

DM Products, Inc.

Consolidated Financial Statements

March 31, 2008

DM Products, Inc.

March 31, 2008

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Accountant's Compilation Report

Board of Directors
DM Products, Inc.
Costa Mesa, California

We have compiled the accompanying consolidated balance sheet of DM Products, Inc. (a Nevada coporation and Direct Success, Inc. its wholly owned subsidiary) as of March 31, 2008, and the related consolidated statements of operations, shareholders' equity and cash flows for the 3 months then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

Kenneth A. Carroll, CPA PC
Irvine, California
August 13, 2008

DM Products, Inc.
Consolidated Balance Sheet
March 31, 2008

| | | |
|--|-------------|---------------|
| Current Assets | | |
| Cash | 14,202 | |
| Tristar Receivable | 46,069 | |
| Other Receivable | 553 | |
| Prepaid Expense | 10,619 | |
| Total Current Assets | | 71,443 |
| Property and Equipment - Note 3 | | |
| Molds | 3,000 | |
| Furniture & Fixtures | 10,739 | |
| Office Equipment | 18,637 | |
| Web Site | 1,300 | |
| Total Cost | 33,676 | |
| Less: Accumulated Depreciation | (27,013) | |
| Property and Equipment, Net | | 6,663 |
| Other Assets | | |
| Deposit | 992 | |
| Total Other Assets | | 992 |
| Intangible Assets-Note 6 | | |
| Infomercial Productions | 235,373 | |
| Other Intangibles | 4,225 | |
| Total Cost | 239,598 | |
| Less: Accumulated Amortization | (234,878) | |
| Total Intangible Assets | | 4,720 |
| TOTAL ASSETS | | 83,817 |
| LIABILITIES & SHAREHOLDERS' EQUITY | | |
| Current Liabilities | | |
| Accounts Payable | 22,184 | |
| Credit Line | 28,976 | |
| Sales Tax Payable | 2,424 | |
| Other Current Liabilities | 89,469 | |
| Total Current Liabilities | | 143,052 |
| Long Term Liabilities | | |
| Total Liabilities | | - |
| Shareholders' Equity | | |
| Common Stock: \$0.001 par value; 300,000,000 shares authorized; 210,684,532 issued and outstanding at September 30, 2007 -Note 7 | 177,133 | |
| Additional Paid In Capital | 640,236 | |
| Buena Vista Investment | 150,000 | |
| Accumulated Deficit | (1,026,604) | |
| Total Shareholders' Equity | | (59,235) |
| TOTAL LIABILITIES & SHAREHOLDERS' EQUITY | | 83,817 |

See accompanying notes to consolidated financial statements and accountants' compilation report

DM Products, Inc.
Consolidated Statements of Operations
For the 3 Months ended March 31, 2008

| | 01/01/08- 3/31/08 |
|---|----------------------|
| Royalty Income | 47,917 |
| | 47,917 |
| Cost of Sales | 25,178 |
| Gross Profit | 22,739 |
| Operating Expenses | |
| Amortization | 1,000 |
| Bank Service Charges | 84 |
| D & O and Liability Insurance | 4,063 |
| Depreciation | 200 |
| Securities Expense | 850 |
| Fees | 275 |
| Financing Charges | 380 |
| Health Insurance | 3,510 |
| Miscellaneous | 73 |
| Outside Services | 29,936 |
| Payroll Service Fees | 273 |
| Office Supplies | 17 |
| Postage and Delivery | 157 |
| Professional Fees - other | 1,283 |
| Rent | 730 |
| Salary & Wages - Other | 7,113 |
| Salary- Employer Taxes | 850 |
| Telephone | 787 |
| Travel & Ent | 4,025 |
| Website Host | 1,245 |
| Total Operating Expense | 56,849 |
| Operating (loss) before other income (loss) | (34,109) |
| Other Income (Loss) | - |
| (Loss) before income taxes | (34,109) |
| Provision for income taxes-Note 5 | (1,898) |
| Net (loss) | (36,007) |

See accompanying notes to consolidated financial statements and accountants' compilation report

DM Products, Inc.
Consolidated Statements of Shareholders' Equity
For the 3 Months ended March 31, 2008

| | Common Stock | | Additional Paid In Capital | Accumulated Deficit | Total |
|------------------------------|--------------------|----------------|----------------------------------|------------------------|------------------|
| | Shares | Amount | | | |
| Balance at December 31, 2007 | 213,684,532 | 177,133 | 640,236 | (992,242) | (174,873) |
| Retained Earnings Adjustment | | | | 1,646 | 1,646 |
| Net Income (Loss) | | | | (36,007) | (36,007) |
| Balance at March 31, 2008 | <u>213,684,532</u> | <u>177,133</u> | <u>640,236</u> | <u>(1,026,604)</u> | <u>(209,235)</u> |

See accompanying notes to consolidated financial statements and accountants' compilation report

DM Products, Inc.
Consolidated Statements of Cash Flows
For the 3 Months ended March 31, 2008

| | | |
|--|----|----------------------|
| Cash flow from operating activities | | |
| Net (Loss) | \$ | (36,007) |
| Adjustment to reconcile net loss to net cash used by operating activities: | | |
| Depreciation | | 200 |
| Amortization | | 1,000 |
| (Increase) or decrease in current assets: | | |
| Accounts receivables | | (25,075) |
| Other current asset | | 4,153 |
| Other assets | | 400 |
| Increase (decrease) in liabilities: | | |
| Liabilities | | 38,197 |
| Net cash used by operating activities | | <u>(17,132)</u> |
| Cash flow from investing activities | | |
| Decrease in tangible assets | | |
| Decrease in intangible assets | | |
| Increase in additional paid in capital | | |
| Net cash provided by investing activities | | <u>-</u> |
| Cash flow from financing activities | | |
| Advance from credit line | | 28,976 |
| Issuance of stock | | |
| Net cash provided by financing activities | | <u>28,976</u> |
| Net change in cash | | 11,844 |
| Cash at beginning of period | | 2,358 |
| Cash at end of period | \$ | <u><u>14,202</u></u> |

See accompanying notes to consolidated financial statements and accountants' compilation report

DM Products, Inc.
Notes to Consolidated Financial Statements
March 31, 2008

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.

Direct Success, Inc operates from Costa Mesa, California and it owns a limited liability company 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.

Basis of consolidation

The consolidated financial statements include the accounts of DM Products, Inc., Direct Success, Inc. and the accounts of its wholly 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, Equipment and Depreciation

Property and equipment has been stated at cost. Depreciation is provided on an accelerated double declining balance method over the estimated useful lives of the assets.

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.

Inventory

Inventory is valued on the cost basis, and accounted for on a first-in-first-out or FIFO basis.

Income Taxes

DM Products Inc. and Direct Success, Inc. is currently being taxed as a C corporation under the IRS code. LLC #3 has elected to be taxed as partnerships under the IRS code.

Note 2: Licensing Agreements

Direct Success entered into a manufacturing, marketing and distribution agreement with Banjo in Oct 2002 thereafter entered into a modification of said agreement in April 2005. In March 2007, Direct Success grants back to Banjo, the right, license and privilege for internet Parts sales and small parts sale of the product.

Under the agreement, Banjo will pay Direct Success a royalty on all sales of product set forth in this Agreement, on Gross Sales in the amount of 4%.

Note 3: Property and Equipment

Property and Equipment consists of the following:

Direct Success, Inc.

| | |
|------------------------|---------------|
| Furniture and fixtures | 10,739 |
| Office Equipment | 18,637 |
| | <u>29,376</u> |

LLC #3

| | |
|---------|--------------|
| Mold | 3,000 |
| Website | 1,300 |
| | <u>4,300</u> |

| | |
|-----------------------------|---------------------|
| Total | 33,676 |
| Accumulated Depreciation | <u>(27,013)</u> |
| Property and Equipment, net | <u><u>6,663</u></u> |

Note 4: Income Taxes

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: Operating Lease

Direct Success, Inc. leases office space under an operating lease agreement. The lease was month to month started August 1, 2006

Note 6: Acquired Intangible Assets

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

| | |
|-------------------------------|---------------------|
| LLC #3 | |
| Infomercial production costs | 239,598 |
| Accumulated amortization | <u>(234,878)</u> |
| Unamortized intangible assets | <u><u>4,720</u></u> |

Total amortization expenses related to the above mentioned intangible assets were \$1,000 for the period ended March 31, 2008.

Note 7: Subsequent Events

During third quarter of 2008, additional 39,300,000 shares of Common Stocks was issued at par value of US\$0.001 in exchange for services from corporation officer and independent consultants, and starting the second quarter of 2007, the common stock of DM Products Inc. is listed on the Pink Sheet under unpriced quotation.

Note 8: Going Concern

Before being acquired by DM Products, Inc., Direct Success, Inc. has 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 thus 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.

The Company does not have sufficient working capital to sustain its current level of operations until December 31, 2008. Continued and significant financial support from shareholders, related parties and external sources will be required to fund operations.