable | | 0.00 | |
| Notes Payable | | 0.00 | |
| Professional fees | | 0.00 | |
| Secured Debt | | 0.00 | |
| Other (Itemize) | | 0.00 | |
| Total Post-petition Liabilities | | | 0.00 |
| Pre-petition Liabilities: | | | |
| Secured Liabilities | | 0.00 | |
| Priority Liabilities | | 0.00 | |
| Unsecured Liabilities | | 5,305,359.28 | |
| Other | | | |
| Total Pre-petition Liabilities | | | 5,305,359.28 |
| TOTAL LIABILITIES | | | 5,305,359.28 |
| EQUITY: | | | |
| Pre-petition Owners' Equity | | (26,521,359.00) | |
| Post-petition Profit/(Loss) | | (115,713.39) | |
| Direct Charges to Equity | | 21,331,713.11 | |
| TOTAL EQUITY | | | (5,305,359.28) |
| TOTAL LIABILITIES & EQUITY | | | 0.00 |

(1) On October 7, 2013, Colorep closed a sale of substantially of it's assets to AirDye Solutions, LLC ("AirDye"). Pursuant to the terms of the sale, \$19.75 million of Meserole, LLC's prepetition secured lien and \$250,000 of the Debtor's DIP loan was credit bid to purchase the "Acquired Assets." Certain of the Debtor's prepetition priority claims and postpetition administrative claims were also assumed by AirDye pursuant to the terms of the sale. To the extent anything in this balance sheet is inconsistent with the terms of the Asset Purchase governing the sale, the Asset Purchase Agreement shall govern. A copy of the Asset Purchase agreement for the sale to AirDye was filed as docket number 254 in Case number 2:13-bk-27689-ER.

XI. QUESTIONNAIRE

- | | | |
|---|----------|---------------|
| | No | Yes |
| 1. Has the debtor-in-possession made any payments on its pre-petition unsecured debt, except as have been authorized by the court? If "Yes", explain below: | <u>X</u> | <u> </u> |
| <hr/> | | |
| | No | Yes |
| 2. Has the debtor-in-possession during this reporting period provided compensation or remuneration to any officers, directors, principals, or other insiders without appropriate authorization? If "Yes", explain below: | <u>X</u> | <u> </u> |
| <hr/> | | |
| 3. State what progress was made during the reporting period toward filing a plan of reorganization. The Debtor, on October 7, 2013, closed a sale of substantially all of its assets. The Debtor is currently assessing whether it makes sense to seek confirmation of a chapter 11 plan, convert the Debtor's bankruptcy case to chapter 7, or pursue an orderly dismissal of the Debtor's case. | | |
| <hr/> | | |
| 4. Describe potential future developments which may have a significant impact on the case: See above. | | |
| 5. Attach copies of all Orders granting relief from the automatic stay that were entered during the reporting period. | | |
| None | | |
| | No | Yes |
| 6. Did you receive any exempt income this month, which is not set forth in the operating report? If "Yes", please set forth the amounts and sources of the income below. | <u>X</u> | <u> </u> |
| <hr/> | | |

I, Rich Hauer,
declare under penalty of perjury that I have fully read and understood the foregoing debtor-in-possession operating report and that the information contained herein is true and complete to the best of my knowledge.



Date 3/12/14 Page 16 of 16

Principal for debtor-in-possession

PROOF OF SERVICE OF DOCUMENT

I am over the age of 18 and not a party to this bankruptcy case or adversary proceeding. My business address is: 1901 Avenue of the Stars, 12th Floor, Los Angeles, California 90067. A true and correct copy of the foregoing document entitled (*specify*): **MONTHLY OPERATING REPORT RE COLOREP, INC. FOR FEBRUARY, 2014** will be served or was served **(a)** on the judge in chambers in the form and manner required by LBR 5005-2(d); and **(b)** in the manner stated below:

1. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF): Pursuant to controlling General Orders and LBR, the foregoing document will be served by the court via NEF and hyperlink to the document. On March 13, 2014, I checked the CM/ECF docket for this bankruptcy case or adversary proceeding and determined that the following persons are on the Electronic Mail Notice List to receive NEF transmission at the email addresses stated below:

☒ Service information continued on attached page

2. SERVED BY UNITED STATES MAIL:

On March 13, 2014, I served the following persons and/or entities at the last known addresses in this bankruptcy case or adversary proceeding by placing a true and correct copy thereof in a sealed envelope in the United States mail, first class, postage prepaid, and addressed as follows. Listing the judge here constitutes a declaration that mailing to the judge will be completed no later than 24 hours after the document is filed.

Honorable Julie W. Brand
U.S. Bankruptcy Court
255 E. Temple Street
Suite 1382 / Courtroom 1375
Los Angeles, CA 90012

Ron Maroko
Office of the United States Trustee
915 Wilshire Blvd, Suite 1850
Los Angeles, CA 90017

☐ Service information continued on attached page

3. SERVED BY PERSONAL DELIVERY, OVERNIGHT MAIL, FACSIMILE TRANSMISSION OR EMAIL (*state method for each person or entity served*): Pursuant to F.R.Civ.P. 5 and/or controlling LBR, on (*date*) _____, 2014, I served the following persons and/or entities by personal delivery, overnight mail service, or (for those who consented in writing to such service method), by facsimile transmission and/or email as follows. Listing the judge here constitutes a declaration that personal delivery on, or overnight mail to, the judge will be completed no later than 24 hours after the document is filed.

☐ Service information continued on attached page

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct.

March 13, 2014
Date

Lisa Masse
Printed Name

/s/ Lisa Masse
Signature

1. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF):

Patrick B Howell on behalf of Creditor Sensient Imaging Technologies S.A., Sensient Technologies Corporation
phowell@whdlaw.com, dprim@whdlaw.com;tmichalak@whdlaw.com

Ron Maroko on behalf of U.S. Trustee United States Trustee (LA)
ron.maroko@usdoj.gov

David W. Meadows on behalf of Creditor Columbia Gas of Virginia, Inc.
david@davidwmeadowslaw.com

David W. Meadows on behalf of Creditor Virginia Electric And Power Co
david@davidwmeadowslaw.com

Stephan W Milo on behalf of Interested Party Courtesy NEF
smilo@wawlaw.com, psilling@wawlaw.com

Margreta M Morgulas on behalf of Debtor Colorep, Inc.
mmorgulas@stutman.com

Margreta M Morgulas on behalf of Debtor Transprint USA, Inc.
mmorgulas@stutman.com

Michael S Neumeister on behalf of Debtor Colorep, Inc.
mneumeister@stutman.com

Michael S Neumeister on behalf of Debtor Transprint USA, Inc.
mneumeister@stutman.com

Michael S Neumeister on behalf of Debtor In Possession Transprint USA, Inc.
mneumeister@stutman.com

Frank T Pepler on behalf of Creditor Fuller Smith Capital Management LLC
frank.pepler@dlapiper.com, carolyn.ernser@dlapiper.com

Frank T Pepler on behalf of Creditor Meserole, LLC
frank.pepler@dlapiper.com, carolyn.ernser@dlapiper.com

Frank T Pepler on behalf of Creditor Saviva FS 1 LP
frank.pepler@dlapiper.com, carolyn.ernser@dlapiper.com

Danielle A Pham on behalf of Debtor Colorep, Inc.
dpham@stutman.com, daniellepham@gmail.com

Jeffrey M. Reisner on behalf of Interested Party Courtesy NEF
jreisner@irell.com

Christopher O Rivas on behalf of Creditor Columbia Gas of Virginia, Inc.
crivas@reedsmith.com

Nicola G Suglia, Esq on behalf of Creditor Canon Financial Services, Inc. c/o Fleischer, Fleischer & Suglia
nsuglia@fleischerlaw.com

United States Trustee (LA)
ustpreion16.la.ecf@usdoj.gov