

CCOM GROUP, INC. AND SUBSIDIARIES

Condensed Consolidated Balance Sheets

	June 30, 2015	December 31, 2014
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Assets		
Current assets:		
Cash	\$ 435,547	\$ 238,696
Accounts receivable, net of allowance for doubtful accounts of \$999,187 and \$892,960, respectively	10,966,600	9,654,270
Inventory	14,956,608	14,121,649
Prepaid expenses and other current assets	985,453	730,299
Deferred tax asset	160,000	160,000
Total current assets	<u>27,504,208</u>	<u>24,904,914</u>
Property and equipment	883,630	962,504
Goodwill	1,416,929	1,416,929
Other assets - noncurrent	12,385	43,246
Deferred tax asset - noncurrent	2,056,500	2,056,500
	<u>\$ 31,873,652</u>	<u>\$ 29,384,093</u>
Liabilities and Stockholders' Equity		
Current liabilities:		
Borrowings under credit facility - revolving credit	\$ 13,766,919	\$ 11,940,419
Notes payable - current portion; includes related party notes of \$1,656,411 and \$150,298, respectively	1,819,445	302,877
Convertible notes payable, related party	200,000	-
Trade payables	4,369,160	4,760,291
Accrued liabilities	1,794,671	1,388,238
Income taxes payable	-	16,087
Total current liabilities	<u>21,950,195</u>	<u>18,407,912</u>
Convertible notes payable, excluding current portion-related party	-	200,000
Notes payable, excluding current portion; includes related party notes of \$305,170 and \$1,134,934, respectively	544,783	1,433,257
Deferred tax liability - noncurrent	567,000	567,000
Total liabilities	<u>23,061,978</u>	<u>20,608,169</u>
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	(4,257,170)	(4,292,920)
Total stockholders' equity	<u>8,811,674</u>	<u>8,775,924</u>
	<u>\$ 31,873,652</u>	<u>\$ 29,384,093</u>

CCOM Group, Inc.
Condensed Consolidated Statements of Operations
(Unaudited)

	For The Three Months Ended June 30,		For The Six Months Ended June 30,	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Sales	\$ 22,324,307	\$ 23,858,421	\$ 37,880,569	\$ 39,984,121
Cost of sales	<u>16,457,650</u>	<u>17,757,079</u>	<u>27,402,586</u>	<u>29,384,544</u>
Gross profit	5,866,657	6,101,342	10,477,983	10,599,577
Selling, general and administrative expenses, net	<u>5,046,574</u>	<u>4,878,432</u>	<u>10,247,903</u>	<u>10,051,700</u>
Operating income	820,083	1,222,910	230,080	547,877
Other income	31,631	53,733	76,503	101,690
Interest expense, net; includes related party interest of \$29,617 and \$29,992 for three months ended June 30, 2015 and 2014, respectively, and \$59,215 and \$60,440 for the six months ended June 30, 2015 and 2014, respectively	<u>(139,405)</u>	<u>(148,990)</u>	<u>(270,833)</u>	<u>(287,396)</u>
Income before income tax expense	712,309	1,127,653	35,750	362,171
Income tax expense	-	10,500	-	21,000
Net income	<u>\$ 712,309</u>	<u>\$ 1,117,153</u>	<u>\$ 35,750</u>	<u>\$ 341,171</u>
Income per common share:				
Basic	<u>\$ 0.08</u>	<u>\$ 0.12</u>	<u>\$ 0.00</u>	<u>\$ 0.04</u>
Diluted	<u>\$ 0.08</u>	<u>\$ 0.12</u>	<u>\$ 0.00</u>	<u>\$ 0.04</u>
Weighted average shares outstanding:				
Basic	<u>9,154,953</u>	<u>9,154,953</u>	<u>9,154,953</u>	<u>9,154,953</u>
Diluted	<u>9,439,565</u>	<u>9,439,565</u>	<u>9,439,565</u>	<u>9,439,565</u>

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

	For The Six Months Ended	
	June 30,	
	2015	2014
Cash flows from operating activities:		
Net income	\$ 35,750	341,171
Adjustments to reconcile net income to net cash used in operating activities:		
Deferred income taxes	-	21,000
Provision for doubtful accounts	135,387	217,580
Depreciation	155,457	146,813
Net gain on sale of fixed assets	-	(4,300)
Changes in operating assets and liabilities		
Accounts receivable	(1,447,716)	(1,538,816)
Inventory	(834,959)	(1,467,151)
Prepaid expenses and other current assets	(255,154)	(187,656)
Other assets - noncurrent	30,861	97,500
Trade payables	(391,131)	411,632
Accrued liabilities	406,433	(31,658)
Income taxes payable	(16,087)	3,715
Net cash used in operating activities	(2,181,159)	(1,990,170)
Cash flows from investing activities:		
Additions to property and equipment	(48,332)	(225,637)
Proceeds from disposal of property and equipment	-	4,300
Net cash used in investing activities	(48,332)	(221,337)
Cash flows from financing activities:		
Repayments of notes payable: includes related party repayments of \$1,573,651 and \$1,068,007 respectively	(1,650,158)	(1,116,353)
Issuance of notes payable, related party	2,250,000	1,000,000
Borrowings under credit facility - revolving credit, net	1,826,500	2,221,901
Net cash provided by financing activities	2,426,342	2,105,548
Increase (decrease) in cash	196,851	(105,959)
Cash - beginning of period	238,696	377,461
Cash - end of period	\$ 435,547	271,502