

**TRANSMITTAL OF FINANCIAL REPORTS AND
CERTIFICATION OF COMPLIANCE WITH
UNITED STATES TRUSTEE OPERATING REQUIREMENTS FOR
THE PERIOD ENDED: December 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: 3/26/07


Responsible Officer of the Debtor in Possession

CEO
Title

216-861-7303
Phone

CEP Holdings, LLC
OPERATING STATEMENT (P&L)
Period Ending:

Case No: 06-51848

	December	Total Since Filing
Total Revenue/Sales	1,656,808	29,586,510
Cost of Sales	4,544,418	28,108,426
GROSS PROFIT	(2,887,610)	1,478,084
EXPENSES:		
Officer Compensation	22,500	75,000
Salary Expenses other Employees	309,838	777,262
Employee Benefits & Pensions	1,057	50,665
Payroll Taxes	21,218	61,916
Other Taxes	-	52,753
Rent and Lease Expense	13,535	109,509
Interest Expense	-	-
Insurance	72,606	305,326
Automobile and Truck Expense	-	-
Utilities (gas, electric, phone)	22,475	79,884
Depreciation	-	-
Travel and Entertainment	20,303	72,953
Repairs and Maintenance	238	376,059
Advertising	-	-
Supplies, Office Expense, etc.	141	3,651
Other Specify	(264,995)	658,963
Commissions	-	88,667
Bad Debt Write Off	-	1,500,000
TOTAL EXPENSES:	218,916	4,192,608
NET OPERATING PROFIT/(LOSS)	(3,106,526)	(2,714,524)
Add: Non-Operating Income:		
Interest Income	-	-
Prior Period Adjustments	-	2,070,279
Other Income - Customer Price Increases	1,000,000	3,930,000
Gain from Sale of Assets	(860,859)	(860,859)
Less: Non-Operating Expenses:		
Professional Fees	721,231	1,210,958
Interest	77,525	367,499
Other	10,414	1,163,610
Prior Period Adjustments	-	1,791,607
Less: Provision for taxes		83,919
NET INCOME/(LOSS)	(3,776,555)	(2,192,697)
Recap		
Creative Engineered Polymer Products, LLC	(4,017,887)	(4,824,332)
Thermoplastics Acquisition, LLC	241,332	2,631,634
Total	(3,776,555)	(2,192,697)

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

Dated: 3/26/07

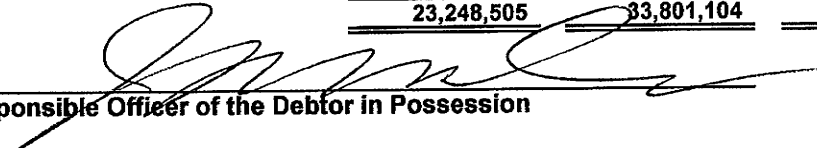

Responsible Officer of the Debtor in Possession

CEP Holdings, LLC
BALANCE SHEET
 Period Ending: December 31, 2006

Case No: 06-51848

	<u>Current Month</u>	<u>Prior Month</u>	<u>At Filing</u>
ASSETS:			
Cash:	6,090,501	960,704	613,039
Inventory:	366,332	4,518,729	9,656,477
Accounts Receivables:	10,000,667	10,003,636	21,598,948
Insider Receivables	0	0	0
Land and Buildings:	5,882,686	7,521,539	7,521,539
Furniture, Fixtures & Equip:	710,025	10,365,957	13,340,348
Accumulated Depreciation:	(687,012)	(2,375,582)	(4,744,441)
Other: Tooling	8,779	2,109,171	2,319,624
Other: Other A/R	(309,428)	(523,813)	69,459
Other: Prepaid Expenses	1,185,954	1,220,763	2,259,344
Other: Intangibles	0	0	1,050,111
TOTAL ASSETS:	23,248,505	33,801,104	53,684,447
LIABILITIES:			
Postpetition Liabilities:	0	0	0
Accounts Payable:	689,662	310,931	0
Rent and Lease Payable:	0	0	0
Wages and Salaries:	0	154,654	0
Taxes Payable:	207,183	200,936	0
Other:	0	0	0
	0	0	0
TOTAL Postpetition Liab.	896,845	666,521	0
Secured Liabilities:			
Subject to Postpetition	0	0	0
Collateral or Financing Order	(1,366,207)	6,093,204	23,837,365
All Other Secured Liab.	6,896,767	6,896,767	2,917,493
	0	0	0
TOTAL Secured Liab.	5,530,561	12,989,971	26,754,858
Prepetition Liabilities:			
Taxes & Other Priority Liab.	5,632,923	7,683,716	8,930,559
Unsecured Liabilities:	24,733,308	21,929,476	23,001,913
Accrued Management Fee	0	0	2,070,278
Intercompany	(2)	299,998	4,279,272
TOTAL Prepetition Liab.	30,366,229	29,913,189	38,282,022
Equity:			
Owners Capital:	1,000,000	1,000,000	1,000,000
Retained Earnings-Pre Pet.	(12,352,433)	(12,352,434)	(12,352,434)
Retained Earnings-Post Pet.	(2,192,697)	1,583,857	0
TOTAL Equity:	(13,545,130)	(9,768,577)	(11,352,434)
TOTAL LIABILITIES AND EQUITY:	23,248,505	33,801,104	53,684,447

Dated: 3/26/07


 Responsible Officer of the Debtor in Possession

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

Case No: 06-51848

Schedule of Postpetition Taxes Payable

	<u>Beginning Balance</u>	<u>Accrued/ Withheld</u>	<u>Payments/ Deposits</u>	<u>Ending Balance</u>
Income Taxes Withheld:				
Federal:	<div style="border: 1px solid black; padding: 5px;"> <p>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.</p> </div>			
State:				
Local:				
FICA Withheld:				
Employers FICA:				
Unemployment Tax:				
Federal:				
State:				
Sales, Use & Excise Taxes:				
Property Taxes:				
Workers' Compensation				
Other:				
TOTALS:				

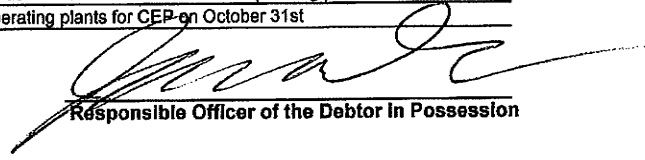
**AGING OF ACCOUNTS RECEIVABLE
 AND POSTPETITION ACCOUNTS PAYABLE**

Age in Days	0-30	30-60	Over 60
Post Petition	<div style="border: 1px solid black; padding: 5px;"> <p>There are no payables and receivables for Holdings. They are held on the books of the separate entities - CEP and Thermoplastics</p> </div>		
Accounts Payable			
Accounts Receivable			

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: 3/26/07  **Responsible Officer of the Debtor in Possession**

CEP Holdings, LLC
MONTHLY CASH STATEMENT
 Period Ended: December 31, 2006

Cash Activity Analysis (Cash Basis Only):

Case No: 06-51848

	<u>General Acct.</u>	<u>Payroll Acct.</u>	<u>Tax Acct.</u>	<u>Cash Coll. Acct.</u>	<u>Petty Cash Acct.</u>
A. Beginning Balance	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.				
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:

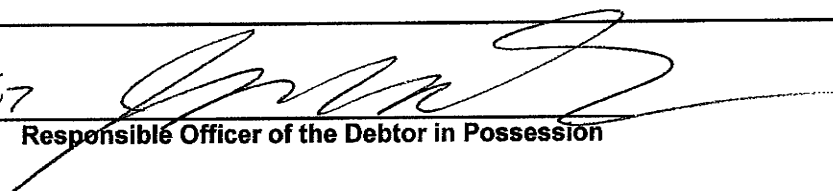
1. Depository Name & Location _____
2. Account Number _____

Tax Account:

1. Depository Name & Location _____
2. Account Number _____

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

Date:

3/26/07 

Responsible Officer of the Debtor in Possession

CEP Holdings, LLC
MONTHLY STATEMENT OF INSIDER COMPENSATION/PAYMENTS
 Period Ending: December 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
 Insider

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

Detailed Description of Duties: _____

Current Compensation Paid: Weekly or Monthly

Current Benefits Paid: Weekly or Monthly

Health Insurance	_____	or	_____
Life Insurance	_____		_____
Retirement	_____		_____
Company Vehicle	_____		_____
Entertainment	_____		_____
Travel	_____		_____
Other Benefits	_____		_____
Total Benefits	_____		_____

Current Other Payments Paid: Weekly or Monthly

Rent Paid	_____	or	_____
Loans	_____		_____
Other (Describe)	_____		_____
Other (Describe)	_____		_____
Other (Describe)	_____		_____
Total Other Payments	_____		_____

CURRENT TOTAL OF ALL PAYMENTS: Weekly or Monthly

Dated: 3/26/07 
 Responsible Officer of the Debtor in Possession

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

Period Ending: December 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>March 01, 2007</u>
<u>Excess Liability</u>	<u>Great American Insurance Group</u>	<u>March 01, 2007</u>
<u>Commercial Umbrella</u>	<u>AIG - American International Companies</u>	<u>March 01, 2007</u>
<u>General Liability Insurance, Mexico</u>	<u>ACE Seguros</u>	<u>N/A</u>
<u>Common Policy Declarations</u>	<u>The Hartford</u>	<u>March 01, 2007</u>
<u>Excess Workers Compensation</u>	<u>Safety National Casualty Corporation</u>	<u>September 1, 2007</u>

Dated:

3/26/07


Responsible Officer of the Debtor in Possession