

CCOM GROUP, INC. AND SUBSIDIARIES
Condensed Consolidated Balance Sheets

	March 31, 2016 (Unaudited)	December 31, 2015
Assets		
Current assets:		
Cash	\$ 421,805	\$ 577,303
Accounts receivable, net of allowance for doubtful accounts of \$1,093,282 and \$1,086,213, respectively	9,644,732	10,043,006
Inventory	18,521,018	13,545,954
Prepaid expenses and other current assets	920,511	777,757
Deferred tax asset	170,000	170,000
Total current assets	29,678,066	25,114,020
Property and equipment	832,545	889,866
Goodwill	1,416,929	1,416,929
Other assets - noncurrent	4,363	6,981
Deferred tax asset - noncurrent	2,296,500	2,296,500
	\$ 34,228,403	\$ 29,724,296
Liabilities and Stockholders' Equity		
Current liabilities:		
Borrowings under credit facility - revolving credit	\$ 13,334,755	\$ 12,716,527
Notes payable - current portion; includes related party notes of \$2,166,050 and \$162,773, respectively	2,323,100	325,895
Trade payables	6,243,877	3,833,579
Accrued liabilities	1,550,443	1,373,073
Income taxes payable	420	420
Total current liabilities	23,452,595	18,249,494
Convertible notes payable, excluding current portion-related party	200,000	200,000
Notes payable, excluding current portion; includes related party notes of \$929,399 and \$972,161, respectively	1,079,500	1,160,717
Deferred tax liability - noncurrent	567,000	567,000
Total liabilities	25,299,095	20,177,211
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	(4,139,522)	(3,521,745)
Total stockholders' equity	8,929,308	9,547,085
	\$ 34,228,403	\$ 29,724,296

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

	For the Three Months Ended March 31,	
	<u>2016</u>	<u>2015</u>
Sales	\$ 17,878,764	\$ 15,556,262
Cost of sales	<u>12,937,773</u>	<u>10,944,936</u>
Gross profit	4,940,991	4,611,326
Selling, general and administrative expenses, net	<u>5,461,201</u>	<u>5,201,329</u>
Operating loss	(520,210)	(590,003)
Other income	43,517	44,872
Interest expense, net; includes related party interest of \$29,666 and \$29,598, respectively	<u>(141,084)</u>	<u>(131,428)</u>
Net loss	<u>\$ (617,777)</u>	<u>\$ (676,559)</u>
Loss per common share:		
Basic and diluted	<u>\$ (0.07)</u>	<u>\$ (0.07)</u>
Weighted average shares outstanding:		
Basic and diluted	<u>9,154,928</u>	<u>9,154,953</u>

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

	For The Three Months Ended	
	March 31,	
	<u>2016</u>	<u>2015</u>
Cash flows from operating activities:		
Net loss	\$ (617,777)	\$ (676,559)
Adjustments to reconcile net loss to net cash used in operating activities:		
Provision for doubtful accounts	31,405	54,868
Depreciation	87,991	76,946
Net gain on sale of fixed assets	(957)	-
Changes in operating assets and liabilities		
Accounts receivable	366,869	867,939
Inventory	(4,975,064)	(2,648,467)
Prepaid expenses and other current assets	(142,754)	(105,962)
Other assets - noncurrent	2,618	11,443
Trade payables	2,410,298	665,740
Accrued liabilities	177,370	191,557
Income taxes payable	-	(16,087)
Net cash used in operating activities	<u>(2,660,001)</u>	<u>(1,578,582)</u>
Cash flows from investing activities:		
Additions to property and equipment	(37,760)	(4,941)
Proceeds from disposal of property and equipment	8,047	-
Net cash used in investing activities	<u>(29,713)</u>	<u>(4,941)</u>
Cash flows from financing activities:		
Repayments of notes payable: includes related party repayments of \$789,485 and \$786,459 respectively	(834,012)	(822,554)
Issuance of notes payable, related party	2,750,000	1,500,000
Repayments under credit facility - revolving credit, net	618,228	995,914
Net cash provided by financing activities	<u>2,534,216</u>	<u>1,673,360</u>
(Decrease) increase in cash	(155,498)	89,837
Cash - beginning of period	577,303	238,696
Cash - end of period	<u>\$ 421,805</u>	<u>\$ 328,533</u>