

UNITED STATES BANKRUPTCY COURT  
DISTRICT OF NEW JERSEY

In Re: Ashley Stewart Holdings, Inc. et al.<sup>1</sup>  
Debtors


Case No. 14-14383

MONTHLY OPERATING REPORT  
For the Period August 31, 2014 through October 4, 2014

REQUIRED DOCUMENTS	Form No.	Document Attached	Explanation Attached	Debtors' Statement
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 Accounts Payable	MOR-4	X		
Accounts Receivable Reconciliation and Aging	MOR-5	X		
Debtor Questionnaire	MOR-5	X		

The information contained herein is provided to fulfill the requirements of the Office of the United States Trustee. All information contained herein is unaudited and is subject to future adjustment. Certain assumptions have been made as noted herein. The unaudited consolidated financial statements presented herein have been derived from the Debtors' books and records. Certain financial information, however, has not been subject to procedures that would typically be applied to financial information presented in accordance with US GAAP, and upon the application of such procedures, the Debtors believe that the financial information could be subject to further changes, and these changes could be material. Nothing contained in this Monthly Operating Report shall constitute a waiver of any of the Debtors' rights or an admission with respect to their Chapter 11 Proceedings (as defined herein), but not limited to, matters involving objections to claims, substantive consolidation, equitable subordination, defenses, characterization or recharacterization of contracts, assumption or rejection of contracts under the provisions of chapter 3 of Title 11 of the United States Code (the "Bankruptcy Code") and / or causes of action under the provisions of the chapter 5 of the Bankruptcy Code or any other relevant applicable laws to recover assets or avoid transfers.

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.

  
Mike Abate  
Senior Vice President, Treasurer

  
Date

<sup>1</sup>Includes Ashley Stewart Holdings, Inc. and affiliated debtors: New Ashley Stewart, Inc.; AS IP Holdings, Inc. and NAS Gift LLC

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**SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS <sup>1</sup>**  
For the Period August 31, 2014 through October 4, 2014

(\$ in thousands)	8/31/2014 - 10/4/2014				Cumulative Filing to Date			
	Ashley Stewart Holdings, Inc.	New Ashley Stewart, Inc.	NAS Gift Company LLC	AS IP Holdings, Inc.	Ashley Stewart Holdings, Inc.	New Ashley Stewart, Inc.	NAS Gift Company LLC	AS IP Holdings, Inc.
<b>Receipts</b>								
Cash Receipts from Sales	-	-	-	-	-	23,337	-	-
Cash Receipts from Asset Sales	-	-	-	-	-	18,297	-	-
Other Cash Receipts	-	-	-	-	-	563	-	-
<b>Total Cash Receipts</b>	-	-	-	-	-	42,197	-	-
<b>Operating Disbursements</b>								
Merchandise - Pre-petition	-	-	-	-	-	87	-	-
Merchandise - Post-petition	-	-	-	-	-	9,053	-	-
Rent	-	-	-	-	-	1,020	-	-
Payroll	-	-	-	-	-	4,438	-	-
Sales Taxes	-	-	-	-	-	1,762	-	-
Benefits	-	-	-	-	-	375	-	-
Other	-	-	-	-	-	4,651	-	-
<b>Total Operating Disbursements</b>	-	-	-	-	-	21,387	-	-
<b>Non-Operating Disbursements</b>								
Daily Loan Repayments (cash sweep)	-	-	-	-	-	23,250	-	-
Loan Paydown, Interest and Fees	-	-	-	-	-	15,958	-	-
Payments to Creditors	-	-	-	-	-	1,140	-	-
Professional Fees	-	575	-	-	-	2,202	-	-
Professional Fee Escrow	-	-	-	-	-	2,650	-	-
Deposits / Other	-	-	-	-	-	164	-	-
<b>Total Non-Operating Disbursements</b>	-	575	-	-	-	45,364	-	-
<b>Total Disbursements</b>	-	575	-	-	-	66,751	-	-
<b>Net Cash Flow</b>	-	(575)	-	-	-	(24,553)	-	-

THE FOLLOWING SECTION MUST BE COMPLETED

DISBURSEMENTS FOR CALCULATING U.S. TRUSTEE QUARTERLY FEES:	
TOTAL DISBURSEMENTS	575
LESS: TRANSFERS TO DEBTOR IN POSSESSION ACCOUNTS	-
PLUS: ESTATE DISBURSEMENTS MADE BY OUTSIDE SOURCES (i.e. from escrow accounts) <sup>2</sup>	-
<b>TOTAL DISBURSEMENTS FOR CALCULATING U.S. TRUSTEE QUARTERLY FEES<sup>(1)</sup></b>	<b>575</b>

<sup>1</sup> This schedule of cash receipts and disbursements has been presented in a manner consistent with the Debtors' historical external financial reporting and would be unduly burdensome to produce in a different or modified format.

<sup>2</sup> Disbursements from the Debtors' professional fee escrow account are presented separately as a component of non-operating disbursements above

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**BANK RECONCILIATIONS**  
Continuation Sheet for MOR-1  
For the Period Ended October 4, 2014

Bank Account Reconciliations & Cash Disbursement Journals

The Debtors affirm that bank account reconciliations have been prepared for all open and active bank accounts to the Debtors' books for the reporting period without exception. The Debtors affirm that within the financial accounting systems, check registers and / or disbursement journals are maintained for each disbursement account.

Bank Statements

The Debtors affirm that bank statements for all open and active bank accounts are retained by the Debtors and will be available upon request. The list of bank accounts and balances are as follows:

Bank	Account No.	Balance 3/10/2014	10/4/2014
BANK OF AMERICA	XXXXXX4864	261,439	-
CAPITAL ONE	XXXXXX6812	6,369	-
CHASE	XXXXX3014	31,960	-
SUNTRUST BANK	XXXXXXXXX0628	37,239	-
BMO HARRIS BANK	XXXXXX0318	3,587	-
HUNTINGTON BANK*	XXXXXXXXX4417	2,128	-
M & T BANK	XXXXXX7997	4,669	-
FIRST TENNESSEE BANK	XXXXX7860	1,173	-
SOVEREIGN BANK	XXXXXX9274	1,558	-
KEY BANK	XXXXXXXXX1172	3,067	-
CITIBANK	XXXXX9432	3,978	-
U.S. BANK	XXXXXXXXX9844	9,564	-
WELLS FARGO	XXXXXXXXX0561	6,540	-
FIFTH THIRD BANK	XXXXXX1158	9,493	-
BANCO POPULAR*	XXXXXX9848	2,268	-
REGIONS BANK	XXXXX7873	44,279	-
PNC BANK	XXXXXX9473	6,866	-
BENEFICIAL SAVINGS BANK	XXXXXX2075	2,576	-
TD BANK*	XXXXXX0335	-	-
FIRST MIDWEST BANK	XXXXXX2611	4,307	-
SUBURBAN BANK & TRUST	XXXXXX3760	2,124	-
BB&T	XXXXXXXXX6281	1,609	-
TCF BANK	XXXXXX6815	4,800	-
WOODFOREST NAT'L BANK	XXXXXX0837	2,434	-
WELL FARGO	XXXXXX5216	-	-
WELL FARGO	XXXXXX5224	1,192,327	-
WELL FARGO	XXXXXX5232	4,209	-
WELL FARGO	XXXXXX2299	-	-
WELL FARGO	XXXXXX2307	-	-
WELL FARGO	XXXXXX2315	-	-
TD BANK	XXXXXX8715	34,996	-
TD BANK	XXXXXX0928	-	-
Wells Fargo	XXXXXX9812	-	884,327
Wells Fargo	XXXXXX3153	-	149,864
Wilmington Trust	XXXXXX-000	-	548,624
Wells Fargo	XXXXXX2032	-	866,554

\*Bank account closed as of 4/5/2014

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**SCHEDULE OF BORROWINGS AND REPAYMENTS**  
**For the Period August 31, 2014 through October 4, 2014**

The Debtor's revolving credit facility was fully repaid ( less amounts compromised in connection with Global Settlement Agreement (Dkt. No. 329)) from the transaction proceeds from sale of substantially all of the Debtor's assets on April 24th, 2014. As a result there were no borrowings or repayments during the reporting period.



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**STATEMENT OF OPERATIONS<sup>1</sup>**  
For the Period August 31, 2014 through October 4, 2014

(\$ in thousands)	8/31/2014 - 10/4/2014				Cumulative Filing to Date			
	Ashley Stewart Holdings, Inc.	New Ashley Stewart, Inc.	NAS Gift Company LLC	AS IP Holdings, Inc.	Ashley Stewart Holdings, Inc.	New Ashley Stewart, Inc.	NAS Gift Company LLC	AS IP Holdings, Inc.
Net Sales	-	-	-	-	-	20,271	-	-
Cost of Goods Sold	-	-	-	-	-	10,113	-	-
Gross Profit	-	-	-	-	-	10,159	-	-
Payroll	-	14	-	-	-	2,294	-	-
Non-Productive	-	-	-	-	-	31	-	-
Incentives	-	-	-	-	-	103	-	-
Payroll Tax / Benefits	-	-	-	-	-	720	-	-
Total Payroll & Benefits	-	14	-	-	-	3,147	-	-
Rent	-	-	-	-	-	2,253	-	-
Utilities	-	-	-	-	-	308	-	-
Real Estate Taxes	-	-	-	-	-	255	-	-
CAM	-	-	-	-	-	274	-	-
Insurance	-	-	-	-	-	28	-	-
Deferred Rent	-	-	-	-	-	6	-	-
Other	-	-	-	-	-	123	-	-
Total Occupancy	-	-	-	-	-	3,247	-	-
B&M Advertising	-	-	-	-	-	155	-	-
eCommerce Advertising	-	-	-	-	-	305	-	-
Total Advertising	-	-	-	-	-	459	-	-
Other Operating	-	-	-	-	-	2,191	-	-
DC/Trans	-	-	-	-	-	412	-	-
Total Op Ex	-	14	-	-	-	9,456	-	-
Total Contribution	-	(14)	-	-	-	703	-	-
G&A Overhead/Other	-	-	-	-	-	-	-	-
Customer Support	-	7	-	-	-	2,968	-	-
Field	-	-	-	-	-	461	-	-
Restructuring Charges	-	818	-	-	-	2,495	-	-
Total G&A Overhead/Other	-	825	-	-	-	5,924	-	-
Interest Expense	-	-	-	-	-	1,019	-	-
Depreciation / Disposal	-	-	-	-	-	1,289	-	-
Net Income/(Loss)	-	(839)	-	-	-	(7,529)	-	-

<sup>1</sup> This consolidated statement of operations has been presented in a manner consistent with the Debtors' historical external financial reporting and would be unduly burdensome to produce in a different or modified format.

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**BALANCE SHEET<sup>1</sup>**  
For the Period Ended October 4, 2014

	As of October 4, 2014				As of April 5, 2014							
	Ashley Stewart Holdings, Inc.	New Ashley Stewart, Inc.	NAS Gift Company LLC	AS IP Holdings, Inc.	Elimination	Consolidated	Ashley Stewart Holdings, Inc.	New Ashley Stewart, Inc.	NAS Gift Company LLC	AS IP Holdings, Inc.	Elimination	Consolidated
<b>ASSETS</b>												
Current assets:												
Cash and cash equivalents	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Accounts receivable		2,449				2,449		1,688				1,688
Merchandise inventories, net								10,904				10,904
Intercompany receivable	42,652		513		(43,165)		42,666	1,296			(43,962)	5,691
Prepaid expenses and other current assets								5,691				
Total current assets	42,652	2,449	513		(43,165)	2,449	42,666	21,590	1,296		(43,962)	21,590
Fixed assets, net								7,537				7,537
Intangible assets								3		4,802		4,804
Other assets:												
Deposits		1,992				1,992		3,096				3,096
Deferred financing fees								955				955
Investments in Sub	(31,533)	0			31,533	0	(31,533)				31,533	(0)
Total assets	\$ 11,119	\$ 4,441	\$ 513	\$	\$ (11,632)	\$ 4,441	\$ 11,133	\$ 33,181	\$ 1,296	\$ 4,802	\$ (12,429)	\$ 37,982
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>												
Current liabilities:												
Current Lease Payable												
Revolving credit facility												
Accounts payable		949				949		12,813				12,813
Accrued expenses		329				329		1,016				1,016
Accrued salaries and related expenses								1,131				1,131
Intercompany Payable		38,363				38,363		1,159				1,159
Total liabilities not subject to compromise		39,641				39,641		39,161		4,802		43,963
Total Liabilities subject to compromise		17,606	513		4,802	23,921	19,540	21,203	1,296			42,039
Total liabilities	20,757	57,247	513		4,802	63,283	19,540	76,482	1,296	4,802	(43,962)	58,158
Stockholders' Equity												
Common stock												
Additional paid-in capital for common stock	29,665	(989)				28,676	29,665	(0)				29,665
Accumulated deficit	(39,103)	(51,817)			(4,802)	(95,722)	(38,072)	(43,301)			31,533	(49,840)
Total stockholders' equity	(9,638)	(52,806)			(4,802)	(64,133)	(8,407)	(43,302)			31,533	(20,176)
Total Liabilities and Stockholders' Equity	\$ 11,119	\$ 4,441	\$ 513	\$	\$ (11,632)	\$ 4,441	\$ 11,133	\$ 33,181	\$ 1,296	\$ 4,802	\$ (12,429)	\$ 37,982

<sup>1</sup> This consolidated balance sheet has been presented in a manner consistent with the Debtors' historical external financial reporting and would be unduly burdensome to produce in a different or modified format.

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**DEBTORS' STATEMENT WITH RESPECT TO STATUS OF POSTPETITION TAXES**  
**For the Period August 31, 2014 through October 4, 2014**

The Debtors have received approval to pay prepetition tax and fee obligations, including, without limitation, sales, use and excise taxes, franchise taxes, real and property taxes, and certain other taxes due in the normal course of business through certain First Day Motions. As such, the applicable taxes have been paid when due except for amounts that are in dispute, if any. All other post-petition tax obligations to the proper taxing authorities are current.



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**Consolidated Summary of Unpaid Post-Petition Accounts Payable  
For the Period Ended October 4, 2014**

**Post Petition Account Payable: Aging as of 10/4/2014**

Type	Less than 30 Days	30 - 60 Days	60 - 90 Days	Greater than 90 Days	Total
Expense		1,345	27,875	385,581	414,801
Merchandise				533,824	533,824
<b>Total</b>	-	<b>1,345</b>	<b>27,875</b>	<b>919,405</b>	<b>948,625</b>

Note, the Debtors are currently in the process of reconciling post-petition accounts payable with vendors, that may or may not be in dispute

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**ACCOUNTS RECEIVABLE RECONCILIATION AND AGING**  
For the Period Ended October 4, 2014

<b>Accounts Receivable Aging*</b>	<b>Amount</b>
0 - 30 days old	-
31 - 60 days old	-
61 - 90 days old	-
91+ days old	-
Total Accounts Receivable	-
Amount considered uncollectible (Bad Debt)	-
Accounts Receivable (Net)	-

\*The Debtors' accounts receivable relate solely to credit card receivables from sales through their retail locations and ecommerce transactions. Settlement of the receivables averages 2 - 4 business days depending on the credit card issuer.

**DEBTOR QUESTIONNAIRE**

<b>Must be completed each month</b>	<b>Yes</b>	<b>No</b>
1. Have any assets been sold or transferred outside the normal course of business this reporting period? If yes, provide an explanation below.		X <sup>(1)</sup>
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.		X <sup>(2)</sup>
3. Have all post petition tax returns been timely filed? If no, provide an explanation below.	X <sup>(3)</sup>	
4. Are workers compensation, general liability and other necessary insurance coverages in effect? 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 <sup>(4)</sup>	

<sup>(1)</sup> Prior to the reporting period, the Debtors sold substantially all of their assets pursuant to authorization granted by the court (see docket #324, filed on 4/24/14). In addition, during the reporting period the Debtors conducted certain store closing sales pursuant to authorization granted by the court (see docket #59 filed on 3/12/2014)

<sup>(2)</sup>The Debtors continue to use prepetition bank accounts pursuant to the order authorizing the use of existing bank accounts (docket 53 filed 3/11/14)

<sup>(3)</sup>No post-petition federal tax returns were required to be filed during the reporting period

<sup>(4)</sup>The Debtors opened escrow bank accounts to fund professional fee and utility deposit escrows. Documentation related to these accounts will be provided upon request.