

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

CASE NAME Aqua Handling of Texas, LLC
CASE NUMBER 15-60071

PETITION DATE September 18, 2015

MONTHLY OPERATING REPORT SUMMARY FOR:

MONTH	MONTH: August	September	October	November	December	January
REVENUES (MOR-6)	-	-	-	-	(14,720.80)	-
INCOME BEFORE INT. DEPREC./TAX (MOR-6)	-	-	-	(18,236.45)	(182,817.46)	-
NET INCOME (LOSS) (MOR-6)	-	-	-	(18,236.45)	(245,404.41)	-
PAYMENTS TO INSIDERS (MOR-9)	-	-	-	-	-	-
PAYMENTS TO PROFESSIONALS (MOR-9)	-	-	-	-	-	-
TOTAL DISBURSEMENTS (MOR-7)	-	10,408.24	19,467.12	-	46,823.83	-

The original of this document must be filed with the United States Bankruptcy Court and a copy must be sent to the United States Trustee

REQUIRED INSURANCE MAINTAINED AS OF SIGNATURE DATE	EXP. DATE	Are all accounts receivable being collected within terms?	Are all post-petition liabilities, including taxes, being paid within terms?	Have any pre-petition liabilities been paid?	If so, describe:	Per court order allowing for certain payments	Are all funds received being deposited into the DIP bank account?	Were any assets disposed of outside the normal course of business?	If so, describe:	Are all U.S. Trustee Quarterly Fee Payments current?	What is the status of the Plan of Reorganization?	Under development, material points being negotiated among parties
CASUALTY	YES (x) NO ()	8/12/2016										
LIABILITY	YES (x) NO ()	8/12/2016										
VEHICLE	YES (x) NO ()	8/12/2016										
WORKERS	YES () NO ()	8/12/2016										
OTHER	YES () NO ()											

ATTORNEY NAME Hugh Ray III
FIRM NAME McCool Smith
ADDRESS 600 Travis Street, Suite 700
CITY, STATE, ZIP Houston, TX 77002
TELEPHONE 713-485-7315

NOTES:

I certify under penalty of perjury that the following complete Monthly Operating Report (MOR), consisting of MOR-1 through MOR-9 plus attachments, is true and correct.

SIGNED: [Signature]
Original Signature

TITLE: Chief Restructuring Officer

Loretta R. Cross
Print Name of Signatory

1/20/2016
Date

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ASSETS							
	FILING DATE *	MONTH	MONTH	MONTH	MONTH	MONTH	MONTH
CURRENT ASSETS	9/18/2015		September	October	November	December	January
Cash - Chase	581.28		581.28	581.28	0.00	0.00	
Cash - Heartland	0.00		0.00	0.00	0.00	0.00	
Trade Accounts Receivable	743,302.34		732,894.10	732,894.10	714,008.26	526,564.75	
TOTAL CURRENT ASSETS	743,883.62	-	733,475.38	733,475.38	714,008.26	526,564.75	-
FIXED ASSETS	932,853.11		932,853.11	932,853.11	932,853.11	932,853.11	
Less Accumulated Depreciation & Amortization *	(492,344.03)		(492,344.03)	(492,344.03)	(492,344.03)	(554,930.98)	
NET FIXED ASSETS**	440,509.08	-	440,509.08	440,509.08	440,509.08	377,922.13	-
OTHER ASSETS							
Goodwill	954,727.50		954,727.50	954,727.50	954,727.50	954,727.50	
TOTAL OTHER ASSETS	954,727.50	-	954,727.50	954,727.50	954,727.50	954,727.50	-
TOTAL ASSETS	2,139,120.20	-	2,128,711.96	2,128,711.96	2,109,244.84	1,859,214.38	

****** Due to the sale of assets closed on 01/04/2016, the company will perform a purchase price allocation and record an impairment to FMV on remaining assets at a later date. The consolidated net loss on the asset sale is estimated to be \$475,000.

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LIABILITIES & OWNERS EQUITY	FILING DATE *	MONTH	MONTH	MONTH	MONTH	MONTH	MONTH
LIABILITIES	9/18/2015		September	October	November	December	January
POST PETITION (MOR-4)							
PRE-PETITION LIABILITIES							
Trade Accounts Payable	1,115,417.37		1,115,417.37	1,140,234.58	1,140,234.58	1,140,234.58	
Accrued Expenses	101,601.21		101,601.21	101,601.21	101,601.21	101,601.21	
Sales Tax Payable	71,035.54		71,035.54	71,035.54	71,035.54	71,035.54	
Net Intercompany *	762,533.54		752,125.30	727,308.09	726,190.42	721,564.37	
TOTAL PRE-PETITION LIABILITIES	2,050,587.66	-	2,040,179.42	2,040,179.42	2,039,061.75	2,034,435.70	-
TOTAL LIABILITIES	2,050,587.66	-	2,040,179.42	2,040,179.42	2,039,061.75	2,034,435.70	-
OWNERS EQUITY							
Equity & Minority Interest							
Current Period Profit (Loss)	(1,061,326.86)		(1,061,326.86)	(1,061,326.86)	(1,079,676.31)	(1,325,080.72)	
Retained Earnings at filing date	1,149,859.40						
			1,149,859.40	1,149,859.40	1,149,859.40	1,149,859.40	
Retained Earnings post filing date			88,532.54	88,532.54	70,183.09	(175,221.32)	
TOTAL OWNER'S EQUITY	88,532.54	-	88,532.54	88,532.54	2,109,244.84	1,859,214.38	-
TOTAL LIABILITIES & OWNERS EQUITY	2,139,120.20	-	2,128,711.96	2,128,711.96			

The change in the net intercompany balance reflects the collections of accounts receivable and is not due to any pay down of intercompany payables owed.

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SCHEDULE OF POST-PETITION LIABILITIES

	FILING DATE 9/18/2015	MONTH	MONTH September	MONTH October	MONTH November	MONTH December	MONTH January
TRADE ACCOUNTS PAYABLE	-						
TAXES PAYABLE							
Federal Payroll Taxes							
State Payroll Taxes							
Ad Valorem taxes							
Sales Taxes							
TOTAL TAXES PAYABLE	-	-	-	-	-	-	-
SECURED DEBT POST-PETITION							
ACCURED INTEREST PAYABLE							
ACCURED PROFESSIONAL FEES *							
POST PETITION PREPAID RENT							
OTHER ACCRUED LIABILITIES							
TOTAL POST-PETITION LIABILITIES	-	-	-	-	-	-	-

Notes:

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AGING OF POST-PETITION LIABILITIES
MONTH

DAYS	TOTAL	TRADE ACCOUNTS	FEDERAL TAXES	STATE TAXES	AD VALOREM TAXES	OTHER
0 - 30			-	-	-	-
31 - 60			-	-	-	-
61 - 90			-	-	-	-
91 +			-	-	-	-
TOTAL	-	-	-	-	-	-

AGING OF ACCOUNTS RECEIVABLE

DAYS	September	October	November	December	January
0 - 30	-	-	-	-	
31 - 60	-	-	-	-	
61 - 90	2,143.35	-	-	-	
91 +	730,750.75	732,894.10	714,008.26	526,564.75	
TOTAL	732,894.10	732,894.10	714,008.26	526,564.75	

Notes:

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STATEMENT OF INCOME (LOSS)

	MONTH	MONTH	MONTH	MONTH	MONTH	MONTH	FILING TO
		September	October	November	December	January	DATE
REVENUES							
Credits issued on previous period invoices					(14,720.80)		-
TOTAL REVENUES (MOR-1)	-		-	-	(14,720.80)		(14,720.80)
OPERATING EXPENSES							
Professional Fees							-
Consulting Fees				15,966.06	21,249.46		37,215.52
Allocated Salary Expense				1,490.00	2,835.61		4,325.61
Allocated Insurance Expense*				780.39	975.48		1,755.87
Quarterly Trustee Fees					18,026.68		18,026.68
Bad Debt Expense**					325.00		325.00
					124,684.43		124,684.43
TOTAL OPERATING EXPENSES	-	-	-	18,236.45	168,096.66		186,333.11
OPERATING INCOME	-	-	-	(18,236.45)	(182,817.46)		(201,053.91)
							-
							-
INCOME BEFORE INTL. DEPR. TAX (MOR-1)	-	-	-		(182,817.46)		(201,053.91)
Depreciation Expense***					62,586.95		62,586.95
NET INCOME	-	-	-	(18,236.45)	(245,404.41)		(263,640.86)

Accrual Accounting Required, Otherwise Footnote with Explanation

* Footnote describing these expenses is mandatory

** Unusual and/or infrequent item(s) outside the ordinary course of business requires footnote.

Notes:

* Insurance premiums were recorded as a prepaid asset on the parent's balance sheet and reported as a cash payment on the parent's MOR schedules. The expense amount for December reflects the allocation of post-petition premiums to the subsidiaries on a weighted-average basis in accordance with the company's accounting policy.

** The bad debt reserve was analyzed at year end in accordance with the company's accounting policy, and the expected recovery of outstanding accounts receivable has decreased, resulting in bad debt expense at year end.

*** Depreciation and interest expense for post-petition dates were recorded in December.

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STATEMENT OF INCOME (LOSS)							
	MONTH	MONTH	MONTH	MONTH	MONTH	MONTH	FILING TO
		September	October	November	December	January	DATE
CASH RECEIPTS AND DISBURSEMENTS							
CASH, BEGINNING OF MONTH		581.28	581.28	-	-		581.28
RECEIPTS							
Accounts Receivable Collections		10,408.24	18,885.84	-	46,823.83		76,117.91
Other *							-
TOTAL RECEIPTS	-	10,408.24	18,885.84	-	46,823.83	-	76,117.91
DISBURSEMENTS							-
AR collections deposited to parent account		10,408.24	18,885.84	-	46,823.83		76,117.91
Bank account closed and funds transferred to parent account			581.28				581.28
							-
							-
							-
							-
							-
TOTAL DISBURSEMENTS FROM OPERATION	-	10,408.24	19,467.12	-	46,823.83	-	76,699.19
							-
							-
							-
TOTAL DISBURSEMENTS *	-	10,408.24	19,467.12	-	46,823.83	-	76,699.19
NET CASH FLOW	-	-	(581.28)	-	-	-	(581.28)
CASH, END OF MONTH	-	581.28	(0.00)	-	-	-	(0.00)

* Numbers for the current month should balance (match) "Receipts" and "Checks/Other Disbursements" from MOR-8

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CASH ACCOUNT RECONCILIATION

BANK NAME	December	December	December	December	December	TOTAL
ACCOUNT NUMBER	525092289	2100024260				
ACCOUNT TYPE	Chase Checking	Heartland Checking				
BANK BALANCE	\$ -	\$ -				\$ -
DEPOSITS IN TRANSIT						-
OUTSTANDING CHECKS						-
OTHER ADJUSTMENTS						-
ADJUSTED BANK BALANCE	-	-				-
BEGINNING CASH - PER BOOKS	-	-				-
RECEIPTS*		46,823.83				46,823.83
TRANSFERS BETWEEN ACCOUNTS						-
(WITHDRAWAL) OR CONTRIBUTION BY INDIVIDUAL DEBTOR						-
ADJUSTMENT TO REFLECT LENDER SWEEP						-
CHECKS / OTHER DISBURSEMENTS *	-	(46,823.83)				(46,823.83)
ENDING CASH - PER BOOKS	-	-				-

* Numbers for the current month should balance (match) "Total Receipts" and "Total Disbursements" from MOR-7
Notes:

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PAYMENTS TO INSIDERS AND PROFESSIONALS

Of the total disbursements shown for the month, list the amount paid to insiders (as defined in Section 101(31)(A)-(F) of the U.S. Bankruptcy Code) and the professionals.

Also, for insiders, identify the type of compensation paid (e.g. salary, commission, bonus, etc.)

INSIDER: NAME / COMP TYPE	MONTH	MONTH September	MONTH October	MONTH November	MONTH December	MONTH January
1. none				\$ -	\$ -	
2						
3						
4						
5						
6						
TOTAL INSIDERS		-	-	-	-	-

PROFESSIONALS	MONTH	MONTH September	MONTH October	MONTH November	MONTH December	MONTH January
1. none						
2						
3						
4						
5						
6						
TOTAL PROFESSIONAL FEES		-	-	-	-	-

Notes: