

**IMPRESO, INC. AND SUBSIDIARIES**

**CONSOLIDATED BALANCE SHEETS**

**ASSETS**

	<u>August 31,</u> 2015	<u>August 31,</u> 2014	<u>August 31,</u> 2013
<b>Current assets:</b>			
Trade accounts receivable, net of allowance for doubtful accounts of \$444,404 as of August 31, 2015, \$569,854 as of August 31, 2014, and \$590,516 as of August 31, 2013	\$ 6,864,808	\$ 7,024,732	\$ 6,665,881
Inventories, net of allowances	14,150,824	14,531,013	13,309,768
Prepaid expenses and other	789,374	549,840	298,769
Deferred income tax assets	<u>376,320</u>	<u>426,471</u>	<u>429,823</u>
<b>Total current assets</b>	<u>22,181,326</u>	<u>22,532,056</u>	<u>20,704,241</u>
<b>Property, plant, and equipment, at cost</b>	19,085,338	19,676,963	20,243,142
Less accumulated depreciation	<u>(14,468,203)</u>	<u>(14,657,062)</u>	<u>(15,258,305)</u>
<b>Net property, plant, and equipment</b>	<u>4,617,135</u>	<u>5,019,901</u>	<u>4,984,837</u>
<b>Noncurrent assets:</b>			
Other assets	<u>59,821</u>	<u>59,049</u>	<u>43,749</u>
<b>Total assets</b>	<u>\$ 26,858,282</u>	<u>\$ 27,611,006</u>	<u>\$ 25,732,827</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**

	August 31, <u>2015</u>	August 31, <u>2014</u>	August 31, <u>2013</u>
<b>Current liabilities:</b>			
Checks issued in excess of funds held on deposit	\$ 1,108,124	\$ 597,986	\$ 1,571,268
Accounts payable	4,222,923	3,437,797	3,171,375
Accrued liabilities	1,039,545	2,788,293	2,115,879
Accrued commissions	1,385,257	1,347,679	1,189,156
Current maturities of long-term debt	<u>190,445</u>	<u>183,097</u>	<u>95,394</u>
<b>Total current liabilities</b>	<b>7,946,294</b>	<b>8,354,852</b>	<b>8,143,072</b>
<b>Long-term liabilities:</b>			
Long-term debt, net of current maturities	576,783	722,660	499,527
Line of credit	3,322,313	3,943,969	2,203,088
Deferred tax liability	<u>475,334</u>	<u>353,592</u>	<u>507,826</u>
<b>Total liabilities</b>	<b><u>12,320,724</u></b>	<b><u>13,375,073</u></b>	<b><u>11,353,513</u></b>
<b>Stockholders' equity:</b>			
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; 4,021,263 outstanding as of August 31, 2015, 2014, and 2013	52,928	52,928	52,928
Additional paid-in capital	6,353,656	6,353,656	6,353,656
Retained earnings	<u>9,490,259</u>	<u>9,188,634</u>	<u>9,332,015</u>
<b>Stockholders' equity</b>	<b>15,896,843</b>	<b>15,595,218</b>	<b>15,738,599</b>
Treasury stock (1,271,517 shares as of August 31, 2015, 2014, and 2013, at cost)	<u>(1,359,285)</u>	<u>(1,359,285)</u>	<u>(1,359,285)</u>
<b>Total stockholders' equity</b>	<b><u>14,537,558</u></b>	<b><u>14,235,933</u></b>	<b><u>14,379,314</u></b>
<b>Total liabilities and stockholders' equity</b>	<b><u>\$ 26,858,282</u></b>	<b><u>\$ 27,611,006</u></b>	<b><u>\$ 25,732,827</u></b>

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**IMPRESO, INC. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF OPERATIONS**

	Years Ended August 31,		
	2015	2014	2013
Net sales	\$ 87,680,319	\$ 83,378,367	\$ 73,747,162
Cost of sales	79,317,166	75,454,193	66,028,337
Gross profit	8,363,153	7,924,174	7,718,825
Loss (gain) on disposal of assets	54,968	66,612	(325,861)
Selling, general and administrative expense	7,606,507	7,206,704	7,237,094
Operating income	701,678	650,858	807,592
Other expense:			
Interest expense	176,500	259,909	233,912
Litigation settlement	-	625,000	-
Other expense, net	22,480	4,374	48,304
Total other expense, net	198,980	889,283	282,216
Income (loss) before income tax expense	502,698	(238,425)	525,376
Income tax expense (benefit):			
Current	29,180	55,838	69,056
Deferred	171,893	(150,882)	116,718
Total income tax expense (benefit)	201,073	(95,044)	185,774
Net income (loss)	\$ 301,625	\$ (143,381)	\$ 339,602

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,		
	2015	2014	2013
Net income (loss)	\$ 301,625	\$ (143,381)	\$ 339,602
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities-			
Depreciation and amortization	549,849	526,596	469,818
Bad debt (recovery) expense	(125,451)	(20,662)	228,208
Loss (gain) on disposal of property, plant and equipment	54,968	201,070	(49,105)
Gain on involuntary conversion of plant and equipment	-	(134,458)	(276,756)
Gain on non-cash addition of property, plant and equipment	-	(62,376)	-
Deferred income tax expense (benefit)	171,893	(150,882)	116,718
Decrease (increase) in trade accounts receivable	285,373	(338,189)	1,519,013
Decrease (increase) inventories	380,189	(1,221,245)	(3,706,222)
(Increase) decrease in prepaid expenses and other	(239,533)	(116,613)	9,929
Increase in noncurrent assets	(135,229)	(15,300)	(977)
Increase in accounts payable	785,126	266,422	1,496,730
(Decrease) increase in accrued liabilities	(1,711,170)	830,937	(711,604)
Net cash provided by (used in) operating activities	<u>317,640</u>	<u>(378,081)</u>	<u>(564,646)</u>
Cash Flows From Investing Activities			
Additions to property, plant and equipment	(259,482)	(729,579)	(618,094)
Insurance proceeds from involuntary conversion of plant and equipment	134,458	-	276,756
Proceeds from sale of property, plant and equipment	57,431	29,225	91,500
Net cash used in investing activities	<u>(67,593)</u>	<u>(700,354)</u>	<u>(249,838)</u>
Cash Flows From Financing Activities			
Checks issued in excess of funds on deposit	510,138	(973,282)	1,221,783
Net (payments) borrowings on line of credit	(621,656)	1,740,881	(325,774)
(Payments) borrowings on debt	(138,529)	310,836	(81,525)
Net cash (used in) provided by financing activities	<u>(250,047)</u>	<u>1,078,435</u>	<u>814,484</u>
Net change in cash	-	-	-
Cash, beginning of year	-	-	-
Cash, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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