

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and
Stockholders of DM Products, Inc.

We have audited the accompanying balance sheet of DM Products, Inc. as of December 31, 2009, and the related statements of operations, stockholders' equity, and cash flows for the year then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of DM Products, Inc. as of December 31, 2009, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the financial statements, the Company is dependent on raising capital to fund operations. These conditions raise substantial doubt about its ability to continue as a going concern. Management's plans regarding those matters also are described in Note 2. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Beckstead and Watts, LLP

Henderson, NV

March 29, 2010

DM Products, Inc.
Consolidated Balance Sheet

| | December 31, 2009 |
|--|-------------------|
| ASSETS | |
| Current Assets | |
| Cash | 36,729 |
| Tristar Receivable | 59,708 |
| Prepaid Expense | 21,454 |
| Total Current Assets | 117,891 |
| Property and Equipment - net | 1,304 |
| TOTAL ASSETS | 119,195 |
| LIABILITIES & SHAREHOLDERS' EQUITY | |
| Current Liabilities | |
| Sales Tax Payable | 2,424 |
| Other Current Liabilities | 54,195 |
| Total Current Liabilities | 56,619 |
| Commitments and contingencies | |
| Shareholders' Equity (Deficit) | |
| Common Stock: \$0.001 par value; 300,000,000 shares authorized; 239,907,352 shares issued and outstanding at December 31, 2009 -Note 9 | 239,906 |
| Additional Paid In Capital | 761,601 |
| Accumulated Deficit | (938,933) |
| Shareholders' Equity (Deficit) | 62,576 |
| TOTAL LIABILITIES & SHAREHOLDERS' EQUITY | 119,195 |

The accompanying Notes are an integral part of these financial statements.

DM Products, Inc.
Consolidated Statements of Operations

| | For the year ended |
|--|--------------------|
| | December 31, 2009 |
| Revenues | |
| Royalty income | 363,767 |
| Total revenues | 363,767 |
| Operating expenses | |
| Depreciation | 1,709 |
| Outside services | 12,186 |
| Professional Fees | 91,060 |
| Salary & Wages - other | 137,500 |
| Salary- employer taxes | 11,151 |
| General & Administrative expenses | 66,369 |
| Total operating expense | 319,974 |
| Operating Income (Loss) from operations | 43,793 |
| Other Income | 47,277 |
| Income (Loss) before income taxes | 91,070 |
| Provision for income taxes | (2,400) |
| Net Income (Loss) | \$ 88,670 |
| | |
| Net Income (Loss) per common share-basic and fully diluted | \$ 0.0004 |
| | |
| Weighted average common shares outstanding-basic and diluted | 232,341,873 |

The accompanying Notes are an integral part of these financial statements.

DM Products, Inc.
Consolidated Statements of Shareholders' Equity

| | Common Stock | | Additional Paid In Capital | Accumulated Deficit | Total Shareholders' Equity |
|--|--------------|----------|-------------------------------|------------------------|-------------------------------|
| | Shares | Amount | | | |
| Balance at December 31, 2008 | 212,107,352 | 212,108 | 794,561 | (1,040,654) | (33,985) |
| Issuance of stock to corporation officer and independent consultant 40,000,000 shares at (\$.000176) per share | 40,000,000 | 40,000 | (32,960) | | 7,040 |
| Issuance of stock to corporation officer 3,000,000 shares at (\$.001) per share | 3,000,000 | 3,000 | | | 3,000 |
| Cancellation of Stock to Marc Tow 15,200,000 shares issued on 4/23/08 @ \$.001 | (15,200,000) | (15,200) | | | (15,200) |
| Retained Earnings Adjustment | | | | 13,051 | 13,051 |
| Net Income | | - | - | 88,670 | 88,670 |
| Balance at December 31, 2009 | 239,907,352 | 239,908 | 761,601 | (938,933) | 62,576 |

The accompanying Notes are an integral part of these financial statements.

DM Products, Inc.
Consolidated Statements of Cash Flows

| | For the year ended | |
|--|--------------------|----------|
| | December 31, 2009 | |
| Cash flows from operating activities | | |
| Net (Loss) | \$ | 88,670 |
| Adjustment to reconcile net (loss) to net cash (used) by operating activities: | | |
| Depreciation | | 1,709 |
| Share-based compensation | | 10,040 |
| Changes in operating assets and liabilities: | | |
| Accounts receivables | | 25,292 |
| Other assets | | (21,412) |
| Accounts payable | | (44,462) |
| Other payables | | (28,302) |
| Net cash (used) by operating activities | | 31,535 |
| Cash flow from investing activities | | |
| Purchase of property and equipment | | (2,607) |
| Net cash provided by investing activities | | (2,607) |
| Cash flows from financing activities | | |
| Advance from Credit Line | | 15 |
| Net cash provided by financing activities | | 15 |
| Net change in cash | | 28,943 |
| Cash at beginning of period | | 7,786 |
| Cash at end of period | \$ | 36,729 |
| Supplemental disclosure of cash flow information: | | |
| Interest paid | \$ | 459 |
| Taxes paid | \$ | 2,400 |

The accompanying Notes are an integral part of these financial statements.

DM Products, Inc.
Notes to Consolidated Financial Statements

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.

DM Products, Inc 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.

Cash and Cash Equivalents Policy

The Company considers all highly liquid investments with an original maturity of three months or less as cash equivalents.

Licensing Agreements

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 licence 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, 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 Direct Success no longer receive the 4% royalty for internet and part sales from Banjo Buddies.

Basis of consolidation

The consolidated financial statements include the accounts of DM Products, Inc., Direct Success, Inc. and the accounts of its 75% owned subsidiaries Direct Success LLC 3. (collectively referred to as Direct Success, Inc.) The Company consolidated all entities in which it has a controlling interest. All material inter-company transactions have been eliminated.

Property and 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.

Use of Estimates

Timely preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts, some of which may require revision in future period.

Advertising Policy

The Company recognizes advertising expense as incurred. The Company recognized no advertising expense for the year ended December 31, 2009

Impairment Policy

In the event that its tangible operational assets and finite life intangible assets are impaired, DM Products, Inc. will follow FASB topic 360 to measure any impairment loss. There has not been any impairment loss for 2009.

Long-lived Assets

Long-lived assets are evaluated when events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable through the estimated undiscounted future cash flows from the use of these assets. When any such impairment exists, the related assets will be written down to fair value.

Deposits

Deposits consist of \$0 for the year ended December 31, 2009 respectively. All deposits are carried at the lower of fair value or cost.

Insurance Liability

The Company maintains various insurance policies for workers' compensation, employee health, and officer and director. Pursuant to these policies, the Company is responsible for losses up to certain limits and is required to estimate a liability that represents the ultimate exposure for aggregate losses below those limits. No liability exists as of December 31, 2009, but in the event a liability is incurred, the amount will be based on management's estimates of the ultimate costs to be incurred to settle known claims and claims not reported as of the balance sheet date. Any future estimated liability may not be discounted and may be based on a number of assumptions and factors, including historical trends, actuarial assumptions, and economic conditions. If actual trends differ from the estimates, future financial results could be impacted.

Stock-based Compensation

The company policy requires all share-based payments to employees, including other equity-based compensation arrangements, to be recognized in the financial statements based on the grant date fair value of the awards or par value. During the year ended December 31, 2009, stock-based compensation expense totaled \$10,040. See note 10 Related Parties for further discussion.

Concentration of Risk

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

Intangible Assets

Intangible assets subject to amortization include organization costs and informercial production costs. Organization costs and informercial production costs are being amortized on a straight-line basis over five years and three years, respectively.

Earnings (Loss) Per Share

We use FASB ASC Topic 260, "Earnings per Share" (ASC 260) for calculating the basic and diluted earnings per share. We compute basic earnings per share by dividing the income attributable to common shareholders by the weighted average number of common shares outstanding. Diluted earnings per share include the dilutive effect, if any, from the potential exercise of stock options and warrants using the treasury stock method, as well as the dilutive effect from outstanding restricted Common Stock. Potential common shares not included in the calculation of net income per share, since their effect would be anti-dilutive. Per share basic and diluted net income (loss) amounted to \$0.0004 for the year ended December 31, 2009.

Prepaid Expenses

Prepaid expenses include prepaid audit fees and prepaid insurance. Prepaid expenses as of December 31, 2009 is \$21,454.

Fair Market Value Policy

In the first quarter of fiscal year 2008, the Company adopted FASB ASC Topic 820, "Fair Value Measurements and Disclosures" (ASC 820) as amended by ASC Topic 820-10-55. ASC 820 defines fair value, establishes a framework for measuring fair value, and enhances fair value measurement disclosure. ASC Topic 820-10-55 delays, until the first quarter of fiscal year 2009, the effective date for ASC 820 for all non-financial assets and non-financial liabilities, except those that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually). The adoption of ASC 820 did not have a material impact on the Company's financial position or operations.

New Accounting Policies in 2009

On July 1, 2009, the Accounting Standards Codification ("ASC") became FASB's officially recognized source of authoritative U.S. generally accepted accounting principles applicable to all public and non-public non-governmental entities, superseding existing FASB, AICPA, EITF and related literature. Rules and interpretive releases of the SEC under the authority of federal securities laws are also sources of authoritative GAAP for SEC registrants. All other accounting literature is considered non-authoritative. The switch to the ASC affects the way companies refer to U.S. GAAP in financial statements and accounting policies. Citing particular content in the ASC involves specifying the unique numeric path to the content through the Topic, Subtopic, Section and Paragraph structure.

FASB ASC Topic 260, "Earnings Per Share." New authoritative accounting guidance under FASB ASC Topic 260, "Earnings Per Share," provides that unvested share-based payment awards that contain nonforfeitable rights to dividends or dividend equivalents (whether paid or unpaid) are participating securities and shall be included in the computation of earnings per share pursuant to the two-class method. The new authoritative accounting guidance will be effective for the Company's consolidated financial statements beginning November 1, 2009 and is not expected to have a significant impact on the Company's consolidated financial statements.

FASB ASC Topic 320, "Investments - Debt and Equity Securities." New authoritative accounting guidance under ASC Topic 320, "Investments - Debt and Equity Securities," (i) changes existing guidance for determining whether an impairment is other than temporary to debt securities and (ii) replaces the existing requirement that the entity's management assert it has both the intent and ability to hold an impaired security until recovery with a requirement that management assert: (a) it does not have the intent to sell the security; and (b) it is more likely than not it will not have to sell the security before recovery of its cost basis. Under ASC Topic 320, declines in the fair value of held-to-maturity and available-for-sale securities below their cost that are deemed to be other than temporary are reflected in earnings as realized losses to the extent the impairment is related to credit losses. The amount of the impairment related to other factors is recognized in other comprehensive income. The new authoritative accounting guidance will be effective for the Company's consolidated financial statements beginning November 1, 2009 and is not expected to have a significant impact on the Company's consolidated financial statements.

FASB ASC Topic 805, "Business Combinations." New authoritative accounting guidance under ASC Topic 805, "Business Combinations," applies to all transactions and other events in which one entity obtains control over one or more other businesses. ASC Topic 805 requires an acquirer, upon initially obtaining control of another entity, to recognize the assets, liabilities and any non-controlling interest in the acquiree at fair value as of the acquisition date. Contingent consideration is required to be recognized and measured at fair value on the date of acquisition rather than at a later date when the amount of that consideration may be determinable beyond a reasonable doubt. This fair value approach replaces the cost-allocation process required under previous accounting guidance whereby the cost of an acquisition was allocated to the individual assets acquired and liabilities assumed based on their estimated fair value. ASC Topic 805 requires acquirers to expense acquisition-related costs as incurred rather than allocating such costs to the assets acquired and liabilities assumed, as was previously the case under prior accounting guidance. Assets acquired and liabilities assumed in a business combination that arise from contingencies are to be recognized at fair value if fair value can be reasonably estimated. If fair value of such an asset or liability cannot be reasonably estimated, the asset or liability would generally be recognized in accordance with ASC Topic 450, "Contingencies." Under ASC Topic 805, the requirements of ASC Topic 420, "Exit or Disposal Cost Obligations," would have to be met in order to accrue for a restructuring plan in purchase accounting. Pre-acquisition contingencies are to be recognized at fair value, unless it is a non-contractual contingency that is not likely to materialize, in which case, nothing should be recognized in purchase accounting and, instead, that contingency would be subject to the probable and estimable recognition criteria of ASC Topic 450, "Contingencies." The new authoritative accounting guidance will be effective for the Company's consolidated financial statements beginning November 1, 2009 and is not expected to have a significant impact on the Company's consolidated financial statements.

FASB ASC Topic 810, "Consolidation." New authoritative accounting guidance under ASC Topic 810, "Consolidation," amended prior guidance to establish accounting and reporting standards for the non-controlling interest in a subsidiary and for the deconsolidation of a subsidiary. Under ASC Topic 810, a non-controlling interest in a subsidiary, which is sometimes referred to as minority interest, is an ownership interest in the consolidated entity that should be reported as a component of equity in the consolidated financial statements. Among other requirements, ASC Topic 810 requires consolidated net income to be reported at amounts that include the amounts attributable to both the parent and the non-controlling interest. It also requires disclosure, on the face of the consolidated income statement, of the amounts of consolidated net income attributable to the parent and to the non-controlling interest.

Further new authoritative accounting guidance under ASC Topic 810 amends prior guidance to change how a company determines when an entity that is insufficiently capitalized or is not controlled through voting (or similar rights) should be consolidated. The determination of whether a company is required to consolidate an entity is based on, among other things, an entity's purpose and design and a company's ability to direct the activities of the entity that most significantly impact the entity's economic performance. The new authoritative accounting guidance requires additional disclosures about the reporting entity's involvement with variable-interest entities and any significant changes in risk exposure due to that involvement as well as its affect on the entity's financial statements. The new authoritative accounting guidance under ASC Topic 810 will be effective for the Company on November 1, 2009 and is not expected to have a significant impact on the Company's consolidated financial statements.

FASB ASC Topic 815, "Derivatives and Hedging." New authoritative accounting guidance under ASC Topic 815, "Derivatives and Hedging," amends prior guidance to amend and expand the disclosure requirements for derivatives and hedging activities to provide greater transparency about (i) how and why an entity uses derivative instruments, (ii) how derivative instruments and related hedge items are accounted for under ASC Topic 815, and (iii) how derivative instruments and related hedged items affect an entity's financial position, results of operations and cash flows. To meet those objectives, the new authoritative accounting guidance requires qualitative disclosures about objectives and strategies for using derivatives, quantitative disclosures about fair value amounts of gains and losses on derivative instruments and disclosures about credit-risk-related contingent features in derivative agreements. The new authoritative accounting guidance under ASC Topic 815 will be effective for the Company on November 1, 2009 and is not expected to have a significant impact on the Company's consolidated financial statements.

FASB ASC Topic 820, "Fair Value Measurements and Disclosures." New authoritative accounting guidance under ASC Topic 820, "Fair Value Measurements and Disclosures," affirms that the objective of fair value when the market for an asset is not active is the price that would be received to sell the asset in an orderly transaction, and clarifies and includes additional factors for determining whether there has been a significant decrease in market activity for an asset when the market for that asset is not active. ASC Topic 820 requires an entity to base its conclusion about whether a transaction was not orderly on the weight of the evidence. The new accounting guidance amended prior guidance to expand certain disclosure requirements. The Company adopted the new authoritative accounting guidance under ASC Topic 820. Adoption of the new guidance did not significantly impact the Company's consolidated financial statements.

Further new authoritative accounting guidance (Accounting Standards Update No. 2009-5) under ASC Topic 820 provides guidance for measuring the fair value of a liability in circumstances in which a quoted price in an active market for the identical liability is not available. In such instances, a reporting entity is required to measure fair value utilizing a valuation technique that uses (i) the quoted price of the identical liability when traded as an asset, (ii) quoted prices for similar liabilities or similar liabilities when traded as assets, or (iii) another valuation technique that is consistent with the existing principles of ASC Topic 820, such as an income approach or market approach. The new authoritative accounting guidance also clarifies that when estimating the fair value of a liability, a reporting entity is not required to include a separate input or adjustment to other inputs relating to the existence of a restriction that prevents the transfer of the liability. The forgoing new authoritative accounting guidance under ASC Topic 820 will be effective for the Company's consolidated financial statements beginning November 1, 2009 and is not expected to have a significant impact on the Company's consolidated financial statements.

FASB ASC Topic 825 "Financial Instruments." New authoritative accounting guidance under ASC Topic 825, "Financial Instruments," requires an entity to provide disclosures about the fair value of financial instruments in interim financial information and amends prior guidance to require those disclosures in summarized financial information at interim reporting periods. The new authoritative accounting guidance will be effective for the Company's consolidated financial statements beginning November 1, 2009 and is not expected to have a significant impact on the Company's consolidated financial statements.

FASB ASC Topic 855, "Subsequent Events." New authoritative accounting guidance under ASC Topic 855, "Subsequent Events," establishes general standards of accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued or available to be issued. ASC Topic 855 defines (i) the period after the balance sheet date during which a reporting entity's management should evaluate events or transactions that may occur for potential recognition or disclosure in the financial statements, (ii) the circumstances under which an entity should recognize events or transactions occurring after the balance sheet date in its financial statements, and (iii) the disclosures an entity should make about events or transactions that occurred after the balance sheet date. The new authoritative accounting guidance under ASC Topic 855 became effective for the Company's financial statements for periods ending after June 15, 2009 and did not have a significant impact on the Company's consolidated financial statements.

Management does not believe that any other recently issued but not yet effective accounting pronouncements, if adopted, would have an effect on the accompanying consolidated financial statements.

Revenue and Cost Recognition

We record revenue in accordance with ASC Topic 605 - Revenue Recognition. During the year ended December 31, 2009 our revenues came from royalties. The royalties came from the contract Banjo Minnow the fishing lure with TriStar Products, Inc. Revenues derived from our 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.

Note 2: Going Concern

Before being acquired by DM Products, Inc., Direct Success, Inc. had an accumulated loss of \$6,195,881. Notwithstanding the continued losses, these financial statements have been prepared by management on a going concern basis.

The going concern basis of presentation assumes the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business.

Certain conditions, discussed below, currently exist which raise substantial doubt upon the validity of this assumption. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty. If the Company were unable to continue as a going concern, assets and liabilities would require restatement on a liquidation basis, which would differ materially from the going concern basis.

The Company's future operations are dependant upon the marketing of its products and the Company's ability to secure sufficient financing to continue operations and marketing of its products. There can be no assurance that the Company's products will be able to secure market acceptance or that successful commercialization of its products will be achieved.

Note 3: Fixed Assets

Fixed Assets consists of the following:

| | As of 12/31/2009 |
|--------------------------|---------------------|
| Office Equipment | 3,193 |
| Mold | 3,000 |
| Website | 1,300 |
| | <u>7,493</u> |
| Accumulated Depreciation | <u>(6,189)</u> |
| Fixed Assets, net | <u>1,304</u> |

Total depreciation expenses related to the above mentioned fixed assets were \$1,709 for the year ended December 31, 2009.

Note 4: Income Taxes

The company accounts for income taxes in accordance with FASB Topic 740, "Accounting for Income Taxes," which requires the use of the "liability method" of accounting for income taxes. Accordingly, deferred tax liabilities and assets are determined based on the difference between the financial statement and tax bases of assets and liabilities, using enacted tax rates in effect for the year in which the differences are expected to reverse. Current income taxes are based on the year's income taxable for Federal and state income tax reporting purposes.

The Provision income taxes consists of the following:

| | For the Year Ended 12/31/2009 |
|---------------------------------------|------------------------------------|
| Federal | - |
| State (minimum taxes and LLC fees) | 2,400 |
| | <u>2,400</u> |
| | For the Period Ended 12/31/2009 |
| US Tax rate (34%) | 0.34 |
| State Rate | 0.09 |
| Total Rate | 0.43 |
| Valuation Adjustment | (0.43) |
| Net Effect | - |

in 2009 DM Products has a Net Operating Loss (NOL) carry forward in the amount \$627,375

The tax benefit was not reflected due to a 100% valuation allowance provided as a result of losses and an uncertainty of future profitability.

Note 5: Interest Expenses

Interest expense for the year December 31, 2009 totaled \$459.

Note 6: Royalties waived

Script To Screen, Inc. has entered into an agreement with Direct Success LLC 3 and Direct Success, Inc. to waive royalties for all past years to date and current year to date as well as future royalties that may come due under the current Royalty Agreement. Total past and current year royalties waived and included in other income equals \$47,277.

Note 7: Acquired Intangible Assets

The company books intangibles at cost and amortizes them over their useful lives. The consolidated intangible assets consists of the following:

| | As of 12/31/2009 |
|------------------------------|---------------------|
| Infomercial production costs | 239,598 |
| Accumulated amortization | (239,598) |
| Intangible assets-net | <u>-</u> |

Total amortization expenses related to the above mentioned intangible assets for the year ended 12/31/09 were \$0.

Note 8: Line of Credit

DM Products, Inc has two Revolving Line of Credits with a credit limit of \$30,000 each. Both Line of Credits have fluctuating interest rate. The latest charged interest rate for these are 7.24%. The Line of Credits balance as of December 31, 2009 is \$15.

Note 9: Common Stock

During 2009, 43,000,000 shares of Common Stocks were issued at par value of US \$0.001 and 15,200,000 shares of Common stocks were revoked at par value of US \$0.001:

| Shares | Dollar Value | Year | For |
|---------------------|------------------|------|----------|
| 20,000,000 | \$ 3,520 | 2009 | services |
| 20,000,000 | \$ 3,520 | 2009 | services |
| 3,000,000 | \$ 3,000 | 2009 | services |
| <u>(15,200,000)</u> | <u>\$ 15,200</u> | 2009 | services |
| <u>27,800,000</u> | | | |

Note 10: Related Party Transactions**Employment Agreement**

An employee agreement was entered into on the 20th day of April, 2007 by and between DM Products, Inc. and Kurtis Cockrum. 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 the company. The accrued salary as of 12/31/09 is \$25,653.

Consulting Contracts

DM Products, Inc has entered in a consulting contract with Michael Debenon, Esq. for \$6,000 per month on a month to month basis for general counsel.

Note 11: Subsequent Events

The Board of Directors passed a resolution on 2/10/10 to issue 30,000 shares of Restricted Common Stock to Joel Boodoosingh. In 2007 Joel Boodoosingh paid \$30,000 for preferred stock in error. DM Products, Inc does not have preferred stock so 30,000 shares common stock will be issued at .001 par value.

Banjo Buddies, Inc. Arbitration

Direct Success, LLC #3 entered into a Manufacturing, Marketing, and Distribution Agreement with Banjo Buddies, Inc. on October 10, 2003 which was later modified in writing on April 30, 2005. This agreement, and subsequent modification, granted DS the exclusive rights to market and distribute the Banjo Lure a fishing lure, owned by Banjo Buddies, Inc., in exchange for a royalty on sales. Direct Success, LLC #3 subcontracted the rights to manufacture, market and distribute the lure with Tristar Products, Inc. on May 11, 2005. A dispute arose between Direct Success, LLC #3 and Banjo Buddies, Inc. in which both claimed contract breaches to the terms contained in the Manufacturing, Marketing and Distribution Agreement and the modification thereof. Pursuant to the terms of the Agreement, any disputes arising from the performance of either party was required to be submitted to binding arbitration, in the State of California, and governed by California law. Direct Success, LLC #3 commenced arbitration of the dispute by filing a claim with the American Arbitration Association on March 13, 2009 and an Answering Statement and Counterclaim was filed by Banjo Buddies, Inc. on April 20, 2009. On February 26, 2010, prior to commencement of the Arbitration hearing, the parties entered into Settlement Agreement and Release which resolved all issues pertaining to the arbitration and the disputes between the parties. The Arbitration has been dismissed in its entirety. No current litigation exists, and no future disputes are anticipated.