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Marlow Industries, Inc. and Subsidiaries
Consolidated Statements of Income

**PROPRIETARY
 INFORMATION**
 OF MARLOW INDUSTRIES, INC.
SPECIAL ACCESS

	For the Years Ended	
	February 1, 2004	January 26, 2003
Net sales	\$ 20,214,672	\$ 21,435,561
Cost of sales	12,352,647	13,012,089
Gross profit	7,862,025	8,423,472
Operating (income) expenses:		
Selling expenses	2,325,755	2,167,608
Administrative expenses	2,086,288	2,298,520
Research, development and engineering expenses	3,066,031	3,152,100
Asset impairment and restructuring charge	(88,254)	309,312
	7,389,820	7,927,540
Operating income	472,205	495,932
Other income (expenses):		
Interest income	5,974	6,822
Interest expense	(243,550)	(382,000)
Miscellaneous, net	3,859	32,411
	(233,717)	(342,767)
Earnings before income taxes	238,488	153,165
Provision for income taxes	82,000	27,000
Net income	\$ 156,488	\$ 126,165

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Marlow Industries, Inc. and Subsidiaries
Consolidated Balance Sheets

	February 1, 2004	January 26, 2003
Assets		
Current assets:		
Cash and cash equivalents	\$ 2,057,028	\$ 1,902,241
Accounts receivable, net of allowance for doubtful accounts of \$169,000 and \$175,000 in 2004 and 2003, respectively	3,491,433	3,799,087
Refundable income taxes	146,543	35,797
Inventories, net	3,138,955	3,634,611
Deferred income taxes	1,468,000	1,825,000
Prepaid expenses	123,551	167,174
Total current assets	10,425,510	11,363,910
Property and equipment, net	4,327,118	5,610,728
Other assets	279,739	274,056
Total assets	\$ 15,032,367	\$ 17,248,694
Liabilities and Stockholders' Equity		
Current liabilities:		
Current maturities of long-term debt and capital lease obligations	\$ 1,015,000	\$ 1,313,000
Trade accounts payable	3,218,756	3,516,535
Accrued salaries and wages	541,784	624,745
Other accrued liabilities	598,208	827,055
Total current liabilities	5,373,748	6,281,335
Long-term debt and capital lease obligations, excluding current maturities	1,089,583	2,124,643
Non-current liabilities	422,741	709,312
Deferred income taxes	765,000	922,000
Total liabilities	7,651,072	10,037,290
Commitments and contingencies (see Note 10)		
Stockholders' equity:		
Common shares of \$.10 par value; 1,000,000 shares authorized, 772,000 shares issued in 2004 and 2003	77,200	77,200
Additional paid-in capital	345,990	347,612
Retained earnings	7,095,093	6,938,605
	7,518,283	7,363,417
Less cost of common shares in treasury, 20,175 shares and 22,575 shares in 2004 and 2003, respectively	(136,988)	(152,013)
Total stockholders' equity	7,381,295	7,211,404
	\$ 15,032,367	\$ 17,248,694