

P & F INDUSTRIES, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (Unaudited)

	<u>June 30, 2002</u> (rounded)	<u>December 31, 2001</u> (rounded)
Cash	\$ 497,000	\$ 508,000
Accounts receivable – net	10,604,000	9,730,000
Inventories	20,284,000	17,223,000
Prepaid expenses and other	<u>1,502,000</u>	<u>1,303,000</u>
Total current assets	<u>32,887,000</u>	<u>28,764,000</u>
Property and equipment	24,425,000	20,203,000
Less: accumulated depreciation	<u>10,652,000</u>	<u>9,902,000</u>
Net property and equipment	<u>13,773,000</u>	<u>10,301,000</u>
Goodwill, net of accumulated amortization	<u>8,425,000</u>	<u>7,302,000</u>
Other assets	<u>4,180,000</u>	<u>103,000</u>
Total assets	<u>\$ 59,265,000</u>	<u>\$ 46,470,000</u>
Short-term borrowings	\$ 2,500,000	\$ 2,000,000
Accounts payable	3,650,000	1,982,000
Accrued liabilities	3,886,000	3,459,000
Deferred income taxes	257,000	--
Current maturities of long-term debt	<u>584,000</u>	<u>313,000</u>
Total current liabilities	10,877,000	7,754,000
Long-term debt, less current maturities	15,226,000	3,549,000
Other liabilities	<u>761,000</u>	<u>939,000</u>
Total liabilities	<u>26,864,000</u>	<u>12,242,000</u>
Total shareholders' equity	<u>32,401,000</u>	<u>34,228,000</u>
Total liabilities and shareholders' equity	<u>\$ 59,265,000</u>	<u>\$ 46,470,000</u>

**P & F INDUSTRIES, INC.
AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS
OF OPERATIONS (Unaudited)**

	<u>3 Months June 30, 2002 (rounded)</u>	<u>Ended June 30, 2001 (rounded)</u>	<u>6 Months June 30, 2002 (rounded)</u>	<u>Ended June 30, 2001 (rounded)</u>
Revenues	\$ 18,666,000	\$ 16,246,000	\$ 35,763,000	\$ 33,690,000
Costs and expenses				
Cost of sales	12,521,000	11,110,000	24,525,000	23,365,000
Selling, administrative and general	4,424,000	4,225,000	8,514,000	8,439,000
Interest – net	<u>163,000</u>	<u>236,000</u>	<u>264,000</u>	<u>506,000</u>
	<u>17,108,000</u>	<u>15,571,000</u>	<u>33,303,000</u>	<u>32,310,000</u>
Income before taxes on income and cumulative effect of change in accounting principle	1,558,000	675,000	2,460,000	1,380,000
Taxes on income	<u>599,000</u>	<u>259,000</u>	<u>947,000</u>	<u>532,000</u>
Income before cumulative effect of change in accounting principle	959,000	416,000	1,513,000	848,000
Cumulative effect of change in accounting principle	<u>(3,239,000)</u>	<u> --</u>	<u>(3,239,000)</u>	<u> --</u>
Net income (loss)	<u>(\$ 2,280,000)</u>	<u>\$ 416,000</u>	<u>(\$ 1,726,000)</u>	<u>\$ 848,000</u>

**P & F INDUSTRIES, INC.
AND SUBSIDIARIES**

EARNINGS (LOSS) PER SHARE
(Unaudited)

	<u>3 Months</u> <u>June 30, 2002</u> (rounded)	<u>Ended</u> <u>June 30, 2001</u> (rounded)	<u>6 Months</u> <u>June 30, 2002</u> (rounded)	<u>Ended</u> <u>June 30, 2001</u> (rounded)
Weighted average common shares outstanding				
Basic	3,505,000	3,556,000	3,508,000	3,566,000
Diluted	3,582,000	3,634,000	3,584,000	3,641,000
 Net income (loss) per Class A Common Share				
Basic				
Income before cumulative effect of change in accounting principle	<u>\$.27</u>	<u>\$.12</u>	<u>\$.43</u>	<u>\$.24</u>
Cumulative effect of change in accounting principle	<u>(\$.92)</u>	<u>\$ --</u>	<u>(\$.92)</u>	<u>\$ --</u>
Net income (loss)	<u>(\$.65)</u>	<u>\$.12</u>	<u>(\$.49)</u>	<u>\$.24</u>
Diluted				
Income before cumulative effect of change in accounting principle	<u>\$.27</u>	<u>\$.11</u>	<u>\$.42</u>	<u>\$.23</u>
Cumulative effect of change in accounting principle	<u>(\$.90)</u>	<u>\$ --</u>	<u>(\$.90)</u>	<u>\$ --</u>
Net income (loss)	<u>(\$.64)</u>	<u>\$.11</u>	<u>(\$.48)</u>	<u>\$.23</u>

End