

**UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE**

In re Allen Family Foods, Inc  
Debtor

Case No. 11-11764 (KJC)  
Reporting Period: January 1, 2012 - January 28, 2012

**MONTHLY OPERATING REPORT**  
File with court and submit copy to US Trustee within 20 days after end of month.

Submit copy of report to any official committee appointed in the case.

<b>REQUIRED DOCUMENTS</b>	<b>Form No.</b>	<b>Document Attached</b>	<b>Explanation Attached</b>	<b>Affidavit/Supplement Attached</b>
Schedule of Disbursements	MOR-1	X	X	
Bank Reconciliation (or copies of debtor's bank reconciliations)	MOR-1a		X	
Schedule of Professional Fees Paid	MOR-1b	X	X	
Copies of bank statements				
Cash disbursements journals				
Statement of Operations	MOR-2	X		
Balance Sheet	MOR-3	X		
Statement of Cash Flows	MOR-4	X		
Status of Postpetition Taxes	MOR-5		X	
Copies of IRS Form 6123 or payment receipt				
Copies of tax returns filed during reporting period				
Summary of Unpaid Postpetition Debts	MOR-5		X	
Listing of aged accounts payable	MOR-5	X	X	
Accounts Receivable Reconciliation and Aging	MOR-6	X		
Debtor Questionnaire	MOR-6	X		

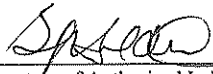
I declare under penalty of perjury (28 U.S.C. Section 1746) that this report and the attached documents are true and correct to the best of my knowledge and belief.

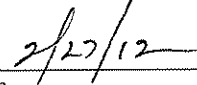
\_\_\_\_\_  
Signature of Debtor

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature of Joint Debtor

\_\_\_\_\_  
Date

  
\_\_\_\_\_  
Signature of Authorized Individual\*

  
\_\_\_\_\_  
Date

Brian G. Hildreth  
Printed Name of Authorized Individual

Chief Financial 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.

SCHEDULE OF DISBURSEMENTS<sup>[1]</sup>

	Reporting Period		Cumulative Filing to Date	
	1/1/12 - 1/28/12		6/9/11 - 1/28/11	
Corn Train	-	-	-	11,512,500
Other Feed / Grain	-	-	-	15,577,333
Raw Material JCR	-	-	-	4,271,096
Grower Pay & Fuel	-	-	-	4,611,725
Other Live Costs	5,190	-	6,077,399	-
Salaries	519	-	17,311,252	-
Interest / Principal	-	-	4,485,579	-
Outside Freight	2,839	-	1,587,135	-
Broker Fees & Rebates	31,531	-	294,622	-
Processing	6,363	-	9,341,859	-
JCR Expenses	-	-	2,397,409	-
Corporate G&A	37,663	-	1,745,556	-
Restructuring / Bankruptcy	1,913	-	3,951,278	-
<b>Total disbursements</b>	<b>\$ 86,017</b>	<b>\$ -</b>	<b>\$ 83,164,744</b>	<b>\$ -</b>
Less: transfers to debtor in possession accounts	-	-	-	-
Plus: estate disbursements made by outside sources	-	-	-	-
<b>Total disbursements for calculating US Trustee quarterly fees</b>	<b>\$ 86,017</b>	<b>\$ -</b>	<b>\$ 83,164,744</b>	<b>\$ -</b>

[1] Represents actual cash disbursements as tracked under the DIP agreement.

**Note:** The financial statements and schedules included herein are unaudited, subject to change and may not be in conformity with U.S. GAAP. Additional adjustments may be made and the statements and schedules will not be finalized until they are reviewed by the Debtor's independent registered accounting firm.

DISBURSEMENTS BY ENTITY FOR CALCULATING US TRUSTEE FEES

	Total Disbursements for the Reporting Period	Less: Transfers to Debtor-in-Possession Accounts	Plus: Estate Disbursements made by outside services	Total Disbursements for Calculating US Trustee Quarterly Fees	US Trustee Fee
Allen Family Foods, Inc.	\$ 67,658	\$ -	\$ -	\$ 67,658	\$ 650
Allen's Hatchery, Inc.	18,359	-	-	18,359	650
JCR Enterprises, Inc.	-	-	-	-	325
<b>Total</b>	<b>\$ 86,017</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 86,017</b>	<b>\$ 1,625</b>

In re Allen Family Foods, Inc.  
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**BANK RECONCILIATION CERTIFICATION**  
Continuation Sheet for **MOR-1**

The undersigned verifies that, to the best of my knowledge, all of the Debtors' January 28, 2012 bank balances will be reconciled in an accurate and timely manner in the ordinary course of business on or about February 29, 2012.

Allen Family Foods, Inc., for itself and its  
affiliated debtors; Debtors-in-Possession

By:  \_\_\_\_\_

Brian G. Hildreth  
Chief Financial Officer

Date: February 29, 2012

**SCHEDULE OF PROFESSIONAL FEES AND EXPENSES PAID**

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

Payee	Period Covered	Amount Approved	Payor	Check		Amount Paid		Year-To-Date	
				Number	Date	Fees	Expenses	Fees	Expenses
Alvarez & Marsal	5/28/11 - 6/3/11	\$ 21,757	MAFC	N/A	6/14/2011	\$ 20,390	\$ 1,367	\$ 20,390	\$ 1,367
Alvarez & Marsal	6/4/11 - 6/8/11	\$ 28,540	MAFC	N/A	6/21/2011	\$ 28,540	\$ -	\$ 28,540	\$ -
Alvarez & Marsal	6/9/11 - 6/30/11	\$ 71,041	Nexsen Escrow Acct	N/A	8/1/2011	\$ 64,920	\$ 6,121	\$ 64,920	\$ 6,121
Alvarez & Marsal	7/1/11 - 7/31/11	\$ 97,113	Nexsen Escrow Acct	N/A	8/30/2011	\$ 88,479	\$ 8,634	\$ 88,479	\$ 8,634
Alvarez & Marsal	8/1/11 - 8/31/11	\$ 43,975	Nexsen Escrow Acct	N/A	9/26/2011	\$ 42,560	\$ 1,415	\$ 42,560	\$ 1,415
Alvarez & Marsal	9/1/11 - 9/6/11	\$ 13,405	Nexsen Escrow Acct	N/A	10/27/2011	\$ 12,035	\$ 1,370	\$ 12,035	\$ 1,370
Appraisal Economics	8/23/11 - 10/14/11	\$ 37,496	Nexsen Escrow Acct	N/A	12/7/2011	\$ 37,496	\$ -	\$ 37,496	\$ -
FTI Consulting, Inc.	6/9/11 - 7/22/11	\$ 243,076	Nexsen Escrow Acct	N/A	8/4/2011	\$ 226,528	\$ 16,548	\$ 226,528	\$ 16,548
FTI Consulting, Inc.	7/23/11 - 8/5/11	\$ 71,291	Allen Family Foods, Inc.	100489	8/11/2011	\$ 57,143	\$ 14,148	\$ 57,143	\$ 14,148
FTI Consulting, Inc.	8/6/11 - 8/19/11	\$ 38,908	Allen Family Foods, Inc.	100858	8/25/2011	\$ 36,053	\$ 2,856	\$ 36,053	\$ 2,856
FTI Consulting, Inc.	8/20/11 - 8/26/11	\$ 23,092	Allen Family Foods, Inc.	12/9/2176	9/1/2011	\$ 20,615	\$ 2,477	\$ 20,615	\$ 2,477
FTI Consulting, Inc.	8/27/11 - 9/2/11	\$ 32,197	Allen Family Foods, Inc.	6/24/2177	9/19/2011	\$ 29,735	\$ 2,462	\$ 29,735	\$ 2,462
FTI Consulting, Inc.	9/3/11 - 9/6/11	\$ 7,238	Allen Family Foods, Inc.	N/A	9/22/2011	\$ 5,938	\$ 1,301	\$ 5,938	\$ 1,301
FTI Consulting, Inc.	9/7/11 - 9/30/11	\$ 31,429	Nexsen Escrow Acct	N/A	10/27/2011	\$ 31,208	\$ 222	\$ 31,208	\$ 222
FTI Consulting, Inc.	10/1/11 - 11/4/11	\$ 14,283	Nexsen Escrow Acct	N/A	11/10/2011	\$ 14,250	\$ 33	\$ 14,250	\$ 33
FTI Consulting, Inc.	11/5/11 - 12/31/11	\$ 14,267	Nexsen Escrow Acct	N/A	1/5/2012	\$ 14,203	\$ 65	\$ 14,203	\$ 65
J.H. Cohn	6/17/11 - 9/30/11	\$ 70,852	Nexsen Escrow Acct	N/A	12/7/2011	\$ 68,516	\$ 2,336	\$ 68,516	\$ 2,336
Law Firm of Joe Bodnar	6/9/11 - 6/30/11	\$ 14,035	Nexsen Escrow Acct	N/A	8/1/2011	\$ 14,035	\$ -	\$ 14,035	\$ -
Law Firm of Joe Bodnar	7/1/11 - 7/31/11	\$ 17,010	Nexsen Escrow Acct	N/A	8/22/2011	\$ 17,010	\$ -	\$ 17,010	\$ -
Law Firm of Joe Bodnar	8/1/11 - 8/31/11	\$ 8,645	Nexsen Escrow Acct	N/A	9/26/2011	\$ 8,645	\$ -	\$ 8,645	\$ -
Law Firm of Joe Bodnar	9/1/11 - 9/6/11	\$ 1,050	Nexsen Escrow Acct	N/A	11/9/2011	\$ 1,050	\$ -	\$ 1,050	\$ -
Lowenstein Sandler	6/16/11 - 8/31/11	\$ 147,757	Nexsen Escrow Acct	N/A	12/7/2011	\$ 144,151	\$ 3,606	\$ 144,151	\$ 3,606
Nexsen Pruet	6/9/11 - 6/30/11	\$ 120,798	Nexsen Escrow Acct	N/A	8/1/2011	\$ 118,024	\$ 2,774	\$ 120,798	\$ -
Nexsen Pruet	7/1/11 - 7/31/11	\$ 55,172	Nexsen Escrow Acct	N/A	8/22/2011	\$ 52,342	\$ 2,830	\$ 52,342	\$ 2,830
Nexsen Pruet	8/1/11 - 8/31/11	\$ 39,143	Nexsen Escrow Acct	N/A	9/26/2011	\$ 36,645	\$ 2,498	\$ 36,645	\$ 2,498
Nexsen Pruet	9/1/11 - 9/6/11	\$ 7,165	Nexsen Escrow Acct	N/A	10/27/2011	\$ 7,160	\$ 5	\$ 7,160	\$ 5
Womble Carlyle	6/16/11 - 8/31/11	\$ 26,895	Nexsen Escrow Acct	N/A	12/7/2011	\$ 23,833	\$ 3,062	\$ 23,833	\$ 3,062
Young Conaway	6/9/11 - 6/30/11	\$ 119,885	Nexsen Escrow Acct	N/A	9/12/2011	\$ 110,213	\$ 9,672	\$ 110,213	\$ 9,672
Young Conaway	7/1/11 - 8/31/11	\$ 201,351	Nexsen Escrow Acct	N/A	11/9/2011	\$ 191,936	\$ 9,416	\$ 191,936	\$ 9,416
Young Conaway	6/9/11 - 10/31/11	\$ 195,000	Nexsen Escrow Acct	N/A	1/6/2012	\$ 191,185	\$ 3,814	\$ 191,185	\$ 3,814

**STATEMENT OF OPERATIONS**

	Reporting Period		Cumulative Filing to Date	
	1/1/12 - 1/28/12		6/9/11 - 1/28/12	
Net Sales	\$	-	\$	45,184,657
Cost of Goods Sold		-		(33,425,243)
<b>Gross Profit</b>		-		<b>11,759,414</b>
Selling, General and Administrative Expenses		(24,253)		(19,616,301)
Depreciation Expense		-		(907,447)
Other Interest Income (Expense), Net		2,105		(1,238)
Other Income (Expense), Net <sup>1</sup>		108,270		9,356,087
Restructuring Expense		(16,557)		(1,577,149)
<b>Net Comprehensive Income (Loss)</b>	<b>\$</b>	<b>69,565</b>	<b>\$</b>	<b>(986,634)</b>

**Note:** The financial statements and schedules included herein are unaudited, subject to change and may not be in conformity with U.S. GAAP. Additional adjustments may be made and the statements and schedules will not be finalized until they are reviewed by the Debtor's independent registered accounting firm.

[1] Allen Family Foods, Inc. purchased live broilers to be processed at its facilities from Allen's Hatchery, Inc. (a related party) in the ordinary course of business. Normal operating procedures allowed for the inter-company accounts receivable to accumulate, with any payments between the two companies being used to pay down an inter-company note receivable prior to being used to pay down the accounts receivable. The accounts receivable was generally paid down at year-end, using a combination of outside financing and establishment of an inter-company note receivable. Due to the bankruptcy petition filed by both companies (and JCR Enterprises, Inc.) on June 9, 2011 outside financing, and the mechanism to pay down the inter-company accounts receivable, was no longer available. Because of this, and the resulting sale of company assets to Harim USA, Inc., Allen's Hatchery elected to forgive the debt owed by Allen Family Foods, resulting in a write-off of approximately \$55MM that was taken as an extraordinary expense on Allen Hatchery's trial balance. Conversely, Allen Family Foods, Inc. recorded as income the debt forgiveness in the same amount to reflect this transaction.

**BALANCE SHEET**

	<b>Book Value at End of Current Reporting Period</b>	
	<b>1/28/2012</b>	
Current Assets:		
Cash and Cash Equivalents	\$	30,283,213
Accounts Receivable (Net)		217,315
Accounts Receivable Related Party		-
Inventories		-
Prepaid Expenses and Other		-
<b>Total Current Assets</b>		<b>30,500,528</b>
Long Term Assets:		
Property and Equipment, Net		-
Goodwill		-
Intangible Assets, Net		-
Customer Notes and Other Receivables		-
Other Assets		-
Notes Receivable - Related Party		-
Deferred Income Taxes (moved to assets per DT/Still in Liab in Detail)		-
<b>Total Long Term Assets</b>		<b>-</b>
<b>Total Assets</b>	<b>\$</b>	<b>30,500,528</b>
Current Liabilities:		
Trade Accounts Payable	\$	26,699
Trade Accounts Payable - Subject to Compromise <sup>[1]</sup>		2,719,368
Accrued Expenses and Other Liabilities		881,267
Accounts Payable, Related Party		-
Current Portion of Related Party Debt		25,977,067
<b>Total Current Liabilities</b>		<b>29,604,401</b>
Long Term Liabilities:		
Long-Term Debt Less Current Portion		-
Related Party Long-Term Debt Less Current Portion		-
Capital Lease Obligation Less Current Portion		-
Other Liabilities - Subject to Compromise		-
<b>Total Long Term Liabilities</b>		<b>-</b>
<b>Total Liabilities</b>		<b>29,604,401</b>
Shareholders' Equity:		
Common Stock		30,010
Accumulated Other Comprehensive Income		(1,816,745)
Retained Earnings		2,682,862
<b>Total Shareholders' Equity</b>		<b>896,127</b>
<b>Total Liabilities and Shareholder's Equity</b>	<b>\$</b>	<b>30,500,528</b>

[1] Represents the estimated unpaid prepetition accounts payable as of January 28, 2012. Per the orders dated June 9, 2011, the Debtors received authority to make payments to trade creditors and taxing authorities in the ordinary course subject to established caps.

**Note:** The financial statements and schedules included herein are unaudited, subject to change and may not be in conformity with U.S. GAAP. Additional adjustments may be made and the statements and schedules will not be finalized until they are reviewed by the Debtor's independent registered accounting firm.

**STATEMENT OF CASH FLOWS<sup>[1]</sup>**

	<b>Reporting Period</b>		<b>Cumulative Filing to Date</b>	
	<b>1/1/12 - 1/28/12</b>		<b>6/9/11 - 1/28/12</b>	
Cash flows from operating activities:				
Net income (loss)	\$	69,565	\$	(986,634)
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation expense		-		907,447
Gain on sale of equipment		-		(352,252)
Restructuring inventory market adjustment		-		-
Change in accounts receivable		-		11,098,153
Change in inventories		-		6,710,076
Change in prepaid expenses and other		-		408,185
Change in accounts payable		(3,027)		(28,030,859)
Change in accrued expenses & other liabilities		(29,974)		1,606,405
Change in other liabilities		-		(1,839,070)
<b>Net cash provided by operating activities</b>		<b>36,564</b>		<b>(10,478,549)</b>
Cash flows from investing activities:				
Change in other assets		-		141,648
Proceeds from sale of equipment		-		35,000,000
Additions to property and equipment		-		-
<b>Net cash provided by investing activities</b>		<b>-</b>		<b>35,141,648</b>
Cash flows from financing activities:				
Intercompany loan (payments)/borrowings		30,018,270		3,256,717
Deferred Grant Revenue		-		(24,907)
Payments on capital leases		-		-
<b>Net cash provided by financing activities</b>		<b>30,018,270</b>		<b>3,231,810</b>
<b>Net increase in cash</b>	<b>\$</b>	<b>30,054,834</b>	<b>\$</b>	<b>27,894,909</b>
Cash and cash equivalents at the beginning of the period		228,379		2,388,304
Net cash flow		30,054,834		27,894,909
<b>Cash and cash equivalents at the end of the period</b>	<b>\$</b>	<b>30,283,213</b>	<b>\$</b>	<b>30,283,213</b>

[1] The Debtors have included their indirect Statement of Cash Flows.

**Note:** The financial statements and schedules included herein are unaudited, subject to change and may not be in conformity with U.S. GAAP. Additional adjustments may be made and the statements and schedules will not be finalized until they are reviewed by the Debtor's independent registered accounting firm.

In re Allen Family Foods, Inc.  
Debtor

Case No. 11-11764 (KJC)  
Reporting Period: January 1, 2012 - January 28, 2012

**POSTPETITION TAXES CERTIFICATION**

The undersigned verifies that, to the best of my knowledge, all post-petition tax obligations, including but not limited to, payroll, real property, income, franchise, and other taxes have been paid to the proper taxing authority when due.

Allen Family Foods, Inc., for itself and its  
affiliated debtors; Debtors-in-Possession

By: \_\_\_\_\_

Brian G. Hildreth  
Chief Financial Officer

Date: February 29, 2012



In re Allen Family Foods, Inc., et al.  
Debtors

Case No. 11-11764 (KJC)  
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**ACCOUNTS PAYABLE AGING AS OF REPORTING PERIOD-END**

	<b>Amount</b>
	<b>1/28/2012</b>
Current (due within next 30 days)	\$ -
Past Due 1-30 Days	26,699
Past Due 31-60 Days	-
Past Due 61-90 Days	-
Past Due 91+ Days	2,719,368
<b>Total Accounts Payable</b>	<b>\$ 2,746,067</b>

**Note:** Per the orders dated June 9, 2011, the Debtors received authority to make payments on pre-petition debts to trade creditors in the ordinary course subject to established caps. The Debtors have therefore not broken out pre-petition and post-petition accounts payable.

In re Allen Family Foods, Inc., et al.  
Debtors

Case No. 11-11764 (KJC)  
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**ACCOUNTS RECEIVABLE AGING AS OF REPORTING PERIOD-END**

	<b>Amount</b>
	<b>1/28/2012</b>
Current (due within next 30 days)	\$ -
Past Due 1-30 Days	-
Past Due 31-60 Days	-
Past Due 61-90 Days	-
Past Due 90+ Days	217,315
<b>Total Accounts Receivable</b>	<b>217,315</b>
Allowance for Doubtful Accounts	-
<b>Accounts Receivable (Net)</b>	<b>\$ 217,315</b>

**Note:** Per the Debtors' records, uncollectable accounts are not netted against agings.

In re Allen Family Foods, Inc.  
Debtor

Case No. 11-11764 (KJC)  
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**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.		xxx
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.		xxx
3. Have all postpetition tax returns been timely filed? If no, provide an explanation below.	xxx	
4. Are workers compensation, general liability and other necessary insurance coverages in effect? If no, provide an explanation below.	xxx	
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.	xxx	

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**SCHEDULE OF NEW BANK ACCOUNTS**

<b>Bank</b>	<b>Account #</b>	<b>Name</b>	<b>Date Opened</b>	<b>Description</b>
Bank of America	00070762702	Nexsen Pruet LLC	June 9, 2011	Allen's Family Foods, Inc. et al. Trust for payment of post petition utilities, professional fees, etc.
Wachovia Bank	2079900601318	Allen Family Foods, Inc. - Debtor in Possession	July 6, 2011	Operating account - incoming/outgoing checks
Wachovia Bank	2079900598065	Allen's Hatchery, Inc. - Debtor in Possession	July 6, 2011	Operating account - incoming/outgoing checks
Wachovia Bank	2079900594522	JCR Enterprises, Inc. - Debtor in Possession	July 6, 2011	Operating account - incoming/outgoing checks
CoBank	00071972	DIP - Allen Family Foods, Inc.	July 6, 2011	Operating account - outgoing wires
CoBank	00071988	DIP - Allen's Hatchery, Inc.	July 6, 2011	Operating account - outgoing wires
CoBank	00071995	DIP - JCR Enterprises, Inc.	July 6, 2011	Operating account - outgoing wires