

IMPRESO, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

ASSETS
(unaudited)

	<u>May 31,</u> <u>2016</u>	<u>August 31,</u> <u>2015</u>
Current assets:		
Cash	\$ -	\$ -
Trade accounts receivable, net of allowance for doubtful accounts of \$329,238 as of May 31, 2016 and \$444,404 as of August 31, 2015	7,077,124	6,864,808
Inventories, net of allowances	16,016,206	14,150,824
Prepaid expenses and other	805,928	789,374
Deferred income tax assets	320,978	376,320
	<u>24,220,236</u>	<u>22,181,326</u>
Property, plant and equipment, at cost	18,394,000	19,085,338
Less-Accumulated depreciation	<u>(13,969,960)</u>	<u>(14,468,203)</u>
	<u>4,424,040</u>	<u>4,617,135</u>
Net property, plant and equipment		
Noncurrent assets:		
Other assets	<u>59,821</u>	<u>59,821</u>
	<u>\$ 28,704,097</u>	<u>\$ 26,858,282</u>
Total assets		

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

	May 31, 2016	August 31, 2015
Current liabilities:		
Accounts payable	\$ 3,425,176	\$ 5,331,047
Accrued liabilities	818,243	1,039,545
Accrued commissions	1,162,506	1,385,257
Current maturities of long-term debt	126,585	190,445
Total current liabilities	5,532,510	7,946,294
Long-term debt, net of current maturities	225,082	576,783
Line of Credit	7,805,319	3,322,313
Deferred tax liability	489,066	475,334
Total liabilities	14,051,977	12,320,724
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	52,928	52,928
Additional paid-in capital	6,353,656	6,353,656
Retained earnings	9,604,821	9,490,259
Stockholders' equity	16,011,405	15,896,843
Treasury stock (1,271,517 shares, at cost)	(1,359,285)	(1,359,285)
Total stockholders' equity	14,652,120	14,537,558
Total liabilities and stockholders' equity	\$ 28,704,097	\$ 26,858,282

IMPRESO, INC. AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)

	Three Months Ended		Nine Months Ended	
	May 31, 2016	May 31, 2015	May 31, 2016	May 31, 2015
Net sales	\$ 22,975,111	\$ 21,171,193	\$ 64,703,433	\$ 62,724,350
Cost of sales	20,948,511	19,020,693	58,794,423	56,343,650
Gross profit	2,026,600	2,150,500	5,909,010	6,380,700
Loss on disposal of assets	4,302	202	66,499	54,207
Selling, general and administrative expenses	1,867,506	2,075,470	5,486,765	5,750,125
Operating income	154,792	74,828	355,746	576,368
Other expenses (income):				
Interest expense	52,427	20,070	157,023	126,715
Other expense (income), net	3,155	(6,619)	15,086	21,403
Total other expense, net	55,582	13,451	172,109	148,118
Income before income tax expense	99,210	61,377	183,637	428,250
Income tax expense:				
Current	-	-	-	29,180
Deferred	44,932	38,318	69,074	121,507
Total income tax expense	44,932	38,318	69,074	150,687
Net income	\$ 54,278	\$ 23,059	\$ 114,563	\$ 277,563

IMPRESO, INC. AND SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

	Nine Months Ended	
	May 31,	
	2016	2015
Cash Flows From Operating Activities:		
Net income	\$ 114,563	\$ 277,563
Adjustments to reconcile net income to net cash provided by (used in) operating activities-		
Depreciation and amortization	415,247	416,272
Bad debt (recovery) expense	(115,166)	97,562
Decrease in provision of losses of inventory	(965)	(143,685)
Loss on disposal of property, plant and equipment	66,498	54,207
Deferred income tax expense	69,074	121,507
Increase in trade accounts receivable	(97,150)	(448,802)
(Increase) decrease in inventory	(1,864,417)	1,363,059
Decrease (increase) in prepaid expenses and other	118,226	(17,823)
(Increase) decrease in noncurrent assets	(134,781)	7,261
(Decrease) increase in accounts payable	(1,882,816)	6,318
Decrease in accrued liabilities	(467,109)	(1,492,419)
Net cash (used in) provided by operating activities	(3,778,796)	241,020
Cash Flows From Investing Activities:		
Additions to property, plant and equipment	(323,650)	(160,247)
Proceeds from sale of property, plant and equipment	35,000	57,331
Net cash used in investing activities	(288,650)	(102,916)
Cash Flows From Financing Activities:		
Net borrowings on line of credit	4,483,006	516
Net payments on debt	(415,560)	(138,620)
Purchase of Treasury Stock	-	-
Net cash provided by (used in) financing activities	4,067,446	(138,104)
Net change in cash	-	-
Cash and cash equivalents, beginning of period	-	-
Cash and cash equivalents, end of period	\$ -	-