

IMPRESO, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

ASSETS
(Unaudited)

	<u>May 31,</u> <u>2013</u>	<u>August 31,</u> <u>2012</u>
Current assets:		
Cash and cash equivalents	\$ -	\$ -
Trade accounts receivable, net of allowance for doubtful accounts of \$455,998 as of May 31, 2013, \$362,308 as of August 31, 2012	6,742,748	8,413,103
Inventories, net of allowances	14,403,672	9,603,546
Prepaid expenses and other	307,390	308,697
Deferred income tax assets	<u>357,744</u>	<u>339,566</u>
Total current assets	<u>21,811,554</u>	<u>18,664,912</u>
Property, plant and equipment, at cost	20,497,421	20,049,001
Less-Accumulated depreciation	<u>(15,491,607)</u>	<u>(15,170,044)</u>
Net Property, plant and equipment	<u>5,005,814</u>	<u>4,878,957</u>
Noncurrent assets:		
Deferred income tax assets	-	-
Other assets	<u>35,723</u>	<u>42,771</u>
Total assets	<u>\$ 26,853,091</u>	<u>\$ 23,586,640</u>

IMPRESO, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (CONTINUED)

LIABILITIES AND STOCKHOLDERS' EQUITY

(Unaudited)

	<u>May 31,</u> <u>2013</u>	<u>August 31,</u> <u>2012</u>
Current liabilities:		
Accounts payable	\$ 3,551,351	\$ 1,934,176
Accrued liabilities	2,019,855	2,257,219
Accrued commissions	1,125,962	1,759,420
Current maturities of long-term debt	91,602	99,489
Line of credit	<u>4,761,923</u>	<u>2,618,816</u>
Total current liabilities	11,550,693	8,669,120
Long-term debt, net of current maturities	526,952	576,957
Long-term deferred tax liability, net	<u>435,347</u>	<u>300,851</u>
Total liabilities	<u>12,512,992</u>	<u>9,546,928</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	-	-
Additional paid-in capital	52,928	52,928
Retained earnings	6,353,656	6,353,656
	<u>9,292,800</u>	<u>8,992,412</u>
Stockholders equity	15,699,384	15,398,996
Treasury stock (1,271,517 shares at cost)	(1,359,285)	(1,359,285)
Total Stockholders' equity	<u>14,340,099</u>	<u>14,039,711</u>
Total liabilities and stockholders' equity	<u>\$ 26,853,091</u>	<u>\$ 23,586,639</u>

IMPRESO, INC. AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

	Three Months Ended		Nine Months Ended	
	May 31, 2013	May 31, 2012	May 31, 2013	May 31, 2012
Net sales	\$ 19,502,287	\$ 17,944,729	\$ 53,981,826	\$ 51,360,714
Cost of sales	17,392,020	15,974,261	48,349,105	45,427,431
Gross profit	2,110,267	1,970,468	5,632,721	5,933,283
Loss (gain) on sale of assets	0	14,695	(282,757)	23,555
Selling, General and administrative expenses	1,802,270	1,754,483	5,239,931	5,138,073
Operating income	307,997	201,290	675,547	771,655
Other expenses (income):				
Interest expense	59,872	73,976	171,486	207,729
Misc. expense, net	14,037	21,918	33,135	47,564
Other expense, net	73,909	95,894	204,621	255,293
Income before income tax benefit	234,088	105,396	470,926	516,362
Income tax expense (benefit):				
Current	24,220	5,000	54,220	15,000
Deferred	33,164	(9,763)	116,318	161,482
Total income tax expense (benefit)	57,384	(4,763)	170,538	176,482
Net income	\$ 176,704	\$ 110,159	\$ 300,388	\$ 339,880

IMPRESO, INC. AND SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Nine Month Ended	
	May 31, 2013	May 31, 2012
	<u> </u>	<u> </u>
Cash Flows From Operating Activities:		
Net Income	\$ 300,388	\$ 339,880
Adjustments to reconcile net loss to net cash provided by (used) in operating activities -		
Depreciation and amortization	348,563	337,716
Increase in provision for bad debt expense	93,690	47,749
Decrease in provision of losses of inventory	(55,845)	(1,040)
(Gain) loss on sale of property, plant and equipment	(6,000)	23,554
Decrease in deferred income taxes, net	116,318	161,482
Decrease in trade accounts receivable	1,576,665	129,689
Increase in inventory	(4,744,281)	(1,428,248)
Decrease in prepaid expenses and other	1,307	19,052
Decrease noncurrent assets	7,048	16,971
Increase (decrease) in accounts payable	1,617,175	(549,541)
(Decrease) increase in accrued liabilities	(870,822)	78,915
	<u> </u>	<u> </u>
Net cash used in operating activities	(1,615,794)	(823,821)
Cash Flows From Investing Activities:		
Additions to property, plant and equipment	(478,420)	(213,024)
Proceeds from sale of property, plant and equipment	9,000	49,425
	<u> </u>	<u> </u>
Net cash (used) in investing activities	(469,420)	(163,599)
Cash Flows From Financing Activities:		
Net borrowings on line of credit	2,143,107	961,659
Principal payments on debt	(57,893)	(106,948)
Purchase of Treasury Stock	-	-
	<u> </u>	<u> </u>
Net cash provided by financing activities	2,085,214	854,711
Net (decrease) increase in cash and cash equivalents	<u> </u>	<u> </u>
	-	(132,709)
Cash and cash equivalents, beginning of period	<u> </u>	<u> </u>
	-	132,709
Cash and cash equivalents, end of period	<u> </u>	<u> </u>
	\$ -	\$ -