

**IMPRESO, INC. AND SUBSIDIARIES****CONSOLIDATED BALANCE SHEETS****ASSETS**  
(Unaudited)

	May 31, 2011	August 31, 2010
Current assets:		
Cash and cash equivalents	\$ 217,025	\$ 57,515
Trade accounts receivable, net of allowance for doubtful accounts of \$440,339 as of May 31, 2011, \$582,097 as of August 31, 2010	7,159,281	8,020,123
Inventories, net of allowances	9,447,797	11,529,545
Prepaid expenses and other	361,722	580,623
Deferred income tax assets	283,278	400,740
Total current assets	<u>17,469,103</u>	<u>20,588,546</u>
Property, plant and equipment, at cost	20,500,258	20,259,928
Less-Accumulated depreciation	<u>(15,480,249)</u>	<u>(15,297,678)</u>
Net property, plant and equipment	<u>5,020,009</u>	<u>4,962,250</u>
Noncurrent assets:		
Deferred tax assets	359,327	238,284
Other assets	<u>56,654</u>	<u>150,661</u>
Total assets	<u>\$ 22,905,093</u>	<u>\$ 25,939,741</u>

**IMPRESO, INC. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS (CONTINUED)**  
**LIABILITIES AND STOCKHOLDERS' EQUITY**  
**(Unaudited)**

	May 31, 2011	August 31, 2010
	<u>                    </u>	<u>                    </u>
<b>Current liabilities:</b>		
Accounts payable	\$ 2,190,688	\$ 2,743,360
Accrued liabilities	2,202,277	2,310,130
Accrued commissions	911,111	751,620
Current maturities of long-term debt	108,209	988,459
Line of credit	3,608,030	5,719,466.00
	<u>                    </u>	<u>                    </u>
Total current liabilities	9,020,315	12,513,035
	<u>                    </u>	<u>                    </u>
Long-term debt, net of current maturities	748,204	109,594
	<u>                    </u>	<u>                    </u>
Total liabilities	9,768,519	12,622,629
	<u>                    </u>	<u>                    </u>
<b>Stockholders' equity:</b>		
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 4,021,263 and 4,220,855 outstanding as of May 31, 2011, and August 31, 2010, respectively	52,928	52,928
Additional paid-in capital	6,353,656	6,353,656
Retained earnings	8,089,275	8,060,241
	<u>                    </u>	<u>                    </u>
Stockholders equity	14,495,859	\$ 14,466,825
	<u>                    </u>	<u>                    </u>
Treasury stock (1,271,517 shares at May 31, 2011; 1,071,925 shares at August 31, 2010)	(1,359,285)	(1,149,713)
	<u>                    </u>	<u>                    </u>
Total Stockholders' equity	13,136,574	13,317,112
	<u>                    </u>	<u>                    </u>
Total liabilities and stockholders' equity	<u>\$ 22,905,093</u>	<u>\$ 25,939,741</u>

**IMPRESO, INC. AND SUBSIDIARIES**

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

	Three Months Ended		Nine Months Ended	
	May 31, 2011	May 31, 2010	May 31, 2011	May 31, 2010
Net sales	\$ 17,417,588	\$ 14,706,740	\$ 49,238,774	\$ 43,377,626
Cost of sales	15,103,872	12,464,845	43,958,160	37,669,090
Gross profit	2,313,716	2,241,895	5,280,614	5,708,536
Loss on sale of assets	6,466	4,651	17,551	22,180
Selling, General and administrative expenses	1,781,193	1,861,247	4,946,567	5,397,008
Operating income	526,057	375,997	316,496	289,348
Other expenses (income):				
Interest expense	75,940	51,103	267,246	129,477
Misc. expense (income), net	18,468	10,498	13,796	(72,043)
Other expense, net	94,408	61,601	281,042	57,434
Income before income tax benefit	431,649	314,396	35,454	231,914
Income tax expense (benefit):				
Current	5,000	15,000	10,000	20,000
Deferred	147,314	117,707	(3,581)	82,762
Total income tax expense	152,314	132,707	6,419	102,762
Net income	279,335	181,689	29,035	129,152

IMPRESO, INC. AND SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS  
(Unaudited)

	Nine Month Ended	
	May 31, 2011	May 31, 2010
<b>Cash Flows From Operating Activities:</b>		
Net Income	\$ 29,035	\$ 129,152
Adjustments to reconcile net loss to net cash provided by (used) in operating activities -		
Depreciation and amortization	340,506	372,794
(Decrease) increase in provision for bad debt expense	(156,796)	260,449
Decrease in provision of losses of inventory	(101,027)	(44,815)
Loss on sale of property, plant and equipment	17,551	23,208
(Increase) decrease in deferred income tax assets	(3,581)	82,762
Decrease (increase) in trade accounts receivable	1,017,638	(85,757)
Decrease (increase) in inventory	2,182,775	(1,440,998)
Decrease (increase) in prepaid expenses and other	218,901	(215,061)
Decrease (increase) noncurrent assets	94,007	(22,155)
(Decrease) increase in accounts payable	(552,672)	901,191
Increase (decrease) in accrued liabilities	51,638	(488,104)
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Net cash provided by (used in) operating activities	3,137,975	(527,334)
<b>Cash Flows From Investing Activities:</b>		
Additions to property, plant and equipment	(415,817)	(602,323)
Proceeds from sale of property, plant and equipment	-	18,900
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Net cash (used) in investing activities	(415,817)	(583,423)
<b>Cash Flows From Financing Activities:</b>		
Net (payments) borrowings on line of credit	(2,111,436)	488,128
Principal payments on debt	(241,640)	(172,084)
Purchase of Treasury Stock	(209,572)	-
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Net cash (used in) provided by financing activities	(2,562,648)	316,044
Net Increase (decrease) in cash and cash equivalents	<hr/>	<hr/>
	159,510	(794,713)
Cash and cash equivalents, beginning of period	<hr/>	<hr/>
	-	794,713
Cash and cash equivalents, end of period	<hr/> <hr/>	<hr/> <hr/>
	159,510	-