

**IMPRESO, INC. AND SUBSIDIARIES**

**CONSOLIDATED BALANCE SHEET**

**ASSETS**  
**(unaudited)**

	February 28, 2014	August 31, 2013
Current assets:		
Cash	\$ -	\$ -
Trade accounts receivable, net of allowance for doubtful accounts of \$433,739 as of February 28, 2014 and \$590,516 as of August 31, 2013	7,210,411	6,665,881
Inventories, net of allowances	14,457,988	13,309,768
Prepaid expenses and other	431,958	298,769
Deferred income tax assets	371,505	429,823
	<u>22,471,862</u>	<u>20,704,241</u>
Property, plant and equipment, at cost	20,737,814	20,243,142
Less-Accumulated depreciation	<u>(15,484,807)</u>	<u>(15,258,305)</u>
	<u>5,253,007</u>	<u>4,984,837</u>
Noncurrent assets:		
Other assets	<u>64,049</u>	<u>43,749</u>
	<u>\$ 27,788,918</u>	<u>\$ 25,732,827</u>

**IMPRESO, INC. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS (CONTINUED)**

**LIABILITIES AND STOCKHOLDERS' EQUITY**  
**(unaudited)**

	<u>February 28,</u> <u>2014</u>	<u>August 31,</u> <u>2013</u>
<b>Current liabilities:</b>		
Checks issued in excess of funds held on deposit	\$ 456,907	\$ 1,571,268
Accounts payable	2,995,036	3,171,375
Accrued liabilities	2,150,676	2,115,879
Accrued commissions	1,280,072	1,189,156
Current maturities of long-term debt	<u>168,512</u>	<u>95,394</u>
Total current liabilities	7,051,203	8,143,072
Long-term debt, net of current maturities	757,202	499,527
Line of Credit	4,926,442	2,203,088
Deferred tax liability	<u>503,594</u>	<u>507,826</u>
Total liabilities	<u>13,238,441</u>	<u>11,353,513</u>
<b>Stockholders' equity:</b>		
Preferred stock, \$.01 par value; 5,000,000 shares authorized; 0 shares issued and outstanding	0	0
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>9,503,178</u>	<u>9,332,015</u>
Stockholders' equity	15,909,762	15,738,599
Treasury stock (1,271,517 shares, at cost)	<u>(1,359,285)</u>	<u>(1,359,285)</u>
Total stockholders' equity	<u>14,550,477</u>	<u>14,379,314</u>
Total liabilities and stockholders' equity	<u>\$ 27,788,918</u>	<u>\$ 25,732,827</u>

**IMPRESO, INC. AND SUBSIDIARIES**

**INTERIM CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
(unaudited)

	Three Months Ended		Six Months Ended	
	February 28, 2014	February 28, 2013	February 28, 2014	February 28, 2013
Net sales	\$ 18,508,664	\$ 17,005,927	\$ 37,561,652	\$ 34,479,539
Cost of sales	<u>16,783,181</u>	<u>15,175,110</u>	<u>33,818,399</u>	<u>30,957,085</u>
Gross profit	1,725,483	1,830,817	3,743,253	3,522,454
Loss on sales of assets	597	(55,986)	3,265	(282,757)
Selling, General and administrative expenses	<u>1,561,605</u>	<u>1,762,557</u>	<u>3,329,363</u>	<u>3,437,661</u>
Operating Income	163,281	124,246	410,625	367,550
Other expenses (income):				
Interest expense	62,136	53,065	113,688	111,614
Other income, net	<u>26,717</u>	<u>13,463</u>	<u>41,688</u>	<u>19,098</u>
Total other expense	88,853	66,528	155,376	130,712
Gain before income tax expense	74,428	57,718	255,249	236,838
Income tax expense (benefit):				
Current	15,000	15,000	30,000	30,000
Deferred	<u>(7,005)</u>	<u>24,821</u>	<u>54,086</u>	<u>83,154</u>
Total income tax expense	7,995	39,821	84,086	113,154
Net income (loss)	<u>\$ 66,433</u>	<u>\$ 17,897</u>	<u>\$ 171,163</u>	<u>\$ 123,684</u>

**IMPRESO, INC. AND SUBSIDIARIES**

**INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**(unaudited)**

	Six Months Ended February 28,	
	2014	2013
<b>Cash Flows From Operating Activities:</b>		
Net income	\$ 171,163	\$ 123,684
Adjustments to reconcile net loss to net cash provided by (used in ) operating activities-		
Depreciation and amortization	250,511	229,932
Bad debt (benefit) expense	(156,777)	92,203
Increase (decrease) in provision of losses of inventory	15,351	(2,011)
Loss (gain) on sale of property, plant and equipment	3,264	(6,000)
Deferred income tax expense	54,086	83,154
(Increase) decrease in trade accounts receivable	(387,753)	2,699,308
Increase in inventory	(1,163,571)	(3,010,117)
Increase in prepaid expenses and other	(133,189)	(66,869)
(Increase) decrease in noncurrent assets	(20,300)	6,267
(Decease) increase in accounts payable	(1,290,700)	639,113
Increase (decrease) in accrued liabilities	125,713	(1,266,025)
	<u>(2,532,202)</u>	<u>(477,361)</u>
<b>Cash Flows From Investing Activities:</b>		
Additions to property, plant and equipment	(521,945)	(456,473)
Proceeds from sale of property, plant and equipment	-	9,000
	<u>(521,945)</u>	<u>(447,473)</u>
<b>Cash Flows From Financing Activities:</b>		
Net borrowings on line of credit	2,723,354	954,951
Net borrowings (payments) on debt	330,793	(30,117)
Purchase of Treasury Stock	-	-
	<u>3,054,147</u>	<u>924,834</u>
Net change in cash and cash equivalents	-	-
Cash and cash equivalents, beginning of period	-	-
Cash and cash equivalents, end of period	\$ -	\$ -