

IMPRESO, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

ASSETS
(unaudited)

	November 30 2012	August 31, 2012
Current assets:		
Cash	\$0	\$0
Trade accounts receivable, net of allowance for doubtful accounts of \$323,015 as of November 30, 2012 and \$362,308 as of August 31, 2012	6,747,122	8,413,103
Inventories, net of allowances	10,477,863	9,603,546
Prepaid expenses and other	398,353	308,697
Deferred income tax assets	315,244	339,566
Total current assets	<u>17,938,582</u>	<u>18,664,912</u>
Property, plant and equipment, at cost	20,390,269	20,049,001
Less-Accumulated depreciation	<u>(15,255,127)</u>	<u>(15,170,044)</u>
Net property, plant and equipment	<u>5,135,142</u>	<u>4,878,957</u>
Noncurrent assets:		
Other assets	<u>45,680</u>	<u>42,771</u>
Total assets	<u><u>\$23,119,404</u></u>	<u><u>\$23,586,640</u></u>

IMPRESO, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (CONTINUED)

LIABILITIES AND STOCKHOLDERS' EQUITY
(unaudited)

	<u>November 30</u> 2011	<u>August 31,</u> 2012
Current liabilities:		
Accounts payable	\$2,257,009	\$1,934,176
Accrued liabilities	2,183,080	2,257,219
Accrued commissions	1,004,387	1,759,420
Current maturities of long-term debt	<u>99,158</u>	<u>99,489</u>
Total current liabilities	5,543,634	6,050,304
Long-term debt, net of current maturities	573,802	576,957
Line of Credit	2,521,607	2,618,816
Deferred tax liability	<u>334,862</u>	<u>300,851</u>
Total liabilities	<u>8,973,905</u>	<u>9,546,928</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>9,098,200</u>	<u>8,992,413</u>
Stockholders' equity	15,504,784	15,398,997
Treasury stock (1,271,517 shares, at cost)	<u>(1,359,285)</u>	<u>(1,359,285)</u>
Total stockholders' equity	<u>14,145,499</u>	<u>14,039,712</u>
Total liabilities and stockholders' equity	<u><u>\$23,119,404</u></u>	<u><u>\$23,586,640</u></u>

IMPRESO, INC. AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)

	Three Months Ended	
	November 30, 2012	November 30, 2011
	<u> </u>	<u> </u>
Net sales	\$17,473,612	\$16,803,328
Cost of sales	<u>15,781,975</u>	<u>14,545,394</u>
Gross profit	1,691,637	2,257,934
(Gain) loss on sales of assets	(226,771)	1,833
Selling, General and administrative expenses	<u>1,675,104</u>	<u>1,794,466</u>
Operating Income	243,304	461,635
Other expenses (income):		
Interest expense	58,549	65,640
Other income, net	<u>5,635</u>	<u>12,598</u>
Total other expense	64,184	78,238
Income before income tax expense	179,120	383,397
Income tax expense (benefit):		
Current	15,000	5,000
Deferred	<u>58,333</u>	<u>156,836</u>
Total income tax expense	73,333	161,836
Net income	<u><u>\$105,787</u></u>	<u><u>\$221,561</u></u>

IMPRESO, INC. AND SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

	Three Months Ended November 30,	
	2012	2011
Cash Flows From Operating Activities:		
Net income	\$105,787	\$221,561
Adjustments to reconcile net loss to net cash provided by (used in) operating activities-		
Depreciation and amortization	112,083	111,509
Bad debt (benefit) expense	(39,293)	89,728
Decrease in provision of losses of inventory	(236)	(5,437)
(Gain) loss on sale of property, plant and equipment	(3,000)	1,833
Deferred income tax expense	58,333	156,836
Decrease in trade accounts receivable	1,705,274	6,546
Increase in inventory	(874,081)	(146,525)
Increase in prepaid expenses and other	(89,656)	(60,753)
(Increase) decrease in noncurrent assets	(2,909)	4,671
Increase (decrease) in accounts payable	322,833	(312,905)
(Decrease) increase in accrued liabilities	(829,172)	125,928
	<u>465,963</u>	<u>192,992</u>
 Cash Flows From Investing Activities:		
Additions to property, plant and equipment	(371,268)	(50,282)
Proceeds from sale of property, plant and equipment	6,000	7,925
	<u>(365,268)</u>	<u>(42,357)</u>
 Cash Flows From Financing Activities:		
Net payments on line of credit	(97,209)	(247,310)
Payments on debt	(3,486)	(59,640)
Purchase of Treasury Stock	-	23,606
	<u>(100,695)</u>	<u>(283,344)</u>
 Net decrease in cash and cash equivalents	-	(132,709)
 Cash and cash equivalents, beginning of period	-	132,709
 Cash and cash equivalents, end of period	\$0	\$0