To: Shareholders of Universal Mfg. Co.

**CONSOLIDATED SIX MONTH OPERATING REPORTS**
**FOR SECOND QUARTER ENDED JANUARY 31, 2012**
(Not audited by Independent Public Accountants)

**BALANCE SHEET**

| | July 31, 2011 | Jan. 31, 2012 |
|---|---|---|
| **Assets** | | |
| Current Assets | | |
| Cash & Equivalents | (491,871) | 142,433 |
| Accounts Receivable | 2,236,671 | 3,042,236 |
| Inventory | 3,767,036 | 3,718,906 |
| Other Current Assets | 69,521 | 39,034 |
| Total Current Assets | $5,581,357 | $6,942,608 |
| Other Assets | | |
| Property, Plant, & Equipment | 2,658,184 | 2,485,966 |
| Goodwill | 4,898,600 | 4,898,600 |
| Non Compete Covenant | 95,556 | 92,222 |
| Total Other Assets | $7,652,340 | $7,476,788 |
| **Total Assets** | $13,233,697 | $14,419,396 |
| **Liabilities & Stockholders Equity** | | |
| Current Liabilities | | |
| Notes Payable – Line of Credit | 319,583 | 0 |
| Current Portion of LTD | 260,011 | 260,011 |
| Billings in Excess | (1,746,358) | (179,144) |
| Accounts Payable | 747,101 | 628,072 |
| Accrued Taxes | 26,971 | 236,826 |
| Other Accruals | 382,906 | 297,822 |
| Total Current Liabilities | $(9,786) | $1,243,588 |
| Long Term Liabilities | | |
| Notes Payable | $3,584,765 | $3,459,449 |
| Stockholder's Equity | | |
| Common Stock Outstanding | 860,766 | $860,766 |
| Additional Paid-in Capital | 473,096 | 473,096 |
| Retained Earnings | 8,324,856 | 8,382,498 |
| Total Stockholder's Equity | $9,658,718 | $9,716,360 |
| **Total Liabilities & Stockholder's Equity** | $13,233,697 | $14,419,396 |

**CONSOLIDATED INCOME STATEMENT**

| | Quarter Ended January 31 | | 6 Months Ended January 31 | |
|---|---|---|---|---|
| | 2012 | 2011 | 2012 | 2011 |
| Sales | $4,470,938 | $3,896,946 | $8,373,521 | $6,543,282 |
| Income Before Income Taxes | 223,344 | 125,042 | 88,680 | 129,428 |
| Income Taxes (Est.) | 78,170 | 86,792 | 31,038 | 88,327 |
| Net Income | 145,173 | 38,250 | 57,642 | 41,101 |
| Earnings Per Share | .17 | .04 | .07 | .05 |

The above are consolidated operating results of Universal Mfg. Co., including its ReTech operating division ("ReTech") and its operating subsidiary Man Lift Mfg. Co. ("Man Lift") (collectively, the "Company) for the 2nd Quarter ending January 31, 2012 (the "Quarter") and the first six months of the current fiscal year ("YTD") as compared to the same periods for the prior year. The Quarter returns the Company to profitability, although it still lags behind budget for the year. Sales for the Quarter increased 14.7% over the same quarter of last year and 28% over the prior YTD. Sales improved although the increase is still impacted by the acquisition of Man Lift as of December 1, 2010.

ReTech revenues were 12.2% under budget and YTD revenues are 2.9% under prior year. At operating income, ReTech is 3.46% under budget and flat compared to prior year. A mild winter has impacted sales of transfer cases; substantial effort has been placed on growing brake caliper business with success both in revenues and margin. Man Lift remains substantially under budget in revenue and operating income; there are no prior period comparisons. Sales have rebounded in the Quarter as has operating income; additionally, backlog has grown. As previously announced, Man Lift also welcomed Phil Sprio as new President & CEO as of January 1, 2012.

Corporate expenses are 28.7% under budget and 46.6% under prior year reflecting the impact of the onetime expenses related to the Man Lift acquisition last year.

Cash flow remains strong for the Company; term debt has been serviced as scheduled, operating line of credit has been used very sparingly and operations have generated in excess of $600,000 in cash 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.*