

P & F INDUSTRIES, INC. AND SUBSIDIARIES

CONSOLIDATED CONDENSED BALANCE SHEETS (Unaudited)

(In thousands)	<u>September 30, 2004</u>	<u>December 31, 2003</u>
Assets		
Cash	\$ 2,429	\$ 213
Accounts receivable - net	19,637	11,922
Inventories	28,673	18,755
Deferred income taxes - net	789	789
Prepaid expenses and other	<u>2,463</u>	<u>1,456</u>
Total current assets	<u>53,991</u>	<u>33,135</u>
Property and equipment	27,009	25,581
Less: accumulated depreciation	<u>14,067</u>	<u>12,840</u>
Net property and equipment	<u>12,942</u>	<u>12,741</u>
Goodwill, net	23,946	10,562
Other intangible assets, net	10,071	1,773
Other assets, net	<u>1,154</u>	<u>121</u>
Total assets	<u>\$102,104</u>	<u>\$ 58,332</u>
Liabilities and Shareholders' Equity		
Short-term borrowings	\$ 9,500	\$ 3,000
Accounts payable	6,434	3,302
Accrued liabilities	6,383	4,347
Current maturities of long-term debt	<u>3,532</u>	<u>1,526</u>
Total current liabilities	25,849	12,175
Long-term debt, less current maturities	36,376	8,724
Deferred income taxes - net	<u>309</u>	<u>455</u>
Total liabilities	<u>62,534</u>	<u>21,354</u>
Total shareholders' equity	<u>39,570</u>	<u>36,978</u>
Total liabilities and shareholders' equity	<u>\$102,104</u>	<u>\$ 58,332</u>

(more)

P & F INDUSTRIES, INC. AND SUBSIDIARIES

CONSOLIDATED CONDENSED STATEMENTS OF INCOME (Unaudited)

(In thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2004	2003	2004	2003
Revenues	<u>\$ 38,936</u>	<u>\$ 23,703</u>	<u>\$ 79,862</u>	<u>\$ 64,923</u>
Costs and expenses				
Cost of sales	28,401	16,968	57,068	45,047
Selling, general and administrative	7,295	5,150	17,717	15,209
Interest – net	<u>438</u>	<u>172</u>	<u>701</u>	<u>555</u>
	<u>36,134</u>	<u>22,290</u>	<u>75,486</u>	<u>60,811</u>
Income before taxes on income	2,802	1,413	4,376	4,112
Taxes on income	<u>1,197</u>	<u>530</u>	<u>1,830</u>	<u>1,542</u>
Net income	<u>\$ 1,605</u>	<u>\$ 883</u>	<u>\$ 2,546</u>	<u>\$ 2,570</u>

EARNINGS PER SHARE (Unaudited)

(In thousands, except per share data)

Weighted average common shares outstanding:

Basic	<u>3,518</u>	<u>3,504</u>	<u>3,517</u>	<u>3,505</u>
Diluted	<u>3,653</u>	<u>3,585</u>	<u>3,632</u>	<u>3,579</u>

Net income per Class A Common Share:

Basic	<u>\$.46</u>	<u>\$.25</u>	<u>\$.72</u>	<u>\$.73</u>
Diluted	<u>\$.44</u>	<u>\$.25</u>	<u>\$.70</u>	<u>\$.72</u>

End