

IMPRESO, INC. AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED BALANCE SHEETS

ASSETS
(Unaudited)

	May 31, 2010	August 31, 2009
Current assets:		
Cash	\$ -	\$ 794,712
Trade accounts receivable, net of allowance for doubtful accounts of \$842,546 as of May 31, 2010 and \$582,097 as of August 31, 2009	6,359,640	6,534,332
Inventories, net of allowances	10,398,455	8,912,642
Prepaid expenses and other	453,920	238,860
Deferred income tax assets	423,772	327,806
	<u>17,635,787</u>	<u>16,808,352</u>
Property, plant and equipment, at cost	20,174,825	20,056,044
Less-Accumulated depreciation	<u>(15,260,092)</u>	<u>(15,328,732)</u>
	<u>4,914,733</u>	<u>4,727,312</u>
Noncurrent assets		
Deferred tax assets	225,330	404,058
Other assets	151,832	129,677
	<u>377,162</u>	<u>533,735</u>
Total assets	<u><u>\$22,927,682</u></u>	<u><u>\$22,069,399</u></u>

IMPRESO, INC. AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED BALANCE SHEETS (CONTINUED)

LIABILITIES AND STOCKHOLDERS' EQUITY
(Unaudited)

	May 31, 2010	August 31, 2009
Current liabilities:		
Accounts payable	\$ 3,670,462	\$ 2,769,271
Accrued liabilities	2,252,568	2,866,246
Accrued commissions	930,193	804,619
Current maturities of long-term debt	922,641	321,128
Line of credit	488,128	0
Total current liabilities	<u>8,263,992</u>	<u>6,761,264</u>
Deferred gain	-	-
Long-term debt, net of current maturities	262,986	1,036,583
Total Liabilities	<u>8,526,978</u>	<u>7,797,847</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	8,033,012	7,903,860
Total stockholders' equity	<u>14,400,704</u>	<u>14,271,552</u>
Total liabilities and stockholders' equity	<u>\$ 22,927,682</u>	<u>\$ 22,069,399</u>

IMPRESO, INC. AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

	Three Months Ended		Nine Months Ended	
	May 31, 2010	May 31, 2009	May 31, 2010	May 31, 2009
Net sales	\$ 14,706,740	\$ 12,441,905	\$ 43,377,626	\$ 44,965,604
Cost of sales	<u>12,464,845</u>	<u>10,952,995</u>	<u>37,669,090</u>	<u>40,767,130</u>
Gross profit	2,241,895	1,488,910	5,708,536	4,198,474
Loss (gain) on sale of assets	4,651	(13,607)	22,180	16,644
Selling, General and administrative expenses	<u>1,861,247</u>	<u>1,425,242</u>	<u>5,397,008</u>	<u>5,213,172</u>
Operating income (loss)	<u>375,997</u>	<u>77,275</u>	<u>289,348</u>	<u>(1,031,342)</u>
Other expenses (income):				
Interest expense	51,103	71,512	129,477	223,860
Forgiveness of debt	-	-	-	(3,328,954)
Misc. expense (income), net	<u>10,498</u>	<u>12,318</u>	<u>(72,043)</u>	<u>8,927</u>
Other expense (income), net	61,601	83,830	57,434	(3,096,167)
Income (loss) before income tax benefit	314,396	(6,555)	231,914	2,064,825
Income tax (benefit) expense :				
Current	15,000	6,000	20,000	18,000
Deferred	<u>117,707</u>	<u>24,474</u>	<u>82,762</u>	<u>925,339</u>
Total income tax expense (benefit)	132,707	30,474	102,762	943,339
Net income (loss)	<u>181,689</u>	<u>(37,029)</u>	<u>129,152</u>	<u>1,121,486</u>
Net loss per common share	<u>\$ 0.03</u>	<u>\$ (0.01)</u>	<u>\$ 0.02</u>	<u>\$ 0.21</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, 2010	May 31, 2009
Cash Flows From Operating Activities:		
Net Income	\$ 129,152	\$ 1,121,486
Adjustments to reconcile net loss to net cash provided by (used) in operating activities -		
Depreciation and amortization	372,794	345,862
Increase (decrease) in provision for bad debt expense	260,449	(197,246)
Decrease in provision of losses of inventory	(44,815)	(99,076)
Gain on sale of property, plant and equipment	23,208	116,247
Change in deferred gain on sale of property	-	(99,602)
Decrease in deferred income tax assets	82,762	925,339
(Increase) decrease in trade accounts receivable	(85,757)	2,012,820
(Increase) decrease in inventory	(1,440,998)	5,741,498
Increase in prepaid expenses and other	(215,061)	(66,106)
(Increase) decrease in noncurrent assets	(22,155)	17,512
Increase (decrease) in accounts payable	901,191	(7,306,860)
(Decrease) Increase in accrued liabilities	(488,104)	885,484
Net cash (used in) provided by operating activities	(527,334)	3,397,358
Cash Flows From Investing Activities:		
Additions to property, plant and equipment	(602,323)	(42,040)
Proceeds from sale of property, plant and equipment	18,900	5,784
Net cash used in investing activities	(583,423)	(36,256)
Cash Flows From Financing Activities:		
Net borrowings (payments) on line of credit	488,128	(3,031,664)
Principal payments on debt	(172,084)	(329,438)
Net cash provided by (used in) financing activities	316,044	(3,361,102)
Net decrease in cash and cash equivalents	(794,713)	-
Cash and cash equivalents, beginning of period	794,713	-
Cash and cash equivalents, end of period	-	-