

IMPRESO, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

ASSETS  
(unaudited)

	November 30, 2014	August 31, 2014
Current assets:		
Cash	\$ -	\$ -
Trade accounts receivable, net of allowance for doubtful accounts of \$375,951 as of November 30, 2014 and \$569,854 as of August 31, 2014	6,706,164	7,024,732
Inventories, net of allowances	14,054,365	14,531,013
Prepaid expenses and other	425,009	549,840
Deferred income tax assets	418,828	426,471
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Total current assets	21,604,366	22,532,056
Property, plant and equipment, at cost	19,169,764	19,676,963
Less-Accumulated depreciation	(14,279,417)	(14,657,062)
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Net property, plant and equipment	4,890,347	5,019,901
Noncurrent assets:		
Other assets	55,989	59,049
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Total assets	\$ 26,550,702	\$ 27,611,006
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**IMPRESO, INC. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS (CONTINUED)**

**LIABILITIES AND STOCKHOLDERS' EQUITY**  
**(unaudited)**

	November 30, 2014	August 31, 2014
Current liabilities:		
Checks issued in excess of funds held on deposit	\$ 879,576	\$ 597,986
Accounts payable	2,570,138	3,437,797
Accrued liabilities	2,794,388	2,788,293
Accrued commissions	1,550,504	1,347,679
Current maturities of long-term debt	180,946	183,097
Total current liabilities	7,975,552	8,354,852
Long-term debt, net of current maturities	677,205	722,660
Line of Credit	3,074,311	3,943,969
Deferred tax liability	428,144	353,592
Total liabilities	12,155,212	13,375,073
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 4,001,263 outstanding	52,928	52,928
Additional paid-in capital	6,353,656	6,353,656
Retained earnings	9,348,191	9,188,634
Stockholders' equity	15,754,775	15,595,218
Treasury stock (1,291,517 shares, at cost)	(1,359,285)	(1,359,285)
Total stockholders' equity	14,395,490	14,235,933
Total liabilities and stockholders' equity	\$ 26,550,702	\$ 27,611,006

**IMPRESO, INC. AND SUBSIDIARIES**

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

	Three Months Ended	
	November 30, 2014	November 30, 2013
Net sales	\$ 21,192,614	\$ 19,052,988
Cost of sales	<u>19,135,577</u>	<u>17,035,218</u>
Gross profit	2,057,037	2,017,770
Loss on sales of assets	3,666	2,668
Selling, general and administrative expenses	<u>1,740,345</u>	<u>1,767,758</u>
Operating income	313,026	247,344
Other expenses (income):		
Interest expense	57,542	51,552
Other expense, net	<u>13,732</u>	<u>14,971</u>
Total other expense	71,274	66,523
Gain before income tax expense	241,752	180,821
Income tax expense (benefit):		
Current	-	15,000
Deferred	<u>82,195</u>	<u>61,091</u>
Total income tax expense	82,195	76,091
Net income	<u><u>\$ 159,557</u></u>	<u><u>\$ 104,730</u></u>

**IMPRESO, INC. AND SUBSIDIARIES**

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

	<b>Three Months Ended</b>	
	<b>November 30,</b>	
	<b>2014</b>	<b>2013</b>
<b>Cash Flows From Operating Activities:</b>		
Net income	\$ 159,557	\$ 104,730
Adjustments to reconcile net income to net cash provided by (used in ) operating activities-		
Depreciation and amortization	141,348	120,640
Bad debt benefit	(193,903)	(45,827)
Decrease in provision of losses of inventory	(27,312)	(4,847)
Loss on sale of property, plant and equipment	3,666	2,667
Deferred income tax expense	82,195	61,091
Decrease in trade accounts receivable	512,470	528,014
Decrease (increase) in inventory	503,960	(1,180,750)
Decrease (increase) in prepaid expenses and other	124,831	(83,968)
Decrease in noncurrent assets	3,061	9,341
Decrease in accounts payable	(586,069)	(789,966)
Increase (decrease) in accrued liabilities	208,920	(126,637)
	<u>932,724</u>	<u>(1,405,512)</u>
<b>Cash Flows From Investing Activities:</b>		
Additions to property, plant and equipment	(69,460)	(133,231)
Proceeds from sale of property, plant and equipment	54,000	-
	<u>(15,460)</u>	<u>(133,231)</u>
<b>Cash Flows From Financing Activities:</b>		
Net (payments) borrowings on line of credit	(869,658)	1,488,974
Net (payments) borrowings on debt	(47,606)	49,769
Purchase of Treasury Stock	-	-
	<u>(917,264)</u>	<u>1,538,743</u>
Net decrease in cash and cash equivalents	-	-
Cash and cash equivalents, beginning of period	<u>-</u>	<u>-</u>
Cash and cash equivalents, end of period	<u>\$ -</u>	<u>\$ -</u>