

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE**

In re: ProtoStar LTD

Debtor

Case No. 09-12659(MFW)

Reporting Period: January 2010

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 DOCUMENT	Form No.	Documents Attached	Explanation Attached	Additional Supplements 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

Date

Signature of Joint Debtor

Date

Signature of Authorized Individual*

Date

Cynthia Pelini
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.



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SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS

Amounts reported should be per the debtor's books, not the bank statement. The beginning cash should be the ending cash from the prior month or, if this is the first report, the amount should be the balance on the date the petition was filed. The amounts reported in the "CURRENT MONTH - ACTUAL" column must equal the sum of the four bank account columns. The amounts reported in the "PROJECTED" columns should be taken from the SMALL BUSINESS INITIAL REPORT (FORM IR-1). Attach copies of the bank statements and the cash disbursements journal. The total disbursements listed in the disbursements journal must equal the total disbursements reported on this page. A bank reconciliation must be attached for each account. [See MOR-1 (CONT)]

	BANK ACCOUNTS				CURRENT MONTH		CUMULATIVE FILING TO DATE	
	OPER.	PAYROLL	TAX	OTHER	ACTUAL	PROJECTED	ACTUAL	PROJECTED
CASH BEGINNING OF MONTH	0.00			0.00	0.00			
RECEIPTS								
CASH SALES					0.00			
ACCOUNTS RECEIVABLE					0.00			
LOANS AND ADVANCES					0.00			
SALE OF ASSETS					0.00			
OTHER (ATTACH LIST)					0.00			
TRANSFERS (FROM DIP ACCTS)	136,789.83				136,789.83			
					0.00			
TOTAL RECEIPTS	136,789.83				136,789.83			
DISBURSEMENTS								
NET PAYROLL					0.00			
PAYROLL TAXES					0.00			
SALES, USE, & OTHER TAXES					0.00			
INVENTORY PURCHASES					0.00			
SECURED/ RENTAL/ LEASES					0.00			
INSURANCE					0.00			
ADMINISTRATIVE	106,239.83			0.00	106,239.83			
SELLING					0.00			
OTHER (ATTACH LIST)	0.00				0.00			
					0.00			
OWNER DRAW *					0.00			
TRANSFERS (TO DIP ACCTS)				0.00	0.00			
					0.00			
PROFESSIONAL FEES	0.00				0.00			
U.S. TRUSTEE QUARTERLY FEES	30,550.00				30,550.00			
COURT COSTS					0.00			
TOTAL DISBURSEMENTS	136,789.83			0.00	136,789.83			
NET CASH FLOW					0.00			
(RECEIPTS LESS DISBURSEMENTS)					0.00			
CASH - END OF MONTH	0.00			0.00	0.00			

* COMPENSATION TO SOLE PROPRIETORS FOR SERVICES RENDERED TO BANKRUPTCY ESTATE

0.00

THE FOLLOWING SECTION MUST BE COMPLETED

DISBURSEMENTS FOR CALCULATING U.S. TRUSTEE QUARTERLY FEES: (FROM CURRENT MONTH - ACTUAL COLUMN)	
TOTAL DISBURSEMENTS	136,789.83
LESS: TRANSFERS TO DEBTOR IN POSSESSION ACCOUNTS	0.00
PLUS: ESTATE DISBURSEMENTS MADE BY OUTSIDE SOURCES (i.e. from escrow accounts)	0.00
TOTAL DISBURSEMENTS FOR CALCULATING U.S. TRUSTEE QUARTERLY FEES	136,789.83

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	
	WFB	HSBC	#		#		#	
BALANCE PER BOOKS	4121609564	France						
BANK BALANCE	30,550.00	0.00						
(+) DEPOSITS IN TRANSIT (ATTACH LIST)	0.00	0.00						
(-) OUTSTANDING CHECKS (ATTACH LIST)	-30,550.00	0.00						
OTHER (ATTACH EXPLANATION)	0.00	0.00						
ADJUSTED BANK BALANCE *	0.00	0.00						
* 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
	10213	9,750.00						
	10214	9,750.00						
	10215	4,875.00						
	10216	4,875.00						
	10217	325.00						
	10212	975.00						
OTHER								

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	Month	Cumulative Filing to Date
Gross Revenues	0.00	0.00
Less: Returns and Allowances	0.00	0.00
Net Revenue	0.00	0.00
COST OF GOODS SOLD		
Beginning Inventory	0.00	0.00
Add: Purchases	0.00	0.00
Add: Cost of Labor	0.00	0.00
Add: Other Costs (attach schedule)	0.00	0.00
Less: Ending Inventory	0.00	0.00
Cost of Goods Sold	0.00	0.00
Gross Profit	0.00	0.00
OPERATING EXPENSES		
Advertising	0.00	0.00
Auto and Truck Expense	0.00	0.00
Bad Debts	0.00	0.00
Contributions	0.00	0.00
Employee Benefits Programs	0.00	0.00
Insider Compensation*	0.00	0.00
Insurance	0.00	0.00
Management Fees/Bonuses	0.00	0.00
Office Expense	0.00	79.98
Pension & Profit-Sharing Plans	0.00	0.00
Repairs and Maintenance	0.00	0.00
Rent and Lease Expense	0.00	1,932.40
Salaries/Commissions/Fees	0.00	0.00
Supplies	0.00	0.00
Taxes - Payroll	0.00	0.00
Taxes - Real Estate	0.00	0.00
Taxes - Other	0.00	0.00
Travel and Entertainment	0.00	31,463.56
Utilities	0.00	1,436.93
Other (attach schedule)	29,944.95	527,733.19
Total Operating Expenses Before Depreciation	29,944.95	562,646.06
Depreciation/Depletion/Amortization	126.83	1,270.09
Net Profit (Loss) Before Other Income & Expenses	-30,071.78	-563,916.15
OTHER INCOME AND EXPENSES		
Other Income (attach schedule)	273,296.24	1,603,031.95
Interest Expense	3,471,933.76	20,734,210.36
Other Expense (attach schedule)	25,000.00	150,000.00
Net Profit (Loss) Before Reorganization Items	-3,253,709.30	-19,845,094.56
REORGANIZATION ITEMS		
Professional Fees	0.00	0.00
U. S. Trustee Quarterly Fees	0.00	6,825.00
Interest Earned on Accumulated Cash from Chapter 11 (see continuation sheet)	0.00	0.00
Gain (Loss) from Sale of Equipment	0.00	0.00
Other Reorganization Expenses (attach schedule)	0.00	0.00
Total Reorganization Expenses	0.00	0.00
Income Taxes	0.00	0.00
Net Profit (Loss)	-3,253,709.30	-19,851,919.56

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

STATEMENT OF OPERATIONS - continuation sheet

BREAKDOWN OF "OTHER" CATEGORY	Month	Cumulative Filing to Date
Other Costs		
Other Operational Expenses		
Consulting Fees	9,661.66	46,388.51
Accounting Fees	0.00	3,000.00
Bankruptcy Fees	0.00	0.00
Financial Advisors	0.00	187,625.71
Legal Fees	5,509.31	200,499.31
IT Support	101.36	506.80
Bank Fees	12,677.62	75,707.06
Licenses & Registration	1,995.00	2,270.00
Marketing	0.00	845.00
Miscellaneous	0.00	2,530.80
Bermuda Fees	0.00	8,360.00
Other Income		
Intercompany Interest Income	269,296.24	1,599,031.95
Intercompany Consulting Income	4,000.00	4,000.00
Other Expenses		
Intercompany Expenses	25,000.00	150,000.00
Loss on Mark to Market	0.00	0.00
Exchange Loss	0.00	0.00
Other Reorganization Expenses		

Reorganization Items - Interest Earned on Accumulated Cash from Chapter 11:
 Interest earned on cash accumulated during the chapter 11 case, which would not have been earned but for the bankruptcy proceeding, should be reported as a reorganization item.

BALANCE SHEET

The Balance Sheet is to be completed on an accrual basis only. Pre-petition liabilities must be classified separately from postpetition obligations.

ASSETS	BOOK VALUE AT END OF CURRENT REPORTING MONTH	BOOK VALUE ON PETITION DATE
CURRENT ASSETS		
Unrestricted Cash and Equivalents	0.00	80,974.97
Restricted Cash and Cash Equivalents (see continuation sheet)	42,001.87	42,001.87
Accounts Receivable (Net)	4,000.00	0.00
Notes Receivable	0.00	0.00
Inventories	0.00	0.00
Prepaid Expenses	27,873.37	5,102,432.70
Professional Retainers	0.00	864,591.21
Other Current Assets (attach schedule)	197,983,675.04	190,325,382.76
TOTAL CURRENT ASSETS	198,057,550.28	196,415,383.51
PROPERTY AND EQUIPMENT		
Real Property and Improvements	0.00	0.00
Machinery and Equipment	15,544.52	15,544.51
Furniture, Fixtures and Office Equipment	0.00	0.00
Leasehold Improvements	0.00	0.00
Vehicles	0.00	0.00
Less Accumulated Depreciation	-5,635.75	-4,365.66
TOTAL PROPERTY & EQUIPMENT	9,908.77	11,178.85
OTHER ASSETS		
Loans to Insiders*	0.00	0.00
Other Assets (attach schedule)	154,927,608.62	166,361,792.48
TOTAL OTHER ASSETS	154,927,608.62	166,361,792.48
TOTAL ASSETS	352,995,067.67	362,788,354.84

LIABILITIES AND OWNER EQUITY	BOOK VALUE AT END OF CURRENT REPORTING MONTH	BOOK VALUE ON PETITION DATE
LIABILITIES NOT SUBJECT TO COMPROMISE (Postpetition)		
Accounts Payable	191,734.03	0.00
Taxes Payable (refer to FORM MOR-4)	0.00	0.00
Wages Payable	0.00	0.00
Notes Payable	0.00	0.00
Rent / Leases - Building/Equipment	0.00	0.00
Secured Debt / Adequate Protection Payments	3,734,330.40	0.00
Professional Fees	0.00	0.00
Amounts Due to Insiders*	0.00	0.00
Other Postpetition Liabilities (attach schedule)	6,260,567.96	0.00
TOTAL POSTPETITION LIABILITIES	10,186,632.39	0.00
LIABILITIES SUBJECT TO COMPROMISE (Pre-Petition)		
Secured Debt	259,375,638.85	259,375,638.85
Other Prepetition Liabilities (attach schedule)	43,357,501.59	43,357,501.59
Secured Debt	0.00	128,000.00
TOTAL PRE-PETITION LIABILITIES	302,733,140.44	302,861,140.44
TOTAL LIABILITIES	312,919,772.83	302,861,140.44
OWNER EQUITY		
Capital Stock	375,755.82	375,755.82
Additional Paid-In Capital	144,252,859.73	144,252,859.73
Partners' Capital Account	0.00	0.00
Owner's Equity Account	0.00	0.00
Retained Earnings - Pre-Petition	-84,701,401.15	-84,701,401.15
Retained Earnings - Postpetition	-19,851,919.56	0.00
Adjustments to Owner Equity (attach schedule)	0.00	0.00
Postpetition Contributions (Distributions) (Draws) (attach schedule)	0.00	0.00
NET OWNER EQUITY	40,075,294.84	59,927,214.40
TOTAL LIABILITIES AND OWNERS' EQUITY	352,995,067.67	362,788,354.84

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

0.00

0.00

BALANCE SHEET - continuation sheet

ASSETS		BOOK VALUE AT END OF CURRENT REPORTING MONTH	BOOK VALUE ON PETITION DATE
Other Current Assets			
Intercompany Receivable		197,983,675.04	190,325,382.76
Other Assets			
Debt Issuance Cost		26,679,762.32	38,113,946.18
Singapore Office Rent Deposit		39,298.40	39,298.40
Investment in Subsidiaries		128,208,547.90	128,208,547.90
LIABILITIES AND OWNER EQUITY		BOOK VALUE AT END OF CURRENT REPORTING MONTH	BOOK VALUE ON PETITION DATE
Other Postpetition Liabilities			
Accrued Accounts Payable		0.00	0.00
Other Current Liabilities		0.00	0.00
Customer Advances		0.00	0.00
Accrued Interest Payable		5,565,696.10	0.00
Other Long-term Liabilities		0.00	0.00
Intercompany Payable		694,871.86	0.00
Other Prepetition Liabilities			
Customer Advances		315,030.00	315,030.00
Accrued Interest Payable		4,456,543.27	4,456,543.27
Other Long-term Liabilities		31,500,000.00	31,500,000.00
Intercompany Payable		7,057,928.32	7,057,928.32
Accounts Payable		28,000.00	28,000.00
Postpetition Contributions (Distributions) (Draws)			

Restricted Cash is cash that is restricted for a specific use and not available to fund operations. Typically, restricted cash is segregated into a separate account, such as an escrow account.

In re: ProtoStar LTD
Debtor

Case No. 09-12659(MFW)
Reporting Period: January 2010

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						

SUMMARY OF UNPAID POSTPETITION DEBTS

Attach aged listing of accounts payable.

	Number of Days Past Due					Total
	Current	0-30	31-60	61-90	Over 90	
Accounts Payable	3,833.32	0.00	0.00	0.00	187,900.72	191,734.04
Wages Payable						
Taxes Payable						
Rent/Leases-Building						
Rent/Leases-Equipment						
Secured Debt/Adequate Protection Payments						
Professional Fees						
Amounts Due to Insiders*						
Other:						
Other:						
Total Postpetition Debts	3,833.32	0.00	0.00	0.00	187,900.72	191,734.04

Explain how and when the Debtor intends to pay any past-due postpetition debts.

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

In re: ProtoStar LTD
Debtor

Case No. 09-12659(MFW)
Reporting Period: January 2010

ACCOUNTS RECEIVABLE RECONCILIATION AND AGING

Accounts Receivable Reconciliation		Amount
Total Accounts Receivable at the beginning of the reporting period		0.00
+ Amounts billed during the period		4,000.00
- Amounts collected during the period		0.00
Total Accounts Receivable at the end of the reporting period		4,000.00
Accounts Receivable Aging		Amount
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

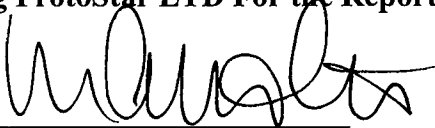
IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:) Chapter 11
) Case No. 09-12659 (MFW)
PROTOSTAR LTD., et al.,¹) Jointly Administered
)
Debtors.)

AFFIDAVIT OF SERVICE

Monica A. Molitor, being duly sworn according to law, deposes and says that she is employed by the law firm of Pachulski Stang Ziehl & Jones LLP, counsel for the Debtors in the above-captioned action, and that on the 26th day of February, 2010, she caused a copy of the following document to be served upon the attached service list in the manner indicated:

Monthly Operating Report Regarding ProtoStar LTD For the Reporting Period of January 2010



Monica A. Molitor, Paralegal

SWORN TO AND SUBSCRIBED
by me on this 26th day of February, 2010.



Notary Public
My Commission Expires: 11/4/11

MARY E. CORCORAN
NOTARY PUBLIC
STATE OF DELAWARE
My Commission Expires Nov. 4, 2011

¹ The ProtoStar entities, along with the last four digits of each of the Debtor's federal tax identification numbers, are as follows: ProtoStar Ltd. (4245); ProtoStar I Ltd. (1042); ProtoStar II Ltd. (1244), ProtoStar Satellite Systems, Inc. (2615), ProtoStar Development Ltd. (none); and ProtoStar Asia Pte. Ltd. (none). The mailing address for the Debtors' is 100 California Street, Suite 700, San Francisco, CA 94111.

ProtoStar Ltd. Service List re Monthly Operating Reports

Case No. 09-12659 (MFW)

Document No. 151297

01 – Hand Delivery

Hand Delivery

(United States Trustee)

Jane M. Leamy, Esquire

Office of the United States Trustee

J. Caleb Boggs Federal Building

844 King Street, Suite 2207

Wilmington, DE 19801