

UNITED STATES BANKRUPTCY COURT
DISTRICT OF _____

In re KIT digital, Inc.
Debtor

Case No. 13-11298 (REG)
Reporting Period: April 26 through April 30th, 2013

Federal Tax I.D. # 11-3447894

CORPORATE MONTHLY OPERATING REPORT

File with the Court and submit a copy to the United States Trustee within 20 days after the end of the month and submit a copy of the report to any official committee appointed in the case.

(Reports for Rochester and Buffalo Divisions of Western District of New York are due 15 days after the end of the month, as are the reports for Southern District of New York.)

REQUIRED DOCUMENTS	Form No.	Document Attached	Explanation Attached
Schedule of Cash Receipts and Disbursements	MOR-1		
Bank Reconciliation (or copies of debtor's bank reconciliations)	MOR-1 (CON'T)		
Copies of bank statements			
Cash disbursements journals			
Statement of Operations	MOR-2		
Balance Sheet	MOR-3		
Status of Post-petition Taxes	MOR-4		
Copies of IRS Form 6123 or payment receipt			
Copies of tax returns filed during reporting period			
Summary of Unpaid Post-petition Debts	MOR-4		
Listing of Aged Accounts Payable			
Accounts Receivable Reconciliation and Aging	MOR-5		
Taxes Reconciliation and Aging	MOR-5		
Payments to Insiders and Professional	MOR-6		
Post Petition Status of Secured Notes, Leases Payable	MOR-6		
Debtor Questionnaire	MOR-7		

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 Authorized Individual*  _____

Date 5/20/13

Printed Name of Authorized Individual: Fabrice Hamaide

Date 5/20/13

*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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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.

REVENUES	MONTH	CUMULATIVE -FILING TO DATE
Gross Revenues		
Less: Returns and Allowances		
Net Revenue		
COST OF GOODS SOLD		
Beginning Inventory		
Add: Purchases		
Add: Cost of Labor		
Add: Other Costs (attach schedule)		
Less: Ending Inventory		
Cost of Goods Sold		
Gross Profit		
OPERATING EXPENSES		
Advertising		
Auto and Truck Expense		
Bad Debts		
Contributions		
Employee Benefits Programs		
Officer/Insider Compensation*	12,975.00	12,975.00
Insurance		
Management Fees/Bonuses		
Office Expense		
Pension & Profit-Sharing Plans		
Repairs and Maintenance		
Rent and Lease Expense		
Salaries/Commissions/Fees	5,553.22	5,553.22
Supplies		
Taxes - Payroll		
Taxes - Real Estate		
Taxes - Other		
Travel and Entertainment		
Utilities		
Other (attach schedule)	2,111.32	2,111.32
Total Operating Expenses Before Depreciation		
Depreciation/Depletion/Amortization		
Net Profit (Loss) Before Other Income & Expenses	(20,639.54)	(20,639.54)
OTHER INCOME AND EXPENSES		
Other Income (attach schedule)		
Interest Expense		
Other Expense (attach schedule)		
Net Profit (Loss) Before Reorganization Items	(20,639.54)	(20,639.54)
REORGANIZATION ITEMS		
Professional Fees	29,750.00	29,750.00
U. S. Trustee Quarterly Fees		
Interest Earned on Accumulated Cash from Chapter 11 (see continuation sheet)		
Gain (Loss) from Sale of Equipment		
Other Reorganization Expenses (attach schedule)		
Total Reorganization Expenses		
Income Taxes		
Net Profit (Loss)	(50,389.54)	(50,389.54)

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

BREAKDOWN OF "OTHER" CATEGORY

OTHER COSTS		
Monthly Bank fee	2,111.32	2,111.32
OTHER OPERATIONAL EXPENSES		
OTHER INCOME		
OTHER EXPENSES		
OTHER REORGANIZATION EXPENSES		

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 post-petition obligations.

ASSETS	BOOK VALUE AT END OF CURRENT REPORTING MONTH	BOOK VALUE AT END OF PRIOR REPORTING MONTH	BOOK VALUE ON PETITION DATE OR SCHEDULED
CURRENT ASSETS			
Unrestricted Cash and Equivalents	172.67		172.67
Restricted Cash and Cash Equivalents (see continuation sheet)	2,089,119.93		2,089,119.93
Accounts Receivable (Net)	-		-
Notes Receivable	-		-
Inventories	-		-
Prepaid Expenses	528,002.29		528,002.29
Professional Retainers			
Other Current Assets (attach schedule)	17,604,502.39		17,604,502.39
TOTAL CURRENT ASSETS	20,221,797.28		20,221,797.28
PROPERTY & EQUIPMENT			
Real Property and Improvements	-		-
Machinery and Equipment	1,559,399.56		1,559,399.56
Furniture, Fixtures and Office Equipment	62,824.09		62,824.09
Leasehold Improvements	-		-
Vehicles	-		-
Less: Accumulated Depreciation	(822,906.69)		(822,906.69)
TOTAL PROPERTY & EQUIPMENT	799,316.96		799,316.96
OTHER ASSETS			
Amounts due from Insiders*	-		-
Other Assets (attach schedule)	220,886,486.82		220,886,486.82
TOTAL OTHER ASSETS	220,886,486.82		220,886,486.82
TOTAL ASSETS	241,907,601.06		241,907,601.06
LIABILITIES AND OWNER EQUITY			
	BOOK VALUE AT END OF CURRENT REPORTING MONTH	BOOK VALUE AT END OF PRIOR REPORTING MONTH	BOOK VALUE ON PETITION DATE
LIABILITIES NOT SUBJECT TO COMPROMISE (Postpetition)			
Accounts Payable	-		-
Taxes Payable (refer to FORM MOR-4)	-		-
Wages Payable	-		-
Notes Payable	-		-
Rent / Leases - Building/Equipment	-		-
Secured Debt / Adequate Protection Payments	-		-
Professional Fees	29,750.00		29,750.00
Amounts Due to Insiders*	10,000.00		10,000.00
Other Post-petition Liabilities (attach schedule)	1,500,000.00		1,500,000.00
TOTAL POST-PETITION LIABILITIES	1,539,750.00		1,539,750.00
LIABILITIES SUBJECT TO COMPROMISE (Pre-Petition)			
Secured Debt	10,226,355.18		10,226,355.18
Priority Debt	78,799.43		78,799.43
Unsecured Debt	46,314,000.71		46,314,000.71
TOTAL PRE-PETITION LIABILITIES	56,619,155.32		56,619,155.32
TOTAL LIABILITIES	58,158,905.32		58,158,905.32
OWNERS' EQUITY			
Capital Stock	6,089.37		6,089.37
Additional Paid-In Capital	568,067,878.68		568,067,878.68
Partners' Capital Account	-		-
Owner's Equity Account	-		-
Retained Earnings - Pre-Petition	(384,274,882.77)		(384,274,882.77)
Retained Earnings - Post-petition	(50,389.54)		(50,389.54)
Adjustments to Owner Equity (attach schedule)	-		-
Post-petition Contributions (attach schedule)	-		-
NET OWNERS' EQUITY	183,748,695.74		183,748,695.74
TOTAL LIABILITIES AND OWNERS' EQUITY	241,907,601.06		241,907,601.06

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

BALANCE SHEET - continuation section

ASSETS	BOOK VALUE AT END OF CURRENT REPORTING MONTH	BOOK VALUE AT END OF PRIOR REPORTING MONTH	BOOK VALUE ON PETITION DATE
Other Current Assets			
Investments	639,506.00		639,506.00
Earnout Receivable-ST	1,690,000.00		1,690,000.00
Intercompany, net	15,274,996.39		15,274,996.39
Other Assets			
Goodwill	15,485,347.30		15,485,347.30
Investments in Subsidiaries	197,807,230.87		197,807,230.87
Earnout Receivable, LT	6,510,000.00		6,510,000.00
Note Receivable, LT	1,083,908.65		1,083,908.65
LIABILITIES AND OWNER EQUITY			
	BOOK VALUE AT END OF CURRENT REPORTING MONTH		BOOK VALUE ON PETITION DATE
Other Post-petition Liabilities			
Liability on Escrow in Respect of Plan Sponsor Group Deposit	1,500,000.00		1,500,000.00
Adjustments to Owner's Equity			
Post-Petition Contributions			

Restricted Cash: 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. Includes \$1.5m Escrow Account in Respect of Plan Sponsor Group Deposit

Comments

contains cash of \$89,119.93 which is being held on behalf of KDI by one of its subsidiaries

Includes \$28.2 M of equity related liabilities, such as Acquisition/Earnouts, which the debtor believes will be subordinated pursuant to section 510(b) of the Bankruptcy Code

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STATUS OF POST-PETITION TAXES

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.

Federal	Beginning Tax	Amount Withheld and/or Accrued	Amount Paid	Date Paid	Check # or EFT	Ending Tax
Withholding						
FICA-Employee						
FICA-Employer						
Unemployment						
Income						
Other:						
Total Federal Taxes						
State and Local						
Withholding						
Sales						
Excise						
Unemployment						
Real Property						
Personal Property						
Other:						
Total State and Local						
Total Taxes						

SUMMARY OF UNPAID POST-PETITION DEBTS

Attach aged listing of accounts payable.

	Number of Days Past Due					Total
	Current	0-30	31-60	61-90	Over 91	
Accounts Payable						-
Wages Payable						-
Taxes Payable						-
Rent/Leases-Building						-
Rent/Leases-Equipment						-
Secured Debt/Adequate Protection Payments						-
Professional Fees	29,750.00					29,750.00
Amounts Due to Insiders	10,000.00					10,000.00
Other:	-					-
Other:						-
Total Post-petition Debts	39,750.00	-	-	-	-	39,750.00

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

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ACCOUNTS RECEIVABLE RECONCILIATION AND AGING

Accounts Receivable Reconciliation	Amount
Total Accounts Receivable at the beginning of the reporting period	none
Plus: Amounts billed during the period	
Less: Amounts collected during the period	
Total Accounts Receivable at the end of the reporting period	

Accounts Receivable Aging	0-30 Days	31-60 Days	61-90 Days	91+ Days	Total
0 - 30 days old					
31 - 60 days old					
61 - 90 days old					
91+ days old					
Total Accounts Receivable					
Less: Bad Debts (Amount considered uncollectible)					
Net Accounts Receivable					

TAXES RECONCILIATION AND AGING

Taxes Payable	0-30 Days	31-60 Days	61-90 Days	91+ Days	Total
0 - 30 days old					
31 - 60 days old					
61 - 90 days old					
91+ days old					
Total Taxes Payable					
Total Accounts Payable					

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PAYMENTS TO INSIDERS AND PROFESSIONALS

Of the total disbursements shown on the Cash Receipts and Disbursements Report (MOR-1) list the amount paid to insiders (as defined in Section 101(31) (A)-(F) of the U.S. Bankruptcy Code) and to professionals. For payments to insiders, identify the type of compensation paid (e.g. Salary, Bonus, Commissions, Insurance, Housing Allowance, Travel, Car Allowance, Etc.). Attach additional sheets if necessary.

INSIDERS			
NAME	TYPE OF PAYMENT	AMOUNT PAID	TOTAL PAID TO DATE
none			
TOTAL PAYMENTS TO INSIDERS			

PROFESSIONALS					
NAME	DATE OF COURT ORDER AUTHORIZING PAYMENT	AMOUNT APPROVED	AMOUNT PAID	TOTAL PAID TO DATE	TOTAL INCURRED & UNPAID*
none					
TOTAL PAYMENTS TO PROFESSIONALS					

* INCLUDE ALL FEES INCURRED, BOTH APPROVED AND UNAPPROVED

POST-PETITION STATUS OF SECURED NOTES, LEASES PAYABLE AND ADEQUATE PROTECTION PAYMENTS

NAME OF CREDITOR	SCHEDULED MONTHLY PAYMENT DUE	AMOUNT PAID DURING MONTH	TOTAL UNPAID POST-PETITION
none			
TOTAL PAYMENTS			

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DEBTOR QUESTIONNAIRE

Must be completed each month. If the answer to any of the questions is "Yes", provide a detailed explanation of each item. Attach additional sheets if necessary.		Yes	No	Comments
1	Have any assets been sold or transferred outside the normal course of business this reporting period?		X	
2	Have any funds been disbursed from any account other than a debtor in possession account this reporting period?		X	
3	Is the Debtor delinquent in the timely filing of any post-petition tax returns?		X	
4	Are workers compensation, general liability or other necessary insurance coverages expired or cancelled, or has the debtor received notice of expiration or cancellation of such policies?	X		DO insurance was renewed on 5-6-13 with payments to be made in June (std.terms)
5	Is the Debtor delinquent in paying any insurance premium payment?		X	
6	Have any payments been made on pre-petition liabilities this reporting period?		X	
7	Are any post petition receivables (accounts, notes or loans) due from related parties?		X	
8	Are any post petition payroll taxes past due?		X	
9	Are any post petition State or Federal income taxes past due?		X	
10	Are any post petition real estate taxes past due?		X	
11	Are any other post petition taxes past due?		X	
12	Have any pre-petition taxes been paid during this reporting period?		X	
13	Are any amounts owed to post petition creditors delinquent?		X	
14	Are any wage payments past due?		X	
15	Have any post petition loans been received by the Debtor from any party?		X	
16	Is the Debtor delinquent in paying any U.S. Trustee fees?		X	
17	Is the Debtor delinquent with any court ordered payments to attorneys or other professionals?		X	
18	Have the owners or shareholders received any compensation outside of the normal course of business?		X	