

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE**

In re: Hines Nurseries LLC
Debtor

Case No. 10-13310
Reporting Period: February 7, 2011 through March 6, 2011

MONTHLY OPERATING REPORT

File with Court and submit copy to United States Trustee within 20 days after end of month.

Disc
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	Yes	No	
Bank Reconciliation (or copies of debtor's bank reconciliations)	MOR-1a	Yes	No	
Schedule of Professional Fees Paid	MOR-1b	Yes	No	
Copies of bank statements		No	No	
Cash disbursements journals		No	No	
Statement of Operations	MOR-2	Yes	No	
Balance Sheet	MOR-3a	Yes	No	
Statement of Cash Flows	MOR-3b	Yes	No	
Status of Postpetition Taxes	MOR-4	Yes	No	
Copies of IRS Form 6123 or payment receipt		No	N/A	
Copies of tax returns filed during reporting period		No	N/A	
Summary of Unpaid Postpetition Debts	MOR-4	Yes	No	
Listing of aged accounts payable	MOR-4	Yes	No	
Accounts Receivable Reconciliation and Aging	MOR-5	Yes	No	
Debtor Questionnaire	MOR-5	Yes	No	

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

4-15-11

Date

Signature of Joint Debtor

Date

Signature of Authorized Individual*

4-15-11

Date

SANDEEP GUPTA

Printed Name of Authorized Individual

CRD

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.

Consolidated Horticulture Group LLC (Case No. 10-13308) and New Hines Parent Company LLC (Case No. 10-13309) have no ongoing operations.
The Statement of Operations, Balance Sheet, and Cash Flows of Hines Nurseries LLC (the "Debtor") has been taken from the books and records of the Debtor. The amounts reflected in these financials are unaudited. The Debtor reserves the right to amend the Monthly Operating Report in all respects at any time as may be necessary or appropriate.

MOR-1 - SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS

	<u>2/7/11 - 3/6/11</u>
<u>Receipts</u>	
Gross Cash Collections from Customers	\$ 2,335,894
Customer Rebates	(50,283)
Net Cash Collections from Customers	<u>\$ 2,285,612</u>
BD Bordiers A/R collections	-
BD Bordiers Disbursements	-
Net Cash Receipts from BD Bordiers	-
Total Operating Receipts	<u>\$ 2,285,612</u>
<u>Pre-Petition Operating Disbursements</u>	
Payroll Wages	-
Payroll Benefits	-
Temporary Labor	-
Third-Party Merchandising	-
Taxes	-
Insurance	-
<u>Post-Petition Operating Disbursements</u>	
Payroll Wages	1,720,839
Payroll Benefits	378,646
Rent	39,970
Utilities - Deposits	-
Utilities - Recurring	313,539
IT Services	212,769
Raw Materials	1,086,769
Chemicals and Fertilizers	236,733
Distribution	913,801
Temporary Labor	616,461
Third-Party Merchandising	225,176
Taxes & Insurance	104,812
Capital Expenditures	-
Professional Fees	992,967
Irvine site exit costs	78,496
Somis site exit costs	-
Horticultural Supplies	545,340
Total Operating Disbursements	<u>\$ 7,466,317</u>
Operating Cash Flow	<u>\$ (5,180,705)</u>
Interest / Fees	559,118
Net Cash Flow from Operations	<u>\$ (5,739,823)</u>
DIP Balance	\$ 23,500,000

BANK RECONCILIATIONS
Continuation Sheet for MOR-1

A bank reconciliation must be included for each bank account. The debtor's bank reconciliation may be substituted for this page.

	Operating		Payroll		Tax		Other	
	#		#		#		#	
BALANCE PER BOOKS								
BANK BALANCE								
(+) DEPOSITS IN TRANSIT (ATTACH LIST)								
(-) OUTSTANDING CHECKS (ATTACH LIST)								
OTHER (ATTACH EXPLANATION)								
ADJUSTED BANK BALANCE *								
* Adjusted bank balance must equal								
balance per books								
DEPOSITS IN TRANSIT	Date	Amount	Date	Amount	Date	Amount	Date	Amount
CHECKS OUTSTANDING	Ck. #	Amount	Ch. #	Amount	Ck. #	Amount	Ck. #	Amount
OTHER								

See Following Page MOR-1a (Cont'd) - LIST OF BANK ACCOUNTS

MOR-1a (Cont'd) - LIST OF BANK ACCOUNTS

Hines Nurseries LLC
List of Bank Accounts
Reporting Period: February 7, 2011 through March 6, 2011

GL #	Institution	Account Name	Account #	Debtor	Book Balance	As of date	Reconciled (Y/N)
10001	-----	Petty cash	----	Hines Nurseries LLC	\$ 6,535.07	03/06/11	Y
---	VISA/MC AMEX	Visa/ Mastercard	2273	Hines Nurseries LLC	-	03/06/11	Y
10270	Bank of America	Lockbox (Blocked Account)	1204	Hines Nurseries LLC	38,098.77	03/06/11	Y
10290	Bank of America	Funding Account	1209	Hines Nurseries LLC	1,298,574.27	03/06/11	Y
10245	Bank of America	Payroll Account	6621	Hines Nurseries LLC	30,920.99	03/06/11	Y
10205	Bank of America	Main AP Account (1)	6626	Hines Nurseries LLC	(317,161.62)	03/06/11	Y
10320	Bank of America	Certificate of Deposit	3362	Hines Nurseries LLC	10,452.68	03/06/11	Y
10330	Bank of America	Utility Deposit	9633	Hines Nurseries LLC	200,010.12	03/06/11	Y
10340	Bank of America	Good Faith Deposit	7232	Hines Nurseries LLC	249,946.16	03/06/11	Y
					\$ 1,517,376.44		

(1) The negative book balance is due to the timing of transferring funds from the Funding account to the Main AP Account.

Hines Nurseries

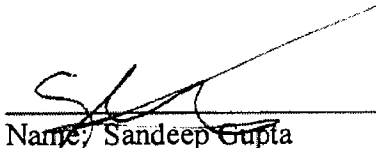
April 15, 2011

Office of the United States Trustee

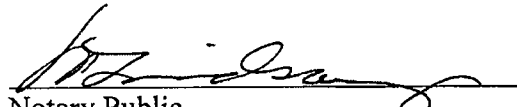
Subject: Attestation Regard Bank Account Reconciliations

The Debtors, Horticulture Group LLC, New Hines Parent Company LLC, and Hines Nurseries LLC, hereby submits this attestation regarding bank account reconciliations in lieu of providing copies of bank statements and copies of all account reconciliations.

The Debtors have, on a timely basis, performed all bank account reconciliation in the ordinary course of its business. Copies of bank account statements and reconciliations are available for inspection upon request by the United States Trustee's Office.


Name: Sandeep Gupta
Position: Chief Restructuring Officer

Sworn to and Subscribed
before me on this 15th
day of April, 2011.


Notary Public

My Commission Expires: 5/4/14



In re: Hines Nurseries LLC
Debtor

Case No. 10-13310
Reporting Period: February 7, 2011 through March 6, 2011

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
Edwards Angell Palmer & Dodge LLP	1/1/2011 - 1/31/2011	2,775	Hines Nurseries LLC	Wire	2/10/2011	\$ 2,707	\$ 68	\$ 32,783	\$ 1,223
Epiq	10/12/2010 - 10/31/2010	14,079	Hines Nurseries LLC	Wire	2/11/2011	\$ 12,642	\$ 1,438	\$ 12,642	\$ 1,438
Epiq	11/1/2010 - 11/30/2010	6,046	Hines Nurseries LLC	Wire	2/14/2011	\$ 4,171	\$ 1,875	\$ 16,812	\$ 3,313
Epiq	12/1/2010 - 12/31/2010	18,969	Hines Nurseries LLC	Wire	2/11/2011	\$ 16,173	\$ 2,796	\$ 32,986	\$ 6,109
FTI Consulting	1/1/2011 - 1/14/2011	230,997	Hines Nurseries LLC	Wire	2/7/2011	\$ 210,268	\$ 20,729	\$ 1,767,318	\$ 148,069
FTI Consulting	1/15/2011 - 1/31/2011	229,363	Hines Nurseries LLC	Wire	2/14/2011	\$ 217,605	\$ 11,758	\$ 1,984,923	\$ 159,827
Kiekhafer	1/1/2011 - 1/31/2011	5,332	Hines Nurseries LLC	Wire	3/4/2011	\$ 5,332	\$ -	\$ 5,332	\$ -
Latham & Watkins	1/1/2011 - 1/31/2011	9,370	Hines Nurseries LLC	Wire	2/10/2011	\$ 9,359	\$ 11	\$ 209,275	\$ 689
Littler Mendelson, P.C.	1/1/2011 - 1/31/2011	7,328	Hines Nurseries LLC	Wire	3/3/2011	\$ 7,328	\$ -	\$ 31,709	\$ 1,441
Pachulski Stang Ziehl & Jones	10/13/2010 - 10/31/2010	98,358	Hines Nurseries LLC	Wire	2/16/2011	\$ 91,460	\$ 6,898	\$ 91,460	\$ 6,898
Pachulski Stang Ziehl & Jones	11/1/2010 - 11/30/2010	153,637	Hines Nurseries LLC	Wire	2/24/2011	\$ 143,062	\$ 10,575	\$ 234,522	\$ 17,473
Pachulski Stang Ziehl & Jones	12/1/2010 - 12/31/2010	170,088	Hines Nurseries LLC	Wire	2/28/2011	\$ 162,673	\$ 7,414	\$ 397,195	\$ 24,888
Schulte Roth & Zabel LLP	1/1/2011 - 1/31/2011	46,626	Hines Nurseries LLC	Wire	3/4/2011	\$ 45,736	\$ 890	\$ 509,878	\$ 9,227

MOR-2 - STATEMENT OF OPERATIONS⁽¹⁾
(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.

(\$ in 000's)	2/7/11 - 3/6/11
Sales, net	\$4,148
Cost of goods sold	1,999
Gross profit	<u>2,149</u>
Gross profit %	51.8%
Operating Expenses:	
Distribution expense	880
Selling Expense	569
General & administrative expense	513
Depreciation Expenses	48
Bad Debt Expense	2
Total selling, g & a expense	<u>2,012</u>
Other (income) expenses	22
Other non-recurring	-
Total Operating Expense	<u>2,034</u>
Operating gain	<u>115</u>
Other Expenses:	
Interest expense, net	669
Loss before income taxes and reorganization	<u>(554)</u>
Reorganization Items:	
Professional fees ⁽²⁾	<u>943</u>
Net loss	<u><u>\$ (1,497)</u></u>

Note:

(1) The Statement of Operations, Balance Sheet, and Cash Flows of Hines Nurseries LLC (the "Debtor") has been taken from the books and records of the Debtor. The amounts reflected in these financials are unaudited. The Debtor reserves the right to amend the Monthly Operating Report in all respects at any time as may be necessary or appropriate.

(2) Represents an accrual of professional fees under the Debtor's accounting methodology and does not reflect actual payments made to professionals.

MOR-3a - BALANCE SHEET⁽¹⁾

(\$ in 000's)

ASSETS

Current Assets:

	March 6, 2011	February 6, 2011
Cash	\$ 1,517	\$ 769
Accounts receivable, net	4,470	2,503
Inventories	73,165	70,134
Prepaid expenses and other current assets	5,772	6,257
Total current assets	84,924	79,663
Fixed assets, net	71,256	71,762
Other assets	894	894
TOTAL ASSETS	\$ 157,074	\$ 152,319

LIABILITIES & SHAREHOLDERS' EQUITY

Liabilities - Pre-Petition

Current Liabilities:

Accounts payable	\$ 7,328	\$ 7,295
Accrued liabilities	2,134	2,134
Accrued payroll and benefits	994	1,053
Accrued interest	-	-
Borrowings on revolving credit facility	48,614	48,614
Subordinated PIK Loan	16,949	16,949
Term Loans	10,500	10,500
Total current pre-petition liabilities	86,519	86,545
Other L-T Liabilities - Pre-Petition	3	3

Liabilities - Post Petition

Accounts payable	\$ 1,944	\$ 1,895
Accrued liabilities	2,304	2,631
Accrued payroll and benefits	817	877
Accrued interest	66	66
Subordinated PIK Loan	2,196	1,731
DIP Line	23,500	17,350
Total current post-petition liabilities	30,827	24,550
Other L-T Liabilities - Post-Petition	149	149

Shareholders' equity

39,576 41,072

TOTAL LIABILITIES & SHAREHOLDERS' EQUITY

\$ 157,074 \$ 152,319

Note:

(1) The Statement of Operations, Balance Sheet, and Cash Flows of Hines Nurseries LLC (the "Debtor") has been taken from the books and records of the Debtor. The amounts reflected in these financials are unaudited. The Debtor reserves the right to amend the Monthly Operating Report in all respects at any time as may be necessary or appropriate.

MOR-3b - STATEMENT OF CASH FLOWS - INDIRECT METHOD⁽¹⁾

(\$ in 000's)

2/7/11 - 3/6/11

CASH FLOWS FROM OPERATING ACTIVITIES:

Net income (loss)	(\$1,497)
Adjustments to reconcile net loss to net cash used in operating activities:	
Depreciation	488
Loss on retirement of assets	22
Non-Cash Interest	465

CHANGES IN WORKING CAPITAL ACCOUNTS:

Accounts receivable	(1,967)
Inventories	(3,031)
Prepaid expenses and other current assets	485
Accounts payable and accrued liabilities	(349)

Net cash used in operating activities	\$ (5,384)
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CASH FLOWS FROM INVESTING ACTIVITIES:

Purchase of fixed assets	(18)
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Net cash (used in) provided by investing activities	(18)
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CASH FLOWS FROM FINANCING ACTIVITIES:

Borrowings on revolving line of credit	6,150
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Net cash provided by financing activities	6,150
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NET CHANGE IN CASH

748

CASH, beginning of period

\$ 769

CASH, end of period

\$ 1,517

Notes:

(1) The Statement of Operations, Balance Sheet, and Cash Flows of Hines Nurseries LLC (the "Debtor") has been taken from the books and records of the Debtor. The amounts reflected in these financials are unaudited. The Debtor reserves the right to amend the Monthly Operating Report in all respects at any time as may be necessary or appropriate.

STATUS OF POSTPETITION TAXES

The beginning tax liability should be the ending liability from the prior month or, if this is the first report, the amount should be zero. Attach photocopies of IRS Form 6123 or payment receipt to verify payment or deposit of federal payroll taxes. Attach photocopies of any tax returns filed during the reporting period.

	Beginning Tax Liability	Amount Withheld or Accrued	Amount Paid	Date Paid	Check No. or EFT	Ending Tax Liability
Federal:						
Withholding						
FICA-Employee						
FICA-Employer						
Unemployment						
Income						
Other:						
Total Federal Taxes						
State and Local:						
Withholding						
Sales						
Excise						
Unemployment						
Real Property	\$198,585	64,653				\$263,238
Personal Property						
Other:						
Total State and Local						
Total Taxes						
Consolidated Horticulture Group LLC, Hines Nurseries LLC and New Hines Parent Company LLC are current with all payroll taxes. The Debtor utilizes Ceridian to prepare and remit its payroll tax returns and to make payments on its behalf regarding such taxes. The Debtor is examining all tax returns, including real and personal property taxes, and intends to pay all postpetition taxes to the extent such taxes constitute valid administrative claims. In January, the reconciliation of property taxes was completed and payments were submitted to taxing authorities.						

SUMMARY OF UNPAID POSTPETITION DEBTS

Attach aged listing of accounts payable.

	Number of Days Aged				Total
	0-30	31-60	61-90	Over 90	
Accounts Payable Aging (Post Petition) ⁽¹⁾	\$ 575,043	\$ 164,518	\$ 38,738	\$ 146,601	\$ 924,900
Total Accounts Payable Aging (Post Petition)	\$ 575,043	\$ 164,518	\$ 38,738	\$ 146,601	\$ 924,900

Note:

(1) The balance of Accounts Payable (post petition) as presented on the Debtor's balance sheet (MOR-3a) is comprised of all accrued post-petition trade liabilities, while the Accounts Payable Aging total noted above only represents liabilities in which the Company has received the vendor's invoice.

Hines Nurseries


April 15, 2011

Office of the United States Trustee

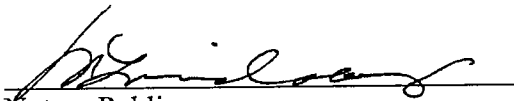
Subject: Attestation of Regard Postpetition Taxes

The Debtors, Horticulture Group LLC, New Hines Parent Company LLC, and Hines Nurseries LLC, hereby submit this attestation regarding postpetition taxes.

All postpetition taxes for the Debtors, which are not subject to dispute or reconciliation, are current. There are no material tax disputes or reconciliations.


Name: Sandeep Gupta
Position: Chief Restructuring Officer

Sworn to and Subscribed
before me on this 15th
day of April, 2011.


Notary Public

My Commission Expires: 5/4/14



MOR-5 - ACCOUNTS RECEIVABLE RECONCILIATION AND AGING

(\$ in 000's)

Accounts Receivable Reconciliation		Amount
Total Accounts Receivable at the beginning of the reporting period	\$	2,761
Sales (+)		4,392
Credit Memos (-)		124
Other Adjustments		(80)
Net Collections - Includes Non A/R Cash (-)		2,228
Total Accounts Receivable at the end of the reporting period	\$	4,722
Accounts Receivable Aging		Amount
Current	\$	3,708
0 - 30 days old		608
31 - 60 days old		93
61 - 90 days old		284
91+ days old		22
Total Accounts Receivable		4,716
Amount considered uncollectible (Bad Debt)		(245)
Accounts Receivable (Net)	\$	4,470

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

Notes:

3. The Debtor is in the process of preparing all required tax returns and expects to file the returns on time. The Debtor is examining all tax returns, including real and personal property taxes, and intends to pay all postpetition taxes to the extent such taxes constitute valid administrative claims. In January, the reconciliation of property taxes was completed and payments were submitted to taxing authorities.