

**IMPRESO, INC. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**

**ASSETS**  
**(Unaudited)**

	<u>May 31,</u> <u>2012</u>	<u>August 31,</u> <u>2011</u>
<b>Current assets:</b>		
Cash and cash equivalents	\$ -	\$ 132,709
Trade accounts receivable, net of allowance for doubtful accounts of \$423,500 as of May 31, 2012, \$375,751 as of August 31, 2011	6,737,348	6,914,786
Inventories, net of allowances	12,092,972	10,688,366
Prepaid expenses and other	290,799	309,851
Deferred income tax assets	355,600	322,579
	<u>19,476,719</u>	<u>18,368,291</u>
<b>Property, plant and equipment, at cost</b>	<b>19,945,545</b>	<b>20,165,319</b>
Less-Accumulated depreciation	<u>(15,249,055)</u>	<u>(15,271,158)</u>
	<u>4,696,490</u>	<u>4,894,161</u>
<b>Net Property, plant and equipment</b>		
<b>Noncurrent assets:</b>		
Deferred income tax assets	-	61,402
Other assets	38,983	55,954
	<u>38,983</u>	<u>55,954</u>
<b>Total assets</b>	<b><u>\$ 24,212,192</u></b>	<b><u>\$ 23,379,808</u></b>

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

	May 31, 2012	August 31, 2011
<b>Current liabilities:</b>		
Accounts payable	\$ 2,290,044	\$ 2,864,267
Accrued liabilities	2,133,121	2,226,287
Accrued commissions	1,063,805	943,492
Current maturities of long-term debt	119,255	131,866
Line of credit	4,155,123	3,193,464
<b>Total current liabilities</b>	<b>9,761,348</b>	<b>9,359,376</b>
Long-term debt, net of current maturities	555,284	649,621
Long-term deferred tax liability, net	133,101	-
<b>Total liabilities</b>	<b>10,449,733</b>	<b>10,008,997</b>
<b>Stockholders' equity:</b>		
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
Minority Interest	51,768	-
Additional paid-in capital	6,353,656	6,353,656
Retained earnings	8,663,392	8,323,512
<b>Stockholders equity</b>	<b>15,121,744</b>	<b>14,730,096</b>
Treasury stock (1,271,517 shares at cost)	(1,359,285)	(1,359,285)
<b>Total Stockholders' equity</b>	<b>\$13,762,459</b>	<b>13,370,811</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 24,212,192</b>	<b>\$ 23,379,808</b>

**IMPRESO, INC. AND SUBSIDIARIES**

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

	Three Months Ended		Nine Months Ended	
	May 31, 2012	May 31, 2011	May 31, 2012	May 31, 2011
Net sales	\$ 17,944,729	\$ 17,417,588	\$ 51,360,714	\$ 49,238,774
Cost of sales	<u>15,974,261</u>	<u>15,103,872</u>	<u>45,427,431</u>	<u>43,958,160</u>
Gross profit	1,970,468	2,313,716	5,933,283	5,280,614
Loss on sale of assets	14,695	6,466	23,555	17,551
Selling, General and administrative expenses	<u>1,754,483</u>	<u>1,781,193</u>	<u>5,138,073</u>	<u>4,946,567</u>
Operating income	<u>201,290</u>	<u>526,057</u>	<u>771,655</u>	<u>316,496</u>
Other expenses (income):				
Interest expense	73,976	75,940	207,729	267,246
Misc. expense, net	<u>21,918</u>	<u>18,468</u>	<u>47,564</u>	<u>13,796</u>
Other expense, net	95,894	94,408	255,293	281,042
Income before income tax benefit	105,396	431,649	516,362	35,454
Income tax expense (benefit):				
Current	5,000	5,000	15,000	10,000
Deferred	<u>(9,763)</u>	<u>147,314</u>	<u>161,482</u>	<u>(3,581)</u>
Total income tax expense	(4,763)	152,314	176,482	6,419
Net income	<u>\$ 110,159</u>	<u>\$ 279,335</u>	<u>\$ 339,880</u>	<u>\$ 29,035</u>

IMPRESO, INC. AND SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS  
(Unaudited)

	Nine Month Ended	
	May 31, 2012	May 31, 2011
<b>Cash Flows From Operating Activities:</b>		
Net Income	\$ 339,880	\$ 29,035
Adjustments to reconcile net loss to net cash provided by (used) in operating activities -		
Depreciation and amortization	337,716	340,506
Increase (decrease) in provision for bad debt expense	47,749	(156,796)
Decrease in provision of losses of inventory	(1,040)	(101,027)
Loss on sale of property, plant and equipment	23,554	17,551
Decrease (increase) in deferred income taxes, net	161,482	(3,581)
Decrease in trade accounts receivable	129,689	1,017,638
(Increase) decrease in inventory	(1,428,248)	2,182,775
Decrease in prepaid expenses and other	19,052	218,901
Decrease noncurrent assets	16,971	94,007
Decrease in accounts payable	(549,541)	(552,672)
Increase in accrued liabilities	27,147	51,638
	<u>(875,589)</u>	<u>3,137,975</u>
<b>Net cash (used in) provided by operating activities</b>		
<b>Cash Flows From Investing Activities:</b>		
Additions to property, plant and equipment	(213,024)	(415,817)
Proceeds from sale of property, plant and equipment	49,425	-
	<u>(163,599)</u>	<u>(415,817)</u>
<b>Net cash used in investing activities</b>		
<b>Cash Flows From Financing Activities:</b>		
Net borrowings (payments) on line of credit	961,659	(2,111,436)
Principal payments on debt	(106,948)	(241,640)
Purchase of Treasury Stock	-	(209,572)
Minority Interest	51,768	-
	<u>906,479</u>	<u>(2,562,648)</u>
<b>Net cash provided by (used in) financing activities</b>		
<b>Net (decrease) increase in cash and cash equivalents</b>	<u>(132,709)</u>	<u>159,510</u>
<b>Cash and cash equivalents, beginning of period</b>	<u>132,709</u>	<u>-</u>
<b>Cash and cash equivalents, end of period</b>	<u>\$ -</u>	<u>\$ 159,510</u>