

IMPRESO, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

ASSETS
(unaudited)

	November 30, 2015	August 31, 2015
Current assets:		
Cash	\$ -	\$ -
Trade accounts receivable, net of allowance for doubtful accounts of \$468,888 as of November 30, 2015 and \$444,404 as of August 31, 2015	6,798,912	6,864,808
Inventories, net of allowances	16,052,225	14,150,824
Prepaid expenses and other	449,374	789,374
Deferred income tax assets	408,733	376,320
Total current assets	23,709,244	\$22,181,326
Property, plant and equipment, at cost	19,194,476	19,085,338
Less-Accumulated depreciation	(14,585,878)	(14,468,203)
Net property, plant and equipment	4,608,598	4,617,135
Noncurrent assets:		
Other assets	59,821	59,821
Total assets	\$ 28,377,663	\$ 26,858,282

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

LIABILITIES AND STOCKHOLDERS' EQUITY
(unaudited)

	November 30, 2015	August 31, 2015
Current liabilities:		
Checks issued in excess of funds held on deposit	\$ 886,572	\$ 1,108,124
Accounts payable	2,603,374	4,222,923
Accrued liabilities	876,439	1,039,545
Accrued commissions	1,571,995	1,385,257
Current maturities of long-term debt	187,770	190,445
Total current liabilities	6,126,150	7,946,294
Long-term debt, net of current maturities	380,219	576,783
Line of Credit	6,796,277	3,322,313
Deferred tax liability	516,498	475,334
Total liabilities	13,819,144	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	9,511,220	9,490,259
Stockholders' equity	15,917,804	15,896,843
Treasury stock (1,271,517 shares, at cost)	(1,359,285)	(1,359,285)
Total stockholders' equity	14,558,519	14,537,558
Total liabilities and stockholders' equity	\$ 28,377,663	\$ 26,858,282

IMPRESO, INC. AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)

	Three Months Ended	
	November 30, 2015	November 30, 2014
Net sales	\$ 20,540,895	\$ 21,184,887
Cost of sales	<u>18,510,443</u>	<u>19,127,850</u>
Gross profit	2,030,452	2,057,037
Loss on sales of assets	1,998	3,664
Selling, general and administrative expenses	<u>1,939,083</u>	<u>1,740,345</u>
Operating income	89,371	313,028
Other expenses (income):		
Interest expense	42,295	57,542
Other expense, net	<u>6,364</u>	<u>13,734</u>
Total other expense	48,659	71,276
Gain before income tax expense	40,712	241,752
Income tax expense (benefit):		
Current	11,000	-
Deferred	<u>8,751</u>	<u>82,195</u>
Total income tax expense	19,751	82,195
Net income	<u><u>\$ 20,961</u></u>	<u><u>\$ 159,557</u></u>

IMPRESO, INC. AND SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

	Three Months Ended November 30,	
	2015	2014
Cash Flows From Operating Activities:		
Net income	\$ 20,961	\$ 159,557
Adjustments to reconcile net income to net cash provided by (used in) operating activities-		
Depreciation and amortization	135,657	141,348
Bad debt expense (benefit)	24,484	(193,903)
Increase (decrease) in provision of losses of inventory	44,256	(27,312)
Loss on sale of property, plant and equipment	1,998	3,666
Deferred income tax expense	8,751	82,195
Decrease in trade accounts receivable	41,412	512,470
(Increase) decrease in inventory	(1,945,657)	503,960
Decrease in prepaid expenses and other	340,000	124,831
Decrease in noncurrent assets	-	3,061
Decrease in accounts payable	(1,841,101)	(586,069)
Increase in accrued liabilities	202,862	208,920
	<u>(2,966,377)</u>	<u>932,724</u>
Cash Flows From Investing Activities:		
Additions to property, plant and equipment	(129,118)	(69,460)
Proceeds from sale of property, plant and equipment	-	54,000
	<u>(129,118)</u>	<u>(15,460)</u>
Cash Flows From Financing Activities:		
Net borrowings (payments) on debt	3,473,964	(869,658)
Net payments on debt	(378,469)	(47,606)
Purchase of Treasury Stock	-	-
	<u>3,095,495</u>	<u>(917,264)</u>
Net decrease in cash and cash equivalents	-	-
Cash and cash equivalents, beginning of period	-	-
Cash and cash equivalents, end of period	\$ -	\$ -