

To Shareholders of Universal Mfg. Co.

**CONSOLIDATED THREE MONTH OPERATING REPORTS  
FOR FIRST QUARTER ENDED OCTOBER 31, 2011  
(Not audited by Independent Public Accountants)**

**BALANCE SHEET**

	July 31, 2011	Oct. 31, 2011
<b>Assets</b>		
Current Assets		
Cash & Equivalents	(491,871)	(218,995)
Accounts Receivable	2,236,671	3,117,606
Inventory	3,767,036	3,990,987
Other Current Assets	<u>69,521</u>	<u>65,209</u>
Total Current Assets	\$5,581,357	\$6,954,808
Other Assets		
Property, Plant, & Equipment	2,658,184	2,572,229
Goodwill	4,898,600	4,898,600
Non Compete Covenant	<u>95,556</u>	<u>93,889</u>
Total Other Assets	\$7,652,340	\$7,564,718
<b>Total Assets</b>	<b>\$13,233,697</b>	<b>\$14,519,526</b>
<b>Liabilities &amp; Stockholders Equity</b>		
Current Liabilities		
Note Payable – Line of credit	319,583	414,169
Current Portion of LTD	260,011	260,011
Billings in Excess	(1,746,358)	(185,344)
Accounts Payable	747,101	578,495
Accrued Taxes	26,971	40,230
Other Accruals	<u>382,906</u>	<u>319,347</u>
Total Current Liabilities	\$(9,786)	\$1,426,908
Long Term Liabilities		
Notes Payable	\$3,584,765	\$3,521,431
Stockholder's Equity		
Common Stock Outstanding	860,766	\$860,766
Additional Paid-in Capital	473,096	473,096
Retained Earnings	<u>8,324,856</u>	<u>8,237,354</u>
Total Stockholder's Equity	\$9,658,718	\$9,571,186
<b>Total Liabilities &amp; Stockholder's Equity</b>	<b>\$13,233,697</b>	<b>\$14,519,525</b>

## CONSOLIDATED INCOME STATEMENT

	Quarter Ended October 31		3 Months Ended October 31	
	2011	2010	2011	2010
Sales	\$3,902,583	\$2,646,336	\$3,902,583	\$2,646,336
Income Before Income Taxes	(134,664)	4386	(134,664)	4386
Income Taxes (Est.)	(47,132)	1535	(47,132)	1535
Net Income	(87,531)	2851	(87,531)	2851
Earnings Per Share	(.10)	.00	(.10)	.00

The above are consolidated operating results of Universal Mfg. Co., including its ReTech operating division ("ReTech") and operating subsidiary Man Lift Mfg. Co. ("Man Lift") (collectively, the "Company") for the first quarter, August 2011 through October 2011 (the "Quarter") and the first three months of our current fiscal year ("YTD") as compared to the same periods for the prior year. Income performance of the Company is disappointing. Sales for the Quarter increased 47.5% compared to the same quarter of last year and 47.5% YTD over prior YTD. Increases are due in large part to the addition of the Man Lift operation as of December 1, 2010. Loss is attributable to lower than expected revenues in the Man Lift operation and substantial product development expense. Management does anticipate recognition of value related to the product development expense within this fiscal year.

ReTech revenues were 3% under budget but 6% over prior year. At operating income, ReTech is 1.6% under budget, but 3.5% more than prior year. Man Lift experienced a slowdown in orders in the quarter resulting in a loss at operations roughly equal to product development expenses incurred. Both operations have been negatively impacted by energy and health insurance costs that have increased materially. Operations generated cash flow of approximately \$250,000 for the Quarter and YTD.

### *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.*