

Unaudited Financial Statements

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

June 30, 2009 and December 31, 2008

THE KELLER MANUFACTURING COMPANY, INC. and SUBSIDIARY

CONSOLIDATED BALANCE SHEETS  
JUNE 30, 2009 AND 2008 AND DECEMBER 31, 2008

	<u>2009</u>	JUNE 30, (Unaudited)	<u>2008</u>	DECEMBER 31, <u>2008</u>
<b><u>ASSETS</u></b>				
<b>CURRENT ASSETS:</b>				
Cash	\$	(54,920)	\$	965
Accounts receivable - net		546,905		614,651
Inventories		865,852		656,033
Prepaid expenses and other assets		65,995		83,798
Deferred Income Taxes		41,334		35,000
<b>Total Current Assets</b>		<b>1,465,166</b>		<b>1,390,447</b>
<b>PROPERTY, PLANT AND EQUIPMENT - net</b>		<b>394,770</b>		<b>301,345</b>
<b>DEFERRED INCOME TAXES</b>		<b>208,666</b>		<b>215,000</b>
Goodwill		703,444		703,444
<b>TOTAL ASSETS</b>	<b>\$</b>	<b>2,772,046</b>	<b>\$</b>	<b>2,610,236</b>
<b><u>LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)</u></b>				
<b>CURRENT LIABILITIES:</b>				
Checks issued in excess of deposits	\$	-	\$	79,091
Line of Credit		600,635		353,263
Accounts payable		461,492		344,636
Deferred Income Tax		-		-
Accrued expenses		72,563		237,480
Current maturities of notes payable		293,522		60,673
<b>Total Current Liabilities</b>		<b>1,428,212</b>		<b>1,075,143</b>
<b>Notes Payable, less current portion</b>		<b>542,032</b>		<b>500,661</b>
<b>TOTAL LIABILITIES</b>		<b>1,970,244</b>		<b>1,575,804</b>
<b>MINORITY INTEREST</b>				-
<b>STOCKHOLDERS' EQUITY:</b>				
Common Stock		530,964		462,973
Deferred stock compensation		29,190		29,190
Retained earnings		335,274		677,113
Distributions		-		-
Net Income (Loss)		(93,626)		(135,622)
<b>Total Stockholders' Equity</b>		<b>801,802</b>		<b>1,034,432</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$</b>	<b>2,772,046</b>	<b>\$</b>	<b>2,610,236</b>
		<b>\$</b>		<b>2,734,801</b>



THE KELLER MANUFACTURING COMPANY, INC. and SUBSIDIARY

STATEMENTS OF CASH FLOWS  
FOR THE SIX MONTHS ENDED JUNE 30, 2009

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	(Unaudited)
<b>OPERATING ACTIVITIES:</b>	
Net Income (Loss)	\$ (93,626)
<b>Adjustments to reconcile net income (loss) to net cash used in operating activities:</b>	
Depreciation and amortization	49,755
Change in minority interest	-
<b>Changes in Assets and Liabilities:</b>	
Accounts receivable	(37,658)
Inventory	(126,455)
Prepaid expenses and other current assets	47,525
Checks issued in excess of cash on deposit	-
Accounts payable	84,891
Accrued expenses	(146,165)
<b>Net Cash Provided By (Used In) Operating Activities</b>	<u>(221,733)</u>
<b>INVESTING ACTIVITIES:</b>	
Purchases of property and equipment	(29,698)
<b>Net Cash Provided By (Used In) Investing Activities</b>	<u>(29,698)</u>
<b>FINANCING ACTIVITIES:</b>	
Shareholder's Note	201,066
Net borrowings under bank credit arrangements	(8,921)
<b>Net Cash Provided By (Used In) Financing Activities</b>	<u>192,145</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(59,286)</b>
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	<u>4,366</u>
<b>CASH AND CASH EQUIVALENTS, END OF PERIOD</b>	<b>\$ <u>(54,920)</u></b>