

P&F INDUSTRIES, INC. AND SUBSIDIARIES

CONSOLIDATED CONDENSED BALANCE SHEETS

(In thousands)	<u>March 31, 2005</u>	<u>December 31, 2004</u>
Assets		
Cash	\$ 122	\$ 1,190
Accounts receivable - net	13,222	14,850
Notes and other receivable	1,801	1,735
Inventories	28,934	25,691
Deferred income taxes - net	1,070	1,070
Assets of discontinued operations	-	796
Prepaid expenses and other	<u>1,783</u>	<u>1,384</u>
Total current assets	<u>46,932</u>	<u>46,716</u>
Property and equipment	20,780	20,604
Less: accumulated depreciation and amortization	<u>11,393</u>	<u>11,064</u>
Net property and equipment	<u>9,387</u>	<u>9,540</u>
Assets of discontinued operations	-	943
Goodwill	22,978	22,877
Other intangible assets	9,519	9,795
Other assets	<u>657</u>	<u>667</u>
Total assets	<u>\$ 89,473</u>	<u>\$ 90,538</u>
Liabilities and Shareholders' Equity		
Short-term borrowings	\$ 5,500	\$ 4,000
Bank overdrafts	1,500	-
Accounts payable	3,578	3,355
Income taxes payable	1,654	1,601
Other accrued liabilities	3,173	5,168
Current maturities of long-term debt	<u>3,544</u>	<u>3,062</u>
Total current liabilities	18,949	17,186
Long-term debt, less current maturities	28,029	31,848
Deferred income taxes - net	<u>289</u>	<u>337</u>
Total liabilities	<u>47,267</u>	<u>49,371</u>
Total shareholders' equity	<u>42,206</u>	<u>41,167</u>
Total liabilities and shareholders' equity	<u>\$ 89,473</u>	<u>\$ 90,538</u>

P&F INDUSTRIES, INC. AND SUBSIDIARIES

CONSOLIDATED CONDENSED STATEMENTS OF EARNINGS

Three Months Ended March 31,

(In thousands, except per share data)

	<u>2005</u>	<u>2004</u>
Revenues	\$ 27,307	\$ 16,904
Cost of sales	<u>18,872</u>	<u>11,449</u>
Gross profit	8,435	5,455
Selling, general and administrative expenses	<u>6,129</u>	<u>4,682</u>
Operating income	2,306	773
Interest expense – net	<u>427</u>	<u>122</u>
Earnings from continuing operations before income taxes	1,879	651
Income taxes	<u>771</u>	<u>246</u>
Earnings from continuing operations	<u>1,108</u>	<u>405</u>
Discontinued operations (net of taxes):		
Earnings (loss) from discontinued operations	(216)	(168)
Gain on sale of discontinued operations	<u>71</u>	<u>-</u>
Earnings (loss) from discontinued operations	<u>(145)</u>	<u>(168)</u>
Net earnings	<u>\$ 963</u>	<u>\$ 237</u>
 Earnings (loss) per common share:		
Basic :		
Continuing operations	\$.31	\$.12
Discontinued operations	<u>(.04)</u>	<u>(.05)</u>
Net earnings (loss) per common share - basic	<u>\$.27</u>	<u>\$.07</u>
Diluted:		
Continuing operations	\$.29	\$.11
Discontinued operations	<u>(.04)</u>	<u>(.04)</u>
Net earnings (loss) per common share - diluted	<u>\$.25</u>	<u>\$.07</u>
 Weighted average common shares outstanding:		
Basic	<u>3,560</u>	<u>3,515</u>
Diluted	<u>3,876</u>	<u>3,633</u>

End