



Dec. 31, 2009

*Quarterly Consolidated Financial Statements
as of December 31, 2009*

*Rule 15C2-
11
Information*

**KREISLER MANUFACTURING CORPORATION
RULE 15C2-11 INFORMATION**

1. The exact name of the company and its predecessor (if any) is

Kreiser Manufacturing Corporation

2. The address of its principal executive offices is

**180 Van Riper Avenue
Elmwood Park, New Jersey 07407**

3. The state of incorporation of the company is

Delaware

4. The exact title and class of the security to be listed is

Common Stock

5. The par or stated value of the security is

\$0.125

6. The number of shares outstanding as of the end of the company's most recent fiscal year is

1,867,948

7. The name and address of the transfer agent is

**American Stock Transfer and Trust Company
40 Wall Street
New York, NY 10005**

8. The nature of the company's business is described below:

Kreiser Manufacturing Corporation and its wholly-owned subsidiaries, Kreiser Industrial Corporation and Kreiser Polska Sp. z o.o, manufactures precision metal components and assemblies primarily for use in military and commercial aircraft engines and in industrial gas turbines.

9. The nature of products or services offered;

Our products include tube assemblies of multiple sizes and configurations as well as machined components and are typically manufactured to the designs and specifications of the particular customer. Our products may be made of various materials, including titanium, nickel and stainless steel. These high-quality engineered tube assemblies transfer fuel, oil, water, air and hydraulic fluids. Orders are received through competitive proposals, which are made in response to request for bids from contractors who supply engine or engine components to various branches of the United States Department of Defense or to commercial businesses.

10. The nature and extent of the company's facilities are described below.

Our principal executive office is located at Kreiser Industrial's manufacturing facility in Elmwood Park, New Jersey. Our New Jersey location consists of a 52,000 square foot leased facility of which over 95% is committed to the operational requirements of Kreiser Industrial.

The facility is approximately 60 years old and the current term under the existing lease agreement will expire on September 30, 2012.

Our Kreisler Polska subsidiary operates from an approximately 23,000 square foot leased facility (with approximately 4,200 additional square feet of leased land). Kreisler Polska's lease agreement has no lease end date but does require six months notice of cancellation by either part. In August 2009, we entered into an agreement and construction started on an approximately 60,000 square facility to be purchased by Kreisler Polska. The facility is located in Niepolomice, Poland (near Krakow). We have made progress payments for facility construction and improvements using our internal cash and we expect to use external bank debt as well. Such external bank debt may be difficult to arrange due to the current credit environment and our recent financial performance. Expected completion of the facility is June 2010.

11. The names of the chief executive officer and members of the board of directors are as follows:

Chairman of the Board & Chief Executive Officer..... Michael D. Stern

Director John W. Poling

Director Edward A. Stern

Director Richard T. Swope

Edward A. Stern is also Co-President, Chief Financial Officer, Secretary and Treasurer of the Company.

12. The company's most recent balance sheet and profit and loss and retained earnings statements;

The most recent financial information for the three and six months ended December 31, 2009 is attached hereto as Exhibit A.

13. Similar financial information for such part of the 2 preceding fiscal years as the company or its predecessor has been in existence;

The Company's financial information for the last 2 fiscal years is attached hereto as Exhibit B.

14. Whether the broker or dealer or any associated person is affiliated, directly or indirectly with the company;

No.

15. Whether the quotation is being published or submitted on behalf of any other broker or dealer, and, if so, the name of such broker or dealer:

N/A

16. Whether the quotation is being submitted or published directly or indirectly on behalf of the company, or any director, officer or any person, directly or indirectly the beneficial owner of more than 10 percent of the outstanding units or shares of any equity security of the company, and, if so, the name of such person, and the basis for any exemption under the federal securities laws for any sales of such securities on behalf of such person.

N/A



EXHIBIT A – CONSOLIDATED FINANCIAL STATEMENTS

The following consolidated financial statements of the Company and its subsidiaries are included herein:

Consolidated Balance Sheets – December 31, 2009 and June 30, 2009

Consolidated Statements of Operations – Three and Six Months ended December 31, 2009 and 2008

Consolidated Statements of Changes in Stockholders' Equity and Comprehensive Income/(Loss) – Six Months ended December 31, 2009

Consolidated Statements of Cash Flows – Six Months ended December 31, 2009 and 2008

Kreisler Manufacturing Corporation and Subsidiaries
Consolidated Balance Sheets

	Dec. 31, 2009 <i>(Unaudited)</i>	Jun. 30, 2009 <i>(Audited)</i>
Assets		
Cash and cash equivalents	\$ 2,724,515	\$ 6,463,894
Accounts receivable – trade (net of \$20,000 allowance for uncollectible accounts at December 31, 2009 and June 30, 2009)	1,833,848	1,790,145
Inventories	7,189,812	6,567,490
Deferred tax asset	39,713	39,713
Other current assets	269,977	261,277
Prepaid income taxes	218,904	158,886
Total current assets	12,276,769	15,281,405
Property and equipment, net	2,532,314	2,334,617
Deposits on property and equipment	2,105,367	292,508
Deferred tax asset	389,477	322,390
Total non-current assets	5,027,158	2,949,515
TOTAL ASSETS	\$ 17,303,927	\$ 18,230,920
Liabilities and Stockholders' Equity		
Liabilities		
Accounts payable – trade	\$ 967,501	\$ 1,363,217
Accrued expenses	557,093	551,135
Income taxes payable	2,044	43,466
Obligation under capital leases, current portion	15,278	80,152
Total current liabilities	1,541,916	2,037,970
Obligation under capital leases, net of current portion	-	18,869
Accrued environmental costs	472,592	463,246
Total long-term liabilities	472,592	482,115
Commitments and contingencies	-	-
Stockholders' equity		
Common stock, \$.125 par value; 6,000,000 shares authorized; 1,867,948 shares issued and outstanding at December 31, 2009 and June 30, 2009	233,494	233,494
Additional paid-in capital	1,307,966	1,221,814
Retained earnings	13,723,757	14,332,950
Accumulated other comprehensive (loss)/income	24,202	(77,423)
Total stockholders' equity	15,289,419	15,710,835
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	\$ 17,303,927	\$ 18,230,920

Kreiser Manufacturing Corporation and Subsidiaries
Consolidated Statements of Operations (Unaudited)

Three Months Ended December 31,	2009	2008
Net sales	\$ 5,901,074	\$ 6,039,547
Cost of goods sold	5,754,363	5,411,038
Selling, general and administrative expenses	569,596	659,032
Total costs and expenses	6,323,959	6,070,070
Loss from operations	(422,885)	(30,523)
Interest and other income	2,157	23,521
Interest and other expenses	(5,655)	(8,800)
Realized loss on sale of asset	(11,232)	-
Foreign currency exchange adjustments	25,569	157,692
(Loss)/Income before income tax benefit/(expense)	(412,046)	141,890
Income tax benefit/(expense)	91,093	(66,087)
Net (loss)/income	\$ (320,953)	\$ 75,803
<i>Net (loss)/income per common share:</i>		
Net (loss)/income– basic	(\$0.17)	\$0.04
Net (loss)/income– diluted	(\$0.17)	\$0.04
Weighted average common shares – basic	1,867,948	1,867,948
Weighted average common shares – diluted	1,867,948	1,867,948
Six Months Ended December 31,	2009	2008
Net sales	\$ 11,206,958	\$ 12,331,905
Cost of goods sold	10,797,159	10,736,708
Selling, general and administrative expenses	1,182,780	1,359,954
Total costs and expenses	11,979,939	12,096,662
(Loss)/Income from operations	(772,981)	235,243
Interest and other income	5,199	56,259
Interest and other expenses	(12,223)	(19,344)
Realized loss on sale of asset	(10,310)	-
Foreign currency exchange adjustments	(9,151)	232,295
(Loss)/Income before income tax benefit/(expense)	(799,466)	504,453
Income tax benefit/(expense)	190,273	(209,348)
Net (loss)/income	\$ (609,193)	\$ 295,105
<i>Net (loss)/income per common share:</i>		
Net (loss)/income – basic	(\$0.33)	\$0.16
Net (loss)/income – diluted	(\$0.33)	\$0.16
Weighted average common shares – basic	1,867,948	1,867,948
Weighted average common shares – diluted	1,867,948	1,868,900

Consolidated Statements of Changes in Stockholders' Equity and Comprehensive Income/(Loss)

Six Months ended December 31, 2009

	<u>Common Stock Outstanding</u>		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income/(Loss)	Total Stockholders' Equity
	Shares	Amounts				
Balances, June 30, 2009 (audited)	1,867,948	\$ 233,494	\$ 1,221,814	\$ 14,332,950	\$ (77,423)	\$ 15,710,835
Comprehensive income:						
Net loss				(609,193)		\$ (609,193)
Foreign currency translation adjustment ⁽¹⁾					101,625	101,625
Total comprehensive income/(loss)						<u>\$ (507,568)</u>
Stock-based compensation			86,152			86,152
Balances, December 31, 2009 (unaudited)	1,867,948	\$ 233,494	\$ 1,307,966	\$ 13,723,757	\$ 24,202	\$ 15,289,419

⁽¹⁾ Net of tax benefit of \$5,520

Kreiser Manufacturing Corporation and Subsidiaries
Consolidated Statements of Cash Flows

Six months ended December 31,	2009	2008
Cash Flows From Operating Activities:		
Net (loss)/income	\$ (609,193)	\$ 295,105
Adjustments to reconcile net (loss)/income to net cash used in operating activities:		
Depreciation and amortization	405,009	340,956
Realized loss on disposition of fixed assets	10,310	-
Deferred tax (benefit)	(119,883)	-
Stock-based compensation	86,152	72,926
Increase/(decrease) in cash attributable to changes in operating assets and liabilities:		
Accounts receivable – trade, net	(19,171)	477,344
Inventories	(595,174)	(150,033)
Other current assets	10,837	305,788
Prepaid income taxes	(60,018)	(68,207)
Accounts payable – trade	(398,938)	(451,323)
Accrued expenses	(11,546)	(302,341)
Deferred revenue	-	(621,941)
Income taxes payable	(45,787)	(39,018)
Accrued environmental costs	9,346	9,346
Net Cash Used In Operating Activities	(1,338,056)	(131,398)
Cash Flows From Investing Activities:		
Purchases of property and equipment	(203,528)	(952,610)
Deposits on property and equipment	(2,072,274)	(412,761)
Proceeds from sale of fixed asset	48,229	-
Proceeds from long-term investments	-	700,000
Net Cash Used In Investing Activities	(2,227,573)	(665,371)
Cash Flows From Financing Activities:		
Repayments of obligations under capital leases	(83,743)	(70,716)
Net Cash Used In Financing Activities	(83,743)	(70,716)
Effect of foreign currency translation	(90,007)	(170,873)
Decrease in cash and cash equivalents	(3,739,379)	(1,038,358)
Cash and cash equivalents, beginning of period	6,463,894	7,243,565
Cash and cash equivalents, end of period	\$ 2,724,515	\$ 6,205,207
Supplemental Disclosure of Cash Flow Information		
Cash paid during the period for:		
Income taxes	\$ 12,497	\$ 361,641
Interest	\$ 2,876	\$ 52,095



EXHIBIT B – CONSOLIDATED FINANCIAL STATEMENTS

The following consolidated financial statements of the Company and its subsidiaries are included herein:

Consolidated Balance Sheets – June 30, 2009 and 2008

Consolidated Statements of Operations – Years ended June 30, 2009 and 2008

Consolidated Statements of Changes in Stockholders' Equity and Comprehensive Income/(Loss) – Years ended June 30, 2009

Consolidated Statements of Cash Flows – Years ended June 30, 2009 and 2008

Kreisler Manufacturing Corporation and Subsidiaries
Consolidated Balance Sheets

June 30,	2009	2008
Assets		
Cash and cash equivalents	\$ 6,463,894	\$ 7,243,565
Accounts receivable – trade (net of \$20,000 allowance for uncollectible accounts at June 30, 2009 and 2008)	1,790,145	2,052,124
Inventories	6,567,490	7,142,438
Deferred tax asset	39,713	31,271
Other current assets	261,277	620,614
Prepaid income taxes	158,886	-
Total current assets	15,281,405	17,090,012
Property and equipment, net	2,334,617	2,077,223
Deposits on property and equipment	292,508	456,989
Long-term investments	-	700,000
Deferred tax asset	322,390	-
Total non-current assets	2,949,515	3,234,212
TOTAL ASSETS	\$ 18,230,920	\$ 20,324,224
Liabilities and Stockholders' Equity		
Liabilities		
Accounts payable – trade	\$ 1,363,217	\$ 1,812,515
Accrued expenses	551,135	867,167
Deferred revenue	-	1,259,505
Income taxes payable	43,466	39,018
Obligation under capital leases, current portion	80,152	127,731
Total current liabilities	2,037,969	4,105,936
Obligation under capital leases, net of current portion	18,869	128,296
Deferred tax liability	-	95,884
Accrued environmental costs	463,246	444,707
Total long-term liabilities	482,115	668,887
Commitments and contingencies	-	-
Stockholders' equity		
Common stock, \$.125 par value; 6,000,000 shares authorized; 1,867,948 shares issued and outstanding at June 30, 2009 and 2008	233,494	233,494
Additional paid-in capital	1,221,814	1,062,736
Retained earnings	14,332,950	13,794,746
Accumulated other comprehensive (loss)/income	(77,423)	458,425
Total stockholders' equity	15,710,835	15,549,401
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	\$ 18,230,920	\$ 20,324,224

Kreisler Manufacturing Corporation and Subsidiaries
Consolidated Statements of Operations

Years ended June 30,	2009	2008
Net sales	\$ 26,423,295	\$ 29,278,635
Cost of goods sold	22,913,399	23,374,081
Selling, general and administrative expenses	3,079,506	2,691,215
Total costs and expenses	25,992,905	26,065,296
Income from operations	430,390	3,213,339
Interest and other income	73,376	239,777
Interest and other expenses	(38,103)	(56,579)
Realized gain on sale of asset	7,319	-
Foreign currency exchange adjustments	219,756	(219,271)
Income before income tax expense	692,738	3,177,266
Income tax expense	(154,534)	(1,311,509)
Net income	\$ 538,204	\$ 1,865,757
<i>Net income per common share:</i>		
Net income – basic	\$0.29	\$1.00
Net income – diluted	\$0.29	\$0.99
Weighted average common shares – basic	1,867,948	1,867,948
Weighted average common shares – diluted	1,868,147	1,891,138

Consolidated Statements of Changes in Stockholders' Equity and Comprehensive Income/(Loss)

Years ended June 30, 2009 and 2008

	<u>Common Stock Outstanding</u>		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income/(Loss)	Total Stockholders' Equity
	Shares	Amounts				
Balances, July 1, 2008	1,867,948	\$ 233,494	\$ 909,625	\$ 11,928,989	\$ 71,023	\$ 13,143,131
Comprehensive income:						
Net income				1,865,757		1,865,757
Foreign currency translation adjustment ⁽¹⁾					387,402	387,402
Total comprehensive income/(loss)						<u>2,253,159</u>
Stock-based compensation			153,111			153,111
Balances, June 30, 2008	1,867,948	\$ 233,494	\$ 1,062,736	\$ 13,794,746	\$ 458,425	\$ 15,549,401
Comprehensive income:						
Net income				538,204		538,204
Foreign currency translation adjustment ⁽²⁾					(535,848)	(535,848)
Total comprehensive income/(loss)						<u>2,356</u>
Stock-based compensation			159,078			159,078
Balances, June 30, 2009	1,867,948	\$ 233,494	\$ 1,221,814	\$ 14,332,950	\$ (77,423)	\$ 15,710,835

⁽¹⁾ Net of tax expense of \$258,268

⁽²⁾ Net of tax benefit of \$357,231

Kreiser Manufacturing Corporation and Subsidiaries
Consolidated Statements of Cash Flows

Years ended June 30,	2009	2008
Cash Flows From Operating Activities:		
Net income	\$ 538,204	\$ 1,865,757
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	704,082	724,359
Realized (gain)/loss on disposition of fixed assets	(7,319)	1,427
Deferred tax (benefit)/expense	(69,486)	26,599
Stock-based compensation	159,078	153,111
Increase/(decrease) in cash attributable to changes in operating assets and liabilities		
Accounts receivable – trade, net	207,636	262,705
Inventories	522,125	(1,576,643)
Other current assets	344,672	(502,579)
Prepaid income taxes	(158,886)	-
Accounts payable – trade	(432,857)	759,261
Accrued expenses	(250,397)	326,605
Deferred revenue	(1,259,505)	759,505
Product warranties	-	(148,185)
Income taxes payable	4,448	39,018
Accrued environmental costs	18,539	18,590
Net Cash Provided By Operating Activities	320,334	2,709,530
Cash Flows From Investing Activities:		
Foreign grant for property and equipment placed in service	-	448,817
Purchase of property and equipment	(1,135,562)	(550,047)
Purchase of investments	-	(700,000)
Payment for deposit on property and equipment	(314,303)	(456,989)
Proceeds from sale of fixed asset	7,319	-
Proceeds from investments	700,000	550,000
Net Cash Used In Investing Activities	(742,546)	(708,219)
Cash Flows From Financing Activities:		
Repayments of obligations under capital leases	(157,006)	(118,047)
Net Cash Used In Financing Activities	(157,006)	(118,047)
Effect of foreign currency translation	(200,453)	291,976
(Decrease)/Increase in cash and cash equivalents	(779,671)	2,175,240
Cash and cash equivalents, beginning of period	7,243,565	5,068,325
Cash and cash equivalents, end of period	\$ 6,463,894	\$ 7,243,565
Supplemental Disclosure of Cash Flow Information		
Cash paid during the period for:		
Income taxes	\$ 375,153	\$ 1,466,000
Interest	\$ 60,563	\$ 25,532
Supplemental Disclosure of Non-cash Investing and Financing Activities:		
Deposits on fixed assets placed in service	\$ 21,625	\$ -