

IMPRESO, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

ASSETS

	August 31, 2017	August 31, 2016	August 31, 2015
Current assets:			
Trade accounts receivable, net of allowance for doubtful accounts of \$239,441 as of August 31, 2017, \$249,138 as of August 31, 2016, and \$444,404 as of August 31, 2015	\$ 8,516,105	\$ 7,773,878	\$ 6,864,808
Inventories, net of allowances	13,348,294	13,759,737	14,150,824
Prepaid expenses and other	1,081,349	548,827	789,374
Deferred income tax assets	240,429	292,865	376,320
	<u>23,186,177</u>	<u>22,375,307</u>	<u>22,181,326</u>
Total current assets			
Property, plant, and equipment, at cost	18,464,840	18,374,443	19,085,338
Less accumulated depreciation	(14,442,709)	(14,106,753)	(14,468,203)
	<u>4,022,131</u>	<u>4,267,690</u>	<u>4,617,135</u>
Net property, plant, and equipment			
Noncurrent assets:			
Other assets	59,821	84,821	59,821
	<u>59,821</u>	<u>84,821</u>	<u>59,821</u>
Total assets	<u>\$ 27,268,129</u>	<u>\$ 26,727,818</u>	<u>\$ 26,858,282</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, 2017	August 31, 2016	August 31, 2015
Current liabilities:			
Checks issued in excess of funds held on deposit	\$ 1,184,277	\$ 1,080,774	\$ 1,108,124
Accounts payable	3,381,145	2,059,027	4,222,923
Accrued liabilities	675,502	792,185	1,039,545
Accrued commissions	2,406,316	2,033,753	1,385,257
Current maturities of long-term debt	<u>86,380</u>	<u>127,463</u>	<u>190,445</u>
Total current liabilities	7,733,620	6,093,202	7,946,294
Long-term liabilities:			
Long-term debt, net of current maturities	125,976	212,334	576,783
Line of credit	4,132,450	5,273,583	3,322,313
Deferred tax liability	<u>528,191</u>	<u>495,362</u>	<u>475,334</u>
Total liabilities	<u>12,520,237</u>	<u>12,074,481</u>	<u>12,320,724</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; 4,021,263 outstanding as of August 31, 2017, 2016, and 2015	52,928	52,928	52,928
Additional paid-in capital	6,353,656	6,353,656	6,353,656
Retained earnings	<u>9,700,593</u>	<u>9,606,038</u>	<u>9,490,259</u>
Stockholders' equity	16,107,177	16,012,622	15,896,843
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>14,747,892</u>	<u>14,653,337</u>	<u>14,537,558</u>
Total liabilities and stockholders' equity	<u>\$ 27,268,129</u>	<u>\$ 26,727,818</u>	<u>\$ 26,858,282</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>2017</u>	<u>2016</u>	<u>2015</u>
Net sales	\$ 87,048,181	\$ 89,028,876	\$ 87,680,319
Cost of sales	<u>78,291,148</u>	<u>81,228,416</u>	<u>79,317,166</u>
Gross profit	8,757,033	7,800,460	8,363,153
Loss on disposal of assets	34,857	67,332	54,968
Selling, general and administrative expense	<u>8,300,209</u>	<u>7,256,054</u>	<u>7,606,507</u>
Operating income	<u>421,967</u>	<u>477,074</u>	<u>701,678</u>
Other expense:			
Interest expense	217,262	227,123	176,500
Other expense, net	<u>2,143</u>	<u>30,689</u>	<u>22,480</u>
Total other expense, net	<u>219,405</u>	<u>257,812</u>	<u>198,980</u>
Income before income tax expense	<u>202,562</u>	<u>219,262</u>	<u>502,698</u>
Income tax expense (benefit):			
Current	22,742	-	29,180
Deferred	<u>85,265</u>	<u>103,483</u>	<u>171,893</u>
Total income tax expense	<u>108,007</u>	<u>103,483</u>	<u>201,073</u>
Net income	<u>\$ 94,555</u>	<u>\$ 115,779</u>	<u>\$ 301,625</u>

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IMPRESO, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended August 31,		
	2017	2016	2015
Net income	\$ 94,555	\$ 115,779	\$ 301,625
Adjustments to reconcile net income to net cash provided by (used in) operating activities-			
Depreciation and amortization	335,956	556,576	549,849
Bad debt recovery	(81,199)	(195,266)	(125,451)
Loss on disposal of property, plant and equipment	34,857	67,332	54,968
Deferred income tax expense	85,265	103,483	171,893
(Increase) decrease in trade accounts receivable	(661,028)	(713,804)	285,373
Decrease in inventories	411,443	391,087	380,189
(Increase) decrease in prepaid expenses and other	(532,522)	240,547	(239,533)
Decrease (increase) in noncurrent assets	25,000	(25,000)	(135,229)
Increase (decrease) in accounts payable	1,322,118	(2,163,896)	785,126
Increase (decrease) in accrued liabilities	255,880	401,136	(1,711,170)
Net cash provided by (used in) operating activities	<u>1,290,325</u>	<u>(1,222,026)</u>	<u>317,640</u>
Cash Flows From Investing Activities			
Additions to property, plant and equipment	(125,254)	(309,463)	(259,482)
Insurance proceeds from involuntary conversion of plant and equipment	0	0	134,458
Proceeds from sale of property, plant and equipment	0	35,000	57,431
Net cash used in investing activities	<u>(125,254)</u>	<u>(274,463)</u>	<u>(67,593)</u>
Cash Flows From Financing Activities			
Checks issued in excess of funds on deposit	103,503	(27,350)	510,138
Borrowings on line of credit	96,184,833	102,958,994	97,041,808
Payments on line of credit	(97,325,966)	(101,007,724)	(97,663,464)
Borrowings on debt	0	94,853	46,093
Payments on debt	(127,441)	(522,284)	(184,622)
Net cash (used in) provided by financing activities	<u>(1,165,071)</u>	<u>1,496,489</u>	<u>(250,047)</u>
Net change in cash	-	-	-
Cash, beginning of year	-	-	-
Cash, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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