

ANACOMP, INC.
CONSOLIDATED BALANCE SHEETS

(In thousands, except share amounts)

	<i>December 31,</i> 2016	<i>September 30,</i> 2016
Assets		
Current assets:		
Cash and cash equivalents	\$ 3,540	\$ 4,172
Accounts receivable, net of allowance for doubtful accounts of \$0, in both period:	917	599
Restricted short-term certificates of deposit	60	60
Prepaid expenses and other current assets	379	267
Total current assets	<u>4,896</u>	<u>5,098</u>
Property and equipment, net	598	663
Other assets	70	61
Pension assets	4,489	4,489
Total Assets	<u><u>\$ 10,053</u></u>	<u><u>\$ 10,311</u></u>
Liabilities and Stockholders' Equity (Deficit)		
Current liabilities:		
Accounts payable	\$ 78	61
Accrued compensation, benefits and withholdings	205	240
Other accrued liabilities	476	453
Current portion of long-term promissory note, net of debt discount	-	532
Current portion of capital lease obligations	84	83
Total current liabilities	<u>843</u>	<u>1,369</u>
Capital lease obligations, less current portion	178	199
Long-term promissory note, net of debt discount	-	-
Pension obligation	8,143	8,143
Total Liabilities	<u><u>9,164</u></u>	<u><u>9,711</u></u>
Stockholders' Equity (Deficit)		
Common stock, \$.000001 par value; 10,000,000 shares authorized; 3,702,510 shares issued and outstanding at September 30, 2016 and 2015, respectively	\$ -	\$ -
Additional paid-in capital	94,158	94,147
Accumulated other comprehensive loss	(2,287)	(2,287)
Accumulated deficit	(90,982)	(91,260)
Total Stockholders' Equity (Deficit)	<u>889</u>	<u>600</u>
Total Liabilities and Stockholders' Equity (Deficit)	<u><u>\$ 10,053</u></u>	<u><u>\$ 10,311</u></u>

ANACOMP, INC.
CONSOLIDATED STATEMENTS OF INCOME (LOSS)

(In thousands)

<i>Three Months Ended December 31,</i>	2016	2015
	<u> </u>	<u> </u>
Revenues	\$ 2,134	\$ 1,863
Cost of revenues	<u>1,230</u>	<u>1,240</u>
Gross profit	904	623
Operating expenses:		
Selling, general and administrative	<u>612</u>	<u>597</u>
Income from operations	<u>292</u>	<u>26</u>
Other income (expense):		
Interest income	-	-
Amortization of debt discount	(10)	(52)
Interest expense	<u>(4)</u>	<u>-</u>
Income (loss) before income taxes	278	(26)
Income tax provision	-	(2)
Net income (loss)	<u>\$ 278</u>	<u>\$ (28)</u>

ANACOMP, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

Three Months Ended December 31,

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities:		
Net income (loss)	\$ 278	\$ (28)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	65	55
Net amortization of debt discount	10	49
Stock-based compensation	11	15
Change in assets and liabilities:		
Accounts receivables	(318)	(41)
Restricted short-term certificates of deposit	-	-
Prepaid expenses and other assets	(121)	(66)
Accounts payable	17	(52)
Accrued compensation, benefits and withholdings	(35)	(113)
Other accrued liabilities	23	15
Net cash used in operating activities	<u>(70)</u>	<u>(166)</u>
Cash flows from investing activities:		
Purchases of property and equipment	-	(45)
Net cash used in investing activities	<u>-</u>	<u>(45)</u>
Cash flows from financing activities:		
Principal payments on promissory note	(542)	(450)
Principal payments on capital lease obligations	(20)	(18)
Net cash used in financing activities	<u>(562)</u>	<u>(468)</u>
Effect of exchange rate changes on cash and cash equivalents	-	-
Net (decrease) in cash and cash equivalents	(632)	(679)
Cash and cash equivalents at beginning of period	4,172	5,340
Cash and cash equivalents at end of period	<u>\$ 3,540</u>	<u>\$ 4,661</u>