

entered an Interim Order authorizing the use of cash collateral on November 30, 2011, authorizing the use of cash collateral on the terms and conditions set forth therein through December 12, 2011. . Upon review of the Cash Collateral Motion and all relevant pleadings filed with this Court, the relief requested therein and the evidence and representations adduced at the interim hearing, this Court makes the following findings of fact and conclusions of law:

1. To the Debtors' knowledge, no creditors other than Banco Popular North America ("Lender") claim liens on the Debtors' cash collateral.

2. The Debtors are unable to pay the reasonable expenses of their ongoing operations without permission for use of collateral and cash collateral in which security interests and liens are claimed by Lender.

3. The Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157(b) (2) (M) and 1334.4. Debtor served notice of the Cash Collateral Motion by United States mail, facsimile, or overnight delivery, prior to this hearing on the Lender, the United States Trustee, and the Debtors' twenty largest unsecured creditors. Notice of the Motion and opportunity for hearing were adequate and appropriate under the circumstances of this case.

4. The terms and conditions for the Debtors to provide adequate protection to Lender are proposed in good faith.

5. The proposed form of this Order submitted by the Debtors complies with the Local Bankruptcy Rules for the United States Bankruptcy Court for the Western District of Texas, except as described in the Motion and the disclosures of counsel at the hearing on the Motion. Lender claims a security interest in substantially all of the assets of the Debtors. No admission has been made by the Debtors or the Lender, and no determination is made by this

Court, as to the validity, priority, amount, allowance, extent, or void ability of the security interest or claims of Lender.

IT IS HEREBY ORDERED that the following terms shall apply:

1. Automatic Stay and Use of Cash Collateral

A. Authorization. Subject to this Order, the Debtors are hereby authorized under 11 U.S.C. § 363(a), (c) (1), and (c) (2) to use Lender's collateral and cash collateral to the extent necessary to fund the Interim Budget (attached hereto as Exhibit "A") for the period beginning December 12, 2011 through January 13, 2012. Except as herein provided, the automatic stay of Bankruptcy Code § 362(a) shall continue in effect and until further modified or terminated by the Court.

B. Adequate Protection Obligations. The Debtors are hereby authorized and ordered to protect Lender under 11 U.S.C. §§ 361 and 363, as set forth in this Order, for the Debtors' post-petition use and consumption of Lender's "Pre-Petition Collateral" (as defined in Paragraph 5(A) hereof), the continuation of the automatic stay against Lender's collection, sale or realization upon its Pre-Petition Collateral, and for any post-petition diminution in value of Lender's Pre-Petition Collateral (the "Adequate Protection Obligations").

C. Prohibited Transactions. The Debtors shall not, except as set forth herein or except upon notice and opportunity for hearing to Lender and other parties-in-interest as required and provided in the Bankruptcy Code and/or Bankruptcy Rules: (a) enter into transactions for the sale out of the ordinary course of business of any property in which Lender claims a lien; (b) obtain credit under 11 U.S.C. § 364 (c) or (d); or (c) grant any liens or priorities on a parity with or senior to Lender's priorities under

Paragraph 6 and 7 hereof; or (d) enter into any settlement of receivables or claims without Lender's express prior written consent.

D. Use of Cash. The Debtors are authorized to use the following cash through January 13, 2012 solely in accordance and compliance with the Budget: (i) all funds held by the Debtors on the Petition Date; and (ii) all receipts, receivables, and collections received or to be received on or after the Petition Date; provided that Debtors shall account to Lender for all such receipts.

E. Accounting and Information. The Debtors shall provide an accounting to Lender and any official committee of unsecured creditors, if any, (the "Committee") once every month (through the MOR) of the Debtors' cash position. The Debtors shall provide information and reasonable access to the books and records of Debtors and to Lender and the Committee and their professionals. Such information shall be provided within four (4) days of Lender's request to Debtors' counsel, unless Debtors' counsel objects in writing to the reasonableness of the request. Within two (2) business days of entry of this Order, Debtors shall provide information concerning the current Borrowing Base calculation, detailed A/R aging, and invoices and shipping receipts for items shipped after November 22, 2011, and will update and supply such information on a bi-weekly basis on each Tuesday and Friday. Debtors shall also provide, within two business (2) days following entry of this Order, bank statements and transaction details for all non-Lender bank accounts maintained by Debtor. Additionally, Debtors shall on a bi-weekly basis on each Tuesday and Friday, provide a report detailing actual to budget expenses (with details of payments), names of payees and purpose of payment, and will provide copies of invoices for the payments.

2. Cash Collections and Deposits

A. Cash Collateral Accounts. The Debtors have several accounts with Lender. All the deposit accounts described in Paragraph 2A shall be referred to as the “Accounts.”

B. Deposits. Debtors will advise their customers to make wire transfers to the Debtors’ accounts with Lender where possible. If the Debtors receive any cash, checks, wires, direct deposits or other payments, which are collections, income, proceeds, products, rents or profits of Lender’s Pre-Petition Collateral or Post-Petition Collateral (as defined in Paragraph 5(C) hereof), the Debtors shall deposit the same in the Accounts within two banking days after receipt.

3. Continued Operations

A. Budget. The Debtors are authorized to use cash collateral to fund the expenses incurred after the Petition Date, and to fund those specific employee payroll expenses, fees and utility deposits authorized by orders of this Court, on the condition all such expenditures and all post-petition expenses which accrued during this Budget period shall be consistent with the Interim Budget. Receipts and expenditures or accruals may not vary more than ten percent (10%) more than any single line items in the Interim Budget for the term hereof (so long as total disbursements and accruals do not exceed, the amounts set forth in the Budget plus a 5% variance) without the prior written consent of Lender or prior Court order after notice and opportunity for hearing. Payment of unbudgeted or excess amounts from the Accounts shall not constitute or be construed as approval by the Lender.

B. Pre-Petition Debt. Nothing herein permits Debtors to pay indebtedness or transfer property to vendors, contractors, customers, or other persons whose debt may have been incurred pre-petition. All parties reserve all rights and claims with respect to such indebtedness and property. Debtors shall not, without prior order of the Court upon notice to Lender, enter into any agreement to permit reclamation of goods, or return any inventory to any creditors for application against pre-petition indebtedness (under Section 546 of the Bankruptcy Code or otherwise), or consent to any creditor taking any setoff or recoupment against any of its prepetition indebtedness based upon any such return, pursuant to Section 553(b) (1) of the Bankruptcy Code or otherwise.

4. Professional Fees and Administrative Expenses

A. No Authorization. Nothing in this Order (i) shall excuse any person from complying with the Bankruptcy Code and Bankruptcy Rules, and the Bankruptcy Local Rules of this Court and the guidelines of the United States Trustee with respect to applications for professional compensation and reimbursement of expenses, or (ii) shall be deemed to authorize or approve the receipt or payment of any retainer, advance fee, or compensation to any other professional employed by the Debtors. The Debtors shall not pay any fees or expenses to any attorney, accountant, consultant, advisor, broker, manager, or other professional governed by 11 U.S.C. §§ 328 through 331 except upon further order of this Court after notice and opportunity for hearing to Lender, the U.S. Trustee, the Committee, and other parties-in-interest as required by the Bankruptcy Code or Bankruptcy Rules.

B. Matters Reserved. This Order does not authorize the use or retention by Debtors for any professional of funds which Lender may claim to be Pre-Petition

Collateral delivered prepetition to any professional firm or deposited pre-petition into any professional firm's deposit account or trust account, and the Court makes no determination of the rights to possession thereof and/or liens thereon.

5. Grant of Liens and Adequate Protection

A. Pre-Petition Collateral. "Pre-Petition Collateral" means all of (i) the Debtors' interest in any property which is subject to the security interests of Lender under the agreements and documents executed by the Debtors pre-petition, to the extent that Debtors' interest therein was acquired by Debtors prior to the Petition Date, and (ii) as to which Lender's liens and security interests are perfected, valid, and not avoidable, and (iii) the proceeds, products, rents, fees, charges, accounts, payments for use or occupancy or profits thereof acquired after the Petition Date, to the extent consistent with 11 U.S.C. § 552(b).

B. Preservation of Lien on Pre-Petition Collateral. To the extent Lender's claims are allowed, perfected, not avoidable, and secured under 11 U.S.C. § 506(a) by Pre-Petition Collateral, Lender shall remain entitled to the priority of its lien and security interest in the Pre-Petition Collateral. Nothing herein shall constitute a waiver of any claim or cause of action against the Lender or any objection to the Lender's claim or the validity or enforceability of any Liens.

C. Post-Petition Collateral. "Post-Petition Collateral" shall mean the Debtors' interest in property which (i) first arises, is purchased, or acquired, or exists after the Petition Date, and (ii) is not Lender's Pre-Petition Collateral or the proceeds, products, rents or profits thereof under 11 U.S.C. § 552(b).

D. Grant of Lien as Adequate Protection. To secure the Debtors' Adequate Protection Obligations under this Order and under Bankruptcy Code §§ 361(2), 362(d), and 363(e), Lender is hereby granted a lien upon all of the Pre-Petition Collateral, all of the Post-Petition Collateral, and all of the Accounts (as defined in Paragraph 2(a) hereof) in the same order of priority which existed pre-petition.

- i. The grant of such lien is subject to the reservations of rights set forth in Paragraphs 7A and 12 hereof, the exclusions of Paragraph 5E, and the Carve out Expenses in Paragraph 6F hereof.
- ii. The Lender's lien on Post-Petition Collateral shall have the priority of 11U.S.C. §364(c) (2) and (c) (3).

E. Exclusions. Lender's Post-Petition Collateral excludes: (I) any claim for relief arising under Bankruptcy Code § 506(c), (ii) all causes of action and bankruptcy avoidance powers enumerated in Chapter 5 of title 11, and (iii) any proceeds thereof.

F. Carve Out Expenses. The lien on Post-Petition Collateral is subordinated to the following "Carve out Expenses":

- i. fees payable to the United States Trustee pursuant to 28 U.S.C. §1930(a) (6).
- ii. \$100,000 in fees and expenses for Conway McKenzie for the period from the Petition Date through January 13, 2012, subject to the provisions imposed by the Court for approval payment of such fees and expenses.

G. No Cross-Collateralization. Nothing in this Order shall be deemed to grant to Lender a lien on Post-Petition Collateral for the purpose of securing indebtedness to Lender which first arose before the Petition Date, except Debtors' Adequate Protection Obligations.

H. Perfection of Security Interests. All liens granted or to be granted to Lender on the Post-Petition Collateral are deemed perfected and no further notice, filing,

recording, control agreement, bailment arrangement, or order shall be required to effect such perfection under other State or Federal law. This Order shall be deemed sufficient and conclusive evidence of the Liens granted hereunder.

I. No Surcharge. Except for the Carve-Out Expenses, (a) nothing contained in this Order shall be deemed a consent by Lender to any lien, charge, assessment or claim against Pre-Petition Collateral under 11 U.S.C. § 506 of the Bankruptcy Code, or otherwise, and (b) no expense of administration shall be imposed against Lender's Pre-Petition Collateral pursuant to § 506(c) of the Bankruptcy Code or otherwise, for an expense incurred or paid during the period in which Lender's Pre-Petition Collateral is authorized to be used by the Debtors.

6. Grant of Priority Claim to Lenders

A. Reservation of Rights. Pursuant to 11 U.S.C. § 361(3), the Lender shall have an allowed administrative claim to the extent of cash collateral used as necessary to provide the Lender with the equivalent of its lien on Cash Collateral as of the Petition Date.

B. Priority Claim. Nothing in this Order shall be deemed a finding with respect to adequate protection (as that term is described in § 361 of the Bankruptcy Code), of the interest of Lender in the Pre-Petition Collateral. In addition to being secured as provided herein, if, notwithstanding the provision of this Order, Lender have an allowable claim for the Adequate Protection Obligations, it shall constitute an expense of administration in Debtor's bankruptcy case under Bankruptcy Code §§ 503(b)(1), 362(d), and 363(e), which administrative expense shall have the priority of § 507(b), senior to all other expenses of administration under Bankruptcy Code § 507(a)(1)

7. Bankruptcy Trustee and Carve Out

A. Bankruptcy Trustee and Carve Out. The priority of the Debtors' Adequate Protection Obligations to Lender as described herein shall continue notwithstanding the appointment of a chapter 11 trustee or (subject to 11 U.S.C. §§ 726 and 507(b) or other applicable law), the conversion of this case to a case under chapter 7 of the Bankruptcy Code; provided that any priority claim allowable to Lender under Paragraph 5A of this Order is subordinated to the Carve Out Expenses described in Paragraph 5F hereof.

8. Termination

A. Termination Date. The Debtors' right to continued use of Lender's Pre-Petition Collateral or Post-Petition Collateral shall terminate upon the first to occur of the following dates(the "Termination Date"): (i) four (4) days after Lender notifies Debtor that Debtor has violated any term or condition of this Order; (ii) the effective date of any confirmed Chapter 11 Plan in this case, or the conversion of this case to a case under Chapter 7 of the Bankruptcy Code, or the appointment of a trustee or an examiner in this case; (iii) the sale of all or a substantial part of the stock or assets of the Debtor, or the merger or business combination of the Debtor, without Lender's written consent; (iv) Debtor, the Committee, or any other party in interest commences an adversary proceeding or contested matter to avoid or challenge the validity, priority, amount or allowance of Lender's claim or its lien on property of the estate, unless Lender consents to the continued use of Pre-Petition Collateral and Post-Petition Collateral notwithstanding such adversary proceeding or contested matter; (v) 5:00 p.m. on

the date set in Paragraph 13A for the continued hearing on the Motion, unless extended beyond that date by Court order, or (vi) this Order is terminated or modified by order of this Court.

The Debtors shall provide to the Lender and its counsel notice of any material change to the Debtors' operations (including a detailed description of the material change and the Debtors' intentions to address the same) not later than four (4) business days from its occurrence.

B. Remedies for Lender. Upon (i) the Termination Date, or (ii) Lender's reasonably concluding that it is not adequately protected or that the Debtors are suffering continued losses, then Lender may notify the Debtor, the U.S. Trustee and the Committee that Lender is objecting to use of cash collateral. Upon sending of such notice by facsimile, Lender may file an emergency motion for adequate protection or for relief from the automatic stay or other relief, and may set such motion for expedited hearing (subject to the Court's calendar) upon not less than four (4) business days notice to the Debtors, the U.S. Trustee and the Committee. Nothing herein shall prohibit either Lender from seeking to terminate the automatic stay, voting against any plan of reorganization of the Debtors by seeking other appropriate relief which it, in its sole and absolute discretion, may wish to pursue.

C. Debtors' Motion. To the extent Lender objects to use of cash collateral, the Debtor shall have the right to move this Court notwithstanding Lender's objections, for an order pursuant to Bankruptcy Code § 363(c)(2)(B) authorizing the continued use of cash collateral, and the Debtor's motion may be set for expedited

hearing (subject to the Court's calendar), upon not less than two (2) days notice to Lender, the U.S. Trustee, and the Committee.

9. Successors and Assigns. The provisions of this Order shall be binding upon the Debtors, Lender and their respective successors and assigns, including any trustee or representative of the estate hereafter appointed or elected in this Chapter 11 case or in any subsequent chapter 7 case.

10. Continuing Effect. If all or any of the provisions of this Order are hereafter modified, vacated, or stayed by subsequent order of this Court or any other court, or on appeal, such stay, modification, or vacation shall not affect (i) the validity or priority of any obligations owed to Lender by the Debtors incurred prior thereto, or (ii) the validity, enforceability, or priority of any lien or priority of Lender with respect to the Debtors' Adequate Protection Obligations. Any Adequate Protection Obligations of Debtors arising prior to the effective date of such stay, modification, or vacation, shall be governed by the original provisions of this Order.

11. Service of Pleadings. Debtors shall serve a copy of all pleadings or reports, including monthly operating reports, heretofore or hereafter filed with the Court concurrently with the filing by Debtor, on the U.S. Trustee, the Committee (if any), Lender, and their counsel.

12. Reservation of Rights. The Debtors, Lender and all parties in interest shall be deemed to reserve their respective rights and remedies under pre-petition agreements, and other applicable law. Nothing in this Order shall be deemed to prejudice, waive, or release the rights and remedies of the Debtors, or any party in interest arising under the Bankruptcy Code or

other applicable law, including any avoidance actions and defenses thereto. Any adequate protection payments, priorities, liens, or other matters provided for under this Order shall not constitute an admission or determination that Lender is over secured or under secured.

13. Continued Hearing, Service and Notice.

A. Pursuant to Bankruptcy Rule 4001, there shall be a final hearing on the Debtors' continued use of cash collateral, any objection thereto, any request for adequate protection, or any motion by the Debtors or Lender for approval of any agreement or stipulation to use cash collateral under 11 U.S.C. § 363 or to obtain credit under 11 U.S.C. § 364, and on any related motion which may be filed regarding cash collateral, adequate protection, or credit on January 12, 2012, at 1:30 p.m. (CDT), Courtroom No. 1, 903 San Jacinto Blvd., Austin, Texas 78701 (the "Final Hearing"). Parties shall exchange witness and exhibit lists on or before January 5, 2012.

B. Debtors are responsible for notices. Debtors' counsel shall immediately serve all parties, pursuant to Rule 4001 of the Bankruptcy Code, with a copy of this Order (including the Budget). Prior to the continued Hearing the Debtor and the Lender shall confer about the Debtors' proposed budget for the period after the continued Hearing. No later than seven days before the continued Hearing (or such later date as the Debtors and the Lender shall agree), the Debtors shall file with the Court a revised budget (the "Extended Budget") and shall indicate to the Court whether the Budget has been approved by Lender. The Extended Budget shall, among other things, (a) identify proposed use of Cash Collateral on a monthly basis, and (b) identify cash expenditures on the date when such expenditures come due (i.e., items like rent or insurance should be listed on the dates when those items come due rather than as flat weekly amounts).

Lender may file any objection to the Extended Budget up to one (1) day before the Final Hearing.

NOTWITHSTANDING anything contained in this Order, the Lender reserves all rights to assert claims for interest at the default rate, any fees, charges or expenses allowable under any agreements with the Debtors or under applicable law, and to assert any claim as an administrative priority or super-priority claim as provided under the Bankruptcy Code.

###

KLN / Dehler / FBT

Weekly Cash Flow Forecast

For the period ended 1/27/12
in thousands of dollars

Week No. Week Ended Date	1 11/25/2011	2 12/2/2011	3 12/9/2011	4 12/16/2011	5 12/23/2011	6 12/30/2011	7 1/6/2012	8 1/13/2012
Beginning Cash	\$ 25	\$ 326	\$ 415	\$ 870	\$ 1,793	\$ 2,493	\$ 3,698	\$ 4,781
Cash Receipts								
Collection From Pre Petition AR	301	225	1,318	1,581	1,757	1,757	1,757	1,669
Collections From Post Petition AR	-	-	-	-	-	-	-	247
DIP Advances	-	-	-	-	-	-	-	-
Other Cash Receipts	-	-	-	-	-	-	-	-
Total Cash Receipts	<u>301</u>	<u>225</u>	<u>1,318</u>	<u>1,581</u>	<u>1,757</u>	<u>1,757</u>	<u>1,757</u>	<u>1,917</u>
Total Cash Available	<u>326</u>	<u>552</u>	<u>1,733</u>	<u>2,451</u>	<u>3,550</u>	<u>4,250</u>	<u>5,455</u>	<u>6,698</u>
Operating Disbursements								
Payroll - KLN	-	-	57	90	126	104	109	110
Payroll - FBT	-	-	96	-	130	-	108	-
Payroll - Dehler	-	-	9	5	5	5	5	5
Total Payroll (Including Benefits)	-	-	162	95	260	109	222	115
Direct Material Purchases	-	116	432	413	218	221	350	640
Ancillary Purchases	-	-	43	31	125	51	31	85
Indirect Materials and Supplies	-	5	20	20	16	12	12	18
Freight	-	2	31	20	17	4	4	10
Utilities (Gas & Electric)	-	-	18	18	17	10	10	16
Phone & Internet	-	-	-	-	20	-	-	7
Rent - Building	-	12	-	-	120	-	-	35
Rent - Equipment	-	-	-	-	16	-	-	2
Business Insurance	-	-	-	-	56	-	-	11
Repair & Maint	-	-	11	9	33	4	4	13
Vehicle Expenses	-	-	1	1	10	0	0	1
Travel	-	-	-	-	16	-	-	6
Contract Labor	-	-	-	-	15	-	-	1
Office Supplies, D & S, Data Proc	-	-	-	-	18	-	-	5
Commission - Job Shop	-	-	-	-	28	-	-	-
GSA IFF	-	-	-	-	20	-	-	8
Advertising	-	-	-	-	4	-	-	2
Employee Benefits	-	-	58	43	38	30	30	38
Other Disbursements	-	2	10	10	10	10	10	11
Total Operating Disbursements	<u>-</u>	<u>137</u>	<u>783</u>	<u>658</u>	<u>1,057</u>	<u>452</u>	<u>674</u>	<u>1,022</u>
Non Operating Disbursements								
Debtor Legal Fees	-	-	-	-	-	-	-	-
Debtor FA Fees	-	-	-	-	-	100	-	-
UCC Fees	-	-	-	-	-	-	-	-
DIP Reductions	-	-	-	-	-	-	-	-
Critical Vendor Payments	-	-	80	-	-	-	-	20
Other Non Operating Disbursements	-	-	-	-	-	-	-	-
Total Non Operating Disbursements	<u>-</u>	<u>-</u>	<u>80</u>	<u>-</u>	<u>-</u>	<u>100</u>	<u>-</u>	<u>20</u>
Net Cash Flow	<u>301</u>	<u>88</u>	<u>455</u>	<u>923</u>	<u>700</u>	<u>1,205</u>	<u>1,083</u>	<u>875</u>
Ending Cash Balance	<u>\$ 326</u>	<u>\$ 415</u>	<u>\$ 870</u>	<u>\$ 1,793</u>	<u>\$ 2,493</u>	<u>\$ 3,698</u>	<u>\$ 4,781</u>	<u>\$ 5,656</u>