

**UNITED STATES BANKRUPTCY COURT  
DISTRICT OF DELAWARE**

In re: ProtoStar LTD

Debtor

Case No. 09-12659(MFW)

Reporting Period: May 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.

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

*Cynthia Pelini*  
\_\_\_\_\_  
Signature of Authorized Individual\*

*June 21, 2010*  
\_\_\_\_\_  
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.

MOR  
(04/07)



091265910062200000000003

**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			
<b>RECEIPTS</b>								
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)	13,586.19				13,586.19			
					0.00			
<b>TOTAL RECEIPTS</b>	13,586.19				13,586.19			
<b>DISBURSEMENTS</b>								
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	13,586.19			0.00	13,586.19			
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	0.00				0.00			
COURT COSTS					0.00			
<b>TOTAL DISBURSEMENTS</b>	13,586.19			0.00	13,586.19			
<b>NET CASH FLOW</b>								
(RECEIPTS LESS DISBURSEMENTS)					0.00			
<b>CASH - END OF MONTH</b>	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)	
<b>TOTAL DISBURSEMENTS</b>	13,586.19
LESS: TRANSFERS TO DEBTOR IN POSSESSION ACCOUNTS	0.00
PLUS: ESTATE DISBURSEMENTS MADE BY OUTSIDE SOURCES (i.e. from escrow accounts)	0.00
<b>TOTAL DISBURSEMENTS FOR CALCULATING U.S. TRUSTEE QUARTERLY FEES</b>	13,586.19

**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	#		#		#	
<b>BALANCE PER BOOKS</b>	4121609564	France						
<b>BANK BALANCE</b>	2,500.00	0.00						
(+) DEPOSITS IN TRANSIT (ATTACH LIST)	0.00	0.00						
(-) OUTSTANDING CHECKS (ATTACH LIST)	-2,500.00	0.00						
OTHER (ATTACH EXPLANATION)	0.00	0.00						
ADJUSTED BANK BALANCE *	0.00	0.00						
* Adjusted bank balance must equal balance per books								
<b>DEPOSITS IN TRANSIT</b>	Date	Amount	Date	Amount	Date	Amount	Date	Amount
<b>CHECKS OUTSTANDING</b>	Ck. #	Amount	Ch. #	Amount	Ck. #	Amount	Ck. #	Amount
	10301	2,500.00						
<b>OTHER</b>								

In re: ProtoStar LTD  
 Debtor

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

**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

**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.

<b>REVENUES</b>	<b>Month</b>	<b>Cumulative Filing to Date</b>
Gross Revenues	0.00	0.00
Less: Returns and Allowances	0.00	0.00
Net Revenue	0.00	0.00
<b>COST OF GOODS SOLD</b>		
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
<b>OPERATING EXPENSES</b>		
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	364.54
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)	27,532.19	640,549.90
Total Operating Expenses Before Depreciation	27,532.19	675,747.33
Depreciation/Depletion/Amortization	0.00	1,396.96
Net Profit (Loss) Before Other Income & Expenses	-27,532.19	-677,144.29
<b>OTHER INCOME AND EXPENSES</b>		
Other Income (attach schedule)	271,652.58	2,651,105.67
Interest Expense	3,485,638.33	34,446,817.44
Other Expense (attach schedule)	25,000.00	259,781.89
Net Profit (Loss) Before Reorganization Items	-3,266,517.94	-32,732,637.95
<b>REORGANIZATION ITEMS</b>		
Professional Fees	0.00	0.00
U. S. Trustee Quarterly Fees	0.00	8,775.00
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)	-3,266,517.94	-32,741,412.95

\*"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
<b>Other Costs</b>		
<b>Other Operational Expenses</b>		
Consulting Fees	7,666.68	77,055.20
Accounting Fees	7,752.00	10,752.00
Bankruptcy Fees	0.00	0.00
Financial Advisors	0.00	187,625.71
Legal Fees	12,113.51	229,506.34
IT Support	0.00	2,432.69
Bank Fees	0.00	101,654.55
Licenses & Registration	0.00	2,270.00
Marketing	0.00	845.00
Miscellaneous	0.00	2,530.79
Bermuda Fees	0.00	25,877.62
<b>Other Income</b>		
Intercompany Interest Income	271,652.58	2,646,105.67
Intercompany Consulting Income	0.00	5,000.00
<b>Other Expenses</b>		
Intercompany Expenses	25,000.00	250,000.00
Loss on Mark to Market	0.00	0.00
Exchange Loss	0.00	0.00
Loss on Retired Assets	0.00	9,781.89
<b>Other Reorganization Expenses</b>		

**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
<b>CURRENT ASSETS</b>		
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)	5,000.00	0.00
Notes Receivable	0.00	0.00
Inventories	0.00	0.00
Prepaid Expenses	0.00	5,102,432.70
Professional Retainers	0.00	864,591.21
Other Current Assets (attach schedule)	200,010,285.77	191,236,796.36
<b>TOTAL CURRENT ASSETS</b>	<b>200,057,287.64</b>	<b>197,326,797.11</b>
<b>PROPERTY AND EQUIPMENT</b>		
Real Property and Improvements	0.00	0.00
Machinery and Equipment	0.00	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	0.00	-4,365.66
<b>TOTAL PROPERTY &amp; EQUIPMENT</b>	<b>0.00</b>	<b>11,178.85</b>
<b>OTHER ASSETS</b>		
Loans to Insiders*	0.00	0.00
Other Assets (attach schedule)	147,295,520.98	166,361,792.48
<b>TOTAL OTHER ASSETS</b>	<b>147,295,520.98</b>	<b>166,361,792.48</b>
<b>TOTAL ASSETS</b>	<b>347,352,808.62</b>	<b>363,699,768.44</b>

LIABILITIES AND OWNER EQUITY	BOOK VALUE AT END OF CURRENT REPORTING MONTH	BOOK VALUE ON PETITION DATE
<b>LIABILITIES NOT SUBJECT TO COMPROMISE (Postpetition)</b>		
Accounts Payable	201,846.71	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	5,585,447.97	0.00
Professional Fees	0.00	0.00
Amounts Due to Insiders*	0.00	0.00
Other Postpetition Liabilities (attach schedule)	10,735,158.45	0.00
<b>TOTAL POSTPETITION LIABILITIES</b>	<b>16,522,453.13</b>	<b>0.00</b>
<b>LIABILITIES SUBJECT TO COMPROMISE (Pre-Petition)</b>		
Secured Debt	259,375,638.85	259,375,638.85
Other Prepetition Liabilities (attach schedule)	44,659,421.95	44,659,421.95
Secured Debt	0.00	128,000.00
<b>TOTAL PRE-PETITION LIABILITIES</b>	<b>304,035,060.80</b>	<b>304,163,060.80</b>
<b>TOTAL LIABILITIES</b>	<b>320,557,513.93</b>	<b>304,163,060.80</b>
<b>OWNER EQUITY</b>		
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	-85,091,907.91	-85,091,907.91
Retained Earnings - Postpetition	-32,741,412.95	0.00
Adjustments to Owner Equity (attach schedule)	0.00	0.00
Postpetition Contributions (Distributions) (Draws) (attach schedule)	0.00	0.00
<b>NET OWNER EQUITY</b>	<b>26,795,294.69</b>	<b>59,536,707.64</b>
<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>	<b>347,352,808.62</b>	<b>363,699,768.44</b>

\*\*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
<b>Other Current Assets</b>			
Intercompany Receivable		200,010,285.77	191,236,796.36
<b>Other Assets</b>			
Debt Issuance Cost		19,056,973.08	38,113,946.18
Singapore Office Rent Deposit		0.00	39,298.40
Investment in Subsidiaries		128,208,547.90	128,208,547.90
Deposits		30,000.00	0.00
LIABILITIES AND OWNER EQUITY		BOOK VALUE AT END OF CURRENT REPORTING MONTH	BOOK VALUE ON PETITION DATE
<b>Other Postpetition Liabilities</b>			
Accrued Accounts Payable		0.00	0.00
Other Current Liabilities		0.00	0.00
Customer Advances		0.00	0.00
Accrued Interest Payable		9,804,396.36	0.00
Other Long-term Liabilities		2,619.23	0.00
Intercompany Payable		928,142.86	0.00
<b>Other Prepetition Liabilities</b>			
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		8,359,848.68	8,359,848.68
Accounts Payable		28,000.00	28,000.00
<b>Postpetition Contributions (Distributions) (Draws)</b>			

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.



**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
<b>Federal</b>						
Withholding						
FICA-Employee						
FICA-Employer						
Unemployment						
Income						
Other:						
Total Federal Taxes						
<b>State and Local</b>						
Withholding						
Sales						
Excise						
Unemployment						
Real Property						
Personal Property						
Other:						
Total State and Local						
<b>Total Taxes</b>						

**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	10,112.66	3,833.34	0.00	0.00	187,900.71	201,846.71	
Wages Payable							
Taxes Payable							
Rent/Leases-Building							
Rent/Leases-Equipment							
Secured Debt/Adequate Protection Payments							
Professional Fees							
Amounts Due to Insiders*							
Other:							
Other:							
<b>Total Postpetition Debts</b>	<b>10,112.66</b>	<b>3,833.34</b>	<b>0.00</b>	<b>0.00</b>	<b>187,900.71</b>	<b>201,846.71</b>	

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).

### ACCOUNTS RECEIVABLE RECONCILIATION AND AGING

Accounts Receivable Reconciliation	Amount
Total Accounts Receivable at the beginning of the reporting period	5,000.00
+ Amounts billed during the period	0.00
- Amounts collected during the period	0.00
Total Accounts Receivable at the end of the reporting period	5,000.00
Accounts Receivable Aging	Amount
0 - 30 days old	0.00
31 - 60 days old	0.00
61 - 90 days old	0.00
91+ days old	5,000.00
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