

IMPRESO, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

ASSETS  
(unaudited)

	February 28, 2018	August 31, 2017
Current assets:		
Cash	\$ 75,627	\$ -
Trade accounts receivable, net of allowance for doubtful accounts of \$433,000 as of February 28, 2018 and \$239,441 as of August 31, 2017	7,770,878	8,516,105
Inventories, net of allowances	18,296,349	13,348,294
Prepaid expenses and other	709,500	1,081,349
Deferred income tax assets	60,429	240,429
	<u>26,912,783</u>	<u>23,186,177</u>
Property, plant and equipment, at cost	19,472,810	18,464,840
Less-Accumulated depreciation	<u>(14,827,630)</u>	<u>(14,442,709)</u>
	<u>4,645,180</u>	<u>4,022,131</u>
Noncurrent assets:		
Other assets	<u>819,717</u>	<u>59,821</u>
	<u>\$ 32,377,680</u>	<u>\$ 27,268,129</u>

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

	February 28, 2018	August 31, 2017
Current liabilities:		
Accounts payable	\$ 4,533,507	\$ 4,565,422
Accrued liabilities	363,313	675,502
Accrued commissions	2,505,846	2,406,316
Current maturities of long-term debt	116,843	86,380
Total current liabilities	7,519,509	7,733,620
Long-term debt, net of current maturities	186,306	125,976
Line of Credit	9,249,596	4,132,450
Deferred tax liability	528,191	528,191
Total liabilities	17,483,602	12,520,237
Stockholders' equity:		
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	9,846,779	9,700,593
Stockholders' equity	16,253,363	16,107,177
Treasury stock (1,271,517 shares, at cost)	(1,359,285)	(1,359,285)
Total stockholders' equity	14,894,078	14,747,892
Total liabilities and stockholders' equity	\$ 32,377,680	\$ 27,268,129

**IMPRESO, INC. AND SUBSIDIARIES**

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

	Six Months Ended February 28, 2018	Twelve Months Ended August 31, 2017
Net sales	\$ 39,211,371	\$ 87,048,181
Cost of sales	34,397,031	78,291,148
Gross profit	4,814,340	8,757,033
Loss on disposal of assets	0	34,857
Selling, general and administrative expenses	4,344,077	8,300,209
Operating income	470,263	421,967
Other expenses (income):		
Interest expense	113,546	217,262
Other (income) / expense, net	(4,259)	2,143
Total other expense, net	109,287	219,405
Income before income tax expense	360,976	202,562
Income tax expense:		
Current	34,790	22,742
Deferred	180,000	85,265
Total income tax expense	214,790	108,007
Net income	\$ 146,186	\$ 94,555

IMPRESO, INC. AND SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS  
(unaudited)

	Six Months Ended February 28,	
	2018	2017
Cash Flows From Operating Activities:		
Net income	\$ 146,186	\$ 18,887
Adjustments to reconcile net income to net cash provided by (used in ) operating activities-		
Depreciation and amortization	384,921	138,570
Bad debt recovery / (expense)	(215,801)	(506)
Increase / (Decrease) in provision of losses of inventory	206,149	(131,043)
Loss on disposal of property, plant and equipment	0	0
Deferred income tax expense	180,000	22,534
(Increase) / Decrease in trade accounts receivable	961,028	829,644
(Increase) / Decrease in inventory	(5,154,204)	938,198
(Increase) / Decrease in prepaid expenses and other	371,849	(27,651)
(Increase) / Decrease in noncurrent assets	(759,896)	(3,710)
(Decrease) / Increase in accounts payable	(31,915)	399,211
(Decrease) / Increase in accrued liabilities	(212,659)	(513,971)
	<u>(4,124,342)</u>	<u>1,670,163</u>
Net cash (used in) provided by operating activities		
Cash Flows From Investing Activities:		
Additions to property, plant and equipment	(1,007,970)	(65,440)
Proceeds from sale of property, plant and equipment	0	0
	<u>(1,007,970)</u>	<u>(65,440)</u>
Net cash used in investing activities		
Cash Flows From Financing Activities:		
Net borrowings / (payments) on line of credit	5,117,146	(1,569,329)
Net borrowings / (payments) on debt	90,793	(35,394)
Purchase of Treasury Stock	-	-
	<u>5,207,939</u>	<u>(1,604,723)</u>
Net cash provided by (used in) financing activities		
Net change in cash	75,627	-
Cash and cash equivalents, beginning of period	-	-
Cash and cash equivalents, end of period	<u>\$ 75,627</u>	<u>\$ -</u>