

DM Products, Inc.

Consolidated Financial Statements

December 31, 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 corporation and Direct Success, Inc. its wholly owned subsidiary) as of December 31, 2008, 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 12, 2009

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

Current Assets		
Cash	7,786	
Tristar Receivable	85,000	
Other Receivable	2,149	
Prepaid Expense	42	
Total Current Assets	94,977	94,977
Property and Equipment - Note 3		
Molds	3,000	
Office Equipment	1,768	
Web Site	1,300	
Total Cost	6,068	
Less: Accumulated Depreciation	(5,307)	
Property and Equipment, Net	761	761
Intangible Assets-Note 6		
Infomercial Productions	235,373	
Other Intangibles	4,225	
Total Cost	239,598	
Less: Accumulated Amortization	(239,591)	
Total Intangible Assets	7	7
TOTAL ASSETS	95,745	
LIABILITIES & SHAREHOLDERS' EQUITY		
Current Liabilities		
Accounts Payable	44,462	
Sales Tax Payable	2,424	
Other Current Liabilities	82,844	
Total Current Liabilities	129,730	129,730
Long Term Liabilities		
Total Liabilities	-	-
Shareholders' Equity		
Common Stock: \$0.001 par value; 300,000,000 shares authorized; 252,984,532 issued and outstanding at December 31, 2008 -Note 8	216,433	
Additional Paid In Capital	640,236	
Buena Vista Investment	150,000	
Accumulated Deficit	(1,040,654)	
Total Shareholders' Equity	(33,985)	(33,985)
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	95,745	

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, 2008

	10/01/08- 12/31/08	01/01/08- 12/31/08
Royalty Income	87,139	397,876
	87,139	397,876
Cost of Sales	14,759	177,615
Gross Profit	72,380	220,261
Operating Expenses		
Amortization	-	563
Bank Service Charges	47	305
D & O and Liability Insurance	-	12,228
Depreciation	298	698
Corporate Securities Expense	3,000	6,950
Service Fees	-	406
Financing Charges	199	951
Health Insurance	2,276	11,512
Miscellaneous	168	668
Interests & Penalties	-	73
Outside Services	-	86,672
Consulting fees	-	3,000
Payroll Service Fees	196	889
Office Supplies	262	519
Postage and Delivery	125	339
Professional Fees - Accounting	-	6,320
Professional Fees - Legal	2,520	6,260
Rent	-	747
Repair	-	426
Salary & Wages - Other	33,000	85,663
Salary- Employer Taxes	2,637	7,267
Telephone	1,146	3,352
Travel & Entertainment	7,900	16,450
Website Host	1,045	3,454
Workers Comp-Insurance	-	499
Total Operating Expense	54,818	256,210
Operating (loss) before other income (loss)	17,562	(35,949)
Other Income (Loss)	-	-
(Loss) before income taxes	17,562	(35,949)
Provision for income taxes-Note 4	880	(2,098)
Net (loss)	18,442	(38,047)

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, 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				(10,365)	(10,365)
Net Income (Loss)				(38,047)	(38,047)
Balance at December 31, 2008	<u>252,984,532</u>	<u>216,433</u>	<u>640,236</u>	<u>(1,040,654)</u>	<u>(223,285)</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, 2008

Cash flow from operating activities		
Net (Loss)	\$	(38,047)
Adjustment to reconcile net loss to net cash used by operating activities:		
Depreciation		698
Amortization		563
(Increase) or decrease in current assets:		
Accounts receivables		(65,643)
Other current asset		14,772
Other assets		406
Increase (decrease) in liabilities:		
Liabilities		53,379
Net cash used by operating activities		<u>(33,872)</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		
Issuance of stock		39,300
Net cash provided by financing activities		<u>39,300</u>
Net change in cash		5,428
Cash at beginning of period		2,358
Cash at end of period	\$	<u><u>7,786</u></u>

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

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

Office Equipment	1,768
	<hr/>
	1,768

LLC #3

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

Total	6,068
Accumulated Depreciation	(5,307)
Property and Equipment, net	<hr/> <hr/>
	761

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>(239,591)</u>
Unamortized intangible assets	<u><u>7</u></u>

Total amortization expenses related to the above mentioned intangible assets were \$563 for the period ended December 31, 2008.

Note 7: Line of Credit

DM Products, Inc has two Line of Credits with zero balances

Note 8: 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 independent 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 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.

The Company does not have sufficient working capital to sustain its current level of operations until December 31, 2009. Continued and significant financial support from shareholders, related parties and external sources will be required to fund operations.