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EX-31.1	ex311.htm
	Exhibit 31.1
EX-31.2	ex312.htm
	Exhibit 31.2
EX-32	ex32.htm
	Exhibit 32
GRAPHIC	graphic1.jpg

Module and Segment References

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

Quarterly Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended March 31, 2011

Transition Report pursuant to 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from _____ to _____

Commission File Number: 333-165961

DM Products, Inc.

(Exact name of registrant as specified in its charter)

Nevada

(State or other jurisdiction of incorporation or
organization)

45-0460095

(IRS Employer Identification No.)

P.O. Box 2458

Walnut Creek, CA

(Address of principal executive offices)

925-943-2090

(Registrant's telephone number)

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the issuer was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company.

Large accelerated filer Accelerated filer
 Smaller reporting company

Non-accelerated filer

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

State the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: 239,932,847 common shares as of March 31, 2011.

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DIRECT MARKETING PRODUCTS

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

Our financial statements included in this Form 10-Q are as follows:

- [E-1 Consolidated Balance Sheets as of March 31, 2011 and December 31, 2010 \(unaudited\);](#)
- [E-2 Consolidated Statements of Operations for the three months ended March 31, 2011 and 2010 \(unaudited\);](#)
- [E-3 Consolidated Statement of Stockholders' Equity as of March 31, 2011 \(unaudited\);](#)
- [E-4 Consolidated Statements of Cash Flows for the three months ended March 31, 2011 and 2010 \(unaudited\); and](#)
- [E-5 Notes to Consolidated Financial Statements.](#)

These consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and the SEC instructions to Form 10-Q. In the opinion of management, all adjustments considered necessary for a fair presentation have been included. Operating results for the interim period ended March 31, 2011 are not necessarily indicative of the results that can be expected for the full year.

DM Products, Inc. And Subsidiaries
Consolidated Balance Sheet
(Unaudited)

	<u>March 31, 2011</u>	<u>December 31, 2010</u>
ASSETS		
Current Assets		
Cash and cash equivalents	885	2,714
Royalties Receivable	7,976	39,248
Employee Advances	5,000	5,000
Prepaid Expense	7,316	10,656
Total Current Assets	21,176	57,618
Property and Equipment - net	1,115	1,215
TOTAL ASSETS	22,291	58,833
LIABILITIES & SHAREHOLDERS' EQUITY		
Current Liabilities		
Accounts Payable	66,561	54,970
Accrued Expenses	75,653	45,653
Sales Tax Payable	2,424	2,424
Credit Cards Payable - current portion	9,702	8,531
Total Current Liabilities	154,340	111,578
Long Term Liabilities		
Credit Cards Payable - net of current portion	26,592	26,592
Total Liabilities	180,932	138,170
Stockholders' Equity (Deficit)		
Common Stock, \$0.001 par value, 300,000,000 shares authorized, 239,937,352 shares issued and outstanding (239,937,352 - 2010)	239,938	239,938
Additional Paid In Capital	611,571	611,571
Accumulated Deficit	(1,235,422)	(1,154,412)
Total DM Products, Inc. Stockholders' Equity (Deficit)	(383,913)	(302,903)
Non-Controlling Interest	225,272	223,566
Total Stockholders' Equity (Deficit)	(158,641)	(79,337)
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	22,291	58,833

DM Products, Inc. And Subsidiaries
Consolidated Statements of Operations
(Unaudited)

	<u>For the 3 months ended</u> <u>March 31, 2011</u>	<u>For the 3 months ended</u> <u>March 31, 2010</u>
Revenues		
Royalty income	8,053	5,495
Total revenues	<u>8,053</u>	<u>5,495</u>
Operating expenses		
Professional Fees	24,841	33,126
Salary & Wages	34,163	34,500
Consulting	9,104	184
General & Administrative expenses	19,249	14,655
Total operating expense	<u>87,357</u>	<u>82,465</u>
Income (Loss) from operations and before non-controlling Interest	(79,304)	(76,970)
Less: Income Attributable to non-controlling interest	<u>1,706</u>	<u>1,148</u>
Income (Loss) before income taxes	(81,010)	(78,118)
Provision for income taxes	<u>-</u>	<u>-</u>
Net Income (Loss)	<u>\$ (81,010)</u>	<u>(78,118)</u>
Net Income (Loss) per common share-basic and fully diluted	\$ (0.0003)	(0.0003)
Weighted average common shares outstanding-basic and diluted	239,907,352	239,097,352

DM Products, Inc. And Subsidiaries
Consolidated Statements of Shareholders' Equity
(Unaudited)

	Common Stock		Additional Paid In Capital	Non-Controlling Interest	Accumulated Deficit	Total Shareholders' Equity
	Shares	Amount				
Balance, December 31, 2010	239,937,352	\$ 239,938	\$ 611,571	\$ 223,566	\$ (1,154,412)	\$ (79,337)
Net income (loss) for the period ended March 31, 2011	-	-	-	1,706	(81,010)	(79,304)
Balance, March 31, 2011	239,937,352	\$ 239,938	\$ 611,571	\$ 225,272	\$ (1,235,422)	\$ (158,642)

DM Products, Inc. And Subsidiaries
Consolidated Statements of Cash Flows
(Unaudited)

	<u>For the 3 months ended</u> <u>March 31, 2011</u>	<u>For the 3 months ended</u> <u>March 31, 2010</u>
Cash flows from operating activities		
Net Loss	\$ (79,304)	(76,970)
Adjustment to reconcile net loss to net cash provided (used) by operating activities:		
Depreciation	100	100
Share-based compensation	-	-
Changes in operating assets and liabilities:		
Royalties receivable	31,272	54,213
Prepaid Expenses	3,340	4,249
Accounts payable	11,591	2,400
Accrued Expenses	30,000	(25,209)
Net cash provided (used) by operating activities	<u>(3,001)</u>	<u>(41,217)</u>
Cash flows from financing activities		
Net increase in credit card balances	1,172	9,039
Net cash provided by financing activities	<u>1,172</u>	<u>9,039</u>
Net increase (decrease) in cash	(1,829)	(32,178)
Cash at beginning of period	2,714	36,729
Cash at end of period	<u>\$ 885</u>	<u>4,551</u>
Supplemental disclosure of cash flow information:		
Interest paid	\$ 368	344
Taxes paid	<u>\$ 3,200</u>	<u>2,400</u>

DM Products, Inc. And Subsidiaries
Notes to Consolidated Financial Statements
(Unaudited)

Note 1: Summary of Significant Accounting Policies

Nature of Operations

DM Products, Inc.(the Company) was incorporated on March 1, 2001 as Effective Sport Nutrition Corporation. Subsequently, on April 11, 2005, the Company changed its name to Midwest E.S.W.T Corp and on December 14, 2005, it changed its name again to DM Products, Inc.

On July 18, 2005, the Company acquired Direct Success, Inc. a California Corporation in exchange for 70 % of the Company's Common Stock, making Direct Success, Inc. a wholly owned subsidiary of the Company. Midwest E.S.W.T agreed that a total of 114,851,043 shares of Restricted Common Stock were to be issued to shareholders of Direct Success, Inc.

The Company operates from Walnut Creek, California and it wholly owns Direct Success, Inc which owns 75% of Direct Success, LLC 3 a limited liability company formed on or about August 16, 2002. Direct Success, Inc entered into a joint venture with Buena Vista Infomercial Corporation which owns 25%. The purpose is to market products through direct response to television infomercials. The companies obtain the distribution, production, and licensing rights to a product in exchange for royalty agreements based on the sales of the products. The Company sets up the production, marketing and the distribution of the products.

On July 14, 2010 the Company incorporated a wholly owned subsidiary corporation Aliano, Inc. dba Aliano Westlake Village. The purpose of this fragrance and personal care division is to create, manufacture, distribute and sell prestige fragrances and beauty related products. Effective as of July 26, 2010 Aliano Inc. entered into an agreement with Portia Entertainment Group LLC for legal services described in the agreement. As per the agreement Portia Entertainment Group LLC is entitled to receive a fee of 5% on the Net Income earned by Aliano Inc. for celebrity endorsees introduce by Portia.

On April 8, 2010 a Form S-1 Registration Statement was completed and submitted to the Securities and Exchange Commission. The registration filing was declared effective on October 15, 2010. On April 21, 2010 an Information Statement Form 211 was submitted to the Financial Industry Regulatory Authority (FINRA) for active trading on the Over the Counter Bulletin Board (OTCBB). The filing was approved on November 09, 2010.

Basis of Consolidation

The consolidated financial statements include the accounts of DM Products, Inc., Direct Success, Inc. and the accounts of its 75% owned subsidiary Direct Success LLC 3. All material inter-company transactions have been eliminated.

Basis of Presentation

Certain information and footnote disclosures normally included in annual financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted. We believe that the disclosures are adequate to make the financial information presented not misleading. These condensed financial statements should be read in conjunction with the audited consolidated financial statements and the notes thereto for the year ended December 31, 2010. All adjustments were of a normal recurring nature unless otherwise disclosed. In the opinion of management, all adjustments necessary for a fair statement of the financial position results of operations for the interim period have been included. The results of operations for such interim periods are not necessarily indicative of the results for the full year.

Accounting Basis

The Company uses the accrual basis of accounting and accounting principles generally accepted in the United States of America ("GAAP" accounting). The Company has adopted a December 31 fiscal year end.

Cash and Cash Equivalents

All highly liquid investments with maturities of three months or less are considered to be cash equivalents. At March 31, 2011 and March 31, 2010, the Company had cash balances of \$885 and \$4,551, respectively.

Fair Value of Financial Instruments

The Company's financial instruments consist of cash and cash equivalents, accounts receivable, prepaid expense, accounts payable, sales tax payable, and other current liabilities. The carrying amount of these financial instruments approximates fair value due either to length of maturity or interest rates that approximate prevailing market rates unless otherwise disclosed in these financial statements.

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[Income Taxes](#)

Income taxes are computed using the asset and liability method. Under the asset and liability method, deferred income tax assets and liabilities are determined based on the differences between the financial reporting and tax bases of assets and liabilities and are measured using the currently enacted tax rates and laws. A valuation allowance is provided for the amount of deferred tax assets that, based on available evidence, are not expected to be realized. It is the Company's policy to classify interest and penalties on income taxes as interest expense or penalties expense. As of March 31, 2011, there have been no interest or penalties incurred on income taxes.

[Use of Estimates](#)

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

[Revenue Recognition](#)

The Company records revenue in accordance with ASC Topic 605 - Revenue Recognition. During the period ended March 31, 2011 revenues came from royalties from the contract Banjo Minnow the fishing lure with TriStar Products, Inc. Revenues derived from the Company license sales are recognized when (1) there is evidence of an arrangement, (2) collection of our fee is considered probable and (3) the fee is fixed and determinable.

Direct Success entered into a manufacturing, marketing and distribution agreement with Banjo Buddies who is the inventor of Banjo Minnow, a fishing lure which Direct Success 3 had a license agreement to market the product since Oct 2002. The Company entered into a modification of said agreement in April 2005. On or about May 11, 2005 Direct Success LLC 3, subcontracted the manufacturing and distribution rights to TriStar Products, Inc. In March 2007, Direct Success granted back to Banjo, the right to license and privilege for internet sales and small parts sale of the product. Under the agreement, Banjo will pay Direct Success 4% royalty on all gross sales of product. As of date of settlement, effective January 1, 2010, Direct Success no longer receives the 4% royalty for internet and part sales from Banjo Buddies. The revenues are strictly based on the contractual obligation contained in the agreement with Tristar Products, Inc., which are the royalties received from the sales of the Banjo Minnow. These royalty arrangements with Tristar provide the Company with a flat \$4.00 (for unit sales under \$18) and \$5.00 (for unit sales over \$18), per unit sold domestically, and \$2.50 per unit sold internationally. The present retail price for the Banjo Minnow is \$19.95.

[Basic Income \(Loss\) Per Share](#)

Basic income (loss) per share is calculated by dividing the Company's net loss applicable to common shareholders by the weighted average number of common shares outstanding during the period. Diluted earnings per share is calculated by dividing the Company's net income available to common shareholders by the diluted weighted average number of shares outstanding during the year. The diluted weighted average number of shares outstanding is the basic weighted number of shares adjusted for any potentially dilutive debt or equity. There are no such common stock equivalents outstanding as of March 31, 2011.

[Advertising Policy](#)

The Company recognizes advertising expense as incurred. The Company recognized no advertising expense for the three months ended March 31, 2011 and March 31, 2010.

[Concentration of Risk](#)

The Company is earning (over 90%) the majority of the royalty income from Tristar Products, Inc. Since the Company is depending on Tristar Products, Inc, the inability of Tristar to perform in the future may have a material adverse effect on the Company's financial condition.

[Stock-Based Compensation](#)

The Company accounts for employee stock-based compensation in accordance with the guidance of FASB ASC Topic 718, Compensation – Stock Compensation which requires all share-based payments to employees, including grants of employee stock options, to be recognized in the financial statements based on their fair values. There was no stock-based compensation granted during the three months ended March 31, 2011 and March 31, 2010.

The Company follows ASC Topic 505-50, formerly EITF 96-18, "Accounting for Equity Instruments that are Issued to Other than Employees for Acquiring, or in Conjunction with Selling Goods and Services," for stock options and warrants issued to consultants and other non-employees. In accordance with ASC Topic 505-50, these stock options and warrants issued as compensation for services provided to the Company are accounted for based upon the fair value of the services provided or the estimated fair market value of the option or warrant, whichever can be more clearly determined. The fair value of the equity instrument is charged directly to operating expense and additional paid-in capital over the period during which services are rendered. There was no stock-based compensation issued to non-employees during the three months ended March 31, 2011 and March 31, 2010.

Recent Accounting Pronouncements

The Company does not expect the adoption of recently issued accounting pronouncements to have a significant impact on the Company's results of operations, financial position or cash flow.

Note 2: Prepaid Expenses

Prepaid expenses consisted of the following at March 31:

	<u>2011</u>	<u>2010</u>
Prepaid insurance	\$ 7,316	\$ 8,155
Total Prepaid Expenses	<u>\$ 7,316</u>	<u>\$ 8,155</u>

Note 3: Property & Equipment

Property and equipment are carried at cost. Major expenditures and those which substantially increase useful lives are capitalized. Maintenance, repairs and minor renewals are charged to operations when incurred. When property and equipment is sold or otherwise disposed of, the asset account and related accumulated depreciation account are relieved, and any gain or loss is included in operations. Once placed in service, depreciable assets are depreciated over their estimated useful lives using both accelerated and straight-line methods.

Depreciation expenses totaled \$100 and \$100 for the three months ended March 31, 2011 and March 31, 2010, respectively.

Note 4: Non-Controlling Interest

The Company has owned 75% of Direct Success LLC 3 (LLC 3) since 2002. The assets and liabilities of Direct Success LLC 3 have been included in these consolidated financial statements. The 25% of LLC 3 not owned by the Company has been presented as a non-controlling interest in these financial statements.

Note 5: Accrued Expenses

Accrued expenses consist of accrued wages under an employee agreement entered into on the 20th day of April, 2007 by and between the Company and its President. According to the agreement, employee's starting salary is \$6,000 per month during the first 90 days following execution of the agreement or after \$500,000 in capital is raised. After such period of time, employee's salary shall be increased to \$10,000 per month. Should the company determine it in the best interest not to pay employee's entire monthly compensation, at any time, any such compensation shall be treated as deferred compensation and will accumulate on the books and provided to employee at employee's sole discretion, taking into consideration the funds available and the best interest of the Company.

The accrued wages owed under the employment agreement as of March 31, 2011 and March 31, 2010, respectively, were \$75,653 and \$25,653.

Salary expense to the related party was \$30,000 and \$30,000 for the three months ended March 31, 2011 and March 31, 2010, respectively.

Note 6: Common Stock

The Company has 300,000,000 shares of \$0.001 par value common stock authorized. The Company had 239,937,352 shares of common stock issued and outstanding as of March 31, 2011 and 239,907,352 shares issued and outstanding as of March 31, 2010.

In 2010, a share correction was made. 30,000 shares were issued to an investor who had paid for the shares in a prior year, but had never been issued the shares. There were no other share issuances in 2010.

Note 7: Related Party Transactions

The Company has entered in a consulting contract with Michael Debenon, Esq. for \$6,000 per month on a month to month basis for general counsel. On February 1, 2011 the above contract was terminated. Legal expenses to related party was \$18,000 and \$12,000 for the three months ended March 31, 2011 and March 31, 2010, respectively.

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Note 8: Income Taxes

As of March 31, 2011, the Company had net operating loss carry forwards of approximately \$1,235,422 that may be available to reduce future years' taxable income through 2030. Future tax benefits which may arise as a result of these losses have not been recognized in these financial statements, as their realization is determined not likely to occur and accordingly, the Company has recorded a valuation allowance for the deferred tax asset relating to these tax loss carry-forwards.

The provision for federal income tax consists of the following:

	<u>March 31,</u> <u>2011</u>	<u>December</u> <u>31,</u> <u>2010</u>
Federal income tax attributable to:		
Current Operations	\$ 27,543	\$ 74,567
Less: valuation allowance	\$ (27,543)	\$ (74,567)
Net provision for Federal income taxes	<u> </u>	<u> </u>

The provision for federal income tax consists of the following: The cumulative tax effect at the expected rate of 34% of significant items comprising our net deferred tax amount is as follows:

	<u>March 31,</u> <u>2011</u>	<u>December</u> <u>31,</u> <u>2010</u>
Deferred tax asset attributable to:		
Net operating loss carryover	\$ 420,044	\$ 392,500
Less: valuation allowance	\$ (420,044)	\$ (392,500)
Net deferred tax asset	<u> </u>	<u> </u>

Due to the change in ownership provisions of the Tax Reform Act of 1986, net operating loss carry forwards of \$1,235,422 for federal income tax reporting purposes are subject to annual limitations. Should a change in ownership occur, net operating loss carry forwards may be limited as to use in future years.

Note 9: Commitments and Contingencies

On October 18, 2010, the Company executed two Conditional Employment Agreements for the conditional hiring of a CEO and COO for Aliano, Inc., the wholly-owned subsidiary of DM Products, Inc. The Employment agreements are conditional upon the Company successfully procuring \$3,000,000 of investment capital. Each agreement also contains a provision for the issuance of 15,000,000 stock options at date of hire.

The CEO and employees of the Company work from their homes. The fair market value of rents contributed by the related parties are estimated to be \$50.00 per month, which is immaterial to the company's financial statements, therefore, an entry to record the value of rents contributed has not been recorded on the Company's books.

Note 10: Going Concern

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. The Company has sustained substantial losses since inception, has a working capital deficit, and is in need of additional capital to grow its operations so that it can become profitable.

In view of this matter, the ability of the Company to continue as a going concern is dependent upon growth of revenues and the ability of the Company to raise additional capital. Management believes that its successful ability to raise capital and increases in revenues will provide the opportunity for the Company to continue as a going concern.

Note 11: Subsequent Events

Management has evaluated subsequent events through May 16, 2011, the date these financial statements were issued, and has determined that it does not have any additional material subsequent events to disclose.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Forward-Looking Statements

Certain statements, other than purely historical information, including estimates, projections, statements relating to our business plans, objectives, and expected operating results, and the assumptions upon which those statements are based, are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These forward-looking statements generally are identified by the words "believes," "project," "expects," "anticipates," "estimates," "intends," "strategy," "plan," "may," "will," "would," "will be," "will continue," "will likely result," and similar expressions. We intend such forward-looking statements to be covered by the safe-harbor provisions for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995, and are including this statement for purposes of complying with those safe-harbor provisions. Forward-looking statements are based on current expectations and assumptions that are subject to risks and uncertainties which may cause actual results to differ materially from the forward-looking statements. Our ability to predict results or the actual effect of future plans or strategies is inherently uncertain. Factors which could have a material adverse affect on our operations and future prospects on a consolidated basis include, but are not limited to: changes in economic conditions, legislative/regulatory changes, availability of capital, interest rates, competition, and generally accepted accounting principles. These risks and uncertainties should also be considered in evaluating forward-looking statements and undue reliance should not be placed on such statements. We undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise. Further information concerning our business, including additional factors that could materially affect our financial results, is included herein and in our other filings with the SEC.

Executive Overview

We, through our wholly owned subsidiary, Direct Success, Inc., develop, finance, produce, market and distribute beauty, fashion, fitness and other products for sale through infomercial marketing and distribution channels. Profits are derived from inbound sales, outbound sales, up sells and retail distribution. Our primary objective is to penetrate this rapidly expanding industry by introducing consumer products to national and international markets through a series of infomercial campaigns. We intend to aggressively develop, finance, produce and market various new products for television infomercials. We intend to systematically expand our product list using a direct response model.

Our operational strategy consists of employing one of three distinct business alternatives for each product/infomercial:

- Complete Project Funding - The Company would obtain the exclusive licensing rights to products and pay a nominal royalty (2-5%) of gross sales to the product developer;
- Joint Venture Projects - The Company would share costs of production, marketing and distribution and would share revenues with product developers; and
- Straight Royalty Arrangements - The Company would partially finance the infomercials in exchange for a fixed royalty on gross sales.

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Of course, the key to our ability to continually attract new products and new product developers will, in large part, determine our success. As part of our strategy, we intend to, and have developed, strategic alliances with strong companies that are established operators in the infomercial and advertising industry. These companies include TriStar Products, Inc. and Script-to-Screen.

Our business is focused on improving shareholder returns with a particular emphasis on profitability and capital productivity.

Economic and market conditions have been, and continue to be, disruptive and volatile. The availability and cost of credit and currency volatility have obviously contributed to diminished expectations for the economy. These conditions, along with reduced consumer confidence and increased unemployment, have contributed to reductions in consumer spending, particularly on discretionary products such as the ones offered by DM Products.

Although we continually adjust our procurement, marketing and production schedules, together with an acute awareness of production costs, it is still uncertain as to when the economy will recover, and it is not clear that our current activities will sufficiently offset the impact of the poor economy on our net sales.

Plan of Operation

Since its acquisition of Direct Success, Inc. in July, 2005, we have focused primarily on the manufacturing, marketing, sale, and distribution of the Banjo Minnow Fishing Lure System (“Banjo Minnow”), via a direct marketing campaign, primarily promoted through the production and airing of a thirty minute infomercial. The exclusive rights to the Banjo Minnow were acquired through a Manufacturing, Marketing and Distribution Agreement entered into between Direct Success, LLC#3 and Banjo Buddies, Inc., dated October 10, 2003 (prior to the company’s acquisition of Direct Success, Inc.).

Direct Success, Inc., on or about August 16, 2003, entered into a joint venture with Buena Vista Infomercials, Inc. and formed Direct Success, LLC #3 (a Delaware Limited Liability Company) for the purpose of acquiring the exclusive manufacturing and distribution rights to the Banjo Minnow. Direct Success, LLC #3 is 75% owned by Direct Success, Inc, while the remaining 25% is owned by Buena Vista Infomercials, Inc.

On or about October 10, 2003, Direct Success, LLC #3 entered into an agreement with Banjo Buddies Inc. (the owner and inventor of the lure) in which Banjo granted to Direct Success, LLC #3 the exclusive rights to manufacture, use, distribute, sell, advertise, promote and otherwise exploit the Banjo Minnow. Direct Success, Inc. produced and financed the current infomercial featuring the Banjo Minnow and invested substantial capital in its promotion.

On or about May 11, 2005, Direct Success, LLC #3 subcontracted the manufacturing and distribution rights to TriStar Products, Inc. Pursuant to this subcontract, Direct Success, LLC #3 receives a royalty, based on sales generated by TriStar.

Diversification

We realize the need to expand on the products offered to consumers, thereby diversifying our commitments and attracting new customers. Our directors and officers are consistently approached with ideas for new products from various individuals and companies. It is expected that our officers and directors will continue to be “pitched” for new product ideas and that our referral sources will grow as we gain recognition in the infomercial industry. As opportunities arise, our officers and directors will present potential product ideas to our Board of Directors for its discussion and review.

In deciding which products to pursue, our Board will consider, among other things, the product's viability, costs of development and marketing, acceptable sales price point per unit, as well as the product's overall likelihood of success. In some instances, our Board may retain an outside consultant to evaluate such things as the product's likely market appeal or the product's optimal price point. Although we expect that our directors and officers will continue to be approached by inventors with viable products without any solicitation, the Board of Directors may decide to solicit product pitches or ideas in the future if the Board believes that such a strategy would be in the our best interest.

If the Board approves a product for further development, we intend to retain outside parties to produce the infomercial, assist in the design, the overall marketing campaign and sales process, and source and manufacture the product for competitive rates. When determining what parties to retain for these services, our Board of Directors will consider several factors, including a proven track record, cost and the ability to meet our timetable. We do not intend to retain any one service provider exclusively, and, instead we intend to seek competitive bids from numerous potential providers for each infomercial campaign.

Fragrance and Personal Care Division

On July 23, 2010, we formed Aliano, Inc., a Nevada Corporation and a wholly owned subsidiary of DM Products, Inc. The company was formed for the specific purpose of formulating, producing and marketing a line of luxury perfumes and personal care related products. As of the date of this filing, we have not engaged in any operations with this new line of business. We have, however, engaged in organizational activities, including provisionally appointing Mr. Robert Aliano to hold the position of President for Aliano, Inc., Mr. Joseph Sutman to hold the position of Chief Executive Officer and Mr. Frank Muskeni to hold the position of Chief Operations Officer. (Aliano, Inc. has been trade named “Aliano Westlake Village.”) We expect these gentlemen to be responsible for all aspects of the company's operations, including fragrance creation, packaging/presentation, product promotion, and campaign management.

Our pursuit of this line of business and the appointment of the foregoing persons to officer positions is, however, conditioned upon our ability to raise capital to fund this new line of business.

General

Our results of operations may vary significantly from period-to-period. Our revenues will fluctuate due to the seasonality of our products, customer buying patterns, product innovations and competition, our ability to meet customer demand, media and advertising campaigns, and our ability to attract new customers and renew existing sales relationships. In addition, our revenues are highly susceptible to economic factors, including, among other things: the overall condition of the U.S. economy and economics of other countries where we market our products; and the availability of credit, both in the U.S. and abroad.

Results of Operations for the three months ended March 31, 2011

Our revenue was \$8,053 for the three months ended March 31, 2011, an increase of \$ 2,558 for the same period ended March 31, 2010. For all periods mentioned above, our revenues were solely based on royalty payments, thus, our cost of goods sold during this period was zero. Pursuant to an arbitration settlement, the contractual term of our rights concerning the Banjo Minnow will continue through January 1, 2012, with an option to extend the contract for an additional six months.

Revenues during the first quarter of our fiscal year are traditionally low due to the seasonality of the fishing industry. Since our sole source of revenue, at this time, is based on sales of the Banjo Minnow Fishing Lure, management is not surprised with the amount received. It has been the company's experience that revenues increase during the second and third quarters of each fiscal year.

We have incurred an operating loss in the amount of \$79,304 and net loss in the amount of \$81,010 for the three months ended March 31, 2011 as compared to an operating loss \$76, 970 and net loss in the amount of \$78,118 for the same period ended March 31, 2010. We have incurred an operating loss in the amount of \$79,304 and a net loss in the amount of \$ 81,010 for the three months ended March 31, 2011 as compared to an operating loss in the amount of \$76,970 and net loss of \$78,118 for the same period ended March 31, 2010.

Factors contributing to the increased expenses during this same period were primarily the result of the increased legal, accounting, and auditing fees, as well as the increased general and administrative expenses, associated with the company's obtaining a fully reporting status in October, 2010. Additionally, the company has incurred increased expenses as a result of its formation of Aliano, Inc. and its due diligence in investigating the possibility of establishing a personal care products division.

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Liquidity and Capital Resources

As of March 31, 2011, we had total assets in the amount of \$22,291, consisting of \$885 in cash, \$7,976 in Tristar Receivables, \$5,000 employee advance, \$7,316 in Prepaid Expenses, and property and equipment of \$1,115. Our current liabilities as of March 31, 2011 were \$154,340. We had a working capital deficit of \$(133,164) as of March 31, 2011.

Our current monthly fixed expenses ("Burn Rate") are approximately \$30,000. Based on our history of revenues generated, we believe that we will have adequate funds for the duration of our distribution contract with Tristar, which will expire December 31, 2011, with an option to extend for six months. However, following the expiration of that agreement, and assuming the royalties received between the date of this filing and June 30, 2012 do not remain consistent with the royalties we have received to date, we will be faced with depletion of funds within a short period of time, should the company not have in place additional revenue streams or additional financing.

We also expect to launch a new line of fragrance and personal care products, aside from our infomercial business, through our subsidiary, Aliano, Inc. The expected short term cost associated with developing this line of business is roughly \$100,000. This money will be used to pay our management team, consultants, and to develop our product line and marketing channels. We will have to raise money to develop this line of business.

As of March 31, 2011, our cash reserves were \$885 and we do have a line of credit which enables us to access \$45,000. If we need to and cannot raise additional capital, we would be forced to discontinue operations.

Although we are anticipating the launch of our new line of personal care products under Aliano, Inc., we are still dependent upon infomercials royalties as our sole source of revenue. Our revenue was \$8,053 for the three months ended March 31, 2011. While it is anticipated that the company will continue to receive sufficient revenues from the royalties it receives from the sale of the Banjo Minnow, there is no certainty of this and no guarantees we will be successful in the launching of a new infomercial campaign. It is further not likely that the company will receive revenue from the operation of Aliano, Inc. in the foreseeable future, even should the company be able to acquire the capital necessary to launch its desired line of personal care products. If customers are not continually receptive to our Banjo Minnow infomercial, and not receptive to new infomercial content or product offerings, our revenues may dramatically decline. If that were to occur, we would be forced to rely on additional capital to support our current operations. In light of the current economic environment, as discussed elsewhere in this filing, it will be extremely difficult to raise the capital we may require. If both these conditions occur, we would be forced to cease operations.

Off Balance Sheet Arrangements

As of March 31, 2011, there were no off balance sheet arrangements.

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Item 3. Quantitative and Qualitative Disclosures About Market Risk

A smaller reporting company is not required to provide the information required by this Item.

Item 4T. Controls and Procedures

Disclosure Controls and Procedures

We carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) as of March 31, 2011. This evaluation was carried out under the supervision and with the participation of our Chief Executive Officer and our Chief Financial Officer, Kurtis Cockrum. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of March 31, 2011, our disclosure controls and procedures are effective. There have been no changes in our internal controls over financial reporting during the quarter ended March 31, 2011.

Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act are recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in our reports filed under the Exchange Act is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure.

Limitations on the Effectiveness of Internal Controls

Our management does not expect that our disclosure controls and procedures or our internal control over financial reporting will necessarily prevent all fraud and material error. Our disclosure controls and procedures are designed to provide reasonable assurance of achieving our objectives and our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures are effective at that reasonable assurance level. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the internal control. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Over time, control may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

We are not a party to any pending legal proceeding. We are not aware of any pending legal proceeding to which any of our officers, directors, or any beneficial holders of 5% or more of our voting securities are adverse to us or have a material interest adverse to us.

Item 1A: Risk Factors

A smaller reporting company is not required to provide the information required by this Item.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

There were no sales of equity securities during the period ended March 31, 2011.

Item 3. Defaults upon Senior Securities

None

Item 4. Removed and Reserved.

Item 5. Other Information

None

Item 6. Exhibits

Exhibit Number Description of Exhibit

[31.1](#) [Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002](#)

[31.2](#) [Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002](#)

[32.1](#) [Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002](#)

SIGNATURES

In accordance with the requirements of the Securities and Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

DM Products, Inc.

Date: May 16, 2011

By: /s/ Kurtis Cockrum
Kurtis Cockrum

Title: **Chief Executive Officer and Director**

CERTIFICATION

I, Kurtis Cockrum, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the quarter ended March 31, 2011 of DM Products, Inc. (the “registrant”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statement s were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15€and 15d-15€and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidate subsidiaries, is made known to us by others within thos entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statement s for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s first fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting.
5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or person performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: May 16, 2011

/s/ Kurtis Cockrum
By: Kurtis Cockrum
Title: Chief Executive Officer

CERTIFICATION

I, James Clarke, certify that;

1. I have reviewed this quarterly report on Form 10-Q for the quarter ended March 31, 2011 of DM Products, Inc. (the “registrant”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15 and 15d-15 and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s first fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting.
5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or person performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: May 16, 2011

/s/ James Clarke
By: James Clarke
Title: Chief Financial Officer

CERTIFICATION OF CHIEF EXECUTIVE OFFICER AND
CHIEF FINANCIAL OFFICER
PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly Report of DM Products, Inc. (the "Company") on Form 10-Q for the quarter ended March 31, 2011 filed with the Securities and Exchange Commission (the "Report"), I, Kurtis Cockrum and James Clarke, Chief Executive Officer and Chief Financial Officer, respectively, of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the consolidated financial condition of the Company as of the dates presented and the consolidated result of operations of the Company for the periods presented.

By: /s/ Kurtis Cockrum
Name: Kurtis Cockrum
Title: Principal Executive Officer and Director
Date: May 16, 2011

By: /s/ James Clarke
Name: James Clarke
Title: Principal Financial Officer and Director
Date: May 16, 2011