

***The Keller Manufacturing Company, Inc.***  
***and Subsidiary***

*Unaudited Financial Statements for the three and the nine months ended  
September 30, 2007.*

THE KELLER MANUFACTURING COMPANY, INC. and SUBSIDIARY

BALANCE SHEETS

SEPTEMBER 30, 2007 AND DECEMBER 31, 2006

	SEPTEMBER 30, <u>2007</u> (Unaudited)	DECEMBER 31, <u>2006</u>
<b><u>ASSETS</u></b>		
<b>CURRENT ASSETS:</b>		
Cash	\$ -	\$ 40,937
Accounts receivable - net	636,609	486,645
Inventories	515,167	433,506
Prepaid expenses and other assets	78,454	71,357
<b>Total Current Assets</b>	<b>1,230,230</b>	<b>1,032,445</b>
<b>PROPERTY, PLANT AND EQUIPMENT - net</b>	<b>158,074</b>	<b>109,097</b>
<b>GOODWILL</b>	<b>703,444</b>	<b>703,444</b>
<b>TOTAL ASSETS</b>	<b>\$ 2,091,748</b>	<b>\$ 1,844,986</b>
<b><u>LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)</u></b>		
<b>CURRENT LIABILITIES:</b>		
Checks issued in excess of cash on deposit	\$ 17,200	\$ -
Line of credit	263,101	198,000
Accounts payable	233,279	184,798
Accrued expenses	285,164	237,675
<b>Total Current Liabilities</b>	<b>798,744</b>	<b>620,473</b>
<b>LONG-TERM LIABILITIES:</b>		
Accrued pension liability	4,587,656	4,587,656
<b>Total Long-Term Liabilities</b>	<b>4,587,656</b>	<b>4,587,656</b>
<b>TOTAL LIABILITIES</b>	<b>5,386,400</b>	<b>5,208,129</b>
<b>MINORITY INTEREST</b>	<b>1,085</b>	<b>(13,599)</b>
<b>STOCKHOLDERS' EQUITY (DEFICIT):</b>		
Common Stock	462,973	450,823
Additional paid-in capital	17,490	29,190
Retained earnings (deficit)	1,898,977	1,845,620
Accumulated other comprehensive loss	(5,675,177)	(5,675,177)
<b>Total Stockholders' Equity (Deficit)</b>	<b>(3,295,737)</b>	<b>(3,349,544)</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)</b>	<b>\$ 2,091,748</b>	<b>\$ 1,844,986</b>

THE KELLER MANUFACTURING COMPANY, INC. and SUBSIDIARY

STATEMENTS OF OPERATIONS  
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2007

	THREE MONTHS ENDED SEPTEMBER 30, <u>2007</u> (Unaudited)	NINE MONTHS ENDED SEPTEMBER 30, <u>2007</u> (Unaudited)
Net Sales	\$ 1,188,692	\$ 3,510,431
Cost of Goods Sold	<u>848,238</u>	<u>2,585,449</u>
<b>GROSS PROFIT</b>	<b>340,454</b>	<b>924,982</b>
Selling, General and Administrative Expenses	<u>295,340</u>	<u>891,925</u>
<b>OPERATING INCOME (LOSS)</b>	<b>45,114</b>	<b>33,057</b>
Other Income (Expenses) - net	<u>(5,451)</u>	<u>34,984</u>
<b>INCOME (LOSS) BEFORE MINORITY INTEREST</b>	<b>39,663</b>	<b>68,041</b>
Minority Interest in Income of Consolidated Subsidiary	<u>(11,030)</u>	<u>(14,684)</u>
<b>NET INCOME (LOSS)</b>	<b><u>\$ 28,633</u></b>	<b><u>\$ 53,357</u></b>

**THE KELLER MANUFACTURING COMPANY, INC. and SUBSIDIARY**

**STATEMENTS OF CASH FLOWS  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2007**

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**NINE MONTHS ENDED  
SEPTEMBER 30,  
2007  
(Unaudited)**

**CASH FLOWS FROM OPERATING ACTIVITIES:**

**Net Income (Loss)** **\$ 53,357**

**Adjustments to reconcile net income (loss) to net cash  
provided by (used in) operating activities:**

Depreciation and amortization 35,000

Noncash stock option compensation (11,700)

Change in minority interest 14,684

**Changes in Assets and Liabilities:**

Accounts receivable (149,964)

Inventories (81,661)

Prepaid expenses and other assets (7,097)

Checks issued in excess of cash on deposit 17,200

Accounts payable 48,481

Accrued expenses 47,489

**Total Adjustments** **(87,568)**

**Net Cash Provided By (Used In) Operating Activities** **(34,211)**

**CASH FLOWS FROM INVESTING ACTIVITIES:**

Purchases of property and equipment (83,977)

**Net Cash Provided By (Used In) Investing Activities** **(83,977)**

**CASH FLOWS FROM FINANCING ACTIVITIES:**

Issuance of common stock 12,150

Net borrowings under line of credit agreement 65,101

**Net Cash Provided By (Used In) Financing Activities** **77,251**

**NET INCREASE (DECREASE) IN CASH AND  
CASH EQUIVALENTS**

**(40,937)**

**CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD** **40,937**

**CASH AND CASH EQUIVALENTS, END OF PERIOD** **\$ -**