CCOM GROUP, INC. AND SUBSIDIARIES

Condensed Consolidated Balance Sheets

	June 30, 2017	December 31, 2016
	(Unaudited)	
Assets		
Current assets:		
Cash	\$ 478,091	\$ 448,758
Accounts receivable, net of allowance for doubtful accounts		
of \$1,184,797 and \$1,078,613, respectively	12,923,595	10,788,257
Inventory	17,457,282	14,888,025
Prepaid expenses and other current assets	839,234	680,039
Total current assets	31,698,202	26,805,079
Property and equipment	655,697	756,050
Goodwill	1,416,929	1,416,929
Other assets - noncurrent	171,144	171,144
Deferred tax asset - noncurrent	2,256,500	2,316,500
	\$ 36,198,472	\$ 31,465,702
Liabilities and Stockholders' Equity		
Current liabilities:		
Borrowings under credit facility - revolving credit	\$ 16,422,081	\$ 13,417,855
Convertible notes payable; related party	100,000	-
Notes payable - current portion; includes related party notes		
of \$635,777 and \$176,283, respectively	780,924	353,208
Trade payables	4,922,633	3,852,007
Accrued liabilities	1,892,409	1,995,083
Income taxes payable	15,000	42,188
Total current liabilities	24,133,047	19,660,341
Convertible notes payable, excluding current portion-related party	-	100,000
Notes payable, excluding current portion; includes related party		
notes of \$750,000 and \$795,879, respectively	821,027	877,304
Deferred tax liability - noncurrent	567,000	567,000
Total liabilities	25,521,074	21,204,645
Commitments and contingencies		
Stockholders' equity:		
Redeemable convertible preferred stock, \$.05 par value,		
2,500,000 shares authorized, 284,612 shares issued and		
outstanding, liquidation preference of \$1,423,060	14,231	14,231
Common stock, \$.05 par value, 20,000,000 shares authorized,		
9,154,928 shares issued and outstanding	457,746	457,746
Additional paid-in capital	12,596,853	12,596,853
Accumulated deficit	(2,391,432)	(2,807,773)
Total stockholders' equity	10,677,398	10,261,057
	\$ 36,198,472	\$ 31,465,702

CCOM GROUP, INC. AND SUBSIDIARIES Condensed Consolidated Statements of Operations (Unaudited)

	For The Three Months Ended		For The Six Months Ended				
	June 30,		June		30,		
		2017		2016	2017		2016
Sales	\$	26,624,977	5	23,635,776	\$ 44,296,353	\$	41,514,540
Cost of sales		19,760,960		17,240,829	32,422,337		30,178,602
Gross profit	_	6,864,017		6,394,947	11,874,016	-	11,335,938
Selling, general and administrative expenses		5,610,928		5,364,632	11,162,264	_	10,825,833
Operating income		1,253,089		1,030,315	711,752		510,105
Other income		59,372		45,988	108,657		89,505
Interest expense, net; includes related party interest of							
\$24,803 and \$37,398 for three months ended June 30, 2017 and 2016, respectively, and \$43,986 and \$67,064 for the							
six months ended June 30, 2017 and 2016, respectively		(168,254)		(166,728)	(316,145)		(307,812)
Income from operations	_	1,144,207		909,575	504,264	-	291,798
Income tax expense	_	78,137			87,923	_	
Net income	\$_	1,066,070	=	909,575	\$ 416,341	\$	291,798
Income per common share:							
Basic	_5	\$ 0.12	\$	0.10	\$ 0.05	_	\$ 0.03
Diluted	5	\$ 0.11	\$	0.10	\$ 0.04	. =	\$ 0.03
Weighted average shares							
outstanding:							
Basic		9,154,928		9,154,928	9,154,928		9,154,928
Diluted	=	9,439,540		9,439,540	9,439,540	=	9,439,540
					•	-	

CCOM GROUP, INC. AND SUBSIDIARIES

Condensed Consolidated Statements of Cash Flows (Unaudited)

For The Six Months Ended

Cash flows from operating activities: 2017 2016 Net income \$ 416,341 \$ 291,798 Adjustments to reconcile net income to net cash used in operating activities: \$ 60,000 - Deferred income taxes 60,000 - - Provision for doubtful accounts 125,946 71,216 Depreciation 190,328 177,625 Net gain on sale of fixed assets 190,328 177,625 Net gain on sale of fixed assets (2,261,284) (2,002,287) Changes in operating assets and liabilities (2,261,284) (2,002,287) Inventory (2,569,257) (2,106,041) Prepaid expenses and other current assets (159,195) (64,185) Other assets - noncurrent 1,070,626 29,232 Trade payables (102,674) 390,226 Accrued liabilities (102,674) 390,226 Income taxes payable (2,71,88) - Net cash used in operating activities 3(3,25,35) (2,945,847) Proceeds from disposal of property and equipment 3(8,063) (80,431)			June 30,		
Net income \$ 416,341 \$ 291,798 Adjustments to reconcile net income to net cash used in operating activities: 300,000 - Deferred income taxes 60,000 - Provision for doubtful accounts 125,946 71,216 Depreciation 190,328 177,625 Net gain on sale of fixed assets - (1,757) Changes in operating assets and liabilities - (2,261,284) (2,002,287) Accounts receivable (2,256,257) (2,106,041) Inventory (2,569,257) (2,106,041) Prepaid expenses and other current assets (159,195) (64,185) Other assets - noncurrent - 5,236 Trade payables (102,674) 390,226 Income taxes payable (27,188) - Net cash used in operating activities (27,188) - Additions to property and equipment (38,063) (80,343) Proceeds from disposal of property and equipment - 8,847 Net cash used in investing activities (38,063) (71,496) Cash flows from financi		_	2017		2016
Adjustments to reconcile net income to net cash used in operating activities: Deferred income taxes 60,000 - Provision for doubtful accounts 125,946 71,216 Depreciation 190,328 177,625 Net gain on sale of fixed assets - (1,757) Changes in operating assets and liabilities 2,261,284 (2,002,287) Accounts receivable (2,569,257) (2,106,041) Inventory (2,569,257) (2,106,041) Prepaid expenses and other current assets (159,15) (64,185) Other assets - noncurrent - 5,236 Trade payables 1,070,626 292,322 Accrued liabilities (102,674) 390,226 Income taxes payable (27,188) - Net cash used in operating activities (3,256,357) (2,945,847) Additions to property and equipment (38,063) (80,343) Proceeds from disposal of property and equipment - 8,847 Net cash used in investing activities (38,063) (71,496) Cash flows from financing activities (80	Cash flows from operating activities:				
used in operating activities: 60,000 - Provision for doubtful accounts 125,946 71,216 Depreciation 190,328 177,625 Net gain on sale of fixed assets - (1,757) Changes in operating assets and liabilities - (2,261,284) (2,002,287) Inventory (2,569,257) (2,106,041) Prepaid expenses and other current assets (159,195) (64,185) Other assets - noncurrent - 5,236 Trade payables 1,070,626 292,322 Accrued liabilities (102,674) 390,226 Income taxes payable (27,188) - Net cash used in operating activities (32,256,357) (2,945,847) Cash flows from investing activities: - 8,847 Net cash used in investing activities (38,063) (80,343) Proceeds from disposal of property and equipment - 8,847 Net cash used in investing activities (80,473) (1,193,740) Issuance of notes payable: includes related party (680,473) (1,913,740) Iss	Net income	\$	416,341	\$	291,798
Deferred income taxes 60,000 - Provision for doubtful accounts 125,946 71,216 Depreciation 190,328 177,625 Net gain on sale of fixed assets - (1,757) Changes in operating assets and liabilities - (2,261,284) (2,002,287) Inventory (2,569,257) (2,106,041) Prepaid expenses and other current assets (159,195) (64,185) Other assets - noncurrent - 5,236 Trade payables 1,070,626 292,322 Accrued liabilities (102,674) 390,226 Income taxes payable (27,188) - Net cash used in operating activities (3,256,357) (2,945,847) Cash flows from investing activities: - 8,847 Net cash used in investing activities (38,063) (71,496) Cash flows from financing activities - 8,847 Net cash used in investing activities - 8,847 Cash flows from financing activities - 8,847 Repayments of notes payable: includes related party	Adjustments to reconcile net income to net cash				
Provision for doubtful accounts 125,946 71,216 Depreciation 190,328 177,625 Net gain on sale of fixed assets - (1,757) Changes in operating assets and liabilities - (2,261,284) (2,002,287) Inventory (2,569,257) (2,106,041) Prepaid expenses and other current assets (159,195) (64,185) Other assets - noncurrent - 5,236 Trade payables 1,070,626 292,322 Accrued liabilities (102,674) 390,226 Income taxes payable (27,188) - Net cash used in operating activities: 3,256,357) (2,945,847) Cash flows from investing activities: 3,847 Net cash used in investing activities 3,847 Net cash used in investing activities (80,443) Cash flows from financing activities: 8,847 Repayments of notes payable: includes related party repayments of notes payable; includes related party repayments of s586,385 and \$1,829,764 respectively (680,473) (1,913,740) Issuance of notes payable, related party 1,000,000 2,750,000 <	used in operating activities:				
Depreciation 190,328 177,625 Net gain on sale of fixed assets - (1,757) Changes in operating assets and liabilities - (2,261,284) (2,002,287) Inventory (2,569,257) (2,106,041) Prepaid expenses and other current assets (159,195) (64,185) Other assets - noncurrent - 5,236 Trade payables 1,070,626 292,322 Accrued liabilities (102,674) 390,226 Income taxes payable (27,188) - Net cash used in operating activities: (38,063) (80,343) Proceeds from disposal of property and equipment - 8,847 Net cash used in investing activities (38,063) (71,496) Cash flows from financing activities: - 8,847 Net cash used in investing activities (680,473) (1,913,740) Issuance of notes payable: includes related party repayments of \$586,385 and \$1,829,764 respectively (680,473) (1,913,740) Issuance of notes payable, related party 1,000,000 2,750,000 Borrowings under credit facility - revolving credit,	Deferred income taxes		60,000		-
Net gain on sale of fixed assets - (1,757) Changes in operating assets and liabilities - (1,757) Accounts receivable (2,261,284) (2,002,287) Inventory (2,569,257) (2,106,041) Prepaid expenses and other current assets (159,195) (64,185) Other assets - noncurrent - 5,236 Trade payables 1,070,626 292,322 Accrued liabilities (102,674) 390,226 Income taxes payable (27,188) - Net cash used in operating activities (27,188) - Cash flows from investing activities: 3,256,357) (2,945,847) Cash flows from disposal of property and equipment (38,063) (80,343) Proceeds from disposal of property and equipment - 8,847 Net cash used in investing activities: 8 - 8,847 Net cash used in investing activities: (680,473) (71,496) Cash flows from financing activities: (680,473) (1,913,740) Issuance of notes payable: includes related party 1,000,000 2,750,000	Provision for doubtful accounts		125,946		71,216
Changes in operating assets and liabilities (2,261,284) (2,002,287) Inventory (2,569,257) (2,106,041) Prepaid expenses and other current assets (159,195) (64,185) Other assets - noncurrent - 5,236 Trade payables 1,070,626 292,322 Accrued liabilities (102,674) 390,226 Income taxes payable (27,188) - Net cash used in operating activities (2,945,847) Cash flows from investing activities: (38,063) (80,343) Proceeds from disposal of property and equipment - 8,847 Net cash used in investing activities: (38,063) (71,496) Cash flows from financing activities: (80,343) (71,496) Cash flows from financing activities: (80,473) (1,913,740) Issuance of notes payable: includes related party 1,000,000 2,750,000 Borrowings under credit facility - revolving credit, net 3,004,226 2,064,521 Net cash provided by financing activities 3,323,753 2,900,781 Increase (decrease) in cash 29,333 (116,56	Depreciation		190,328		177,625
Accounts receivable (2,261,284) (2,002,287) Inventory (2,569,257) (2,106,041) Prepaid expenses and other current assets (159,195) (64,185) Other assets - noncurrent - 5,236 Trade payables 1,070,626 292,322 Accrued liabilities (102,674) 390,226 Income taxes payable (27,188) - Net cash used in operating activities (27,188) - Additions to property and equipment (38,063) (80,343) Proceeds from disposal of property and equipment - 8,847 Net cash used in investing activities (38,063) (71,496) Cash flows from financing activities: (80,343) (71,496) Cash flows from financing activities: (80,343) (71,496) Cash flows from financing activities: (80,473) (1,913,740) Issuance of notes payable: includes related party 1,000,000 2,750,000 Borrowings under credit facility - revolving credit, net 3,004,226 2,064,521 Net cash provided by financing activities 3,323,753 2,900,7	Net gain on sale of fixed assets		-		(1,757)
Inventory (2,569,257) (2,106,041) Prepaid expenses and other current assets (159,195) (64,185) Other assets - noncurrent - 5,236 Trade payables 1,070,626 292,322 Accrued liabilities (102,674) 390,226 Income taxes payable (27,188) - Net cash used in operating activities (3,256,357) (2,945,847) Cash flows from investing activities: - 8,847 Proceeds from disposal of property and equipment - 8,847 Net cash used in investing activities (38,063) (71,496) Cash flows from financing activities: - 8,847 Net cash used in investing activities (680,473) (1,913,740) Issuance of notes payable: includes related party (680,473) (1,913,740) Issuance of notes payable, related party 1,000,000 2,750,000 Borrowings under credit facility - revolving credit, net 3,004,226 2,064,521 Net cash provided by financing activities 3,323,753 2,900,781 Increase (decrease) in cash 29,333 (11	Changes in operating assets and liabilities				
Prepaid expenses and other current assets (159,195) (64,185) Other assets - noncurrent - 5,236 Trade payables 1,070,626 292,322 Accrued liabilities (102,674) 390,226 Income taxes payable (27,188) - Net cash used in operating activities (3,256,357) (2,945,847) Cash flows from investing activities: 3(38,063) (80,343) Proceeds from disposal of property and equipment - 8,847 Net cash used in investing activities (38,063) (71,496) Cash flows from financing activities: (680,473) (1,913,740) Repayments of notes payable: includes related party (680,473) (1,913,740) Issuance of notes payable, related party 1,000,000 2,750,000 Borrowings under credit facility - revolving credit, net 3,004,226 2,064,521 Net cash provided by financing activities 3,323,753 2,900,781 Increase (decrease) in cash 29,333 (116,562) Cash - beginning of period 448,758 577,303	Accounts receivable		(2,261,284)		(2,002,287)
Other assets - noncurrent - 5,236 Trade payables 1,070,626 292,322 Accrued liabilities (102,674) 390,226 Income taxes payable (27,188) - Net cash used in operating activities (3,256,357) (2,945,847) Cash flows from investing activities: (38,063) (80,343) Proceeds from disposal of property and equipment - 8,847 Net cash used in investing activities (38,063) (71,496) Cash flows from financing activities: (80,473) (1,913,740) Repayments of notes payable: includes related party (680,473) (1,913,740) Issuance of notes payable, related party 1,000,000 2,750,000 Borrowings under credit facility - revolving credit, net 3,004,226 2,064,521 Net cash provided by financing activities 3,323,753 2,900,781 Increase (decrease) in cash 29,333 (116,562) Cash - beginning of period 448,758 577,303	Inventory		(2,569,257)		(2,106,041)
Trade payables 1,070,626 292,322 Accrued liabilities (102,674) 390,226 Income taxes payable (27,188) - Net cash used in operating activities (3,256,357) (2,945,847) Cash flows from investing activities: Standard St	Prepaid expenses and other current assets		(159,195)		(64,185)
Accrued liabilities (102,674) 390,226 Income taxes payable (27,188) - Net cash used in operating activities (3,256,357) (2,945,847) Cash flows from investing activities: Standard Standa	Other assets - noncurrent		-		5,236
Income taxes payable (27,188) - Net cash used in operating activities (3,256,357) (2,945,847) Cash flows from investing activities: (38,063) (80,343) Proceeds from disposal of property and equipment - 8,847 Net cash used in investing activities (38,063) (71,496) Cash flows from financing activities: Repayments of notes payable: includes related party repayments of \$586,385 and \$1,829,764 respectively (680,473) (1,913,740) Issuance of notes payable, related party 1,000,000 2,750,000 Borrowings under credit facility - revolving credit, net 3,004,226 2,064,521 Net cash provided by financing activities 3,323,753 2,900,781 Increase (decrease) in cash 29,333 (116,562) Cash - beginning of period 448,758 577,303	Trade payables		1,070,626		292,322
Net cash used in operating activities (3,256,357) (2,945,847) Cash flows from investing activities: Additions to property and equipment (38,063) (80,343) Proceeds from disposal of property and equipment - 8,847 Net cash used in investing activities (38,063) (71,496) Cash flows from financing activities: Repayments of notes payable: includes related party repayments of \$586,385 and \$1,829,764 respectively (680,473) (1,913,740) Issuance of notes payable, related party Borrowings under credit facility - revolving credit, net 3,004,226 (2,064,521) Net cash provided by financing activities (3,323,753) (116,562) Cash - beginning of period 448,758 (577,303)	Accrued liabilities		(102,674)		390,226
Cash flows from investing activities: Additions to property and equipment Proceeds from disposal of property and equipment Net cash used in investing activities Cash flows from financing activities: Repayments of notes payable: includes related party repayments of \$586,385 and \$1,829,764 respectively Issuance of notes payable, related party Portion of the payable, related party Survey of the payable, related party Repayments of some financing activities: Repayments of \$586,385 and \$1,829,764 respectively Survey of the payable, related party Survey of the payable, payable, related party Survey of the payable, payable, related party Survey of the payable, payabl	Income taxes payable	_	(27,188)		
Additions to property and equipment Proceeds from disposal of property and equipment Net cash used in investing activities Cash flows from financing activities: Repayments of notes payable: includes related party repayments of \$586,385 and \$1,829,764 respectively Issuance of notes payable, related party Borrowings under credit facility - revolving credit, net Net cash provided by financing activities Net cash provided by financing activities Increase (decrease) in cash Cash - beginning of period (38,063) (80,343) (80,343) (71,496) (680,473) (1,913,740) (1,913,740) (1,913,740) (2,750,000) (2,750,000) (3,004,226) (2,064,521) (3,004,226) (3,003) (1,913,740	Net cash used in operating activities	_	(3,256,357)		(2,945,847)
Proceeds from disposal of property and equipment Net cash used in investing activities Cash flows from financing activities: Repayments of notes payable: includes related party repayments of \$586,385 and \$1,829,764 respectively Issuance of notes payable, related party Borrowings under credit facility - revolving credit, net Net cash provided by financing activities Net cash provided by financing activities Increase (decrease) in cash Cash - beginning of period Page 48,758 Repayments of \$3,8063) (1,913,740) (1,913,740) 2,750,000 2,750,000 3,304,226 2,064,521 Age 2,064,521	Cash flows from investing activities:				
Net cash used in investing activities (38,063) (71,496) Cash flows from financing activities: Repayments of notes payable: includes related party repayments of \$586,385 and \$1,829,764 respectively (680,473) (1,913,740) Issuance of notes payable, related party 1,000,000 2,750,000 Borrowings under credit facility - revolving credit, net Net cash provided by financing activities 3,323,753 2,900,781 Increase (decrease) in cash 29,333 (116,562) Cash - beginning of period 448,758 577,303	Additions to property and equipment		(38,063)		(80,343)
Cash flows from financing activities: Repayments of notes payable: includes related party repayments of \$586,385 and \$1,829,764 respectively Issuance of notes payable, related party Borrowings under credit facility - revolving credit, net Net cash provided by financing activities Increase (decrease) in cash Cash - beginning of period Cash - beginning of period (680,473) (1,913,740) (1	Proceeds from disposal of property and equipment		-		8,847
Repayments of notes payable: includes related party (680,473) (1,913,740) repayments of \$586,385 and \$1,829,764 respectively 1,000,000 2,750,000 Issuance of notes payable, related party 1,000,000 2,750,000 Borrowings under credit facility - revolving credit, net 3,004,226 2,064,521 Net cash provided by financing activities 3,323,753 2,900,781 Increase (decrease) in cash 29,333 (116,562) Cash - beginning of period 448,758 577,303	Net cash used in investing activities	<u>-</u>	(38,063)	_	(71,496)
Repayments of notes payable: includes related party (680,473) (1,913,740) repayments of \$586,385 and \$1,829,764 respectively 1,000,000 2,750,000 Issuance of notes payable, related party 1,000,000 2,750,000 Borrowings under credit facility - revolving credit, net 3,004,226 2,064,521 Net cash provided by financing activities 3,323,753 2,900,781 Increase (decrease) in cash 29,333 (116,562) Cash - beginning of period 448,758 577,303	Cash flows from financing activities:				
repayments of \$586,385 and \$1,829,764 respectively (680,473) (1,913,740) Issuance of notes payable, related party 1,000,000 2,750,000 Borrowings under credit facility - revolving credit, net 3,004,226 2,064,521 Net cash provided by financing activities 3,323,753 2,900,781 Increase (decrease) in cash 29,333 (116,562) Cash - beginning of period 448,758 577,303					
Issuance of notes payable, related party1,000,0002,750,000Borrowings under credit facility - revolving credit, net3,004,2262,064,521Net cash provided by financing activities3,323,7532,900,781Increase (decrease) in cash29,333(116,562)Cash - beginning of period448,758577,303			(680,473)		(1.913.740)
Borrowings under credit facility - revolving credit, net3,004,2262,064,521Net cash provided by financing activities3,323,7532,900,781Increase (decrease) in cash29,333(116,562)Cash - beginning of period448,758577,303					
Net cash provided by financing activities 3,323,753 2,900,781 Increase (decrease) in cash 29,333 (116,562) Cash - beginning of period 448,758 577,303					
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Cash - beginning of period 448,758 577,303		=			
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