

CCOM GROUP, INC. AND SUBSIDIARIES
Condensed Consolidated Balance Sheets

	<u>September 30,</u> <u>2015</u>	<u>December 31,</u> <u>2014</u>
Assets		
Current assets:		
Cash	\$ 377,437	\$ 238,696
Accounts receivable, net of allowance for doubtful accounts of \$1,044,410 and \$892,960, respectively	11,239,865	9,654,270
Inventory	14,341,881	14,121,649
Prepaid expenses and other current assets	910,676	730,299
Deferred tax asset	160,000	160,000
Total current assets	27,029,859	24,904,914
Property and equipment	900,696	962,504
Goodwill	1,416,929	1,416,929
Other assets - noncurrent	9,599	43,246
Deferred tax asset - noncurrent	2,056,500	2,056,500
	\$ 31,413,583	\$ 29,384,093
Liabilities and Stockholders' Equity		
Current liabilities:		
Borrowings under credit facility - revolving credit	\$ 12,863,314	\$ 11,940,419
Notes payable - current portion; includes related party notes of \$909,560 and \$150,298, respectively	1,076,064	302,877
Trade payables	4,543,118	4,760,291
Accrued liabilities	1,795,753	1,388,238
Income taxes payable	-	16,087
Total current liabilities	20,278,249	18,407,912
Convertible notes payable, excluding current portion-related party	200,000	200,000
Notes payable, excluding current portion; includes related party notes of \$1,014,079 and \$1,134,934, respectively	1,228,940	1,433,257
Deferred tax liability - noncurrent	567,000	567,000
Total liabilities	22,274,189	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, 9,154,928 and 9,154,953 shares issued and outstanding, respectively	457,746	457,747
Additional paid-in capital	12,596,853	12,596,866
Accumulated deficit	(3,929,436)	(4,292,920)
Total stockholders' equity	9,139,394	8,775,924
	\$ 31,413,583	\$ 29,384,093

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

	For The Three Months Ended September 30,		For The Nine Months Ended September 30,	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Sales	\$ 22,247,460	\$ 21,272,517	\$ 60,128,029	\$ 61,256,638
Cost of sales	<u>16,780,046</u>	<u>15,779,427</u>	<u>44,182,632</u>	<u>45,163,971</u>
Gross profit	5,467,414	5,493,090	15,945,397	16,092,667
Selling, general and administrative expenses, net	<u>5,069,673</u>	<u>5,098,644</u>	<u>15,317,576</u>	<u>15,150,344</u>
Operating income	397,741	394,446	627,821	942,323
Other income	66,703	45,518	143,206	147,208
Interest expense, net; includes related party interest of \$28,948 and \$29,301 for three months ended September 30, 2015 and 2014, respectively, and \$88,163 and \$89,741 for the nine months ended September 30, 2015 and 2014, respectively	<u>(136,710)</u>	<u>(142,858)</u>	<u>(407,543)</u>	<u>(430,254)</u>
Income before income tax expense	327,734	297,106	363,484	659,277
Income tax expense	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,000</u>
Net income	<u>\$ 327,734</u>	<u>\$ 297,106</u>	<u>\$ 363,484</u>	<u>\$ 638,277</u>
Income per common share:				
Basic	<u>\$ 0.04</u>	<u>\$ 0.03</u>	<u>\$ 0.04</u>	<u>\$ 0.07</u>
Diluted	<u>\$ 0.03</u>	<u>\$ 0.03</u>	<u>\$ 0.04</u>	<u>\$ 0.07</u>
Weighted average shares outstanding:				
Basic	<u>9,154,945</u>	<u>9,154,953</u>	<u>9,154,950</u>	<u>9,154,953</u>
Diluted	<u>9,439,557</u>	<u>9,439,565</u>	<u>9,439,562</u>	<u>9,439,565</u>

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

	For The Nine Months Ended September 30,	
	2015	2014
Cash flows from operating activities:		
Net income	\$ 363,484	638,277
Adjustments to reconcile net income to net cash (used in) provided by operating activities:		
Deferred income taxes	-	21,000
Provision for doubtful accounts	187,565	300,327
Depreciation	239,377	223,336
Net gain on sale of fixed assets	(6,040)	(10,897)
Changes in operating assets and liabilities		
Accounts receivable	(1,773,160)	(750,436)
Inventory	(220,232)	(584,810)
Prepaid expenses and other current assets	(180,377)	117,523
Other assets - noncurrent	33,647	60,891
Trade payables	(217,173)	784,239
Accrued liabilities	407,515	98,689
Income taxes payable	(16,087)	4,825
Net cash (used in) provided by operating activities	(1,181,481)	902,964
Cash flows from investing activities:		
Additions to property and equipment	(129,774)	(315,644)
Proceeds from disposal of property and equipment	6,040	16,300
Net cash used in investing activities	(123,734)	(299,344)
Cash flows from financing activities:		
Repurchase of stock	(14)	-
Repayments of notes payable: includes related party repayments of \$2,361,593 and \$1,603,040 respectively	(2,478,925)	(1,694,085)
Issuance of notes payable, related party	3,000,000	1,500,000
Borrowings (repayments) under credit facility - revolving credit, net	922,895	(359,000)
Net cash provided by (used in) financing activities	1,443,956	(553,085)
Increase in cash	138,741	50,535
Cash - beginning of period	238,696	377,461
Cash - end of period	\$ 377,437	427,996