

Unaudited Financial Statements

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

March 31, 2009 and December 31, 2008

THE KELLER MANUFACTURING COMPANY, INC. and SUBSIDIARY

CONSOLIDATED BALANCE SHEETS
MARCH 31, 2009 AND 2008 AND DECEMBER 31, 2008

	<u>2009</u>	MARCH 31, <u>2008</u> (Unaudited)	DECEMBER 31, <u>2008</u>
ASSETS			
Current Assets			
Cash	\$ 24,976	\$ 17,924	\$ 4,366
Accounts receivable - net	347,793	508,177	509,247
Inventories	763,632	596,050	739,397
Prepaid expenses and other assets	40,615	89,516	113,520
Deferred Income Taxes	41,334	35,000	41,334
Total Current Assets	1,218,350	1,246,667	1,407,864
Property, Plant and Equipment net of accumulated depreciation	421,023	268,266	414,827
Deferred Income Taxes	208,666	215,000	208,666
Goodwill	703,444	703,444	703,444
TOTAL ASSETS	<u>\$ 2,551,483</u>	<u>\$ 2,433,377</u>	<u>\$ 2,734,801</u>
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)			
Current Liabilities			
Checks issued in excess of deposits	\$ -	\$ -	\$ -
Line of Credit	615,000	295,711	558,691
Accounts payable	397,351	308,456	376,601
Deferred Income Tax	-	-	-
Accrued expenses	117,463	229,729	218,728
Current maturities of notes payable	40,439	65,164	92,456
Total Current Liabilities	1,170,253	899,060	1,246,476
Notes Payable, less current portion	583,073	493,273	592,897
TOTAL LIABILITIES	1,753,326	1,392,333	1,839,373
Minority Interest	-	-	-
STOCKHOLDERS' EQUITY:			
Common Stock	534,616	462,973	530,964
Deferred stock compensation	29,190	29,190	29,190
Retained earnings	331,623	677,113	335,274
Distributions	-	-	-
Net Income (Loss)	(97,271)	(128,232)	-
Total Stockholders' Equity	798,157	1,041,044	895,428
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$ 2,551,483</u>	<u>\$ 2,433,377</u>	<u>\$ 2,734,801</u>

THE KELLER MANUFACTURING COMPANY, INC. and SUBSIDIARY

STATEMENTS OF OPERATIONS
FOR THE THREE MONTHS ENDED MARCH 31, 2009 AND 2008

	THREE MONTHS ENDED MARCH 31, 2009 (Unaudited)	THREE MONTHS ENDED MARCH 31, 2008 (Unaudited)
Net Sales	\$ 771,825	\$ 909,807
Cost of Goods Sold	<u>615,965</u>	<u>787,597</u>
Gross Profit	155,860	122,210
Selling, General and Administrative Expenses	<u>241,980</u>	<u>335,848</u>
Operating Loss	(86,120)	(213,638)
Other Income (Expenses), Net	<u>(11,151)</u>	<u>76,420</u>
Net Income (Loss) Before Minority Interest	(97,271)	(137,218)
Minority Interest in Income of Consolidated Subsidiary	<u>-</u>	<u>8,987</u>
Net Income (Loss)	<u>\$ (97,271)</u>	<u>\$ (128,231)</u>

THE KELLER MANUFACTURING COMPANY, INC. and SUBSIDIARY

STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2009

	(Unaudited)
OPERATING ACTIVITIES	
Net Income (Loss)	\$ (97,271)
Adjustments to reconcile net income (loss) to net cash used in operating activities	
Depreciation and amortization	23,502
Change in minority interest	-
Changes in Assets and Liabilities	
Accounts receivable	161,454
Inventory	(24,235)
Prepaid expenses and other current assets	72,905
Checks issued in excess of cash on deposit	-
Accounts payable	20,750
Accrued expenses	(101,265)
Net Cash Provided By (Used In) Operating Activities	<u>55,840</u>
INVESTING ACTIVITIES:	
Purchases of property and equipment	(29,698)
FINANCING ACTIVITIES:	
Net borrowings under bank credit arrangements	(5,532)
Net Increase (Decrease) In Cash and Cash Equivalents	20,610
Cash and Cash Equivalents Beginning of Period	<u>4,366</u>
Cash and Cash Equivalents End of Period	<u>\$ 24,976</u>