

**ANACOMP, INC.**  
**CONSOLIDATED BALANCE SHEETS**

(In thousands, except share amounts)

	<i><b>March 31,</b></i> <b>2017</b>	<i><b>September 30,</b></i> <b>2016</b>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 3,752	\$ 4,172
Accounts receivable, net of allowance for doubtful accounts of \$0, in both period	1,018	599
Restricted short-term certificates of deposit	60	60
Prepaid expenses and other current assets	470	267
Total current assets	<u>5,300</u>	<u>5,098</u>
Property and equipment, net	728	663
Other assets	70	61
Pension assets	4,489	4,489
Total Assets	<u><u>\$ 10,587</u></u>	<u><u>\$ 10,311</u></u>
<b>Liabilities and Stockholders' Equity (Deficit)</b>		
Current liabilities:		
Accounts payable	\$ 86	61
Accrued compensation, benefits and withholdings	282	240
Other accrued liabilities	490	453
Current portion of long-term promissory note, net of debt discount	-	532
Current portion of capital lease obligations	86	83
Total current liabilities	<u>944</u>	<u>1,369</u>
Capital lease obligations, less current portion	156	199
Long-term promissory note, net of debt discount	-	-
Pension obligation	8,143	8,143
Total Liabilities	<u>9,243</u>	<u>9,711</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	(90,527)	(91,260)
Total Stockholders' Equity (Deficit)	<u>1,344</u>	<u>600</u>
Total Liabilities and Stockholders' Equity (Deficit)	<u><u>\$ 10,587</u></u>	<u><u>\$ 10,311</u></u>

**ANACOMP, INC.**  
**CONSOLIDATED STATEMENTS OF INCOME (LOSS)**

(In thousands)

	<b>Three Months Ended</b>		<b>Six Months Ended</b>	
	<b>March 31, 2017</b>	<b>March 31, 2016</b>	<b>March 31, 2017</b>	<b>March 31, 2016</b>
Revenues	\$ 2,292	\$ 1,522	\$ 4,425	\$ 3,385
Cost of revenues	<u>1,306</u>	<u>1,027</u>	<u>2,535</u>	<u>2,267</u>
Gross profit	<u>986</u>	<u>495</u>	<u>1,890</u>	<u>1,118</u>
Operating expenses:				
Selling, general and administrative	<u>528</u>	<u>543</u>	<u>1,140</u>	<u>1,140</u>
Income from operations	<u>458</u>	<u>(48)</u>	<u>750</u>	<u>(22)</u>
Other income (expense):				
Interest income	-	-	-	-
Amortization of debt discount	-	(22)	(10)	(74)
Interest expense	<u>(3)</u>	<u>-</u>	<u>(7)</u>	<u>-</u>
Income (loss) before income taxes	<u>455</u>	<u>(70)</u>	<u>733</u>	<u>(96)</u>
Income tax provision	-	-	-	(2)
Net income (loss)	<u>\$ 455</u>	<u>\$ (70)</u>	<u>\$ 733</u>	<u>\$ (98)</u>

**ANACOMP, INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

(In thousands)

	Three Months Ended		Six Months Ended	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
<b>Cash flows from operating activities:</b>				
Net income (loss)	\$ 455	\$ (70)	\$ 733	\$ (98)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:				
Depreciation and amortization	67	53	132	108
Net amortization of debt discount	-	18	10	67
Stock-based compensation	-	19	11	34
Change in assets and liabilities:				
Accounts receivables	(101)	594	(419)	553
Restricted short-term certificates of deposit	-	-	-	-
Prepaid expenses and other assets	(91)	3	(212)	(63)
Accounts payable	8	21	25	(31)
Accrued compensation, benefits and withholdings	77	50	42	(63)
Other accrued liabilities	14	(73)	37	(46)
<b>Net cash used in operating activities</b>	<b>429</b>	<b>615</b>	<b>359</b>	<b>461</b>
<b>Cash flows from investing activities:</b>				
Purchases of property and equipment	(197)	(7)	(197)	(62)
<b>Net cash used in investing activities</b>	<b>(197)</b>	<b>(7)</b>	<b>(197)</b>	<b>(62)</b>
<b>Cash flows from financing activities:</b>				
Principal payments on promissory note	-	(230)	(542)	(680)
Principal payments on capital lease obligations	(20)	(10)	(40)	(30)
<b>Net cash used in financing activities</b>	<b>(20)</b>	<b>(240)</b>	<b>(582)</b>	<b>(710)</b>
Effect of exchange rate changes on cash and cash equivalents	-	-	-	-
Net increase (decrease) in cash and cash equivalents	212	368	(420)	(311)
Cash and cash equivalents at beginning of period	3,540	4,661	4,172	5,340
Cash and cash equivalents at end of period	<u>\$ 3,752</u>	<u>\$ 5,029</u>	<u>\$ 3,752</u>	<u>\$ 5,029</u>