

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

In re Allen Family Foods, Inc.  
Debtor

Case No. 11-11764 (KJC)  
Reporting Period: June 9, 2011 - July 2, 2011

**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.

REQUIRED DOCUMENTS	Form No.	Document Attached	Explanation Attached	Affidavit/Supplement Attached
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		

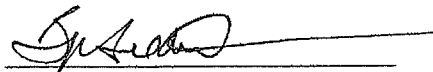
I declare under penalty of perjury (28 U.S.C. Section 1746) that this report and the attached documents are true and correct to the best of my knowledge and belief.

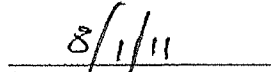
\_\_\_\_\_  
Signature of Debtor

\_\_\_\_\_  
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
	6/9/11 - 7/2/11	6/9/11 - 7/2/11
Corn Train	4,812,169	4,812,169
Other Feed / Grain	5,891,743	5,891,743
Raw Material JCR	635,428	635,428
Grower Pay & Fuel	1,719,988	1,719,988
Other Live Costs	884,938	884,938
Salaries	5,371,623	5,371,623
Interest / Principal	327,019	327,019
Outside Freight	507,361	507,361
Broker Fees & Rebates	29,900	29,900
Processing	1,538,708	1,538,708
JCR Expenses	464,921	464,921
Corporate G&A	91,883	91,883
Restructuring / Bankruptcy	2,243,297	2,243,297
<b>Total disbursements</b>	<b>\$ 24,518,977</b>	<b>\$ 24,518,977</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>\$ 24,518,977</b>	<b>\$ 24,518,977</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.	\$ 6,680,557	\$ -	\$ -	\$ 6,680,557	\$ 13,000
Allen's Hatchery, Inc.	\$ 17,059,910	-	-	17,059,910	20,000
JCR Enterprises, Inc.	\$ 778,510	-	-	778,510	4,875
<b>Total</b>	<b>\$ 24,518,977</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 24,518,977</b>	<b>\$ 37,875</b>

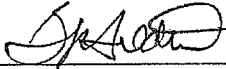
In re Allen Family Foods, Inc.  
Debtor

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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' June 30, 2011 bank balances will be reconciled in an accurate and timely manner in the ordinary course of business on or about July 31, 2011.

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

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

Brian G. Hildreth  
Chief Financial Officer

Date: August 1, 2011

In re Allen Family Foods, Inc.  
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**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	\$ -

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**STATEMENT OF OPERATIONS - ALLEN FAMILY FOODS, INC.**

	Cumulative Filing to	
	Reporting Period	Date
	6/9/11 - 7/2/11	6/9/11 - 7/2/11
Net Sales	\$ 17,854,006	\$ 17,854,006
Cost of Goods Sold	(16,405,053)	(16,405,053)
<b>Gross Profit</b>	<b>1,448,953</b>	<b>1,448,953</b>
Selling, General and Administrative Expenses	(6,709,170)	(6,709,170)
Depreciation Expense	(345,769)	(345,769)
Other Interest Income (Expense), Net	329	329
Other Income (Expense), Net	8,966	8,966
Restructuring Expense	-	-
<b>Net Comprehensive Income (Loss)</b>	<b>\$ (5,596,691)</b>	<b>\$ (5,596,691)</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.

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**BALANCE SHEET - ALLEN FAMILY FOODS, INC.**

	Book Value at End of Current Reporting Period 7/2/11
<b>Current Assets:</b>	
Cash and Cash Equivalents	\$ 2,065,492
Accounts Receivable (Net)	9,890,606
Accounts Receivable Related Party	4,143,739
Inventories	6,290,801
Prepaid Expenses and Other	416,495
<b>Total Current Assets</b>	<b>22,807,133</b>
<b>Long Term Assets:</b>	
Property and Equipment, Net	35,209,425
Goodwill	-
Intangible Assets, Net	-
Customer Notes and Other Receivables	-
Other Assets	141,648
<b>Total Long Term Assets</b>	<b>35,351,073</b>
<b>Total Assets</b>	<b>\$ 58,158,206</b>
<b>Current Liabilities:</b>	
Trade Accounts Payable	\$ 847,546
Trade Accounts Payable - Subject to Compromise <sup>[1]</sup>	3,176,754
Accrued Expenses and Other Liabilities	1,960,994
Accounts Payable, Related Party	41,355,785
Current Portion of Related Party Debt	12,670,350
<b>Total Current Liabilities</b>	<b>60,011,429</b>
<b>Long Term Liabilities:</b>	
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	1,860,704
<b>Total Long Term Liabilities</b>	<b>1,860,704</b>
<b>Total Liabilities</b>	<b>61,872,133</b>
<b>Shareholders' Equity:</b>	
Common Stock	30,010
Accumulated Other Comprehensive Income	(1,816,745)
Retained Earnings	(1,927,192)
<b>Total Shareholders' Equity</b>	<b>(3,713,927)</b>
<b>Total Liabilities and Shareholder's Equity</b>	<b>\$ 58,158,206</b>

[1] Represents the estimated unpaid prepetition accounts payable as of June 30, 2011. 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.

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**STATEMENT OF CASH FLOWS - ALLEN FAMILY FOODS, INC. <sup>[1]</sup>**

	<b>Reporting Period</b>	<b>Cumulative Filing to</b>
	<b>6/9/11 - 7/2/11</b>	<b>Date</b>
	<b>6/9/11 - 7/2/11</b>	<b>6/9/11 - 7/2/11</b>
Cash flows from operating activities:		
Net income (loss)	\$ (5,596,691)	\$ (5,596,691)
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation expense	345,769	345,769
Gain on sale of equipment	-	-
Restructuring inventory market adjustment	-	-
Change in accounts receivable	(2,718,877)	(2,718,877)
Change in inventories	419,275	419,275
Change in prepaid expenses and other	(8,290)	(8,290)
Change in accounts payable	14,608,149	14,608,149
Change in accrued expenses & other liabilities	2,681,133	2,681,133
Change in other liabilities	-	-
<b>Net cash provided by operating activities</b>	<b>9,730,468</b>	<b>9,730,468</b>
Cash flows from investing activities:		
Change in other assets	-	-
Proceeds from sale of equipment	-	-
Additions to property and equipment	-	-
<b>Net cash provided by investing activities</b>	<b>-</b>	<b>-</b>
Cash flows from financing activities:		
Intercompany loan (payments)/borrowings	(10,050,000)	(10,050,000)
Deferred Grant Revenue	(3,270)	(3,270)
Payments on capital leases	-	-
<b>Net cash provided by financing activities</b>	<b>(10,053,270)</b>	<b>(10,053,270)</b>
<b>Net increase in cash</b>	<b>\$ (322,802)</b>	<b>\$ (322,802)</b>
Cash and cash equivalents at the beginning of the period	2,388,294	2,388,294
Net cash flow	(322,802)	(322,802)
<b>Cash and cash equivalents at the end of the period</b>	<b>\$ 2,065,492</b>	<b>\$ 2,065,492</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.


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**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: August 1, 2011



In re Allen Family Foods, Inc.  
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**ACCOUNTS PAYABLE AGING AS OF REPORTING PERIOD-END - ALLEN FAMILY FOODS, INC.**

		Amount
		7/2/11
Current (due within next 30 days)	\$	1,018,081
Past Due 1-30 Days		2,193,285
Past Due 31-60 Days		757,396
Past Due 61-90 Days		40,862
Past Due 91+ Days		14,676
<b>Total Accounts Payable</b>	<b>\$</b>	<b>4,024,300</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.

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**ACCOUNTS RECEIVABLE AGING AS OF REPORTING PERIOD-END - ALLEN FAMILY FOODS, INC.**

		Amount
		7/2/11
Current (due within next 30 days)	\$	7,477,874
Past Due 1-30 Days		2,383,265
Past Due 31-60 Days		18,838
Past Due 61-90 Days		10,629
<b>Total Accounts Receivable</b>		<b>9,890,606</b>
Allowance for Doubtful Accounts		-
<b>Accounts Receivable (Net)</b>	<b>\$</b>	<b>9,890,606</b>

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

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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.