

CCOM GROUP, INC. AND SUBSIDIARIES  
Condensed Consolidated Balance Sheets

	March 31, 2017 (Unaudited)	December 31, 2016
Assets		
Current assets:		
Cash	\$ 367,079	\$ 448,758
Accounts receivable, net of allowance for doubtful accounts of \$1,149,911 and \$1,078,613, respectively	9,753,577	10,788,257
Inventory	18,520,143	14,888,025
Prepaid expenses and other current assets	625,644	680,039
Total current assets	29,266,443	26,805,079
Property and equipment	738,354	756,050
Goodwill	1,416,929	1,416,929
Other assets - noncurrent	171,144	171,144
Deferred tax asset - noncurrent	2,316,500	2,316,500
	\$ 33,909,370	\$ 31,465,702
Liabilities and Stockholders' Equity		
Current liabilities:		
Borrowings under credit facility - revolving credit	\$ 15,136,387	\$ 13,417,855
Convertible notes payable, excluding current portion-related party	100,000	-
Notes payable - current portion; includes related party notes of \$679,399 and \$176,283, respectively	852,646	353,208
Trade payables	5,040,018	3,852,007
Accrued liabilities	1,757,883	1,995,083
Income taxes payable	1,451	42,188
Total current liabilities	22,888,385	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	842,657	877,304
Deferred tax liability - noncurrent	567,000	567,000
Total liabilities	24,298,042	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	(3,457,502)	(2,807,773)
Total stockholders' equity	9,611,328	10,261,057
	\$ 33,909,370	\$ 31,465,702

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

	For the Three Months Ended March 31,	
	<u>2017</u>	<u>2016</u>
Sales	\$ 17,671,376	\$ 17,878,764
Cost of sales	<u>12,661,377</u>	<u>12,937,773</u>
Gross profit	5,009,999	4,940,991
Selling, general and administrative expenses, net	<u>5,551,336</u>	<u>5,461,201</u>
Operating loss	(541,337)	(520,210)
Other income	49,285	43,517
Interest expense, net; includes related party interest of \$19,183 and \$29,666, respectively	<u>(147,891)</u>	<u>(141,084)</u>
Income tax expense	9,786	-
Net loss	<u><u>\$ (649,729)</u></u>	<u><u>\$ (617,777)</u></u>
Loss per common share:		
Basic and diluted	<u><u>\$ (0.07)</u></u>	<u><u>\$ (0.07)</u></u>
Weighted average shares outstanding:		
Basic and diluted	<u><u>9,154,928</u></u>	<u><u>9,154,928</u></u>

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

	For The Three Months Ended March 31,	
	2017	2016
Cash flows from operating activities:		
Net loss	\$ (649,729)	\$ (617,777)
Adjustments to reconcile net loss to net cash used in operating activities:		
Provision for doubtful accounts	63,946	31,405
Depreciation	94,871	87,991
Net gain on sale of fixed assets	-	(957)
Changes in operating assets and liabilities		
Accounts receivable	970,734	366,869
Inventory	(3,632,118)	(4,975,064)
Prepaid expenses and other current assets	54,395	(142,754)
Other assets - noncurrent	-	2,618
Trade payables	1,188,011	2,410,298
Accrued liabilities	(237,200)	177,370
Income taxes payable	(40,737)	-
Net cash used in operating activities	(2,187,827)	(2,660,001)
Cash flows from investing activities:		
Additions to property and equipment	(25,263)	(37,760)
Proceeds from disposal of property and equipment	-	8,047
Net cash used in investing activities	(25,263)	(29,713)
Cash flows from financing activities:		
Repayments of notes payable: includes related party repayments of \$42,762 and \$789,485 respectively	(87,121)	(834,012)
Issuance of notes payable, related party	500,000	2,750,000
Repayments under credit facility - revolving credit, net	1,718,532	618,228
Net cash provided by financing activities	2,131,411	2,534,216
Decrease in cash	(81,679)	(155,498)
Cash - beginning of period	448,758	577,303
Cash - end of period	\$ 367,079	\$ 421,805