

**IMPRESO, INC. AND SUBSIDIARIES**

**INTERIM CONDENSED CONSOLIDATED BALANCE SHEETS**

**ASSETS**  
**(Unaudited)**

	May 31, 2009	August 31, 2008
Current assets:		
Trade accounts receivable, net of allowance for doubtful accounts of \$889,083 as of May 31, 2008 and \$747,833 as of August 31, 2007	\$ 7,461,306	\$ 9,276,880
Inventories, net of allowances	9,008,649	14,651,071
Prepaid expenses and other	235,501	169,395
Deferred income tax assets	524,279	641,601
	<u>17,229,735</u>	<u>24,738,947</u>
Total current assets		
Property, plant and equipment, at cost	19,954,414	20,569,241
Less-Accumulated depreciation	<u>(15,234,952)</u>	<u>(15,423,926)</u>
	<u>4,719,462</u>	<u>5,145,315</u>
Net property, plant and equipment		
Noncurrent assets		
Deferred tax assets	171,568	979,585
Other assets	39,507	57,019
	<u>211,075</u>	<u>1,036,604</u>
Total assets	<u>\$22,160,272</u>	<u>\$30,920,866</u>

**IMPRESO, INC. AND SUBSIDIARIES**

**INTERIM CONDENSED CONSOLIDATED BALANCE SHEETS (CONTINUED)**

**LIABILITIES AND STOCKHOLDERS' EQUITY**  
**(Unaudited)**

	May 31, 2,009	August 31, 2008
Current liabilities:		
Accounts payable	\$ 2,601,518	\$ 9,908,378
Accrued liabilities	2,682,431	1,335,561
Accrued commissions	969,044	1,430,430
Current maturities of long-term debt	303,006	407,078
Line of credit	209,487	3,241,151
Total current liabilities	6,765,486	16,322,598
Deferred gain	-	99,602
Long-term debt, net of current maturities	1,132,014	1,357,380
Total Liabilities	7,897,500	17,779,580
Stockholders' equity:		
Preferred stock, \$.01 par value; 5,000,000 shares authorized; 0 shares issued and outstanding	-	-
Common stock, \$.01 par value; 15,000,000 shares authorized; 5,292,780 issued and 5,278,780 outstanding	52,928	52,928
Treasury stock (14,000 shares, at cost)	(38,892)	(38,892)
Additional paid-in capital	6,353,656	6,353,656
Retained earnings	7,895,080	6,773,594
Total stockholders' equity	14,262,772	13,141,286
Total liabilities and stockholders' equity	\$22,160,272	\$30,920,866

**IMPRESO, INC. AND SUBSIDIARIES**

**INTERIM CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
**(Unaudited)**

	Three Months Ended		Nine Months Ended	
	May 31, 2009	May 31, 2008	May 31, 2009	May 31 2008
Net sales	\$ 12,441,905	\$ 17,083,974	\$ 44,965,604	\$ 51,227,134
Cost of sales	<u>10,952,995</u>	<u>15,767,352</u>	<u>40,767,130</u>	<u>46,502,315</u>
Gross profit	1,488,910	1,316,622	4,198,474	4,724,819
Gain on sale of assets	(13,607)	(99,674)	16,644	(335,777)
Selling, General and administrative expenses	<u>1,425,242</u>	<u>1,931,396</u>	<u>5,213,172</u>	<u>5,814,555</u>
Operating income (loss)	<u>77,275</u>	<u>(515,100)</u>	<u>(1,031,342)</u>	<u>(753,959)</u>
Other expenses (income):				
Interest expense	71,512	59,542	223,860	193,820
Forgiveness of debt	-	-	(3,328,954)	-
Other expense, net	<u>12,318</u>	<u>19,351</u>	<u>8,927</u>	<u>(88,906)</u>
Total other expense (income)	83,830	78,893	(3,096,167)	104,914
Loss before income tax expense (benefit)	(6,555)	(593,993)	2,064,825	(858,873)
Income tax expense (benefit):				
Current	6,000	6,200	18,000	6,200
Deferred	<u>24,474</u>	<u>(177,086)</u>	<u>925,339</u>	<u>(235,060)</u>
Total income tax expense (benefit)	30,474	(170,886)	943,339	(228,860)
Net income (loss)	<u>\$ (37,029)</u>	<u>\$ (423,107)</u>	<u>\$ 1,121,486</u>	<u>\$ (630,013)</u>
Net income (loss) per share	<u>\$ (0.01)</u>	<u>\$ (0.08)</u>	<u>\$ 0.21</u>	<u>\$ (0.12)</u>
Weighted average shares outstanding	<u>5,278,780</u>	<u>5,278,780</u>	<u>5,278,780</u>	<u>5,278,780</u>

IMPRESO, INC. AND SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS  
(Unaudited)

	Nine Month Ended	
	May 31, 2009	May 31, 2008
Cash Flows From Operating Activities:		
Net Income (loss)	\$ 1,121,486	\$ (630,013)
Adjustments to reconcile net loss to net cash provided by (used) in operating activities -		
Depreciation and amortization	345,862	397,396
(Decrease) increase in provision for bad debt expense	(197,246)	141,250
Decrease in provision of losses of inventory	(99,076)	(141,453)
Gain on sale of property, plant and equipment	116,247	3,217
Change in deferred gain on sale of property	(99,602)	(338,994)
Decrease (increase) in deferred income tax assets	925,339	(235,060)
Decrease (increase) in trade accounts receivable	2,012,820	(1,177,286)
Decrease (increase) in inventory	5,741,498	(73,644)
(Increase) decrease in prepaid expenses and other	(66,106)	88,063
Decrease in noncurrent assets	17,512	49,908
(Decrease) increase in accounts payable	(7,306,860)	1,705,390
Increase in accrued liabilities	885,484	835,669
	<hr/>	<hr/>
Net cash provided by operating activities	3,397,358	624,443
Cash Flows From Investing Activities:		
Additions to property, plant and equipment	(42,040)	(188,719)
Proceeds from sale of property, plant and equipment	5,784	46,434
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Net cash (used) in investing activities	(36,256)	(142,285)
Cash Flows From Financing Activities:		
Net (payments) borrowings on line of credit	(3,031,664)	44,375
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Net cash used in financing activities	(3,361,102)	(482,158)
Net Increase in cash and cash equivalents	<hr/>	<hr/>
	-	-
Cash and cash equivalents, beginning of period	<hr/>	<hr/>
	-	-
Cash and cash equivalents, end of period	<hr/>	<hr/>
	-	-