

IMPRESO, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

ASSETS
(unaudited)

	November 30, 2011	August 31, 2011
Current assets:		
Cash	\$ -	\$ 132,709
Trade accounts receivable, net of allowance for doubtful accounts of \$465,479 as of November 30, 2011, and \$375,751 as of August 31, 2011	6,818,512	6,914,786
Inventories, net of allowances	10,815,646	10,688,366
Prepaid expenses and other	370,604	309,851
Deferred income tax assets	227,145	322,579
Total current assets	<u>18,231,907</u>	<u>18,368,291</u>
Property, plant and equipment, at cost	20,118,017	20,165,319
Less-Accumulated depreciation	<u>(15,294,841)</u>	<u>(15,271,158)</u>
Net property, plant and equipment	<u>4,823,176</u>	<u>4,894,161</u>
Noncurrent assets:		
Deferred tax assets	-	61,402
Other assets	51,283	55,954
Total assets	<u>\$ 23,106,366</u>	<u>\$ 23,379,808</u>

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

	November 30, 2011	August 31, 2011
Current liabilities:		
Accounts payable	\$ 2,526,680	\$ 2,864,267
Accrued liabilities	2,312,221	2,226,287
Accrued commissions	983,486	943,492
Current maturities of long-term debt	95,930	131,866
Line of credit	2,946,154	3,193,464
Total current liabilities	8,864,471	9,359,376
Long-term debt, net of current maturities	625,917	649,621
Total liabilities	9,490,388	10,008,997
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 4,021,263 outstanding	52,928	52,928
Additional paid-in capital	6,353,656	6,353,656
Retained earnings	8,545,073	8,323,512
Stockholders' equity	14,951,657	14,730,096
Treasury stock (1,271,517 shares, at cost)	(1,359,285)	(1,359,285)
Minority interest	23,606	-
Total stockholders' equity	13,615,978	13,370,811
Total liabilities and stockholders' equity	\$ 23,106,366	\$ 23,379,808

IMPRESO, INC. AND SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

	Three Months Ended November 30,	
	2011	2010
Cash Flows From Operating Activities:		
Net income	\$ 221,561.00	\$ 14,559.00
Adjustments to reconcile net loss to net cash provided by (used in) operating activities-		
Depreciation and amortization	111,509	57,389
Bad debt expense (benefit)	89,728	(335,509)
Decrease in provision of losses of inventory	(5,437)	(100,207)
Loss on sale of property, plant and equipment	1,833	5,944
Deferred income tax expense	156,836	2,910
Decrease in trade accounts receivable	6,546	1,195,145
Increase in inventory	(146,525)	(1,373,476)
(Increase) decrease in prepaid expenses and other	(60,753)	192,563
Decrease in noncurrent assets	4,671	92,511
(Decrease) increase in accounts payable	(312,905)	2,044,252
Increase (decrease) in accrued liabilities	125,928	(19,507)
	<u>192,992</u>	<u>1,776,574</u>
Cash Flows From Investing Activities:		
Additions to property, plant and equipment	(50,282)	(106,933)
Proceeds from sale of property, plant and equipment	7,925	-
	<u>(42,357)</u>	<u>(106,933)</u>
Cash Flows From Financing Activities:		
Payments on line of credit	(247,310)	(1,456,158)
Payments on debt	(59,640)	(82,426)
Minority interest	23,606	-
Purchase of Treasury Stock	-	(188,572)
	<u>(283,344)</u>	<u>(1,727,156)</u>
Net decrease in cash and cash equivalents	(132,709)	(57,515)
Cash and cash equivalents, beginning of period	-	57,515
Cash and cash equivalents, end of period	\$ -	\$ -