

UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re: Response Genetics, Inc.

Case No.: 15-11663 (LSS)
Reporting Period: August 9, 2015 to August 31, 2015

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 | | | | X |
| Cash disbursements journals | | | | X |
| 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 | X | | |
| Accounts Receivable Reconciliation and Aging | MOR-5 | X | | |
| Debtor Questionnaire | MOR-5 | X | | |

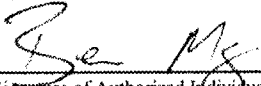
I declare under penalty of perjury (28 U.S.C. Section 1746) that this report and the attached documents are true and correct to the best of my knowledge and belief.

Signature of Debtor

Date

Signature of Joint Debtor

Date



Signature of Authorized Individual*

10/2/2015

Date

Benjamin J. Matz

Printed Name of Authorized Individual

Chief Restructuring Officer

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.

In re: **Response Genetics, Inc.**

Case No.: 15-11663 (LSS)

Reporting Period: August 9, 2015 to August 31, 2015

GENERAL NOTES AND DISCLAIMER TO MONTHLY OPERATING REPORT

The financial statements and supplemental information contained herein are unaudited, preliminary, and may not comply with generally accepted accounting principles ("GAAP") in all material respects. In addition, the financial statements and supplemental information contained herein is provided to fulfill the requirements of the Office of the United States Trustee and have been derived from the books and records of the Debtor.

The results of operations contained herein are not necessarily indicative of results that are expected from any other period or for the full year and are not reflective of the results of operations, financial position, and cash flow of the Debtor in the future (and as more fully described below).

Notes to MOR-1

In lieu of bank reconciliations, bank and book balances are provided.

Notes to MOR-2

The Debtor's Statement of Operations contain material estimates that are subjected to ongoing review and analysis. The Debtor will amend, if necessary, upon the completion of this review and analysis.

Notes to MOR-3

The Debtor's Balance Sheet contains significant estimates that are subjected to ongoing review and analysis. The Debtor will amend, if necessary, upon the completion of this review and analysis.

In re: Response Genetics, Inc.
Debtor

Case No. 15-11663 (LSS)
Reporting Period: August 9, 2015 to August 31, 2015

MOR - 1
Receipts & Disbursements Report

| SILICON VALLEY BANK | | | | | | |
|--|------------------|------------------|---------------------|------------------|------|----------------|
| | Acct No. XXX0143 | Acct No. XXX0177 | Acct No. XXX0919 | Acct No. XXX3066 | | |
| | Operating Acct. | Payroll Acct. | Flex Spending Acct. | Depository Acct. | | Total |
| Beginning Book Cash | | | | | | |
| Opening Book Balance | \$ 343,236 | \$ - | \$ - | \$ - | \$ - | \$ 343,236 |
| Receipts | | | | | | |
| <i>Receipts</i> | | | | | | |
| Receipts from Sales | \$ 994,914 | \$ - | \$ - | \$ - | \$ - | \$ 994,914 |
| Receipts -Transferred from Other Debtor Acc. | - | 4,732 | 3,662 | 6,000 | \$ - | 14,394 |
| Receipts - Borrowings under DIP Credit Facility | 714,886 | - | - | - | - | 714,886 |
| Miscellaneous Receipts | 20,947 | - | - | - | - | 20,947 |
| Total Receipts | \$ 1,730,747 | \$ 4,732 | \$ 3,662 | \$ 6,000 | \$ - | \$ 1,745,141 |
| Disbursements | | | | | | |
| Payroll and Related | (556,399) | (8,334) | (3,662) | - | - | (568,395) |
| Lab Testing/Supplies | (62,195) | - | - | - | - | (62,195) |
| SG&A | (36,547) | - | - | - | - | (36,547) |
| Insurance | (111,897) | - | - | - | - | (111,897) |
| Taxes, Permits, Licenses & Fees | (6,615) | - | - | - | - | (6,615) |
| Rent & Utilities | (74,780) | - | - | - | - | (74,780) |
| Bank Charge | (588) | - | - | - | - | (588) |
| Other | - | - | - | - | - | - |
| Total Operating Disbursements | (849,022) | (8,334) | (3,662) | - | - | (861,018) |
| <i>Non-Operating Disbursements</i> | | | | | | |
| Bankruptcy Related Professional Fees | (425,166) | - | - | - | - | (425,166) |
| Interest Expense | - | - | - | - | - | - |
| US Trustee | - | - | - | - | - | - |
| Others | - | - | - | - | - | - |
| Total Non-Operating Disbursements | (425,166) | - | - | - | - | (425,166) |
| Cash Flow before Debt Repayment and Transfers | \$ 456,559 | \$ (3,602) | \$ - | \$ 6,000 | \$ - | \$ 458,957 |
| Repayment on DIP Credit Facility | - | - | - | - | - | - |
| Transfer to Other Debtor Account | (14,394) | - | - | - | - | (14,394) |
| Net Cash Flow | 442,166 | (3,602) | - | 6,000 | - | 444,563 |
| Closing Book Balance | \$ 785,402 | \$ (3,602) | \$ - | \$ 6,000 | \$ - | \$ 787,800 |
| Outstanding Checks | 116,038 | 3,602 | - | - | - | 119,640 |
| Ending Cash Balance (Bank) | \$ 901,440 | \$ - | \$ - | \$ 6,000 | \$ - | \$ 907,440 |
| Total Operating Disbursements | (849,022) | (8,334) | (3,662) | - | - | (861,018) |
| Non-Operating Disbursements | (425,166) | - | - | - | - | (425,166) |
| Intercompany Transfers | (14,394) | 4,732 | 3,662 | 6,000 | - | - |
| Total Disbursements | \$ (1,288,581) | \$ (3,602) | \$ - | \$ 6,000 | \$ - | \$ (1,286,184) |

In re: Response Genetics, Inc.
Debtor

Case No. 15-11663 (LSS)
Reporting Period: August 9, 2015 to August 31, 2015

MOR - I Continuation Sheet
Schedule of Bank Account Balances

| Entity | Bank | Account Number | Name/Type | Book Balance | Bank Balance |
|-------------------------|---------------------|------------------|---------------------|-------------------|-------------------|
| Response Genetics, Inc. | Silicon Valley Bank | Acct No. XXX0143 | Operating Acct. | \$ 785,402 | \$ 901,475 |
| Response Genetics, Inc. | Silicon Valley Bank | Acct No. XXX0177 | Payroll Acct. | (3,602) | 0 |
| Response Genetics, Inc. | Silicon Valley Bank | Acct No. XXX0919 | Flex Spending Acct. | - | (35) |
| Response Genetics, Inc. | Silicon Valley Bank | Acct No. XXX3066 | Depository Acct. | 6,000 | 6,000 |
| | | | | <u>\$ 787,800</u> | <u>\$ 907,440</u> |

Schedule of Disbursements

| Case # | Debtor's Name | Current Month Disbursements by Entity | Cumulative Disbursements for 3QTR 2015 |
|----------------|-------------------------|---------------------------------------|--|
| 15-11663 (LSS) | Response Genetics, Inc. | \$ 1,286,184 | \$ 1,286,184 |

In re: Response Genetics, Inc.

Chapter 11

Debtor

Case No.: 15-11663 (LSS)

MOR - 1 Continuation Sheet
Declaration Regarding the Cash Disbursement Schedule
For period August 9, 2015 to August 31, 2015

Benjamin J. Matz hereby declares under penalty of perjury:

1. I am the Chief Restructuring Officer for Response Genetics, Inc., the above-captioned debtor and debtor-in-possession (the "Debtor").
2. The Debtor submits this Declaration regarding cash disbursements in lieu of providing copies of the cash disbursement schedule.
3. All statements in the Declaration are based on my personal knowledge, my review of the relevant documents, or my discussions with Debtor's employees. I am authorized to submit this Declaration on behalf of the Debtor.
4. The Debtor has, on a timely basis, disbursed approximately \$1,286,184 for post-petition and allowable pre-petition amounts for the period August 9, 2015 to August 31, 2015. Copies of the cash disbursement schedules are available for inspection upon request by the Office of the United States Trustee.

Dated: 10/2/2015

Benjamin J. Matz, Chief Restructuring Officer



In re: Response Genetics, Inc.

Chapter 11

Debtor

Case No.: 15-11663 (LSS)

MOR - 1a
Declaration Regarding the Bank Reconciliations
For period August 9, 2015 to August 31, 2015

Benjamin J. Matz hereby declares under penalty of perjury:

1. I am the Chief Restructuring Officer for Response Genetics, Inc., the above-captioned debtor and debtor-in-possession (the "Debtor"). I am familiar with the Debtor's day-to-day operations, business affairs and books and records.
2. All statements in the Declaration are based on my personal knowledge, my review of the relevant documents, or my discussions with Debtor's employees. I am authorized to submit this Declaration on behalf of the Debtor.
3. To the best of my knowledge, all of the Debtor's bank balances are reconciled in an accurate and timely manner.

Dated: 10/2/2015

Benjamin J. Matz, Chief Restructuring Officer



In re: Response Genetics, Inc.
Debtor

Case No. 15-11663 (LSS)
Reporting Period: August 9, 2015 to August 31, 2015

MOR - 1b

SCHEDULE OF PROFESSIONAL FEES AND EXPENSES PAID

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

| Professionals | | Amount Paid This Period | Cumulative Amount Paid |
|-----------------------------------|-----|-------------------------|------------------------|
| | | Fees and Expenses | Fees and Expenses |
| Canaccord Genunity | [a] | \$ 50,000 | \$ 50,000 |
| Conway MacKenzie | [a] | 109,000 | 109,000 |
| Epiq Bankruptcy Solutions, LLC | [a] | 6,666 | 6,666 |
| Pachulski Stang Ziehl & Jones LLP | [a] | 250,000 | 250,000 |
| Rust Omni Group | [a] | 9,500 | 9,500 |
| | | <u>\$ 425,166</u> | <u>\$ 425,166</u> |

Note:

[a] Pursuant to a Court order authorizing the Debtor to obtain post-petition financing and authorizing the use of cash collateral [Docket No. 26], the Debtor transferred funds to a Pachulski Stang Ziehl & Jones Client Trust Account, on a weekly basis, the amount that the professionals may be paid pursuant to a budget agreed to with the post-petition financing lender for such week. Such funds are being held for the benefit of the professionals and applied to the fees and expenses of such professionals pursuant to one or more orders of the Court. The amounts shown reflect portions of the transferred funds attributed to the respective professionals.

In re: Response Genetics, Inc.
Debtor

Case No. 15-11663 (LSS)
Reporting Period: August 9, 2015 to August 31, 2015

MOR - 2
STATEMENT OF OPERATIONS
For the Period August 9, 2015 to August 31, 2015

| | |
|----------------------------|------------------------------|
| Net revenues | |
| Pharmaceutical | \$ 80,641 |
| Patient | 594,569 |
| Total revenues | <u>675,210</u> |
| | |
| Cost of goods sold | <u>514,652</u> |
| Gross profit | 160,558 |
| | |
| Operating expenses | |
| Selling and marketing | 162,175 |
| General and administrative | 620,286 |
| Research and development | 20,519 |
| Total operating expenses | <u>802,980</u> |
| | |
| Operating loss | (642,422) |
| | |
| Other income (expenses) | |
| Interest expense | (163,310) |
| Reorganization expenses | (425,166) |
| Other | 2,050 |
| Net loss | <u><u>\$ (1,228,848)</u></u> |

In re: **Response Genetics, Inc.**
Debtor

Case No. 15-11663 (LSS)
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MOR - 3
BALANCE SHEET
As of August 31, 2015

ASSETS

| | |
|---|----------------------|
| Current assets | |
| Cash and cash equivalents | \$ 788,471 [a] |
| Accounts receivable, net | 3,586,201 |
| Prepaid expenses and other current assets | 684,461 |
| Total current assets | <u>5,059,134</u> |
| Property and equipment, net | 1,428,165 |
| Intercompany receivable | 5,841,152 |
| Intangible assets | 134,599 |
| Other assets | 55,319 |
| Total assets | <u>\$ 12,518,368</u> |

LIABILITIES AND STOCKHOLDERS' DEFICIT

| | |
|---|-----------------------|
| Current liabilities | |
| Accounts payable | \$ 259,187 |
| Accrued expenses | 171,493 |
| Accrued payroll and related liabilities | 1,634,371 |
| Line of credit | 1,465,662 |
| Total current liabilities | <u>3,530,712</u> |
| Liabilities subject to compromise | |
| Accounts payable | 1,135,373 |
| Accrued board of directors fees | 174,667 |
| Accrued interest | 514,938 |
| Accrued royalties | 882,159 |
| Capital lease obligations | 133,432 |
| Loan, net of debt discount | 12,765,204 |
| Total liabilities subject to compromise | <u>15,605,772</u> |
| Total liabilities | <u>\$ 19,136,484</u> |
| Stockholders' deficit: | |
| Common stock | \$ 388,010 |
| Additional paid-in capital | 78,658,422 |
| Accumulated deficit | (85,664,548) |
| Total stockholders' deficit | <u>\$ (6,618,116)</u> |

Total liabilities and stockholders' deficit \$ 12,518,368

Note:

[a] Cash and cash equivalents balance contains petty cash balance in addition to bank account cash per book

In re: Response Genetics, Inc.

Chapter 11

Debtor

Case No.: 15-11663 (LSS)

MOR - 4
Declaration Regarding Status of Postpetition Taxes
For period August 9, 2015 to August 31, 2015

Benjamin J. Matz hereby declares under penalty of perjury:

1. I am the Chief Restructuring Officer for Response Genetics, Inc., the above-captioned debtor and debtor-in-possession (the "Debtor"). I am familiar with the Debtor's day-to-day operations, business affairs and books and records.
2. All statements in the Declaration are based on my personal knowledge, my review of the relevant documents, or my discussions with Debtor's employees. I am authorized to submit this Declaration on behalf of the Debtor.
3. To the best of my knowledge, the Debtor has filed all necessary federal, state and local tax returns and made all required post-petition tax payments in connection therewith on a timely basis or have promptly remedied any late filing or payments that may have occurred due to unintentional oversight.

Dated: 10/2/2015

Benjamin J. Matz, Chief Restructuring Officer



In re: Response Genetics, Inc.
Debtor

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MOR - 5
ACCOUNTS RECEIVABLE AGING

| Accounts Receivable Aging | Amount |
|--|---------------|
| Current | \$ 939,705 |
| 1 - 30 days past due | 638,077 |
| 31-60 days past due | 1,059,741 |
| 61-90 days past due | 446,506 |
| Over 90 days past due | 4,212,964 |
| Total Gross Accounts Receivable | \$ 7,296,993 |
| Less: allowance for doubtful accounts, reserves, and returns | (3,710,792) |
| Accounts Receivable (Net) | \$ 3,586,201 |

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. | | 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? 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 See explanation | |

Question 5 Explanation

Silicon Valley Bank Acct. #XXX3066 was opened on or about August 14, 2015 to hold utility deposit in accordance with an order of the Court (Docket No. 29). Copy of the bank account statement for this account will be made available to the U.S. Trustee upon request.