

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE**

In re *Blitz U.S.A., Inc. et al.*
Debtor

Case No. 11-13603 (PJW)
Reporting Period: January 1 - January 31, 2012

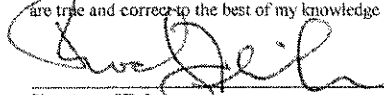
MONTHLY OPERATING REPORT

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				
Cash disbursements journals				
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

2/20/12

Date



Signature of Authorized Individual*

2/20/12

Date

Rocky Flick

Printed Name of Authorized Individual

Chief Executive 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



Notes to the Monthly Operating Report

General:

The following is the list of debtors that filed on November 9, 2011 and are included in the accompanying schedules (the "Debtors")

<u>Name</u>	<u>Case No.</u>
Blitz Acquisition Holdings, Inc.	11-13602
Blitz U.S.A., Inc.	11-13603
F3 Brands LLC	11-13604
LAM 2011 Holdings, LLC	11-13605
Blitz Acquisition, LLC	11-13606
Blitz RE Holdings, LLC	11-13607

Notes to MOR 1-a

Period beginning and ending cash balances may not necessarily match those reported in bank statements due to outstanding checks and deposits in transit (float)

Cash disbursement journals for individual bank accounts will be provided upon request

The Debtors have numerous bank statements and bank reconciliations, which will be provided upon request

Notes to MOR-3

Accounts Payable includes \$170,224 of freight not yet invoiced at the end of January 31, 2012

Notes to MOR-4

The Company will be current on all post-petition taxes in February 2012

The Company will provide a complete account of accounts payable aging by vendor upon request

MOR 1 - Schedule of Cash Receipts and Disbursements

	<u>January-12</u>			<u>Cumulative*</u>		
	<u>Blitz</u>	<u>F3</u>	<u>Consolidated*</u>	<u>Blitz</u>	<u>F3</u>	<u>Consolidated*</u>
Cash Receipts						
Collections	4,629,866	959,745	5,589,611	13,267,532	1,087,582	14,355,114
Total Cash Receipts	\$ 4,629,866	\$ 959,745	\$ 5,589,611	\$ 13,267,532	\$ 1,087,582	\$ 14,355,114
Disbursements						
Payroll & Taxes	377,277	329,018	706,295	1,204,770	985,502	2,190,271
Benefits	121,993	74,096	196,089	514,423	177,410	691,833
Raw Material	431,397	789,157	1,220,554	2,344,778	1,576,999	3,921,778
All Other	802,089	329,000	1,131,089	3,061,255	910,047	3,971,302
Note Payments	236,511	-	236,511	363,581	-	363,581
Professional Fees	170,356	-	170,356	170,356	25,000	195,356
Capital Purchases	-	28,769	28,769	361,078	28,769	389,847
Total Disbursements	\$ 2,139,623	\$ 1,550,040	\$ 3,689,663	\$ 8,020,242	\$ 3,703,726	\$ 11,723,968
Transfers In/(Out)	(819,165)	819,165	-	(2,909,003)	2,909,003	-
Change in Cash	\$ 1,671,078	\$ 228,870	\$ 1,899,948	\$ 2,338,287	\$ 292,859	\$ 2,631,146

* There were no receipts or disbursement of Blitz RE Holdings, LLC; Blitz Acquisition, LLC; Blitz Acquisition Holdings, Inc.; and LAM 2011 Holdings, LLC.

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
Zolfo Cooper, LLC	11/9/11 - 11/30/11	118,283.99	Blitz U.S.A., Inc.	60512	1/17/2012	113,900.66	4,383.33	113,900.66	4,383.33

MOR 2 - 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	January-12				Cumulative*			
	Blitz	F3	RE Holdings	Consolidated	Blitz	F3	RE Holdings	Consolidated
Gross Revenues	\$ 5,413,970	\$ 2,452,870	\$ -	\$ 7,866,840	\$ 12,404,591	\$ 6,157,515	\$ -	\$ 18,562,106
Less: Returns and Allowances	(714,334)	(304,154)	-	(1,018,488)	(1,590,854)	(543,560)	-	(2,134,414)
Net Revenue	\$ 4,699,636	\$ 2,148,716	\$ -	\$ 6,848,352	\$ 10,813,737	\$ 5,613,955	\$ -	\$ 16,427,692
COST OF GOODS SOLD								
Beginning Inventory								
Add: Purchases								
Add: Cost of Labor								
Add: Other Costs (attach schedule)								
Less: Ending Inventory								
Cost of Goods Sold	3,208,975	1,537,728	10,443	4,757,146	7,274,482	4,514,142	31,329	11,819,953
Gross Profit	1,490,661	610,988	(10,443)	2,091,206	3,539,255	1,099,813	(31,329)	4,607,739
OPERATING EXPENSES								
Administrative Labor	152,918	114,017	-	266,935	463,013	358,610	-	821,623
Vacation	10,713	6,797	-	17,510	33,388	19,971	-	53,359
Payroll Taxes	15,150	10,810	-	25,960	37,168	34,561	3,097	74,826
401 K Retirement Plan	11,477	9,622	-	21,099	35,666	28,940	-	64,606
Bonus Incentive	96,836	46,302	-	143,138	181,824	59,837	-	241,661
Life Insurance	5,705	-	-	5,705	5,705	-	-	5,705
Office Supplies	2,636	1,459	-	4,095	6,303	4,093	-	10,396
Postage	646	2,500	-	3,146	3,505	3,058	-	6,563
Admin Freight Services	120	48	-	168	190	77	-	177
Data Processing	9,930	5,709	-	15,639	35,545	21,110	-	56,655
Edi	629	806	-	1,435	1,308	1,420	-	2,728
Employee Incentives	-	965	-	965	2,770	1,578	-	4,348
Wellness Program Expense	-	(168)	-	(168)	-	(135)	-	(135)
Training	12	-	-	12	13,868	2,187	-	16,055
Donations	-	-	-	-	29,212	-	-	29,212
Telephone	10,674	4,885	-	15,559	31,343	5,586	-	36,929
Rent	1,000	-	-	1,000	3,000	-	-	3,000
Consulting Services	-	299	-	299	9,519	25,522	-	35,041
Legal Services	1,527	188	-	1,715	2,062	188	-	2,250
Accounting Services	4,192	-	-	4,192	24,606	-	-	24,606
Research & Development	49	8,415	-	8,464	9,701	19,876	-	29,577
Certification Testing	2,441	-	-	2,441	6,454	3,464	-	9,918
Taxes Other Than Payroll	12,212	5,005	(2,191)	15,026	57,861	21,275	4,003	83,139
Depreciation-Office Equipment	31,641	1,573	-	33,214	94,337	4,349	-	98,686
Industrial Insurance	256,418	12,929	-	269,347	758,189	33,725	-	791,914
Workers Comp Insurance	1,060	299	-	1,359	2,700	897	-	3,597
Dues & Subscriptions	784	2,484	-	3,268	33,820	3,178	-	36,998
Bad Debts	-	-	-	-	-	-	-	-
Group Insurance	36,715	30,930	-	67,645	110,145	74,853	-	184,998
Travel	3,764	12,474	-	16,238	27,361	36,226	-	63,587
Meals & Entertainment	4,635	1,283	-	5,918	8,212	6,498	-	14,710
Amort. Of Goodwill & Non Comp	254,745	-	-	254,745	770,916	-	3,674	774,590
Coop Advertising	212,206	67,308	-	279,514	464,266	185,140	-	649,406
Print/Advertising	1,331	11,936	-	13,267	2,006	26,898	-	28,904
National Trade Show Expense	-	160	-	160	-	4,245	-	4,245
Sales Commissions	67,041	30,042	-	97,083	143,905	66,432	-	210,337
OTHER INCOME AND EXPENSES								
Rent Income	-	-	(39,979)	(39,979)	-	-	(119,936)	(119,936)
Interest Expense	108,366	3,600	2,286	114,252	308,092	6,754	11,122	325,968
Other Expense (attach schedule)	-	-	-	-	124,988	-	-	124,988
Net Profit (Loss) Before Reorganization Items	173,088	218,311	29,441	420,840	(303,603)	39,400	66,711	(197,492)
REORGANIZATION ITEMS								
Professional Fees								
U. S. Trustee Quarterly Fees								
Interest Earned on Accumulated Cash from Chapter 11 (see continuation sheet)								
Gain (Loss) from Sale of Equipment								
Restructuring Fees - Debtor	675,000	-	-	675,000	1,525,000	-	-	1,525,000
Total Reorganization Expenses	675,000	-	-	675,000	1,525,000	-	-	1,525,000
Income Taxes								
Net Profit (Loss)	\$ (501,912)	\$ 218,311	\$ 29,441	\$ (254,160)	\$ (1,828,603)	\$ 39,400	\$ 66,711	\$ (1,722,492)

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

MOR 3 - BALANCE SHEET
For the Month Ending January 31, 2012

	Blitz	F3	RE Holdings	Consolidated
Assets:				
Current Assets:				
Cash	3,317,081	293,728	-	3,610,809
Accounts Receivable	15,413,302	6,082,680	-	21,495,982
Due From Parent	201,229	-	-	201,229
Due From Blitz / F3	-	-	352,237	352,237
Investment In Sub	12,350,432	-	-	12,350,432
Inventory:				
Raw Material	727,345	1,860,718	-	2,588,063
Finished Goods	1,274,465	1,263,644	-	2,538,109
Reserve For Obsolete Inv.	(14,658)	(157,727)	-	(172,385)
Total Inventory	1,987,152	2,966,635	-	4,953,787
Prepaid Expenses	1,602,816	92,463	-	1,695,279
Total Current Assets	34,872,012	9,435,506	352,237	44,659,755
Fixed Assets				
Fixed Assets	22,741,029	10,132,338	-	32,873,367
P/P Equipment	929,993	27,254	-	957,247
Less Res. For Depreciation	(15,332,101)	(4,397,258)	(546,505)	(20,275,864)
Land	-	-	50,000	50,000
Buildings	-	-	4,950,000	4,950,000
Net Fixed Assets	8,338,921	5,762,334	4,453,495	18,554,750
Deferred Financing Fees	1,233,447	-	79,249	1,312,696
Goodwill	33,945,725	-	-	33,945,725
Accumulated Amortization	(13,036,058)	-	(51,602)	(13,087,660)
Total Assets	65,354,047	15,197,840	4,833,379	85,385,266
Liabilities:				
Pre-Petition Liabilities				
Accounts Payable - Pre-Petition*	5,039,338	1,212,286	-	6,251,624
Current Portion Of Lt Debt	4,857,140	-	-	4,857,140
Working Capital N/P	14,251,780	-	-	14,251,780
Advancing Term Loan - A	802,636	-	-	802,636
Advancing Term Loan - B	1,939,556	-	-	1,939,556
Np-Blitz Acq Llc (Rph)	1,029,188	-	-	1,029,188
Np-Blitz Acq Llc (Lam)	1,500,000	-	-	1,500,000
Term Loan - Long Term	13,033,468	-	1,212,381	14,245,849
Due To RE Holdings - Pre Petition	264,444	35,099	-	299,543
Due To Parent - Pre-Petition	25,419,666	10,355,807	2,561,761	38,337,234
Total Pre-Petition Liabilities	68,137,216	11,603,192	3,774,142	83,514,550
Post-Petition Liabilities				
Accounts Payable - Post-Petition	507,544	336,145	-	843,689
Accrued Purchases	286,262	226,931	-	513,193
Accrued Liabilities	7,918,644	794,646	20,162	8,733,452
Due to RE Holdings - Post Petition	17,595	35,099	-	52,694
Due to Parent - Post Petition	-	1,994,624	-	1,994,624
Total Post-Petition Liabilities	8,730,045	3,387,445	20,162	12,137,652
Total Liabilities	76,867,261	14,990,637	3,794,304	95,652,202
Equity:				
Equity Blitz Acquisition, Llc	(7,860,282)	-	950,824	(6,909,458)
Current Year Profit	(3,652,932)	207,203	88,251	(3,357,478)
Total Equity	(11,513,214)	207,203	1,039,075	(10,266,936)
Total Liabilities & Equity	65,354,047	15,197,840	4,833,379	85,385,266

*** Pre-Petition Accounts Payable Reconciliation**

12/31/11 Balance	4,955,339	1,394,380
Pre-petition payments	-	(202,159)
New pre-petition invoices	-	-
Credits issued	-	-
Prepaid Freight entry	83,999	42,354
Voids	-	-
Reverse Prior month freight	-	(22,288)
1/31/2012 Balance	5,039,338	1,212,286

MOR 4 - ACCOUNTS PAYABLE AGING

Accounts Payable Aging	Blitz USA	F3 Brands	Consolidated
Current	348,712	265,632	614,344
31 - 60 days old	5,571	39,594	45,165
61 - 90 days old	801,157	182,435	983,591
91+ days old	4,263,570	1,018,418	5,281,988
Total Accounts Payable	5,419,010	1,506,078	6,925,088

Freight Costs Not Yet Invoiced	127,871	42,354	170,224
Total	5,546,881	1,548,432	7,095,313

Balance Sheet Reconciliation

Accounts Payable - Pre-Petition	5,039,338	1,212,286	6,251,624
Accounts Payable - Post-Petition	507,544	336,145	843,689
Total Accounts Payable	5,546,882	1,548,431	7,095,313

ACCOUNTS RECEIVABLE RECONCILIATION AND AGING

Accounts Receivable Reconciliation	Blitz USA	F3 Brands	Consolidated
Total Accounts Receivable at the beginning of the reporting period	15,437,660	4,803,059	20,240,718
+ Amounts billed during the period	5,163,207	2,259,765	7,669,845
- Amounts collected during the period	(4,629,866)	(959,745)	(5,589,611)
Total Accounts Receivable at the end of the reporting period	15,971,001	6,103,079	22,074,079
Accounts Receivable Aging*	Blitz USA	F3 Brands	Consolidated
Current	12,504,916	5,360,844	17,865,760
0 - 15 days old	2,695,038	172,747	2,867,786
16 - 30 days old	140,932	85,931	226,863
31 - 45 days old	135,916	171,349	307,265
46+ days old	494,198	312,209	806,407
Total Accounts Receivable	15,971,001	6,103,079	22,074,080
Amount considered uncollectible (Bad Debt)	(557,699)	(20,399)	(578,098)
Accounts Receivable (Net)	15,413,302	6,082,680	21,495,982

*Accounts Receivable Aging is calculated on a due date basis.

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