

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE**

In re: Hines Nurseries LLC
Debtor

Case No. 10-13310
Reporting Period: May 9, 2011 through June 5, 2011

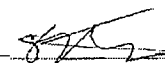
MONTHLY OPERATING REPORT

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

7/6/2011

Date

Signature of Joint Debtor

Date



Signature of Authorized Individual*

7/6/2011

Date

Printed Name of Authorized Individual

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

	5/9/11 - 6/5/11
<u>Receipts</u>	
Gross Cash Collections from Customers	\$ -
Customer Rebates	-
Net Cash Collections from Customers	\$ -
BD Bordiers A/R collections	-
BD Bordiers Disbursements	-
Net Cash Receipts from BD Bordiers	-
Total Operating Receipts	\$ -
<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	\$ -
Payroll Benefits	-
Rent	-
Utilities - Deposits	-
Utilities - Recurring	-
IT Services	-
Raw Materials	-
Chemicals and Fertilizers	-
Distribution	-
Temporary Labor	-
Third-Party Merchandising	-
Taxes & Insurance	-
Capital Expenditures	-
Professional Fees	827,117
Irvine site exit costs	-
Somis site exit costs	-
Horticultural Supplies	-
Total Operating Disbursements	\$ 827,117
Operating Cash Flow	\$ (827,117)
Interest / Fees	33,136
Net Cash Flow from Operations	\$ (860,254)
DIP Balance	N/A

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

Hines Nurseries LLC
List of Bank Accounts
Reporting Period: May 9, 2011 through June 5, 2011

GL #	Institution	Account Name	Account #	Debtor	Book Balance	As of date	Reconciled (Y/N)
10001	-----	Petty cash	----	Hines Nurseries LLC	\$ -	06/05/11	N/A
---	VISA/MC AMEX	Visa/ Mastercard	2273	Hines Nurseries LLC	-	06/05/11	N/A
10270	Bank of America	Lockbox (Blocked Account)	1204	Hines Nurseries LLC	-	06/05/11	N/A
10290	Bank of America	Funding Account	1209	Hines Nurseries LLC	-	06/05/11	N/A
10245	Bank of America	Payroll Account	6621	Hines Nurseries LLC	-	06/05/11	N/A
10205	Bank of America	Main AP Account (1)	6626	Hines Nurseries LLC	-	06/05/11	N/A
10320	Bank of America	Certificate of Deposit	3362	Hines Nurseries LLC	-	06/05/11	N/A
10330	Bank of America	Utility Deposit	9633	Hines Nurseries LLC	-	06/05/11	N/A
10340	Bank of America	Deposit Account	7232	Hines Nurseries LLC	1,190,363	06/05/11	Y
					\$ 1,190,363		

Notes:

Hines Growers LLC, the NewCo entity, purchased all of Hines Nurseries LLC assets and assumed all of the outstanding post-petition liabilities via a 363 asset sale purchase agreement. The transaction closed on April 4, 2011. As part of the transaction, NewCo purchased all of the Debtor's bank accounts with the exception of 7232, which will remain with the Debtors to facilitate a wind down of the estate. As part of the purchase price, Hines Growers LLC paid Hines Nurseries LLC \$2,050,233 in cash consideration to cover outstanding post-petition professional fees and post-closing costs.

Hines Nurseries

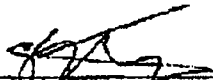
June 30, 2011

Office of the United States Trustee

Subject: Attestation of Regard Postpetition Taxes

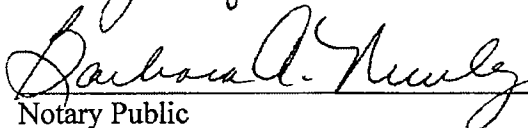
The Debtors, Horticulture Group LLC, New Hines Parent Company LLC, and Hines Nurseries LLC, hereby submit this attestation regarding postpetition taxes.

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

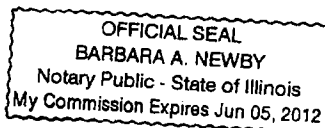


Name: Sandeep Gupta
Position: Chief Restructuring Officer

Sworn to and Subscribed
before me on this 5th
day of July, 2011.


Notary Public

My Commission Expires: June 5, 2012



In re: Hines Nurseries LLC
Debtor

Case No. 10-13310
Reporting Period: May 9, 2011 through June 5, 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
Latham & Watkins	3/1/11 - 3/31/11	15,000	Hines Nurseries LLC	Wire	4/20/2011	\$ 15,000	\$ -	\$ 295,077	\$ 1,354
Candlewood	12/1/11 - 3/31/11	502,980	Hines Nurseries LLC	Wire	5/11/2011	\$ 475,000	\$ 27,980	\$ 475,000	\$ 27,980
Epiq	2/1/11 - 2/28/11	10,557	Hines Nurseries LLC	Wire	5/25/2011	\$ 9,735	\$ 822	\$ 58,943	\$ 10,628
Epiq	3/1/11 - 3/31/11	15,011	Hines Nurseries LLC	Wire	5/25/2011	\$ 13,252	\$ 1,760	\$ 72,194	\$ 12,388
Epiq	Misc. - Dismissal Motion	17,430	Hines Nurseries LLC	Wire	5/25/2011	\$ 17,430	\$ -	\$ 89,625	\$ 12,388
Pachulski Stang Ziehl & Jones	1/1/11 - 1/31/11	110,342	Hines Nurseries LLC	Wire	5/11/2011	\$ 95,800	\$ 14,542	\$ 492,995	\$ 39,430
Pachulski Stang Ziehl & Jones	2/1/11 - 2/28/11	155,796	Hines Nurseries LLC	Wire	5/27/2011	\$ 144,605	\$ 11,191	\$ 637,600	\$ 50,621

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)	5/9/11 - 6/5/11
Sales, net	\$0
Cost of goods sold	-
Gross profit	-
Gross profit %	0.0%
Operating Expenses:	
Distribution expense	-
Selling Expense	-
General & administrative expense	-
Depreciation Expenses	-
Bad Debt Expense	-
Total selling, g & a expense	-
Other (income) expenses	-
Other non-recurring	-
Total Operating Expense	-
Operating gain	-
Other Expenses:	
Interest expense, net	-
Loss before income taxes and reorganization	-
Reorganization Items:	
Professional fees ⁽²⁾	-
Net loss	\$ -

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:

	June 5, 2011	May 8, 2011
Cash	\$ 1,190	\$ 2,050
Accounts receivable, net	-	-
Inventories	-	-
Prepaid expenses and other current assets	-	-
Total current assets	1,190	2,050

Fixed assets, net

Other assets

TOTAL ASSETS

c	-	c	-
\$	1,190	\$	2,050

LIABILITIES & SHAREHOLDERS' EQUITY

Liabilities - Pre-Petition

Current Liabilities:

Accounts payable	\$ 7,356	\$ 7,356
Accrued liabilities	1,679	1,679
Accrued payroll and benefits	599	599
Accrued interest	-	-
Borrowings on revolving credit facility	48,614	48,614
Subordinated PIK Loan	16,949	16,949
Term Loans	8,000	8,000
Total current pre-petition liabilities	83,197	83,197

Other L-T Liabilities - Pre-Petition

Liabilities - Post Petition

Accounts payable	\$ -	\$ -
Accrued liabilities	1,190	2,050
Accrued payroll and benefits	-	-
Accrued interest	-	-
Subordinated PIK Loan	-	-
DIP Line	-	-
Total current post-petition liabilities	1,190	2,050

Other L-T Liabilities - Post-Petition

Shareholders' equity

TOTAL LIABILITIES & SHAREHOLDERS' EQUITY

3	-	3	-
\$	84,391	\$	85,251

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.

* Hines Growers LLC, the NewCo entity, purchased all of Hines Nurseries LLC assets and assumed all of the outstanding post-petition liabilities via a 363 asset purchase agreement. The transaction closed on April 4, 2011 (fiscal month end). As part of the purchase price, Hines Growers LLC paid Hines Nurseries LLC \$2,050,233 in cash consideration to cover outstanding post-petition professional fees and up to \$250,000 of post-closing costs.

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

(\$ in 000's)	5/9/11 - 6/5/11
CASH FLOWS FROM OPERATING ACTIVITIES:	
Net income (loss)	\$0
Adjustments to reconcile net loss to net cash used in operating activities:	
Depreciation	-
Loss on retirement of assets	-
Non-Cash Interest	-
CHANGES IN WORKING CAPITAL ACCOUNTS:	
Accounts receivable	-
Inventories	-
Prepaid expenses and other current assets	-
Accounts payable and accrued liabilities	(860)
Net cash used in operating activities	\$ (860)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchase of fixed assets	-
Net cash (used in) provided by investing activities	-
CASH FLOWS FROM FINANCING ACTIVITIES:	
Borrowings on revolving line of credit	-
Net cash provided by financing activities	-
NET CHANGE IN CASH	(860)
CASH, beginning of period	\$ 2,050
CASH, end of period	\$ 1,190

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						
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. As part of the recent 363 asset sale transaction, Hines Growers LLC assumed all outstanding post-petition liabilities related to taxes.

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⁾	\$ -	\$ -	\$ -	\$ -	\$ -
Total Accounts Payable Aging (Post Petition)	\$ -	\$ -	\$ -	\$ -	\$ -

Note:

(1) As part of the 363 asset sale transaction, Hines Growers LLC assumed all outstanding post-petition accounts payable liabilities.

Hines Nurseries


June 30, 2011

Office of the United States Trustee

Subject: Attestation Regard Bank Account Reconciliations

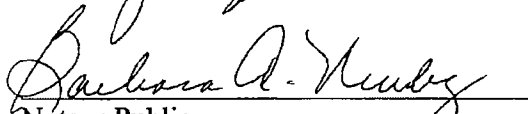
The Debtors, Horticulture Group LLC, New Hines Parent Company LLC, and Hines Nurseries LLC, hereby submits this attestation regarding bank account reconciliations in lieu of providing copies of bank statements and copies of all account reconciliations.

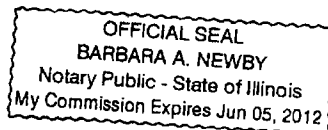
The Debtors have, on a timely basis, performed all bank account reconciliation in the ordinary course of its business. Copies of bank account statements and reconciliations are available for inspection upon request by the United States Trustee's Office.



Name: Sandeep Gupta
Position: Chief Restructuring Officer

Sworn to and Subscribed
before me on this 5th
day of July, 2011.


Notary Public



My Commission Expires: June 5, 2012

MOR-5 - ACCOUNTS RECEIVABLE RECONCILIATION AND AGING

(\$ in 000's)

Accounts Receivable Reconciliation	Amount
Total Accounts Receivable at the beginning of the reporting period	\$ -
Sales (+)	-
Credit Memos (-)	-
Other Adjustments	-
Net Collections - Includes Non A/R Cash (-)	-
Total Accounts Receivable at the end of the reporting period	\$ -
Accounts Receivable Aging	Amount
Current	\$ -
0 - 30 days old	-
31 - 60 days old	-
61 - 90 days old	-
91+ days old	-
Total Accounts Receivable	-
Amount considered uncollectible (Bad Debt)	-
Accounts Receivable (Net)	\$ -

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:

* Hines Growers LLC, the NewCo entity, purchased all of Hines Nurseries LLC assets and assumed all of the outstanding post-petition liabilities via a 363 asset sale purchase agreement. The transaction closed on April 4, 2011. As part of the purchase price, Hines Growers LLC paid Hines Nurseries LLC \$2,050,233 in cash consideration to cover outstanding post-petition professional fees and post-closing costs.

1. Substantively all assets of the Debtor were sold to Hines Growers, LLC as part of the 363 transaction.
3. Hines Growers LLC assumed all outstanding post-petition taxes.