

DM Products, Inc.

Consolidated Financial Statements

September 30, 2009

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 corporation and Direct Success, Inc. its wholly owned subsidiary) as of September 30, 2009, and the related consolidated statements of operations, shareholders' equity and cash flows for the 9 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  
Nov 27, 2009

**DM Products, Inc.**  
**Consolidated Balance Sheet**  
**September 30, 2009**

Current Assets		
Cash	33,849	
Tristar Receivable	58,013	
Other Receivable	19,826	
Prepaid Expense	21,453	
Total Current Assets	133,140	133,140
Property and Equipment - Note 3		
Molds	3,000	
Office Equipment	586	
Computers	1,467	
Web Site	1,300	
Total Cost	6,353	
Less: Accumulated Depreciation	(4,648)	
Property and Equipment, Net	1,705	1,705
Intangible Assets-Note 6		
Infomercial Productions	235,373	
Other Intangibles	4,225	
Total Cost	239,598	
Less: Accumulated Amortization	(239,598)	
Total Intangible Assets	-	-
<b>TOTAL ASSETS</b>	<b>134,845</b>	
<b>LIABILITIES &amp; SHAREHOLDERS' EQUITY</b>		
Current Liabilities		
Sales Tax Payable	2,424	
Other Current Liabilities	59,241	
Total Current Liabilities	61,665	61,665
Long Term Liabilities		
Total Liabilities	-	-
Shareholders' Equity		
Common Stock: \$0.001 par value; 300,000,000 shares authorized; 252,107,352 issued and outstanding at Sep 30, 2009 -Note 7	256,433	
Additional Paid In Capital	607,276	
Buena Vista Investment	150,000	
Accumulated Deficit	(940,529)	
Total Shareholders' Equity	73,180	73,180
<b>TOTAL LIABILITIES &amp; SHAREHOLDERS' EQUITY</b>	<b>134,845</b>	

DM Products, Inc.  
Consolidated Statements of Operations  
For the 9 Months ended September 30, 2009

	07/01/09- 09/30/09	01/01/09- 09/30/09
Royalty Income	84,468	278,851
	84,468	278,851
Cost of Sales	-	-
Gross Profit	84,468	278,851
Operating Expenses		
Amortization	-	7
Advertising	970	970
Bank Service Charges	73	190
D & O and Liability Insurance	3,131	3,131
Depreciation	75	168
Dues & Subscriptions	149	149
Interest	230	230
Fees	-	1,150
Corporate Securities Expense	-	3,000
Service Fees	25	25
Financing Charges	1,142	1,754
Health Insurance	2,688	6,902
Miscellaneous	125	177
Licenses & Permits	-	50
Outside Services	6,873	8,088
Consulting fees	4,700	4,700
Payroll Service Fees	146	590
Office Supplies	462	1,063
Postage and Delivery	203	256
Professional Fees - Accounting	2,860	7,271
Professional Fees - Legal	38,969	53,961
Repair	1,136	1,136
Salary & Wages - Other	34,500	102,000
Salary- Employer Taxes	3,083	10,188
Telephone	1,285	2,808
Travel & Entertainment	3,938	10,879
Interest & Penalties	-	250
Website Host	845	2,135
Workers Comp-Insurance	374	374
Total Operating Expense	107,981	223,603
Operating Income before other income (loss)	(23,513)	55,248
Other Income (Loss)- Note 5	-	47,277
Income before income taxes	(23,513)	102,525
Provision for income taxes-Note 4	-	(2,400)
Net Income	(23,513)	100,125

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

DM Products, Inc.  
 Consolidated Statements of Shareholders' Equity  
 For the 9 Months ended September 30, 2009

	Common Stock		Additional Paid In Capital	Accumulated Deficit	Total
	Shares	Amount			
Balance at December 31, 2008	212,107,352	216,433	640,236	(1,040,654)	(183,985)
Capital Contribution	40,000,000	40,000	(32,960)		
Retained Earnings Adjustment				-	-
Net Income				100,125	100,125
Balance at September 30, 2009	<u>252,107,352</u>	<u>256,433</u>	<u>607,276</u>	<u>(940,529)</u>	<u>(83,860)</u>

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

DM Products, Inc.  
Consolidated Statements of Cash Flows  
For the 9 Months ended September 30, 2009

Cash flow from operating activities		
Net Income	\$	100,125
Adjustment to reconcile net loss to net cash used by operating activities:		
Depreciation		168
Amortization		7
(Increase) or decrease in current assets:		
Accounts receivables		14,590
Other current asset		(5,000)
Other assets		(21,453)
Increase (decrease) in liabilities:		
Other Current Liabilities		(78,443)
Net cash (used) by operating activities		<u>9,995</u>
Cash flow from investing activities		
Decrease in tangible assets		(1,467)
Decrease in intangible assets		
Increase in additional paid in capital		(32,960)
Net cash provided by investing activities		<u>(34,427)</u>
Cash flow from financing activities		
Advance from credit line		10,495
Issuance of stock		40,000
Net cash provided by financing activities		<u>50,495</u>
Net change in cash		26,063
Cash at beginning of period		7,786
Cash at end of period	\$	<u><u>33,849</u></u>

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

DM Products, Inc.  
Notes to Consolidated Financial Statements  
September 30, 2009

**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 Walnut Creek, 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.

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:

DM Products, Inc.	
Computers	1,467
Office Equipment	586
	<u>2,053</u>
LLC #3	
Molds	3,000
Website	1,300
	<u>4,300</u>
Total	6,353
Accumulated Depreciation	(4,648)
Property and Equipment, net	<u><u>1,705</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. The minimum taxes per year is recorded.

**Note 5: 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 (prior period adjustment) 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 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	(239,598)
Unamortized intangible assets	<u><u>-</u></u>

Total amortization expenses related to the above mentioned intangible assets were \$7 for the period ended September 30, 2009.

**Note 7: Common Stock**

During the 2nd quarter of 2009, additional 40,000,000 shares of Common Stock was issued below par value of US\$0.001 in exchange for services from corporation officer and independent consultant, however it was not recorded with the transfer agency until the 3rd quarter 2009.

#### Note 8: Arbitration

Direct Success LLC 3 is in arbitration with Banjo Buddies over terms of the contract and the management is in uncertainty about the possible outcome. Even though there in arbitration, the first quarter 2009 and second quarter and third quarter 2009 royalties for Banjo parts has been accrued as of September 30, 2009.

#### Note 9: 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.