CHAMPION INDUSTRIES INC
Form 10-K
January 29, 2015

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-K

x ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Fiscal Year Ended October 31, 2014

OR

o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File No. 000-21084

CHAMPION INDUSTRIES, INC.
(Exact name of registrant as specified in its charter)

West Virginia (State or other jurisdiction of incorporation or organization)	55-0717455 (I.R.S. Employer Identification No.)
2450 First Avenue P.O. Box 2968 Huntington, West Virginia (Address of Principal Executive Offices)	25728 (Zip Code)

Registrant's telephone number, including area code: (304) 528-2700

Securities registered pursuant to Section 12(g) of Act: Common Stock, $1.00 par value	OTC (Name of each exchange on which registered)

Securities registered pursuant to Section 12(b) of Act:
None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes oNo x

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act.
Yes oNo x

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.
Yes xNo o

Indicate by check mark whether the registrant (1) has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).
Yes xNo o

Indicate by check mark if the disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.
o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of “large accelerated filer ", "accelerated filer", and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer o	Accelerated filer o
Non-accelerated filter o (Do not check if a smaller reporting company)	Smaller reporting company x

Indicate by check mark whether the registrant is a shell company (as defined in rule 12b-2 of the Exchange Act).
Yes oNo x

As of April 30, 2014 the aggregate market value of the registrant's common stock held by non-affiliates of the registrant was $2,115,452 based on the closing price as reported on the OTC Market.

The outstanding common stock of the Registrant at the close of business on January 9, 2015, consisted of 11,299,528 shares of Common Stock, $1.00 par value.

Total number of pages including cover page: 125

DOCUMENTS INCORPORATED BY REFERENCE: Portions of the Registrant's definitive proxy statement expected to be dated February 12, 2015, with respect to its Annual Meeting of Shareholders to be held on March 16, 2015, are incorporated by reference into Part III, Items 10-14. Exhibit Index located in Part IV Item 15.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements contained in this Annual Report or in documents incorporated herein by reference, including without limitation statements including the word "believes," "anticipates," "intends," "expects" or words of similar import constitute "forward-looking statements" within the meaning of section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements of the Company expressed or implied by such forward-looking statements. Such factors include, among others, general economic and business conditions, changes in business strategy or development plans and other factors referenced in this Annual Report, including without limitations under the captions "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Business." Given these uncertainties, prospective investors are cautioned not to place undue reliance on such forward-looking statements. The Company disclaims any obligation to update any such factors or to publicly announce the results of any revisions to any of the forward-looking statements contained herein to reflect future events or developments.

PART I

The Company experienced net losses in fiscal 2014, 2012, and 2011. Net losses incurred for the twelve month period ended October 31, 2014 were due to operating and interest expenses that were greater than the revenue generated by the Company.   Losses for the same period in 2012 and 2011 were due primarily to non-cash charges for impairment of goodwill and other intangible assets associated with the former newspaper segment of the Company as well as a valuation allowance increase against our deferred tax assets in 2012. Our ability to operate is dependent primarily on our ability to continue operating the Company with working capital since the Company is currently operating without a revolving credit facility, due in part to substantially all of the Company's assets being encumbered pursuant to the October 2013 Credit Agreement. (See Item 1A, "Risk Factors", Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and Note 3 of the Notes to Consolidated Financial Statements)

ITEM 1 - BUSINESS

HISTORY

Champion Industries, Inc. ("Champion" or the "Company") is a major commercial printer, business forms manufacturer and office products and office furniture supplier in regional markets east of the Mississippi River. The Company's sales offices and/or production facilities are located in Huntington, Charleston, Parkersburg, Clarksburg, and Morgantown, West Virginia; Baton Rouge, Louisiana; and, Evansville, Indiana. The Company's sales force of approximately 50 salespeople sells printing services, business forms, management services, office products, and office furniture.

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The Company was chartered as a West Virginia corporation on July 1, 1992. Prior to the public offering of the Company's Common Stock on January 28, 1993 (the “Offering”), the Company's business was operated by The Harrah and Reynolds Corporation (“Harrah and Reynolds”), doing business as Chapman Printing Company, together with its wholly-owned subsidiaries, The Chapman Printing Company, Inc. and Stationers, Inc. Incident to the Offering, Harrah and Reynolds and the Company entered into an Exchange Agreement, pursuant to which, upon the closing date of the Offering: (i) Harrah and Reynolds contributed to the Company substantially all of the operating assets of its printing division, including all inventory and equipment (but excluding any real estate and vehicles) and all issued outstanding capital stock of its subsidiaries, The Chapman Printing Company, Inc. and Stationers, Inc.; (ii) the Company assumed certain liabilities relating to the operations of the printing divisions of Harrah and Reynolds and its subsidiaries, The Chapman Printing Company, Inc. and Stationers, Inc., excluding debts associated with real estate, certain accounts payable to affiliates and certain other liabilities; and (iii) Harrah and Reynolds was issued 2,000,000 shares of Common Stock of the Company.

The Company and its predecessors have been headquartered in Huntington since 1922. Full scale printing facilities, including web presses for manufacturing business forms and sales and customer service operations, are located in Huntington. The Company's Charleston division was established in 1974 through the acquisition of the printing operations of Rose City Press. Sales and customer service operations, as well as the pre-press departments, are located in Charleston. The Parkersburg division opened in 1977 and was expanded by the acquisitions of Park Press and McGlothlin Printing Company.

The Lexington division commenced operations in 1983 upon the acquisition of the Transylvania Company. This location was closed in 2013.

The Company acquired Stationers, Inc. (“Stationers”), an office product, office furniture and retail bookstore operation located in Huntington, in 1987 and consolidated its own office products and office furniture operations with Stationers. On August 30, 1991, Stationers, Inc. sold the assets, primarily inventory and fixtures, of its retail bookstore operation. In July 1993, Stationers expanded through acquisition and began operations in Marietta, Ohio, under the name “Garrison Brewer.” The Company’s Garrison Brewer operation was relocated across the Ohio River to the nearby Chapman Printing Parkersburg location in 2002.

The Bourque Printing division (“Bourque” or “Champion Graphic Communications - Baton Rouge”) commenced operations in June 1993, upon the acquisition of Bourque Printing, Inc. in Baton Rouge, Louisiana. This location includes a pre-press department, computerized composition facilities, a pressroom with up to 6-color presses and a bindery department, as well as sales and customer service operations. Bourque was expanded through the acquisition of Strother Forms/Printing in Baton Rouge in 1993, through the acquisition of the assets of E. S. Upton Printing Company, Inc. (“Upton” or "Champion Graphic Communications - New Orleans”) in New Orleans in 1996 and through the acquisition of Transdata Systems, Inc. in Baton Rouge and New Orleans in 2001. The Upton production operations were relocated to Baton Rouge in the fourth quarter of 2005 as a result of Hurricane Katrina. However, a sales staff continues to operate in New Orleans.

The Dallas Printing division (“Dallas” or “Champion Jackson”) commenced operations in September 1993, upon the acquisition of Dallas Printing Company, Inc. in Jackson, Mississippi. This location includes a pre-press department, computerized composition facilities, as well as sales and customer service operations. The operations of Dallas were moved to Baton Rouge, Louisiana, in August 2005 and consolidated into an existing facility.

On November 2, 1993, a wholly-owned subsidiary of the Company chartered to effect such acquisition purchased selected assets of Tri-Star Printing, Inc., a Delaware corporation doing business as “Carolina Cut Sheets” in the manufacture and sale of business forms in Timmonsville, South Carolina. The Company's subsidiary has changed its name to “Carolina Cut Sheets, Inc.” Carolina Cut Sheets manufactures single-part business forms for sale to dealers and through the Company's other divisions. Carolina Cut Sheets was relocated to Huntington, West Virginia in 2001.

On February 25, 1994, Bourque acquired certain assets of Spectrum Press Inc. (“Spectrum”), a commercial printer located in Baton Rouge, Louisiana.

On June 1, 1994, the Company acquired certain assets of Premier Data Graphics, a distributor of business forms and data supplies located in Clarksburg, West Virginia.

On August 30, 1994, Dallas acquired certain assets of Premier Printing Company, Inc. (“Premier Printing”) of Jackson, Mississippi. This operation was moved to Baton Rouge, Louisiana, with the Dallas relocation.

On June 1, 1995, in exchange for issuance of 52,383 shares of its common stock, the Company acquired U.S. Tag & Ticket Company, Inc. (“U.S. Tag”), a Baltimore, Maryland based manufacturer of tags used in the manufacturing, shipping, postal, airline and cruise industries. The operations of U.S. Tag were moved to Huntington, West Virginia in August 2003 and were consolidated into an existing facility.

On November 13, 1995, the Company acquired Donihe Graphics, Inc. (“Donihe”), a high-volume color printer based in Kingsport, Tennessee. The Company sold substantially all of the assets of Donihe in December 2012.

On July 1, 1996, the Company acquired Smith & Butterfield Co., Inc. (“Smith & Butterfield”), an office products company located in Evansville, Indiana, and Owensboro, Kentucky. Smith & Butterfield is operated as a division of Stationers, Inc.

On August 21, 1996, the Company purchased the assets of The Merten Company (“Merten”), a commercial printer headquartered in Cincinnati, Ohio. Merten's operation was consolidated into other existing facilities in the third quarter of 2012 and substantially all of the machinery and equipment was sold in December of 2012.

On December 31, 1996, the Company acquired all outstanding capital stock of Interform Corporation (“Interform”), a business form manufacturer in Bridgeville, Pennsylvania. Primarily as result of the global economic crisis, the Interform division ceased manufacturing in January of 2011. The CGC division which operated under the Interform subsidiary was sold in July 2012.

On May 21, 1997, the Company acquired all outstanding common shares of Blue Ridge Printing Co., Inc. of Asheville, North Carolina (“Blue Ridge”). During the second quarter of 2004, the Blue Ridge Knoxville plant was consolidated into the Asheville plant. Blue Ridge was sold in June 2013.

On February 2, 1998, the Company acquired all outstanding common shares of Rose City Press ("Rose City") of Charleston, West Virginia.

On May 18, 1998, the Company acquired all outstanding common shares of Capitol Business Equipment, Inc. ("Capitol"), doing business as Capitol Business Interiors, of Charleston, West Virginia.

On May 29, 1998, the Company acquired all outstanding common shares of Thompson's of Morgantown, Inc. and Thompson's of Barbour County, Inc. (collectively, "Thompson's" or "Champion Morgantown") of Morgantown, West Virginia.

Rose City, Capitol and Thompson's are operated as divisions of Stationers.

On June 1, 1999, the Company acquired all of the issued and outstanding common stock of Independent Printing Service, Inc. ("IPS") of Evansville, Indiana. IPS is operated as a division of Smith & Butterfield.

On July 16, 1999, the Company's Blue Ridge subsidiary acquired certain assets and assumed certain liabilities of AIM Printing ("AIM") of Knoxville, Tennessee.

On November 30, 1999, the Company acquired all of the issued and outstanding common stock of Diez Business Machines ("Diez") of Gonzales, Louisiana. Diez was operated as a subsidiary of Stationers until 2004 when it was relocated to the Bourque facility in Baton Rouge, Louisiana.

On November 6, 2000, the Company acquired certain assets of the Huntington, West Virginia paper distribution division of the Cincinnati Cordage Paper Company ("Cordage"). On April 30, 2001, the Company entered into a strategic alliance with Xpedx resulting in the assumption by Xpedx of the Cordage customer list and the sale of certain inventory items.

On October 10, 2001, the Company acquired Transdata Systems, Inc. ("Transdata") of Baton Rouge and New Orleans, Louisiana. In 2004, Transdata was relocated to existing facilities in New Orleans and Baton Rouge. In 2005, Transdata New Orleans operations were relocated to Baton Rouge.

On June 18, 2003, the Company acquired certain assets of Contract Business Interiors ("CBI") of Wheeling, West Virginia pursuant to acceptance by the U.S. Bankruptcy Court for the Northern District of West Virginia. As a result of this transaction, the Company also assumed certain customer deposit liabilities in the ordinary course of business. The operations of CBI were moved to Morgantown, West Virginia in June 2012 and were consolidated into an existing facility.

On July 1, 2003, the Company acquired certain assets of Pittsburgh based Integrated Marketing Solutions, the direct sales division and distributorship of Datatel Resources Corporation.

On May 13, 2004, the Company acquired certain assets of Cincinnati, Ohio, Westerman Print Company ("Westerman"). The assets of Westerman were moved to the Company's Merten operation in Cincinnati, Ohio.

On September 7, 2004, the Company acquired all the issued and outstanding capital stock of Syscan Corporation ("Syscan"), a West Virginia corporation, for a gross cash price of $3,500,000 and a contingent purchase price, dependent upon satisfaction of certain conditions, not to exceed the amount of $1,500,000. At closing, after considering the cash received in the transaction, the acquisition of a building and acquisition costs, the net assets acquired totaled approximately $2,688,000. On December 14, 2006, the Company satisfied the contingent purchase price for a payment of $1,350,725.

On September 14, 2007, the Company completed, pursuant to an asset purchase agreement, the acquisition of The Herald-Dispatch daily newspaper in Huntington, West Virginia, through a newly formed subsidiary Champion Publishing, Inc. The purchase price was $77.0 million and subject to a working capital payment of $837,554 plus or minus any change in working capital from the index working capital base of $1,675,107 at the closing date of September 14, 2007. The working capital payment totaled approximately $1.6 million. In July of 2013 the Company sold substantially all of the newspaper related operations of the Herald-Dispatch and retained the commercial printing and label operations.

All acquisitions have been accounted for using the purchase method of accounting except for U.S. Tag, Blue Ridge, Capitol and Thompson's, which utilized the "pooling-of-interest" method of accounting.

BUSINESS

Champion is engaged in the commercial printing and office products and furniture supply business in regional markets east of the Mississippi River. The Company's sales force markets a full range of printing services, business forms, office products and office furniture. Management views these sales activities as complementary, since frequent customer sales calls required for one of its products or services provide opportunities to cross-sell other products and services. The Company believes it benefits from significant customer loyalty and customer referrals because it provides personal service, quality products, convenience and selection with one-stop shopping.

The Company's printing services range from the simplest to the most complex jobs, including business cards, books, tags, labels, brochures, posters, 4- to 6-color process printing and multi-part, continuous and snap-out business forms. The Company's state-of-the-art equipment enables it to provide computerized composition, art design, paste-up, stripping, film assembly and color scanner separations. Included within our print segment are fulfillment services to our customers which encompass warehousing, distribution, and reporting services. The Company also offers complete bindery and letterpress services. The printing operations contributed $37.4 million, $42.7 million, and $52.2 million or 58.8%, 59.0%, and 59.9% of the Company's total revenues for the fiscal years ended October 31, 2014, 2013 and 2012.

The Company provides a full range of office products and office furniture primarily in the budget and middle price ranges, and also offers office design services. The Company publishes a catalog of high volume, frequently ordered items purchased directly from manufacturers. These catalog sales account for the bulk of sales volume and afford sales personnel flexibility in product selection and pricing. Medium to large volume customers are offered levels of pricing discounts. In addition, the Company offers a broad line of general office products through major wholesalers' national catalogs. The Company also has Internet e-commerce sites, which allow customers to order office products, furniture and forms online. The e-commerce sites include the office products and office furniture catalog, which is customized specifically for each customer requesting Internet e-commerce access. These sites include www.stationers-wv.com and www.cbiwv.com. In addition, the Company offers customized on-line forms management solutions through http://printwithchampion.com. The Company is a member of a major office products purchasing organization. Members benefit from volume discounts, which permit them to offer competitive prices and improve margins. The Company's office furniture business focuses on the budget to middle price range lines, although upscale lines are offered as well. Office products, office furniture and office design operations contributed $26.1 million, $29.7 million, and $35.0 million, or 41.2%, 41.0%, and 40.1% of the Company's total revenues for the fiscal years ended October 31, 2014, 2013 and 2012.

ORGANIZATION

Champion’s two lines of business are comprised of twelve operating divisions. The Huntington headquarters provides centralized financial management and administrative services to all of its business segments.

Commercial Printing

Our commercial printing divisions are located in Huntington, Charleston and Parkersburg, West Virginia and Baton Rouge, Louisiana. Each has a sales force, a customer service operation and a pre-press department that serve the customers in their respective geographic areas. Although each customer's interface is solely with its local division's personnel, its printing job may be produced at another division using the equipment most suited to the quality and volume requirements of the job. In this way, for example, Champion can effectively compete for high quality process color jobs in Charleston by selling in Charleston, printing in Parkersburg and binding in Huntington. The full range of printing resources is available to customers in the entire market area without Champion having to duplicate equipment in each area.

Carolina Cut Sheets, Inc., located in Huntington, West Virginia, manufactures single sheet business forms which are sold to other commercial printers and dealers and through the Company's other divisions.

The Huntington, West Virginia division of Chapman Printing Company manufactures single sheet and multi-part, snap-out and continuous business forms for sale through many of the Company's commercial printing divisions.

U.S. Tag, located in Huntington, West Virginia, manufactures and sells tags used in the manufacturing, shipping, postal, airline and cruise industries throughout the United States through dealers and the Company's other divisions.

Chapman Printing in Charleston, West Virginia, operates as a full line printing, printing services distributor and office products and office furniture distributor. Chapman Printing Charleston offers complete print management, fulfillment, mail, digital print, office furniture and print and office products and B2B e-commerce solutions. The Syscan operation was consolidated into the Chapman Printing Charleston division effective November 1, 2005. This division also operates a facility in Morgantown, West Virginia, providing printing, office products and office furniture, distribution and integration services. In 2007, the Chapman Printing Charleston division spun off its print on demand and mail operations into a new division located in Charleston, West Virginia, operating under the name Champion Output Solutions. Champion Output Solutions is a comprehensive transactional printing and mail center providing statement rendering, check and explanation of benefits variable print, medical billing and postal optimization.

River Cities Printing was acquired via the acquisition of The Herald-Dispatch and is a commercial printer with sales comprised primarily of stick-on labels and other commercial printing. In 2008, River Cities Printing was relocated to an existing facility in Huntington, WV.

Office Products, Office Furniture and Office Design

Stationers, located in Huntington, Clarksburg (doing business as “Champion Clarksburg”), Morgantown (through its Chapman Printing Morgantown division) and Parkersburg, West Virginia (doing business as “Chapman Printing”), provides office products and office furniture primarily to customers in the Company's West Virginia, Ohio and Kentucky market areas. Products are sold by printing division sales people and delivered in bulk daily to each division, or shipped directly to customers.

Smith & Butterfield, located in Evansville, Indiana, provides office products and office furniture primarily to customers in the Company's Indiana and Kentucky market areas. Products are sold by Smith & Butterfield sales personnel and delivered to customers daily.

Stationers, through its Capitol division, offers office design services throughout West Virginia and eastern Kentucky.

PRODUCTS AND SERVICES

Printing Services

Champion's primary business is commercial printing and business forms manufacturing. The Company, unlike most of its regional competitors, offers the full range of printing production processes, enabling it to provide customers a one-stop, one-vendor source without the time and service constraints of subcontracting one or more aspects of production. Major production areas include: (i) printing of business cards, letterhead, envelopes, and one, two, or three color brochures; (ii) process color manufacturing of brochures, posters, advertising sheets and catalogues; (iii) die cutting and foil stamping; (iv) bindery services, including trimming, collating, folding and stitching the final product; (v) forms printing, encompassing roll-to-roll computer forms, checks, invoices, purchase orders and similar forms in single-part, multi-part, continuous and snap-out formats; (vi) tag and label manufacturing; and (vii) output solutions including print on demand, inserting and mailing services. The capabilities of the Company's various printing divisions are stated below.

Division	Sales & Customer Service	Pre-Press	Sheet Printing	Rotary Printing	Full Color	Output Solutions
Huntington	*	*	*	*		
Charleston / Morgantown	*	*				
Champion Output Solutions	*					*
Parkersburg	*	*	*		*	
Champion Graphic Communications (Baton Rouge)	*	*	*		*	
Carolina Cut Sheets, Inc.	*					
U.S. Tag & Ticket Company, Inc.	*	*		*		
	*	*	*	*		

River Cities Printing

* - Services Provided

Office Products, Office Furniture and Office Design

Champion provides its customers with a wide range of product offerings in two major categories within this segment: supplies, such as file folders, paper products, pens and pencils, computer paper and laser cartridges; and furniture, including budget and middle price range desks, chairs, file cabinets and computer furniture. Office supplies are sold primarily by Company salespeople through the Company's own catalogs. Office furniture is primarily sold from catalogs and supplied from in-house stock. Special orders constitute a small portion of sales. The Capitol division of Stationers provides interior design services to commercial customers. The design services include space planning, purchasing and installation of office furniture, and management of design projects.

Newspaper

Until its sale in July 2013, the Herald-Dispatch provided its customers in the Tri-State region surrounding Huntington, West Virginia, with the primary and premier print advertising solutions for the region.

MANUFACTURING AND DISTRIBUTION

The Company's pre-press facilities have desktop publishing, typesetting, laser image setting and scanning/retouching equipment, as well as complete layout, design, stripping and plate processing operations. Sheet printing equipment (for printing onto pre-cut, individual sheets) includes single color duplicators, single to eight color presses and envelope presses. Rotary equipment (for printing onto continuous rolls of paper) includes multi-color business form web presses, carbon and multi-part collators.

Binding equipment consists of hot-foil, embossing and die cutting equipment, perforators, folders, folder-gluers, scoring machines, collator/stitcher/trimmers for saddle stitching, automatic and manual perfect binders, numbering machines and mailing equipment.

Each of the Company's offices is linked with overnight distribution of products and on-line electronic telecommunications permitting timely transfer of various production work from facility to facility as required. While the Company maintains a fleet of delivery vehicles for intra-company and customer deliveries, it utilizes the most cost effective and expeditious means of delivery, including common carriers.

Requirements for the Company's press runs are determined shortly before the runs are made and, therefore, backlog is not a meaningful measure in connection with the Company's printing business.

CUSTOMERS

The Company believes that its reputation for quality, service, convenience and selection allows it to enjoy significant loyalty from its customers. Champion's marketing strategy is to focus on manufacturers, institutions, financial services companies and professional firms. Consistent with customary practice in the commercial printing and office products industries, the Company ordinarily does not have long-term contracts with its customers, although a number of high volume customers issue yearly purchase orders. These purchase orders, which are typically for office products but may include printing services, are for firm prices adjustable for paper price changes. Depending upon customer satisfaction with price and service, these purchase orders may be renewed for another year or up to three years without repeating the full bidding process.

For the twelve month period ended October 31, 2014, the Company had one customer that made up approximately 10.7% of its consolidated revenues. This customer is a publicly traded Fortune 500 company that we believe to be in good financial condition and that will remain so for the foreseeable future. The loss of this customer would have a material impact on the Company’s operations. Otherwise, no single customer contributed more than 3.2% of the

Company's consolidated revenues for fiscal 2014. During the fiscal years ended October 31, 2013, and 2012, no single customer accounted for more than 9.0% of the Company's total revenues. Due to the project-oriented nature of customers' printing and furniture requirements, sales to particular customers may vary significantly from year to year depending upon the number and size of their projects.

SUPPLIERS

The Company has not experienced difficulties in obtaining materials in the past and does not consider itself dependent on any particular supplier for supplies. The Company must maintain trade credit availability to operate. The Company has generally been able to maintain substantial trade credit availability to date. The Company has negotiated company-wide paper purchasing agreements directly with paper entities and is a member of a major office products buying group, which management believes provides the Company with a competitive advantage.

COMPETITION

The markets for the Company's printing services and office products are highly competitive, with success based primarily on price, quality, production capability, capacity for prompt delivery and personal service.

Champion's printing competitors are numerous and range in size from very large national companies with substantially greater resources than the Company to many smaller local companies.

Large national and regional mail order discount operations provide significant competition in the office products and office furniture business. The economies afforded by membership in a national purchasing association and by purchasing directly from manufacturers, and the high level of personal services to customers, contribute substantially to the Company's ability to compete in the office supply and office furniture market segments.

ENVIRONMENTAL REGULATION

The Company is subject to the environmental laws and regulations of the United States and the states in which it operates concerning emissions into the air, discharges into waterways and the generation, handling and disposal of waste materials. The Company's past expenditures relating to environmental compliance have not had a material effect on the Company and are included in normal operating expenses. These laws and regulations are constantly evolving, and it is impossible to predict accurately the effect they may have upon the capital expenditures, earnings and competitive position of the Company in the future. Based upon information currently available, management believes that expenditures relating to environmental compliance will not have a material impact on the financial position of the Company.

GEOGRAPHIC CONCENTRATION AND ECONOMIC CONDITIONS

The Company's operations and the majority of its customers are located in the United States of America, east of the Mississippi River. The Company and its profitability may be more susceptible to the effects of unfavorable or adverse local or regional economic factors and conditions than a company with a more geographically diverse customer base.

SEASONALITY

Our business is subject to seasonal fluctuations that we expect to continue to be reflected in our operating results in future periods.

Historically, the Company has experienced a greater portion of its profitability in the second and fourth quarters than in the first and third quarters. The second quarter generally reflects increased orders for printing of corporate annual reports and proxy statements. A post-Labor Day increase in demand for printing services and office products coincides with the Company’s fourth quarter.

EMPLOYEES

On October 31, 2014, the Company had approximately 330 employees.

EXECUTIVE OFFICERS OF CHAMPION

Name	Age	Position and offices with Champion; Principal occupation or employment last five years
Marshall T. Reynolds	78	Chief Executive Officer and Chairman of the Board of Directors of the Company from December 1992 to present; President of the Company December 1992 to September 2000; President and General Manager of Harrah and Reynolds, predecessor of the Company from 1964 (and sole shareholder from 1972 to present) to 1993; Chairman of the Board of Directors of River City Associates Inc. (owner of the Pullman Plaza Hotel) since 1989; Chairman of the Board of Directors of Broughton Foods Company from November 1996 to June 1999; Director (from 1983 to November 1993) and Chairman of the Board of Directors (from 1983 to November 1993) of Banc One West Virginia Corporation (formerly Key Centurion Bancshares, Inc.).
Justin T. Evans	29	Senior Vice President and Chief Financial Officer of the Company since April 2014; Chief Risk Officer of First Guaranty Bank (Hammond,

LA) from March 2014 to April 2014; Director of Financial Reporting and Senior Accountant of First Guaranty Bancshares, Inc. from May 2013 to April 2014; Served in various finance and accounting capacities from May 2009 to May 2013.

ITEM 1A - RISK FACTORS

The Company's business and financial results are subject to various risks and uncertainties, including those described below, that could adversely affect our business, financial condition, results of operations, and cash flows.

Dependence on Marshall T. Reynolds; Control of the Company.

The Company's operations and prospects are dependent in large part on the continued efforts of Marshall T. Reynolds. The loss of Mr. Reynolds could have an adverse effect on the Company. In addition, by virtue of Mr. Reynolds' ownership of Company common stock, Mr. Reynolds will continue to significantly influence our operations. As of October 31, 2014, Marshall T. Reynolds and his affiliated entities, including The Harrah and Reynolds Corporation ("Harrah and Reynolds"), held 6,067,742 shares (53.7%) of the common stock of the Company prior to the effect of the issuance of stock warrants. Mr. Reynolds and Harrah and Reynolds have pledged 3,771,500 of these shares (constituting 62.2% of all outstanding shares beneficially owned by Mr. Reynolds) as collateral to secure loans made to Mr. Reynolds or Harrah and Reynolds in the ordinary course of business by several commercial banks. Any disposition of such pledged shares upon a default by Mr. Reynolds or Harrah and Reynolds under such loans could result in a change in control of the Company or adversely affect the prevailing market price of the common stock. Mr. Reynolds has also received warrants from the Previous Secured Lenders to purchase 30% of the then issued and outstanding common stock of the Company, on a fully diluted, post-exercise basis. Based on the 11,299,528 shares of company common stock currently issued and outstanding, exercise in full of the warrants would result in the issuance of 4,842,654 shares.

Our indebtedness could adversely affect our financial health and reduce the funds available to us for other purposes, including dividend (if any in the future) payments and our credit position may result in dilution to our shareholders

We have a significant amount of indebtedness. The October 2013 Credit Agreement has a maturity of April 1, 2015 and is collateralized by substantially all of our assets. At October 31, 2014, we had a total indebtedness of $13.5 million, net of debt discounts, under our credit facilities. Our interest expense for the year ended October 31, 2014, was approximately $1.1 million. At October 31, 2014, the borrowings under our credit facilities were primarily subject to a floating interest rate of the prime rate plus the applicable margin.
The Company must maintain trade credit availability to operate. The Company has generally been able to maintain substantial trade credit availability to date.

Volatility in U.S. credit markets could affect the Company's ability to obtain financing to fund acquisitions, investments, or other significant operating or capital expenditures.

At the end of 2014, the Company had approximately $13.5 million, net of discounts, of indebtedness. Tightening of credit availability could restrict the Company's ability to finance significant transactions and also limit its ability to refinance its existing capital structure or to fund its current operation pursuant to the terms of the Company's applicable credit agreements. The Company's credit facilities under the October 2013 Credit Agreement mature on April 1, 2015.

The Company operates in a highly competitive market that could negatively impact our results of operations.

In the printing segment, there has been an ongoing consolidation resulting in fewer competitors. This in part has resulted in numerous competitors that are larger with greater geographic diversity and broader product offerings. In addition, the office products and office furniture industries are extremely competitive and fragmented. The Company competes with numerous large and small companies that operate in each industry, some of which have greater financial resources than the Company. The Company competes on the basis of its reputation for quality, production capability, prompt delivery, price and strength of its continuing customer relationships.

Our supply-chain management services are embedded into our printing and office products and office furniture segments. The competitive factors faced by the Company include customer service, price, distribution geography, information technology and the customer's fulfillment and distribution needs.

The Company may be adversely impacted by the rising costs of critical raw materials such as paper, ink, energy and other raw materials.

Our primary raw material is paper; therefore the purchase of paper and other raw materials such as ink, energy and items we distribute such as office products and office furniture and goods and services represent a large portion of our costs. Any increases in the costs of these items will also increase our costs. Depending on the nature of such increases we may not be able to pass these costs on to customers through higher prices. Increases in the costs of these items may also adversely impact our customers' demand for printing and related services as well as for office products and office furniture.

The Company has substantial investment in the credit worthiness and financial condition of our customers.

The largest current asset on the Company's balance sheet on a net basis is our accounts receivable balances from our customers. We grant credit to substantially all of our customers. A decline in financial condition across a significant component of our customer base could hinder our ability to collect amounts owed by customers. In addition, such a decline could result in lower demand for our services. The potential causes of such a decline include national or local economic downturns, the fact that many of our customers are in highly-competitive industries or markets and the impact of regulatory actions may hinder the financial stability of our customers.

We may have difficulty adjusting our operating models to meet changing or current market conditions.

Because the markets in which we compete are highly-competitive, we must continue to improve our operating efficiency in order to maintain or improve our profitability. Although we have been able to improve efficiency and reduce costs in the past, there is no assurance that we will continue to do so in the future. In addition, the need to reduce ongoing operating costs may result in significant up-front costs to reduce workforce, close or consolidate facilities, or upgrade equipment and technology.

We may be unable to grow through acquisitions or to successfully integrate acquired businesses.

The Company has historically grown through a combination of organic growth and acquisitions. It is critical that the Company achieve the anticipated benefits of acquisitions. The integration of companies that have previously operated independently may result in significant challenges, and we may be unable to accomplish the integration smoothly or successfully. In particular, the coordination of geographically dispersed organizations with differences in corporate cultures and management philosophies may increase the difficulties of integration. The integration of acquired businesses may also require the dedication of significant management resources, which may temporarily shift senior management's attention from the other day-to-day operations of the Company. Our strategy is, in part, predicated on our ability to realize cost savings and to increase revenues through the acquisition of businesses that strategically enhance our capabilities and services. The Company has made no significant acquisitions since 2007, and has sold, combined, or discontinued many operating divisions in the last several years.

We may have difficulty hiring and retaining appropriate employees including senior management.

Our success depends, in part, on our general ability to attract, develop, motivate and retain highly skilled employees. The loss of a significant number of our employees or the inability to attract, hire, develop, train and retain additional skilled personnel could have a material adverse effect on us. We currently operate in several locations with geographic diversity. Individual locations may encounter strong competition from other employers for skilled labor. In addition, many members of our management have significant industry experience and a long track record with us that are important to our continued success. If one or more members of our senior management team leave and we cannot replace them with a suitable candidate quickly, we could experience difficulty in managing our business properly, which could harm our business and results of operations.

We may be negatively impacted by strikes or other work stoppages by our employees.

We employ no employees who are covered by collective bargaining agreements. If our employees were to engage in a concerted strike or other work stoppage, or if our employees were to become unionized, we could experience a disruption of operations, higher labor costs or both.

We may have increased employee benefit costs for health care and other benefits.

We provide health care and certain other benefits to our employees. In recent years, costs for health care have increased more rapidly than general inflation in the U.S. economy. If this trend in health care costs continues, our cost to provide such benefits could increase, adversely impacting our business and results of operations.

We may be negatively impacted by declines in general economic conditions or acts of war and terrorism.

Demand for printing services is highly correlated with general economic conditions. A decline in U.S. economic conditions may, therefore, adversely impact our business and results of operations. Because such outcomes are difficult to predict, the industry may experience excess capacity resulting in declines in prices for our services. The overall business climate may also be impacted by foreign wars or domestic or foreign acts of terrorism. Such acts may have sudden and unpredictable adverse impacts on demand for our services.

We may face adverse pricing pressures as a result of operating in a highly-competitive market.

The markets for our services are highly fragmented and we have a large number of competitors, resulting in a highly-competitive market and increasing the risk of adverse pricing pressures in various circumstances outside of our control, including economic downturns.

We are dependent on the markets utilizing printed materials in lieu of alternative media.

Electronic delivery of documents and data offers alternatives to traditional printed documents. The extent to which electronic formats will gain acceptance is uncertain and difficult to predict but as digital alternatives replace or reduce the need for traditional printed materials, the sales of the Company's printed products will be adversely affected.

We may be adversely affected by regulatory and tax requirements.

We are subject to numerous rules and regulations, including, but not limited to, environmental and health and welfare benefit regulations as well as those associated with being a public company in addition to numerous federal, state, and local tax rules and regulations. These rules and regulations and associated interpretations may be changed by local, state or federal governments or agencies. Changes in these regulations may result in a significant increase in our compliance costs. Compliance with changes in rules and regulations could require increases to our workforce, increased cost for services, compensation and benefits, or investments in new or upgraded equipment. In addition, audits and examinations of prior years may result in liabilities and additional financial burdens.

We are highly dependent on information technology. If our systems fail or are unreliable, our operations may be adversely impacted.

The efficient operation of our business depends on our information technology infrastructure and our management information systems. In addition, production technology in the printing industry has continued to evolve specifically related to the pre-press component of production. We rely on our management information systems to effectively manage accounting and financial functions, job entry, tracking and cost accumulation and certain purchasing functions as well as fulfillment and inventory management including e-commerce activities. Our information technology infrastructure includes both third party solutions and applications designed and maintained internally. Since our Company operates on multiple platforms, the failure of our information technology infrastructure and/or our management information systems to perform could severely disrupt our business and adversely affect our results of operation. In addition, our information technology infrastructure and/or our management information systems are vulnerable to damage or interruption from natural or man-made disasters, terrorist attacks, computer viruses or hackers, power loss, or other computer systems, Internet telecommunications or data network failures. Any such interruption could adversely affect our business and results of operations.

Changes in economic conditions in the markets we serve may produce volatility in demand for our products and services.

Our operating results depend on the relative strength of the economy. Softness in the U.S. economy, or the local economies in the markets in which we serve, could significantly impact our revenue.

We may not be able to pay or maintain dividends and the failure to do so may negatively affect our share price.

We had historically paid regular quarterly dividends through the first quarter of 2009 to the holders of our common stock. Our ability to pay dividends, if any, will depend on, among other things, our cash flows, our cash requirements, our financial condition, the degree to which we are/or become leveraged, contractual restrictions binding on us, provisions of applicable law and other factors that our board of directors may deem relevant. There can be no assurance that we will generate sufficient cash from continuing operations in the future, or have sufficient surplus or net profits to pay dividends on our common stock. Our dividend policy is based upon our directors' current assessment of our business and the environment in which we operate and that assessment could change based on competitive or technological developments (which could, for example, increase our need for capital expenditures) or new growth opportunities. Our board of directors may, in its discretion, amend or repeal our dividend policy to decrease the level of dividends or entirely discontinue the payment of dividends. The reduction or elimination of dividends may negatively affect the market price of our common stock.

The Board of Directors suspended the Company's dividend during fiscal 2009. Any future dividends will be subject to the above mentioned factors and compliance provisions regarding dividend payments described further in the applicable credit agreements, between the Company and its lenders (See Note 3 to Consolidated Financial Statements).

We may incur Additional Non-Cash Impairment Charges.

At October 31, 2014 the Company had $2.4 million of goodwill and other intangible assets. In 2013, 2012, 2011 and 2009, we recorded substantial impairment charges to reduce the value of certain of these assets. Should general economic, market or business conditions decline further, and continue to have a negative impact on our stock price or projected future cash flows, we may be required to record additional impairment charges in the future. See Item 7, "Critical Accounting Policies Involving Significant Estimates", included herein, for additional information on the risks associated with such assets.

Cyber security risks could harm our ability to operate effectively.

We use computers in substantially all aspects of our business operations. Such uses give rise to cyber security risks. We believe we have appropriate preventive systems and processes in place to protect against the risk of cyber-incidents. Prolonged system outages or a cyber-incident that would be undetected for an extended period could reduce our revenue, increase our operating costs, or disrupt our operations.

ITEM 2 - PROPERTIES

The Company conducts its operations primarily from twelve (12) different physical locations, nine (9) of which are leased and four (4) of which are owned in fee simple by Company subsidiaries (one of which is classified as held for sale). The Company does not anticipate any issues regarding the renewal of certain leases when the terms expire. The properties leased and certain of the lease terms are set forth below and may be subject to periodic adjustments based on the consumer price index:

Property	Division Occupying Property	Square Feet	Annual Rental	Expiration Of Term
2450 1st Avenue Huntington, West Virginia (1)	Chapman Printing-Huntington	85,000	$116,400	Monthly
1945 5th Avenue Huntington, West Virginia (1)	Stationers	37,025	30,000	Monthly

Property	Division Occupying Property	Square Feet	Annual Rental	Expiration Of Term
615-619 4th Avenue Huntington, West Virginia (1)	Stationers	59,641	21,600	Monthly
405 Ann Street Parkersburg, West Virginia (1)	Chapman Printing - Parkersburg	36,614	57,600	Monthly
2800 Lynch Road Evansville, Indiana (1) (2) (4)	Smith & Butterfield	42,375	155,558	2014
3000 Washington Street Charleston, West Virginia (1)	Chapman Printing-Charleston	37,710	150,000	Monthly
953 Point Marion Road Morgantown, West Virginia (1)	Chapman Printing-Charleston	11,000	119,820	2017
120 Hills Plaza Charleston, West Virginia (3)	Champion Output Solutions	22,523	135,132	2019
Route 2 Industrial Lane Huntington, West Virginia (1)	Chapman Printing, River Cities Printing	35,000	84,000	Monthly

(1) Lease is “triple net”, whereby the Company pays for all utilities, insurance, taxes, repairs and maintenance and all other costs associated with properties.

(2) Lease is gross to the extent it excludes taxes and insurances during the lease term.

(3) Lease is gross to the extent it excludes taxes and insurance during the initial lease term. The Company has renewal options through 2024 at various rates and the lease essentially converts to a triple net lease in the renewal period.

(4) This lease expired October 31, 2014. Smith and Butterfield moved into a smaller portion of the same facility and now occupies approximately 20,029 square feet at an annual rental of $72,000. This lease expires January 2020.

The Chapman Printing Charleston operation previously conducted business from a single story masonry building of approximately 21,360 square feet owned by the Company at 1563 Hansford Street, Charleston, West Virginia. This building is currently utilized for overflow storage and certain warehousing. This property is currently held for sale.

The Bourque Printing subsidiary owns, and operates from, a single-story building of approximately 42,693 square feet at 10848 Airline Highway, Baton Rouge, Louisiana.

Stationers' Clarksburg operation is conducted from a single-story masonry building of approximately 20,800 square feet owned by the Company at 700 N. Fourth Street, Clarksburg, West Virginia.

The Capitol subsidiary of Stationers owns and operates from a 22,000 square foot building at 711 Indiana Avenue, Charleston, West Virginia.

The Company continually reviews its production facilities and has and continues to consolidate facilities as deemed economically feasible. The Company believes its production facilities are suitable and adequate to meet current production needs.

ITEM 3 - LEGAL PROCEEDINGS

From time to time, our Company is involved in litigation relating to claims arising out of its operations in the normal course of business. We maintain insurance coverage against certain types of potential claims in an amount which we believe to be adequate, but there is no assurance that such coverage will in fact cover, or be sufficient to cover, all potential claims.

ITEM 4 - RESERVED

PART II

ITEM 5 - MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Until June 12, 2012, Champion common stock traded on the National Association of Securities Dealers, Inc. Automated Quotation System ("NASDAQ") National Market System (now Global Market) under the symbol "CHMP". From June 12, 2012 until July 16, 2012 Champion common stock was listed on the NASDAQ Capital Market. The stock now trades on the OTC Market under the symbol "CHMP".

The following table sets forth the high and low closing prices for Champion common stock for the period indicated. The range of high and low closing prices are based on data from the OTC or NASDAQ and does not include retail mark-up, mark-down or commission.

	Fiscal Year 2014		Fiscal Year 2013	
	High	Low	High	Low
First quarter	$0.72	$0.35	$0.28	$0.11
Second quarter	0.62	0.35	0.28	0.05
Third quarter	0.50	0.25	0.29	0.06
Fourth quarter	0.34	0.22	0.45	0.12

At the close of business on January 9, 2015, there were 355 shareholders of record of Champion common stock. The shareholders of record are determined by the Company's transfer agent.

The Company has not paid dividends on its common stock in any of the previous three years.

ITEM 6 - SELECTED FINANCIAL DATA

SELECTED CONSOLIDATED FINANCIAL DATA

The following selected consolidated financial data for each of the five years in the period ended October 31, 2014, have been derived from the Audited Consolidated Financial Statements of the Company. The information set forth below should be read in conjunction with the Audited Consolidated Financial Statements, related notes, and the information contained in Management's Discussion and Analysis of Financial Condition and Results of Operations appearing elsewhere herein.

	Year Ended October 31, 2014	2013(4)	2012(3) (Restated)	2011(2)	2010(1)
	(In thousands, except share and per share data)				
OPERATING STATEMENT DATA:					
Revenues:					
Printing	$ 37,377	$ 42,670	$ 52,174	$ 52,064	$ 54,102
Office products and office furniture	26,145	29,653	34,976	34,546	33,438
Total revenues	63,522	72,323	87,150	86,610	87,540
Cost of sales:					
Printing	28,366	30,373	37,810	37,748	38,560
Office products and office furniture	19,197	21,043	24,936	24,521	23,633
Total cost of sales	47,563	51,416	62,746	62,269	62,193
Gross profit	15,959	20,907	24,404	24,341	25,347
Selling, general and administrative expense	16,213	19,910	23,742	21,579	21,978
Restructurings / asset impairments costs	-	2,271	357	652	1,641
(Loss) income from operations	(254)	(1,274)	305	2,110	1,728
Other income (expense):					
Interest expense - related party	(82)	(82)	(58)	(65)	-
Interest expense	(1,056)	(4,204)	(3,112)	(2,944)	(4,493)
Gain on early extinguishment of debt to a related party	-	-	-	1,338	-
Gain on debt forgiveness	-	11,118	-	-	-
	260	(32)	(13)	50	952

Other (expense) income					
Income (loss) from continuing operations before income taxes	(1,132)	5,526	(2,878)	489	(1,813)
Income tax benefit (expense)	-	105	(11,727)	(211)	687
Net income (loss) from continuing operations	(1,132)	5,631	(14,605)	278	(1,126)
Net income (loss) from discontinued operations	-	83	(8,713)	(4,254)	1,614
Net income (loss)	$ (1,132)	$ 5,714	$ (23,318)	$ (3,976)	$ 488
Earnings (loss) per share:					
Basic					
Continuing operations	$ (0.10)	$ 0.50	$ (1.29)	$ 0.03	$ (0.11)
Discontinued operations	-	0.01	(0.77)	(0.41)	0.16
	$ (0.10)	$ 0.51	$ (2.06)	$ (0.38)	$ 0.05
Diluted					
Continuing operations	$ (0.10)	$ 0.35	$ (1.29)	$ 0.03	$ (0.11)
Discontinued operations	-	0.01	(0.77)	(0.41)	0.16
	$ (0.10)	$ 0.36	$ (2.06)	$ (0.38)	$ 0.05
Dividends per share	$ -	$ -	$ -	$ -	$ -
Weighted average common shares outstanding:					
Basic	11,300,000	11,300,000	11,300,000	10,362,000	9,988,000
Diluted (5)	11,300,000	16,114,000	11,300,000	10,362,000	9,988,000

Notes (1) - (5) reflective of continuing operations and discontinued operations.

(1) Includes charges in 2010 related to a restructuring and profitability enhancement plan of $(1.8) million, $(1.1) million net of tax, or $(0.11) per share on a basic and diluted basis. The Company also recorded other income in 2010 associated with an interest rate swap agreement, which expired in the fourth quarter of 2010, resulting primarily from a reclassification from other comprehensive income to other income of $0.7 million, or $0.4 million net of tax. In the first quarter of 2010, the Company reported $0.3 million, or $0.2 million net of tax, as other income due to the Administrative Agent of the Company's Credit Agreement eliminating the LIBOR borrowing option resulting in ineffectiveness of a cash flow hedge.

(2) Includes impairment for goodwill and other intangibles in the fourth quarter of 2011 of $(8.7) million, or $(5.4) million net of tax, or $(0.52) per share on a basic and diluted basis. The Company also recorded an impairment charge associated with property, plant and equipment of $(109,000), or $(66,000) net of tax, or $(0.01) per share on a basic and diluted basis. The Company also incurred restructuring related charges of $(0.6) million, or $(0.3) million net of tax, or $(0.03) per share on a basic and diluted basis. Other income reflects a gain on early extinguishment of debt to a related party in the amount of $1.3 million, or $0.8 million net of tax, or $0.08 per share on a basic and diluted basis. EPS calculations represent full fiscal year of 2011.

(3) Includes impairment charges for goodwill in the second quarter of 2012 of $(9.5) million on a pre-tax basis. The Company also recorded a valuation allowance of $(16.0) million on its net deferred tax assets. In the fourth quarter of 2012, the Company incurred impairment charges on trademark and masthead of $(1.6) million on a pre-tax basis. The Company recorded impairment charges associated with property, plant and equipment held for sale of approximately $(0.6) million.

(4) Includes impairment charges for goodwill in the first quarter of 2013 of $(2.2) million on a pre-tax basis.

(5) Any shares issued from exercised warrants would be antidilutive for 2014 due to the net loss for the year. See Note 12 to the Consolidated Financial Statements for more information on the outstanding warrants.

	At October 31, 2014	2013	2012 (Restated)	2011	2010 (Restated)
	(in thousands)				
BALANCE SHEET DATA:					
Cash and cash equivalents/negative book cash balances	$ 818	$ 1,429	$ 1,845	$ (1,154)	$ (1,014)
Working capital (deficit) (1)	(5,862)	5,702	(13,586)	(31,538)	12,822
Current debt, net of discount	13,324	439	17,326	32,694	5,485
Total assets	24,008	27,531	47,967	82,024	92,453
Long-term debt (net of current portion) (2)	157	12,053	2,652	431	52,299
Shareholders' equity (deficit)	3,205	4,337	(1,377)	20,928	23,094

(1) At October 31, 2014 and 2012, the Company had $13.3 million and $17.3 million, respectively, classified as current due to its contractual maturity. 2011 includes $33.0 million of long-term debt reclassified to current debt due to the Company's inability to remain in compliance with various financial covenants in 2011. These amounts are inclusive of debt allocated to discontinued operations.

(2) Includes non-current borrowings under the Company's credit facilities. Includes the revolving line of credit (term and revolver, net of current portion) for years prior to 2013; in 2011 $33.0 million of long-term debt was reclassified to current debt, see (1) above. For 2014, due to the April 2015 maturity the term debt is classified as current and included in working capital. For 2012, due to the June 2013 maturity of the revolving line of credit and term debt, it is classified as current and included in working capital. For 2011, due to the September 2012 maturity of the revolving line of credit, it is classified as current and included in working capital. These amounts are inclusive of debt allocated to discontinued operations.

ITEM 7 - MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

OVERVIEW

The Company is a commercial printer, business forms manufacturer and office products and office furniture supplier in regional markets of the United States of America, east of the Mississippi River. The Company has historically grown through strategic acquisitions and internal growth prior to the advent of the global economic crisis. Through such growth, the Company had realized regional economies of scale, operational efficiencies, and exposure of its core products to new markets. The Company has acquired fifteen printing companies, eight office products and office furniture companies, one company with a combined emphasis on both printing and office products and office furniture, a paper distribution division (which was subsequently sold in 2001) and a daily newspaper since its initial public offering on January 28, 1993. As a result of various provisions of the Company's applicable credit agreements and as a result of the impact of the global economic crisis, the Company has implemented a number of consolidations and asset dispositions. The Company consolidated its Interform production facility in Bridgeville, Pennsylvania into an existing operation. The Company also consolidated its commercial printing production operation in Cincinnati, Ohio into existing Company facilities in other locations and in December 2012 sold substantially all of the equipment to Graphics International. The Consolidated Graphic Communications ("CGC") operating division of Interform was sold to Safeguard Solutions ("Safeguard") in July 2012 and Donihe Graphics, Inc. sold substantially all of its property, plant, and equipment in December 2012 to Graphics International. In June 2013 the Company sold substantially all of the assets of Blue Ridge Printing. In July 2013 the Company sold substantially all of the assets of the Herald-Dispatch newspaper. In the third quarter of 2013 the Company closed its Lexington, Kentucky Chapman Printing Company division but continues to serve this market from the Chapman Printing Huntington operation.

The Company's operations comprising its former Consolidated Graphic Communications division, Donihe Graphics division, Blue Ridge Printing division and the Herald-Dispatch Newspaper segment were classified as discontinued operations in the consolidated statements of operations for all periods presented. (see Note 11).

The Company's net revenues consist primarily of sales of commercial printing, business forms, tags, other printed products, document output solutions including rendering, inserting and mailing, office supplies, office furniture, and data products and office design services. The Company recognizes revenues when products are shipped or ownership is transferred and when services are rendered to the customer. The Company's revenues are subject to seasonal fluctuations caused by variations in demand for its products.

The Company's cost of sales primarily consists of raw materials, including paper, ink, pre-press supplies and purchased office supplies, furniture and data products, and manufacturing costs including direct labor, indirect labor and overhead. Significant factors affecting the Company's cost of sales include the costs of paper in printing, office supplies, costs of labor and other raw materials.

The Company's operating costs consist of selling, general and administrative expenses. These costs include salaries, commissions and wages for sales, customer service, accounting, administrative and executive personnel, insurance, rent, utilities, legal, audit, information systems equipment costs, software maintenance and depreciation.

CRITICAL ACCOUNTING POLICIES INVOLVING SIGNIFICANT ESTIMATES

The Company’s significant accounting policies are described in Note 1 to the Consolidated Financial Statements included in Item 15 of this Form 10-K. The discussion and analysis of the financial statements and results of operations are based upon the Company’s consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses and related disclosure of contingent assets and liabilities. The following critical accounting policies affect the Company’s more significant judgments and estimates used in the preparation of the Consolidated Financial Statements. There can be no assurance that actual results will not differ from those estimates.

Restatement of Prior Year: The Company has applied SEC Staff Accounting Bulletin (SAB) No. 108, Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements. SAB No. 108 states that registrants must quantify the impact of correcting all misstatements, including both the carryover (iron curtain method) and reversing (rollover method) effects of prior-year misstatements on the current-year financial statements, and by evaluating the error measured under each method in light of quantitative and qualitative factors. Under SAB No. 108, prior-year misstatements which, if corrected in the current year would be material to the current year, must be corrected by adjusting prior year financial statements, even though such correction previously was and continues to be immaterial to the prior-year financial statements. Correcting prior-year financial statements for such “immaterial errors” does not require previously filed reports to be amended. Such corrections will be made the next time the Company files the prior-year financial statements.

In applying the requirements of SAB No. 108, the Company determined that the warrants issued as a result of the Restated Credit Agreement (see Note 3) were freestanding financial instruments and classified these as a component of shareholders' equity. The warrants were initially deemed to be non-deductible for tax purposes. Therefore the Company had recorded a deferred tax liability in 2012. The Company subsequently determined that the deferred tax liability associated with the warrant issuance should be reflected as an increased tax rate over the term of the debt discount amortization if the warrants were not deductible for tax purposes. Accordingly, the Company's deferred tax asset valuation allowance would increase as a result of the equity classification. Therefore, for 2012, the Company identified approximately \$0.4 million or \$0.04 per share from continuing operations of non-cash deferred tax adjustments. Correspondingly the Company's additional paid-in capital was increased \$0.4 million and deferred tax liability was decreased \$0.4 million. In 2013, the Company determined that the warrants for tax purposes should be treated as original issue discount and be tax deductible and amortized over the life of the Restated Credit Agreement.

Asset Impairment: The Company is required to test for asset impairment relating to property and equipment whenever events or changes in circumstances indicate that the carrying value of an asset might not be recoverable. The Company performs an impairment analysis when indicators of impairment are present. If such indicators are present, an analysis of the sum of the future expected cash flows from the Company’s asset, undiscounted and without interest charges is calculated. If it is less than the carrying value, an asset impairment is recognized in the financial statements. The amount of the impairment is the difference between the fair value of the asset and the carrying value of the asset.

The Company believes that the accounting estimate related to asset impairment is a “critical accounting estimate” because it is highly susceptible to change from period to period, because it requires management to make assumptions about future cash flows over future years and because the impact of recognizing impairment could have a significant effect on operations. Management’s assumptions about future cash flows require significant judgment because actual operating levels have fluctuated in the past and are expected to continue to do so in the future.

In accordance with GAAP, a two-step impairment test, preceded by a “step zero” qualitative assessment, is performed on goodwill. The qualitative assessment considers macroeconomic conditions, industry and market outlook, cost factors, financial performance, and other entity specific information to determine if it is not more likely than not that goodwill is impaired. If it is determined from the qualitative assessment that it is not more likely than not that goodwill is impaired, then the two step procedure is not necessary. In the first step of the quantitative assessment, a comparison is made of the fair value of the reporting unit to its carrying value. If the carrying value of a reporting unit exceeds the estimated fair value, the second step, which compares implied fair value of the reporting unit with its carrying value using methods common in business combinations, is required.

The Company determined that it should perform impairment testing of goodwill and intangible assets during the fourth quarter of 2012, due, in part, to declines in our stock price, increased volatility in operating results and declines in market transactions in the industry and for goodwill and non-amortizing intangible assets as part of our annual impairment test. The valuation methodology utilized to estimate the fair value of the former newspaper operating segment was based on both the market and income approach. (see interim testing discussion above) The Company then undertook the next step in the impairment testing process by determining the fair value of assets and liabilities within this reporting unit. The implied fair values of goodwill and other intangibles for this reporting unit was less than their carrying amounts based on the analysis by the Company and with assistance of a third party valuation specialist, and therefore an impairment charge was taken. The goodwill and other intangible assets will continue to be amortized for tax purposes over its remaining life in accordance with applicable internal revenue service standards.

During the second quarter of 2012 as part of a restructuring plan submitted to the Company’s secured lenders the Company authorized its investment bankers to initiate an open market transaction process to determine potential alternative transactions in relation to certain asset sales and the sale of a business segment. As a result of this process, it was determined that an impairment test between annual impairment tests was warranted as a result of this transaction analysis. This resulted in the Company’s assessment that the carrying value of the former newspaper segment exceeded the fair value of this segment. The basis of the fair value was a mid-point of value attained as a result of the open market process assessment based on a non- binding letter of intent attained in this process. This resulted in an impairment charge in the second quarter of 2012 of the remaining goodwill of the former newspaper segment of approximately $9.5 million on a pre-tax, non-cash basis. As a result of the interim impairment indicators the Company also assessed the recoverability of property, plant and equipment and amortizing intangibles under the provisions of ASC 360 and determined that there were no charges required as a result of this assessment. The Company also assessed the non-amortizing intangibles of trademark and masthead and with assistance from a third party valuation specialist the Company concluded that through the utilization of an income approach based on the relief from royalty income valuation methodology there was no impairment of this asset at April 30, 2012. The $9.5 million impairment charge related to this former segment’s goodwill is recorded as a part of discontinued operations for 2012.

In connection with our annual impairment testing of goodwill and other non-amortizing intangible assets conducted in the fourth quarter of 2012, we recorded a charge of $1.6 million on a pre-tax, non-cash basis for impairment of the value of the trademark and masthead which resulted from the 2007 acquisition of the Herald-Dispatch daily newspaper in Huntington, WV. The Company assessed the value of the trademark and masthead with assistance from a third party valuation specialist utilizing an income approach based on the relief from royalty income valuation methodology.

During the first quarter of 2013 as part of a process of addressing the Company's debt status with its Previous Secured Lenders as well as first quarter 2013 performance to budget, the Company performed a comprehensive reassessment of its initial fiscal year 2013 budget. The Company as part of this process identified at least one customer in the printing segment from which it anticipated a substantial revenue decline in the second quarter of 2013 and beyond and associated profitability declines in 2013 and beyond. As a result of this process, it was determined that an impairment test between annual impairment tests was warranted for the printing segment.

The Company performed Step 1 of the Goodwill impairment test for the printing segment with the assistance of a third party valuation specialist using the income approach and the testing indicated a value less than the carrying value of the segment at January 31, 2013.

As a result of the Step 1 test, the Company determined it was required to proceed to Step 2 of goodwill impairment testing for the printing segment in the first quarter of 2013. The Step 2 test results were completed in the second quarter of 2013 with the assistance of a third party valuation specialist and supported the conclusion to record an impairment charge in the first quarter of 2013 of $2.2 million. Subsequent reversal of a previously recognized goodwill impairment loss is prohibited once the measurement of that loss is recognized, in accordance with applicable standards.

In the fourth quarter of 2014 the Company performed its annual assessment of the remaining indefinite-lived intangible assets of goodwill associated with the office products and office furniture segment. The Company first considered qualitative factors including economic conditions in its core market, access to capital, industry outlook, cost factors, and financial performance. After considering the qualitative factors, the Company was not able to definitively conclude that impairment was not possible.

As such, the Company performed the two-step quantitative assessment as prescribed by ASC 350. Step 1 of the impairment test used a discounted cash flow model based on income of the office products and office furniture reporting unit to compare fair value to the unit’s carrying value. After consideration of the Step 1 results, the Company’s Management felt that the discounted cash flow model was not indicative of value that would be exchanged in an arm’s length transaction. Given this, Step 2 of the quantitative assessment was performed. Step 2 compares the implied fair value of the reporting unit to its carrying value to determine impairment using methods common in business combinations. After considering the results of Step 2, the Company’s management determined that no impairment of the office products and office furniture reporting unit’s goodwill existed at October 31, 2014.

The Company’s Management will continue to monitor this reporting unit’s performance and will test for impairment as warranted. Further declines in revenue and income could ultimately require impairment charges to be incurred that would be material to the Company’s financial position and results of operation to the extent of the carrying amount of goodwill.

Management has discussed the development of these estimates with the audit committee of the board of directors. Additionally, the board of directors has reviewed this disclosure and its relation to this MD&A.

Revenue Recognition: Revenues are recognized when products are shipped or ownership is transferred and when services are rendered to customers. The Company acts as a principal party in sales transactions, assumes title to products and assumes the risks and rewards of ownership including risk of loss for collection, delivery or returns. The Company typically recognizes revenue for the majority of its products upon shipment to the customer and transfer of title. Under agreements with certain customers, custom forms may be stored by the Company for future delivery. In these situations, the Company may receive a logistics and warehouse management fee for the services provided. In these cases, delivery and bill schedules are outlined with the customer and product revenue is recognized when manufacturing is complete and the product is received into the warehouse, title transfers to the customer, the order is invoiced and there is reasonable assurance of collectability. Since the majority of products are customized, product returns are not significant. Therefore, the Company records sales on a gross basis. Revenue generally is recognized net of any taxes collected from customers and subsequently remitted to government authorities. The costs of delivering finished goods to customers are recorded as shipping and handling costs and included in cost of sales of the printing segment. The office products and office furniture shipping and handling costs were approximately $0.5 million for 2014, 2013, and 2012 and are recorded as a component of selling, general, and administrative costs.

Income Taxes: Provisions for income taxes currently payable and deferred income taxes are based on the liability method. Under this method, deferred tax assets and liabilities are determined based on differences between financial reporting and tax basis of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. A valuation allowance is established to reduce deferred tax assets if it is more likely than not that a deferred tax asset will not be realized.

The Company believes that the accounting estimate related to income taxes is a "critical accounting estimate" because the underlying assumptions used for the allowance can change from period to period and could potentially cause a material impact to the Consolidated Financial Statements. Management has discussed the development and selection of this estimate with the audit committee of the board of directors, and the board has, in turn, reviewed the disclosure and its relation to MD&A.

Allowance for Doubtful Accounts: The Company encounters risks associated with sales and the collection of the associated accounts receivable. As such, the Company records a provision for accounts receivable that are considered to be uncollectible. In order to calculate the appropriate provision, the Company primarily utilizes a historical rate of accounts receivable written off as a percentage of total revenue. The historical rate is updated periodically based on events that may change the rate such as a significant increase or decrease in collection performance and timing of payments as well as the calculated total exposure in relation to the allowance. Periodically, the Company compares the identified credit risks with the allowance that has been established using historical experience and adjusts the allowance accordingly.

The Company believes that the accounting estimate related to the allowance for doubtful accounts is a "critical accounting estimate" because the underlying assumptions used for the allowance can change from period to period and could potentially cause a material impact to the income statement and working capital. Management has discussed the development and selection of this estimate with the audit committee of the board of directors, and the board has, in turn, reviewed the disclosure and its relation to this MD&A.

During 2014 the Company recorded a net recovery of $64,406 compared to bad debt expense for 2013 and 2012 of $143,989, and $646,670, respectively. The net recovery in 2014 was due to a $0.2 million change in estimate that was partially offset by bad debt expenses recorded for the year. The allowance for doubtful accounts was $687,844, $972,778, and $1,012,894, as of October 31, 2014, 2013 and 2012. The actual write-offs for the periods were $220,528, $184,105, and $172,889, during 2014, 2013 and 2012. The actual write-offs occur when it is determined an account will not be collected. General economic conditions and specific geographic and customer concerns are major factors that may affect the adequacy of the allowance and may result in a change in the annual bad debt expense.

The following discussion and analysis presents the significant changes in the financial position and results of operations of the Company and should be read in conjunction with the Audited Consolidated Financial Statements and notes thereto included elsewhere herein.

RESULTS OF OPERATIONS

The following table sets forth for the periods indicated information derived from the Company's Consolidated Statements of Operations, including certain information presented as a percentage of total revenues.

	Year Ended October 31, ($ In thousands)						
	2014			2013		2012	
						(Restated)	
Revenues:							
Printing	$37,377	58.8	%	$ 42,670	59.0%	$ 52,174	59.9%
Office products and office furniture	26,145	41.2		29,653	41.0	34,976	40.1
Total revenues	63,522	100.0		72,323	100.0	87,150	100.0
Cost of sales:							
Printing	28,366	44.7		30,373	42.0	37,810	43.3
Office products and office furniture	19,197	30.2		21,043	29.1	24,936	28.6
Total cost of sales	47,563	74.9		51,416	71.1	62,746	71.9
Gross profit	15,959	25.1		20,907	28.9	24,404	28.1
	16,213	25.5		19,910	27.5	23,742	27.2

Selling, general and administrative expenses:						
Restructuring / asset impairment costs	-	-		2,271	3.1		357	0.5
(Loss) income from operations	(254)	(0.4)		(1,274)	(1.7)		305	0.4
Other income (expense):								
Interest expense - related party	(82)	(0.1)		(82)	(0.1)		(58)	(0.0)
Interest expense	(1,056)	(1.7)		(4,204)	(5.8)		(3,112)	(3.6)
Gain on debt forgiveness	-	-		11,118	15.4		-	-
Other (loss) income	260	0.4		(32)	(0.0)		(13)	0.0
Income (loss) from continuing operations before income taxes	(1,132)	(1.8)		5,526	7.8		(2,878)	(3.2)
Income tax benefit (expense)	-	-		105	0.1		(11,727)	(13.6)
Net income (loss) from continuing operations	(1,132)	(1.8)		5,631	7.9		(14,605)	(16.8)
Net income (loss) from discontinued operations	-	-		83	0.1		(8,713)	(10.0)
Net income (loss)	$(1,132)	(1.8)%	$	5,714	8.0%	$	(23,318)	(26.8)%

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Year Ended October 31, 2014 Compared to Year Ended October 31, 2013

Revenues

Consolidated net revenues were $63.5 million for the year ended October 31, 2014 compared to $72.3 million in the prior fiscal year. This change represents a decrease in revenues of approximately $8.8 million. Printing revenues decreased by $5.3 million from $42.7 million in 2013 to $37.4 million in 2014. Office products and office furniture revenue decreased $3.5 million or 11.8% from $29.7 million in 2013 to $26.1 million in 2014.

The printing revenue reduction is principally due to lingering effects of general market and economic conditions over the last several years as well as certain customer specific turnover, sales and other personnel turnover that were prompted by various restructuring actions required by the Previous Secured Lenders.

The decrease in revenues for the office products and office furniture segment was primarily attributable to lower office furniture sales and office product related sales. The reductions mirrored, in part, the reasons for the sales reductions in the printing segment. The Company was notified by the State of West Virginia on May 31, 2013 that it was cancelling the Company's state contract for office furniture, panel systems, chairs, etc. effective July 1, 2013. This was due, the Company believes, as part of an overall review of all secondary bid contracts within the state and was not a specific action against the Company and was related to numerous product categories and services. The secondary bid process has historically allowed state agencies to buy products and services quickly, bypassing formal and comprehensive competitive bid purchasing protocols. This change has not precluded the Company from selling office furniture to state agencies but this did have an impact on our revenue for the office products and furniture segment.

Cost of Sales

Total cost of sales for the year ended October 31, 2014 was $47.6 million, compared to $51.4 million in the previous year. This change represented a decrease of $3.9 million, or 7.5%, in cost of sales.

Printing cost of sales decreased $2.0 million to $28.4 million in 2014 compared to $30.4 million in 2013. Printing cost of sales as a percentage of printing sales increased to 75.9% as a percent of printing sales in 2014 from 71.2% in 2013. The dollar decrease in printing cost of sales was attributable to the decrease in printing sales. As a percentage of printing sales the increase is due to lower sales while maintaining a similar level of overhead which is allocated to cost of sales, competitive effects on rate of sales, and cost increases of raw materials, particularly paper.

Office products and office furniture cost of sales decreased $1.8 million to $19.2 million in 2014 from $21.0 million in 2013. The decrease in office products and office furniture cost of sales is primarily attributable to lower office furniture sales followed by office product related sales. Office products and office furniture cost of sales as a percent of office products and office furniture sales increased in 2014 from 71.0% in 2013 to 73.4% in 2014. The increase in costs as a percentage of sales for our office products and furniture segment is due to higher costs as a percentage of sales of office furniture. Given that the largest portion of our furniture sales are from our Capitol Business Interiors division, and the specialized nature of its operations, relatively small fluctuations may occur from year to year.

Operating Expenses and Income

Selling, general and administrative ("S,G&A") expenses decreased $3.7 million to $16.2 million in 2014 from $19.9 million in 2013. S,G&A as a percentage of net sales represented 25.5% and 27.5% of sales in 2014 and 2013, respectively. The decrease in SG&A in dollars and as a percentage of sales was primarily reflective of lower professional fees incurred by the Company associated with various credit actions and restructuring plans when compared to 2013.

Segment Operating (Loss) Income
The printing segment reported an operating loss of $(0.4) million for 2014 and $(2.2) million in 2013. The decrease in operating loss was primarily attributable to a $2.2 million pre-tax goodwill impairment charge taken in 2013.

The office products and office furniture segment reported operating profits of $0.1 million, in 2014, compared to $1.0 million, in 2013. This decrease is primarily the result of lower gross profit contribution on reduced sales partially offset by lower selling, general, and administrative expenses. The sales reductions were primarily associated with furniture sales followed by office products related sales.

Other Income (Expense)

Other income (expense) decreased approximately $7.7 million from income of $6.8 million in 2013 to an expense of $(0.9) million in 2014. This is primarily due to a pre-tax gain on debt forgiveness in the fourth quarter of 2013 of $11.1 million resulting from the terms of the October 2013 Credit Agreement.

Interest expense decreased approximately $3.1 million primarily due to lower total debt as well as reduced fees and debt discount amortization when compared to 2013.

Income Taxes

The Company assesses the available positive and negative evidence to estimate if sufficient future taxable income will be generated to use the existing deferred tax assets. A significant piece of objective negative evidence was the cumulative loss incurred over the four-year period ended October 31, 2014 and over an eight-year period ended October 31, 2014. However, when these losses are adjusted for certain aberrations, rather than continuing conditions, the Company is able to represent that cumulative losses are not present in either the four year look back period or the eight year look back period.

The Company excluded debt cancellation from cancellation of debt income ("CODI") from the income tax liability in 2013 in accordance with applicable Internal Revenue Service guidelines regarding insolvency where the amount of debt cancellation excluded from gross ordinary income is applied to attribute reductions. The insolvency calculation is based on IRS guidelines associated with liabilities in excess of the fair market value of assets immediately prior to the debt cancellation. The attribute reductions are ordered and reduce net operating losses, various credits, capital losses, and asset basis among other attribute reductions if applicable and necessary. As a result of the CODI exception provided in Internal Revenue Code Section 108 the Company reduced its net operating losses, applicable credits and asset basis in accordance with the applicable ordering rules.

In 2014, as a result of the attribute reductions to exclude the Company's CODI from taxable income in 2013, the company incurred $6.4 million of attribute recapture income for tax purposes. As such, the Company used net operating loss carry forwards to offset this attribute recapture income. A decrease in the Company's deferred tax asset valuation allowance in a like amount of the tax liability arising from the Company's taxable income was used to offset any income tax liability.

The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. The Company considers a multitude of factors in assessing the utilization of its deferred tax assets including the reversal of deferred tax liabilities, projected future taxable income and other assessments, which may have an impact on financial results. The Company determined in the second quarter of 2012 that, primarily as a result of its inability to enter into an amended credit facility upon the expiration of the Limited Forbearance Agreement on April 30, 2012, as well as the potential for a substantial increase in interest rates and fees coupled with the uncertainty regarding future interest rate increases that the Previous Secured Lenders may impose on the Company that a full valuation allowance of the Company's deferred tax assets, net of deferred tax liabilities, is necessary to measure the portion of the deferred tax asset that more likely than not will not be realized. As a result of the Restated Credit Agreement entered into on October 19, 2012, the Company reassessed its valuation allowance and determined that the relative short term maturity of the Restated Credit Agreement coupled with the increase in interest rates indicated that a full valuation was warranted at October 31, 2012. As a result of the October 2013 Credit Agreement entered into on October 7, 2013 the Company reassessed it's previous determination regarding its valuation allowance and determined that a full valuation was warranted. The Company currently intends to maintain a full valuation allowance on our deferred tax assets until sufficient positive evidence related to our sources of future taxable income exists and the Company is better able to identify a longer term solution to our current credit situation. The amount of deferred tax asset considered realizable could be adjusted in future periods based on a multitude of factors, including but not limited to a reassessment of our credit position, and such adjustments may be material to the Consolidated Financial Statements.

The Company’s effective tax rate for continuing operations for 2014 was 0.0% compared to a benefit of 1.9% in 2013 and an expense of (407.5)% for 2012. The primary difference in tax rates between 2013 and 2012 and for 2012 between the effective tax rate and the statutory tax rate is a result of the valuation allowance taken against our deferred tax assets in the second quarter of 2012 in the amount of $15.2 million and a valuation allowance increase of an incremental $0.8 million in the third and four5.0th quarters of 2012. The effective income tax rate approximates the combined federal and state, net of federal benefit, statutory income tax rate and may be impacted by increases or decreases in the valuation allowance for deferred tax assets. The Company recorded a tax benefit from continuing operations in 2013 resulting from the application of certain provisions of ASC 740 regarding implications of intra-period tax allocations for discontinued operations to maintain financial statement neutrality and to recognize the tax components between continuing operations and discontinued operations on a discrete basis.

The Company did not pay or was not refunded any income taxes for the years ended October 31, 2014, 2013 or 2012. See Note 5 to the Consolidated Financial Statements for more information on income taxes.

Net (Loss) Income (Continuing Operations)

For the reasons set forth above, the Company recorded a net (loss) from continuing operations of $(1.1) million in 2014 compared to net income from continuing operations of $5.6 million in 2013.

Discontinued Operations

The Company did not have any results from discontinued operations for the twelve month period ended October 31, 2014. For information on results of discontinued operations for 2013, see the following sections comparing 2013 operations to 2012.

Year Ended October 31, 2013 Compared to Year Ended October 31, 2012

Revenues

Consolidated net revenues were $72.3 million for the year ended October 31, 2013 compared to $87.2 million in the prior fiscal year. This change represents a decrease in revenues of approximately $14.8 million. Printing revenues decreased by $9.5 million from $52.2 million in 2012 to $42.7 million in 2013. Office products and office furniture revenue decreased $5.3 million or 15.2% from $35.0 million in 2012 to $29.7 million in 2013. The printing revenue reduction was reflective of decreases at the Company's Merten division in Cincinnati, Ohio. This resulted as part of the Company's restructuring efforts in the third quarter of 2012. The Company also had revenue decreases within its West Virginia, Kentucky, and Louisiana operations related primarily to softness in the West Virginia market, certain customer specific turnover, sales and other personnel turnover prompted in part by various restructuring actions required by the Former Secured Lenders and general market conditions. The decrease in revenues for the office products and office furniture segment was primarily attributable to lower office furniture sales and office product related sales. The reductions mirrored, in part, the reasons for the sales reductions in the printing segment excluding the impact of Merten.

The Company was notified by the State of West Virginia on May 31, 2013 that it was cancelling the Company's state contract for office furniture, panel systems, chairs, etc. effective July 1, 2013. This was due, the Company believes, as part of an overall review of all secondary bid contracts within the state and was not a specific action against the Company and was related to numerous product categories and services. West Virginia is currently in the process of studying purchasing regulations and may have future modifications in future periods. The secondary bid process has historically allowed state agencies to buy products and services quickly, bypassing formal and comprehensive competitive bid purchasing protocols. This change does not preclude the Company from selling office furniture to state agencies.

Cost of Sales

Total cost of sales for the year ended October 31, 2013 was $51.4 million, compared to $62.7 million in the previous year. This change represented a decrease of $11.3 million, or 18.1%, in cost of sales. Printing cost of sales decreased $7.4 million to $30.4 million in 2013 compared to $37.8 million in 2012. Printing cost of sales as a percentage of printing sales decreased to 71.2% as a percent of printing sales in 2013 from 72.5% in 2012. The decrease in printing cost of sales was primarily attributable to the decrease in printing sales partially offset by improved gross margin percent. Office products and office furniture cost of sales decreased $3.9 million to $21.0 million in 2013 from $24.9 million in 2012. The decrease in office products and office furniture cost of sales is primarily attributable to lower office furniture sales followed by office product related sales. Office products and office furniture cost of sales as a percent of office products and office furniture sales decreased slightly in 2013 from 71.3% in 2012 to 71.0% in 2013.

Operating Expenses and Income

Selling, general and administrative (S,G&A) expenses decreased $3.8 million to $19.9 million in 2013 from $23.7 million in 2012. S,G&A as a percentage of net sales represented 27.5% of net sales in 2013 and 27.2% of net sales in 2012. The decrease in SG&A in total was primarily reflective of lower personnel and related expenses associated in part with various restructuring initiatives implemented by the Company, lower bad debt expense and decreased professional fees. The Company's professional fees decreased as a result of legal fees incurred in 2012 to defend the Company in various legal actions and reduced professional fees incurred by the Company associated with various credit actions including the Restated Credit Agreement in 2012 and the various forbearance agreements in 2012 and 2013. These amounts approximated $1.9 million in 2013 and $2.7 million in 2012. Bad debt expense decreased approximately $0.5 million from 2012 levels primarily associated with specific accounts within one operating division of the printing segment, incurred in the second quarter of 2012.

In the fourth quarter of 2013 the Company performed a qualitative assessment of the remaining indefinite-lived intangible assets of goodwill associated with the office products and office furniture segment and determined after assessing in totality various qualitative factors it was determined that it is not more likely than not that the applicable indefinite-lived intangible (goodwill) is impaired.

During the first quarter of 2013 as part of a process of addressing the Company’s debt status with its Previous Secured Lenders as well as first quarter 2013 performance to budget, the Company performed a comprehensive reassessment of its initial fiscal year 2013 budget. The Company as part of this process identified at least one customer in the printing segment from which it anticipated a substantial revenue decline in the second quarter of 2013 and beyond and associated profitability declines in 2013 and beyond. As a result of this process, it was determined that an impairment test between annual impairment tests was warranted for the printing segment as a result of the potential near term challenges facing the Company, anticipated customer specific revenue decreases and softness in the Company’s core West Virginia market. The Company performed Step 1 of the Goodwill impairment test for the printing segment with the assistance of a third party valuation specialist using the income approach and the testing indicated a value less than the carrying value of the segment at January 31, 2013.

As a result of the Step 1 test, the Company determined it was required to proceed to Step 2 of goodwill impairment testing for the printing segment in the first quarter of 2013. The Step 2 test results were completed in the second quarter of 2013 with the assistance of a third party valuation specialist and supported the conclusion to record an impairment charge in the first quarter of 2013 of $2.2 million. Subsequent reversal of a previously recognized goodwill impairment loss is prohibited once the measurement of that loss is recognized, in accordance with applicable standards.

The valuation methodology utilized in 2012 to estimate the fair value of the printing, and office products and office furniture operating segment was analyzed by the Company with assistance in part from a valuation specialist utilizing both the market and income approach. The income approach was based off a discounted cash flow methodology, in which expected future free net cash flows to invested capital are discounted to present value, using an appropriate after-tax weighted average cost of capital. The market approach using a guideline company analysis weighs empirical evidence from shares of comparable companies sold in minority transactions on stock exchanges and merger and acquisition analysis, which analyses sales of companies control transactions. The fair value exceeded the carrying value for both the printing and office products and office furniture segment in 2012. Therefore, there were no impairment indicators identified by the Company to proceed to step two of the impairment test for 2012.

The Company also incurred asset impairment charges in 2012 in the printing segment from property, plant and equipment. The 2012 charges were associated with certain long-lived assets held for sale at the Merten Company in Cincinnati, Ohio. The Company recorded an impairment charge in 2012 of $309,000 associated with this equipment.

The Company incurred in 2012, $48,000 of severance and other employee related costs at the Merten Company and in 2013 occupancy and equipment related costs of approximately $44,000 associated with Merten.

Segment Operating Income (loss)

The printing segment reported an operating loss of $(2.2) million for 2013 and $(1.6) million in 2012. The increase in operating loss was primarily attributable to $2.2 million in pre-tax goodwill impairment charges, partially offset by lower SG&A expenses which were primarily reflective of reduced professional fees resulting in part from provisions related to the Forbearance Agreement, Limited Forbearance Agreement, September Forbearance Agreement, and Restated Credit Agreement (as defined in Note 3) being incurred in 2012. Professional fees decreased approximately $0.8 million in 2013 when compared to 2012. In addition, bad debt expense decreased approximately $0.5 million from 2012 levels primarily associated with specific accounts within one operating division that were incurred in 2012.

The office products and office furniture segment reported operating profits of $1.0 million, in 2013, compared to $1.9 million, in 2012. This represented a decrease in profitability of $1.0 million or 50.2%. This decrease is primarily the result of lower gross profit contribution on reduced sales partially offset by lower selling, general, and administrative expenses. The sales reductions were primarily associated with furniture sales followed by office products related sales.

Other Income (Expense)

Other income (expense) increased approximately $10.0 million from an expense of $(3.2) million in 2012 to income of $6.8 million in 2013 primarily due to a pre-tax gain on debt forgiveness in the fourth quarter of 2013 resulting from the terms of the October 2013 Credit Agreement.

Interest expense increased approximately $1.1 million primarily due to higher interest rates including accrued deferred fee (interest) on Term Loan B and the amortization of debt discount, partially offset by lower average borrowings from the comparable period of the prior year.

Income Taxes

The Company excluded debt cancellation from cancellation of debt income (“CODI”) from the income tax liability in 2013 in accordance with applicable Internal Revenue Service guidelines regarding insolvency where the amount of debt cancellation excluded from gross ordinary income is applied to attribute reductions. The insolvency calculation is based on IRS guidelines associated with liabilities in excess of the fair market value of assets immediately prior to the debt cancellation. The attribute reductions are ordered and reduce net operating losses, various credits, capital losses, and asset basis among other attribute reductions if applicable and necessary. As a result of the CODI exception provided in Internal Revenue Code Section 108 the Company reduced its net operating losses, applicable credits and asset basis in accordance with the applicable ordering rules.

In 2014, as a result of the attribute reductions to exclude the Company’s CODI from taxable income in 2013, the company incurred $6.4 million of attribute recapture income for tax purposes. As such, the Company used net operating loss carry forwards to offset attribute recapture income. A decrease in the Company’s deferred tax asset valuation allowance in a like amount of the tax liability arising from this taxable income was used to offset the income tax liability arising from the recapture income.

The Company’s effective tax rate for continuing operations for 2014 was 0.0% compared to a benefit of 1.9% in 2013 and an expense of (407.5)% for 2012. The primary difference in tax rates between 2013 and 2012 and for 2012 between the effective tax rate and the statutory tax rate is a result of the valuation allowance taken against our deferred tax assets in the second quarter of 2012 in the amount of $15.2 million and a valuation allowance increase of an incremental $0.8 million in the third and fourth quarters of 2012. The effective income tax rate approximates the combined federal and state, net of federal benefit, statutory income tax rate and may be impacted by increases or decreases in the valuation allowance for deferred tax assets. The Company recorded a tax benefit from continuing operations in 2013 resulting from the application of certain provisions of ASC 740 regarding implications of intra-period tax allocations for discontinued operations to maintain financial statement neutrality and to recognize the tax components between continuing operations and discontinued operations on a discrete basis.

Net (Loss) Income (Continuing Operations)

For the reasons set forth above, the Company recorded net income from continuing operations of $5.6 million in 2013 compared to a net loss from continuing operations of $(14.6) million in 2012.

Discontinued operations

The net income from discontinued operations was $0.1 million for the year ended October 31, 2013. The Company reported a net loss from discontinued operations for the year ended October 31, 2012 of approximately $(8.7) million. The loss in 2012 was primarily reflective of impairment charges recorded at the newspaper segment partially offset by a $1.6 million pre-tax gain on the sale of CGC to Safeguard. The 2013 results were favorably impacted by a pre-tax gain on the sale of the newspaper segment of $0.5 million, offset by a pre-tax loss on sale in the printing segment of $(0.1) million.

Earnings from discontinued operations on a pre-tax basis before gain on sale of discontinued operations increased from a loss of $(10.3) million in 2012 to a loss of $(0.3) million in 2013. This resulted primarily from no impairment charges being recorded at the newspaper segment in 2013 compared to $(11.1) in impairment charges at the newspaper segment in 2012 as further discussed below.

As a result of the sale of the CGC division, the Company received from Safeguard $3,100,000 in cash at closing with an additional $650,000 paid in the fourth quarter of 2012 resulting from a final settlement of working capital and a hold back amount of $400,000 retained at closing resulting from Safeguard's verification of the accuracy of seller's representations in the sale agreement, among other conditions. The Company does not believe there will be any further post-closing adjustments and costs associated with the sale of CGC to Safeguard. Discontinued operations results are reflective of results previously included as part of the printing segment and the newspaper segment.

As a result of reclassifying substantially all of the assets of Donihe as assets from discontinued operations, the Company recorded asset impairment charges of $337,000 in 2012.

During the second quarter of 2012 as part of a restructuring plan submitted to the Company's secured lenders the Company authorized its investment bankers to initiate an open market transaction process to determine potential alternative transactions in relation to certain asset sales and the sale of a business segment. As a result of this process, it was determined that an impairment test between annual impairment tests was warranted. This resulted in the Company's assessment that the carrying value of the newspaper segment exceeded the fair value of the newspaper segment. The basis of the fair value was a mid-point of value attained as a result of the open market process assessment based on a non- binding letter of intent attained in this process. This resulted in an impairment charge in the second quarter of 2012 of the remaining goodwill of the newspaper segment of approximately $9.5 million on a pre-tax, non-cash basis. As a result of the interim impairment indicators the Company also assessed the recoverability of property, plant and equipment and amortizing intangibles under the provisions of ASC 360 and determined that there were no charges required as a result of this assessment. The Company also assessed the non-amortizing intangibles of trademark and masthead and with assistance from a third party valuation specialist the Company concluded that through the utilization of an income approach based on the relief from royalty valuation methodology there was no impairment of this asset at April 30, 2012.

In connection with our annual impairment testing of goodwill and other intangible assets conducted in the fourth quarter of 2012, we recorded a charge of $1.6 million on a pre-tax basis for impairment of the value of other intangible assets, which resulted from the 2007 acquisition of The Herald-Dispatch daily newspaper in Huntington, WV. This charge resulted in impairment charges of trademark and masthead of $1.6 million on a pre-tax basis. The Company, with assistance from a third party valuation specialist, recorded the impairment utilizing an income approach based on the relief from royalty valuation methodology.

LIQUIDITY AND CAPITAL RESOURCES

The Company incurred substantial indebtedness as a result of the acquisition of The Herald-Dispatch in September of 2007. The country entered a recession in December of 2007 and the residual effects of the recession have continued within the former newspaper and the printing segments of the Company. The debt was structured as a cash flow credit, which typically indicates that the primary repayment source for debt will be income from operations in lieu of a collateral based loan. The Company had continued to service its debt and has made every scheduled payment of principal and interest, including during various periods, default interest. In addition, the Company had paid substantial sums for fees to the secured lenders as well as to various advisors pursuant to applicable credit and credit related agreements. The Company had paid approximately $65.6 million in principal through September 30, 2013 to the Previous Secured Lenders. Thus, the Company had demonstrated the ability to generate cash flow and has continued to service its debt commitments under the most difficult conditions in recent history.

In the fourth quarter of 2013 the Previous Secured Lenders sold the outstanding credit commitments representing substantially all of the Company's debt to Big 4 Investments, LLC ("Big 4") a private company. As a result of this sale the Company simultaneously entered into a new credit facility with Big 4 under the terms of the October 2013 Credit Agreement.

Prior to the October 2013 Credit Agreement the Company operated under the provisions of the May 2013 Forbearance Agreement effective May 31, 2013 which expired September 30, 2013 as amended August 28, 2013. The May 2013 Forbearance Agreement required the Company to achieve a multitude of targeted goals and covenants to remain in compliance. Many of these requirements were beyond the control of the Company although at the date of the agreement, the Company determined there was at least a reasonable possibility of achieving compliance through the September 30, 2013 contractual maturity date. The Company was also required, under the terms of the May 2013 Forbearance Agreement, to comply with financial covenants, which are non-GAAP financial measures. Prior to the October 2013 Credit Agreement and primarily as a result of the credit situation with the Previous Secured Lenders there was significant uncertainty about our ability to operate as a going concern. In recent years, the Company operated for extended periods both in default and under forbearance agreements as it navigated its way through the continued challenges and residual effects of the global economic crisis. The Company believes that there has been a fundamental shift in the way in which financial institutions, in general, evaluate cash flow credits and that the amount of leverage in which the financial institutions are willing to lend has decreased generally over the last several years. In addition, two of the Company’s operating segments, specifically the printing segment and newspaper segment (now classified as a discontinued operation), have declined both internally and on a macro basis both during the recession and post-recession. Therefore, even though the Company had reduced its borrowings in accordance with contractually scheduled amortizations, the Previous Secured Lenders had expressed a desire to have lower leverage associated with various earnings measures related to funded indebtedness. The end result of these actions was the Company was impacted operationally and financially by the numerous actions required in part as a result of the numerous Credit and Forbearance Agreements with the Previous Secured Lenders. These actions strained resources operationally and financially including trade vendor challenges. Therefore, three primary dynamics have faced the Company: lower earnings, two operating segments that have faced secular hurdles and what the Company believes to be a changed credit culture regarding cash flow type loans and the residual impact of the Previous Secured Lender credit requirements on our current operations.

The Company has focused its efforts operationally after an extended period of challenges with the Previous Secured Lenders. During 2014 the Company was able to reestablish its relationships with its vendors and has standard industry credit terms with all of its significant vendors. The Company’s cash flow statement for the twelve months ended October 31, 2014 reports cash flow (used in) continuing operations of $(0.6) million. Accounts payable decreased $2.4 million during 2014. This, principally, was the use of the Company’s cash in 2014 and was the effort of Management to ensure the Company succeeded in its goal of shoring up trade credit.

The Company's October 2013 Credit Agreement expires April 1, 2015. At that time the Company will be required to repay $9.6 million to its Secured Lender. Currently, the Company's Management is seeking opportunities for longer term financing from a traditional financial institution and will use these funds to repay its outstanding debt to its current Secured Lender.

Considering the prior conditions under which the Company was operating, in addition to the industry and economic challenges over the last several years, the Company's Management felt that sufficient time would be necessary to see the results of its efforts to stabilize operations and reverse declining revenue and operating loss trends before seeking longer-term financing.

In addition to a significant improvement in trade credibility, the Company was profitable for the fourth quarter of 2014 generating income from operations of $0.6 million on revenues of $17.7 million. This is compared to income from operations for the fourth quarter of 2013 of $0.6 million on revenues of $18.1 million. Net income for the fourth quarter of 2014 was $0.3 million compared to $11.2 million for the fourth quarter ended October 31, 2013. In the fourth quarter of 2013, the Company recognized an $11.1 million gain on debt forgiveness. The revenue decrease for the fourth quarter of 2014 was approximately 1.9% compared to 12.2% for the year when compared to the same periods in 2013. Over the course of fiscal 2014, compared to fiscal 2013, the Company saw revenue decreases of 15.8%, 16.7%, 14.3%, and 1.9% for the first, second, third, and fourth quarters, respectively. Revenue decreases in fiscal 2013 compared to fiscal 2012 were 17.0%. We believe this indicates that revenue declines are leveling off.

Given the information discussed herein, as well as the Company's unaudited results for the two months ended thus far in fiscal 2015 when compared to fiscal 2014, Marshall T. Reynolds' extensive fifty year experience of managing a portfolio of businesses and personal guaranty of the Company's debt, the Company's timely payments of its monthly debt obligation, and its relationship with its current Secured Lender, the Company believes it will be able to secure refinancing or an alternative source of funds to meet its maturing debt obligation.

The Company still faces liquidity related challenges for fiscal 2015 and beyond. These liquidity factors include:

· Continual management of our receipts and disbursements to improve and maintain days sales outstanding for trade receivables and days outstanding for trade payables.
· Carefully monitor capital expenditures to assure cash flow is maximized.
· Funding necessary capital expenditures to assure the Company remains competitive and positions itself for operations beyond one year.
· The potential for our interest costs and other credit related expenses to exceed our ability to generate sufficient cash to meet other obligations including scheduled principal amortization payments to secured lenders.
· Operating the company on a working capital basis without a revolving line of credit.

As of October 31, 2014, the Company had a $0.8 million book cash balance, compared with October 31, 2013 when the Company had a $1.4 million book cash balance. The working capital deficit as of October 31, 2014 was $(5.9) million compared to working capital of $5.7 million at October 31, 2013. The working capital deficit at October 31, 2014 was primarily associated with contractual maturities of debt.

The Company prior to the October 2013 Credit Agreement had available a line of credit which was subject to various Credit and Forbearance Agreement provisions as well as borrowing base limitations and reserves and minimum excess availability thresholds pursuant to applicable agreements.

The Company, various Company subsidiaries, as Guarantors, Marshall T. Reynolds, as shareholder and Big 4 Investments, LLC ("Administrative Agent and Lender") as Lender and Administrative Agent entered into a Third Amended and Restated Credit Agreement dated October 7, 2013. Administrative Agent and Lender purchased the

Company's outstanding syndicated debt from Fifth Third Bank and the other Lenders ("Previous Secured Lenders") for a price of $10.0 million. The Administrative Agent and Lender then simultaneously entered into the October 2013 Credit Agreement with the Company pursuant to the provisions of Term Note A for $10.0 million and related Guaranty Agreement and Stock Pledge and Security Agreement all dated October 7, 2013. The indebtedness immediately prior to the note sale reflected a balance pursuant to the Loan Purchase Agreement between Administrative Agent and Lender and the Previous Secured Lenders of approximately $19.9 million representing Term Loan A, Term Loan B and Revolving Loans plus accrued deferred fee and accrued interest of approximately $1.2 million.

The October 2013 Credit Agreement and related Term Note A, Guaranty Agreement and Stock Pledge and Security Agreement as further described herein amended various provisions of the Restated Credit Agreement dated October 19, 2012, including but not limited to:

- October 2013 Credit Agreement maturity of April 1, 2015.
- Existing debt restructured from Term Loan A, Term Loan B, and Revolving Credit Facility to Term Note A in the amount of $10,000,000.
- The Company's debt will not have a revolving credit facility component.
- Interest rate at the Wall Street Journal prime rate of interest plus two percent.
- Principal payments due monthly at $50,000 per month.
- $500,000 maturity or prepayment premium.
- Financial covenant of maximum capital expenditures of $3,000,000 during any fiscal year.
- Personal guaranty of Marshall T. Reynolds.
- Stock Pledge and Security Agreement providing a third party credit enhancement to support the credit facility underwritten by the Administrative Agent.
- In consideration for the personal Guaranty Agreement of Marshall T. Reynolds and Stock Pledge and Security Agreement, the warrants held by the Previous Secured Lenders were assigned to Marshall T. Reynolds. The warrants represent $0.001 per share warrants issued for up to 30% (on a post-exercise basis) of the outstanding common stock of the Company in the form of non-voting Class B common stock and associated Investor Rights Agreement.

The Company reviewed applicable GAAP and determined that extinguishment accounting should be applied in relation to the October 2013 Credit Agreement.

As of October 31, 2014 the Company had contractual obligations in the form of leases and debt as follows:

Payments Due by Fiscal Year Contractual Obligations	2015	2016	2017	2018	2019	Residual	Total
Non-cancelable operating leases	$ 442,560	$ 427,348	$ 367,939	$ 278,632	$ 174,088	$ 21,000	$ 1,711,567
Term debt	10,947,218	128,690	-	-	-	-	11,075,908
Capital lease obligations	14,931	15,853	12,528	-	-	-	43,312
Debt discounts	(138,520)	-	-	-	-	-	(138,520)
Notes payable - related party	2,500,000	-	-	-	-	-	2,500,000
	$ 13,766,189	$ 571,891	380,467	$ 278,632	$ 174,088	$ 21,000	$ 15,192,267

The Company believes exposure reasonably possible for current legal proceedings is not greater than $0.4 million and may be substantially lower than this amount as of October 31, 2013. The Company expenses legal fees as incurred and therefore the Company may incur legal fees to defend itself in the future and these fees may be material to the Company's Consolidated Financial Statements in a particular period.

Cash Flows from Operating Activities (continuing operations)

Cash flows from operating activities for the years ended October 31, 2014, 2013, and 2012 were $(0.6) million, $6.0 million, and $3.8 million. The decrease in cash flows from operating activities for fiscal 2014 compared to 2013, and also for fiscal 2013 compared to 2012, was primarily associated with timing changes in assets and liabilities.

Cash Flows from Investing Activities (continuing operations)

Cash (used in) provided by investing activities were $(0.3) million, $0.5 million, and $(0.4) million for the years ended October 31, 2014, 2013 and 2012. Cash flows used in investing activities decreased in 2014 from 2013 due to a decrease in proceeds from the sale of assets that was partially offset by higher purchases of property and equipment. The increase in cash flows from investing activities in 2013 compared to 2012 was primarily related to net proceeds from the sale of substantially all of the property and equipment of Merten.

Cash Flows from Financing Activities (continuing operations)

Net cash flows used in financing activities for the years ended October 31, 2014, 2013 and 2012 were $0.2 million, $(7.2) million, and $(5.6) million. During 2014, the Company borrowed funds on a short-term basis to fund certain large jobs for its Capitol Business division. In total three jobs were funded in the amount of $2.1 million between May 2014 and October 2014. These borrowings were secured by the specific receivables associated with the jobs. These funds were typically borrowed on 90 or 120 day terms and were repaid along with interest upon collection of the specific receivables. At October 31, 2014, $750,000, associated with one job billed in October, was outstanding. This $750,000 was repaid in December 2014 upon collection of the specific receivable associated with the job. In addition, in 2014, the Company borrowed funds to purchase vehicles used in its operations and for its sales force. These sources of funds were offset by principal payments of $600,000 on the Company’s debt to Big 4 as well as payments for the previously discussed short-term borrowings and borrowings for vehicles. In 2013 and 2012, the primary use of cash was for term debt payments for syndicated debt to the Previous Secured Lenders. The remaining activity in 2013 and 2012 was associated with various fees incurred for credit related agreements and in, 2012 for changes in negative book cash balances. In 2012, the Company also paid down syndicated term debt with proceeds of $2.5 million from issuing subordinated debt to a related party.

The Company's indebtedness also decreased in 2013 due to debt forgiveness of approximately $9.9 million, which is included as a component of operating activities inclusive of forgiveness of interest and accrued deferred fee aggregating $11.1 million (aggregate total inclusive of interest and accrued deferred fee).

Cash Flows from Discontinued Operations

The Company has