

IMPRESO, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

ASSETS
(unaudited)

	November 30, 2016	August 31, 2016
Current assets:		
Cash	\$ -	\$ -
Trade accounts receivable, net of allowance for doubtful accounts of 248,632 as of November 30, 2016 and \$249,138 as of August 31, 2016	6,944,740	7,773,878
Inventories, net of allowances	12,952,582	13,759,737
Prepaid expenses and other	576,478	548,827
Deferred income tax assets	240,246	292,865
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Total current assets	20,714,046	\$ 22,375,307
Property, plant and equipment, at cost	18,439,883	18,374,443
Less-Accumulated depreciation	(14,245,323)	(14,106,753)
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Net property, plant and equipment	4,194,560	4,267,690
Noncurrent assets:		
Other assets	88,531	84,821
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Total assets	<u>\$ 24,997,137</u>	<u>\$ 26,727,818</u>

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

	November 30, 2016	August 31, 2016
Current liabilities:		
Checks issued in excess of funds held on deposit	\$ 1,483,745	\$ 1,080,774
Accounts payable	2,055,267	2,059,027
Accrued liabilities	856,075	792,185
Accrued commissions	1,455,892	2,033,753
Current maturities of long-term debt	133,231	127,463
Total current liabilities	5,984,210	6,093,202
Long-term debt, net of current maturities	171,172	212,334
Line of Credit	3,704,254	5,273,583
Deferred tax liability	465,277	495,362
Total liabilities	10,324,913	12,074,481
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	9,624,925	9,606,038
Stockholders' equity	16,031,509	16,012,622
Treasury stock (1,291,517 shares, at cost)	(1,359,285)	(1,359,285)
Total stockholders' equity	14,672,224	14,653,337
Total liabilities and stockholders' equity	\$ 24,997,137	\$ 26,727,818

IMPRESO, INC. AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)

	Three Months Ended	
	November 30, 2016	November 30, 2015
Net sales	\$ 21,778,549	\$ 20,540,895
Cost of sales	<u>19,695,077</u>	<u>18,510,443</u>
Gross profit	2,083,472	2,030,452
Loss on sales of assets	-	1,998
Selling, general and administrative expenses	<u>1,983,933</u>	<u>1,939,083</u>
Operating income	99,539	89,371
Other expenses (income):		
Interest expense	56,920	42,295
Other expense, net	<u>1,198</u>	<u>6,364</u>
Total other expense	58,118	48,659
Gain before income tax expense	41,421	40,712
Income tax expense (benefit):		
Current	-	11,000
Deferred	<u>22,534</u>	<u>8,751</u>
Total income tax expense	22,534	19,751
Net income	<u><u>\$ 18,887</u></u>	<u><u>\$ 20,961</u></u>

IMPRESO, INC. AND SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

	Three Months Ended November 30,	
	2016	2015
Cash Flows From Operating Activities:		
Net income	\$ 18,887	\$ 20,961
Adjustments to reconcile net income to net cash provided by (used in) operating activities-		
Depreciation and amortization	138,570	135,657
Bad debt (benefit) expense	(506)	24,484
(Decrease) increase in provision of losses of inventory	(131,043)	44,256
Loss on sale of property, plant and equipment	-	1,998
Deferred income tax expense	22,534	8,751
Decrease in trade accounts receivable	829,644	41,412
Decrease (increase) in inventory	938,198	(1,945,657)
(Increase) decrease in prepaid expenses and other	(27,651)	340,000
(Increase) in noncurrent assets	(3,710)	-
Increase (decrease) in accounts payable	399,211	(1,841,101)
(Decrease) increase in accrued liabilities	(513,971)	202,862
Net provided by (used in) operating activities	1,670,163	(2,966,377)
Cash Flows From Investing Activities:		
Additions to property, plant and equipment	(65,440)	(129,118)
Proceeds from sale of property, plant and equipment	-	-
Net cash used in investing activities	(65,440)	(129,118)
Cash Flows From Financing Activities:		
Net (payments) borrowings on debt	(1,569,329)	3,473,964
Net payments on debt	(35,394)	(378,469)
Purchase of Treasury Stock	-	-
Net cash (used in) provided by financing activities	(1,604,723)	3,095,495
Net decrease in cash and cash equivalents	-	-
Cash and cash equivalents, beginning of period	-	-
Cash and cash equivalents, end of period	\$ -	\$ -