

**TRANSMITTAL OF FINANCIAL REPORTS AND  
CERTIFICATION OF COMPLIANCE WITH  
UNITED STATES TRUSTEE OPERATING REQUIREMENTS FOR  
THE PERIOD ENDED: OCTOBER 31, 2006**

IN RE:

CASE NO.: 06-51848  
Chapter 11  
Judge: Honorable Marilyn Shea-Stonum

CEP Holdings, LLC  
Debtor

**CEP Holdings is a consolidating entity for CEP and Thermoplastics. The forms below and all information requested was completed separately for each the two entities. Any information included on these forms for CEP Holdings is a consolidation of the information of CEP and Thermoplastics.**

As debtor in possession, I affirm:

1. That I have reviewed the financial statements attached hereto, consisting of:

<u>  X  </u>	Operating Statement	(Form 2)
<u>  X  </u>	Balance Sheet	(Form 3)
<u>  X  </u>	Summary of Operations	(Form 4)
<u>  X  </u>	Monthly Cash Statement	(Form 5)
<u>  X  </u>	Statement of Compensation	(Form 6)
<u>  X  </u>	Schedule of In-Force Insurance	(Form 7)

and that they have been prepared in accordance with normal and customary accounting practices, and fairly and accurately reflect the debtor's financial activity for the period stated;

2. That the insurance, including workers' compensation and unemployment insurance, as described in Section 4 of the Reporting Requirements For Chapter 11 Cases is in effect; and, (If not, attach a written explanation) YES   X   NO       

3. That all postpetition taxes as described in Sections 1 and 14 of the Operating Instructions and Reporting Requirements For Chapter 11 cases are current. (If not, attach a written explanation) YES   X   NO       

4. No professional fees (attorney, accountant, etc.) have been paid without specific court authorization. (If not, attach a written explanation) YES   X   NO       

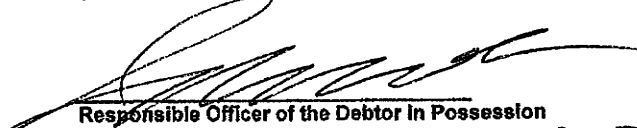
5. All United States Trustee Quarterly fees have been paid and are current. YES   X   NO       

6. Have you filed your prepetition tax returns. (If not, attach a written explanation) YES   X   NO       

I hereby certify, under penalty of perjury, that the information provided above and in the attached documents is true and correct.

Dated:

1-31-07

  
Responsible Officer of the Debtor in Possession

CEO  
Title

330-766-3855  
Phone

CEP Holdings, LLC  
**OPERATING STATEMENT (P&L)**  
 Period Ending: **October 31, 2006**

Case No: 06-51848

	9/21 - 9/30	October	Total Since Filing
Total Revenue/Sales	7,140,333	14,805,945	22,046,279
Cost of Sales	6,290,115	10,450,448	16,740,563
<b>GROSS PROFIT</b>	<b>850,218</b>	<b>4,455,498</b>	<b>5,305,716</b>
<b>EXPENSES:</b>			
Officer Compensation	7,500	22,500	30,000
Salary Expenses other Employees	107,540	267,367	374,907
Employee Benefits & Pensions	10,521	31,564	42,085
Payroll Taxes	8,982	20,946	27,928
Other Taxes	16,374	38,379	52,753
Rent and Lease Expense	18,748	50,244	66,992
Interest Expense	-	-	-
Insurance	777	2,332	3,109
Automobile and Truck Expense	-	-	-
Utilities (gas, electric, phone)	9,677	29,032	38,709
Depreciation	-	-	-
Travel and Entertainment	8,634	25,902	34,536
Repairs and Maintenance	7,332	21,995	29,327
Advertising	-	-	-
Supplies, Office Expense, etc.	482	1,445	1,927
Other Specify	537,561	66,238	603,799
Commissions	68,667	-	68,667
Bad Debt Write Off	-	1,500,000	1,500,000
<b>TOTAL EXPENSES:</b>	<b>798,786</b>	<b>2,075,944</b>	<b>2,874,739</b>
<b>NET OPERATING PROFIT/(LOSS)</b>	<b>51,423</b>	<b>2,379,554</b>	<b>2,430,976</b>
Add: Non-Operating Income:			
Interest Income	-	-	-
Other Income - Customer Price Increases	-	2,795,000	2,795,000
Less: Non-Operating Expenses:			
Professional Fees	-	145,833	145,833
Interest	58,908	152,541	212,449
Other			
Prior Period Adjustments			
Less: Provision for taxes	14,841	31,779	46,620
<b>NET INCOME/(LOSS)</b>	<b>(23,326)</b>	<b>4,844,401</b>	<b>4,821,075</b>
<b>Recap</b>			
Creative Engineered Polymer Products, LLC	(180,068)	3,565,664	3,385,596
Thermoplastics Acquisition, LLC	156,742	1,299,163	1,455,904
<b>Total</b>	<b>(23,326)</b>	<b>4,864,827</b>	<b>4,841,501</b>

This Schedule represents a combination (consolidation) of Income Statements for Thermoplastics Acquisition and Creative Engineered Polymer Products.

Dated: 1-31-07

  
 Responsible Officer of the Debtor in Possession

FORM 2

**CEP Holdings, LLC**  
**BALANCE SHEET**  
 Period Ending: October 31, 2006

Case No: 06-51848

	<u>Current Month</u>	<u>Prior Month</u>	<u>At Filing</u>
<b>ASSETS:</b>			
Cash:	2,181,082	2,134,385	613,039
Inventory:	6,487,717	9,006,477	9,656,477
Accounts Receivables:	16,041,223	24,915,904	21,598,948
Insider Receivables	-	-	-
Land and Buildings:	7,521,539	7,521,539	7,521,539
Furniture, Fixtures & Equip:	12,946,678	13,340,348	13,340,348
Accumulated Depreciation:	(2,363,260)	(4,744,441)	(4,744,441)
Other: Tooling	1,099,850	2,319,624	2,319,624
Other: Other A/R	(633,138)	69,459	69,459
Other: Prepaid Expenses	2,046,337	2,259,344	2,259,344
Other: Intangibles	1,043,000	1,060,112	1,050,112
<b>TOTAL ASSETS:</b>	<b><u>46,471,006.44</u></b>	<b><u>57,872,750.78</u></b>	<b><u>53,684,447.71</u></b>
<b>LIABILITIES:</b>			
<b>Postpetition Liabilities:</b>			
Accounts Payable:	1,140,413	247,986	-
Rent and Lease Payable:	-	-	-
Wages and Salaries:	522,668	485,689	-
Taxes Payable:	258,173	204,617	-
Other:	-	-	-
<b>TOTAL Postpetition Liab.</b>	<b><u>1,921,253.60</u></b>	<b><u>938,292.93</u></b>	<b><u>-</u></b>
<b>Secured Liabilities:</b>			
<b>Subject to Postpetition</b>			
Collateral or Financing Order	11,838,829	23,566,948	23,736,912
All Other Secured Liab.	2,917,493	2,917,493	2,917,493
<b>TOTAL Secured Liab.</b>	<b><u>14,756,321.70</u></b>	<b><u>26,484,440.75</u></b>	<b><u>26,654,405.00</u></b>
<b>Prepetition Liabilities:</b>			
Taxes & Other Priority Liab.	6,808,663	8,391,983	8,024,519
Unsecured Liabilities:	23,146,150	26,863,517	24,188,474
Management Fees	2,070,278	2,070,278	2,070,278
Intercompany	4,279,272	4,499,998	4,279,272
<b>TOTAL Prepetition Liab.</b>	<b><u>36,304,364.26</u></b>	<b><u>41,825,776.17</u></b>	<b><u>38,562,543.85</u></b>
<b>Equity:</b>			
Owners Capital:	1,000,000	1,000,000	1,000,000
Retained Earnings-Pre Pet.	(12,352,434)	(12,352,434)	(12,352,434)
Retained Earnings-Post Pet.	4,841,501	(23,326)	(180,068)
<b>TOTAL Equity:</b>	<b><u>(6,510,933.00)</u></b>	<b><u>(11,375,760.00)</u></b>	<b><u>(11,532,502.00)</u></b>
<b>TOTAL LIABILITIES AND EQUITY:</b>	<b><u>46,471,006.56</u></b>	<b><u>57,872,749.85</u></b>	<b><u>53,684,446.85</u></b>

Dated: 1-31-07   
 Responsible Officer of the Debtor in Possession

CEP Holdings, LLC  
SUMMARY OF OPERATIONS  
Period Ended: October 31, 2006

Case No: 06-51848

Schedule of Postpetition Taxes Payable

	Beginning Balance	Accrued/ Withheld	Payments/ Deposits	Ending Balance
Income Taxes Withheld:				
Federal:				
State:				
Local:				
FICA Withheld:				
Employers FICA:				
Unemployment Tax:				
Federal:				
State:				
Sales, Use & Excise Taxes:				
Property Taxes:				
Workers' Compensation				
Other:				
<b>TOTALS:</b>				

All wages and related payroll tax payments are processed through CEP. CEP using paychex for its payroll service. Paychex calculates and pays all payroll taxes. CEP funds these taxes at the time it funds its payroll.

**AGING OF ACCOUNTS RECEIVABLE  
AND POSTPETITION ACCOUNTS PAYABLE**

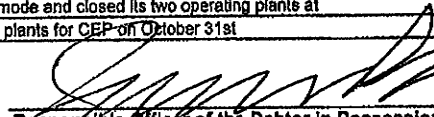
Age in Days Post Petition	0-30	30-60	Over 60
Accounts Payable			
Accounts Receivable			

There are no payables and receivables for Holdings. They are held on the books of the separate entities - CEP and Thermoplastics

For all postpetition accounts payable over 30 days old, please attached a sheet listing each such account, to whom the account is owed, the date the account was opened, and the reason for non-payment of the account.

Describe events or factors occurring during this reporting period materially affecting operations and formulation of a Plan of Reorganization:

The company is in the wind down mode and closed its two operating plants at Thermoplastics and four operating plants for CEP on October 31st

Dated: 1-31-07   
Responsible Officer of the Debtor in Possession

CEP Holdings, LLC  
MONTHLY CASH STATEMENT  
Period Ending: October 31, 2006

Cash Activity Analysis (Cash Basis Only):

Case No: 06-51848

	General Acct.	Payroll Acct.	Tax Acct.	Cash Coll. Acct.	Petty Cash Acct.
A. Beginning Balance	<div style="border: 1px solid black; padding: 10px;"><p>The only bank account for Holdings is inactive for \$3K and is included with CEP. Please see form 5 for CEP and Thermo for details of the cash accounts. Holdings - is a consolidation entity for CEP and Thermoplastics.</p></div>				
B. Receipts (Attach separate schedule)					
C. Balance Available (A + B)					
D. Less Disbursements (Attach separate schedule)					
E. ENDING BALANCE (C - D)					

(PLEASE ATTACH COPIES OF MOST RECENT RECONCILED BANK STATEMENTS FROM EACH ACCOUNT)

General Account:

1. Depository Name & Location \_\_\_\_\_
2. Account Number \_\_\_\_\_

Payroll Account:

1. Depository Name & Location \_\_\_\_\_
2. Account Number \_\_\_\_\_

Tax Account:

1. Depository Name & Location \_\_\_\_\_
2. Account Number \_\_\_\_\_

Other monies on hand (specify type and location) i.e., CD's, bonds, etc.):

\_\_\_\_\_

Date:

1-31-07

  
Responsible Officer of the Debtor in Possession

CEP Holdings, LLC  
**MONTHLY STATEMENT OF INSIDER COMPENSATION/PAYMENTS**  
 Period Ending: **October 31, 2006**

Case No: 06-51848

The following information is to be provided for each shareholder, officer, director, manager, insider, or owner that is employed by the debtor in possession.  
Attach additional pages if necessary.

Name: Joseph Mallak

Capacity: \_\_\_\_\_ Shareholder

Officer

Director

All wages and benefits are paid out of CEP (Creative Engineered Polymer Products, LLC.) Case # 06-51847 - Holdings is a consolidating entity for CEP and Thermoplastics

\_\_\_\_\_ Insider

Detailed Description of Duties: \_\_\_\_\_

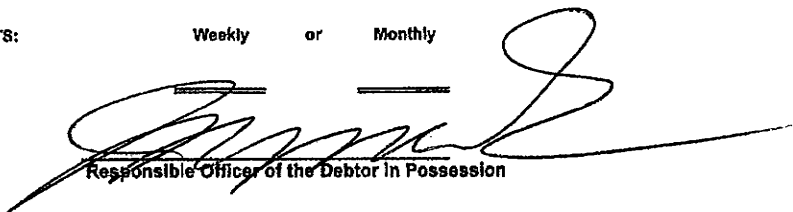
Current Compensation Paid:	Weekly	or	Monthly
	_____		_____

Current Benefits Paid:	Weekly	or	Monthly
Health Insurance	_____		_____
Life Insurance	_____		_____
Retirement	_____		_____
Company Vehicle	_____		_____
Entertainment	_____		_____
Travel	_____		_____
Other Benefits	_____		_____
<b>Total Benefits</b>	<b>_____</b>		<b>_____</b>

Current Other Payments Paid:	Weekly	or	Monthly
Rent Paid	_____		_____
Loans	_____		_____
Other (Describe)	_____		_____
Other (Describe)	_____		_____
Other (Describe)	_____		_____
<b>Total Other Payments</b>	<b>_____</b>		<b>_____</b>

CURRENT TOTAL OF ALL PAYMENTS:	Weekly	or	Monthly
	_____		_____

Dated: 1-31-07

  
 Responsible Officer of the Debtor in Possession

**CEP Holdings, LLC  
SCHEDULE OF IN-FORCE INSURANCE**

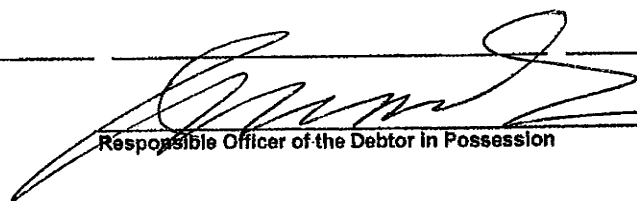
**Period Ending: October 31, 2006**

Case No: 06-51848

**CEP Holdings is a consolidating entity for CEP and Thermoplastics. Each of the insurance coverages below are specific to the two separate entities.**

<u>INSURANCE TYPE</u>	<u>CARRIER</u>	<u>EXPIRATION DATE</u>
<u>Workers' Compensation</u>	<u>Hartford Fire Insurance Co.</u>	<u>August 12, 2007</u>
<u>General Business Policy</u>	<u>Zurich</u>	<u>December 31, 2006</u>
<u>Excess Liability</u>	<u>Great American Insurance Group</u>	<u>December 31, 2006</u>
<u>Commercial Umbrella</u>	<u>AIG - American International Companies</u>	<u>December 31, 2006</u>
<u>General Liability Insurance, Mexico</u>	<u>ACE Seguros</u>	<u>August 4, 2007</u>
<u>Common Policy Declarations</u>	<u>The Hartford</u>	<u>December 31, 2006</u>
<u>Excess Workers Compensation</u>	<u>Safety National Casualty Corporation</u>	<u>September 1, 2007</u>

Dated: 1-31-07

  
Responsible Officer of the Debtor in Possession