

**IMPRESO, INC. AND SUBSIDIARIES**

**CONSOLIDATED BALANCE SHEET**

**ASSETS**  
**(unaudited)**

	<u>May 31,</u> <u>2017</u>	<u>August 31,</u> <u>2016</u>
Current assets:		
Cash	\$ -	\$ -
Trade accounts receivable, net of allowance for doubtful accounts of \$240,979 as of May 31, 2017 and \$249,138 as of August 31, 2016	6,667,305	7,773,878
Inventories, net of allowances	13,654,126	13,759,737
Prepaid expenses and other	631,291	548,827
Deferred income tax assets	240,429	292,865
	<u>21,193,151</u>	<u>22,375,307</u>
Property, plant and equipment, at cost	18,874,463	18,374,443
Less-Accumulated depreciation	<u>(14,526,696)</u>	<u>(14,106,753)</u>
	<u>4,347,767</u>	<u>4,267,690</u>
Net property, plant and equipment		
Noncurrent assets:		
Other assets	<u>686,984</u>	<u>84,821</u>
	<u>\$ 26,227,902</u>	<u>\$ 26,727,818</u>
Total assets		

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

	<u>May 31,</u> <u>2017</u>	<u>August 31,</u> <u>2016</u>
Current liabilities:		
Accounts payable	\$ 4,143,805	\$ 3,139,801
Accrued liabilities	686,256	792,185
Accrued commissions	1,636,996	2,033,753
Current maturities of long-term debt	<u>102,751</u>	<u>127,463</u>
Total current liabilities	6,569,808	6,093,202
Long-term debt, net of current maturities	139,947	212,334
Line of Credit	4,272,724	5,273,583
Deferred tax liability	<u>498,191</u>	<u>495,362</u>
Total liabilities	<u>11,480,670</u>	<u>12,074,481</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>9,699,933</u>	<u>9,606,038</u>
Stockholders' equity	16,106,517	16,012,622
Treasury stock (1,271,517 shares, at cost)	<u>(1,359,285)</u>	<u>(1,359,285)</u>
Total stockholders' equity	<u>14,747,232</u>	<u>14,653,337</u>
Total liabilities and stockholders' equity	<u>\$ 26,227,902</u>	<u>\$ 26,727,818</u>

**IMPRESO, INC. AND SUBSIDIARIES**

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

	Three Months Ended May 31, 2017	Nine Months Ended May 31, 2017
	<u>                    </u>	<u>                    </u>
Net sales	\$ 20,981,327	\$ 61,368,901
Cost of sales	<u>18,934,822</u>	<u>55,102,795</u>
Gross profit	2,046,505	6,266,106
Loss on disposal of assets	0	9,674
Selling, general and administrative expenses	<u>1,992,021</u>	<u>6,088,145</u>
Operating income	54,484	168,287
Other expenses (income):		
Interest expense	57,780	164,008
Other income, net	<u>(44,716)</u>	<u>(154,425)</u>
Total other expense, net	13,064	9,583
Income before income tax expense	41,420	158,704
Income tax expense:		
Current	-	9,545
Deferred	<u>22,534</u>	<u>55,265</u>
Total income tax expense	22,534	64,810
Net income	<u>\$ 18,886</u>	<u>\$ 93,894</u>

**IMPRESO, INC. AND SUBSIDIARIES**

**INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(unaudited)

	Nine Months Ended May 31,	
	2017	2016
Cash Flows From Operating Activities:		
Net income	\$ 93,895	\$ 114,563
Adjustments to reconcile net income to net cash provided by (used in ) operating activities-		
Depreciation and amortization	419,943	415,247
Bad debt recovery	(8,159)	(115,166)
Decrease in provision of losses of inventory	(151,820)	(965)
Loss on disposal of property, plant and equipment	9,674	66,498
Deferred income tax expense	55,265	69,074
Decrease (increase) in trade accounts receivable	1,114,732	(97,150)
Decrease (increase) in inventory	257,431	(1,864,417)
Increase (decrease) in prepaid expenses and other	(82,464)	118,226
Increase in noncurrent assets	(602,163)	(134,781)
Increase (decrease) in accounts payable	1,004,004	(1,882,816)
Decrease in accrued liabilities	(502,686)	(467,109)
	<u>1,607,652</u>	<u>(3,778,796)</u>
Net cash provided by (used in) operating activities		
Cash Flows From Investing Activities:		
Additions to property, plant and equipment	(509,694)	(323,650)
Proceeds from sale of property, plant and equipment	0	35,000
	<u>(509,694)</u>	<u>(288,650)</u>
Net cash used in investing activities		
Cash Flows From Financing Activities:		
Net borrowings on line of credit	(1,000,859)	4,483,006
Net payments on debt	(97,099)	(415,560)
Purchase of Treasury Stock	-	-
	<u>(1,097,958)</u>	<u>4,067,446</u>
Net cash (used in) provided by financing activities		
Net change in cash	-	-
Cash and cash equivalents, beginning of period	-	-
Cash and cash equivalents, end of period	\$ -	\$ -