

IMPRESO, INC. AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED BALANCE SHEETS

ASSETS
(Unaudited)

	May 2007	August 31, 2006
Current assets:		
Trade accounts receivable, net of allowance for doubtful accounts of \$968,889 as of May 31, 2007 and \$742,423 as of August 31, 2006	\$ 8,481,877	\$ 8,598,833
Inventories, net of allowances	16,098,845	15,293,518
Prepaid expenses and other	254,840	276,929
Assets held for sale	0	1,278,872
Deferred income tax assets	728,422	650,048
Total current assets	<u>25,563,984</u>	<u>26,098,200</u>
Property, plant and equipment, at cost	27,508,347	27,298,262
Less-Accumulated depreciation	<u>(16,887,976)</u>	<u>(16,126,647)</u>
Total property, plant and equipment	<u>10,620,371</u>	<u>11,171,615</u>
Noncurrent assets		
Deferred tax assets	361,578	347,081
Other assets	<u>93,836</u>	<u>79,000</u>
	<u>\$ 36,639,769</u>	<u>\$ 37,695,896</u>

IMPRESO, INC. AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED BALANCE SHEETS (CONTINUED)

LIABILITIES AND STOCKHOLDERS' EQUITY
(Unaudited)

	<u>May 31,</u> <u>2007</u>	<u>August 31,</u> <u>2006</u>
Current liabilities:		
Accounts payable	\$ 8,411,801	\$ 8,393,289
Accrued liabilities	952,089	954,592
Accrued commissions	838,325	734,774
Current maturities of long-term debt	755,974	992,022
Line of credit	5,911,730	5,006,181
Current maturities of prepetition debt	<u>0</u>	<u>8,984</u>
Total current liabilities	<u>16,869,919</u>	<u>16,089,842</u>
Deferred gain	313,029	441,085
Long-term debt, net of current maturities	5,776,496	6,666,437
Long-term portion of prepetition debt, net of current maturities	<u>0</u>	<u>202,303</u>
Total liabilities	<u>22,959,444</u>	<u>23,399,667</u>
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	<u>7,312,633</u>	<u>7,928,537</u>
Total stockholders' equity	<u>13,680,325</u>	<u>14,296,229</u>
Total liabilities and stockholders' equity	<u>\$ 36,639,769</u>	<u>\$ 37,695,896</u>

IMPRESO, INC. AND SUBSIDIARIES

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

	Three Months Ended		Nine Months Ended	
	May 2007	May 2006	May 2007	May 2006
Net sales	\$ 18,931,484	\$ 17,842,095	\$ 52,167,658	\$ 51,801,515
Cost of sales	<u>17,104,822</u>	<u>15,741,361</u>	<u>\$47,479,268</u>	<u>46,855,162</u>
Gross profit	1,826,662	2,100,734	4,688,390	4,946,353
Gain on sale of assets	(1,184,482)	(40,866)	(1,266,586)	(136,350)
Embezzlement Recovery	(2,905)	0	(36,405)	(50)
Selling, General and administrative expenses	<u>2,053,418</u>	<u>1,878,242</u>	<u>5,706,279</u>	<u>5,624,900</u>
Operating income (loss)	<u>960,631</u>	<u>263,358</u>	<u>285,102</u>	<u>(542,147)</u>
Other expenses (income):				
Interest expense	276,525	281,220	856,506	860,987
Other expense, net	<u>28,047</u>	<u>49,352</u>	<u>69,537</u>	<u>70,642</u>
Total other expense	304,572	330,572	926,043	931,629
Loss before income tax expense (benefit)	656,059	(67,214)	(640,941)	(1,473,776)
Income tax expense (benefit):				
Current	500	10,500	10,500	23,000
Deferred	<u>412,084</u>	<u>(25,168)</u>	<u>(35,536)</u>	<u>(493,193)</u>
Total income tax benefit	412,584	(14,668)	(25,036)	(470,193)
Net income (loss)	<u>\$ 243,475</u>	<u>\$ (52,546)</u>	<u>\$ (615,905)</u>	<u>\$ (1,003,583)</u>
Net income (loss) per share	<u>\$ 0.05</u>	<u>\$ (0.01)</u>	<u>\$ (0.12)</u>	<u>\$ (0.19)</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)

	Six Months Ended May 31,	
	2007	2006
Cash Flows From Operating Activities:		
Net loss	\$ (615,904)	\$ (951,037)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities-		
Depreciation and amortization	847,978	727,853
Increase in provision for bad debt expense	226,466	181,954
Decrease in provision of losses of inventory	(39,346)	(6,865)
Gain on sale of property, plant and equipment	(1,129,508)	(10,114)
Gain on sale of securities	(9,022)	-
Change in deferred gain on sale of property	(128,056)	(85,370)
Increase in deferred income tax assets	(92,871)	(468,025)
(Increase) decrease in trade accounts receivable	(109,510)	1,897,329
Decrease in income tax receivable	-	33,762
(Increase) decrease in inventory	(765,981)	1,343,659
Decrease (increase) in prepaid expenses and other	11,001	(94,625)
(Increase) decrease in noncurrent assets	(14,836)	2,341
Increase (decrease) in accounts payable	18,512	(675,833)
Increase (decrease) in accrued liabilities	101,048	(317,886)
	(1,700,029)	1,577,143
Net cash (used in) provided by operating activities		
Cash Flows From Investing Activities:		
Additions to property, plant and equipment	(306,362)	(51,629)
Proceeds from sale of property, plant and equipment	2,438,118	19,000
	2,131,756	(32,629)
Net cash provided by (used) in investing activities		
Cash Flows From Financing Activities:		
Net borrowings (payments) on line of credit	905,549	(333,936)
Principal payments on prepetition debt	(211,287)	(4,361)
Principal payments on post-petition debt	(1,125,989)	(1,206,217)
	(431,727)	(1,544,514)
Net cash used in financing activities		
Net Increase in cash and cash equivalents	-	-
Cash and cash equivalents, beginning of period	-	-
Cash and cash equivalents, end of period	\$ -	\$ -