

IMPRESO, INC. AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED BALANCE SHEETS

ASSETS
(Unaudited)

	May 31, 2008	August 31, 2007
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	\$9,166,704	\$8,130,668
Inventories, net of allowances	13,063,668	12,848,571
Prepaid expenses and other	196,721	284,784
Deferred income tax assets	628,182	712,244
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Total current assets	23,055,275	21,976,267
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Property, plant & equipment	21,607,726	21,975,887
Less-Accumulated depreciation	(16,197,059)	(16,306,892)
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Net property, plant and equipment	5,410,667	5,668,995
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Noncurrent assets		
Deferred tax assets	754,036	434,914
Other assets	58,190	108,098
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Total assets	<u>\$29,278,168</u>	<u>\$28,188,274</u>

IMPRESO, INC. AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED BALANCE SHEETS (CONTINUED)

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

	<u>May 31, 2008</u>	<u>August 31, 2007</u>
Current liabilities:		
Accounts payable	\$9,435,592	\$7,730,202
Accrued liabilities	1,333,190	1,113,948
Accrued commissions	1,375,393	758,966
Current maturities of long-term debt	376,400	648,619
Line of credit	1,705,681	1,661,306
Total current liabilities	<u>14,226,256</u>	<u>11,913,041</u>
Deferred gain	142,288	481,282
Long-term debt, net of current maturities	1,444,442	1,698,756
Total Liabilities	<u>15,812,986</u>	<u>14,093,079</u>
Stockholders' equity:		
Preferred stock, \$.01 par value; 5,000,000 shares authorized; 0 shares issued and outstanding	0	0
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	7,097,490	7,727,503
Total stockholders' equity	<u>13,465,182</u>	<u>14,095,195</u>
Total liabilities and stockholders' equity	<u><u>\$29,278,168</u></u>	<u><u>\$28,188,274</u></u>

IMPRESO, INC. AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended		Nine Months Ended	
	May 31, 2008	May 31, 2007	May 31, 2008	May 31 2007
Net sales	\$17,083,974	\$18,931,484	\$51,227,134	\$52,167,658
Cost of sales	<u>15,767,352</u>	<u>17,104,822</u>	<u>46,502,315</u>	<u>47,479,268</u>
Gross profit	1,316,622	1,826,662	4,724,819	4,688,390
Gain on sale of assets	(99,674)	(1,184,482)	(335,777)	(1,266,586)
Embezzlement Recovery	0	(2,905)	(240)	(36,405)
Selling, General and administrative expenses	<u>1,931,396</u>	<u>2,053,418</u>	<u>5,814,555</u>	<u>5,706,279</u>
Operating (loss) income	<u>(515,100)</u>	<u>960,631</u>	<u>(753,719)</u>	<u>285,102</u>
Other expenses (income):				
Interest expense	59,542	276,525	193,820	856,506
Other expense, net	<u>19,351</u>	<u>28,047</u>	<u>(88,666)</u>	<u>69,537</u>
Total other expense	78,893	304,572	105,154	926,043
Loss before income tax (benefit) expense	(593,993)	656,059	(858,873)	(640,941)
Income tax expense (benefit):				
Current	6,200	500	6,200	10,500
Deferred	<u>(177,086)</u>	<u>412,084</u>	<u>(235,060)</u>	<u>(35,536)</u>
Total income tax (benefit) expens	(170,886)	412,584	(228,860)	(25,036)
Net (loss) income	<u><u>(\$423,107)</u></u>	<u><u>\$243,475</u></u>	<u><u>(\$630,013)</u></u>	<u><u>(\$615,905)</u></u>
Net (loss) income per share	<u><u>(\$0.08)</u></u>	<u><u>\$0.05</u></u>	<u><u>(\$0.12)</u></u>	<u><u>(\$0.12)</u></u>
Weighted average shares outstanding	<u><u>5,278,780</u></u>	<u><u>5,278,780</u></u>	<u><u>5,278,780</u></u>	<u><u>5,278,780</u></u>

IMPRESO, INC. AND SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Six Months Ended May 31,	
	2008	2007
Cash Flows From Operating Activities:		
Net loss	(\$630,013)	(\$615,904)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities-		
Depreciation and amortization	397,396	847,978
Increase in provision for bad debt expense	141,250	226,466
Decrease in provision of losses of inventory	(141,453)	(39,346)
Gain on sale of property, plant and equipment	3,217	(1,129,508)
Gain on sale of securities	0	(9,022)
Change in deferred gain on sale of property	(338,994)	(128,056)
Increase in deferred income tax assets	(235,060)	(92,871)
Increase in trade accounts receivable	(1,177,286)	(109,510)
Increase in inventory	(73,644)	(765,981)
Decrease in prepaid expenses and other	88,063	11,001
Decrease (increase) in noncurrent assets	49,908	(14,836)
Increase in accounts payable	1,705,390	18,512
Increase in accrued liabilities	835,669	101,048
	624,443	(1,700,029)
Net cash provided by (used in) operating activities		
Cash Flows From Investing Activities:		
Additions to property, plant and equipment	(188,719)	(306,362)
Proceeds from sale of property, plant and equipment	46,434	2,438,118
	(142,285)	2,131,756
Net cash (used in) provided by investing activities		
Cash Flows From Financing Activities:		
Net borrowings (payments) on line of credit	44,375	905,549
Principal payments on prepetition debt	0	(211,287)
Principal payments on post-petition debt	(526,533)	(1,125,989)
	(482,158)	(431,727)
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	\$ ---	\$ ----