

DM Products, Inc.

Consolidated Financial Statements

December 31, 2007

DM Products, Inc.

December 31, 2007

Contents

	Page
Accountant's Compilation Report	3
Consolidated Balance Sheet	4
Consolidated Statements of Operations	5
Consolidated Statements of Changes in Shareholders' Equity	6
Consolidated Statements of Cash Flows	7
Notes to Consolidated Financial Statements	8-11

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 corporation) and Direct Success, Inc., a wholly owned subsidiary of the former, as of December 31, 2007, and the related consolidated statements of operations, shareholders' equity and cash flows for the 12 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
May 14, 2008

DM Products, Inc.
Consolidated Balance Sheet
December 31, 2007

Current Assets		
Cash	2,358	
Tristar Receivable	21,051	
Other Receivable	455	
Prepaid Expense	14,772	
Total Current Assets		38,635
Property and Equipment - Note 3		
Mold	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	(233,878)	
Total Intangible Assets		5,720
TOTAL ASSETS		52,010
LIABILITIES & SHAREHOLDERS' EQUITY		
Current Liabilities		
Accounts Payable	12,095	
Sales Tax Payable	2,424	
Other Current Liabilities	62,364	
Total Current Liabilities		76,883
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	(992,242)	
Total Shareholders' Equity		(24,873)
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY		52,010

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

DM Products, Inc.
Consolidated Statements of Operations
For the 12 Months ended December 31, 2007

	10/01/07- 12/31/07	01/01/07- 12/31/07
Sales Revenues		50,236
Royalty Income	32,475	233,401
	<u>32,475</u>	<u>283,637</u>
 Cost of Sales	 <u>24,850</u>	 <u>169,291</u>
 Gross Profit	 7,625	 114,347
 Operating Expenses		
Bank Service Charges	64	676
D & O and Liability Insurance	5,547	17,630
Amortization & Depreciation	600	1,200
Dues & Subscription	1,300	5,800
Fees	570	570
Financing Charges	141	1,197
Health Insurance	8,190	12,414
Legal Fees	-	9,100
Taxes & Licenses	1,032	1,993
Miscellaneous	367	8,104
Outside Services	150	52,505
Payroll Service Fees	425	822
Office Supplies	680	2,101
Postage and Delivery	117	1,864
Printing and Reproduction	258	2,238
Professional Fees - other	2,235	20,776
Rent	1,200	4,113
Salary & Wages - Other	43,338	94,775
Salary- Employer Taxes	1,397	6,811
Repairs	175	700
Telephone	1,311	2,543
Travel & Ent	5,872	15,600
Website Host	1,060	7,966
Total Operating Expense	<u>76,026</u>	<u>271,497</u>
 Operating (loss) before other income (loss)	 (68,401)	 (157,151)
 Other Income (Loss)	 <u>-</u>	 <u>-</u>
 (Loss) before income taxes	 (68,401)	 (157,151)
 Provision for income taxes-Note 5	 <u>-</u>	 <u>(5,900)</u>
 Net (loss)	 <u>(68,401)</u>	 <u>(163,051)</u>

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

DM Products, Inc.
Consolidated Statements of Shareholders' Equity
For the 12 Months ended December 31, 2007

	Common Stock		Additional Paid In Capital	Accumulated Deficit	Total*
	Shares	Amount			
Balance at December 31, 2006	163,684,532	127,133	635,236	(829,191)	(66,822)
Capital Contribution	50,000,000	50,000	5,000		55,000
Net Income (Loss)				(163,051)	(163,051)
Balance at December 31, 2007	<u>213,684,532</u>	<u>177,133</u>	<u>640,236</u>	<u>(992,242)</u>	<u>(174,873)</u>

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

DM Products, Inc.
Consolidated Statements of Cash Flows
For the 12 Months ended December 31, 2007

Cash flow from operating activities		
Net (Loss)	\$	(163,051)
Adjustment to reconcile net loss to net cash used by operating activities:		
Depreciation		1,200
Amortization		7,500
(Increase) or decrease in current assets:		
Accounts receivables		(21,083)
Other current asset		20,173
Other assets		47,317
Increase (decrease) in liabilities:		
Liabilities		36,683
Net cash used by operating activities		<u>(71,261)</u>
Cash flow from investing activities		
Decrease in tangible assets		
Decrease in intangible assets		
Increase in additional paid in capital		5,000
Net cash provided by investing activities		<u>5,000</u>
Cash flow from financing activities		
Issuance of stock		50,000
Net cash provided by financing activities		<u>50,000</u>
Net change in cash		(16,261)
Cash at beginning of period		18,619
Cash at end of period	\$	<u><u>2,358</u></u>

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

DM Products, Inc.
Notes to Consolidated Financial Statements
December 31, 2007

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 then over their useful lives. The consolidated intangible assets consists of the following:

LLC #3

Infomercial production costs	239,598
Accumulated amortization	<u>(233,878)</u>
Unamortized intangible assets	<u><u>5,720</u></u>

Total amortization expenses related to the above mentioned intangible assets were \$7,500 for the period ended December 31, 2007.

Note 7: Common Stock

During third quarter of 2007, additional 6,000,000 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: Commitment and contingency

Management of the Company is conducting an internal review and possible additional receivable may exist pending the result of such review.

Note 9: 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.

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.