

IMPRESO, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

ASSETS
(unaudited)

	February 29, 2016	August 31, 2015
Current assets:		
Cash	\$ -	\$ -
Trade accounts receivable, net of allowance for doubtful accounts of \$329,708 as of February 29, 2016 and \$444,404 as of August 31, 2015	7,777,837	6,864,808
Inventories, net of allowances	14,311,964	14,150,824
Prepaid expenses and other	411,193	789,374
Deferred income tax assets	308,370	376,320
Total current assets	<u>22,809,364</u>	<u>22,181,326</u>
Property, plant and equipment, at cost	18,300,746	19,085,338
Less-Accumulated depreciation	<u>(13,867,449)</u>	<u>(14,468,203)</u>
Net property, plant and equipment	<u>4,433,297</u>	<u>4,617,135</u>
Noncurrent assets:		
Other assets	<u>59,821</u>	<u>59,821</u>
Total assets	<u>\$ 27,302,482</u>	<u>\$ 26,858,282</u>

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

LIABILITIES AND STOCKHOLDERS' EQUITY
(unaudited)

	<u>February 29,</u> <u>2016</u>	<u>August 31,</u> <u>2015</u>
Current liabilities:		
Accounts payable	\$ 3,710,587	\$ 5,331,047
Accrued liabilities	880,729	1,039,545
Accrued commissions	2,578,619	1,385,257
Current maturities of long-term debt	<u>129,305</u>	<u>190,445</u>
Total current liabilities	7,299,240	7,946,294
Long-term debt, net of current maturities	255,940	576,783
Line of Credit	4,717,934	3,322,313
Deferred tax liability	<u>431,526</u>	<u>475,334</u>
Total liabilities	<u>12,704,640</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 and 4,021,263 outstanding	52,928	52,928
Additional paid-in capital	6,353,656	6,353,656
Retained earnings	<u>9,550,543</u>	<u>9,490,259</u>
Stockholders' equity	15,957,127	15,896,843
Treasury stock (1,271,517 shares, at cost)	<u>(1,359,285)</u>	<u>(1,359,285)</u>
Total stockholders' equity	<u>14,597,842</u>	<u>14,537,558</u>
Total liabilities and stockholders' equity	<u>\$ 27,302,482</u>	<u>\$ 26,858,282</u>

IMPRESO, INC. AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)

	Three Months Ended		Six Months Ended	
	February 29, 2016	February 28, 2015	February 29, 2016	February 28, 2015
Net sales	\$ 21,187,427	\$ 20,360,543	\$ 41,728,322	\$ 41,553,157
Cost of sales	<u>19,335,469</u>	<u>18,187,380</u>	<u>37,845,912</u>	<u>37,322,957</u>
Gross profit	1,851,958	2,173,163	3,882,410	4,230,200
Loss on sales of assets	60,199	50,339	62,197	54,005
Selling, general and administrative expenses	<u>1,680,176</u>	<u>1,934,310</u>	<u>3,619,259</u>	<u>3,674,655</u>
Operating Income	111,583	188,514	200,954	501,540
Other expenses:				
Interest expense	62,301	49,103	104,596	106,645
Other expense, net	<u>5,567</u>	<u>14,290</u>	<u>11,931</u>	<u>28,022</u>
Total other expense	67,868	63,393	116,527	134,667
Gain before income tax expense	43,715	125,121	84,427	366,873
Income tax expense (benefit):				
Current	(11,000)	29,180	0	29,180
Deferred	<u>15,391</u>	<u>994</u>	<u>24,142</u>	<u>83,189</u>
Total income tax expense	4,391	30,174	24,142	112,369
Net income	<u>\$ 39,324</u>	<u>\$ 94,947</u>	<u>\$ 60,285</u>	<u>\$ 254,504</u>

IMPRESO, INC. AND SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

	Six Months Ended	
	February 28,	
	2016	2015
	<u> </u>	<u> </u>
Cash Flows From Operating Activities:		
Net income	\$ 60,284	\$ 254,504
Adjustments to reconcile net income to net cash provided by (used in) operating activities-		
Depreciation and amortization	274,017	279,971
Bad debt recovery	(114,696)	(59,515)
Decrease in provision of losses of inventory	(44,702)	(186,726)
Loss on sale of property, plant and equipment	62,197	54,005
Deferred income tax expense	24,142	83,189
Increase in trade accounts receivable	(798,333)	(186,370)
(Increase) decrease in inventory	(116,438)	2,705,680
Decrease in prepaid expenses and other	378,181	89,096
Decrease in noncurrent assets	-	7,261
Decrease in accounts payable	(1,620,460)	(853,024)
Increase (decrease) in accrued liabilities	1,034,546	(1,256,539)
	<u> </u>	<u> </u>
Net cash (used in) provided by operating activities	(861,262)	931,532
	<u> </u>	<u> </u>
Cash Flows From Investing Activities:		
Additions to property, plant and equipment	(187,376)	(119,281)
Proceeds from sale of property, plant and equipment	35,000	57,331
	<u> </u>	<u> </u>
Net cash used in investing activities	(152,376)	(61,950)
	<u> </u>	<u> </u>
Cash Flows From Financing Activities:		
Net borrowings (payments) on line of credit	1,395,621	(775,235)
Net payments on debt	(381,983)	(94,346)
Purchase of Treasury Stock	-	-
	<u> </u>	<u> </u>
Net cash provided by (used in) financing activities	1,013,638	(869,581)
	<u> </u>	<u> </u>
Net decrease in cash and cash equivalents	-	-
Cash and cash equivalents, beginning of period	-	-
	<u> </u>	<u> </u>
Cash and cash equivalents, end of period	<u>\$ -</u>	<u>\$ -</u>