

To Shareholders of Universal Mfg. Co.

**NINE MONTH OPERATING REPORTS  
FOR THIRD QUARTER ENDED APRIL 30, 2008**

(Not audited by Independent Public Accountants)

**BALANCE SHEET**

	July 31, 2007	April 30, 2008
<b>Assets</b>		
Current Assets		
Cash & Equivalents	\$5,336,964	\$2,974,790
Accounts Receivable	1,287,029	1,865,028
Inventory	3,214,672	4,015,361
Other Current Assets	<u>148,883</u>	<u>32,616</u>
Total Current Assets	\$9,987,548	\$8,887,795
Property, Plant, & Equipment	<u>1,285,793</u>	<u>1,317,344</u>
<b>Total Assets</b>	\$11,273,341	\$10,205,139
<b>Liabilities &amp; Stockholder's Equity</b>		
Current Liabilities		
Note Payable	\$41,400	200,000
Accounts Payable	504,753	783,764
Dividends Payable	81,600	81,600
Accrued Taxes	2,147,744	14,727
Other Accruals	<u>0</u>	<u>518,829</u>
Total Current Liabilities	\$2,775,497	\$1,598,920
Stockholder's Equity		
Common Stock Outstanding	\$816,000	\$816,000
Additional Paid-in Capital	17,862	17,862
Dividends Paid	0	-244,800
Retained Earnings	<u>7,663,982</u>	<u>8,017,157</u>
Total Stockholder's Equity	\$8,497,844	\$8,606,219
<b>Total Liabilities &amp; Stockholder's Equity</b>	\$11,273,341	\$10,205,139

## INCOME STATEMENT

	Third Quarter Ended April 30		Nine Months Ended April 30	
	2008	2007	2008	2007
Sales	\$2,554,682	\$2,140,420	\$7,516,400	6,216,254
Income (Loss) Before Income Taxes	162,154	58,666	588,624	225,420
Income Taxes (Est.)	64,861	23,466	235,450	90,168
Net Income (Loss)	97,293	35,200	353,174	135,252
Earnings (Loss) Per Share	.12	.04	.43	.17

The above figures compare results from the Third Quarter and the first nine months of this fiscal year with results from the Third Quarter and the first nine months of last fiscal year for continuing operations. Results from Universal Distribution LLC, which was sold in July 2007, were eliminated.

Sales for the Third Quarter were 19% higher than the Third Quarter a year ago, resulting in sales the first nine months exceeding sales the first nine months a year ago by 21%. Sales of **ReTech**<sup>TM</sup> remanufactured transfer cases continue to lead the sales growth with sales increase of over \$1,100,000, or a unit sales increase of 1,519 units. Caliper sales also increased significantly by over \$400,000, or a unit sales increase of 5,791 units. These sales increases are due to expansion of the customer base, and to increased purchases by existing customers.

Income from continuing operations the first nine months of this fiscal year was higher than the same period the previous year. Several factors contributed to this earnings increase, including increased sales volume, income from investments, and reduced warranty expense.

Donald D. Heupel  
President

### Forward Looking Statements:

Statements herein that are not historical facts, including statements about the Company's confidence and strategies and the Company's expectations about future market opportunities, market demand or acceptance of the Company's products are forward looking statements that involve risks and uncertainties. These uncertainties include, without limitation, the effect of general economic and market conditions, customer requirement for our products, the continuing strength of the automotive industry, competitor pricing, maintenance of our current momentum, weather conditions and other factors.

**ReTech** is a registered trademark of Universal Mfg. Co.