

IMPRESO, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

	ASSETS	
	(unaudited)	
	November 30	August 31,
	2009	2009
	<u> </u>	<u> </u>
Current assets:		
Cash	\$ 380,095	\$ 794,712
Trade accounts receivable, net of allowance for doubtful accounts of \$649,120 as of November 30, 2009 and \$582,097 as of August 31, 2009	6,138,972	6,534,332
Inventories, net of allowances	8,957,558	8,912,642
Prepaid expenses and other	296,474	238,860
Deferred income tax assets	352,524	327,806
	<u> </u>	<u> </u>
Total current assets	16,125,623	16,808,352
	<u> </u>	<u> </u>
Property, plant and equipment, at cost	20,110,944	20,056,044
Less-Accumulated depreciation	(15,315,220)	(15,328,732)
	<u> </u>	<u> </u>
Net property, plant and equipment	4,795,724	4,727,312
	<u> </u>	<u> </u>
Noncurrent assets:		
Deferred tax assets	448,461	404,058
Other assets	143,932	129,677
	<u> </u>	<u> </u>
Total assets	\$ 21,513,740	\$ 22,069,399
	<u> </u>	<u> </u>

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

	November 30 2009	August 31, 2009
	<u> </u>	<u> </u>
Current liabilities:		
Accounts payable	\$ 2,914,520	\$ 2,769,271
Accrued liabilities	2,146,605	2,866,246
Accrued commissions	982,523	804,619
Current maturities of long-term debt	472,212	321,128
Line of credit	---	---
	<u> </u>	<u> </u>
Total current liabilities	<u>6,515,860</u>	<u>6,761,264</u>
Deferred gain	---	---
Long-term debt, net of current maturities	806,529	1,036,583
	<u> </u>	<u> </u>
Total liabilities	<u>7,322,389</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	7,823,659	7,903,860
	<u> </u>	<u> </u>
Total stockholders' equity	<u>14,191,351</u>	<u>14,271,552</u>
Total liabilities and stockholders' equity	<u>\$ 21,513,740</u>	<u>\$ 22,069,399</u>

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended	
	November 30, 2009	November 30, 2008
Net sales	\$ 14,461,037	\$ 17,102,936
Cost of sales	<u>12,814,921</u>	<u>15,766,861</u>
Gross profit	1,646,116	1,336,075
Loss on sales of assets	13,139	72,116
Selling, General and administrative expenses	<u>1,743,766</u>	<u>1,885,058</u>
Operating loss	(84,511)	(621,099)
Other expenses (income):		
Interest expense	36,486	83,537
Forgiveness of debt	0	(3,328,954)
Other income, net	<u>(453)</u>	<u>(13,598)</u>
Total other expense (income)	36,033	(3,259,015)
(Loss) gain before income tax expense	(120,544)	2,637,916
Income tax expense (benefit):		
Current	2,500	9,000
Deferred	<u>(69,121)</u>	<u>1,057,479</u>
Total income tax (benefit) expense	(66,621)	1,066,479
Net loss income	<u>\$ (53,923)</u>	<u>\$ 1,571,437</u>
Net loss income per share	<u>\$ (0.01)</u>	<u>\$ 0.30</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,	
	2009	2008
Cash Flows From Operating Activities:		
Net income	\$ (80,201)	\$ 1,571,437
Adjustments to reconcile net loss to net cash provided by (used in) operating activities-		
Depreciation and amortization	104,734	125,210
Bad debt expense	67,023	22,951
Decrease in provision of losses of inventory	(3,608)	(97,110)
Loss on sale of property, plant and equipment	13,139	119,744
Change in deferred gain on sale of property	0	(42,685)
Deferred income tax (benefit) expense	(69,121)	1,057,479
Decrease in trade accounts receivable	328,337	703,371
(Increase) decrease in inventory	(41,308)	2,347,022
Increase in prepaid expenses and other	(57,615)	(14,891)
(Increase) decrease in noncurrent assets	(14,255)	1,170
Increase (decrease) in accounts payable	145,249	(7,728,564)
(Decrease) increase in accrued liabilities	(541,737)	1,016,588
	(149,363)	(918,278)
Cash Flows From Investing Activities:		
Additions to property, plant and equipment	(186,285)	(3,695)
Proceeds from sale of property, plant and equipment	-	431
	(186,285)	(3,264)
Cash Flows From Financing Activities:		
Net borrowings (payments) on line of credit	-	1,047,641
Payments on postpetition debt	(78,970)	(126,099)
	(78,970)	921,542
Net decrease in cash and cash equivalents	(414,618)	-
Cash and cash equivalents, beginning of period	794,713	-
Cash and cash equivalents, end of period	\$ 380,095	\$ -