JACLYN, INC.

OTC MARKETS GROUP
QUARTERLY REPORT

for the Fiscal Quarter ended August 31, 2015

Forward-Looking Statements

In order to keep stockholders and investors informed of the future plans of Jaclyn, Inc. (which, together with its subsidiaries, is referred to alternatively in this Quarterly Report as the "Company," "we," "us," and/or "our"), this Quarterly Report contains and, from time to time, other oral or written statements issued by us may contain, forward-looking statements concerning, among other things, our future plans and objectives that are or may be deemed to be forward-looking statements. However, forward-looking statements are subject to a number of known and unknown risks and uncertainties that may cause our actual results, trends, performance or achievements, or industry trends and results, to differ materially from the future results, trends, performance or achievements expressed or implied by such forward-looking statements. Those risks and uncertainties may include, but are not limited to, general economic and business conditions; competition; potential changes in customer spending; acceptance of our product offerings and designs; the variability of consumer spending resulting from changes in domestic economic activity; a highly promotional retail environment; any significant variations between actual amounts and the amounts estimated for those matters identified as our critical accounting estimates as well as other significant accounting estimates made in the preparation of our financial statements; and the impact of current and potential hostilities in various parts of the world; as well as other geopolitical concerns. You are urged to consider all such factors. In light of the uncertainty inherent in such forward-looking statements, you should not consider their inclusion to be a representation that such forward-looking matters will be achieved. We assume no obligation for updating any such forward-looking statements to reflect actual results, changes in assumptions or changes in other factors affecting such forward- looking statements.

Item 1. Exact name of the issuer and the address of its principal executive offices.

The exact name of the issuer is Jaclyn, Inc. The address of the issuer's principal executive offices is as follows:

Jaclyn, Inc.
197 West Spring Valley Avenue
Maywood, New Jersey 07607
Phone no.: (201) 909-6000
Fax no.: (201) 226-7801
Website: www.jaclyninc.com

The person responsible for our investor relations is Jaclyn Hartstein, Corporate Secretary, who may be reached as provided above or at jaclyn.hartstein@jaclyninc.com.

Item 2. Shares outstanding.

We are authorized to issue a total of 6,000,000 shares of capital stock. We are authorized to issue 5,000,000 shares of our common stock, and 1,000,000 shares of our preferred stock. No shares of preferred stock were issued or outstanding as of August 31, 2015. The following sets forth certain information concerning our authorized and outstanding shares of common stock as of August 31, 2015:

No. of shares authorized:	5,000,000
No. of shares outstanding:	2,279,981
Freely tradable shares (public float):	976,457
Total number of beneficial holders:	174(1)(2)
Total number of record holders:	99

(1) Beneficial holders are holders of shares of our common stock in street name, and the number of such holders is based on estimated information furnished to our transfer agent by Broadridge Financial Solutions, Inc. ("Broadridge"). Since actual historical information as to the total number of beneficial holders is not generally available, we have assumed that the total number of beneficial holders on August 31, 2015 is the same as the approximate number reported to us by our transfer agent as of June 19, 2015, the record date for our annual meeting of stockholders which was held on August 6, 2015.

(2) Individual information as to the ownership by beneficial holders of our common stock in street name is not generally available. However, based on recent information provided to us by Broadridge and our transfer agent, we believe there are at least 100 beneficial holders each owning at least 100 shares of our common stock.

Item 3. Interim financial statements.

The following unaudited condensed consolidated financial statements for the Company's fiscal quarter ended August 31, 2015 are attached to this Quarterly Report and are incorporated by reference herein:

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Item 4. Management's discussion and analysis or plan of operation.

Overview

The Company and its subsidiaries are engaged in the design, manufacture, distribution and sale of women's and children's apparel, and fabric handbags, sport bags, backpacks, cosmetic bags, and related products. Our apparel lines include women's loungewear, sleepwear, dresses and sportswear, and lingerie, as well as infants' and children's clothing. Our products are, for the most part, made to order, and are marketed and sold to a range of retailers, primarily national mass merchandisers.

Critical Accounting Policies and Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires the appropriate application of certain accounting policies, many of which require us to make estimates and assumptions about future events and their impact on amounts reported in our financial statements and related notes. We believe the application of our accounting policies, and the estimates inherently required therein, are reasonable. These accounting policies and estimates are periodically evaluated for continued reasonableness, and adjustments are made when facts and circumstances dictate a change. Historically, we have found our application of accounting policies to be appropriate, and actual results have not differed materially from those determined using necessary estimates. However, since future events and their impact cannot be determined with certainty, actual results may differ from our estimates, and such differences could be material to the consolidated financial statements.

Liquidity and Capital Resources

The net increase in cash and cash equivalents for the six-month period ended August 31, 2015 of $392,000 was the result of funds provided by financing activities totaling $3,000,000, and by funds provided by investing activities totaling $226,000, not fully offset by funds used in operating activities totaling $2,834,000.

Net cash provided by financing activities totaling $3,000,000 was entirely the result of net bank borrowing under the Company's bank line of credit.

Net cash used in operating activities resulted primarily from an increase in accounts receivable of $2,857,000 (due to a relatively higher level of sales in the current fiscal quarter compared to the last quarter of fiscal 2015) and an increase in inventories totaling $1,938,000, not fully offset by a $1,986,000 increase in accounts payable and other current liabilities (mostly inventory purchases).

Net cash provided by investing activities totaling $226,000 primarily reflects a $500,000 payment on the final outstanding principal balance ($992,657) of the remaining note receivable (related to the sale of the Company's former West New York, New Jersey facility), partly offset by purchases of property and equipment totaling $274,000. Subsequent to August 31, 2015, on September 15, 2015, D.R. Mon Group, Inc. made the final payment on the balance of the remaining note totaling $492,657 regarding the sale of the Company's former West New York, New Jersey executive office, warehouse facility, and three parking lots.

The Company has a credit facility, which was amended effective September 1, 2014. The term of the credit facility has been extended until November 30, 2017 and, based on a borrowing formula, provides for revolving loans and the issuance of letters of credit in an aggregate amount not to exceed $50,000,000. Borrowings under the credit facility bear interest based on, at the Company's option: (a) the prime rate less 0.25%, or (b) a floating 30-day Libor rate, or a fixed Libor rate for interest periods of 1, 2, or 3 months, plus 200 basis points. The Company's non-real estate assets are pledged to the bank as collateral. The credit facility requires

the Company to maintain minimum tangible net worth and interest coverage, as well as a debt to equity requirement, each measured annually. See Note 4 to the Notes to Unaudited Condensed Consolidated Financial Statements.

At August 31, 2015 the Company had $13,606,000 of additional availability (based on the borrowing formula) under its credit facility. At August 31, 2015 the interest rate on borrowing was 2.19%, and the Company was contingently obligated on open letters of credit with an aggregate face amount of $9,260,000.

The Company believes that funds provided by operations, existing working capital, and the Company's bank line of credit should be sufficient to meet working capital needs for the next twelve months.

There were no material commitments for capital expenditures at August 31, 2015.

The Company previously announced that the Board of Directors authorized the repurchase by the Company of up to 475,000 shares of its common stock and the Company purchased 365,033 shares of its common stock through the end of the second quarter of fiscal 2013. During the third quarter of fiscal 2013, the Company announced that the Board of Directors authorized the repurchase by the Company of an additional 240,033 shares of its common stock (or a revised total of up to 350,000 shares of its common stock), which may be made from time to time in the open market or through privately negotiated transactions (subject to general market and other conditions), and may be made from both affiliates and control stockholders of the Company and from unaffiliated stockholders of the Company. The Company intends to finance all such repurchases from its own funds from operations and/or from its bank credit facility. During the six-month period ended August 31, 2015, the Company did not purchase any shares of its common stock under this repurchase program.

Contractual Obligations and Commercial Commitments

To facilitate an understanding of our contractual obligations and commercial commitments, the following data is provided as of August 31, 2015:

Payments Due by Period

Contractual Obligations (1)	Total	Less than 1 Year	2-3 Years	4-5 Years	After 5 years
Notes Payable (2)	$ 16,200,000	$ 16,200,000	$ -	$ -	$ -
Royalties	$ 107,500	$ 70,000	$ 37,500	$ -	-
Operating Leases	$ 7,074,000	$ 1,044,000	$3,747,000	$ 1,822,000	$ 461,000
Total Contractual Obligations	$ 23,381,500	$ 17,314,000	$3,784,500	$ 1,822,000	$ 461,000

(1) We currently enter into arrangements with vendors to purchase merchandise up to three months in advance of expected delivery. These purchase orders do not contain any significant termination payments or other penalties if cancelled.

(2) The notes payable balance does not include any amounts for future interest costs**.** The outstanding balance under our bank line of credit at October 6, 2014 was $16,000,000.

Amount of Commitment Expiration Per Period

Other Commercial Commitments	Total Amounts Committed	Within 1 Year	2-3 Years	4-5 Years	After 5 Years
Letters of Credit	$9,260,000	$9,260,000	-	-	-
Total Commercial Commitments	$9,260,000	$9,260,000	-	-	-

Off-Balance Sheet Arrangements

The Company has not created, and is not a party to, any special-purpose or off-balance sheet entities for the purpose of raising capital, incurring debt or operating the Company's business. The Company does not have any arrangements or relationships with entities that are not consolidated into the financial statements that are reasonably likely to materially affect the Company's liquidity or the availability of capital resources.

Results of Operations

Three-Month and Six-Month periods ended August 31, 2015 compared to Three-Month and Six-Month periods ended August 31, 2014

Net sales were $47,160,000 and $80,436,000 during the three and six-month periods ended August 31, 2015, compared to net sales of $42,991,000 and $74,581,000 during the three and six-month periods ended August 31, 2014. For the three and six-month periods ended August 31, 2015, the Apparel category net sales were higher by 10.3% and 19.9%, respectively. Net sales in the Handbag category improved by 8.5% for the three-month period ended August 31, 2015, but declined by 11.0% compared to last year's six-month period net sales.

Sales by category were as follows:

Net sales for the Apparel category were $32,427,000 for the three-month period ended August 31, 2015, or $3,021,000 higher than last year's comparable three-month period. This 10.3% increase was primarily due to an 11.8% increase in net sales in our children's apparel division due to a greater number of orders with a significant customer, as well as by a 5.7% increase in net sales in our women's sleepwear division.

For the six-month period ended August 31, 2015, net sales for the Apparel category were higher by $9,047,000, or 19.9% compared to the same period in the prior fiscal year, primarily due to an increase in net sales in our children's apparel business resulting from a larger number of orders from existing customers, along with a more modest increase in net sales from our women's sleepwear division.

Net sales totaling $14,733,000 for the Handbags category in the second quarter of fiscal 2016 represented an 8.5% increase compared to $13,585,000 in net sales for the same quarter in fiscal 2015, primarily due to increased purchases from a significant customer. This increase was somewhat offset by lower sales (10.0%) in the premium incentive business.

For the six-month period ended August 31, 2015, net sales for the Handbags category were $25,953,000, a decrease of $3,192,000, or 11.0% below the prior comparable six-month period. This decrease primarily reflected lower net sales in our premium incentive business due to fewer orders from one of its major customers, slightly offset by higher net sales in our smaller handbag business, resulting from increased business from a significant customer.

Gross margins were 22.1% and 20.6% in the three-month and six-month periods ended August 31, 2015, compared to 19.9% and 19.0% in the comparable periods ended August 31, 2014. Gross margins by category were as follows:

Gross margin for the Apparel category increased to 24.9% in the three-month period ended August 31, 2015 from 22.2% in last year's fiscal second quarter. This increase was the result of higher margins in both the women's sleepwear business and the children's apparel business, in each case attributable to product mix. For the six-month period ended August 31, 2015, gross margins for the Apparel category increased to 23.9% from 20.3% in the prior comparable period with both the children's apparel business and the women's sleepwear margins higher, due to product mix.

Gross margin for the Handbags category was higher in the second quarter of fiscal 2016 compared to last year's comparable second quarter ended August 31, 2014 (15.7% from 14.9%). This increase was mainly due to higher margins in our handbag business attributable mostly due to higher-margin net sales, not fully offset by lower premium incentive business margins. For the six-month period ended August 31, 2015, the Handbags category decreased to 13.8% from 16.9% in the prior comparable period, with lower premium incentive margins, not offset by higher handbag category margins.

Shipping, selling and administrative expenses for the three-month period ended August 31, 2015 increased by $1,636,000 to $9,212,000, (shipping, selling and administrative expenses as a percentage of net sales also increased to 19.5% from 17.6% in the prior year's comparable three-month period). The net increase in shipping, selling and administrative expenses for the current three-month period versus last year's comparable period was mainly due to higher sales commission expense totaling $925,000 (related to the higher sales and gross profit margins), higher shipping and warehousing expense of $336,000, mostly from increased outside warehouse costs, and from higher general and administrative expenses totaling $122,000, due to higher compensation costs. In addition, product development and royalty costs increased approximately $67,000.

For the six-month period ended August 31, 2015, shipping, selling and administrative expenses increased by $1,917,000 to $16,694,000 (as a percentage of net sales, shipping, selling and administrative expenses increased to 20.8% from 19.8% in the prior year's comparable six-month period). The net increase in shipping, selling and administrative expenses for the six-

month comparative periods was the result of higher sales commission expense totaling $1,056,000, higher shipping and warehousing expense of $511,000, and from higher general and administrative expenses totaling $94,000, all for the same reasons noted above for the three-month period. Product development and royalty costs were also higher by $137,000.

Interest expense totaled $50,000 and $101,000 in the three and six-month periods ended August 31, 2015, compared to $64,000 and $151,000 in the three and six-month periods ended August 31, 2014, respectively. The decrease for both periods is primarily the result of lower interest rates in the current three and six-month periods ended August 31, 2015 versus last year's comparable periods.

For the three-month period ended August 31, 2015 the Company's earnings before income taxes increased to $1,138,000 compared to $905,000 in last year's comparable quarter. The increase in pre-tax earnings was primarily the result of higher sales, improved gross profit margins and lower interest expense, not offset by higher shipping, selling, general and administrative expenses, as discussed above.

For the six-month period ended August 31, 2015 the Company had a loss before income taxes of $198,000. This compares with a pre-tax loss in the prior year's comparable six-month period totaling $771,000. The smaller current six-month period loss before income taxes was primarily the result of higher sales and gross profit, as well as lower interest expense, not offset by higher shipping, selling and administrative expenses, as discussed above.

For the three-month period ended August 31, 2015 the Company had net earnings totaling $660,000. This compares to net earnings for the three-month period ended August 31, 2014 of $502,000.

For the six-month period ended August 31, 2015 the Company had a net loss totaling $87,000. This compares to a net loss for the six-month period ended August 31, 2014 of $428,000.

Seasonality

The Company's business is subject to substantial seasonal variations. In that regard, our net sales and net earnings generally have been higher during the period from June to November (which now represents our second and third fiscal quarters) and coincides with sales to our customers for back-to-school and holiday shopping, while net sales and net earnings for the other months of our fiscal year are typically lower due, in part, to the traditional slowdown by our customers immediately following the winter holiday season. Accordingly, any significant decrease in back-to-school and winter holiday shopping could have a material adverse effect on our financial condition and results of operations. The Company's quarterly results of operations may also fluctuate significantly as a result of a variety of other factors, including, among other things, the timing of shipments to customers and economic conditions. The Company believes this is the general pattern associated with its sales to the retail industry and expects this pattern will continue in the future. Consequently, comparisons between quarters are not necessarily meaningful and the results for any quarter are not necessarily indicative of future results.

Item 5. Legal proceedings.

To the Company's knowledge, there are no current, past, pending or threatened legal proceedings or administrative actions either by or against the Company that, in the Company's opinion, could have a material effect on its business, financial conditions or operations, nor, to the Company's knowledge, are there any current, past, pending or threatened trading suspensions by a securities regulator.

Item 6. Defaults upon senior securities.

None.

Item 7. Other information.

None.

Item 8. Exhibits.

None.

Item 9. Certifications.

I, Robert Chestnov, President and Chief Executive Officer of Jaclyn, Inc., certify that:

1. I have reviewed this quarterly disclosure statement of Jaclyn, Inc.;

2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements made, not misleading with respect to the period covered by this disclosure statement; and

3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this quarterly update.

Date: October 8, 2015

/s/ Robert Chestnov

I, Anthony Christon, Vice President and Chief Financial Officer of Jaclyn, Inc., certify that:

1. I have reviewed this quarterly disclosure statement of Jaclyn, Inc.;

2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light

of the circumstances under which such statements made, not misleading with respect to the period covered by this disclosure statement; and

3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this quarterly update.

Date: October 8, 2015

/s/ Anthony Christon

JACLYN, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(In Thousands)

	August 31, 2015 (Unaudited)	February 28, 2015 (See below)
ASSETS		
Current assets:		
Cash and cash equivalents	$ 1,763	$ 1,371
Accounts receivable, net	29,262	26,572
Inventories	15,787	13,849
Prepaid expenses and other current assets	3,111	2,700
TOTAL CURRENT ASSETS	49,923	44,492
Property, plant and equipment, net	3,317	3,211
Note receivable	493	993
Goodwill	3,338	3,338
Other assets	171	309
TOTAL ASSETS	$ 57,242	$ 52,343
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Notes payable – bank	$ 16,200	$ 13,200
Accounts payable	9,403	7,249
Other current liabilities	7,003	7,171
TOTAL CURRENT LIABILITIES	32,606	27,620
Other liabilities	1,830	1,830
COMMITMENTS AND CONTINGENCIES		
Stockholders' equity:		
Preferred stock, none issued and outstanding	-	-
Common stock	3,369	3,369
Additional paid-in capital	9,471	9,471
Retained earnings	17,891	17,978
	30,731	30,818
Less: Common shares in treasury at cost	7,925	7,925
TOTAL STOCKHOLDERS' EQUITY	22,806	22,893
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 57,242	$ 52,343

The February 28, 2015 Balance Sheet is derived from audited financial statements. See notes to condensed consolidated unaudited financial statements.

JACLYN, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)
(In Thousands, Except Share and Per Share Amounts)

	Three Months ended August 31,		Six Months ended August 31,	
	2015	2014	2015	2014
Net sales	$ 47,160	$ 42,991	$ 80,436	$ 74,581
Cost of goods sold	36,760	34,446	63,839	60,424
Gross profit	10,400	8,545	16,597	14,157
Shipping, selling and administrative expenses	9,212	7,576	16,694	14,777
Interest expense	50	64	101	151
Earnings (loss) before income taxes	1,138	905	(198)	(771)
Provision (benefit) for income taxes	478	403	(111)	(343)
Net earnings (loss)	$ 660	$ 502	$ (87)	$ (428)
Net earnings (loss) per common share – basic	$ .29	$ .22	$ (.04)	$ (.19)
Weighted average number of shares outstanding - basic	2,280,000	2,280,000	2,280,000	2,280,000
Net earnings (loss) per common share – diluted	$ .29	$ .22	$ (.04)	$ (.19)
Weighted average number of shares outstanding - diluted	2,280,000	2,280,000	2,280,000	2,280,000

See notes to condensed consolidated unaudited financial statements.

JACLYN, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(In Thousands)

	Six Months Ended August 31,	
	2015	2014
Cash Flows From Operating Activities:		
Net Loss	$ (87)	$ (428)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:		
Depreciation and amortization	168	168
Allowance for doubtful accounts	167	(46)
Changes in assets and liabilities:		
Accounts receivable	(2,857)	9,549
Inventories	(1,938)	(5,575)
Prepaid expenses and other assets	(273)	(739)
Accounts payable and other current liabilities	1,986	2,128
Net cash (used in) provided by operating activities	(2,834)	5,058
Cash Flows From Investing Activities:		
Purchase of property and equipment	(274)	(59)
Proceeds from Note Receivable	500	-
Net cash provided by (used in) investing activities	226	(59)
Cash Flows From Financing Activities:		
Net increase (decrease) in notes payable - bank	3,000	(5,600)
Net cash provided by (used in) financing activities	3,000	(5,600)
Net increase (decrease) in Cash and Cash Equivalents	392	(601)
Cash and Cash Equivalents, beginning of period	1,371	1,634
Cash and Cash Equivalents, end of period	$ 1,763	$ 1,033
Supplemental Cash Flow Disclosures:		
Interest paid	$ 94	$ 159
Taxes paid	$ 110	$ 72

See notes to condensed consolidated unaudited financial statements.

JACLYN, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
(UNAUDITED, In Thousands, except Share Amounts)
SIX MONTHS ENDED AUGUST 31, 2015

	Common Stock				Treasury Stock		
	Shares	Amount	Additional Paid In Capital	Retained Earnings	Shares	Amount	Total
Balance, February 28, 2015	3,368,733	$3,369	$9,471	$17,978	1,088,752	$7,925	$22,893
Net loss	-	-	-	(87)	-	-	(87)
Balance, August 31, 2015	3,368,733	$3,369	$9,471	$17,891	1,088,752	$7,925	$22,806

See notes to unaudited condensed consolidated financial statements.

JACLYN, INC. AND SUBSIDIARIES

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1 - SIGNIFICANT ACCOUNTING POLICIES

Description of Business

Jaclyn, Inc. and its subsidiaries (the "Company") are engaged in the design, manufacture, marketing and sale of apparel, handbags, accessories and related products. The Company sells its products to retailers, including department and specialty stores, national chains, major discounters and mass volume retailers, throughout the United States.

The Company's fiscal year end is the last day of February.

Basis of Presentation

The accompanying unaudited condensed consolidated balance sheet as of August 31, 2015, the condensed consolidated statements of operations and the condensed consolidated statements of cash flows for the three and six-month periods ended August 31, 2015 and 2014, respectively, and the condensed consolidated statements of stockholders' equity for the six-month period ended August 31, 2015, have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States of America for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. These unaudited condensed consolidated financial statements should be read in conjunction with the audited financial statements and notes thereto included in the Company's Annual Disclosure Statement for the fiscal year ended February 28, 2015. The results of operations for the six-month period ended August, 31, 2015 are not necessarily indicative of operating results for the full fiscal year.

Share-Based Compensation

The Company accounts for share-based compensation in accordance with Accounting Standards Codification 718, "Share Based Payment". Accordingly, the Company measures the cost of employee services received in exchange for an award of equity instruments based on the grant-date fair value of the award, which if unvested will vest as the requisite service is rendered.

2 - STOCK OPTIONS

Stock-Based Compensation

The Company maintains the Jaclyn, Inc. 2007 Stock Incentive Plan, or the "2007 Plan," which was approved by stockholders in 2007. The 2007 Plan permits the Company to make grants of stock options, stock appreciation rights, or "SARs," restricted stock, restricted stock units, and stock awards to employees, as well as stock options, SARs, restricted stock, and restricted stock units to its non-employee directors. As of August 31, 2015 there were no outstanding stock options or other awards under the 2007 Plan and a total of 45,000 shares of common stock are available for future grant under the 2007 Plan.

There were no stock award transactions during the three and six-month periods ended August 31, 2015.

3 – INVENTORIES

Inventories consist primarily of finished goods inventory as follows (in thousands):

	August 31, 2015	February 28, 2015
Finished Goods	$15,787	$13,849

4 - CREDIT FACILITIES

The Company has a credit facility, which was amended effective September 1, 2014. The term of the credit facility has been extended until November 30, 2017 and, based on a borrowing formula, provides for revolving loans and the issuance of letters of credit in an aggregate amount not to exceed $50,000,000. Borrowings under the credit facility bear interest based on, at the Company's option: (a) the prime rate less 0.25%, or (b) a floating 30-day Libor rate, or a fixed Libor rate for interest periods of 1, 2, or 3 months, plus 200 basis points. The Company's non-real estate assets are pledged to the bank as collateral. The credit facility requires the Company to maintain minimum tangible net worth and interest coverage, as well as a debt to equity requirement, each measured annually.

4 - CREDIT FACILITIES (Continued)

At August 31, 2015 the Company had $13,606,000 of additional availability (based on the borrowing formula) under its credit facility. At August 31, 2015 the interest rate on borrowing was 2.19%, and the Company was contingently obligated on open letters of credit with an aggregate face amount of $9,260,000.

5 - NET EARNINGS (LOSS) PER SHARE

The Company's calculation of Basic and Diluted Net Earnings (Loss) Per Common Share follows (in thousands, except share amounts):

	Three Months Ended August 31,		Six Months Ended August 31,	
	2015	2014	2015	2014
Basic Net Earnings (Loss) Per Common Share:				
Net Earnings (Loss)	$660	$502	$(87)	$(428)
Basic Weighted Average Shares Outstanding	2,280,000	2,280,000	2,280,000	2,280,000
Basic Net Earnings (Loss) Per Common Share	$.29	$.22	$(.04)	$(.19)

	Three Months Ended August 31,		Six Months Ended August 31,	
	2015	2014	2015	2014
Diluted Net Earnings (Loss) Per Common Share:				
Net Earnings (Loss)	$660	$502	$(87)	$(428)
Basic Weighted Average Shares Outstanding	2,280,000	2,280,000	2,280,000	2,280,000
Add: Dilutive Options	-	-	-	-
Diluted Weighted Average Shares Outstanding	2,280,000	2,280,000	2,280,000	2,280,000
Diluted Net Earnings (Loss) Per Common Share	$.29	$.22	$(.04)	$(.19)

At August 31, 2015, there were no outstanding options to purchase shares of the Company's Common Stock.

6 - PROPERTY, PLANT AND EQUIPMENT

On June 17, 2011, the Company completed the sale to D.R. Mon Group, Inc. of the Company's former executive office and warehouse facility, plus one of the three parking lots, located in West New York, New Jersey. The properties were sold for an aggregate gross sales price of $4,145,588, of which $1,474,778 (before normal closing costs) was paid in cash at closing, and the remaining amounts were paid by the delivery to the Company at closing of a series of two-year promissory notes. One of the two remaining lots in West New York, New Jersey was sold for a gross cash price of $375,000 on January 20, 2012, and the remaining parking lot was sold for a gross cash price of $850,000 on November 15, 2012. With the sale of the last parking lot, the Company concluded the sale of its former real estate holdings in West New York, New Jersey.

The obligations of the purchaser under the agreements were personally guaranteed by the purchaser, and the obligations under the promissory note were secured by a first priority mortgage on a portion of the properties sold by the Company.

On May 14, 2015, D. R. Mon Group, Inc. made a $500,000 payment on the final outstanding principal balance ($992,657) of the remaining note. The Company agreed to extend the maturity date of this note by three months, from June 15, 2015 to September 15, 2015. On September 15, 2015, D.R. Mon Group, Inc. made the final payment on the balance of the remaining note totaling $492,657, regarding the sale of the Company's former executive office, warehouse facility, and three parking lots, located in West New York, New Jersey.

7 - REPURCHASE OF SHARES FOR TREASURY

The Company previously announced that the Board of Directors authorized the repurchase by the Company of up to 475,000 shares of its common stock and the Company purchased 365,033 shares of its common stock through the end of the second quarter of fiscal 2013. During the third quarter of fiscal 2013, the Company announced that the Board of Directors authorized the repurchase by the Company of an additional 240,033 shares of its common stock (or a revised total of up to 350,000 shares of its common stock), which may be made from time to time in the open market or through privately negotiated transactions (subject to general market and other conditions), and may be made from both affiliates and control stockholders of the Company and from unaffiliated stockholders of the Company. The Company intends to finance all such repurchases from its own funds from operations and/or from its bank credit facility. During the six-month period ended August 31, 2015, the Company did not purchase any shares of its common stock under this repurchase program.

7 - REPURCHASE OF SHARES FOR TREASURY (Continued)

As of August 31, 2015, the Company has purchased a total of 574,811 shares of its common stock at a cost of approximately $3,097,000 under this program.

8 - COMMITMENTS AND CONTINGENCIES

As of August 31, 2015, the Company leases office facilities under non-cancelable leases, with escalation clauses, that expire in various years through the fiscal year ending February 28, 2022.

Future minimum payments under non-cancelable operating leases with initial or remaining terms of one year or more are as follows (in thousands):

Year Ended Last Day of February	Office and Showroom Facilities
2016	$1,044
2017	2,028
2018	1,719
2019	1,523
2020	299
Thereafter	461
	$7,074

The Company has entered into licensing arrangements with several companies. Minimum royalties as of August 31, 2015 are as follows: $70,000 payable prior to the fiscal year ended February 28, 2016, and $37,500 payable during the fiscal year ended February 28, 2017.

From time to time, the Company and its subsidiaries may be subject to claims and may become a party to legal proceedings that arise in the normal course of business. At August 31, 2015, there were no material, pending legal proceedings or material claims to which the Company was a party.

The Company has not provided any financial guarantees as of August 31, 2015.

9 - INCOME TAXES

The Company files income tax returns in the U.S. federal jurisdiction, in various states and a foreign location. The Company believes that its tax positions comply with applicable tax laws and that it has adequately provided for these matters.