

DM Products, Inc.

Consolidated Financial Statements

June 30, 2008

DM Products, Inc.

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Accountant's Compilation Report

Board of Directors
DM Products, Inc.
Walnut Creek, 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 June 30, 2008, and the related consolidated statements of operations, shareholders' equity and cash flows for the 6 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
December 8, 2008

DM Products, Inc.
Consolidated Balance Sheet
June 30, 2008

Current Assets		
Cash	6,522	
Tristar Receivable	86,818	
Other Receivable	1,951	
Prepaid Expense	4,103	
Total Current Assets		99,393
Property and Equipment - Note 3		
Molds	3,000	
Furniture & Fixtures	10,739	
Office Equipment	19,223	
Web Site	1,300	
Total Cost	34,262	
Less: Accumulated Depreciation	(27,113)	
Property and Equipment, Net		7,149
Other Assets		
Deposit	580	
Total Other Assets		580
Intangible Assets-Note 6		
Infomercial Productions	235,373	
Other Intangibles	4,225	
Total Cost	239,598	
Less: Accumulated Amortization	(235,278)	
Total Intangible Assets		4,320
TOTAL ASSETS		111,442
LIABILITIES & SHAREHOLDERS' EQUITY		
Current Liabilities		
Accounts Payable	43,702	
Credit Line	27,784	
Sales Tax Payable	2,424	
Other Current Liabilities	93,549	
Total Current Liabilities		167,459
Long Term Liabilities		
Total Long Term Liabilities		-
Total Liabilities		167,459
Shareholders' Equity		
Common Stock: \$0.001 par value; 300,000,000 shares authorized; 252,984,532 issued and outstanding at June 30, 2008 -Note 7	216,433	
Additional Paid In Capital	640,236	
Buena Vista Investment	150,000	
Accumulated Deficit	(1,062,686)	
Total Shareholders' Equity		(56,017)
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY		111,442

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

DM Products, Inc.
Consolidated Statements of Operations
For the 6 Months ended June 30, 2008

	<u>04/01/08- 06/30/08</u>	<u>01/01/08- 6/30/08</u>
Royalty Income	118,868	166,785
	<u>118,868</u>	<u>166,785</u>
Cost of Sales	<u>63,893</u>	<u>89,071</u>
Gross Profit	54,975	77,714
Operating Expenses		
Advertising	500	500
Amortization	400	1,400
Bank Service Charges	71	155
D & O and Liability Insurance	4,063	8,125
Depreciation	100	300
Corporate Securities Expense	3,100	3,950
Service Fees	-	275
Financing Charges	391	771
Health Insurance	2,686	6,196
Miscellaneous	0	73
Outside Services	56,300	86,236
Consulting fees	3,000	3,000
Payroll Service Fees	225	497
Office Supplies	240	257
Postage and Delivery	13	170
Professional Fees - other	1,895	3,178
Rent	429	1,159
Repair	426	426
Salary & Wages - Other	12,550	19,663
Salary- Employer Taxes	1,133	1,983
Telephone	778	1,565
Travel & Ent	1,215	5,240
Website Host	920	2,164
Total Operating Expense	<u>90,433</u>	<u>147,281</u>
	-	-
Operating (loss) before other income (loss)	(35,458)	(69,568)
	-	-
Other Income (Loss)	<u>-</u>	<u>-</u>
	-	-
(Loss) before income taxes	(35,458)	(69,568)
	-	-
Provision for income taxes-Note 5	<u>(1,880)</u>	<u>(3,778)</u>
	-	-
Net (loss)	<u>(37,337)</u>	<u>(73,345)</u>

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

DM Products, Inc.
Consolidated Statements of Shareholders' Equity
For the 6 Months ended June 30, 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)
Capital Contribution	39,300,000	39,300			
Retained Earnings Adjustment				2,901	2,901
Net Income (Loss)				(73,345)	(73,345)
Balance at June 30, 2008	<u>252,984,532</u>	<u>216,433</u>	<u>640,236</u>	<u>(1,062,686)</u>	<u>(245,317)</u>

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

DM Products, Inc.
Consolidated Statements of Cash Flows
For the 6 Months ended June 30, 2008

Cash flow from operating activities		
Net (Loss)	\$	(73,345)
Adjustment to reconcile net loss to net cash used by operating activities:		
Depreciation		300
Amortization		1,400
(Increase) or decrease in current assets:		
Accounts receivables		(67,263)
Other current asset		10,669
Other assets		412
Increase (decrease) in liabilities:		
Liabilities		63,906
Net cash used by operating activities		<u>(63,921)</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		28,784
Issuance of stock		39,300
Net cash provided by financing activities		<u>68,084</u>
Net change in cash		4,164
Cash at beginning of period		2,358
Cash at end of period	\$	<u><u>6,522</u></u>

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

DM Products, Inc.
Notes to Consolidated Financial Statements
June 30, 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	19,223
	<u>29,962</u>

LLC #3

Molds	3,000
Website	1,300
	<u>4,300</u>

Total	34,262
Accumulated Depreciation	(27,113)
Property and Equipment, net	<u><u>7,149</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. A thirty day notice was given April 20, 2008.

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>(235,278)</u>
Unamortized intangible assets	<u><u>4,320</u></u>

Total amortization expenses related to the above mentioned intangible assets were \$1,400 for the period ended June 30, 2008.

Note 7: Common Stock

During second 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 independant consultant, 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.