

To Shareholders of Universal Mfg. Co.

**CONSOLIDATED SIX MONTH OPERATING REPORTS
FOR SECOND QUARTER ENDED JANUARY 31, 2011**
(Not audited by Independent Public Accountants)

BALANCE SHEET

	July 31, 2010	January 31, 2011
Assets		
Current Assets		
Cash & Equivalents	\$2,876,797	(\$175,679)
Accounts Receivable	1,920,735	3,202,044
Inventory	4,022,078	4,252,961
Other Current Assets	<u>18,964</u>	<u>46,816</u>
Total Current Assets	\$8,838,574	\$7,326,142
Other Assets		
Property, Plant, & Equipment	1,173,063	2,804,561
Goodwill		4,898,600
Non Compete Covenant		<u>98,889</u>
Total Other Assets	<u>\$1,173,063</u>	<u>\$7,802,050</u>
Total Assets	\$10,011,637	\$15,128,192
Liabilities & Stockholders Equity		
Current Liabilities		
Note Payable – Line of credit		353,916
Billings in Excess		189,561
Accounts Payable	382,923	724,471
Accrued Taxes	95,161	(111,436)
Other Accruals	<u>419,281</u>	<u>591,299</u>
Total Current Liabilities	\$897,365	\$1,747,811
Long Term Liabilities		
Notes Payable		\$3,725,008
Stockholder's Equity		
Common Stock Outstanding	\$816,000	\$860,766
Additional Paid-in Capital	17,862	473,096
Retained Earnings	<u>8,280,410</u>	<u>8,321,511</u>
Total Stockholder's Equity	\$9,114,272	\$9,655,373
Total Liabilities & Stockholder's Equity	\$10,011,637	\$15,128,192

CONSOLIDATED INCOME STATEMENT

	Second Quarter Ended January 31		Six Months Ended January 31	
	2011	2010	2011	2010
Sales	\$3,896,946	\$2,675,860	\$6,543,282	5,052,494
Income Before Income Taxes	125,042	262,020	129,428	352,192
Income Taxes (Est.)	86,792	104,808	88,327	140,877
Net Income	38,250	157,212	41,101	211,315
Earnings Per Share	.04	.19	.05	.26

The above are consolidated operating results of Universal Mfg. Co., including its newly formed wholly owned subsidiary Man Lift Mfg. Co., for its Second Quarter 2010-11 (the "Quarter") and Year to Date 2010-11 ("YTD") compared to the same periods for the prior year. As reported earlier, on December 1, 2010, the Company completed, through Man Lift Mfg. Co., the acquisition of substantially all of the assets of Man & Material Lift Engineering, LLC ("MLE") and HB Enterprises, LLC, a sister limited liability company that owned certain assets used in the operation of the business of MLE (the "Acquisition"). The completion of the Acquisition has changed our balance sheet materially. Changes specifically related to the Acquisition include, among other things, a significant reduction in cash, the addition of substantial term debt and the issuance of 44,766 shares of restricted common stock. Additionally, significant expenses related to the Acquisition are reported in the operating results. Per share numbers are impacted by the additional shares outstanding; no adjustment has been made to prior year.

Consolidated sales increased 45.6% and 29.5% for the Quarter and YTD, respectively. Net earnings decreased to \$38,250 and \$41,101 for the Quarter and YTD, respectively; however, as noted above, these results include significant non-operating cost associated with the Acquisition.

Sales in the ReTech division remain slightly ahead of last year and on budget; however, margins have been challenging due to limited availability of parts resulting in less gross margin. The new Man Lift operation has contributed to both revenue and income for its first two months of operation as a part of the Company.

The above balance sheet also reflects a new credit facility that management believes allows the Company adequate funding for its ongoing operations including additional needs resulting from the recently completed Acquisition.

Donald L. Dunn
President
Universal Mfg. Co.

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 industries in which we operate, competitor pricing, maintenance of our current momentum, weather conditions and other factors.