

IMPRESO, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

ASSETS
(Unaudited)

	May 31, 2014	August 31, 2013
Current assets:		
Cash and cash equivalents	\$ -	\$ -
Trade accounts receivable, net of allowance for doubtful accounts of \$477,028 as of May 31, 2014, \$590,516 as of August 31, 2013	7,790,513	6,665,881
Inventories, net of allowances	16,294,055	13,309,768
Prepaid expenses and other	441,376	298,769
Deferred income tax assets	326,935	429,823
Total current assets	24,852,879	20,704,241
Property, plant and equipment, at cost	19,631,025	20,243,142
Less-Accumulated depreciation	(14,546,005)	(15,258,305)
Net Property, plant and equipment	5,085,020	4,984,837
Noncurrent assets:		
Deferred income tax assets	-	-
Other assets	59,048	43,749
Total assets	\$ 29,996,947	\$ 25,732,827

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

	May 31, 2014	August 31, 2013
Current liabilities:		
Accounts payable	\$ 3,486,545	\$ 4,742,643
Accrued liabilities	2,119,728	2,115,879
Accrued commissions	1,768,208	1,189,156
Current maturities of long-term debt	180,182	95,394
Line of credit	6,807,492	2,203,088
	<hr/>	<hr/>
Total current liabilities	14,362,155	10,346,160
Long-term debt, net of current maturities	773,094	499,527
Long-term deferred tax liability, net	399,623	507,826
	<hr/>	<hr/>
Total liabilities	15,534,872	11,353,513
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
	9,414,776	9,332,015
	<hr/>	<hr/>
Stockholders equity	15,821,360	15,738,599
Treasury stock (1,271,517 shares at cost)	(1,359,285)	(1,359,285)
Total Stockholders' equity	14,462,075	14,379,314
	<hr/>	<hr/>
Total liabilities and stockholders' equity	\$ 29,996,947	\$ 25,732,827
	<hr/> <hr/>	<hr/> <hr/>

IMPRESO, INC. AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

	Three Months Ended		Nine Months Ended	
	May 31, 2014	May 31, 2013	May 31, 2014	May 31, 2013
Net sales	\$ 22,819,338	\$ 19,502,287	\$ 60,380,990	\$ 53,981,826
Cost of sales	20,871,932	17,392,020	54,690,331	48,349,105
Gross profit	1,947,406	2,110,267	5,690,659	5,632,721
Loss (gain) on sale of assets	197,804	0	201,069	(282,757)
Selling, General and administrative expenses	1,869,146	1,802,270	5,198,509	5,239,931
Operating income	(119,544)	307,997	291,081	675,547
Other expenses (income):				
Interest expense	70,283	59,872	183,971	171,486
Misc. expense, net	(42,862)	14,037	(1,174)	33,135
Other expense, net	27,421	73,909	182,797	204,621
(Loss) income before income tax benefit	(146,965)	234,088	108,284	470,926
Income tax (benefit) expense:				
Current	838	24,220	30,838	54,220
Deferred	(59,401)	33,164	(5,315)	116,318
Total income tax (benefit) expense	(58,563)	57,384	25,523	170,538
Net (loss) income	\$ (88,402)	\$ 176,704	\$ 82,761	\$ 300,388

IMPRESO, INC. AND SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Nine Month Ended	
	May 31, 2014	May 31, 2013
	<u> </u>	<u> </u>
Cash Flows From Operating Activities:		
Net Income	\$ 82,761	\$ 300,388
Adjustments to reconcile net loss to net cash provided by (used) in operating activities -		
Depreciation and amortization	386,786	348,563
(Decrease) increase in provision for bad debt expense	(113,488)	93,690
Decrease in provision of losses of inventory	(156,160)	(55,845)
Loss (gain) on sale of property, plant and equipment	201,069	(6,000)
(Increase) decrease in deferred income taxes, net	(5,315)	116,318
(Increase) decrease in trade accounts receivable	(1,011,144)	1,576,665
Increase in inventory	(2,828,127)	(4,744,281)
(Increase) decrease in prepaid expenses and other	(142,607)	1,307
(Increase) decrease noncurrent assets	(15,300)	7,048
(Decrease) increase in accounts payable	(1,256,097)	1,617,175
Increase (decrease) in accrued liabilities	582,900	(870,822)
	<u> </u>	<u> </u>
Net cash used in operating activities	(4,274,722)	(1,615,794)
Cash Flows From Investing Activities:		
Additions to property, plant and equipment	(714,067)	(478,420)
Proceeds from sale of property, plant and equipment	26,030	9,000
	<u> </u>	<u> </u>
Net cash used in investing activities	(688,037)	(469,420)
Cash Flows From Financing Activities:		
Net borrowings on line of credit	4,604,404	2,143,107
Net borrowings (payments) on debt	358,355	(57,893)
Purchase of Treasury Stock	-	-
	<u> </u>	<u> </u>
Net cash provided by financing activities	4,962,759	2,085,214
Net (decrease) increase in cash and cash equivalents	<u> </u> -	<u> </u> -
Cash and cash equivalents, beginning of period	<u> </u> -	<u> </u> -
Cash and cash equivalents, end of period	<u> </u> \$ -	<u> </u> \$ -