## CONSOLIDATED BALANCE SHEETS

### ASSETS

	August 31, 2016	August 31, 2015	August 31, 2014	
Current assets:				
Trade accounts receivable, net of allowance for doubtful accounts of				
\$249,138 as of August 31, 2016, \$444,404 as of August 31, 2015,	\$ 7,773,878	\$ 6,864,808	\$ 7,024,732	
and \$569,855 as of August 31, 2014				
Inventories, net of allowances	13,759,737	14,150,824	14,531,013	
Prepaid expenses and other	548,827	789,374	549,840	
Deferred income tax assets	292,865	376,320	426,471	
Total current assets	22,375,307	22,181,326	22,532,056	
Property, plant, and equipment, at cost	18,374,443	19,085,338	19,676,963	
Less accumulated depreciation	(14,106,753)	(14,468,203)	(14,657,062)	
Net property, plant, and equipment	4,267,690	4,617,135	5,019,901	
Noncurrent assets:				
Other assets	84,821	59,821	59,049	
Total assets	\$ 26,727,818	\$ 26,858,282	\$ 27,611,006	

#### CONSOLIDATED BALANCE SHEETS (CONTINUED)

#### LIABILITIES AND STOCKHOLDERS' EQUITY

	August 31, 2016	August 31, 2015	August 31, 2014	
Current liabilities:	2010	2015	2014	
Checks issued in excess of funds held on deposit	\$ 1,080,774	\$ 1,108,124	\$ 597,986	
Accounts payable	2,059,027	4,222,923	3,437,797	
Accrued liabilities	792,185	1,039,545	2,788,293	
Accrued commissions	2,033,753	1,385,257	1,347,679	
Current maturities of long-term debt	127,463	190,445	183,097	
Total current liabilities	6,093,202	7,946,294	8,354,852	
Long-term liabilities:				
Long-term debt, net of current maturities	212,334	576,783	722,660	
Line of credit	5,273,583	3,322,313	3,943,969	
Deferred tax liabillity	495,362	475,334	353,592	
Total liabilities	12,074,481	12,320,724	13,375,073	
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; 4,021,263 outstanding as of August 31, 2016,				
2015, and 2014	52,928	52,928	52,928	
Additional paid-in capital	6,353,656	6,353,656	6,353,656	
Retained earnings	9,606,038	9,490,259	9,188,634	
Stockholders' equity	16,012,622	15,896,843	15,595,218	
Treasury stock (1,271,517 shares as of August 31, 2016, 2015,				
and 2014, at cost)	(1,359,285)	(1,359,285)	(1,359,285)	
Total stockholders' equity	14,653,337	14,537,558	14,235,933	
Total liabilities and stockholders' equity	\$ 26,727,818	\$ 26,858,282	\$ 27,611,006	

## CONSOLIDATED STATEMENTS OF OPERATIONS

	2016	Years Ended August 31, 2015	2014
Net sales	\$ 89,028,876	\$ 87,680,319	\$ 83,378,367
Cost of sales	81,228,416	79,317,166	75,454,193
Gross profit	7,800,460	8,363,153	7,924,174
Loss on disposal of assets	67,332	54,968	66,612
Selling, general and administrative expense	7,256,054	7,606,507	7,206,704
Operating income	477,074	701,678	650,858
Other expense:			
Interest expense	227,123	176,500	259,909
Litigation settlement	-	-	625,000
Other expense, net	30,689	22,480	4,374
Total other expense, net	257,812	198,980	889,283
Income (loss) before income tax expense	219,262	502,698	(238,425)
Income tax expense (benefit):			
Current	0	29,180	55,838
Deferred	103,483	171,893	(150,882)
Total income tax expense (benefit)	103,483	201,073	(95,044)
Net income (loss)	\$ 115,779	\$ 301,625	\$ (143,381)

# CONSOLIDATED STATEMENTS OF CASH FLOWS

Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities- Depreciation and amortization556,576549,849526,55Bad debt (recovery) expense(195,266)(125,451)(20,66)Loss on disposal of property, plant and equipment67,33254,968201,07Gain on involuntary conversion of plant and equipment(134,45)Gain on non-cash addition of property, plant and equipment(62,37)Deferred income tax expense (benefit)103,483171,893(150,88)(Increase) decrease in trade accounts receivable(713,804)285,373(338,18)Decrease (increase) inventories391,087380,189(1,221,24)Decrease (increase) in prepaid expenses and other240,547(239,533)(116,61)Increase in noncurrent assets(25,000)(135,229)(15,30)(Decrease) in crease in accounts payable(2,163,896)785,126266,42Increase (decrease) in accrued liabilities401,136(1,711,170)830,93Net cash (used in) provided by operating activities(1,222,026)317,640(378,08)Cash Flows From Investing Activities(309,463)(259,482)(729,57)Insurance proceeds from sale of property, plant and equipment-134,45829,222Net cash used in investing activities(274,463)(67,593)(700,33)Cash Flows From Financing Activities(274,463)(67,593)(700,32)Cash Flows From Financing Activities(273,50)510,138(97	2014		ded August 31, 2015	ears E	Y 2016		
(used in) operating activities-Depreciation and amortization556,576549,849526,55Bad debt (recovery) expense(195,266)(125,451)(20,66Loss on disposal of property, plant and equipment67,33254,968201,07Gain on nivoluntary conversion of plant and equipment-(134,45Gain on non-cash addition of property, plant and equipment-(62,37)Deferred income tax expense (benefit)103,483171,893(150,88(Increase) decrease in trade accounts receivable(713,804)285,373(338,18)Decrease (increase) inventories391,087380,189(1,221,24)Decrease (increase) in prepaid expenses and other240,547(239,533)(116,61)Increase in noncurrent assets(25,000)(135,229)(15,30)(Decrease) increase in accounts payable(2,163,896)785,126266,42Increase (decrease) in accrued liabilities401,136(1,711,170)830,92Net cash (used in) provided by operating activities(1322,026)317,640(378,08)Cash Flows From Investing Activities(309,463)(259,482)(729,57)Insurance proceeds from involuntary conversion of plant and equipment-134,45829,22Net cash used in investing activities(274,463)(67,593)(700,35)Cash Flows From Financing Activities(274,463)(67,593)(700,35)Cash Flows From Financing Activities(273,50)510,138(973,28)	(143,381)	\$	301,625	\$	115,779	\$	me (loss)
Depreciation and amortization $556,576$ $549,849$ $526,576$ Bad debt (recovery) expense(195,266)(125,451)(20,66)Loss on disposal of property, plant and equipment $67,332$ $54,968$ 201,07Gain on involuntary conversion of plant and equipment $ (134,45)$ Gain on non-cash addition of property, plant and equipment $ (62,37)$ Deferred income tax expense (benefit) $103,483$ $171,893$ (150,88)(Increase) decrease in trade accounts receivable $(713,804)$ $285,373$ $(338,18)$ Decrease (increase) inventories $391,087$ $380,189$ $(1,221,24)$ Decrease (increase) in prepaid expenses and other $240,547$ $(239,533)$ $(116,61)$ Increase in noncurrent assets $(25,000)$ $(135,229)$ $(15,30)$ (Decrease) increase in accounts payable $(2,163,896)$ $785,126$ $266,42$ Increase (decrease) in accrued liabilities $401,136$ $(1,711,170)$ $830,93$ Net cash (used in) provided by operating activities $(1,222,026)$ $317,640$ $(378,08)$ Cash Flows From Investing Activities $(309,463)$ $(259,482)$ $(729,57)$ Insurance proceeds from involuntary conversion of plant and equipment $ 134,458$ $-$ Proceeds from sale of property, plant and equipment $35,000$ $57,431$ $29,22$ Net cash used in investing activities $(274,463)$ $(67,593)$ $(700,35)$ Cash Flows From Financing Activities $(27,350)$ $510,138$ $(973,28)$ <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>ents to reconcile net income (loss) to net cash provided by</td>							ents to reconcile net income (loss) to net cash provided by
Bad debt (recovery) expense (195,266) (125,451) (20,66)   Loss on disposal of property, plant and equipment 67,332 54,968 201,07   Gain on involuntary conversion of plant and equipment - - (134,45)   Gain on non-cash addition of property, plant and equipment - - (62,37)   Deferred income tax expense (benefit) 103,483 171,893 (150,88)   (Increase) decrease in trade accounts receivable (713,804) 285,373 (338,18)   Decrease (increase) inventories 391,087 380,189 (1,221,24)   Decrease (increase) in prepaid expenses and other 240,547 (239,533) (116,61)   Increase in noncurrent assets (25,000) (135,229) (15,30)   (Decrease) increase in accounts payable (2,163,896) 785,126 266,42   Increase (decrease) in accrued liabilities 401,136 (1,711,170) 830,93   Net cash (used in) provided by operating activities (309,463) (259,482) (729,57)   Insurance proceeds from involuntary conversion of plant and equipment - 134,458 -							operating activities-
Loss on disposal of property, plant and equipment67,33254,968201,07Gain on involuntary conversion of plant and equipment(134,45Gain on non-cash addition of property, plant and equipment(62,37Deferred income tax expense (benefit)103,483171,893(150,88(Increase) decrease in trade accounts receivable(713,804)285,373(338,18Decrease (increase) inventories391,087380,189(1,221,24Decrease (increase) in prepaid expenses and other240,547(239,533)(116,61Increase in noncurrent assets(25,000)(135,229)(15,30(Decrease) increase in accounts payable(2,163,896)785,126266,42Increase (decrease) in accrued liabilities401,136(1,711,170)830,93Net cash (used in) provided by operating activities(1,222,026)317,640(378,08Cash Flows From Investing Activities-134,45829,222Net cash used in involuntary conversion of plant and equipment-134,45829,222Net cash used in involuntary conversion of plant and equipment-134,45829,222Net cash used in investing activities(274,463)(67,593)(700,352Cash Flows From Financing Activities(274,463)(67,593)(700,352Cash Flows From Financing Activities(274,463)(67,593)(700,352Cash Flows From Financing Activities(273,50)510,138(973,282Cash Flows From Financing Activities(273,50)510,13	526,596		549,849		556,576		ciation and amortization
Gain on involuntary conversion of plant and equipment(134,45Gain on non-cash addition of property, plant and equipment(62,37Deferred income tax expense (benefit)103,483171,893(150,88(Increase) decrease in trade accounts receivable(713,804)285,373(338,18Decrease (increase) inventories391,087380,189(1,221,24Decrease (increase) in prepaid expenses and other240,547(239,533)(116,61Increase in noncurrent assets(25,000)(135,229)(15,30(Decrease) increase in accounts payable(2,163,896)785,126266,42Increase (decrease) in accrued liabilities401,136(1,711,170)830,93Net cash (used in) provided by operating activities(1,222,026)317,640(378,08Cash Flows From Investing Activities(309,463)(259,482)(729,57)Insurance proceeds from involuntary conversion of plant and equipment-134,45829,22Net cash used in investing activities(274,463)(67,593)(700,35)Cash Flows From Financing Activities(274,463)(67,593)(700,35)Cash Flows From Financing Activities(27,350)510,138(973,28)	(20,662)		(125,451)		(195,266)		ebt (recovery) expense
Gain on non-cash addition of property, plant and equipment(62,37)Deferred income tax expense (benefit)103,483171,893(150,88)(Increase) decrease in trade accounts receivable(713,804)285,373(338,18)Decrease (increase) inventories391,087380,189(1,221,24)Decrease (increase) in prepaid expenses and other240,547(239,533)(116,61)Increase in noncurrent assets(25,000)(135,229)(15,30)(Decrease) increase in accounts payable(2,163,896)785,126266,42Increase (decrease) in accrued liabilities401,136(1,711,170)830,93Net cash (used in) provided by operating activities(1,222,026)317,640(378,08)Cash Flows From Investing Activities(309,463)(259,482)(729,57)Insurance proceeds from involuntary conversion of plant and equipment-134,45829,222Net cash used in investing activities(274,463)(67,593)(700,35)Cash Flows From Financing Activities(274,463)(67,593)(700,35)Cash Flows From Financing Activities(274,463)(67,593)(700,35)Cash Flows From Financing Activities(27,350)510,138(973,28)	201,070		54,968		67,332		on disposal of property, plant and equipment
Deferred income tax expense (benefit) $103,483$ $171,893$ $(150,88)$ (Increase) decrease in trade accounts receivable $(713,804)$ $285,373$ $(338,18)$ Decrease (increase) inventories $391,087$ $380,189$ $(1,221,24)$ Decrease (increase) in prepaid expenses and other $240,547$ $(239,533)$ $(116,61)$ Increase in noncurrent assets $(25,000)$ $(135,229)$ $(15,30)$ (Decrease) increase in accounts payable $(2,163,896)$ $785,126$ $266,42$ Increase (decrease) in accrued liabilities $401,136$ $(1,711,170)$ $830,93$ Net cash (used in) provided by operating activities $(1,222,026)$ $317,640$ $(378,08)$ Cash Flows From Investing Activities $(309,463)$ $(259,482)$ $(729,57)$ Insurance proceeds from involuntary conversion of plant and equipment $-134,458$ $29,22$ Net cash used in investing activities $(274,463)$ $(67,593)$ $(700,35)$ Cash Flows From Financing Activities $(27,350)$ $510,138$ $(973,28)$	(134,458)		-		-		on involuntary conversion of plant and equipment
(Increase) decrease in trade accounts receivable $(713,804)$ $285,373$ $(338,18)$ Decrease (increase) inventories $391,087$ $380,189$ $(1,221,24)$ Decrease (increase) in prepaid expenses and other $240,547$ $(239,533)$ $(116,61)$ Increase in noncurrent assets $(25,000)$ $(135,229)$ $(15,30)$ (Decrease) increase in accounts payable $(2,163,896)$ $785,126$ $266,42$ Increase (decrease) in accrued liabilities $401,136$ $(1,711,170)$ $830,93$ Net cash (used in) provided by operating activities $(1,222,026)$ $317,640$ $(378,08)$ Cash Flows From Investing Activities $(309,463)$ $(259,482)$ $(729,57)$ Insurance proceeds from involuntary conversion of plant and equipment $-134,458$ $-134,458$ Proceeds from sale of property, plant and equipment $(274,463)$ $(67,593)$ $(700,35)$ Cash Flows From Financing Activities $(27,350)$ $510,138$ $(973,28)$	(62,376)		-		-		on non-cash addition of property, plant and equipment
Decrease (increase) inventories $391,087$ $380,189$ $(1,221,24)$ Decrease (increase) in prepaid expenses and other $240,547$ $(239,533)$ $(116,61)$ Increase in noncurrent assets $(25,000)$ $(135,229)$ $(15,30)$ (Decrease) increase in accounts payable $(2,163,896)$ $785,126$ $266,42$ Increase (decrease) in accrued liabilities $401,136$ $(1,711,170)$ $830,93$ Net cash (used in) provided by operating activities $(1,222,026)$ $317,640$ $(378,08)$ Cash Flows From Investing Activities $(309,463)$ $(259,482)$ $(729,57)$ Insurance proceeds from involuntary conversion of plant and equipment $ 134,458$ $29,22$ Net cash used in investing activities $(274,463)$ $(67,593)$ $(700,35)$ Cash Flows From Financing Activities $(27,350)$ $510,138$ $(973,28)$	(150,882)		171,893		103,483		red income tax expense (benefit)
Decrease (increase) in prepaid expenses and other $240,547$ $(239,533)$ $(116,61)$ Increase in noncurrent assets $(25,000)$ $(135,229)$ $(15,30)$ (Decrease) increase in accounts payable $(2,163,896)$ $785,126$ $266,42$ Increase (decrease) in accrued liabilities $401,136$ $(1,711,170)$ $830,93$ Net cash (used in) provided by operating activities $(1,222,026)$ $317,640$ $(378,08)$ Cash Flows From Investing Activities $(309,463)$ $(259,482)$ $(729,57)$ Insurance proceeds from involuntary conversion of plant and equipment $-134,458$ $29,22$ Net cash used in investing activities $(274,463)$ $(67,593)$ $(700,35)$ Cash Flows From Financing Activities $(27,350)$ $510,138$ $(973,28)$	(338,189)		285,373		(713,804)		ase) decrease in trade accounts receivable
Increase in noncurrent assets $(25,000)$ $(135,229)$ $(15,30)$ $(Decrease)$ increase in accounts payable $(2,163,896)$ $785,126$ $266,42$ $Increase$ (decrease) in accrued liabilities $401,136$ $(1,711,170)$ $830,93$ $Net$ cash (used in) provided by operating activities $(1,222,026)$ $317,640$ $(378,08)$ $Cash$ Flows From Investing Activities $(309,463)$ $(259,482)$ $(729,57)$ $Insurance proceeds from involuntary conversion of plant and equipment-134,45829,22Net cash used in investing activities(274,463)(67,593)(700,35)Cash Flows From Financing Activities(27,350)510,138(973,28)$	1,221,245)	(	380,189		391,087		ase (increase) inventories
(Decrease) increase in accounts payable(2,163,896)785,126266,42Increase (decrease) in accrued liabilities401,136(1,711,170)830,93Net cash (used in) provided by operating activities(1,222,026)317,640(378,08)Cash Flows From Investing Activities(309,463)(259,482)(729,57)Insurance proceeds from involuntary conversion of plant and equipment-134,45829,22Net cash used in investing activities(274,463)(67,593)(700,35)Cash Flows From Financing Activities(27,350)510,138(973,28)	(116,613)		(239,533)		240,547		ase (increase) in prepaid expenses and other
Increase (decrease) in accrued liabilities401,136(1,711,170)830,93Net cash (used in) provided by operating activities(1,222,026)317,640(378,08)Cash Flows From Investing Activities(309,463)(259,482)(729,57)Insurance proceeds from involuntary conversion of plant and equipment-134,45829,22Proceeds from sale of property, plant and equipment35,00057,43129,22Net cash used in investing activities(274,463)(67,593)(700,35)Cash Flows From Financing Activities(27,350)510,138(973,28)	(15,300)		(135,229)		(25,000)		se in noncurrent assets
Net cash (used in) provided by operating activities(1,222,026)317,640(378,08)Cash Flows From Investing ActivitiesAdditions to property, plant and equipment(309,463)(259,482)(729,57)Insurance proceeds from involuntary conversion of plant and equipment-134,45829,22Proceeds from sale of property, plant and equipment35,00057,43129,22Net cash used in investing activities(274,463)(67,593)(700,35)Cash Flows From Financing Activities(27,350)510,138(973,28)	266,422		785,126		2,163,896)	(	ease) increase in accounts payable
Cash Flows From Investing Activities(309,463)(259,482)(729,57)Additions to property, plant and equipment-134,458134,458Proceeds from sale of property, plant and equipment35,00057,43129,22Net cash used in investing activities(274,463)(67,593)(700,35)Cash Flows From Financing Activities(27,350)510,138(973,28)	830,937		(1,711,170)		401,136		se (decrease) in accrued liabilities
Additions to property, plant and equipment(309,463)(259,482)(729,57)Insurance proceeds from involuntary conversion of plant and equipment-134,45829,22Proceeds from sale of property, plant and equipment35,00057,43129,22Net cash used in investing activities(274,463)(67,593)(700,35)Cash Flows From Financing Activities(27,350)510,138(973,28)	(378,081)		317,640		,222,026)	(	Net cash (used in) provided by operating activities
Insurance proceeds from involuntary conversion of plant and equipment-134,458Proceeds from sale of property, plant and equipment35,00057,43129,22Net cash used in investing activities(274,463)(67,593)(700,35)Cash Flows From Financing Activities(27,350)510,138(973,28)							s From Investing Activities
Proceeds from sale of property, plant and equipment35,00057,43129,22Net cash used in investing activities(274,463)(67,593)(700,35)Cash Flows From Financing Activities Checks issued in excess of funds on deposit(27,350)510,138(973,28)	(729,579)		(259,482)		(309,463)		is to property, plant and equipment
Net cash used in investing activities(274,463)(67,593)(700,35)Cash Flows From Financing Activities Checks issued in excess of funds on deposit(27,350)510,138(973,28)	-		134,458		-		e proceeds from involuntary conversion of plant and equipment
Cash Flows From Financing Activities Checks issued in excess of funds on deposit(27,350)510,138(973,28)	29,225		57,431		35,000		s from sale of property, plant and equipment
Checks issued in excess of funds on deposit(27,350)510,138(973,28)	(700,354)		(67,593)		(274,463)		Net cash used in investing activities
-							s From Financing Activities
Borrowings on line of credit 102 958 994 97 041 808 92 109 62	(973,282)		510,138		(27,350)		ssued in excess of funds on deposit
102,950,994 97,041,000 92,109,02	2,109,620	9	7,041,808		.,958,994	10	ngs on line of credit
Payments on line of credit (101,007,724) (97,663,464) (90,368,73	),368,739)	(9	7,663,464)	(	,007,724)	(10	s on line of credit
Borrowings on debt 94,853 46,093 472,28	472,289		46,093		94,853		ngs on debt
Payments on debt (522,284) (184,622) (161,45)	(161,453)		(184,622)		(522,284)		s on debt
Net cash provided by (used in) financing activities1,496,489(250,047)1,078,43	1,078,435		(250,047)		,496,489		Net cash provided by (used in) financing activities
Net change in cash	-		-		-		in cash
Cash, beginning of year	-		-		-		nning of year
Cash, end of year \$ - \$	-	\$	-	\$	-	\$	of year