

Sep. 30, 2014

Quarterly Consolidated Financial Statements as of September 30, 2014

Rule 15C2-11 Information

KREISLER MANUFACTURING CORPORATION
RULE 15C2-11 INFORMATION

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

   Kreisler 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:

   Kreisler Manufacturing Corporation and its wholly-owned subsidiary, Kreisler Industrial Corporation ("Kreisler Industrial") (collectively, "Kreisler" or "we," "us," "our" or the "Company"), manufacture 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. Kreisler Industrial's order backlog as of September 30, 2014 was $45.3 million.

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

Our principal executive office is located at Kreisler 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 Kreisler Industrial. The facility is approximately 60 years old and the current term under the existing lease agreement will expire on September 30, 2018.

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

Director……..... Michael D. Stern

Director .....……..... John W. Poling

Director .....……..... Edward A. Stern

Director……..... Joseph P. Daly

Michael D. Stern is also Co-President, Chief Executive Officer, and Treasurer of the Company.

Edward A. Stern is also Co-President, Chief Corporate Officer, and Secretary 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 months ended September 30, 2014 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 most recent 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 are included herein:

Consolidated Balance Sheets – September 30, 2014 and June 30, 2014

Consolidated Statements of Operations – Three Months Ended September 30, 2014 and 2013

Consolidated Statement of Changes in Stockholders' Equity – Three Months Ended September 30, 2014

Consolidated Statements of Cash Flows – Three Months Ended September 30, 2014 and 2013

Kreisler Manufacturing Corporation and Subsidiary

Consolidated Balance Sheets

	September 30, 2014	June 30, 2014
	(Unaudited)	*(Audited)*
Assets		
Cash and cash equivalents	$ 7,618,636	$ 7,384,208
Short-term investments	2,824,914	3,274,574
Accounts receivable - trade *(net of $20,000 allowance for uncollectible accounts at September 30, 2014 and June 30, 2014)*	2,631,647	2,709,360
Inventories, net	4,703,309	4,889,453
Other current assets	181,394	180,609
Prepaid income taxes	-	85,508
Total current assets	17,959,900	18,523,712
Property and equipment, net	779,099	796,465
Deposits on property and equipment	518,459	262,301
Deferred tax assets, net	255,878	228,620
Total non-current assets	1,553,436	1,287,386
TOTAL ASSETS	$ 19,513,336	$ 19,811,098
Liabilities and Stockholders' Equity		
Liabilities		
Accounts payable - trade	$ 2,249,217	$ 2,650,721
Accrued expenses	1,065,134	1,339,806
Line of credit	250,000	250,000
Income taxes payable	4,339	-
Deferred tax liabilities, net	20,731	20,731
Total current liabilities	3,589,421	4,261,258
Accrued environmental costs	554,180	534,180
Total long-term liabilities	554,180	534,180
Stockholders' equity		
Common stock, $.125 par value; 6,000,000 shares authorized; 1,867,948 shares issued and outstanding at September 30, 2014 and June 30, 2014	233,494	233,494
Additional paid-in capital	1,446,973	1,446,973
Retained earnings	13,689,268	13,335,193
Total stockholders' equity	15,369,735	15,015,660
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 19,513,336	$ 19,811,098

Kreisler Manufacturing Corporation and Subsidiary
Consolidated Statements of Operations *(Unaudited)*

Three Months Ended September 30,	**2014**	**2013**
Net sales	$ 7,817,034	$ 6,684,978
Cost of goods sold	6,652,186	5,384,651
Selling, general, and administrative expenses	646,876	516,298
Total costs and expenses	7,299,062	5,900,949
Income from operations	517,972	784,029
Interest and other income	1,586	3,661
Interest and other expenses	(2,894)	(2,150)
Realized gain/(loss) on disposition of assets	-	-
Income before income tax expense	516,664	785,540
Income tax expense	(162,589)	(251,298)
Net income	$ 354,075	$ 534,242
Net income per common share:		
Net income – basic	$0.19	$0.29
Net income – diluted	$0.19	$0.28
Weighted average common shares – basic	1,867,948	1,867,948
Weighted average common shares – diluted	1,904,526	1,889,118

Kreisler Manufacturing Corporation and Subsidiary

Consolidated Statement of Changes in Stockholders' Equity

Three Months Ended September 30, 2014

	Common Stock Outstanding				
	Shares	**Amounts**	**Additional Paid-in Capital**	**Retained Earnings**	**Total Stockholders' Equity**
Balances, June 30, 2014 *(audited)*	**1,867,948**	**$ 233,494**	**$ 1,446,973**	**$ 13,335,193**	**$ 15,015,660**
Net income				354,075	354,075
Balances, September 30, 2014 *(unaudited)*	**1,867,948**	**$ 233,494**	**$ 1,446,973**	**$ 13,689,268**	**$ 15,369,735**

Kreisler Manufacturing Corporation and Subsidiary
Consolidated Statements of Cash Flows *(Unaudited)*

Three Months Ended September 30,	**2014**	**2013**
Cash Flows from Operating Activities		
Net income	$ 354,075	$ 534,242
Adjustments to reconcile net income to net cash provided by/(used in) operating activities		
Depreciation and amortization	67,904	50,161
Deferred tax expense	(27,258)	(5,624)
Increase (decrease) in cash attributable to changes in operating assets and liabilities		
Accounts receivable - trade, net	77,713	617,237
Inventories, net	186,144	(154,684)
Other current assets	(785)	21,540
Prepaid income taxes	85,508	-
Accounts payable - trade	(433,151)	361,443
Accrued expenses	(348,102)	(351,485)
Income taxes payable	4,339	(108,078)
Accrued environmental costs	20,000	16,262
Net Cash Provided By/(Used In) Operating Activities	(13,613)	981,014
Cash Flows from Investing Activities		
Purchases of property and equipment	(44,141)	(8,149)
Deposits on property and equipment	(157,478)	(28,134)
Net (investment in) redemption of short-term investments	449,660	(69,309)
Net Cash Provided By/(Used In) Investing Activities	248,041	(105,592)
Cash Flows from Financing Activities		
Proceeds from line of credit	-	250,000
Cash dividend paid	-	(933,974)
Net Cash Used In Financing Activities	-	(683,974)
Increase in cash and cash equivalents	234,428	191,448
Cash and cash equivalents - beginning of period	7,384,208	4,926,137
Cash and cash equivalents - end of period	$ 7,618,636	$ 5,117,585
Supplemental Disclosures of Cash Flow Information		
Cash paid during the period for:		
Income taxes	$ 100,000	$ 365,000
Interest	$ 2,015	$ 2,150
Supplemental Disclosure of Non-cash Investing and Financing Activities:		
Deposits on property and equipment transferred to property and equipment	$ 6,250	$ 155,367
Deposits on property and equipment included in accounts payable and accrued expenses	$ 104,930	$ -

EXHIBIT B - FINANCIAL INFORMATION FOR FISCAL YEARS ENDED JUNE 30, 2014 AND 2013

Kreisler Manufacturing Corporation and Subsidiary
Consolidated Balance Sheets

	June 30, 2014	June 30, 2013
Assets		
Cash and cash equivalents	$ 7,384,208	$ 4,926,137
Short-term investments	3,274,574	4,006,693
Accounts receivable - trade *(net of $20,000 allowance for uncollectible accounts at June 30, 2014 and June 30, 2013)*	2,709,360	3,281,628
Inventories, net	4,889,453	3,580,499
Other current assets	180,609	150,917
Prepaid income taxes	85,508	-
Total current assets	18,523,712	15,945,874
Property and equipment, net	796,465	493,650
Deposits on property and equipment	262,301	147,233
Deferred tax assets, net	228,620	315,509
Total non-current assets	1,287,386	956,392
TOTAL ASSETS	$ 19,811,098	$ 16,902,266
Liabilities and Stockholders' Equity		
Liabilities		
Accounts payable - trade	$ 2,650,721	$ 1,708,433
Line of credit	250,000	-
Income taxes payable	-	344,974
Deferred tax liabilities, net	20,731	26,221
Total current liabilities	4,261,258	3,193,746
Accrued environmental costs	534,180	482,330
Total long-term liabilities	534,180	482,330
Stockholders' equity		
Common stock, $.125 par value; 6,000,000 shares authorized; 1,867,948 shares issued and outstanding at June 30, 2014 and June 30, 2013	233,494	233,494
Additional paid-in capital	1,446,973	1,446,973
Retained earnings	13,335,193	11,545,723
Total stockholders' equity	15,015,660	13,226,190
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 19,811,098	$ 16,902,266

EXHIBIT B - FINANCIAL INFORMATION FOR FISCAL YEARS ENDED JUNE 30, 2014 AND 2013

Kreisler Manufacturing Corporation and Subsidiary
Consolidated Statements of Operations

Years Ended June 30,	**2014**	**2013**
Net sales	$ 30,607,834	$ 30,399,878
Cost of goods sold	24,289,267	25,785,741
Selling, general, and administrative expenses	2,353,061	1,822,660
Total costs and expenses	26,642,328	27,608,401
Income from operations	3,965,506	2,791,477
Interest and other income	12,103	2,321
Interest and other expenses	(31,889)	(6,358)
Realized gain/(loss) on disposition of assets	64,534	(57,675)
Income before income tax expense	4,010,254	2,729,765
Income tax expense	(1,286,810)	(962,408)
Net income	$ 2,723,444	$ 1,767,357
Net income per common share:		
Net income – basic	$1.46	$0.95
Net income – diluted	$1.44	$0.94
Weighted average common shares – basic	1,867,948	1,867,948
Weighted average common shares – diluted	1,888,240	1,881,488

EXHIBIT B - FINANCIAL INFORMATION FOR FISCAL YEARS ENDED JUNE 30, 2014 AND 2013

Kreisler Manufacturing Corporation and Subsidiary
Consolidated Statements of Changes in Stockholders' Equity
Years Ended June 30, 2014 and 2013

	Common Stock Outstanding				Total
	Shares	Amounts	Additional Paid-in Capital	Retained Earnings	Stockholders' Equity
Balances, June 30, 2012	**1,867,948**	**$ 233,494**	**$ 1,435,190**	**$ 9,778,366**	**$ 11,447,050**
Net income				1,767,357	1,767,357
Stock-based compensation			11,783		11,783
Balances, June 30, 2013	**1,867,948**	**$ 233,494**	**$ 1,446,973**	**$ 11,545,723**	**$ 13,226,190**
Net income				2,723,444	2,723,444
Cash dividend				(933,974)	(933,974)
Balances, June 30, 2014	**1,867,948**	**$ 233,494**	**$ 1,446,973**	**$ 13,335,193**	**$ 15,015,660**

EXHIBIT B - FINANCIAL INFORMATION FOR FISCAL YEARS ENDED JUNE 30, 2014 AND 2013

Kreisler Manufacturing Corporation and Subsidiary

Consolidated Statements of Cash Flows

Years Ended June 30,	2014	2013
Cash Flows from Operating Activities		
Net income	$ 2,723,444	$ 1,767,357
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	264,058	223,889
Realized (gain)/loss on disposition of assets	(64,134)	57,675
Deferred tax expense	81,399	116,144
Stock-based compensation	-	11,783
Increase (decrease) in cash attributable to changes in operating assets and liabilities		
Accounts receivable - trade, net	572,268	992,632
Inventories, net	(1,308,954)	2,269,979
Other current assets	(29,692)	83,603
Prepaid income taxes	(85,508)	1,641,297
Accounts payable - trade	782,788	(678,208)
Accrued expenses	152,258	249,731
Income taxes payable	(344,974)	344,974
Accrued environmental costs	51,850	-
Net Cash Provided By Operating Activities	2,794,803	7,080,856
Cash Flows from Investing Activities		
Purchases of property and equipment	(420,660)	(186,007)
Deposits on property and equipment	(29,371)	(147,233)
Proceeds from sale of property and equipment	65,154	-
Net redemption of short-term investments	732,119	(4,006,693)
Net Cash Provided By/(Used In) Investing Activities	347,242	(4,339,933)
Cash Flows from Financing Activities		
Proceeds from line of credit	250,000	-
Cash dividend paid	(933,974)	-
Repayments of loan payable	-	(31,367)
Net Cash Used In Financing Activities	(683,974)	(31,367)
Increase in cash and cash equivalents	2,458,071	2,709,556
Cash and cash equivalents - beginning of year	4,926,137	2,216,581
Cash and cash equivalents - end of year	$ 7,384,208	$ 4,926,137
Supplemental Disclosures of Cash Flow Information		
Cash paid during the year for:		
Income taxes	$ 1,635,894	$ 280,000
Interest	$ 11,889	$ 4,381
Supplemental Disclosure of Non-cash Investing and Financing Activities:		
Deposits on property and equipment transferred to property and equipment	$ 147,233	$ -
Deposits on property and equipment included in accounts payable and accrued expenses	$ 232,930	$ -