

IMPRESO, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

ASSETS
(unaudited)

	February 28, 2015	August 31, 2014
Current assets:		
Cash	\$ -	\$ -
Trade accounts receivable, net of allowance for doubtful accounts of \$510,339 as of February 28, 2015 and \$569,854 as of August 31, 2014	7,270,616	7,024,732
Inventories, net of allowances	12,012,059	14,531,013
Prepaid expenses and other	460,744	549,840
Deferred income tax assets	327,697	426,471
Total current assets	<u>20,071,116</u>	<u>22,532,056</u>
Property, plant and equipment, at cost	18,955,769	19,676,963
Less-Accumulated depreciation	<u>(14,207,895)</u>	<u>(14,657,062)</u>
Net property, plant and equipment	<u>4,747,875</u>	<u>5,019,901</u>
Noncurrent assets:		
Other assets	<u>51,789</u>	<u>59,049</u>
Total assets	<u>\$ 24,870,780</u>	<u>\$ 27,611,006</u>

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

LIABILITIES AND STOCKHOLDERS' EQUITY
(unaudited)

	<u>February 28,</u> <u>2015</u>	<u>August 31,</u> <u>2014</u>
Current liabilities:		
Accounts payable	\$ 3,182,758	\$ 4,035,783
Accrued liabilities	1,064,649	2,788,293
Accrued commissions	1,814,784	1,347,679
Current maturities of long-term debt	<u>179,964</u>	<u>183,097</u>
Total current liabilities	6,242,155	8,354,852
Long-term debt, net of current maturities	631,447	722,660
Line of Credit	3,168,734	3,943,969
Deferred tax liability	<u>338,007</u>	<u>353,592</u>
Total liabilities	<u>10,380,343</u>	<u>13,375,073</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>9,443,138</u>	<u>9,188,634</u>
Stockholders' equity	15,849,722	15,595,218
Treasury stock (1,271,517 shares, at cost)	<u>(1,359,285)</u>	<u>(1,359,285)</u>
Total stockholders' equity	<u>14,490,437</u>	<u>14,235,933</u>
Total liabilities and stockholders' equity	<u>\$ 24,870,780</u>	<u>\$ 27,611,006</u>

IMPRESO, INC. AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)

	Three Months Ended		Six Months Ended	
	February 28, 2015	February 28, 2014	February 28, 2015	February 28, 2014
Net sales	\$ 20,360,543	\$ 18,508,664	\$ 41,553,157	\$ 37,561,652
Cost of sales	<u>18,187,380</u>	<u>16,783,181</u>	<u>37,322,957</u>	<u>33,811,248</u>
Gross profit	2,173,163	1,725,483	4,230,200	3,750,404
Loss on sales of assets	50,339	597	54,005	3,265
Selling, general and administrative expenses	<u>1,934,310</u>	<u>1,561,605</u>	<u>3,674,655</u>	<u>3,329,363</u>
Operating Income	188,514	163,281	501,540	417,776
Other expenses:				
Interest expense	49,103	62,136	106,645	113,688
Other expense, net	<u>14,290</u>	<u>26,717</u>	<u>28,022</u>	<u>41,688</u>
Total other expense	63,393	88,853	134,667	155,376
Gain before income tax expense	125,121	74,428	366,873	262,400
Income tax expense (benefit):				
Current	29,180	15,000	29,180	30,000
Deferred	<u>994</u>	<u>(7,005)</u>	<u>83,189</u>	<u>54,086</u>
Total income tax expense	30,174	7,995	112,369	84,086
Net income	<u>\$ 94,947</u>	<u>\$ 66,433</u>	<u>\$ 254,504</u>	<u>\$ 178,314</u>

IMPRESO, INC. AND SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

	Six Months Ended	
	February 28,	
	2015	2014
Cash Flows From Operating Activities:		
Net income	\$ 254,504	\$ 171,163
Adjustments to reconcile net income to net cash provided by (used in) operating activities-		
Depreciation and amortization	279,971	250,511
Bad debt recovery	(59,515)	(156,777)
(Decrease) increase in provision of losses of inventory	(186,726)	15,351
Loss on sale of property, plant and equipment	54,005	3,264
Deferred income tax expense	83,189	54,086
Increase in trade accounts receivable	(186,370)	(387,753)
Decrease (increase) in inventory	2,705,680	(1,163,571)
Decrease (increase) in prepaid expenses and other	89,096	(133,189)
Decrease (increase) in noncurrent assets	7,261	(20,300)
Decrease in accounts payable	(853,024)	(1,290,700)
Decrease (increase) in accrued liabilities	(1,256,539)	125,713
	931,532	(2,532,202)
Net provided by (used in) operating activities		
Cash Flows From Investing Activities:		
Additions to property, plant and equipment	(119,281)	(521,945)
Proceeds from sale of property, plant and equipment	57,331	-
	(61,950)	(521,945)
Net cash used in investing activities		
Cash Flows From Financing Activities:		
Net (payments) borrowings on line of credit	(775,235)	2,723,354
Net (payments) borrowings on debt	(94,346)	330,793
Purchase of Treasury Stock	-	-
	(869,581)	3,054,147
Net cash (used in) provided by financing activities		
Net decrease in cash and cash equivalents	-	-
Cash and cash equivalents, beginning of period	-	-
Cash and cash equivalents, end of period	-	\$ -