



P & F INDUSTRIES, INC. AND SUBSIDIARIES

CONSOLIDATED CONDENSED BALANCE SHEETS

(In thousands \$)

	<u>June 30, 2009</u> (Unaudited)	<u>December 31, 2008</u> (Audited)
<u>Assets</u>		
Cash	\$ 527	\$ 1,043
Accounts receivable - net	11,648	8,507
Inventories - net	33,479	31,286
Notes and other receivables	590	---
Deferred income taxes - net	1,584	1,584
Income tax refund receivable	738	327
Prepaid expenses and other current assets	<u>1,735</u>	<u>990</u>
Total current assets	50,301	43,737
Property and equipment	28,247	24,754
Less accumulated depreciation and amortization	<u>12,111</u>	<u>11,232</u>
Net property and equipment	16,136	13,522
Goodwill	8,972	4,183
Other intangible assets - net	5,813	3,121
Deferred Income taxes – net	4,773	5,424
Other assets – net	<u>1,058</u>	<u>485</u>
<u>Total assets</u>	<u>\$ 87,053</u>	<u>\$ 70,472</u>
<u>Liabilities and Shareholders' Equity</u>		
Short-term borrowings	\$ 22,374	\$ 15,000
Accounts payable	6,354	1,962
Other accrued liabilities	4,789	3,768
Current maturities of long-term debt	<u>10,440</u>	<u>6,516</u>
Total current liabilities	43,957	27,246
Other long-term liabilities	4,911	331
Note Payable	3,972	---
Long-term debt, less current maturities	<u>1,379</u>	<u>9,028</u>
Total liabilities	54,219	36,605
<u>Total shareholders' equity</u>	<u>32,834</u>	<u>33,867</u>
<u>Total liabilities and shareholders' equity</u>	<u>\$ 87,053</u>	<u>\$ 70,472</u>

P & F INDUSTRIES, INC. AND SUBSIDIARIES

**CONSOLIDATED CONDENSED
STATEMENTS OF EARNINGS**

(In thousands of \$, except per share data)	<u>Three months ended June 30,</u>		<u>Six months ended June 30,</u>	
	<u>2009</u> (Unaudited)	<u>2008</u> (Unaudited)	<u>2009</u> (Unaudited)	<u>2008</u> (Unaudited)
Net revenue	\$18,528	\$25,554	\$ 34,090	\$49,879
Cost of sales	<u>12,817</u>	<u>17,499</u>	<u>24,748</u>	<u>34,151</u>
Gross profit	4,711	8,055	9,342	15,728
Selling, general and administrative expenses	<u>5,288</u>	<u>6,702</u>	<u>10,343</u>	<u>13,191</u>
Operating (loss) income	(577)	1,353	(1,001)	2,537
Interest expense – net	<u>362</u>	<u>452</u>	<u>671</u>	<u>1,010</u>
(Loss) earnings before income taxes	(939)	901	(1,672)	1,527
Income taxes	<u>(374)</u>	<u>406</u>	<u>(501)</u>	<u>670</u>
(Loss) earnings	<u>\$ (565)</u>	<u>\$495</u>	<u>\$ (1,171)</u>	<u>\$857</u>
 (Loss) earnings per common share:				
Basic:				
Net (loss) earnings per common share	<u>\$ (0.16)</u>	<u>\$0.14</u>	<u>\$ (0.32)</u>	<u>\$0.24</u>
Diluted:				
Net (loss) earnings per common share	<u>\$ (0.16)</u>	<u>\$0.13</u>	<u>\$ (0.32)</u>	<u>\$0.23</u>
 Weighted average common shares outstanding:				
Basic	<u>3,614,562</u>	<u>3,637,277</u>	<u>3,614,562</u>	<u>3,637,370</u>
Diluted	<u>3,614,562</u>	<u>3,713,440</u>	<u>3,614,562</u>	<u>3,694,338</u>

End