**ANACOMP, INC.**

**CONSOLIDATED BALANCE SHEET**

(In thousands, except share amounts)

| **Assets** | *March 31,* **2015** | September 30, **2014** |
|---|---|---|
| Current assets: | | |
| Cash and cash equivalents | **$ 5,029** | **$ 4,776** |
| Accounts receivable, net of allowance for doubtful accounts of $0 | **1,848** | **1,301** |
| Restricted short-term certificates of deposit | **300** | **300** |
| Prepaid expenses and other current assets | **182** | **133** |
| Total current assets | **7,359** | **6,510** |
| Property and equipment, net | **268** | **338** |
| Other assets | **42** | **42** |
| Pension assets | **5,590** | **5,385** |
| Total Assets | **$ 13,259** | **$ 12,275** |
| **Liabilities and Stockholders' Deficit** | | |
| Current liabilities: | | |
| Accounts payable | **101** | **91** |
| Accrued compensation, benefits and withholdings | **189** | **248** |
| Other accrued liabilities | **297** | **72** |
| Current portion of long-term promissory note, net of debt discount | **2,293** | **2,014** |
| Current portion of capital lease obligations | **54** | **99** |
| Total current liabilities | **2,934** | **2,524** |
| Capital lease obligations, less current portion | **-** | **9** |
| Long-term promissory note, net of debt discount | **-** | **511** |
| Pension obligation | **8,400** | **8,788** |
| Total Liabilities | **11,334** | **11,832** |
| Stockholders' Deficit: | | |
| Common stock, $.000001 par value; 10,000,000 shares authorized; 3,702,510 shares issued and outstanding at December 31, 2013 | **-** | **-** |
| Additional paid-in capital | **94,049** | **94,016** |
| Accumulated other comprehensive loss | **(1,432)** | **(2,025)** |
| Accumulated deficit | **(90,692)** | **(91,548)** |
| Total Stockholders' Deficit | **1,925** | **443** |
| Total Liabilities and Stockholders' Deficit | **$ 13,259** | **$ 12,275** |

**ANACOMP, INC.**

**CONSOLIDATED STATEMENT OF INCOME**

(In thousands)

| | Three Months Ended | | Six Months Ended | |
|---|---|---|---|---|
| | **March 31, 2015** | **March 31, 2014** | **March 31, 2015** | **March 31, 2014** |
| Revenues | **$ 2,742** | **$ 1,810** | **$ 5,152** | **$ 3,917** |
| Cost of revenues | **1,537** | **1,214** | **2,764** | **2,398** |
| Gross profit | **1,205** | **596** | **2,388** | **1,519** |
| Operating expenses: | | | | |
| Selling, general and administrative | **746** | **605** | **1,488** | **1,153** |
| Restructuring charges | | | | |
| Income from operations | **459** | **(9)** | **900** | **366** |
| Other income (expense): | | | | |
| Interest income | **-** | **-** | **-** | **-** |
| Amortization of debt discount | **(19)** | **(27)** | **(43)** | **(56)** |
| Interest expense | **(1)** | **-** | **(1)** | **-** |
| Other expense, net | **-** | **-** | **-** | **-** |
| Income before income taxes | **439** | **(36)** | **856** | **310** |
| Income tax provision | **-** | **-** | **-** | **-** |
| Net income | **$ 439** | **$ (36)** | **$ 856** | **$ 310** |

**ANACOMP, INC.**

**CONSOLIDATED STATEMENT OF CASH FLOWS**

(In thousands)

| | Three Months Ended | | Six Months Ended | |
|---|---|---|---|---|
| | **March 31, 2015** | **March 31, 2014** | **March 31, 2015** | **March 31, 2014** |
| **Cash flows from operating activities:** | | | | |
| Net income | **$ 440** | **$ (36)** | **$ 856** | **$ 310** |
| Adjustments to reconcile net income to net cash provided by operating activities: | | | | |
| Depreciation and amortization | **50** | **51** | **99** | **110** |
| Amortization of debt discount | **19** | **27** | **43** | **56** |
| Stock-based compensation | **33** | **-** | **33** | |
| Recoveries of doubtful accounts | **-** | **-** | **-** | **-** |
| Loss on disposal of property and equipment | **-** | **-** | **-** | **-** |
| Change in assets and liabilities: | **-** | **-** | **-** | **-** |
| Accounts receivables | **(175)** | **98** | **(547)** | **(197)** |
| Restricted short-term certificates of deposit | **-** | **-** | **-** | **-** |
| Prepaid expenses and other assets | **5** | **75** | **(49)** | **30** |
| Accounts payable | **47** | **(13)** | **10** | **(52)** |
| Accrued compensation, benefits and withholdings | **4** | **68** | **(59)** | **(4)** |
| Other accrued liabilities | **174** | **(36)** | **225** | **(41)** |
| **Net cash provided by operating activities** | **597** | **234** | **611** | **212** |
| **Cash flows from investing activities:** | | | | |
| Proceeds from sale of former divisions | **-** | **-** | **-** | **-** |
| Purchases of property and equipment | **(17)** | **(24)** | **(29)** | **(95)** |
| **Net cash used in investing activities** | **(17)** | **(24)** | **(29)** | **(95)** |
| **Cash flows from financing activities:** | | | | |
| Principal payments on promissory note | **(110)** | **(261)** | **(275)** | **(436)** |
| Principal payments on capital lease obligations | **(27)** | **(29)** | **(54)** | **(64)** |
| **Net cash used in financing activities** | **(137)** | **(290)** | **(329)** | **(500)** |
| Effect of exchange rate changes on cash and cash equivalents | **-** | **-** | **-** | **-** |
| Increase in cash and cash equivalents | **443** | **(80)** | **253** | **(383)** |
| Cash and cash equivalents at beginning of year | **4,586** | **4,276** | **4,776** | **4,579** |
| Cash and cash equivalents at end of year | **$ 5,029** | **$ 4,196** | **$ 5,029** | **$ 4,196** |