

IMPRESO, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

ASSETS

	August 31, 2013	August 31, 2012	August 31, 2011
	<u> </u>	<u> </u>	<u> </u>
Current assets:			
Cash	\$ -	\$ -	\$ 132,709
Trade accounts receivable, net of allowance for doubtful accounts of \$590,516 as of August 31, 2013, \$362,308 as of August 31, 2012, and \$375,751 as of August 31, 2011	6,665,881	8,413,103	6,914,786
Inventories, net of allowances	13,309,768	9,603,546	10,688,366
Prepaid expenses and other	298,769	308,697	309,851
Deferred income tax assets	<u>429,823</u>	<u>339,566</u>	<u>322,579</u>
Total current assets	<u>20,704,241</u>	<u>18,664,912</u>	<u>18,368,291</u>
Property, plant and equipment, at cost	20,243,142	20,049,001	20,165,319
Less Accumulated depreciation	<u>(15,258,305)</u>	<u>(15,170,044)</u>	<u>(15,271,158)</u>
Net property, plant and equipment	<u>4,984,837</u>	<u>4,878,957</u>	<u>4,894,161</u>
Noncurrent assets:			
Deferred tax assets	-	-	61,402
Other assets	<u>43,749</u>	<u>42,771</u>	<u>55,954</u>
Total assets	<u>\$ 25,732,827</u>	<u>\$ 23,586,640</u>	<u>\$ 23,379,808</u>

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

IMPRESO, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended August 31,		
	2013	2012	2011
Cash Flows From Operating Activities			
Net income	\$ 339,602	\$ 668,901	\$ 263,271
Adjustments to reconcile net income to net cash (used in) provided by operating activities-			
Depreciation and amortization	469,818	451,769	435,906
Bad debt expense	228,208	159,696	138,498
(Gain) loss on disposal of property, plant and equipment	(326,105)	(280,001)	45,257
Deferred income tax expense	116,718	345,266	255,043
Decrease (increase) in trade accounts receivable	1,519,013	(1,658,013)	966,839
(Increase) decrease in inventories	(3,706,222)	1,084,822	841,179
Decrease in prepaid expenses and other	9,929	1,154	270,772
(Increase) decrease in noncurrent assets	(977)	13,183	94,707
Increase (decrease) in accounts payable	1,496,730	(1,279,577)	120,907
(Decrease) increase in accrued liabilities	(711,604)	846,860	108,029
	<u>(564,890)</u>	<u>354,060</u>	<u>3,540,408</u>
Net cash (used in) provided by operating activities			
Cash Flows From Investing Activities			
Additions to property, plant and equipment	(618,094)	(555,990)	(419,200)
Insurance proceeds from involuntary conversion of plant and equipment	277,000	350,000	-
Proceeds from sale of property, plant and equipment	91,500	49,425	6,126
	<u>(249,594)</u>	<u>(156,565)</u>	<u>(413,074)</u>
Net cash used in investing activities			
Cash Flows From Financing Activities			
Checks issued in excess of funds on deposit	1,221,783	349,485	-
Net (payments) borrowings on line of credit	(325,774)	(574,648)	(2,526,002)
Payments on debt	(81,525)	(105,041)	(316,566)
Purchase of Treasury Stock	-	-	(209,572)
	<u>814,484</u>	<u>(330,204)</u>	<u>(3,052,140)</u>
Net cash provided by (used in) financing activities			
Net (decrease) increase in cash	-	(132,709)	75,194
Cash, beginning of year	<u>-</u>	<u>132,709</u>	<u>57,515</u>
Cash, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 132,709</u>

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IMPRESO, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

	Years Ended August 31,		
	2013	2012	2011
Net sales	\$ 73,747,162	\$ 71,153,322	\$ 67,489,322
Cost of sales	66,028,337	63,057,542	59,906,799
Gross profit	7,718,825	8,095,780	7,582,523
(Gain) loss on disposal of assets	(325,861)	(280,001)	45,257
Selling, general and administrative expense	7,237,094	6,981,647	6,655,314
Operating income	807,592	1,394,134	881,952
Other expense:			
Interest expense	233,912	280,395	336,827
Other expense, net	48,304	69,572	6,811
Total other expense, net	282,216	349,967	343,638
Income before income tax expense	525,376	1,044,167	538,314
Income tax expense:			
Current	69,056	30,000	20,000
Deferred	116,718	345,266	255,043
Total income tax expense	185,774	375,266	275,043
Net income	\$ 339,602	\$ 668,901	\$ 263,271

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

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

	<u>August 31,</u> 2013	<u>August 31,</u> 2012	<u>August 31,</u> 2011
Current liabilities:			
Checks issued in excess of funds held on deposit	\$ 1,571,268	\$ 349,485	\$ -
Accounts payable	3,171,375	1,584,691	2,864,267
Accrued liabilities	2,115,879	2,257,219	2,226,287
Accrued commissions	1,189,156	1,759,420	943,492
Current maturities of long-term debt	95,394	99,489	131,866
Line of credit	-	-	3,193,464
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Total current liabilities	8,143,072	6,050,304	9,359,376
Long-term liabilities:			
Long-term debt, net of current maturities	499,527	576,957	649,621
Line of credit	2,203,088	2,618,816	-
Deferred tax liability	507,826	300,851	-
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Total liabilities	11,353,513	9,546,928	10,008,997
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; 4,001,263 outstanding as of August 31, 2013, 2012, and 2011	52,928	52,928	52,928
Additional paid-in capital	6,353,656	6,353,656	6,353,656
Retained earnings	9,332,015	8,992,413	8,323,512
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Stockholders' equity	15,738,599	15,398,997	14,730,096
Treasury stock (1,092,150 shares as of August 31, 2013, 2012, and 2011, at cost)	(1,359,285)	(1,359,285)	(1,359,285)
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Total stockholders' equity	14,379,314	14,039,712	13,370,811
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Total liabilities and stockholders' equity	<u>\$ 25,732,827</u>	<u>\$ 23,586,640</u>	<u>\$ 23,379,808</u>

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