

IMPRESO, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

ASSETS

	<u>August 31,</u> <u>2018</u>	<u>August 31,</u> <u>2017</u>	<u>August 31,</u> <u>2016</u>
Current assets:			
Trade accounts receivable, net of allowance for doubtful accounts of \$736,020 as of August 31, 2018, \$239,441 as of August 31, 2017, and \$249,138 as of August 31, 2016	\$7,005,416	\$8,516,105	\$7,773,878
Inventories, net of allowances	\$21,344,452	\$13,348,294	\$13,759,737
Prepaid expenses and other	\$485,587	\$1,081,349	\$548,827
Deferred income tax assets	-	\$240,429	\$292,865
	<u>\$28,835,455</u>	<u>\$23,186,177</u>	<u>\$22,375,307</u>
Property, plant, and equipment, at cost	\$19,985,746	\$18,464,840	\$18,374,443
Less accumulated depreciation	<u>(13,946,599)</u>	<u>(14,442,709)</u>	<u>(14,106,753)</u>
	<u>\$6,039,147</u>	<u>\$4,022,131</u>	<u>\$4,267,690</u>
Noncurrent assets:			
Other assets	<u>\$88,435</u>	<u>\$59,821</u>	<u>\$84,821</u>
	<u>\$34,963,037</u>	<u>\$27,268,129</u>	<u>\$26,727,818</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, 2018	August 31, 2017	August 31, 2016
Current liabilities:			
Checks issued in excess of funds held on deposit	\$2,236,313	\$1,184,277	\$1,080,774
Accounts payable	\$3,764,498	\$3,381,145	\$2,059,027
Accrued liabilities	\$1,235,984	\$675,502	\$792,185
Accrued commissions	\$4,243,576	\$2,406,316	\$2,033,753
Current maturities of long-term debt	<u>\$382,588</u>	<u>\$86,380</u>	<u>\$127,463</u>
Total current liabilities	\$11,862,959	\$7,733,620	\$6,093,202
Long-term liabilities:			
Long-term debt, net of current maturities	\$1,773,251	\$125,976	\$212,334
Line of credit	\$4,406,898	\$4,132,450	\$5,273,583
Deferred tax liability	<u>\$664,479</u>	<u>\$528,191</u>	<u>\$495,362</u>
Total liabilities	<u>\$18,707,587</u>	<u>\$12,520,237</u>	<u>\$12,074,481</u>
Stockholders' equity:			
Preferred stock, \$0.1 par value, 5,000,000 shares authorized, 0 shares issued and outstanding	-	-	-
Common stock, \$0.1 par value; 15,000,000 shares authorized; 5,292,780 issued; 4,021,263 outstanding as of August 31, 2018, 2017, and 2016	\$52,928	\$52,928	\$52,928
Additional paid-in capital	\$6,353,656	\$6,353,656	\$6,353,656
Retained earnings	<u>\$11,208,151</u>	<u>\$9,700,593</u>	<u>\$9,606,038</u>
Stockholders' equity	\$17,614,735	\$16,107,177	\$16,012,622
Treasury stock (1,271,517 shares as of August 31, 2017, 2016, and 2015, at cost)	<u>(\$1,359,285)</u>	<u>(\$1,359,285)</u>	<u>(\$1,359,285)</u>
Total stockholders' equity	<u>\$16,255,450</u>	<u>\$14,747,892</u>	<u>\$14,653,337</u>
Total liabilities and stockholders' equity	<u>\$34,963,037</u>	<u>\$27,268,129</u>	<u>\$26,727,818</u>

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

IMPRESO, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

	Years Ended August 31,		
	<u>2018</u>	<u>2017</u>	<u>2016</u>
Net sales	\$ 101,331,030	\$ 87,048,181	\$ 89,028,876
Cost of sales	<u>89,060,043</u>	<u>78,291,148</u>	<u>81,228,416</u>
Gross profit	12,270,987	8,757,033	7,800,460
Loss on disposal of assets	-	34,857	67,332
Selling, general and administrative expense	<u>9,714,026</u>	<u>8,300,209</u>	<u>7,256,054</u>
Operating income	<u>2,556,961</u>	<u>421,967</u>	<u>477,074</u>
Other expense:			
Interest expense	321,676	217,262	227,123
Other expense, net	<u>36,707</u>	<u>2,143</u>	<u>30,689</u>
Total other expense, net	<u>358,383</u>	<u>219,405</u>	<u>257,812</u>
Income before income tax expense	<u>2,198,578</u>	<u>202,562</u>	<u>219,262</u>
Income tax expense:			
Current	314,302	22,742	-
Deferred	<u>376,718</u>	<u>85,265</u>	<u>103,483</u>
Total income tax expense	<u>691,020</u>	<u>108,007</u>	<u>103,483</u>
Net income	<u>\$ 1,507,558</u>	<u>\$ 94,555</u>	<u>\$ 115,779</u>

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IMPRESO, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended August 31,		
	2018	2017	2016
Net income	\$1,507,558	\$ 94,555	\$ 115,779
Adjustments to reconcile net income to net cash provided by (used in) operating activities-			
Depreciation and amortization	862,790	335,956	556,576
Bad debt (recovery) expense	-	(81,199)	(195,266)
Loss (gain) on disposal of property, plant and equipment	-	34,857	67,332
Deferred income tax expense (benefit)	376,718	85,265	103,483
Decrease (increase) in trade accounts receivable	1,510,689	(661,028)	(713,804)
Decrease (increase) inventories	(7,996,158)	411,443	391,087
Decrease (increase) in prepaid expenses and other	595,762	(532,522)	240,547
(Increase) decrease in noncurrent assets	(28,614)	25,000	(25,000)
Increase (decrease) in accounts payable	383,353	1,322,118	(2,163,896)
Increase in accrued liabilities	2,427,808	255,880	401,136
Net cash (used in) provided by operating activities	<u>(360,094)</u>	<u>1,290,325</u>	<u>(1,222,026)</u>
Cash Flows From Investing Activities			
Additions to property, plant and equipment	(2,909,873)	(125,254)	(309,463)
Proceeds from sale of property, plant and equipment	-	-	35,000
Net cash used in investing activities	<u>(2,909,873)</u>	<u>(125,254)</u>	<u>(274,463)</u>
Cash Flows From Financing Activities			
Checks issued in excess of funds on deposit	1,052,036	103,503	(27,350)
Borrowings on line of credit	106,177,881	96,184,833	102,958,994
Payments on line of credit	(105,903,433)	(97,325,966)	(101,007,724)
Borrowings on debt	2,145,922	-	94,853
Payments on debt	(202,439)	(127,441)	(522,284)
Net cash provided by (used in) financing activities	<u>3,269,967</u>	<u>(1,165,071)</u>	<u>1,496,489</u>
Net change in cash	-	-	-
Cash, beginning of year	-	-	-
Cash, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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