

IMPRESO, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

ASSETS
(Unaudited)

	February 28, 2013	August 31, 2012
Current assets:		
Cash and cash equivalents	\$ -	\$ -
Trade accounts receivable, net of allowance for doubtful accounts of \$454,511 as of February 28, 2013, \$362,308 as of August 31, 2012	5,621,592	8,413,103
Inventories, net of allowances	12,615,674	9,603,546
Prepaid expenses and other	375,566	308,697
Deferred income tax assets	367,092	339,566
Total current assets	<u>18,979,924</u>	<u>18,664,912</u>
Property, plant and equipment, at cost	20,475,474	20,049,001
Less-Accumulated depreciation	<u>(15,372,976)</u>	<u>(15,170,044)</u>
Net Property, plant and equipment	<u>5,102,498</u>	<u>4,878,957</u>
Noncurrent assets:		
Other assets	<u>36,504</u>	<u>42,771</u>
Total assets	<u><u>\$ 24,118,926</u></u>	<u><u>\$ 23,586,640</u></u>

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

	February 28, 2013	August 31, 2012
	<u> </u>	<u> </u>
Current liabilities:		
Accounts payable	\$ 2,573,289	\$ 1,934,176
Accrued liabilities	2,002,798	2,257,219
Accrued commissions	747,816	1,759,420
Current maturities of long-term debt	<u>96,573</u>	<u>99,489</u>
Total current liabilities	5,420,476	6,050,304
Long-term debt, net of current maturities	549,756	576,957
Line of credit	3,573,767	2,618,816
Deferred tax liability	<u>411,531</u>	<u>300,851</u>
Total liabilities	<u>9,955,530</u>	<u>9,546,928</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 and 4,021,263 outstanding	52,928	52,928
Additional paid-in capital	6,353,656	6,353,656
Retained earnings	<u>9,116,097</u>	<u>8,992,413</u>
Stockholders' equity	15,522,681	15,398,997
Treasury stock (1,271,517 shares at cost)	<u>(1,359,285)</u>	<u>(1,359,285)</u>
Total stockholders' equity	<u>14,163,396</u>	<u>14,039,712</u>
Total liabilities and stockholders' equity	<u><u>\$ 24,118,926</u></u>	<u><u>\$ 23,586,640</u></u>

IMPRESO, INC. AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended		Six Months Ended	
	February 28, 2013	February 29, 2012	February 28, 2013	February 29, 2012
Net sales	\$ 17,005,927	\$ 16,512,797	\$ 34,479,539	\$ 33,415,985
Cost of sales	<u>15,175,110</u>	<u>14,807,916</u>	<u>30,957,085</u>	<u>29,453,170</u>
Gross profit	1,830,817	1,704,881	3,522,454	3,962,815
(Gain) loss on disposal of assets	(55,986)	7,027	(282,757)	8,860
Selling, general and administrative expenses	<u>1,762,557</u>	<u>1,589,124</u>	<u>3,437,661</u>	<u>3,383,590</u>
Operating income	<u>124,246</u>	<u>108,730</u>	<u>367,550</u>	<u>570,365</u>
Other expenses :				
Interest expense	53,065	68,113	111,614	133,753
Other expense, net	<u>13,463</u>	<u>13,048</u>	<u>19,098</u>	<u>25,646</u>
Total other expense, net	66,528	81,161	130,712	159,399
Income before income tax benefit	57,718	27,569	236,838	410,966
Income tax expense :				
Current	15,000	5,000	30,000	10,000
Deferred	<u>24,821</u>	<u>14,409</u>	<u>83,154</u>	<u>171,245</u>
Total income tax expense	39,821	19,409	113,154	181,245
Net income	<u>\$ 17,897</u>	<u>\$ 8,160</u>	<u>\$ 123,684</u>	<u>\$ 229,721</u>

IMPRESO, INC. AND SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Six Months Ended	
	February 28, 2013	August 31, 2012
Cash Flows From Operating Activities:		
Net Income	\$ 123,684	\$ 229,721
Adjustments to reconcile net loss to net cash provided by (used in) operating activities-		
Depreciation and amortization	229,932	223,114
Bad debt expense	92,203	(2,266)
Decrease in provision of losses of inventory	(2,011)	(1,040)
(Gain) loss on disposal of assets	(6,000)	8,859
Deferred income tax expense	83,154	171,245
Decrease (increase) in trade accounts receivable	2,699,308	(344,489)
Increase in inventory	(3,010,117)	(879,183)
Increase in prepaid expenses and other	(66,869)	(65,353)
Decrease (increase) in noncurrent assets	6,267	(3,558)
Increase (decrease) in accounts payable	639,113	(380,289)
(Decrease) increase in accrued liabilities	(1,266,025)	98,616
	<u>(477,361)</u>	<u>(944,623)</u>
Net cash used in operating activities	(477,361)	(944,623)
Cash Flows From Investing Activities:		
Additions to property, plant and equipment	(456,473)	(80,211)
Proceeds from sale of property, plant and equipment	9,000	23,925
	<u>(447,473)</u>	<u>(56,286)</u>
Net cash used in investing activities	(447,473)	(56,286)
Cash Flows From Financing Activities:		
Net borrowings on line of credit	954,951	951,924
Payments on debt	(30,117)	(83,724)
Purchase of Treasury Stock	-	-
	<u>924,834</u>	<u>868,200</u>
Net cash provided by financing activities	924,834	868,200
Net decrease increase in cash and cash equivalents	<u>(0)</u>	<u>(132,709)</u>
Cash and cash equivalents, beginning of period	<u>-</u>	<u>132,709</u>
Cash and cash equivalents, end of period	<u>\$ (0)</u>	<u>\$ -</u>