

IMPRESO, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

ASSETS
(unaudited)

	February 28, 2019	August 31, 2018
Current assets:		
Cash	\$ 5,397	\$ -
Trade accounts receivable, net of allowance for doubtful accounts of \$699,491 as of February 28, 2019 and \$736,020 as of August 31, 2018	8,408,854	7,005,416
Inventories, net of allowances	22,749,233	21,344,452
Prepaid expenses and other	862,084	485,587
Deferred income tax assets	-	-
Total current assets	32,025,568	28,835,455
Property, plant and equipment, at cost	21,289,684	19,985,746
Less-Accumulated depreciation	(14,321,065)	(13,946,599)
Net property, plant and equipment	6,968,619	6,039,147
Noncurrent assets:		
Other assets	113,567	88,435
Total assets	\$ 39,107,754	\$ 34,963,037

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

	<u>February 28, 2019</u>	<u>August 31, 2018</u>
Current liabilities:		
Accounts payable	\$ 4,670,150	\$ 6,000,811
Accrued liabilities	633,279	1,235,984
Accrued commissions	3,815,437	4,243,576
Current maturities of long-term debt	<u>390,758</u>	<u>382,588</u>
Total current liabilities	9,509,624	11,862,959
Long-term debt, net of current maturities	1,914,105	1,773,251
Line of Credit	9,919,854	4,406,898
Deferred tax liability	<u>768,782</u>	<u>664,479</u>
Total liabilities	<u>22,112,365</u>	<u>18,707,587</u>
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	<u>11,948,090</u>	<u>11,208,151</u>
Stockholders' equity	18,354,674	17,614,735
Treasury stock (1,271,517 shares, at cost)	<u>(1,359,285)</u>	<u>(1,359,285)</u>
Total stockholders' equity	<u>16,995,389</u>	<u>16,255,450</u>
Total liabilities and stockholders' equity	<u>\$ 39,107,754</u>	<u>\$ 34,963,037</u>

IMPRESO, INC. AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)

	Six Months Ended February 28, 2019	Twelve Months Ended August 31, 2018
Net sales	\$ 49,377,517	\$ 101,331,030
Cost of sales	43,526,600	89,060,043
Gross profit	5,850,917	12,270,987
Loss on disposal of assets	0	-
Selling, general and administrative expenses	4,703,604	9,714,026
Operating income	1,147,313	2,556,961
Other expenses (income):		
Interest expense	231,835	321,676
Other (income) / expense, net	(84,598)	36,707
Total other expense, net	147,237	358,383
Income before income tax expense	1,000,076	2,198,578
Income tax expense:		
Current	260,137	314,302
Deferred	0	376,718
Total income tax expense	260,137	691,020
Net income	\$ 739,939	\$ 1,507,558

IMPRESO, INC. AND SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

	Six Months Ended	
	February 28,	
	2019	2018
Cash Flows From Operating Activities:		
Net income	\$ 739,939	\$ 146,186
Adjustments to reconcile net income to net cash provided by (used in) operating activities-		
Depreciation and amortization	374,466	384,921
Bad debt (Recovery) / Expense	(7,289)	(215,801)
Increase / (Decrease) in provision of losses of inventory	(6,216)	206,149
Deferred income tax expense	104,303	180,000
(Increase) / Decrease in trade accounts receivable	(1,396,149)	961,028
(Increase) / Decrease in inventory	(1,398,565)	(5,154,204)
(Increase) / Decrease in prepaid expenses and other	(376,497)	371,849
(Increase) / Decrease in noncurrent assets	(25,132)	(759,896)
(Decrease) / Increase in accounts payable	(1,330,661)	(31,915)
(Decrease) / Increase in accrued liabilities	(1,030,844)	(212,659)
	<u>(4,352,645)</u>	<u>(4,124,342)</u>
Net cash (used in) provided by operating activities		
Cash Flows From Investing Activities:		
Additions to property, plant and equipment	(1,303,938)	(1,007,970)
Proceeds from sale of property, plant and equipment	0	0
	<u>(1,303,938)</u>	<u>(1,007,970)</u>
Net cash used in investing activities		
Cash Flows From Financing Activities:		
Net borrowings / (payments) on line of credit	5,512,956	5,117,146
Net borrowings / (payments) on debt	149,024	90,793
Purchase of Treasury Stock	-	-
	<u>5,661,980</u>	<u>5,207,939</u>
Net cash provided by (used in) financing activities		
Net change in cash	5,397	75,627
Cash and cash equivalents, beginning of period	-	-
Cash and cash equivalents, end of period	<u>\$ 5,397</u>	<u>\$ 75,627</u>