

To Shareholders of Universal Mfg. Co.

**SIX MONTH OPERATING REPORTS  
FOR SECOND QUARTER ENDED JANUARY 31, 2009**  
(Not audited by Independent Public Accountants)

**BALANCE SHEET**

	July 31, 2008	January 31, 2009
<b>Assets</b>		
Current Assets		
Cash & Equivalents	\$2,331,095	\$2,267,243
Accounts Receivable	1,800,814	2,041,651
Inventory	3,963,095	3,805,658
Other Current Assets	<u>260,450</u>	<u>30,189</u>
Total Current Assets	\$8,355,454	\$8,144,741
Property, Plant, & Equipment	<u>1,279,163</u>	<u>1,256,528</u>
<b>Total Assets</b>	<b>\$9,634,617</b>	<b>\$9,401,269</b>
<b>Liabilities &amp; Stockholder's Equity</b>		
Current Liabilities		
Line of Credit	\$00	220,000
Accounts Payable	442,270	371,517
Dividends Payable	81,600	00
Accrued Taxes	608,236	-59,360
Other Accruals	<u>0</u>	<u>384,173</u>
Total Current Liabilities	\$1,132,106	\$916,330
Stockholder's Equity		
Common Stock Outstanding	\$816,000	\$816,000
Additional Paid-in Capital	17,862	17,862
Dividends Paid	0	-81,600
Retained Earnings	<u>7,668,649</u>	<u>7,732,677</u>
Total Stockholder's Equity	\$8,502,511	\$8,484,939
<b>Total Liabilities &amp; Stockholder's Equity</b>	<b>\$9,634,617</b>	<b>\$9,401,269</b>

## INCOME STATEMENT

	Second Quarter Ended January 31		Six Months Ended January 31	
	2009	2008	2009	2008
Sales	\$2,326,113	\$2,468,833	\$4,836,971	4,961,718
Income (Loss) Before Income Taxes	18,012	199,957	108,679	426,471
Income Taxes (Est.)	7,427	79,982	44,653	170,588
Net Income (Loss)	10,585	119,975	64,026	255,883
Earnings (Loss) Per Share	.01	.15	.08	.31

The uncertain economic conditions have had an affect on the operating results of Universal Mfg. Co. After several quarters of increasing sales, sales for the Second Quarter of fiscal year 2008-2009 decreased from the previous quarter by 7.4%, and from the Second Quarter a year ago by 5.9%. As a result, sales for the first six months of the fiscal year were 2.5% lower than the same period a year ago.

Sales of two product lines, specifically remanufactured brake calipers and new fuel pumps, did increase in sales the first six months of the current fiscal year from the same period a year ago, due to an expanded customer base. However, sales of remanufactured transfer cases and remanufactured fuel pumps decreased, resulting in an overall decrease in sales.

Customers appeared to very reluctant to carry inventories toward the close of the 2008 calendar year, therefore orders were lighter than in previous periods. The current level of order activity suggests that this period of inventory adjustment may be approaching completion, and sales trends are more positive. In addition, harsh weather conditions in many parts of the country have increased demand for transfer cases.

Income for the first six months of this fiscal year was lower than the same period the previous year, due to lower sales volume and to reduced income from investments.

The Board of Directors of Universal Mfg. Co., adopting a conservative approach and exercising a prudent degree of caution, has chosen not to declare a dividend for the quarter ended January 31, 2009. This decision was reached due to the uncertainty of the current economic climate.

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.