

CCOM GROUP, INC. AND SUBSIDIARIES
Condensed Consolidated Balance Sheets

	March 31, 2015	December 31, 2014
Assets		
Current assets:		
Cash	\$ 328,533	\$ 238,696
Accounts receivable, net of allowance for doubtful accounts of \$939,251 and \$892,960, respectively	8,731,463	9,654,270
Inventory	16,770,116	14,121,649
Prepaid expenses and other current assets	836,261	730,299
Deferred tax asset	160,000	160,000
Total current assets	26,826,373	24,904,914
Property and equipment	918,751	962,504
Goodwill	1,416,929	1,416,929
Other assets - noncurrent	31,803	43,246
Deferred tax asset - noncurrent	2,056,500	2,056,500
	\$ 31,250,356	\$ 29,384,093
Liabilities and Stockholders' Equity		
Current liabilities:		
Borrowings under credit facility - revolving credit	\$ 12,936,333	\$ 11,940,419
Notes payable - current portion; includes related party notes of \$1,653,324 and \$150,298, respectively	1,816,462	302,877
Convertible notes payable, related party	200,000	-
Trade payables	5,426,031	4,760,291
Accrued liabilities	1,579,795	1,388,238
Income taxes payable	-	16,087
Total current liabilities	21,958,621	18,407,912
Convertible notes payable, excluding current portion-related party	-	200,000
Notes payable, excluding current portion; includes related party notes of \$345,449 and \$1,134,934, respectively	625,370	1,433,257
Deferred tax liability - noncurrent	567,000	567,000
Total liabilities	23,150,991	20,608,169
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, 9,154,953 shares issued and outstanding	457,747	457,747
Additional paid-in capital	12,596,866	12,596,866
Accumulated deficit	(4,969,479)	(4,292,920)
Total stockholders' equity	8,099,365	8,775,924
	\$ 31,250,356	\$ 29,384,093

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

	For the Three Months Ended March 31,	
	<u>2015</u>	<u>2014</u>
Sales	\$ 15,556,262	\$ 16,125,700
Cost of sales	<u>10,944,936</u>	<u>11,627,465</u>
Gross profit	4,611,326	4,498,235
Selling, general and administrative expenses, net	<u>5,201,329</u>	<u>5,173,268</u>
Operating loss	(590,003)	(675,033)
Other income	44,872	47,957
Interest expense, net; includes related party interest of \$29,598 and \$31,888, respectively	<u>(131,428)</u>	<u>(138,406)</u>
Loss before income tax expense	(676,559)	(765,482)
Income tax expense	-	10,500
Net loss	<u>\$ (676,559)</u>	<u>\$ (775,982)</u>
Loss per common share:		
Basic and diluted	<u>\$ (0.07)</u>	<u>\$ (0.08)</u>
Weighted average shares outstanding:		
Basic and diluted	<u>9,154,953</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>2015</u>	<u>2014</u>
Cash flows from operating activities:		
Net loss	\$ (676,559)	\$ (775,982)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Deferred income taxes	-	10,500
Provision for doubtful accounts	54,868	76,346
Depreciation	76,946	72,879
Net gain on sale of fixed assets	-	-
Changes in operating assets and liabilities		
Accounts receivable	867,939	1,336,916
Inventory	(2,648,467)	(1,368,944)
Prepaid expenses and other current assets	(105,962)	172,782
Other assets - noncurrent	11,443	87,246
Trade payables	665,740	1,050,628
Accrued liabilities	191,557	38,234
Income taxes payable	(16,087)	(14,175)
Net cash (used in) provided by operating activities	<u>(1,578,582)</u>	<u>686,430</u>
Cash flows from investing activities:		
Additions to property and equipment	(4,941)	(164,068)
Net cash used in investing activities	<u>(4,941)</u>	<u>(164,068)</u>
Cash flows from financing activities:		
Repayments of notes payable: includes related party repayments of \$786,459 and \$533,664 respectively	(822,554)	(546,593)
Issuance of notes payable, related party	1,500,000	500,000
Repayments under credit facility - revolving credit, net	995,914	(594,056)
Net cash provided by (used in) financing activities	<u>1,673,360</u>	<u>(640,649)</u>
Increase (Decrease) in cash	89,837	(118,287)
Cash - beginning of period	238,696	377,461
Cash - end of period	<u>\$ 328,533</u>	<u>\$ 259,174</u>