

IMPRESO, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

ASSETS
(unaudited)

	February 28 2017	August 31, 2016
Current assets:		
Cash	\$ -	\$ -
Trade accounts receivable, net of allowance for doubtful accounts of \$244,682 as of February 28, 2017 and \$249,138 as of August 31, 2016	6,638,093	7,773,878
Inventories, net of allowances	14,624,100	13,759,737
Prepaid expenses and other	877,201	548,827
Deferred income tax assets	240,429	292,865
Total current assets	<u>22,379,823</u>	<u>22,375,307</u>
Property, plant and equipment, at cost	18,491,428	18,374,443
Less-Accumulated depreciation	<u>(14,389,940)</u>	<u>(14,106,753)</u>
Net property, plant and equipment	<u>4,101,488</u>	<u>4,267,690</u>
Noncurrent assets:		
Other assets	<u>84,821</u>	<u>84,821</u>
Total assets	<u><u>\$ 26,566,132</u></u>	<u><u>\$ 26,727,818</u></u>

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

	February 28, 2017	August 31, 2016
Current liabilities:		
Accounts payable	\$ 3,495,157	\$ 3,139,801
Accrued liabilities	753,740	792,185
Accrued commissions	944,617	2,033,753
Current maturities of long-term debt	102,751	127,463
Total current liabilities	5,296,265	6,093,202
Long-term debt, net of current maturities	171,335	212,334
Line of Credit	5,894,968	5,273,583
Deferred tax liability	498,191	495,362
Total liabilities	11,860,759	12,074,481
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	9,658,074	9,606,038
Stockholders' equity	16,064,658	16,012,622
Treasury stock (1,271,517 shares, at cost)	(1,359,285)	(1,359,285)
Total stockholders' equity	14,705,373	14,653,337
Total liabilities and stockholders' equity	\$ 26,566,132	\$ 26,727,818

IMPRESO, INC. AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)

	Three Months Ended		Six Months Ended	
	February 28, 2017	February 29, 2016	February 28, 2017	February 29, 2016
Net sales	\$ 19,477,575	\$ 21,187,427	\$ 41,256,124	\$ 41,728,322
Cost of sales	<u>17,419,329</u>	<u>19,335,469</u>	<u>37,114,406</u>	<u>37,845,912</u>
Gross profit	2,058,246	1,851,958	4,141,718	3,882,410
Loss on sales of assets	-	60,199	-	62,197
Selling, general and administrative expenses	<u>1,940,786</u>	<u>1,680,176</u>	<u>3,924,719</u>	<u>3,619,259</u>
Operating Income	117,460	111,583	216,999	200,954
Other expenses:				
Interest expense	47,282	62,301	104,202	104,596
Other expense, net	<u>4,298</u>	<u>5,567</u>	<u>5,496</u>	<u>11,931</u>
Total other expense	51,580	67,868	109,698	116,527
Gain before income tax expense	65,880	43,715	107,301	84,427
Income tax expense (benefit):				
Current	-	(11,000)	0	0
Deferred	<u>32,731</u>	<u>15,391</u>	<u>55,265</u>	<u>24,142</u>
Total income tax expense	32,731	4,391	55,265	24,142
Net income	<u>\$ 33,149</u>	<u>\$ 39,324</u>	<u>\$ 52,036</u>	<u>\$ 60,285</u>

IMPRESO, INC. AND SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

	Six Months Ended	
	February 28, 2017	February 29, 2016
Cash Flows From Operating Activities:		
Net income	\$ 52,036	\$ 60,284
Adjustments to reconcile net income to net cash provided by (used in) operating activities-		
Depreciation and amortization	283,187	274,017
Bad debt recovery	(4,456)	(114,696)
Decrease in provision of losses of inventory	(138,062)	(44,702)
Loss on sale of property, plant and equipment	-	62,197
Deferred income tax expense	55,265	24,142
Decrease (increase) in trade accounts receivable	1,140,241	(798,333)
Increase in inventory	(726,301)	(116,438)
(Increase) decrease in prepaid expenses and other	(328,374)	378,181
Increase (decrease) in accounts payable	355,356	(1,620,460)
(Decrease) increase in accrued liabilities	(1,127,581)	1,034,546
	(438,689)	(861,262)
Cash Flows From Investing Activities:		
Additions to property, plant and equipment	(116,985)	(187,376)
Proceeds from sale of property, plant and equipment	-	35,000
	(116,985)	(152,376)
Cash Flows From Financing Activities:		
Net borrowings on line of credit	621,385	1,395,621
Net payments on debt	(65,711)	(381,983)
Purchase of Treasury Stock	-	-
	555,674	1,013,638
Net decrease in cash and cash equivalents	-	-
Cash and cash equivalents, beginning of period	-	-
Cash and cash equivalents, end of period	\$ -	\$ -