

IMPRESO, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

ASSETS

	November 30 2008	August 31, 2008
Current assets:		
Trade accounts receivable, net of allowance for doubtful accounts of \$1,038,407 as of November 30, 2008, \$1,015,456 as of August 31, 2008	\$8,550,558	\$9,276,880
Inventories, net of allowances	12,401,159	14,651,071
Prepaid expenses and other	184,286	169,395
Deferred income tax assets	563,707	641,601
	<u>21,699,710</u>	<u>24,738,947</u>
Total current assets		
Property, plant and equipment, at cost	19,934,621	20,569,241
Less-Accumulated depreciation	<u>(15,030,996)</u>	<u>(15,423,926)</u>
	<u>4,903,625</u>	<u>5,145,315</u>
Net property, plant and equipment		
Noncurrent assets:		
Deferred tax assets	-	979,585
Other assets	55,849	57,019
	<u>55,849</u>	<u>57,019</u>
Total assets	<u>\$ 26,659,184</u>	<u>\$ 30,920,866</u>

The accompanying notes are an integral part of the consolidated financial statements.

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

	November 30 2008	August 31, 2008
	<u> </u>	<u> </u>
Current liabilities:		
Accounts payable	\$ 2,179,814	\$ 9,908,378
Accrued liabilities	2,770,326	1,335,561
Accrued commissions	1,012,253	1,430,430
Current maturities of long-term debt	386,411	407,078
Line of credit	4,288,792	3,241,151
	<u> </u>	<u> </u>
Total current liabilities	10,637,596	16,322,598
Deferred gain	56,917	99,602
Long-term debt, net of current maturities	1,251,948	1,357,380
	<u> </u>	<u> </u>
Total liabilities	11,946,461	17,779,580
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	8,345,031	6,773,594
	<u> </u>	<u> </u>
Total stockholders' equity	14,712,723	13,141,286
Total liabilities and stockholders' equity	<u>\$ 26,659,184</u>	<u>\$ 30,920,866</u>

The accompanying notes are an integral part of the consolidated financial statements.

IMPRESO, INC. AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended	
	November 30, 2008	November 30, 2007
Net sales	\$ 17,102,936	\$ 18,497,698
Cost of sales	<u>15,766,861</u>	<u>16,407,928</u>
Gross profit	1,336,075	2,089,770
Gain on sales of assets	72,116	(126,696)
Selling, General and administrative expenses	<u>1,885,058</u>	<u>1,930,014</u>
Operating (loss) income	(621,099)	286,452
Other expenses (income):		
Interest expense	83,537	77,641
Forgiveness of debt	(3,328,954)	-
Other income, net	<u>(13,598)</u>	<u>(55,223)</u>
Total other (income) expense	(3,259,015)	22,418
Loss before income tax expense	2,637,916	264,034
Income tax expense (benefit):		
Current	9,000	-
Deferred	<u>1,057,479</u>	<u>100,770</u>
Total income tax expense	1,066,479	100,770
Net Income	<u>\$ 1,571,437</u>	<u>\$ 163,264</u>
Net income per share	<u>\$ 0.30</u>	<u>\$ 0.03</u>
Weighted average shares outstanding	5,278,780	5,278,780

IMPRESO, INC. AND SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

Three Months Ended
November 30,

2008 2007

	2008	2007
Cash Flows From Operating Activities:		
Net income	\$ 1,571,437	\$ 163,264
Adjustments to reconcile net loss to net cash provided by (used in) operating activities-		
Depreciation and amortization	125,210	140,720
Bad debt expense	22,951	6,899
(Decrease) increase in provision of losses of inventory	(97,110)	25,718
Loss (gain) on sale of property, plant and equipment	119,744	(13,700)
Change in deferred gain on sale of property	(42,685)	(112,999)
Deferred income tax expense	1,057,479	100,769
Decrease (increase) in trade accounts receivable	703,371	(1,130,646)
Decrease in inventory	2,347,022	1,437,762
Increase in prepaid expenses and other	(14,891)	(6,372)
Decrease in noncurrent assets	1,170	47,585
(Decrease) increase in accounts payable	(7,728,564)	808,150
Increase in accrued liabilities	1,016,588	557,293
	(918,278)	2,024,443
Cash Flows From Investing Activities:		
Additions to property, plant and equipment	(3,695)	(100,011)
Proceeds from sale of property, plant and equipment	431	16,100
	(3,264)	(83,911)
Cash Flows From Financing Activities:		
Net borrowings (payments) on line of credit	1,047,641	(1,661,306)
Payments on postpetition debt	(126,099)	(279,226)
	921,542	(1,940,532)
Net Increase in cash and cash equivalents	-	-
Cash and cash equivalents, beginning of period	-	-
Cash and cash equivalents, end of period	\$ -	\$ -