UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE

In re DHP Holdings II Corporation

Case No. 08-13422
Reporting Period: Month Ending 01/02/2010

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 DOCUMENTS	Form No.	Document Attached	Explanation Attached	Affidavit/Supplement 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		X		
Cash disbursements journals		X		
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			
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 2/18/10

Signature of Joint Debtor — Date

Signature of Authorized Individual* — Date

Printed Name of Authorized Individual — 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.

In re DHP Holdings II Corporation
Debtor

Case No. 08-13422
Reporting Period: Month Ending 01/02/2010

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 (CON'T)]

	BANK ACCOUNTS				CURRENT MONTH		CUMULATIVE FILING TO DATE	
	OPER.	PAYROLL	TAX	OTHER	ACTUAL	PROJECTED	ACTUAL	PROJECTED
CASH BEGINNING OF MONTH	1,439	0		0	1,441	22,361	1,045	-9,169
RECEIPTS								
CASH SALES	0				0	0	0	0
ACCOUNTS RECEIVABLE	60				60	0	18,128	20,419
LOANS AND ADVANCES	0				0	0	0	0
SALE OF ASSETS	0				0	0	0	0
OTHER	1,620				1,620	4,000	2,623	20,000
OTHER-INVENTORY LIQUIDATION	0				0	0	0	7,098
OTHER-MACHINERY & EQUIPMENT LIQUIDATION	0				0	0	0	1,575
OTHER-TRANSFER TO PAYROLL ACCT	-30	30			0	0	0	0
TRANSFERS (FROM DIP ACCTS)	100				100	0	16,120	0
TRANSFERS (FROM DIP ACCTS for FMI COLLECTIONS)	2				2		747	0
TOTAL RECEIPTS	1,752	30	0	0	1,782	4,000	37,618	49,092
DISBURSEMENTS								
NET PAYROLL	0	24			24	50	2,716	2,389
PAYROLL TAXES	0	1			1	0	806	0
SALES, USE, & OTHER TAXES	0				0	0	99	15
INVENTORY PURCHASES	0				0	0	3,286	1,000
SECURED/ RENTAL/ LEASES	1				1	4	1,209	800
INSURANCE	0				0	100	2,093	3,084
ADMINISTRATIVE	58	-1			57	50	1,817	1,222
SELLING	0				0	0	989	331
OTHER - TEMP LABOR	4				4	100	52	1,146
OTHER-UTILITY/FREIGHT DEPOSITS	14				14	-220	185	-1,100
OTHER-UNION DUES	0				0		35	0
OWNER DRAW *	0				0		0	0
TRANSFERS (TO DIP ACCTS)	102				102		16,867	0
TRANSFERS (FMI COLLECTIONS TO FMI PRODUCTS)	2				2		719	0
TRANSFERS TO SECURED LENDER	175				175		1,103	0
PROFESSIONAL FEES	136				136	60	3,918	4,818
U.S. TRUSTEE QUARTERLY FEES	0				0		62	0
COURT COSTS	0				0		0	0
TOTAL DISBURSEMENTS	492	24	0	0	516	144	35,956	13,705
NET CASH FLOW	1,260	6	0	0	1,266	3,856	1,662	35,387
(RECEIPTS LESS DISBURSEMENTS)								
CASH - END OF MONTH	2,699	6	0	0	2,707	26,218	2,707	26,218

* COMPENSATION TO SOLE PROPRIETORS FOR SERVICES RENDERED TO BANKRUPTCY ESTATE

THE FOLLOWING SECTION MUST BE COMPLETED

DISBURSEMENTS FOR CALCULATING U.S. TRUSTEE QUARTERLY FEES: (FROM CURRENT MONTH ACTUAL COLUMN)	
TOTAL DISBURSEMENTS	516
LESS: TRANSFERS TO DEBTOR IN POSSESSION ACCOUNTS	102
LESS: TRANSFERS OF MISDIRECTED FUNDS FOR FMI COLLECTIONS TO FMI PRODUCTS LLC	2
PLUS: ESTATE DISBURSEMENTS MADE BY OUTSIDE SOURCES (i.e. from escrow accounts)	0
TOTAL DISBURSEMENTS FOR CALCULATING U.S. TRUSTEE QUARTERLY FEES	412

Note: in the month ending 1/02/10, approximately $2.006 million in liquidation proceeds were transferred directly to the secured lender, per the cash collateral order, and thus are not shown on this schedule of cash inflows and outflows from the Debtors' operating accounts. From the petition date through 1/02/10, approximately $27.85 million in liquidation proceeds were transferred directly to the secured lender, per that cash collateral order, and thus similarly are not shown in the "cumulative filing to date" totals.

In re DHP Holdings II Corporation
Debtor

Case No. 08-13422
Reporting Period: Month Ending 01/02/2010

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		Operating		Payroll		Tax		Other	
	# 145803000515		# 145806683309		# 145800262290		#		#	
BALANCE PER BOOKS		2,477,013.87		223,046.31		5,811.87		0		0
BANK BALANCE		2,477,013.87		234,697.03		5,811.87				
(+) DEPOSITS IN TRANSIT (ATTACH LIST)				0.00						
(-) OUTSTANDING CHECKS (ATTACH LIST)				-11,650.72						
(-) OUTSTANDING WIRES (ATTACH LIST)				0.00						
OTHER										
ADJUSTED BANK BALANCE *		2,477,013.87		223,046.31		5,811.87		0.00		0.00
* Adjusted bank balance must equal										
balance per books										
DEPOSITS IN TRANSIT	Date	Amount	Date	Amount	Date	Amount	Date	Amount	Date	Amount
GE Funding Deposit										
Miscellaneous Receipts Deposit										
GE Funding FMI Collections										

In re DHP Holdings II Corporation		Case No. 08-13	Case No. 08-13422
Debtor		Reporting Period:	Month Ending 01/02/2010

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

145806683309

(-) OUTSTANDING CHECKS (ATTACH LIST)

CHECK		AMOUNT	CHECK		AMOUNT	CHECK	AMOUNT	CHECK	AMOUNT
1037	JAN	2,594.07	2628	DEC	30.00				
1310	FEB	820.38							
1367	FEB	983.99							
1399	FEB	585.60							
1577	FEB	140.00							
1612	FEB	5,018.75							
1802	MAR	34.43							
1874	MAR	41.00							
2088	APR	1,207.50							
2436	AUG	25.00							
2437	AUG	20.00							
2443	AUG	75.00							
2444	AUG	75.00							
								TOTAL OUTSTANDING	11,650.72

(-) OUTSTANDING WIRES (ATTACH LIST)

(In fiscal month, not on calendar month bank statement

	0.00

In re DHP Holdings II Corporation
Debtor

Case No. 08-13422
Reporting Period: Month Ending 01/02/2010

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 Number	Check Date	Amount Paid Fees	Amount Paid Expenses	Year-To-Date Fees	Year-To-Date Expenses
AEG	11/16/09 - 11/20/09		DESA LLC	WIRE	12/03/09	13,250.00	553.42		
AEG	11/23/09 - 11/27/09		DESA LLC	WIRE	12/18/09	19,750.00			
AEG	11/30/09 - 12/04/09		DESA LLC	WIRE	12/22/09	18,000.00	1,888.08		
AEG								1,820,111.61	106,739.59
MACQUARIE SECURITIES								151,500.00	0.00
ENGLISH, LUCAS, PRIEST & OWSLEY									
ENGLISH, LUCAS, PRIEST & OWSLEY								8,802.84	58.61
KENNETH ROSS								10,988.50	0.00
SUITER, SWANTZ								25,405.00	20.86
AHLSTROM & BAKER								25,000.00	0.00
MIDDLETON REUTLINGER	11/01/09 - 11/30/09		DESA LLC	2620	12/18/09	202.50		126,049.64	6,973.63
MIDDLETON REUTLINGER									
BAIRD KURTZ & DOBSON									
BAIRD KURTZ & DOBSON								56,987.50	0.00
RONALD GAFFNEY								18,462.50	0.00
EPIQ	10/01/09 - 10/31/09		DESA LLC	WIRE	12/18/09	8,907.30	1,548.47	170,138.29	65,004.10
UMAC	Various		DESA LLC	WIRE	12/03/09	245.46			
UMAC								268,347.68	0.00
GE CAPITAL (LEGAL EXPENSES)	Various		DESA LLC	WIRE	12/18/09	20,991.49		258,522.19	0.00

ARENT FOX LLP								171,350.33	1,642.28
CBIZ, INC.								87,342.86	4,581.52
ELLIOT GREENLEAF								28,828.00	1,428.10
MERRILL COMMUNICATIONS								4,096.00	0.00
PRICE WATERHOUSE COOPERS								2,420.00	0.00
PACHULSKI, STANG, ZIEHL & JONES LL	08/01/09 - 08/31/09		DESA LLC	WIRE	12/18/09	25,072.80	4,638.59		
								798,898.90	69,871.11
LANDIS RATH & COBB LLP	10/01/09 - 10/31/09		DESA LLC	WIRE	12/03/09	21,166.80	318.14	37,170.80	1,752.83

CONSOLIDATED

309 DISBURSEMENT JOURNAL

	WIRES	FMI AR WIRES	MEDICAL	PAYROLL	PAYROLL TAXES-ADP	SVC CHARGES	CREDIT CARD CHARGES	CHECKS ISSUED	CHECKS VOIDED	TOTAL DISBURSEMENT
30-Nov-09										0.00
1-Dec-09										0.00
2-Dec-09						70.00				70.00
3-Dec-09	35,533.82	1,593.91								37,127.73
4-Dec-09								5,657.60		5,657.60
7-Dec-09										0.00
8-Dec-09										0.00
9-Dec-09				6,715.74	3,284.26					10,000.00
10-Dec-09										0.00
11-Dec-09								12,952.89		12,952.89
14-Dec-09						168.00				168.00
15-Dec-09										0.00
16-Dec-09										0.00
17-Dec-09										0.00
18-Dec-09	119,632.15							6,835.04		126,467.19
21-Dec-09										0.00
22-Dec-09	28,721.66									28,721.66
23-Dec-09				15,329.40						15,329.40
24-Dec-09					4,670.60					4,670.60
25-Dec-09										0.00
28-Dec-09										0.00
29-Dec-09										0.00
30-Dec-09										0.00
31-Dec-09										0.00
1-Jan-10										0.00
MTD TOTAL	183,887.63	1,593.91	0.00	22,045.14	7,954.86	238.00	0.00	25,445.53	0.00	241,165.07
	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(0.00)	0.00	(0.00)

DESA LLC

309 DISBURSEMENT JOURNAL

	WIRES	FMI AR WIRES	MEDICAL	PAYROLL	PAYROLL TAXES-ADP	SVC CHARGES	CREDIT CARD CHARGES	CHECKS ISSUED	CHECKS VOIDED	TOTAL DISBURSEMENT
30-Nov-09	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1-Dec-09	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2-Dec-09	0.00	0.00	0.00	0.00	0.00	70.00	0.00	0.00	0.00	70.00
3-Dec-09	35,533.82	1,593.91	0.00	0.00	0.00	0.00	0.00	0.00	0.00	37,127.73
4-Dec-09	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5,382.53	0.00	5,382.53
7-Dec-09	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
8-Dec-09	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
9-Dec-09	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
10-Dec-09	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
11-Dec-09	0.00	0.00	0.00	0.00	0.00	0.00	0.00	676.48	0.00	676.48
14-Dec-09	0.00	0.00	0.00	0.00	0.00	168.00	0.00	0.00	0.00	168.00
15-Dec-09	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
16-Dec-09	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
17-Dec-09	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
18-Dec-09	119,632.15	0.00	0.00	0.00	0.00	0.00	0.00	4,253.91	0.00	123,886.06
21-Dec-09	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
22-Dec-09	19,888.08	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	19,888.08
23-Dec-09	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
24-Dec-09	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
25-Dec-09	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
28-Dec-09	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
29-Dec-09	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
30-Dec-09	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
31-Dec-09	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1-Jan-10	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
MTD TOTAL	175,054.05	1,593.91	0.00	0.00	0.00	238.00	0.00	10,312.92	0.00	187,198.88

DESA HEATING LLC
309 DISBURSEMENT JOURNAL

	WIRES	FMI AR WIRES	MEDICAL	PAYROLL	PAYROLL TAXES-ADP	SVC CHARGES	CREDIT CARD CHARGES	CHECKS ISSUED	CHECKS VOIDED	TOTAL DISBURSEMENT
30-Nov-09										0.00
1-Dec-09										0.00
2-Dec-09										0.00
3-Dec-09										0.00
4-Dec-09								275.07		275.07
7-Dec-09										0.00
8-Dec-09										0.00
9-Dec-09				6,715.74	3,284.26					10,000.00
10-Dec-09										0.00
11-Dec-09								12,276.41		12,276.41
14-Dec-09										0.00
15-Dec-09										0.00
16-Dec-09										0.00
17-Dec-09										0.00
18-Dec-09								2,378.63		2,378.63
21-Dec-09										0.00
22-Dec-09	8,833.58									8,833.58
23-Dec-09				15,329.40						15,329.40
24-Dec-09					4,670.60					4,670.60
25-Dec-09										0.00
28-Dec-09										0.00
29-Dec-09										0.00
30-Dec-09										0.00
31-Dec-09										0.00
1-Jan-10										0.00
MTD TOTAL	8,833.58	0.00	0.00	22,045.14	7,954.86	0.00	0.00	14,930.11	0.00	53,763.69

DESA SPECIALTY LLC
309 DISBURSEMENT JOURNAL

	WIRES	FMI AR WIRES	MEDICAL	PAYROLL	PAYROLL TAXES-ADP	SVC CHARGES	CREDIT CARD CHARGES	CHECKS ISSUED	CHECKS VOIDED	TOTAL DISBURSEMENT
30-Nov-09										0.00
1-Dec-09										0.00
2-Dec-09										0.00
3-Dec-09										0.00
4-Dec-09										0.00
7-Dec-09										0.00
8-Dec-09										0.00
9-Dec-09										0.00
10-Dec-09										0.00
11-Dec-09										0.00
14-Dec-09										0.00
15-Dec-09										0.00
16-Dec-09										0.00
17-Dec-09										0.00
18-Dec-09										0.00
21-Dec-09										0.00
22-Dec-09										0.00
23-Dec-09										0.00
24-Dec-09										0.00
25-Dec-09										0.00
28-Dec-09										0.00
29-Dec-09										0.00
30-Dec-09										0.00
31-Dec-09										0.00
1-Jan-10										0.00
MTD TOTAL	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

DESA FMI LLC

309 DISBURSEMENT JOURNAL

	WIRES	FMI AR WIRES	MEDICAL	PAYROLL	PAYROLL TAXES-ADP	SVC CHARGES	CREDIT CARD CHARGES	CHECKS ISSUED	CHECKS VOIDED	TOTAL DISBURSEMENT
30-Nov-09										0.00
1-Dec-09										0.00
2-Dec-09										0.00
3-Dec-09										0.00
4-Dec-09										0.00
7-Dec-09										0.00
8-Dec-09										0.00
9-Dec-09										0.00
10-Dec-09										0.00
11-Dec-09										0.00
14-Dec-09										0.00
15-Dec-09										0.00
16-Dec-09										0.00
17-Dec-09										0.00
18-Dec-09										0.00
21-Dec-09										0.00
22-Dec-09										0.00
23-Dec-09										0.00
24-Dec-09										0.00
25-Dec-09										0.00
28-Dec-09										0.00
29-Dec-09										0.00
30-Dec-09										0.00
31-Dec-09										0.00
1-Jan-10										0.00
MTD TOTAL	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

DESA IP LLC
309 DISBURSEMENT JOURNAL

	WIRES	FMI AR WIRES	MEDICAL	PAYROLL	PAYROLL TAXES-ADP	SVC CHARGES	CREDIT CARD CHARGES	CHECKS ISSUED	CHECKS VOIDED	TOTAL DISBURSEMENT
30-Nov-09										0.00
1-Dec-09										0.00
2-Dec-09										0.00
3-Dec-09										0.00
4-Dec-09										0.00
7-Dec-09										0.00
8-Dec-09										0.00
9-Dec-09										0.00
10-Dec-09										0.00
11-Dec-09										0.00
14-Dec-09										0.00
15-Dec-09										0.00
16-Dec-09										0.00
17-Dec-09										0.00
18-Dec-09								202.50		202.50
21-Dec-09										0.00
22-Dec-09										0.00
23-Dec-09										0.00
24-Dec-09										0.00
25-Dec-09										0.00
28-Dec-09										0.00
29-Dec-09										0.00
30-Dec-09										0.00
31-Dec-09										0.00
1-Jan-10										0.00
MTD TOTAL	0.00	0.00	0.00	0.00	0.00	0.00	0.00	202.50	0.00	202.50

DHP HOLDINGS II CORPORATION
309 DISBURSEMENT JOURNAL

	WIRES	FMI AR WIRES	MEDICAL	PAYROLL	TAXES-ADP	CHARGE S	CARD CHARGE	CHECKS ISSUED	CHECKS VOIDED	TOTAL DISBURSEMENT
30-Nov-09										0.00
1-Dec-09										0.00
2-Dec-09										0.00
3-Dec-09										0.00
4-Dec-09										0.00
7-Dec-09										0.00
8-Dec-09										0.00
9-Dec-09										0.00
10-Dec-09										0.00
11-Dec-09										0.00
14-Dec-09										0.00
15-Dec-09										0.00
16-Dec-09										0.00
17-Dec-09										0.00
18-Dec-09										0.00
21-Dec-09										0.00
22-Dec-09										0.00
23-Dec-09										0.00
24-Dec-09										0.00
25-Dec-09										0.00
28-Dec-09										0.00
29-Dec-09										0.00
30-Dec-09										0.00
31-Dec-09										0.00
1-Jan-10										0.00
MTD TOTAL	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

DESA LLC					
515 DISBURSEMENT JOURNAL					
	SERVICE	FMI AR TRSF	GE CAPITAL	TRANSFERRED	
DATE	CHARGE	TO CRO ACCT	FUND 309 ACCT	TO SECURED LENDER	TOTAL
30-Nov-09		1,093.91			1,093.91
1-Dec-09					0.00
2-Dec-09	50.00				50.00
3-Dec-09					0.00
4-Dec-09		500.00			500.00
WKLY TOTAL	50.00	1,593.91	0.00	0.00	1,643.91
7-Dec-09				175,000.00	175,000.00
8-Dec-09					0.00
9-Dec-09					0.00
10-Dec-09					0.00
11-Dec-09					0.00
WKLY TOTAL	0.00	0.00	0.00	175,000.00	175,000.00
14-Dec-09	3,109.90				3,109.90
15-Dec-09					0.00
16-Dec-09					0.00
17-Dec-09					0.00
18-Dec-09			100,000.00		100,000.00
WKLY TOTAL	3,109.90	0.00	100,000.00	0.00	103,109.90
21-Dec-09					0.00
22-Dec-09					0.00
23-Dec-09					0.00
24-Dec-09					0.00
25-Dec-09					0.00
WKLY TOTAL	0.00	0.00	0.00	0.00	0.00
28-Dec-09					0.00
29-Dec-09					0.00
30-Dec-09					0.00
31-Dec-09					0.00
1-Jan-10					0.00
					0.00
WKLY TOTAL	0.00	0.00	0.00	0.00	0.00
MTD TOTAL	3,159.90	1,593.91	100,000.00	175,000.00	279,753.81

In re DHP Holdings II Corporation	Case No. 08-13422	
Debtor	Reporting Period.:	Month Ending 01/02/2010

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	12,839,000
Less: Returns and Allowances	0	1,839,000
Net Revenue	0	11,000,000
COST OF GOODS SOLD		
Beginning Inventory	0	26,812,000
Purchases	0	4,328,000
Cost of Labor and Overhead	0	1,326,000
Warranty and Returns Products	0	184,000
Inventory Transferred in sale of Business Unit or Liquidated	0	-22,386,000
Cost of Goods Sold	0	-8,675,000
Reserves	0	-1,589,000
Ending Inventory	0	0
Cost of Goods Sold	0	8,675,000
Gross Profit	0	2,325,000
OPERATING EXPENSES		
Advertising	0	625,000
Auto and Truck Expense	0	0
Bad Debts	0	0
Contributions	0	0
Employee Benefits Programs	106,000	1,156,000
Insider Compensation*	15,000	178,000
Insurance	7,000	598,000
Management Fees/Bonuses	0	0
Office Expense	0	200,000
Pension & Profit-Sharing Plans	0	5,000
Repairs and Maintenance	0	16,000
Rent and Lease Expense	1,000	1,246,000
Salaries/Commissions/Fees	7,000	2,954,000
Supplies	7,000	502,000
Taxes - Payroll	-104,000	-1,159,000
Taxes - Real Estate	20,000	303,000
Taxes - Other	0	0
Travel and Entertainment	0	26,000
Utilities	20,000	833,000
Other		
Security	0	79,000
Customer Programs	0	179,000
Warranty	0	677,000
Physical Inventory Accrual	0	-112,000
Sales Freight	0	1,045,000
Absorption	0	-1,384,000
Total Operating Expenses Before Depreciation	79,000	7,967,000
Depreciation/Depletion/Amortization	0	1,665,000
Net Profit (Loss) Before Other Income & Expenses	-79,000	-7,307,000
OTHER INCOME AND EXPENSES		
Other Income (attach schedule)		412,000
Interest Expense	250,000	4,543,000
Other Expense		0
Owner Management Fee	0	434,000
Foreign Exchange Loss	-3,977,000	23,262,755
Net Profit (Loss) Before Reorganization Items	3,648,000	-35,958,755
REORGANIZATION ITEMS		
Professional Fees	306,000	4,048,000
U. S. Trustee Quarterly Fees	0	26,000
Interest Earned on Accumulated Cash from Chapter 11 (see continuation sheet)	0	0
Gain (Loss) Liquidation Sales	0	2,142,245
Other Reorganization Expenses (attach schedule)	0	0
Total Reorganization Expenses (Income)	306,000	6,216,245
Income Taxes	0	-72,000
Net Profit (Loss)	3,342,000	-42,103,000
*"Insider" is defined in 11 U.S.C. Section 101(31).		

In re DHP Holdings II Corporation		Case No. 08-13422
Debtor		

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	2,712,000	1,119,000
Restricted Cash and Cash Equivalents (see continuation sheet)	0	0
Accounts Receivable (Net)	11,677,000	23,684,000
Notes Receivable	0	0
Inventories	0	26,812,000
Prepaid Expenses	140,819	1,217,000
Professional Retainers	119,082	332,000
Other Current Assets		
Other Current Asset-Duty Drawback Receivable	199,766	199,000
Other Current Asset-Current Portion of Escrow Due to Company	833,333	833,000
TOTAL CURRENT ASSETS	15,682,000	54,196,000
PROPERTY AND EQUIPMENT		
Real Property and Improvements	3,816,330	10,471,000
Machinery and Equipment	0	19,440,000
Furniture, Fixtures and Office Equipment	0	393,000
Leasehold Improvements	0	0
Vehicles	0	0
Less Accumulated Depreciation	1,197,670	-15,656,000
TOTAL PROPERTY & EQUIPMENT	5,014,000	14,648,000
OTHER ASSETS		
Loans to Insiders*	0	0
Other Assets		
Other Assets-Goodwill	924,979	6,456,000
Other Assets-Trademarks/Patents	-298	14,717,000
Other Assets-Non Current Portion of Escrow Due to Company	2,510,400	3,519,000
Other Assets-Cash Collaterized LC Deposits	3,691,919	3,692,000
TOTAL OTHER ASSETS	7,127,000	28,384,000
TOTAL ASSETS	27,823,000	97,228,000

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	239,000	0
Taxes Payable (refer to FORM MOR-4)	277,000	0
Wages Payable	10,000	0
Notes Payable	0	0
Rent / Leases - Building/Equipment	0	0
Secured Debt / Adequate Protection Payments	0	0
Professional Fees	0	0
Amounts Due to Insiders*	0	0
Other Postpetition Liabilities		
Other Postpetition Liabilities-Operating Accruals	11,000	0
Other Postpetition Liabilities-Interest Accruals	0	0
TOTAL POSTPETITION LIABILITIES	537,000	0
LIABILITIES SUBJECT TO COMPROMISE (Pre-Petition)		
Secured Debt	29,519,000	53,283,000
Priority Debt	0	0
Unsecured Debt	81,463,000	88,121,000
TOTAL PRE-PETITION LIABILITIES	110,982,000	141,404,000
TOTAL LIABILITIES	111,519,000	141,404,000
OWNER EQUITY		
Capital Stock	1,000	1,000
Additional Paid-In Capital	0	0
Partners' Capital Account	0	0
Owner's Equity Account	0	0
Retained Earnings - Pre-Petition	-41,594,000	-44,177,000
Retained Earnings - Postpetition	-42,103,000	0
Adjustments to Owner Equity (attach schedule)	0	0
Postpetition Contributions (Distributions) (Draws) (attach schedule)	0	0
NET OWNER EQUITY	-83,696,000	-44,176,000
TOTAL LIABILITIES AND OWNERS' EQUITY	27,823,000	97,228,000

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

In re DHP Holdings II Corporation — Case No. 08-13422

Debtor — Reporting Period:Month Ending 01/02/2010

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	0	2,925	2,925	Weekly with Payroll Funding	Wire to ADP	0
FICA-Employee	0	1,371	1,371	Weekly with Payroll Funding	Wire to ADP	0
FICA-Employer	0	1,371	1,371	Weekly with Payroll Funding	Wire to ADP	0
Unemployment	0	0	0	Weekly with Payroll Funding	Wire to ADP	0
Income	0	0	0			0
Other: Medicare-Employee & Employer	0	641	641	Weekly with Payroll Funding	Wire to ADP	0
Total Federal Taxes	0	6,308	6,308			0
State and Local						
Withholding	0	1,647	1,647	Weekly with Payroll Funding	Wire to ADP	0
Sales	442	0	0	20th of Month	Wire	442
Excise	0	0	0			0
Unemployment	0	0	0	Weekly with Payroll Funding	Wire to ADP	0
Real Property	256,500	20,409	0			276,909
Personal Property	0	0	0			0
Other: Disability	0	0	0	Weekly with Payroll Funding	Wire to ADP	0
Total State and Local	256,942	22,056	1,647			277,351
Total Taxes	256,942	28,364	7,955			277,351

SUMMARY OF UNPAID POSTPETITION DEBTS

Attach aged listing of accounts payable.

		Number of Days Past Due				
	Current	0-30	31-60	61-90	Over 90	Total
Accounts Payable	239,000	0	0	0	0	239,000
Wages Payable	10,000	0	0	0	0	10,000
Taxes Payable	277,000	0	0	0	0	277,000
Rent/Leases-Building	0	0	0	0	0	0
Rent/Leases-Equipment	0	0	0	0	0	0
Secured Debt/Adequate Protection Payments	0	0	0	0	0	0
Professional Fees	0	0	0	0	0	0
Amounts Due to Insiders*	0	0	0	0	0	0
Other: Customer Programs	11,000	0	0	0	0	11,000
Other: Interest Accruals	0	0	0	0	0	0
Total Postpetition Debts	537,000	0	0	0	0	537,000

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 DHP Holdings II Corporation		
Debtor		

ACCOUNTS RECEIVABLE RECONCILIATION AND AGING

Accounts Receivable Reconciliation		**Amount**
Total Accounts Receivable at the beginning of the reporting period		11,835,505
+ Amounts billed (written off as uncollectible) during the period		305
+ Receivables transferred in sale of Contractor Business		
- Amounts collected during the period		-60,305
Total Accounts Receivable at the end of the reporting period		11,775,505

Accounts Receivable Aging		**Amount**
0 - 30 days old		0
31 - 60 days old		
61 - 90 days old		
91+ days old		11,775,505
Total Accounts Receivable		11,775,505
Amount considered uncollectible (Bad Debt)		-98,505
Accounts Receivable (Net)		11,677,000

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