COLOR IMAGING INC
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As filed with the Securities and Exchange Commission on April 1, 2003

Registration No. 333-76090

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

POST-EFFECTIVE AMENDMENT NO. 1 TO
FORM SB-2
REGISTRATION STATEMENT UNDER
THE SECURITIES ACT OF 1933

COLOR IMAGING, INC.

(Name of Small Business Issuer in Its Charter)

Delaware	3861	13-345342
(State of Jurisdiction of Incorporation or Organization)	(Primary Standard Industrial Classification Code Number)	(IRS Employer Ide Number)

4350 Peachtree Industrial Boulevard, Suite 100
Norcross, Georgia 30071
(770) 840-1090; Fax (770) 242-3494
(Address and Telephone Number of Principal Executive Offices)

Sueling Wang, President
Color Imaging, Inc.
4350 Peachtree Industrial Boulevard, Suite 100
Norcross, Georgia 30071
(770) 840-1090; Fax: (770) 242-3494
(Name, Address and Telephone Number of Agent for Service)

Copies to:
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Approximate Date of Commencement of Proposed Sale to the Public: As soon as practicable from time to time after the effective date of this registration statement.

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of earlier effective registration statement for the same offering. [_]

If this form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [_]

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [_]

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box. [_]

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box. [X]

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until this registration statement shall become effective on such date as the Commission acting pursuant to said Section 8(a), may determine.

PROSPECTUS

COLOR IMAGING, INC.

3,870,591 SHARES

COMMON STOCK

This prospectus relates to the offer and sale from time to time of 3,870,591 shares of Color Imaging common stock by the stockholders identified on page 36 of this prospectus.

Our selling stockholders are offering to sell shares of common stock, including shares underlying warrants to purchase our common stock. The selling stockholders may sell our common stock on the open market at market prices in ordinary broker transactions or in negotiated transactions, and they may pay broker commissions in connection with such transactions. We will not receive any of the proceeds from the sale of our common stock by selling stockholders. In the event a selling stockholder exercises warrants to purchase our common stock, we will receive proceeds from the exercise of the warrant; provided that, the selling stockholder exercises the warrant by other than a cashless exercise. We will not pay any broker commissions in connection with sales of our common stock by selling stockholders.

Our common stock is quoted on the OTC Bulletin Board under the symbol CIMG. On March 28, 2003, the closing price of our stock was $.60 per share.

You should carefully consider each of the risk factors described under "Risk Factors" beginning on page 3 of this prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is April __, 2003

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PROSPECTUS SUMMARY

You should read this summary together with the other information contained in other parts of this prospectus. Because it is a summary, it does not contain all of the information that you should consider before investing in our common stock.

OVERVIEW

We develop, manufacture and market products used in electronic printing, facsimile machines and analog and digital copiers. We formulate, develop, manufacture, purchase from others and market electronic printing products, including black text, color, magnetic character recognition and specialty toners, and provides other parts and accessories for laser printers and digital copiers.

COLOR IMAGING, INC.

Since 1989, Color Imaging, Inc. has developed, manufactured and marketed products used in electronic printing. Color Imaging, Inc. formulates and manufactures black text and specialty toners, including color and magnetic character recognition toners for numerous laser printers, facsimile machines and analog and digital photocopiers. Color Imaging, Inc.'s toners permit the printing of a wide range of user-selected colors and also the full process color printing of cyan, yellow, magenta and black. Magnetic character recognition toners enable the printing of magnetic characters which are required for the high-speed processing of checks and other financial documents. Color Imaging, Inc. also supplies other consumable products used in electronic printing, and photocopying, including toner cartridges, cartridge components, photoreceptors and imaging drums.

Color Imaging, Inc. has continually expanded its product line and manufacturing capabilities. This expansion has led to the creation of more than 130 different black text, color, magnetic character recognition and specialty toner formulations, including aftermarket toners and imaging products for printers and facsimile machines manufactured by Brother(TM), Canon(TM), Delphax(TM), Hewlett Packard(TM), IBM(TM), Lexmark(TM), Sharp(TM), Xerox(TM), Minolta(TM), Mita(TM), Panafax(TM), Pentax(TM), Pitney Bowes(TM), Epson(TM), Fuji-Xerox(TM), Toshiba(TM), Kyocera(TM), Okidata(TM), Panasonic(TM), and printing systems developed by Logical Imaging Solutions, Inc. Color Imaging, Inc. also manufacturers and or markets toners for use in Ricoh(TM), Sharp(TM), Xerox(TM), Canon(TM), Lanier(TM) and Toshiba(TM) copiers. Color Imaging, Inc. also offers product enhancements, including imaging supplies that enable standard laser printers to print magnetic character recognition data. Color Imaging, Inc. markets branded products directly to OEMs and its aftermarket products worldwide to distributors and remanufacturers of laser printer toner cartridges and to dealers and distributors of copier products.

On September 30, 2002, Color Imaging, Inc. disposed of its wholly-owned subsidiary, Logical Imaging Solutions, Inc., in a common stock share exchange with Digital Color Print, Inc., which is owned by four former directors. Since its founding in 1993, Logical Imaging Solutions, Inc.'s development efforts have focused on creating a high-speed digital variable data printing system for commercial printing applications that combines software, hardware and consumable products not only for black text for image printing but also in color. See "Color Imaging, Inc. - Discontinued Operations" beginning on page 12.

THE OFFERING

This prospectus also relates to the resale of up to 3,870,591 shares of our common stock, including shares underlying warrants to purchase our common stock, by several of our stockholders. The selling stockholders are not required to sell our common stock and sales of our common stock are entirely at the discretion of the selling stockholders. The selling stockholders may sell such stock either on the open market at market prices in ordinary broker transactions or in negotiated transactions, and they may pay broker commissions in connection with such transactions. We will not receive any of the proceeds of sale of our common stock by the selling stockholders. In the event a selling stockholder exercises warrants to purchase our common stock, we will receive proceeds from the exercise of the warrant; provided that, the selling stockholder exercises the warrant by other than a cashless exercise. We will not receive any proceeds from the sale of our stock by selling stockholders who sell our common stock received upon the exercise of warrants. In addition, the exercise of the selling stockholders' warrants are not registered in this offering, and the amounts we receive upon exercise of such warrants are not proceeds of this offering. We will not pay any broker commissions in connection with sale of our common stock by selling stockholders.

Our common stock is quoted on the OTC Bulletin Board under the symbol CIMG. On

March 28, 2003, the closing price for our common stock was $.60 per share. We will pay the costs of registering the offer and sale of the securities offered hereby with the Securities and Exchange Commission and any required state securities agencies.

Our executive offices are located at: 4350 Peachtree Industrial Boulevard, Suite 100, Norcross, Georgia 30071 and our telephone number is: (770) 840-1090.

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RISK FACTORS

Investing in our common stock involves a significant degree of risk. You should carefully consider the following risk factors and all the other information contained in this prospectus before investing in our common stock. If any of the following possible adverse events actually occur, our business, financial condition and results of operations could suffer, in which case the trading price of our common stock may decline.

FACTORS THAT MAY AFFECT FUTURE RESULTS AND INFORMATION CONCERNING FORWARD-LOOKING STATEMENTS

FORWARD-LOOKING STATEMENTS

Statements contained in this report which are not statements of historical fact are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These forward-looking statements may be identified by the use of forward-looking terms such as "believes," "expects," "may", "will," "should" or "anticipates" or by discussions of strategy that involve risks and uncertainties. From time to time, we have made or may make forward-looking statements, orally or in writing. These forward-looking statements include statements regarding our ability to borrow funds from financial institutions or affiliates, to engage in sales of our securities, our intention to repay certain borrowings from future sales of our securities or cash flow, the ability to expand capacity by placing in service additional manufacturing equipment during 2003, our expected acquisition of business or technologies, our expectation that shipments to international customers will continue to account for a material portion of net sales, anticipated future revenues, our introduction of new products and our increasing our sales from digital copier, color and magnetic character recognition toner products and all-in-one toner cartridges during 2003, the prospective effects of having discontinued the Logical Imaging Solutions operations, sales, operations, demand, technology, products, business ventures, major customers, major suppliers, retention of key officers, management or employees, competition, capital expenditures, credit arrangements and other statements regarding matters that are not historical facts, involve predictions which are based upon a number of future conditions that ultimately may prove to be inaccurate. Our actual results, performance or achievements could differ materially from the results expressed in, or implied by, these forward-looking statements. Forward-looking statements are made based upon management's current expectations and beliefs concerning future developments and their potential effects upon our business. We cannot predict whether future developments affecting us will be those anticipated by management, and there are a number of factors that could adversely affect our future operating results or cause our actual results to differ materially from the estimates or expectations reflected in such forward-looking statements, including without limitation, those discussed in the sections titled "Color Imaging" and "Management's Discussion and Analysis of Financial Conditions and Results of Operations" and the factors set forth below.

RISKS RELATED TO OUR BUSINESS:

Our business depends on a limited number of customers.

For the year ended December 31, 2002, two customers accounted for approximately 67% of our net sales. We do not have contracts with these customers and all of the sales to them are made through purchase orders. While our products typically go through the customer's required qualification process, which we believe gives us an advantage over other suppliers, this does not guarantee that the customer will continue to purchase from us. The loss of either of these customers, including through an acquisition, other business combination or the loss by them of business from their customers could have a substantial and adverse effect on our business. We have in the past, and may in the future, lose one or more major customers or substantial portions of our business with one or more of our major customers. If we do not sell products or services to customers in the quantities anticipated, or if a major customer reduces or terminates its relationship with us, market perception of our products and technology, growth prospects, and financial condition and results of operation could be harmed.

Our reliance on sales to a few major customers and granting credit to those customers places us at financial risk.

As of December 31, 2002, receivables from two customers comprised 62% of accounts receivable. A concentration of our receivables from a small number of customers places us at risk should these receivables become uncollectable. If any one or more of our major customers is unable to pay us it could adversely affect our results of operations and financial condition. Color Imaging attempts to manage this credit risk by performing credit checks, requiring significant partial payments prior to shipment where appropriate, and actively monitoring collections.

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Approximately 47% of our business depends on a supplier approved by one of our customers.

Some of our products incorporate technologies that are available from a particular supplier that has been approved by one of our customers. Approximately 47% of our sales for the year ended December 31, 2002 were derived from products limited to a specific supplier. For the year ended December 31, 2002, we purchased 44% of our supplies from that same supplier. We do not have a written agreement with this or any other supplier. We rely on purchase orders. Should we be unable to obtain the necessary materials from this supplier, product shipments could be prevented or delayed, which could result in a loss of sales. If we are unable to fulfill existing orders or accept new orders because of a shortage of materials, we may lose revenues and risk losing customers.

If our critical suppliers fail to deliver sufficient quantities of materials or products in a timely and cost-effective manner it could negatively affect our business.

We use a wide range of materials in the production of our products, and we use numerous suppliers to supply materials and certain finished products. We generally do not have guaranteed supply arrangements with our suppliers. Because of the variability and uniqueness of customers' orders, we do not maintain an extensive inventory of materials for manufacturing or resale. Key suppliers include providers of special resins, toners and our injection molder affiliate that provides plastic bottles, cartridges and related components designed to avoid the intellectual property rights of others.

Although we make reasonable efforts to ensure that raw materials, toners and certain finished products are available from multiple suppliers, this is not always possible; accordingly, some of these materials are being procured from a single supplier or a limited group of suppliers. Many of these suppliers are outside the United States, resulting in longer lead-times for many important materials, which could cause delays in meeting shipments to our customers. We have sought, and will continue to seek, to minimize the risk of production interruptions and shortages of key materials and products by:

- selecting and qualifying alternative suppliers for key materials and products;
- monitoring the financial stability of key suppliers; and
- maintaining appropriate inventories of key materials and products.

There can be no assurance that results of operations will not be materially and adversely affected if, in the future, we do not receive in a timely and cost-effective manner a sufficient quantity of raw materials, toners or finished products to meet our production or customer delivery requirements.

Our success is dependent on our ability to utilize available manufacturing capacity.

From 1999 through 2000, we expanded our manufacturing capacity by acquiring new manufacturing equipment and moving to a larger location. We intend to continue to expand capacity by placing in service additional manufacturing equipment during 2003. To fully utilize these new additions to the factory, new formulations for toner have to be developed specifically for manufacture on this new equipment or orders for larger quantities of existing toners must be obtained. While we have been successful in developing formulas for new equipment in the past and increasing sales of many of our existing toner products, our continued success will be dependent on our ability to develop additional formulations or increase our sales from existing formulations and manufacture the toners with the new equipment to achieve a reduction in production costs. We cannot assure you that we will be successful in developing all of the formulations needed in the future or that we will be able to manufacture toner at a lower production cost on a regular basis or that such products will achieve market acceptance. If we are not successful in increasing the sales of our manufactured products, or if our existing sales from manufactured products declines, our business will be materially and adversely affected.

Our success is dependent on our ability to successfully develop, or acquire from third parties, intellectual property or products that we can commercialize and that achieve market acceptance.

Our success depends in part on our ability to develop proprietary toner formulas and manufacturing processes, obtain copyrights and trademarks, maintain trade secret protection and operate without infringing the proprietary rights of others. Future claims of intellectual property infringement could prevent us from obtaining technology of others and could otherwise adversely affect our operating results, cash flows, financial position or business, as could expenses incurred enforcing intellectual property rights against others or defending against claims that our products infringe the intellectual property rights of others.

Success in the aftermarket imaging industry depends, in part, on developing consumable products that are compatible with the printers, photocopiers and facsimile machines made by the OEMs, and that have a selling price less than that of like consumable supplies offered by the OEM. For example, if the OEMs introduce chemical toners with better imaging characteristics and higher yields, microprocessor chips that communicate between the toner cartridge and the device, or introduce products using patented or other proprietary technologies, then the aftermarket industry has to respond with ongoing development programs to offer compatible products that emulate the OEMs' without infringing upon the OEM's intellectual property.

Technical innovations are inherently complex and require long development cycles and appropriate professional staffing. Our future business success depends on our ability, and that of critical suppliers, to develop and introduce new products that successfully address the changing technologies of the OEMs, meet the customer's needs and win market acceptance in a timely and cost-effective manner. If we do not develop and introduce products compatible with the OEM's technologies in a timely manner in response to changing market conditions or customer requirements, our business could be seriously harmed.

The challenges we face in implementing our business model include establishing market acceptance of existing products and successfully developing or acquiring new product lines that achieve market acceptance. We must successfully commercialize the products that are currently being developed, such as our color and magnetic character recognition toner for printers and black text and color toners for new digital copiers and continue to acquire from third parties parts, materials and finished product that can be integrated into finished products or sold as our products. While we have successfully developed toners in the past and are in the late stages of developing and testing several new toners, we have not commercialized many of the toners that are under development. While we have in the past acquired from third parties materials and products that we have been successful in selling, there can be no assurance that parts, materials or products for new products will be available or will achieve market acceptance. If we fail to successfully commercialize products we develop or acquire from third parties, or if these products fail to achieve market acceptance, our financial condition and results of operation would be seriously harmed.

Our business might be adversely affected by our dependence on foreign business.

We sell a significant amount of product to customers outside of the United States. International sales accounted for 37%, 24% and 10% of net sales in the years ended December 31, 2002, 2001 and 2000, respectively. We expect that shipments to international customers will continue to account for a material portion of net sales. During the year ended December 31, 2002, our sales were made to customers outside the United States as follows:

- Europe (including Israel and Africa) - 20%
- Asia - 5%
- Other - 12%

Most of our products sold internationally, including those sold to our larger international customers, are on open account, giving rise to the added costs of collection in the event of non-payment. Further, should a product shipped overseas be defective, Color Imaging would experience higher costs in connection with a product recall or return and replacement.

Most of our products are priced in U.S. dollars, but because we began selling products in Europe denominated in Euros during 2001, fluctuations in the Euro could also cause our products there to become less affordable or less competitive or we may sell some products at a loss to otherwise maintain profitable business from a customer. We recorded a gain of $2,858 and a charge of $1,877 during the years ended December 31, 2002 and 2001, respectively, as a result of foreign currency transactions.

While our business has not been materially affected in the past by foreign business or currency fluctuations, because of our significant dependence on international revenues, our operating results could be negatively affected by a continued or additional decline in the economies of any of the countries or regions in which we do business. Periodic local or international economic downturns, trade balance issues, changes to duties, tariffs or environmental regulations, political instability and fluctuations in interest and currency exchange rates could negatively affect our business and results of operations.

We cannot assure you that these factors will not have a material adverse effect on our international sales and would, as a result, adversely impact our results of operation and financial condition.

Our results of operations may be materially harmed if we are unable to recoup our investment in research and development.

The rapid change in technology in our industry requires that we continue to make investments in research and development in order to not only develop technologies that function like the OEMs' and do not infringe on the OEMs' intellectual property rights, but we must also enhance the performance and functionality of our products and to keep pace with competitive products and satisfy customer demands for improved performance, features, functionality and costs. There can be no assurance that revenues from future products or product enhancements will be sufficient to recover the development costs associated with such products or enhancements or that we will be able to secure the financial resources necessary to fund future development. Research and development costs typically are incurred before we confirm the technical feasibility and commercial viability of a product, and not all development activities result in commercially viable products. In addition, we cannot ensure that these products or enhancements will receive market acceptance or that we will be able to sell these products at prices that are favorable to us. Our business could be seriously harmed if we are unable to sell our products at favorable prices or if our products are not accepted by the market in which we operate.

Our intellectual property protection is limited.

We do not rely on patents to protect our proprietary rights. We do rely on a combination of laws such as trade secrets and contractual restrictions such as confidentiality agreements to protect proprietary rights. Despite any precautions we have taken:

- laws and contractual restrictions might not be sufficient to prevent misappropriation of our technology or deter others from developing similar technologies; and

- policing unauthorized use of our products is difficult, expensive and time-consuming and we might not be able to determine the extent of this unauthorized use.

Therefore, there can be no assurance that we can meaningfully protect our rights in such unpatented proprietary technology or that others will not independently develop substantially equivalent proprietary products or processes or otherwise gain access to the proprietary technology. Reverse engineering, unauthorized copying or other misappropriation of our proprietary technology could enable third parties to benefit from our technology without paying us which could significantly harm our business.

We depend on the efforts and abilities of certain senior management and other key personnel to continue our operations and generate revenues.

Our success depends to a significant extent on the continued services of senior management and other key personnel. While we do have employment, non-compete and confidentiality agreements with executive officers and certain other key individuals, employment agreements may be terminated by either party upon giving the required notice. The loss of the services of any of our executive officers or other key employees could harm our business. Our success also depends on our ability to attract, retain and motivate highly skilled employees. Competition for qualified employees in the industries in which we operate is intense. If we fail to hire and retain a sufficient number of qualified employees, our business will be adversely affected.

We have a single manufacturing facility and we may lose revenue and be unable to maintain our client relationships if we lose our production capacity.

We manufacture all of the products we sell in our existing facility in Norcross, Georgia. If our existing production facility becomes incapable of manufacturing products for any reason, we may be unable to meet production requirements, we may lose revenue and we may not be able to maintain our relationships with our customers. Without our existing production facility, we would have no other means of manufacturing products until we were able to restore the manufacturing capability at our facility or develop an alternative manufacturing facility. Although we carry business interruption insurance to cover lost revenue and profits in an amount we consider adequate, this insurance does not cover all possible situations. In addition, our business interruption insurance would not compensate us for the loss of opportunity and potential adverse impact on relations with our existing customers resulting from our inability to produce products for them.

Our acquisition strategy may prove unsuccessful.

We intend to pursue acquisitions of businesses or technologies that management believes complement or expand the existing business. Acquisitions of this type involve a number of risks, including the possibility that the operations of any businesses that are acquired will be unprofitable or that management attention will be diverted from the day-to-day operation of the existing business. An unsuccessful acquisition could reduce profit margins or otherwise harm our financial condition, by, for example, impairing liquidity and causing non-compliance with lending institution's financial covenants. In addition, any acquisition could result in a dilutive issuance of equity securities, the incurrence of debt or the loss of key employees. Certain benefits of any acquisition may depend on the taking of one-time or recurring accounting charges that may be material. We cannot predict whether any acquisition undertaken by us will be successfully completed or, if one or more acquisitions are completed, whether the acquired assets will generate sufficient revenue to offset the associated costs or other adverse effects.

Acts of domestic terrorism and war have impacted general economic conditions and may impact the industry and our ability to operate profitably.

On September 11, 2001, acts of terrorism occurred in New York City and Washington, D.C. On October 7, 2001, the United States launched military attacks on Afghanistan. As a result of those terrorist acts and acts of war, there has been a disruption in general economic activity. The demand for printing products

and services may decline as layoffs in the transportation and other industries affect the economy as a whole. There may be other consequences resulting from those acts of terrorism, and any others which may occur in the future, including civil disturbance, war, riot, epidemics, public demonstration, explosion, freight embargoes, governmental action, governmental delay, restraint or inaction, quarantine restrictions, unavailability of capital, equipment, personnel, which we may not be able to anticipate. These terrorist acts and acts of war may continue to cause a slowing of the economy, and in turn, reduce the demand of printing products and services, which would harm our ability to make a profit. We are unable to predict the long-term impact, if any, of these incidents or of any acts of war or terrorism in the United States or worldwide on the U.S. economy, on us or on the price of our common stock.

Compliance with government regulations may cause us to incur unforeseen expenses.

Our black text, color and magnetic character toner supplies and manufacturing operations are subject to domestic and international laws and regulations, particularly relating to environmental matters that impose limitations on the discharge of pollutants into the air, water and soil and establish standards for treatment, storage and disposal of solid and hazardous wastes. In addition, we are subject to regulations for storm water discharge, and as a requirement of the State of Georgia have developed and implemented a Storm Water Pollution Prevention Plan. We are also required to have a permit issued by the State of Georgia in order to conduct various aspects of our business. Compliance with these laws and regulations has not in the past had a material adverse affect on our capital expenditures, earnings or competitive position. There can be no assurance, however, that future changes in environmental laws or regulations, or in the criteria required to obtain or maintain necessary permits, will not have a material adverse affect on our operations.

Our quarterly operating results fluctuate as a result of many factors.

Our quarterly operating results fluctuate due to various factors. Some of these factors include the mix of products sold during the quarter, the availability and costs of raw materials or components, the costs and benefits of new product introductions, and customer order and shipment timing. Because of these factors, our quarterly operating results are difficult to predict and are likely to vary in the future.

RISKS RELATING TO OUR INDUSTRY:

We operate in a competitive and rapidly changing marketplace.

There is significant competition in the toner and consumable imaging products industry in which we operate. In addition, the market for digital color printers and copiers and related consumable products is subject to rapid change and the OEM technologies are becoming increasingly difficult barriers to market entry. Many competitors, both OEMs and other after market firms, have longer operating histories, larger customer bases, greater brand recognition and significantly greater financial, marketing and other resources than we do. These competitors may be able to devote substantially more resources to developing their business than we can. Our ability to compete depends upon a number of factors, including the success and timing of product introductions, marketing and distribution capabilities and the quality of our customer support. Some of these factors are beyond our control. In addition, competitive pressure to develop new products and technologies could cause our operating expenses to increase substantially.

The imaging supplies industry is competitive and we are relatively small in size and have fewer resources in comparison with many of our competitors.

Our industry includes large original equipment manufacturers of printing and photocopying equipment and the related imaging supplies, as well as other manufacturers and resellers of aftermarket imaging supplies, with substantial resources to support customers worldwide. Our future performance depends, in part, upon our ability to continue to compete successfully worldwide. All of the original equipment manufacturers and many of our other competitors are diversified companies with greater financial resources and more extensive research, engineering, manufacturing, marketing and customer service and support capabilities than we can provide. We face competition from companies whose strategy is to provide a broad array of products, some of which compete with the products that we offer. These competitors may bundle their products in a manner that may discourage customers from purchasing our products. In addition, we face competition from smaller emerging imaging supply companies whose strategy is to provide a portion of the products and services that we offer. Loss of competitive position could impair our prices, customer orders, revenues, gross margins, and market share, any of which would negatively affect our operating results and financial condition. Our failure to compete successfully with these other companies would seriously harm our business. There is risk that larger, better-financed competitors will develop and market more advanced products than those that we currently offer or may be able to offer, or that competitors with greater financial resources may decrease prices thereby putting us under financial pressure. The occurrence of any of these events could have a negative impact on our revenues.

Our products have short life cycles and are subject to frequent price reductions.

The markets in which we operate are characterized by rapidly evolving and increasingly difficult technologies, frequent new product introductions and significant price competition. Consequently, our products have short life cycles, and we must frequently reduce prices in response to product competition. Our financial condition and results of operations could be adversely affected if we are unable to manufacture new and competitive products in a timely manner. Our success depends on our ability to develop and manufacture technologically advanced products, price them competitively, and achieve cost reductions for existing products. Technological advances require sustained research and development efforts, which may be costly and could cause our operating expenses to increase substantially.

Our financial performance depends on our ability to successfully manage inventory levels, which is affected by factors beyond our control.

Our financial performance depends in part on our ability to manage inventory levels to support the needs of new and existing customers. Our ability to maintain appropriate inventory levels depends on factors beyond our control, including unforeseen increases or decreases in demand for our products and production and supply difficulties. Demand for our products can be affected by product introductions or price changes by competitors or by us, the life cycle of our products, or delays in the development or manufacturing of our products. Our operating results and ability to increase the market share of our products may be adversely affected if we are unable to address inventory issues on a timely basis.

RISKS RELATING TO OWNING OUR COMMON STOCK:

Our officers and directors beneficially own approximately 46.4% of the outstanding shares of common stock, allowing these stockholders to control matters requiring approval of the stockholders.

As a result of such ownership by our officers and directors, other investors will have limited control over matters requiring approval by the stockholders, including the election of directors. Such concentrated control may also make it difficult for the stockholders to receive a premium for their shares of our common stock in the event we enter into transactions that require stockholder approval. In addition, certain provisions of Delaware law could have the effect of making it more difficult or more expensive for a third party to acquire, or of discouraging a third party from attempting to acquire control of us.

Exercise of warrants and options will dilute existing stockholders and could decrease the market price of our common stock.

As of March 31, 2003, after adjusting for stock and warrants repurchased that are to be cancelled, we had issued and outstanding 12,908,333 shares of common stock and 901,993 outstanding warrants and 920,000 outstanding options to purchase additional shares of common stock. The existence of the remaining warrants and options may adversely affect the market price of our common stock and the terms under which we obtain additional equity capital.

Our ability to raise additional capital through the sale of our securities may be harmed by competing resales of our common stock by our stockholders.

The price of our common stock could fall if stockholders sell substantial amounts of our common stock. Stockholders in our registration statement on Form SB-2 are able to sell up to approximately 4 million shares of our common stock, and such sales could make it more difficult for us to sell securities at the time and price we deem appropriate. To the extent stockholders, including the stockholders listed in the Form SB-2, offer and sell their shares of common stock to investors for less than the price offered by us, our attempt to sell our securities may be adversely affected as a result of the concurrent offering by selling stockholders listed in the Form SB-2. Investors may negotiate prices with stockholders listed in the Form SB-2 which are lower than the price we offer our shares of common stock. Furthermore, potential investors may not be interested in purchasing shares of our common stock on any terms if stockholders sell substantial amounts of our common stock.

We may face potential regulatory action or liability in connection with our 2001 private placement.

Our issuance of common stock and warrants in a private placement which was completed in 2001 could subject us to potential adverse consequences, including securities law liability and the voiding of contracts entered into in connection with the private placement. If our activities or the activities of other parties in the 2001 private placement are deemed to be inconsistent with securities laws under Section 29 of the Securities Exchange Act of 1934 or our activities or the activities or the activities of other parties are deemed to be inconsistent with the broker dealer registration provisions of Section 15(a) of the Exchange Act:

- o we may be able to void our obligation to pay transaction-related fees in connection with the private placement and we may receive reimbursement for fees already paid;

- o persons with whom we have entered into securities transactions that are subject to these transaction-related fees may have the right to void these transactions; and

- o we may be subject to regulatory action.

Due to the inherent uncertainties involved with the interpretation of securities laws, we are unable to predict the following: the validity of any potential liability in connection with our private placement, the outcome of any regulatory action or potential liability or the outcome of voiding transactions in connection with the private placement. The defense of any regulatory action or litigation and any adverse outcome could be costly and could have a material adverse effect on our financial position and results of operations and could divert management attention.

Digital Color Print's intended tender offer to exchange its shares for up to 900,000 shares of our common stock may adversely affect the market price of our common stock.

Digital Color Print's intended tender offer to exchange shares for up to 900,000 shares of our common stock could result in Digital Color Print having up to 900,000 shares of our common stock that it could sell in the market. The sale of all or substantially all of such shares of our common stock by Digital Color Print may adversely affect the market price of our common stock.

Our common stock is listed on the Over-The-Counter (OTC) Bulletin Board, which may make it more difficult for stockholders to sell their shares and may cause the market price of our common stock to decrease.

Because our common stock is listed on the OTC Bulletin Board, the liquidity of our common stock is impaired, not only in the number of shares that are bought and sold, but also through delays in the timing of transactions, and limited coverage by security analysts and the news media, if any, of us. As a result, prices for shares of our common stock may be lower than might otherwise prevail if our common stock was traded on NASDAQ or a national securities exchange, like the American Stock Exchange.

Our stock price may be volatile and an investment in our common stock could suffer a decline in value.

The market price of our common stock may fluctuate significantly in response to a number of factors, some of which are beyond our control. These factors include:

- progress of our products through development and marketing;
- announcements of technological innovations or new products by us or our competitors;
- government regulatory action affecting our products or competitors' products in both the United States and foreign countries;
- developments or disputes concerning patent or proprietary rights;
- actual or anticipated fluctuations in our operating results;
- the loss of key management or technical personnel;
- the loss of major customers or suppliers;
- the outcome of any future litigation;
- changes in our financial estimates by securities analysts;
- fluctuations in currency exchange rates;
- general market conditions for emerging growth and technology companies;
- broad market fluctuations;

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- o recovery from natural disasters; and
- o economic conditions in the United States or abroad.

Our charter documents and Delaware Law may have the effect of making it more expensive or more difficult for a third party to acquire, or to acquire control, of us.

Our certificate of incorporation makes it possible for our board of directors to issue preferred stock with voting or other rights that could impede the success of any attempt to change control of us. Our certificate of incorporation and bylaws eliminate cumulative voting which may make it more difficult for a minority stockholder to gain a seat on our board of directors and to influence board of directors' decision regarding a takeover. Delaware Law prohibits a publicly held Delaware corporation from engaging in certain business combinations with certain persons, who acquire our securities with the intent of engaging in a business combination, unless the proposed transaction is approved in a prescribed manner. This provision has the effect of discouraging transactions not approved by our board of directors as required by the statute which may discourage third parties from attempting to acquire us or to acquire control of us even if the attempt would result in a premium over market price for the shares of common stock held by our stockholders.

The information referred to above should be considered by investors when reviewing any forward-looking statements contained in this report, in any of our public filings or press releases or in any oral statements made by us or any of our officers or other persons acting on our behalf. The important factors that could affect forward-looking statements are subject to change, and we disclaim any obligation or duty to update or modify these forward-looking statements.

USE OF PROCEEDS

This prospectus relates to the offer and sale of our common stock by the selling stockholders. The selling stockholders will receive all of the proceeds from selling their shares. We will not receive any sales proceeds. Some of the shares to be sold are already owned by the selling stockholders, and the remainder are issuable to them upon exercise of warrants. See "Selling Stockholders." We will only receive proceeds upon the exercise of these warrants, to the extent they were exercised other than cashless. The total amount we will receive if all of the warrants held by the selling stockholders were exercised is approximately $1,803,986 (assuming that such selling stockholders do not utilize a cashless exercise). We have not made any plans for the use of these proceeds other than to add them to working capital. We will pay all expenses related to the registration of the common stock except underwriting discounts and commissions and fees and expenses of counsel for the selling shareholders.

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COLOR IMAGING, INC.

Overview

Since 1989, Color Imaging has developed, manufactured and marketed products used in electronic printing. Color Imaging formulates and manufactures black text and specialty toners, including color and magnetic character recognition toners for numerous laser printers, facsimile machines and analog and digital photocopiers. Color Imaging's toners permit the printing of a wide range of user-selected colors and also the full process color printing of cyan, yellow, magenta and black. Magnetic character recognition toners enable the printing of magnetic characters which are required for the high-speed processing of checks and other financial documents. Color Imaging also supplies other consumable products used in electronic printing and photocopying, including toner cartridges, cartridge components, photoreceptors and imaging drums.

Color Imaging has continually expanded its product line and manufacturing capabilities. This expansion has led to the creation of more than 130 different black text, color, magnetic character recognition and specialty toner formulations, including aftermarket toners and imaging products for printers and facsimile machines manufactured by Brother(TM), Canon(TM), Delphax(TM), Hewlett Packard(TM), IBM(TM), Lexmark(TM), Sharp(TM), Xerox(TM), Minolta(TM), Mita(TM), Panafax(TM), Pentax(TM), Pitney Bowes(TM), Epson(TM), Fuji-Xerox(TM), Toshiba(TM), Kyocera(TM), Okidata(TM), and Panasonic(TM). Color Imaging also manufactures and or markets toners for use in Ricoh(TM), Sharp(TM), Xerox(TM), Canon(TM), Lanier(TM) and Toshiba(TM) copiers. Color Imaging also offers product enhancements, including imaging supplies that enable standard laser printers to print magnetic character recognition data. Color Imaging markets branded products directly to OEMs and its aftermarket products worldwide to distributors and remanufacturers of laser printer toner cartridges and to dealers and distributors of copier products.

Color Imaging's business is derived from a single segment, imaging supplies and related spare parts and consumables, used in copiers, printers and facsimile machines. The percentage of our net sales derived from finished products, both manufactured and purchased from others for resale, for the years ended December 31, 2002, 2001 and 2000 were 61.7%, 79.6% and 83.7%, respectively, while our sales of bulk toners and parts for the same periods were 38.3%, 20.4% and 16.3%, respectively. While we intend to increase our net sales of bulk toners that we manufacture to more fully utilize our plant capacity, we believe that the net sales of finished products will continue to be the majority of our net sales.

Background

Color Imaging, formerly known as Advatex Associates, Inc., was incorporated in Delaware in 1987. On May 16, 2000, Advatex, Logical Acquisition Corp., Color Acquisition Corp., Logical Imaging Solutions, Inc. and Color Image, Inc. entered into a Merger Agreement and Plan of Reorganization pursuant to which Logical Acquisition Corp. merged with and into Logical Imaging Solutions and Color Acquisition Corp. merged with and into Color Image. Pursuant to the Merger Agreement, stockholders of Logical Imaging Solutions and Color Image exchanged their shares for shares of common stock of Advatex. Logical Imaging Solutions stockholders converted their shares into shares of common stock of Advatex at the ratio of 1.84843 shares of common stock of Advatex for each one share of Logical Imaging Solutions. Color Image stockholders converted their shares into shares of common stock of Advatex at the ratio of 15 shares of common stock of Advatex for each one share of Color Image. Following the conversion of shares by Logical Imaging Solutions and Color Image stockholders, stockholders of Logical Imaging Solutions and Color Image owned approximately 85% of the outstanding shares of common stock of Advatex and stockholders of Advatex before the merger owned approximately 15% and Logical Imaging Solutions and Color Image became wholly-owned subsidiaries of Advatex. The purpose of the merger was to combine Color Image's toner and consumable expertise and manufacturing plant with Logical Imaging Solutions' advanced printing system capabilities to offer a wider product range and ensure product supply for Logical Imaging Solutions'

Solution Series printing systems. Management also anticipated that the merger with a company that was subject to the Securities Exchange Act of 1934 would also permit the reorganized business to offer shares to other acquisition candidates, in lieu of cash.

On July 7, 2000, pursuant to a vote of our stockholders, we changed our name to Color Imaging, Inc. On December 31, 2000, Color Image, Inc. was merged with and into Color Imaging. On September 11, 2002, we entered into a share exchange agreement with Digital Color Print, Inc. and four of our directors to divest our wholly owned subsidiary, Logical Imaging Solutions, Inc. On September 30, 2002, the share exchange transaction was completed and Color Imaging disposed of its wholly-owned subsidiary, Logical Imaging Solutions, Inc., in a common stock share exchange with Digital Color Print, Inc., which is owned by four former directors. Since its founding in 1993, Logical Imaging Solutions, Inc.'s development efforts have focused on creating a high-speed digital variable data printing system for commercial printing applications that combines software, hardware and consumable products not only for black text for image printing but also in color. See "Discontinued Operations", and Note 3 of Notes to Financial Statements.

Market Overview and Industry

Color Imaging's market for imaging products is the installed base of electronic printing devices: laser printers and facsimile machines and analog and digital copiers. Color Imaging competes within this market with products supplied by the OEM manufacturers and with other suppliers of aftermarket imaging products. Additional products in this category include enhancement products that extend the capabilities of the OEM's product, such as magnetic character recognition toners that enable the printing of magnetic characters on checks and other financial documents. We market our products worldwide and regionally primarily to distributors of imaging products who sell to dealers and large end-users. To a lesser extent, we sell to OEMs, re-manufacturers and a few dealers directly.

We believe the trends in the electronic printing and photocopying industry, and of original equipment manufacturers of these devices, are (1) the introduction of products utilizing digital and color printing technologies as opposed to analog and black text printing, (2) offering business color printing solutions at a cost per page that are increasingly competitive, (3) reduce the selling price of their devices while increasing their printing speed, functionality and networkability, (4) increase the technological barriers through the use of specialized toners (chemical toners incorporating polyesters and proprietary raw materials), patents and microprocessors (machine readable microchips with internet connectivity for supplies management) and (5) endeavor to control the market for consumable supplies through the use of their technologies as barriers to market entry for re-manufacturers of these products or manufacturers of like, new, aftermarket products. Over time, we believe that digital printers and photocopy machines that print at speeds of up to 100 pages per minute will merge into one device, delivering multifunctional capability and color printing, that are net-workable at both lower prices and operating costs to the end user. Consumables for these devices will become increasing difficult to remanufacture, thereby reducing the market share of re-manufacturers and increasing the opportunity of increased market share for newly manufactured finished product from aftermarket suppliers, such as Color Imaging. In our experience, new aftermarket consumable products are typically 25% cheaper than OEM's consumables with like functionality - a savings to the consumer. As the aftermarket has increasingly gained acceptance as product quality has steadily improved, we believe that Color Imaging is positioning itself to take advantage of these trends.

Color Imaging's solution is, through its own technological capability and that of strategic suppliers, to develop and introduce compatible, newly manufactured, aftermarket products, ahead of other aftermarket competitors, at a price significantly below that of the OEM and make these products increasingly available through distribution channels closer to the end-user.

Growth Strategy

Our strategy for growing revenue and operating profit is to expand, including through strategic acquisition(s), our printer and copier products business. The key elements of our strategy are (1) increasing vertical integration by supplying complete toner and cartridge devices, (2) capitalizing on our research and development expertise of producing specialty, color and digital copier and or multifunctional device toners, (3) exploiting the efficiencies associated with the investment made in manufacturing facilities, (4) expanding our sources for products from strategic suppliers that we can add value to or resell that complement our product lines and (5) broadening our sales channels and expanding into new geographic markets.

Color Imaging's development of new toner products is focused on providing an aftermarket product for electronic printing devices that achieves a high level of market acceptance. Color Imaging endeavors to offer equivalent toner products with equal or better quality at lower prices than the OEM's toner product.

Color Imaging is committed to increasing the value added of its toner products to the end user by providing not only the toners but also the toner cartridge or canister that is compatible with the OEM's equipment. Color Imaging believes that by developing toner cartridge and canister devices for specific electronic printing or copying machines, and integrating those devices with compatible toners, the market for Color Imaging's toner products will expand. Color Imaging believes that this approach will also result in increased gross margins.

Color Imaging will continue to emphasize its high margin specialty toner capability, primarily color and magnetic character recognition toners, while providing lower margin black text toners in commodity bulk to a number of large customers. The bulk quantity of black text toners are currently being offered to maximize the efficiencies of Color Imaging's manufacturing plant. The availability of this complete research and development and manufacturing facility allows for the continued expansion of specialty toner products.

During 2003, Color Imaging expects to increase its sales of higher margin digital, color and magnetic character recognition toners and introduce new all-in-one toner cartridges for certain popular personal copiers and laser printers. The introduction of new products in 2002 and the expansion of our sales channels helped Color Imaging avoid a substantial revenue decline in 2002, and are expected to largely offset the loss of revenues from our largest customer in 2003. While the all-in-one cartridges will be at margins lower than those realized on products utilizing our digital, color and magnetic character recognition toners, we expect these products to contribute to improved gross and net profitability during 2003.

Recent Developments

On January 23, 2003, Color Imaging's registration statement on Form SB-2 offering of up to 7 million shares of its common stock was declared effective by the Securities and Exchange Commission. On March 6, 2003, Color Imaging received subscription proceeds of $6,075,000 for the public sale of 4,500,000 shares of its common stock from an affiliate. The acquisition of our common stock by this affiliate is for investment purposes. On March 13, 2003, Color Imaging accepted the subscription and terminated the offering.

Discontinued Operations

On June 10, 2002, the board of directors, to better focus executive management energies on each of our operating units, reaffirmed Director Michael W. Brennan as Chairman and Chief Executive Officer of our subsidiary Logical Imaging Solutions, Inc., and elected Jui-Hung Wang Chairman of Color Imaging. Dr. Sueling Wang continues to serve as Vice-Chairman and President of Color Imaging Mr. Brennan also resigned from the board of directors of Color Imaging effective September 10, 2002, to dedicate himself to the furthering of the business interests of Logical Imaging Solutions, including the potential reorganization of it as a standalone company separate and apart from Color Imaging. The board of directors and management realized that the difficulties surrounding the raising of significant equity capital from non-affiliates for Color Imaging in this market environment is such that a restructure of Logical Imaging Solutions had to be considered. We did not, at that time, specifically allocate any of the proceeds of our pending offering filed with the Securities and Exchange Commission on Form SB-2 to the furthering of Logical Imaging Solutions' technology, since we were considering several alternatives with regard to the potential restructuring of Logical Imaging Solutions.

Four of our directors, Messrs. Brennan, St. Amour, Langsam and Hollander expressed concern over the potential restructure or reorganization of Logical Imaging Solutions and the lack of the planned use of any proceeds from our offering on Form SB-2 for the further development of its technology, as they are of the opinion that Logical Imaging Solutions' business prospects demanded a greater investment. After informal discussion with Dr. Sueling Wang and Mr. Van Asperen beginning this past July, they submitted an informal proposal whereby a new company, Digital Color Print, Inc., to be initially owned by Messrs. Brennan, St. Amour, Langsam and Hollander, would acquire the capital stock of Logical Imaging Solutions in exchange for shares of our common stock and warrants to purchase shares of the common stock of Logical Imaging Solutions and/or Digital Color Print approximating up to 15% of its then outstanding shares.

During the initial negotiations Messrs. Brennan, St. Amour, Langsam and Hollander offered to acquire Logical Imaging Solutions at a price equivalent to the net book value of Logical Imaging Solutions, after converting intercompany advances to capital, such that Color Imaging did not incur a loss on the transaction, and Color Imaging was to receive the number of shares of its common stock, at the market price at closing, equivalent to that amount. At the time of the initial discussions, the market price had averaged approximately $1.65/share and Color Imaging was to have received about 1,333,000 shares, subject to adjustment should the market price change.

As negotiations continued, numerous terms and conditions were discussed, including a minimum and maximum number of shares of Color Imaging's stock that was to be exchanged at closing based on the then market price. Given the difficulty of establishing a market price that could be agreed upon, and the resultant minimum and maximum number of our shares to be exchanged for the shares of Logical Imaging Solutions, it was then agreed that Color Imaging would accept 1,600,000 of its shares which at the then market price was roughly equivalent to Color Imaging's estimated fair value of the transaction: the fair value (approximating the net book value of Logical Imaging Solutions, after converting intercompany advances to capital) plus the transaction costs. On August 23, 2002, the board of directors, by unanimous written consent, authorized our entering into a definitive share exchange arrangement to be negotiated by management and appointed a committee of disinterested directors, Mr. Van Asperen and Mr. Allison, to conduct due diligence as appropriate and to engage, at their option, an independent consultant to evaluate the fairness, from a financial point of view, of the transaction. There were also several important conditions, such as the consent of our bank and the release of the bank's security interest in the assets of Logical Imaging Solutions, a recommendation by the committee of disinterested directors with an opinion of an independent financial consultant of the fairness to Color Imaging and its stockholders from a financial point of view of the transaction, if obtained, and the approval to close the transaction of not only a majority of the board of directors but also of a majority of the disinterested members of board of directors. On September 11, 2002, after management concluded its negotiations, we signed the share exchange agreement.

Later, the agreement was amended on September 20, 2002, when Messrs. Brennan, St. Amour, Langsam and Hollander wanted a minimum of $100,000 of cash to be on hand for Logical Imaging Solutions, and not in the form of a loan, the number of shares to be received was increased from 1.6 million to 1.7 million. In addition, Mr. Brennan agreed that his employment agreement would be immediately terminated upon the transaction's closing and severance of $6,057.69 per two-week period, plus reimbursement of health and life premium costs, formerly payable through June 10, 2003 terminates as of March 10, 2003.

The Committee of disinterested directors, recognizing that the transaction with directors of Color Imaging requires approval by a majority of the independent directors of Color Imaging and receipt of a fairness opinion indicating that the transaction is fair, from a financial point of view, to Color Imaging and its stockholders who are unaffiliated with Digital Color Print, engaged CBIZ Valuation Counselors to render an opinion as to whether the share exchange agreement was fair. For the purpose of establishing a basis for rendering its opinion, CBIZ Valuation Counselors, among other things, read the share exchange agreement and internal memoranda and minutes of the board of directors of Color Imaging in connection with Logical Imaging Solutions technology and operations, reviewed the unconsolidated and consolidating financial statements of Color Imaging, including past and forward looking budgets and projections and general conditions, visited the facilities and interviewed the managements of both Color Imaging and Logical Imaging Solutions, analyzed the products and technologies of Digital Color Print/Logical Imaging Solutions, considered public data, Color Imaging's stock price history, stock market performance and conducted other studies and analyses, while relying on the accuracy and completeness of the financial and other data provided by Color Imaging and Logical Imaging Solutions.

CBIZ Valuation Counselors analyzed Color Imaging, Logical Imaging Solutions and the warrant offered by Digital Color Print and Logical Imaging Solutions as a means of valuing each. The analysis, given the effect to the transaction of Logical Imaging Solutions, included:

- pro forma adjusted historical earnings,
- the market value of the common stock of each,
- discounted cash flows, and
- capital markets.

Further, CBIZ Valuation Counselors' conclusion noted that the share exchange agreement was one of many alternatives considered by Color Imaging's management and its board with respect to the ultimate decision to restructure the operations of Logical Imaging Solutions.

Color Imaging's 1,700,000 shares and the warrant to purchase approximately 15% of Digital Color Print or Logical Imaging Solutions common stock to be received for all of the outstanding common stock of Logical Imaging Solutions was valued by CBIZ Valuation Counselors in their report to the committee of disinterested directors of Color Imaging. The CBIZ Valuation Counselors' report indicated a market value for Color Imaging's common stock ranging from $0.73 to $2.32 per share for values of approximately $1 million to $3.9 million. The discounted cash flow analysis resulted in a value of $1.80 per share, or $3.1 million, and the capital market analysis indicated a value based on the inclusion and deduction of Color Imaging's long-term debt of from $1.07 to $1.28 per share which is approximately $1.8 million and $2.2 million. Color Imaging's trailing 20-day average closing price for its common shares was $1.61, indicating a value of approximately $2.7 million for the shares it was to receive. Including the value of the warrant to be received by Color Imaging with an approximate value of $24,000 and not considering the lowest or highest value developed by the analysis as being as representative of the indicated value as the other values, the range of the value of its common stock and the warrant it was to receive was approximately $1.3 million to $3.1 million based on the values determined by the analysis and $2.7 million based on the 20-day trailing trading average price of $1.61 for its shares and $2.1 million based on its closing price of $1.25 per share on September 25, 2002.

On the other hand, the 1,630,000 shares of Logical Imaging Solutions common stock delivered to Digital Color Print was valued by CBIZ Valuation Counselors from $.9 million to $2.5 million. CBIZ Valuation Counselors adjusted asset analyses of Logical Imaging Solutions resulted in a value of approximately $.9 million and $2.5 million, or $.55 and $1.54 per share, respectively. Logical Imaging Solutions is not publicly traded and did not meet the listing requirement of the OTCBB and because of factors that included its business plan relying upon the raising of additional capital and the development of new products, CBIZ Valuation Counselors did not rely on either the market or income approaches to valuing the Logical Imaging Solutions' common stock.

The directors, not including the directors acquiring Logical Imaging Solutions, and the committee of disinterested directors following the completion of its due diligence and the receipt of a fairness opinion that the share exchange transaction, as amended, is fair to Color Imaging and its stockholders from a financial point of view, who were unaffiliated with the stockholders of Digital Color Print determined that the transaction was fair to Color Imaging and its stockholders, because they believed that the "fair value" of Logical Imaging Solutions was likely less than its net book value. Color Imaging and its special committee believe that Logical Imaging Solutions was possibly, in the near term and perhaps before year-end, facing a substantial impairment to its two largest assets:

- the electron beam test fixtures for products that it had yet to commercialize with a book value of some $1.3 million, and
- the deferred tax asset with a book value of $415,000 that depended solely on future profitability of Logical Imaging Solutions.

Further, given:

- Logical Imaging Solutions' existing products had not yet achieved sufficient market acceptance for it to be profitable,

- its development of its primary products is still not completed and it could not be determined with any certainty that it ever would be completed or made manufacturable and could be sold profitably once developed,

- competing technologies continue to advance,

- the company that developed the technology has achieved limited success after more than 20 years, and

- given all of the foregoing, and the continuing prospects of losses, negative cash flows and the potential for significantly impaired assets in connection with Logical Imaging Solutions, the special committee and the disinterested directors concluded the Share Exchange Agreement was preferable to other alternative courses of action.

In connection with the share exchange, Mr. Brennan transferred to Digital Color Print 724,215 shares and Mr. St. Amour, together with his daughter, transferred to Digital Color Print an aggregate of 1,053,595 shares of Color Imaging common stock held by them as trustees of certain trusts.

After having met all of the conditions, including the approval of the majority of the disinterested directors and having obtained a fairness opinion that indicated the transaction was fair to Color Imaging and its stockholders unaffiliated with Digital Color Print, the divestiture of Logical Imaging Solutions and the share exchange was completed on September 30, 2002. Effective upon the closing, Messrs. St. Amour, Langsam and Hollander resigned as directors of Color Imaging. Mr. Brennan had previously resigned as a director of Color Imaging effective September 10, 2002. As the result of the foregoing, Logical Imaging Solutions' operations and research and development activities will remain in Santa Ana, California and are not being consolidated with ours at our headquarters in Norcross, Georgia.

Based upon guidance provided by APB 29 in connection with accounting for nonmonetary transactions, the 1,700,000 million shares of our common stock exchanged for all of the shares of common stock of Logical Imaging Solutions was valued at approximately $2.68 million: the fair value (approximating the net book value) of Logical Imaging Solutions, after converting approximately $2.35 million of intercompany advances to capital, plus the transaction costs incurred. The warrants that we received for approximately 15% of Logical Imaging Solutions, or Digital Color Print, have not been assigned any value, since they are not cashless, increase from $1.50, to $2.25 and then to $3.25 per share each year over three years, expire after three years, are not registered for resale and have no current market.

Now that the share exchange transaction has closed, Digital Color Print intends to offer to exchange shares of its common stock for shares of common stock held by our stockholders who are, per a press release of Digital Color Print, holders of record as of October 1, 2002. We are not sponsoring, encouraging, or responsible for the proposed offering by Digital Color Print. Conditions of the share exchange agreement include that Digital Color Print shall be solely responsible for such offering, including compliance with all applicable laws, and it shall not accept the tender of more than an aggregate of 2,600,000 shares, inclusive of the 1,700,000 of our common shares that Digital Color Print exchanged for all of the common stock of Logical Imaging Solutions. If Digital Color Print completes its intended tender offer for a total of 2.6 million shares of our issued and outstanding common stock, inclusive of the 1.7 million exchanged for all of the common stock of Logical Imaging solutions, it will have 900,000 shares of our publicly traded shares which it could sell in the market to fund its operations. Further, neither Logical Imaging Solutions nor Digital Color Print shall take any action in connection with their offering that could have the effect of reducing the number of our stockholders below 325. As of February 28, 2003, we had 325 holders of record of our common stock.

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Products

Our aftermarket product net revenues for each of our fiscal years ended December 31, 2002, 2001 and 2000, by category, from continuing operations are:

Category	2002	2001	2000	Prima
Cartridges & Bottles				
Photocopiers	$16,580,635	$18,579,212	$ 7,515,802	Black tex and analo
Printers and Facsimiles	3,533,074	3,934,059	2,018,264	Black t magnetic for laser
Bulk Toner & Parts:	7,886,600	7,456,497	1,851,002	Filling printer o and new and photo
	$28,000,309	$29,969,768	$11,385,069	

Research and Development

Our research and development activities for the past several years have focused on black text, specialty, color and magnetic character toner formulations, and more recently polyester-based toners for full-color digital printing and photocopying. Our commitment to increasing revenues through new product introductions requires research and development expenditures, innovative designs, significant development and testing activities and functional solutions.

For the twelve months ended December 31, 2002, our research and development expenditures increased approximately $155,000, or 20%, from approximately $791,000 for the twelve months ended December 31, 2001. Our research and development expenditures for the twelve months ended December 31, 2001, increased approximately $240,000, or 44%, to $791,000 in 2001 from $551,000 in 2000.

It is necessary to make strategic decisions from time to time as to which technologies will produce products with the greatest future potential. Occasionally, a customer will ask Color Imaging to develop toner products for their exclusive resale, and in that event the customer will generally financially support Color Imaging's development activities. In turn, Color Imaging will also occasionally work with suppliers to develop proprietary technology for Color Imaging's exclusive use. These strategic relationships have benefited us in the past, and we intend to continue to pursue such relationships for new products.

Our chemists and consultants are focused on development of imaging products and manufacturing systems that will increase efficiency, lower production costs or improve the quality of our products. With certain products, we may elect to purchase key components from third party suppliers, such as toner, bottles and or print cartridges. We cannot predict whether we can continue to develop the technologically advanced products required to remain competitive or that such products will achieve market acceptance.

Intellectual Property

Color Imaging relies upon trade secrets and unpatented proprietary technology. Color Imaging seeks to maintain the confidentiality of such information by requiring employees, consultants and other parties to sign confidentiality agreements and by limiting access by parties outside Color Imaging to such information. There can be no assurance, however, that these measures will prevent the unauthorized disclosure or use of this information or that others will not be able to independently develop such information. Additionally, there can be no assurance that any agreements regarding confidentiality and non-disclosure will not be breached, or, in the event of any breach, that adequate remedies would be available to Color Imaging.

We seek to protect technology, inventions and improvements that we consider important through the use of trade secrets. While we do not believe that any of our products infringe any valid claims of patents or other proprietary rights held by third parties, there can be no assurance that these products do not

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infringe any patents or other proprietary rights held by third parties. If an infringement claim were made, the costs incurred to defend the claim could be substantial and adversely affect us, even if we were ultimately successful in defending the claim. If our products were found to infringe any proprietary right of a third party, we could be required to pay significant damages or license fees to the third party or cease production. Litigation may also be necessary to enforce patent rights held by us, or to protect trade secrets or techniques owned by us. Any such claims or litigation could result in substantial costs and diversion of effort by management.

Specifically, we believe patent protection is of limited usefulness for our technologies, because competitors have the ability (even if we had a patent) to develop substantially equivalent technology. Therefore, we rely on trade secrets and other unpatented proprietary technology. There can be no assurance that we can meaningfully protect our rights in such unpatented proprietary technology or that others will not independently develop substantially equivalent proprietary products or processes or otherwise gain access to our proprietary technology. We also seek to protect our trade secrets and proprietary know-how, in part, with confidentiality agreements with employees and consultants. There can be no assurance that the agreements will not be breached, that we will have adequate remedies for any breach or that our trade secrets will not otherwise become known to or independently developed by competitors.

Marketing and Distribution

We market and distribute our products worldwide through both our direct sales force and manufacturer's representatives. Color Imaging's products are marketed primarily to distributors, OEMs and re-manufacturers.

In the twelve months ended December 31, 2002, 2001 and 2000, our net sales were primarily generated from the sale finished consumable products for electronic printers and photocopying machines and comprised approximately 71.8%, 75.1% and 83.7% of net sales, respectively. For the twelve months ended December 31, 2002, 2001 and 2000, our two largest imaging products customers accounted for 47% and 20%, 41% and 16% and 0% and 0% of net sales, respectively. During the twelve months ended 2002, there were no sales to our third largest customer of 2001 who accounted for 12% of 2001 and was are largest customer accounting for 57% of 2000 net sales, since these sales were made directly to our largest customer during 2002. Though our sales are on purchase orders, these customers typically issue purchase orders three months in advance of the product delivery date and provide us with an additional two month rolling forecast.

We believe that our operations are in a single industry segment involving the development and manufacture of products used in electronic printing. All of our assets are domestic. Our sales to unaffiliated customers by geographic region are as follows:

	2002		2001	
United States	$ 17,728,982	63%	$ 22,600,553	75%
Europe	5,638,161	20%	5,255,415	18%
Asia	1,253,862	5%	647,146	2%
Other	3,379,304	12%	1,466,654	5%
Total	$ 28,000,309	100%	$ 29,969,768	100%

Competition

The markets for our products are competitive and subject to rapid changes in technology. Color Imaging in particular competes principally on the basis of quality, flexibility, and service with a pricing strategy that reflects quality and reliability.

Color Imaging's competitors in the toner market include large businesses with significantly greater resources in the high-volume commodity toner market, as well as smaller companies in the specialty, color and magnetic character toner markets. In addition, other companies offer remanufactured toner cartridges and printer parts that are lower priced.

Color Imaging's strategy requires that it continue to develop and market new and innovative products at competitive prices. New product announcements by our principal competitors, however, can have, and in the past have had, a material adverse effect on our financial results. Such new product announcements can quickly undermine any technological competitive edge that one manufacturer may enjoy over another and set new market standards for quality, speed and function. Furthermore, knowledge in the marketplace about pending new product announcements by our competitors may also have a material adverse effect on us inasmuch as purchasers of these products may defer purchasing decisions until the announcement and subsequent testing of such new products.

In recent years, Color Imaging and its principal competitors, which have significantly greater financial, marketing and technological resources than Color Imaging, have regularly lowered prices on both printer and copier imaging supplies and are expected to continue to do so in the future. Color Imaging is vulnerable to these pricing pressures which, if not mitigated by cost and expense reductions, may result in lower profitability and could jeopardize our ability to grow or maintain market share. We expect that, as we compete more successfully with our larger competitors, our increased market presence may attract more frequent challenges, both legal and commercial, from our competitors, including claims of possible intellectual property infringement.

Canon(TM), Xerox(TM) and Ricoh(TM) are the market leaders in the toner market whose aggregate sales we believe represent approximately 75% to 85% of worldwide toner sales. As with our other products, if pricing pressures are not mitigated by cost and expense reductions, our ability to maintain or build market share and profitability could be adversely affected.

Like certain of our competitors, Color Imaging is a supplier of laser printer kits and parts. We cannot assure you that we will be able to compete effectively for a share of this business. In addition, we cannot assure you that our competitors will not develop new compatible laser printer products that may perform better or sell for less than our products. Independent manufacturers compete for the aftermarket business under either their own brand, private label, or both, using price, aggressive marketing programs, and flexible terms and conditions to attract customers. Depending on the product, prices for compatible products produced by other manufacturers are offered below our prices, in some cases significantly below our prices.

Manufacturing

We operate a toner manufacturing facility in Norcross, Georgia that we moved into during 1999 and 2000. We have made significant capital investment in this facility to increase production capacity and improve manufacturing efficiencies to lower processing costs of our toner products. The installation of additional equipment was completed in the second quarter 2002, and the equipment was placed in service during the fourth quarter of 2002. This equipment is an integral part of our plan to further increase production capacity, improve quality and efficiency and to significantly lower the costs of our toner products. Our goal for the last three years has been to reduce average toner product costs by one-half, in response to management's assessment of the continuing price reductions for these products in the marketplace.

Materials and Suppliers

We procure a wide variety of components for use in our manufacturing processes, including raw materials, such as chemicals and resins, electro-mechanical components and assemblies. Although many of these components are standard off-the-shelf parts that are available from multiple sources, we often utilize preferred supplier relationships to ensure more consistent quality, cost and delivery. Often Color Imaging's toner formulations are dependent on one or more materials produced by only one vendor, since the formula was developed based on that material's unique characteristics. Alternative materials exist, but the differences in performance characteristics could require Color Imaging to modify the original formula and/or its manufacturing processes to obtain a marketable product based on the new material. Further, some chemicals are only available from one supplier. Should these chemicals not be available from any one of these suppliers, there can be no assurance that production of certain of our products would not be disrupted. Some of our products incorporate technologies that are available from a particular supplier that has been approved by one of our customers. Approximately 47% of our sales for the year ended December 31, 2002 were derived from products limited to a specific supplier. For the year ended December 31, 2002, we purchased 44% of our materials and supplies from that same supplier. In the event that these materials and supplies, as well as those other raw materials that are sourced from a single supplier, are not available to us, our production could be disrupted. Such a disruption could materially harm our business.

Backlog

Our backlog increased approximately $800,000 or 33% to $3.2 million as of December 31, 2002, from $2.4 million at the same date of the previous year. The increase in the backlog was primarily due to increased demand being experienced during the middle of 2002 for certain copier products coupled with the loss of business experienced by our largest customer during the fourth quarter of 2002 and the extension of the related delivery dates for those products previously ordered. Other than orders from our larger customers, Color Imaging does not usually get orders for delivery at a future date. The orders included in our backlog are generally credit approved customer purchase orders usually scheduled to ship in the next twelve months. Color Imaging schedules production of its products based on order backlog, customer commitments and forecasts and demand. However, customers may delay delivery of products or cancel orders suddenly and without sufficient notice, subject to possible cancellation penalties. Due to possible customer changes in delivery schedules and cancellations of orders, and the fact that not all of our customers give us orders for future delivery, Color Imaging's backlog at any particular date is not necessarily indicative of actual sales for any succeeding period. Delays in delivery schedules and/or a reduction of backlog during any particular reporting period could have a material adverse effect on our business and results of operations. In addition, a backlog does not provide any assurance that Color Imaging will realize a profit from those orders or indicate in which period revenue will be recognized. See the disclosures in Item 7 under the captions "General" and "Results of Continuing Operations" of this report for a breakdown of our backlog and net sales by product category.

Government Regulation

Color Imaging's manufacturing operations are subject to laws and regulations, relating to environmental matters that impose limitations on the discharge of pollutants into the air, water and soil and establish standards for the treatment, storage and disposal of solid and hazardous wastes. In this regard, Color Imaging is required to have a permit in order to conduct various aspects of its business. The Air Protection Branch of the State of Georgia's Department of Natural Resources Environmental Protection Division issued a permit to Color Imaging in 2000 to construct and operate a copier and printer toner manufacturing facility at our headquarters. The permit is conditioned upon compliance by us with all the provisions of the Georgia Air Quality Act, and specifically the Rules, Chapter 391-3-1, in effect. In addition to operating and maintaining the equipment, in a manner consistent with good air pollution control practice to minimize emissions, we must maintain records, conduct tests, and comply with certain allowable emissions and operational limitations. The permit is subject to revocation, suspension, modification or amendment for cause, including evidence of our noncompliance. Compliance with these laws and regulations in the past has not had a material adverse effect on our capital expenditures, earnings or competitive position. There can be no assurance, however, that future changes in environmental laws or regulations, or in the criteria required to obtain or maintain necessary permits, will not have a material adverse effect on us.

Employees

As of December 31, 2002, we had seventy-seven (77) employees, including one (1) part-time employee. At December 31, 2001, we had ninety-two (92) employees, including one (1) part-time employee, while at December 31, 2000 we had one hundred six (106) employees, including one (1) part-time employee. As of December 31, 2002, of Color Imaging's 77 employees, 12 were engaged in research and development activities and 47 in manufacturing and operations related positions, with the remainder in sales, marketing or administrative positions. Of Color Imaging's employees, four (4) hold PhD degrees and nine (9) hold masters degrees. None of our employees is represented by a labor union or is covered by a collective bargaining agreement. We have not experienced any work stoppages and consider our relations with employees to be good.

Facility

We currently lease a facility of approximately 180,000 square feet in Norcross, Georgia from an affiliated party. This facility serves as our executive headquarters and houses our toner manufacturing facilities, as well as our research and development and sales and marketing departments. On February 5, 2003, we amended the lease to extend the term from March 31, 2009 to March 31, 2013 for this facility and it includes three options at our election to extend the term for five years each. On September 30, 2002, we divested Logical Imaging Solutions and no longer have the facility in Santa Ana, California. Management considers its facility to be sufficient for its operations for the foreseeable future.

LEGAL PROCEEDINGS

We are not a party to any material legal proceedings.

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MARKET FOR COMMON STOCK AND RELATED STOCKHOLDER MATTERS

Our Common Stock is traded on the Over the Counter Bulletin Board (the OTC Bulletin Board) under the symbol CIMG. Prior to July 7, 2000, the Common Stock was traded on the OTC Bulletin Board under the symbol ADTX. The following table sets forth the high and low prices of the Common Stock for the quarters indicated as quoted on the OTC Bulletin Board.

	2001		2002	
	HIGH	LOW	HIGH	LOW
First Quarter.............	$ 3.0000	$ 2.5000	$ 3.3500	$ 2.1000
Second Quarter............	2.6500	1.9000	2.5600	1.2500
Third Quarter.............	2.7500	1.9000	2.3500	1.0100
Fourth Quarter............	4.3000	2.0000	1.6000	0.8000

The above quotations represent prices, adjusted for stock splits, between dealers without adjustments for retail markups, markdowns or commissions and may not represent actual transactions.

As of March 31, 2002, there were 325 holders of record of our common stock.

We do not anticipate paying cash dividends on our common stock in the foreseeable future. We currently intend to retain future earnings to finance our operations and fund the growth of its business. Any payment of future dividends will be at the discretion of our board of directors and will depend upon, among other things, our earnings, financial condition, capital requirements, level of indebtedness, contractual restrictions with respect to the payment of dividends and other factors that our board of directors deems relevant.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

General

On June 28, 2000, Color Imaging, formerly known as Advatex Associates, Inc. merged with Logical Imaging Solutions, Inc. and Color Image, Inc. and Logical Imaging Solutions and Color Image became wholly-owned subsidiaries of Advatex. The financial information contained in this report is in conformity with the purchase method of accounting. The assets, liabilities and operating results of Color Image are only included in the consolidated financial statements of Color Imaging from the date of acquisition, June 28, 2000, or for only the last six months of the year ended December 31, 2000 and for the full years ended December 31, 2001 and 2002, and discontinued operations are those of Logical Imaging Solutions for all periods. On December 31, 2000, Color Image was merged with and into Color Imaging. On September 30, 2002, we divested Logical Imaging Solutions in exchange for 1.7 million shares of our common stock and warrants to purchase up to 15% of the common stock of Digital Color Print or Logical Imaging Solutions. As the result of our disposing of Logical Imaging Solutions, Inc. we no longer offer printing systems to commercial printers nor the support services and consumables related thereto. As a further result of Color Imaging's divestiture of Logical Imaging Solutions, our investments in the furthering of Logical Imaging Solutions' technologies and carrying its operations have ceased. Significantly, since the merger on June 28, 2000, Color Imaging invested approximately $2.35 million in the operations of Logical Imaging Solutions and the development of its technologies with $675,000 of that amount having been invested during the nine month period ended September 30, 2002. The disposal of Logical Imaging Solutions eliminates the capital needed to support those operations and should result in improved profitability from operations.

Our strategy for growing revenue and operating profit is to expand, including through strategic acquisition(s), our printer and copier products business. The key elements of our strategy are (1) increasing vertical integration by supplying complete toner and cartridge devices, (2) capitalizing on our research and development expertise of producing specialty, color and digital copier and or multifunctional device toners, (3) exploiting the efficiencies associated with the investment made in manufacturing facilities, (4) expanding our sources for products from strategic suppliers that we can add value to or resell that complement our product lines and (5) expanding into new geographic markets, and broadening our sales channels.

The following discussion and analysis should be read in conjunction with our financial data and our Financial Statements and notes appearing elsewhere in this report.

Net sales for the year ended December 31, 2002 was $28 million, compared to $30 million in 2001 and $11.4 million in 2000. Net sales in 2002 decreased primarily due to reduced demand domestically and substantially reduced sales to our largest customer in the fourth quarter of 2002. All periods reflect the operating results of Color Image from after the date of the merger, June 28, 2000. In the twelve months ended December 31, 2002, 2001 and 2000, our net sales were primarily generated from the sale of finished consumable products for electronic printers and photocopying machines and comprised approximately 71.8%, 75.1% and 83.7% of net sales, respectively. For the twelve months ended December 31, 2002, 2001 and 2000, our two largest imaging products customers accounted for 47% and 20%, 41% and 16% and 0% and 0% of net sales, respectively. During the twelve months ended 2002, there were no sales to our third largest customer of 2001 who accounted for 12% of 2001 and was are largest customer accounting for 57% of 2000 net sales, since these sales were made directly to our largest customer during 2002. Sales to these customers consist primarily of analog copier products, and as a result are expected to decline over time unless these declining sales to these customers are offset by the sale of digital copier products. As of September 30, 2002, we no longer sell certain very low margin copier products purchased for resale to our largest customer. As a result, our sales will be less concentrated with our largest customer and our gross profit margins are expected to improve. Our orders for this discontinued very low margin product during 2002 were approximately $4 million, or 14% of our total sales for the year ended December 31, 2002 and represents approximately 33% of our sales for 2002 to our largest customer. During the fourth quarter of 2002, as the result of our largest customer having lost business from one of its major customers that has been using our product, orders from our largest customer further declined. Orders in the fourth quarter 2002 were approximately 43% lower than the previous quarterly averages of 2002, and we expect sales to our largest customer during 2003 to be about one-half of the amount sold to them during 2002, or down approximately $7 million. We do not have a written or oral contract with this customer. Our inventory for the discontinued product has been sold, and inventory in connection with the other products no longer sold by our largest customer to one its customers is still being sold to our largest customer for sale to others. We do not have a written or oral contract with our customers, and all sales are made through purchase orders. Though our sales are on purchase orders, these customers typically issue purchase orders three months in advance of the product delivery date and provide us with an additional two month rolling forecast. Consistent with the purchase orders and forecasts provided to us by our major customers, we provide our major suppliers with purchase orders three months in advance and an additional rolling forecast for two months. In April 2001, we changed our purchasing arrangement with our largest supplier to FOB origination from FOB destination, and we adjusted our pricing to reflect the change to costs.

Net sales made outside of the United States increased to approximately $10.3 million, or 37% of total sales for the twelve months ended December 31, 2002,

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compared to $7.2 million, or 24% for the twelve months ended December 31, 2001. This 42% increase in international sales resulted primarily from the increase in sales to our two largest customers. However, as a result of our no longer selling certain copier products to our largest customer, both our domestic and our international sales are expected to decrease for all of 2003, while our gross margin is expected to be higher throughout 2003 when compared to 2002.

The following table reflects the consolidated new orders, net of cancellations, revenues and backlog as of the beginning and end of the three years ended December 31, 2002, as well as for Color Imaging's two general product lines. All periods reflect the results of Color Image from after the date of the merger, June 28, 2000.

	Backlog at start of Year	New Orders	Net Revenue	Backlog at end of Year
	(IN THOUSANDS OF DOLLARS)			
2002:				
Copier Products	$ 1,921	$ 20,576	$ 19,721	$ 2,718
Printer Products	483	8,465	8,279	473
Total	2,404	29,041	28,000	3,191
2001:				
Copier Products	2,401	20,178	20,658	1,921
Printer Products	856	8,939	9,312	483
Total	3,257	29,117	29,970	2,404
2000:				
Copier Products	1,795	7,936	7,330	2,401
Printer Products	69	4,842	4,055	856
Total	$ 1,864	$ 12,778	$ 11,385	$ 3,257

CRITICAL ACCOUNTING ESTIMATES

"Management's Discussion and Analysis of Financial Condition and Results of Operations" discusses our financial statements that have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these financial statements requires us to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

On an on-going basis, we evaluate our estimates and judgments, including those related to revenue recognition, valuation allowances for inventory and accounts receivable, warranty and impairment of long-lived assets. We base our estimates and judgments on historical experience and on various other factors that we believe to be reasonable under the circumstances. The result of these estimates and judgments form the basis for making conclusions about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. Our significant estimates and assumptions are reviewed and any required adjustments are recorded on a quarterly basis.

A critical accounting policy is one that is both important to the portrayal of Color Imaging's financial condition and results and requires management's most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain. Management believes the following critical accounting policies affect its more significant judgments and estimates in the preparation of its consolidated financial statements.

VALUATION ALLOWANCE FOR ACCOUNTS RECEIVABLE. We maintain allowances for doubtful accounts for estimated losses resulting from the inability of our customers to make required payments. These allowances are based on historical experience, credit evaluations and specific customer collection issues we have identified. Since our accounts receivable are often concentrated in a relatively few number of customers, a significant change in the liquidity or financial position of any one of these customers could have a material adverse impact on the collectibility of our accounts receivable and our future operating results.

INVENTORY VALUATION. Our inventories are recorded at the lower of standard cost or the current estimated market value. As with any manufacturer or wholesaler, economic conditions, cyclical customer demand, product introductions or pricing changes of our competitors and changes in purchasing or distribution can affect

the carrying value of inventory. Demand for our products has fluctuated significantly and may do so in the future, which could result in an increase in the cost of inventory or an increase in excess inventory quantities on hand. As circumstances warrant, we record lower of cost or market inventory adjustments. In some instances these adjustments can have a material effect on the financial results of an annual or interim period. In order to determine such adjustments, we evaluate the age, inventory turns, estimated fair value and, in the case of toner products, whether or not they can be reformulated and manufactured into other products, and record any adjustment if estimated fair value is below cost. Through periodic review of each of our inventory categories and by offering markdown or closeout pricing, we regularly take steps to sell off slower moving inventory to eliminate or lessen the effect of any lower of cost or market adjustment. If assumptions about future demand or actual market conditions are less favorable than those projected by management, write-downs of inventory could be required, and there can be no assurance that future developments will not necessitate further write-downs.

VALUATION OF LONG-LIVED ASSETS. We periodically evaluate whether events and circumstances have occurred which may affect the estimated useful life or the recoverability of the remaining balance of our long-lived assets, such as our investment in our toner manufacturing equipment. We have approximately $7.8 million invested in such equipment and plant improvements, with a carrying value of $6.7 million, that have estimated lives of up to twenty years. Should competing technologies or offshore competitors cause our manufacturing technology to be non-competitive, or should other events or circumstances indicate that the carrying amount of these assets would not be recoverable, the estimated life of these assets may need to be shortened and their carrying value could be materially affected. If the sum of the undiscounted expected cash flows from an asset to be held and used in operations is less than the carrying value of the asset, an impairment loss is recognized.

WARRANTY. We provide a limited warranty, generally ninety (90) days, to all purchasers of our products. Accordingly, we do not make a provision for the estimated cost of providing warranty coverage, and instead we expense these costs as they are incurred. On occasion, we have been required and may be required in the future to provide additional warranty coverage to ensure that our products are ultimately accepted or to maintain customer goodwill. While our warranty costs have historically not been significant, we cannot guarantee that we will continue to experience a similar level of predictability with regard to warranty costs as we have in the past. In addition, the introduction of more expensive finished products, technological changes or previously unknown defects in raw materials or components may result in more extensive and frequent warranty claims than anticipated, which could have a material adverse impact on our operating results for the periods in which such additional costs materialize.

RESULTS OF CONTINUING OPERATIONS

All periods reflect the operating results of Color Image from after the date of the merger, June 28, 2000.

Color Imaging's net sales were $28 million for the year ended December 31, 2002, a decrease of approximately 7% from December 31, 2001. The net sales by product category were as follows:

(Dollars in thousands)	2002	% Increase (Decresse)	2001	% Increase (Decrease)
Product Category:				
Cartridges and bottles				
Copier finished products	$16,581	(11%)	$18,579	147%
Printer finished products	3,533	(10%)	3,934	95%
	20,114	(11%)	22,513	136%
Bulk toner and parts	7,886	6%	7,457	303%
Total net revenue	$28,000	(7%)	$29,970	163%

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The following table sets forth, for the periods indicated, selected information derived from Color Imaging's consolidated statements of operations and expressed as a percentage of net sales.

	Twelve Months Ended December 31,		
	2002	2001	2000
Net sales	100	100	100
Cost of goods sold	84	85	87
Gross Profit	16	15	13
Administrative expense	5	5	7
Deferred charge write-off	0	1	0
Research and development	3	3	5
Sales and marketing	5	4	4
Operating income	3	2	-3
Interest and financing costs	1	1	2
Depreciation and amortization	2	2	3
Income before taxes	2	1	-6

Provision for taxes (credit)	1	0	-2
Net income (loss)from continuing operations	1	1	-3

YEARS ENDED DECEMBER 31, 2002 AND 2001

Net Sales. Our net sales decreased by $1.97 million, or 7%, to $28 million for the twelve months ended December 31, 2002, from $29.97 million for the twelve months ended December 31, 2001. Net sales made in the United States were $17.7 million, a decrease of $4.9 million, or 22%, from $22.6 million made in the comparable period in 2001. The decrease in net sales made in the United States resulted primarily from reduced sales to our largest customer and decreased demand generally for all of our products, while the increase in sales made outside of the United States was primarily the result of increased sales to our two largest customers. Of the $28 million in net sales, $20.1 million, or 72%, were attributable to cartridges and bottled toner products, compared to $22.5 million or 75% for the comparable period in 2001. The decrease in cartridge and bottled toner sales of $2.4 million or 11% was primarily the result of decreased sales to our largest customer and less demand domestically for these products. The revenue increase from bulk toner and parts was $0.4 million or 5% compared to 2001, largely as a result of increased sales to our largest customer. In the twelve months ended December 31, 2002, two distributors of imaging supplies accounted for approximately 47% and 20%, respectively, of net sales, with the latter being an OEM for which we private label. For twelve months ended December 31, 2001, these same two customers accounted for 42% and 16%, respectively.

Cost of Goods Sold. Cost of goods sold decreased by $2.18 million, or 8.5%, to $23.42 million from $25.60 million for the twelve months ended December 31, 2002 from the comparable period in 2001, primarily as the result of the decrease in net sales but also as a result of lower manufacturing costs. Cost of goods sold as a percentage of net sales decreased by 1.8 percentage points from 85.4% for the twelve months ended December 31, 2001 to 83.6% for the twelve months ended December 31, 2002. The decrease in the cost of goods sold as a percentage of net sales was primarily the result of reduced sales derived from certain very low margin products previously sold to our largest customer that have been discontinued and the effects of previous price increases on a few analog copier products. Having recently placed more efficient manufacturing equipment in service, we expect our cost of goods sold to further decrease as a percentage of net sales, but there can be no assurance in this regard.

Gross Profit. As a result of the above factors, gross profit increased to $4.6 million in the twelve months ended December 31, 2002 from $4.4 million in the twelve months ended December 31, 2001, or only $200,000, while net sales for the same period decreased by approximately $2 million.

Operating Expenses. Operating expenses decreased $80,000, or 2.3%, to $3,590,000 in the twelve months ended December 31, 2002 from $3,640,000 in the twelve months ended December 31, 2001, including the $215,000 deferred charge write-off in 2001. General and administrative, selling and R&D expenses increased, as a percentage of net sales, to 12.8% in the twelve months ended December 31, 2002 from 12.1% in the twelve months ended December 31, 2001 as the result of the decrease in net sales for the year and the increase in research and development and sales and marketing expenses. General and administrative expenses decreased approximately 10.5%, or $153,000 to $1,312,000 for the twelve months ended December 31, 2002 from the comparable period in 2001, largely resulting from reduced payroll, other taxes, travel and professional investor relations expenses. Selling expenses increased by $162,000, or 13.8%, in the twelve months ended December 31, 2002 compared to the twelve months ended December 31, 2001. Selling expenses increased primarily as a result of increased sales commission, advertising and payroll expenses. Research and development expenses increased by

$156,000, or 19.7%, to $947,000 in the twelve months ended December 31, 2002, primarily as the result of efforts being redirected to toner research and development from the acquisition and construction of capitalized test fixtures utilized by Logical Imaging Solutions. We expect to continue to increase

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research and development expenditures in an effort to develop and bring to market more new products before our competition, while also reformulating certain product formulas to manufacture a greater percentage of our products on our more efficient production equipment.

Operating Income. As a result of the above factors, operating income increased by $256,000, or 35%, to $988,000 in the twelve months ended December 31, 2002 from $732,000 in the twelve months ended December 31, 2001.

Interest and Finance Expense. Interest expense decreased by $65,000 in the twelve months ended December 31, 2002 from the twelve months ended December 31, 2001. The decrease was primarily the result of reduced interest bearing debt levels.

Other Income. Other income increased by $7,000 from income of $40,000 to income of $47,000 in the twelve months ended December 31, 2002 from the twelve months ended December 31, 2001.

Income Taxes. As the result of our profit from continuing operations in the twelve months ended December 31, 2002, we recorded an income tax provision of $274,000 for the period, while the income tax provisions was $121,000 for the twelve months ended December 31, 2001.

YEARS ENDED DECEMBER 31, 2001 AND 2000

All periods reflect the operating results of Color Image from after the date of the merger, June 28, 2000, and as a result for only six months in the period ended December 31, 2000.

Net Sales. Our net sales were $30.0 million for the year ended December 31, 2001, or an increase of 163% compared to $11.4 million for the six months ended December 31, 2000. Net sales made in the United States were $22.6 million, an increased of $12.4 million, or 122%, from $10.2 million for the six months ended December 31, 2000. The decrease in net sales made in the United States resulted primarily from reduced sales to our largest customer and decreased demand generally for all of our products, while the increase in sales made outside of the United States was primarily the result of increased sales to our two largest customers. Of the $30.0 million in net sales, $22.5 million, or 75%, were attributable to cartridges and bottled toner products, compared to $9.5 million or 84% for the six months ended December 31, 2000. The increase in cartridge and bottled toner sales of $13 million or 136% was primarily the result of increased sales to our two largest customers and including Color Image's net sales for only the last six months of 2000. The revenue increase from bulk toner and parts was $5.6 million or 303% compared to the six months ended December 31, 2000, largely as a result of increased sales to our largest customer and including Color Image's net sales for only the last six months of 2000. In the twelve months ended December 31, 2001, two distributors of imaging supplies accounted for approximately 42% and 16%, respectively, of net sales, with the latter being an OEM for which we private label. For the six months ended December 31, 2000, the products sold to our two largest customers of 2001 were sold to a third customer and accounted for 64% of our total sales in 2000.

Cost of Goods Sold. Cost of goods sold increased by $15.7 million or 159% to

$25.6 million in the year ended December 31, 2001 from $9.9 million in the year ended December 31, 2000. Had Color Image's entire year 2000 been included, cost of goods sold would have increased by $8.1 million or 45%. This increase was primarily due to increased net sales. Cost of goods sold as a percentage of net sales decreased to 85% in the year ended December 31, 2001 from 87% in 2000.

Gross Profit. As a result of the above factors, gross profit increased by $2.9 million in the year ended December 31, 2001 from $1.5 million in the six months ended December 31, 2000. Gross profit as a percentage of net sales was 15% and 13% for December 31, 2001 and 2000, respectively.

Operating Expenses. Operating expenses, excluding the deferred charge write-off, increased $1.6 million or 91% to $3.4 million in the year ended December 31, 2001 from $1.8 million in the year ended December 31, 2000, primarily as the result of only including Color Image's operating expenses for the last half of 2000. Notwithstanding the deferred charge write-off, general and administrative, selling and R&D expenses decreased, as a percentage of net sales, to 12% in the year ended December 31, 2001 from 16% in the year ended December 31, 2000. General and administrative expenses increased by $691,000, or 89%, primarily as the result of only reflecting Color Image's expenses for only the last half of the year 2000. The general and administrative expenses that did increase in 2001 compared to 2000 were primarily those for professional fees and payroll as the result of the expanded operations of Color Imaging. Selling expenses increased by $698,000, or 148%, in the year ended December 31, 2001 compared to the year ended December 31, 2000, primarily as the result of only reflecting Color Image's expenses for only the last half of the year 2000. The selling expenses that did increase in 2001 compared to 2000 were primarily those in connection with increased marketing costs associated with the increased revenues. Selling expenses as a percentage of net sales was 4% in both 2001 and 2000. Research and development expenses increased by $240,000, or 44%, to $791,000 in the year ended December 31, 2001, primarily as the result of only reflecting Color Image's research and development costs for the last half of the year 2000. Research and development expenses as a percentage of net sales decreased to 3% in the year 2001, from 5% in the year 2000, reflecting the higher sales level.

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Deferred Charge Write-Off. An expense of $215,000 was recorded in the year ended December 31, 2001, for expenditures related to activities in connection with an acquisition of a manufacturing business that was not consummated. $53,000 of this expense was incurred during the year ended December 31, 2000 and $162,000 during the year ended December 31, 2001.

Operating Income. As a result of the above factors the operating income increased by $1,024,000, to income of $732,000 in the year ended December 31, 2001 from a loss of $292,000 in the year ended December 31, 2000. $256,000 of the year ended December 31, 2000 operating loss resulted from expenses in connection with our factory relocation.

Interest and Finance Expense. Interest expense increased by $175,000 in the year ended December 31, 2001 from the year ended December 31, 2000, primarily as a result of only including Color Image's interest expense for the last half of 2000.

Other Income. Other income increased by $166,000 from expenses of $126,000 to income of $40,000 in the year ended December 31, 2001 from the year ended December 31, 2000. This increase was primarily due to not having the expenses in 2001 for the disposal of equipment in connection with our factory relocation during 2000.

Income Taxes. As the result of our increased profit in the year ended December 31, 2001, income tax provisions were $122,000 compared to a tax credit of $254,000 for the year ended December 31, 2000.

RESULTS OF DISCONTINUED OPERATIONS

On September 30, 2002, we completed a share exchange agreement with Digital Color Print, Inc., whereby we received 1.7 million shares of our common stock in exchange for all of the shares of the common stock of our subsidiary, Logical Imaging Solutions, Inc. The financial statements included herein, reflect the divestiture of Logical Imaging Solutions, Inc. as discontinued operations.

The following table sets forth, for the periods indicated, selected information relating to the discontinued operations of Logical Imaging Solutions that has been derived from our consolidated statements of operations.

	Nine Months Ended September 30,	Twelve Months Ended December 31,	
	2002	2001	2000
Net revenue	$ 464,628	$ 551,400	$ 723,063
Operating (loss)	(406,570)	(289,328)	(350,999)
Net (loss)	$ (261,326)	$ (204,154)	$ (271,799)

LIQUIDITY AND CAPITAL RESOURCES

As of December 31, 2002, Color Imaging had cash on hand of $129,000 and the availability under our revolving credit line with our bank was $935,000. Our working capital and current ratio was approximately $1.8 million and $4.3 million and 1.29 to 1 and 1.59 to 1, respectively, at December 31, 2002 and 2001. Upon eliminating the net current assets of our discontinued operations at December 31, 2001, our working capital and current ratio was approximately $2.1 million and 1.28 to 1, respectively.

Color Imaging generated positive cash flows from continuing operating activities of $950,000 in the twelve months ended December 31, 2002 compared to $737,000 used by continuing operations in the twelve months ended December 31, 2001. The increase in operating cash flows from continuing operations in the twelve months ended December 31, 2002 was primarily due to the reduction in inventories and higher net income. Operating cash flows used by discontinued operations were $676,000 and $921,000 for the years ended December 31, 2002 and 2001, respectively, resulting in net operating cash flows provided by operations of $273,000 and used by operations of $1,658,000 for the years ended December 31, 2002 and 2001, respectively.

Cash flows used in investing activities were $568,000 in the twelve months ended December 31, 2002, compared to $255,000 in the twelve months ended December 31, 2002 and 2001, respectively. The increase in cash used in investing activities in the twelve months ended December 31, 2002, was entirely attributable to increased capital expenditures in connection with our most recent factory expansion completed at the end of the third quarter of 2002.

Cash flows provided by financing activities for the twelve months ended December

31, 2002 was $29,000, resulting primarily from the $1,000,000 in net loans we received from three directors, compared to $1,968,000 provided by financing activities for the comparable period of 2001. The cash flows provided by financing activities for the twelve months ended December 31, 2001 were derived primarily from proceeds from the sale of our common stock.

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We have a $2.5 million revolving line of credit with our bank that had an outstanding balance as of December 31, 2002 of $1,022,000. At the end of each month, for the following month, we have an interest rate option of either the one-month Libor interest rate in effect two business days before the first day of the month plus 2.50% or our bank's prime interest rate minus 0.25%. As of December 31, 2002, the interest rate was the one-month Libor rate of 1.38% plus 2.50% (3.88%). This revolving line of credit has a June 30, 2003 expiration date. Under the line of credit, we are permitted to borrow up to 85% of eligible accounts receivable and 50 percent of eligible inventories (up to a maximum of $1.1 million of such inventories and not to exceed 60 percent of the total outstanding). Based on the foregoing formula, we had $935,000 of the additional monies available to us to borrow from the bank as of December 31, 2002. We have granted our bank a security interest in all of our assets as security for the repayment of the line of credit. The bank agreement contains various covenants which Color Imaging is required to maintain, and as of December 31, 2002, we were in compliance with these covenant requirements.

Funds generated from operating activities and availability under credit facilities is expected to be sufficient to fund our operations and other obligations in 2003, and the $6,075,000 of proceeds received in March 2003 from our offering on Form SB-2, is significantly greater than the amounts required for our planned investing and financing expenditures for 2003. We believe that our planned investing and financing activities for 2003 will result in increased revenues and operating margins and reduce interest expense.

COMMITMENTS

Key suppliers include overseas toner, raw materials, cartridge, parts and components manufacturers capable of meeting our material specifications. As of December 31, 2002, Color Imaging had unconditional commitments to purchase $2.7 million of toner, raw materials, cartridges, parts and other merchandise with future delivery dates. Due to minimum order quantities and long lead times for many of these products, we have made purchase commitments that may be in excess of future production requirements, and it could take several months to use all of these product commitments in the manufacture of our products. These purchase commitments are not expected to result in any significant losses, though those in connection with older analog copier products have a higher risk of obsolescence than those used in the manufacture of our other products.

Color Imaging leases its headquarters and manufacturing building and certain small equipment. As of December 31, 2002, minimum rental commitments under noncancellable leases total $6,476,000, of which $531,000, $545,000 and $558,000 are payable in fiscal years 2003, 2004 and 2005, respectively.

NEW ACCOUNTING PRONOUNCEMENTS

In June 2001, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 141, "Business Combinations" ("SFAS 141") and Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets" ("SFAS 142"). SFAS 141 requires all business combinations to be accounted for using the purchase method of accounting and is effective for all business combinations initiated after June 30, 2001. SFAS 142 requires goodwill to be tested for impairment under certain circumstances, and written-off when impaired, rather than being amortized as previous standards required. Furthermore, SFAS 142 requires purchased intangible assets to be amortized over their estimated useful lives unless these lives are determined to be indefinite. SFAS 142 is effective for fiscal years beginning after December 15, 2001.

In August 2001, the FASB issued Statement of Financial Accounting Standards No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" ("SFAS 144"), that is applicable to financial statements issued for fiscal years beginning after December 15, 2001. The FASB's new rules on asset impairment supercede SFAS 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of," and portions of Accounting Principles Board Opinion 30, "Reporting the Results of Operations". This Standard provides a single accounting model for long-lived assets to be disposed of and significantly changes the criteria that would have to be met to classify an asset as held-for-sale.

The adoption of the above standards had no effect on our financial statements.

In April 2002, the FASB issued SFAS No. 145, "Rescission of Statements No. 4, 44 and 64, Amendment of FASB Statement No. 13, and Technical Corrections." SFAS No. 145 will generally require gains and losses on extinguishment of debt to be classified as income or loss from continuing operations rather than as extraordinary items. Color Imaging is required to adopt SFAS No. 145 in fiscal 2003.

In June 2002, the FASB issued SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities." This standard requires that costs associated with exit or disposal activities be recognized when they are incurred rather than at the date of a commitment to an exit or disposal plan. SFAS No. 146 will apply to exit or disposal activities initiated by Color Imaging after fiscal 2002.

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In December 2002, the FASB issued SFAS No. 148, "Accounting for Stock-Based Compensation - Transition and Disclosure - an Amendment to FASB Statement No. 123." SFAS No. 148 amends SFAS No. 123, "Accounting for Stock-Based Compensation," to provide alternative methods for transition to SFAS No. 123's fair value method of accounting for stock-based compensation. As amended by SFAS No. 148, SFAS No. 123 also requires additional disclosure regarding stock-based compensation in annual and condensed interim financial statements. The new disclosure requirements are effective immediately and are reflected in Note 8 of Notes to Financial Statements.

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DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS AND CONTROL PERSONS

Our directors and executive officers are as specified on the following table.

NAME	AGE	POSITION

Jui-Hung Wang	56	Director and Chairman of the Board
Sueling Wang, PhD	49	President and Vice Chairman
Morris E. Van Asperen	59	Executive Vice President, Chief Financial Officer, Secretary and Director
Charles R. Allison	70	Vice President, Marketing and Sales, and Director
Jui-Chi Jerry Wang	46	Director
Jui-Kung Wang	59	Director

Jui-Hung (Jack) Wang, Chairman since June 2002, has served as a director of Color Imaging since June 2001. He was a founder and director of Color Image, Inc. until its merger with Color Imaging. He is a founder and serves as Chairman of General Plastic Industrial Co., Ltd, a leading Taiwan based manufacturer of after market injection molded cartridges and accessories for copiers and laser printers. Since January 2001, Mr. Wang has served as a director of Taiwan Yu-Tzu Company, a food company. In 1998, Mr. Wang was a founding member of Kings Brothers LLC, which leases space to Color Imaging used for our headquarters and manufacturing facilities in Norcross, Georgia. From 1986 to 1994, Mr. Wang was mayor of Wu-Chi Town, Taiwan.

Sueling Wang, PhD., became President and Vice-Chairman of Color Imaging in June 2000. From 1989 to 2000, he served as President and director of Color Image, Inc. which was merged with Color Imaging. Dr. Wang was also a founder of Color Image Inc. In 1998, Dr. Wang was a founding member of Kings Brothers LLC, which leases space to Color Imaging used for our headquarters and manufacturing facilities in Norcross, Georgia. Dr. Wang received a M.S. degree from the University of Windsor, in Ontario, Canada and a PhD degree from the University of Detroit. Dr. Wang's expertise in resin synthesis brought him into the toner industry and led to the formation of Color Image, Inc. in 1989.

Morris E. Van Asperen has served as Executive Vice President, Chief Financial Officer and director of Color Imaging since June 2000 and Secretary since June 2001. Since 1998, he has served as director of Logical Imaging Solutions. From 1986 to 2000, he was employed by National Bank of California in various positions most recently as Executive Vice President and Credit Administrator. Mr. Van Asperen also has extensive experience as a financial and management consultant to businesses of up to $50 million in revenues and 1,000 employees in construction, household goods, industrial glass, and electronics manufacturing and software development. From 1977 to 1984, he served as Vice President & Chief Financial Officer of ATE Associates, Inc., a supplier of test fixtures and software for numerous military aircraft programs. Mr. Van Asperen received a B.S. degree in Mathematics from the University of Oklahoma and an M.B.A. degree from Pepperdine University.

Charles R. Allison, a director since June 2000, was made Vice President, Marketing and Sales in December 2002. Prior to that he served as Vice President, Technology of Color Imaging since July 2002. From 1992 to 2000, he served as Vice President of Marketing and Sales of Color Image, Inc., which was merged with and into Color Imaging. From 1982 to 1991, he served as Vice President of Sales and Marketing, and general manager, at Synfax Manufacturing, Inc., an early developer of consumable products for EBI-based printing technologies. Mr. Allison has held other senior positions in the printing/imaging industry, including positions with Minolta Corporation, Litton Business Systems and Royal McBee.

Jui-Chi (Jerry) Wang has served as a director of Color Imaging since June 2000. From 1994 until 2000, he served as a director of Color Image, Inc., which was merged with Color Imaging. Since 1984, Mr. Wang has served as President of General Plastic Industrial Co. Ltd (GPI), a Taiwan-based plastics manufacturer specializing in injection moldings and more particularly toner cartridges and accessories for copiers and laser printers. In 1998, Mr. Wang was a founding member of Kings Brothers LLC, which leases space to Color Imaging used for our headquarters and manufacturing facilities in Norcross, Georgia. Mr. Wang received a Master's Degree in Computer Engineering from the University of Southern California.

Jui-Kung (Elmer) Wang has served as a director of Color Imaging since September 2001. He was a founder of Color Image, Inc. in 1989 and its Chairman until its merger with Color Imaging. He is a co-founder and has served as a director of General Plastic Industrial Co., Ltd, a leading Taiwan based manufacturer of after market injection molded cartridges and accessories for copiers and laser printers since 1978. In 1998 Mr. Wang was a founding member of Kings Brothers LLC, which leases space to Color Imaging we use for our headquarters and manufacturing facilities in Norcross, Georgia. Mr. Wang has been a professor of management with Tung-Hai University, Taiwan for over 20 years. He has received a bachelor's degree in economics, and MBA and PhD degrees in management.

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EXECUTIVE COMPENSATION

The following Summary Compensation Table sets forth the compensation earned by our chief executive officer and the three other most highly compensated executive officers who were serving as such as of December 31, 2002, 2001 and 2000 (collectively, the Named Executive Officers), whose aggregate compensation for fiscal years 2002, 2001 and 2000 exceeded $100,000 for services rendered in all capacities to Color Imaging and its subsidiaries for that fiscal year.

SUMMARY COMPENSATION TABLE

		ANNUAL COMPENSATION	LONG-TERM COMPE
NAME AND PRINCIPAL POSITION	YEAR	SALARY	SECURITIES UNDERLYING OPTIONS(#)
Dr. Sueling Wang	2002	$158,439	--
President and	2001	$158,423	100,000 (6)
Chief Executive Officer (10)	2000	$149,159	200,000 (7)
Michael W. Brennan (11)	2002	$157,500	--
	2001	$151,442	150,000 (6)
	2000	$146,485	--
Morris E. Van Asperen	2002	$151,200	--
Executive Vice President	2001	$146,714	100,000 (6)
Chief Financial Officer & Secretary	2000	$ 54,294	200,000 (8)
Charles R. Allison	2002	$103,028	--
Vice President	2001	$106,379	50,000 (6)
Marketing & Sales	2000	$101,996	50,000 (9)

(1) For named executive officers the amount reported represents the cost of

group insurance benefits, Color Imaging's matching contribution to the 401(k) plan for the officer and other life insurance policies maintained for him, as further described in the notes for each officer, respectively.

(2) The split dollar life insurance premiums were $22,773, $13,526 and $8,253 during 2002, 2001 and 2000, respectively. Pursuant to the policies Color Imaging will, upon his death or earlier liquidation of each such policy, be entitled to the refund of all premium payments made by Color Imaging on the policies, and the balance of the proceeds will be paid to Mr. Wang's designated beneficiaries.

(3) The split dollar life insurance policy is no longer in force. Premiums paid during 2000 were $15,584.

(4) The life insurance premiums reimbursed by Color Imaging in 2002, 2001 and 2000 was $6,446, $0 and $0, respectively.

(5) The life insurance premiums paid by Color Imaging in 2002, 2001 and 2000 were $20,882, $21,977 and $22,476, respectively. Color Imaging owns and is the beneficiary of this policy and maintains it to fund the deferred compensation agreement with Mr. Allison. Upon Mr. Allison's retirement, he, or his beneficiaries, are to receive 120 monthly payments of $2,500 per month or, as provided, the net present value of any unpaid amounts.

(6) Options granted by action of the board of directors on March 21, 2001. 25% vest upon grant and the balance vest 25% per year upon each anniversary of the date of grant. The options expire five years after their respective vesting date(s). As the result of Mr. Brennan's termination effective September 30, 2002, with the divestiture of Logical Imaging Solutions by Color Imagng, Mr. Brennan's options lapsed without exercise on December 31, 2002.

(7) The options were granted as part of the officer's employment agreement on June 28, 2000. 100,000 vested immediately and the remainder vested ratably over the next two years upon the anniversary date of the grant.

(8) The options were granted as part of the officer's employment agreement on June 28, 2000. 100,000 vested immediately and the remainder vested ratably over the next four years upon the anniversary date of the grant. Mr. Van Asperen joined Color Imaging as Executive Vice President in August 2001.

(9) The options were granted as part of the officer's employment agreement on June 28, 2000. 25,000 vested immediately and the remainder vested ratably over the next two years upon the anniversary date of the grant.

(10) As a result of Mr. Brennan's resignation, Dr. Wang is the principal executive officer of Color Imaging, and continues to serve as President and Vice Chairman of the Color Imaging, Inc. See "Color Imaging, Inc. - Discontinued Operations" beginning on page 12.

(11) On June 10, 2002, Mr. Brennan was replaced as Chairman and Chief Executive Officer of Color Imaging, Inc., and as of September 30, 2002, he is no longer an employee. See "Color Imaging, Inc. - Discontinued Operations" beginning on page 12.

OPTION GRANTS TABLE

No options were granted to the Named Executive Officers during the year ended December 31, 2002.

OPTION EXERCISES AND YEAR-END VALUE TABLE

None of the Named Executive Officers exercised stock options during 2002. The following table sets forth certain information regarding unexercised options held at year-end by each of the Named Executive Officers.

AGGREGATED OPTION EXERCISES IN 2002 AND OPTION VALUES AT DECEMBER 31, 2002

NAME	SHARES ACQUIRED ON EXERCISE	VALUE REALIZED	NUMBER OF SECUR UNDERLYING UNEXE OPTIONS EXERCISABLE
Sueling Wang	0	0	250,000
Michael W. Brennan (1)	0	0	0
Morris E. Van Asperen	0	0	200,000
Charles R. Allison	0	0	75,000

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(1) Mr. Brennan's options lapsed, without having been exercised, on December 31, 2002, as the result of the termination of his employment with Color Imaging on September 30, 2002.

Based on the closing price of our common stock of $1.20 on December 31, 2002, no unexercised options were in the money for the Named Executive Officers.

EMPLOYMENT AGREEMENTS

On June 28, 2000, Color Imaging entered into employment agreements with its Chief Executive Officer, President, Chief Financial Officer and Vice President of Marketing and Sales. All four of the employment agreements have a 5 year term. Color Imaging is obligated to pay the Chief Executive Officer and President annual salaries of $150,000 with a guaranteed increase of 5% per annum over the term of the agreements. Color Imaging is obligated to pay the Chief Financial Officer an annual salary of $144,000 with a guaranteed increase of 5% over the term of his agreement. In addition to commissions earned under Color Imaging's sales incentive program, Color Imaging is obligated to pay the Vice President Marketing and Sales an annual salary of $89,250 with a guaranteed increase of 5% per annum over the term of his agreement. In addition to his salary, the Vice President Marketing and Sales also receives a commission on certain of Color Imaging's sales. Each employee may terminate the agreement upon 6 months notice to Color Imaging. Color Imaging may terminate each employee upon 6 months notice by Color Imaging; provided, however, that Color Imaging is obligated to pay to the employee his annual base salary, commissions or bonuses earned, and benefits for a period of 12 months after the date of such notice.

Each of the officers voluntarily waived the annual increases to their salaries that would have otherwise been payable upon the second anniversary of their respective contracts. The President and Chief Financial Officer voluntarily agreed to accept reduced annual increases upon the third anniversary of their respective agreements in the amount of 2.5%. Upon the divestiture of Logical Imaging Solutions on September 30, 2002, the Chief Executive Officer's employment with Color Imaging was terminated with Color Imaging agreeing to pay compensation and related benefit costs of the Chief Executive Officer through March 10, 2003. On December 27, 2002, the employment agreement with the Vice President Sales and Marketing was terminated, and in connection with his Salary

Continuation and Deferred Compensation agreement of 1998 his salary was reduced to $45,500 effective December 30, 2002, and would be further reduced to $35,750 effective March 24, 2003. Commissions were made payable to the Vice President Marketing and Sales on most of Color Imaging's sales, and his retirement date was extended from February 1, 2003 to December 31, 2003.

The employment agreements with the above named officers also commits Color Imaging to purchasing for their benefit certain life insurance plans. For the periods during which such plans were in place for the Chief Executive Officer and Chief Financial Officer for the years ended December 31, 2002, 2001, and 2000, Color Imaging paid or reimbursed the Chief Executive Officer $0, $0 and $15,584 and Chief Financial Officer and $6,446, $0 and $0, respectively, for

such supplemental life insurance plans. Color Imaging pays the premiums and is the collateral assignee of four split dollar life insurance policies owned by the President. Pursuant to the policies Color Imaging will, upon his death or earlier liquidation of each such policy, be entitled to the refund of all premium payments made by Color Imaging on the policies, and the balance of the proceeds will be paid to the President's designated beneficiaries. The split dollar life insurance premiums were $22,773, $13,526 and $8,253 during 2002, 2001 and 2000, respectively. The monies due from its President in connection with these life insurance policies at the years ended December 31, 2002, 2001 and 2000 was $134,877, $112,103 and $98,578, respectively. Color Imaging owns and is the beneficiary of a life insurance policy on its Vice President Marketing and Sales to fund his Salary Continuation and Deferred Compensation agreement. Upon the officer's retirement, he, or his beneficiaries, are to receive 120 monthly payments of $2,500 per month or, as provided, the net present value of any unpaid amounts. The life insurance premiums paid by Color Imaging to fund the Salary Continuation and Deferred Compensation agreement in 2002, 2001 and 2000 were $20,882, $21,977 and $11,238, respectively. The Salary Continuation and Deferred Compensation agreement was modified on December 27, 2002, changing the retirement date of the Vice President Marketing and Sales from February 1, 2003 to December 31, 2003.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth information known to Color Imaging with respect to the beneficial ownership of Color Imaging's common stock as of March 31, 2003 by:

- each stockholder known by Color Imaging to own beneficially more than 5% of Color Imaging's common stock;
- each Named Executive Officer;
- each of Color Imaging's directors; and
- all directors and executive officers as a group.

Except as otherwise indicated in the footnotes, Color Imaging believes that the beneficial owners of the common stock listed below, have sole voting power and investment power with respect to such shares of common stock indicated. In computing the number of shares beneficially owned by a person and the percent ownership of that person, shares of common stock subject to options or warrants held by that person that are currently exercisable or will become exercisable within 60 days of the date of this prospectus are deemed outstanding, while such shares are not deemed outstanding for purposes of computing percent ownership of any other person.

NAME OF BENEFICIAL OWNER	NO. OF SHARES	PERCENTAGE OF OWNERSHIP(1)
Sueling Wang (2)	1,981,551	15.1%
Morris E. Van Asperen (3)	335,906	2.6%
Charles R. Allison (4)	85,500	*
Jui-Chi Wang (5)	689,450	5.3%
Jui-Hung Wang (6)	704,178	5.5%
Jui-Kung Wang (7)	321,209	2.5%
Michael W. Brennan (8)	200,000	1.5%
Chi Fu Investments Co., Ltd. (9)	4,500,000	34.1%
Executive officers and directors as a group (7 persons) (10)	4,119,794	30.3%

* Less than 1%

(1) Percentage of ownership is calculated as required by Commission Rule 13d-3(d)(1). The table above includes the number of shares underlying options and warrants which are exercisable within 60 days after the date of this proxy statement.
(2) Includes: (a) 600,000 shares owned by Sueling Wang's four children, (b) 141,204 shares owned by Yik-Li Sih, Sueling Wang's wife, in which Dr. Wang may be deemed to have pecuniary interest. Dr. Wang disclaims beneficial ownership of such 741,204 shares. Also includes 250,000 shares subject to options that are currently exercisable.
(3) Includes 225,000 shares subject to options that are currently exercisable.
(4) Includes 87,500 shares subject to options that are currently exercisable.
(5) Includes 10,000 shares subject to options that are currently exercisable.
(6) Includes 5,000 shares subject to options that are currently exercisable.
(7) Includes 5,000 shares subject to options that are currently exercisable.
(8) Mr. Brennan is no longer with Color Imaging as the result of the discontinuation of the Logical Imaging Solutions' operations as of September 30, 2002.
(9) Information provided is based on a Schedule 13D filed March 6, 2003 by Chi Fu Investments Co., Ltd. Chi Fu Investment's address is 50, Tzu-Chiang Road, Wu-Chi Town,Taichung County, Taiwan, R.O.C.

(10) Includes 607,500 shares subject to options that are exercisable within 60 days after the date of this prospectus. With the inclusion of Jui-Hung Wang's and Jui-Chi Wang's 34.6% and 19.85%, respectively, beneficial ownership of the common stock owned by Chi Fu Investment Co Ltd, the ownership of the executive officers and directors is 6,570,044 shares or 48.3%, including the aforementioned exercisable options.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Directors, Jui-Hung Wang, Jui-Kung Wang, Sueling Wang and Jui-Chi Wang, own Kings Brothers, LLC, the landlord from which we lease our Norcross, Georgia plant. For the three months ended March 31, 2003, and twelve months ended December 31, 2002, 2001 and 2000 we paid Kings Brothers LLC $132,861, $518,484, $505,836 and $186,427, respectively, in lease payments. The lease was made on April 1, 1999, and upon unanimous approval of the board of directors and the disinterested members of the board of directors, it was amended February 5, 2003, to extend its expiration from March 31, 2009 to March 31, 2013.

On November 19, 2001, we borrowed $200,000 on an unsecured basis from Kings Brothers LLC. The revolving loan bears interest at the rate of 9% per annum, matured on November 18, 2002 and is evidenced in writing. We paid the principal and interest outstanding on December 10, 2001, paying $790.38 in total interest to Kings Brothers. We borrowed this amount for general corporate purposes, including working capital. On March 20, 2002 the revolving loan arrangement was cancelled.

We also had a short-term unsecured loan, due July 26, 2000, evidenced in writing from Kings Brothers of $240,000 with interest at 8%, paying $5,576 of interest for the year. As of December 31, 2000, all amounts outstanding under the loan were repaid. We used the proceeds of this loan for working capital.

On June 1, 1999, the Development Authority of Gwinnett County, Georgia issued $4,100,000 of industrial development revenue bonds on behalf of us and Kings Brothers LLC. Pursuant to a certain joint debtor agreement we are jointly and severally liable with Kings Brothers to pay the amounts borrowed under the bond. The 3.5% revenue bonds are payable in varying annual principal and monthly interest payments through July 2019. The bonds are collateralized by all of our assets and the real property leased by us and owned by Kings Brothers. The majority of the proceeds $3,125,872 from the bond issue were used by us to relocate our manufacturing plant, make leasehold improvements at the new facility and to purchase certain manufacturing equipment. The remaining proceeds $974,128 were used by Kings Brothers to pay down the mortgage on its real property, some of which is leased to us. The proceeds used by Kings Brothers have been recorded as a receivable on our financial statements. We entered into a Joint Debtor Agreement with Kings Brothers LLC concerning their rights, duties and obligations in connection with the bonds. Kings Brothers and we, collectively, are obligated to repay any outstanding debt under the bonds. Amounts receivable from Kings Brothers are secured by a lien on all of Kings Brothers' real estate, including the part we lease from them, and by personal guarantees by the members of Kings Brothers. Principal due and paid by Kings Brothers for the three months ended March 31, 2003, and for the twelve months ended December 31, 2002, 2001 and 2000 was $0, $79,596, $76,032 and $0, respectively. Interest due and paid by Kings Brothers for the three months ended March 31, 2003, and for the twelve months ended December 31, 2002, 2001 and 2000 was $2,762, $14,612, $30,368 and $22,255, respectively. As of March 31, 2003 and December 31, 2002, the principal outstanding was $3,445,000 and the portion due to us from Kings Brothers was $818,500.

Directors Jui-Hung Wang, Jui-Kung Wang, Jui-Chi Wang, are owners in and Chairman, Auditor and President, respectively, of General Plastic Industrial Co., LTD (GPI), a Taiwanese manufacturer of injection molded cartridges and accessories for copiers and laser printers. GPI also owned and operated GPI-USA, Inc. (GPI-USA) a wholly-owned United States distributor of GPI's products. For the three months ended March 31, 2003, and for the twelve months ended December 31, 2002 and 2001 we purchased $$452,524 , $2,148,279 and $2,061,683, respectively, of injected molded products from GPI. In 2000 we purchased from GPI and GPI-USA $268,966 and $166,526, respectively, of copier and laser printer products.

Directors, Jui-Hung Wang, Jui-Kung Wang, Sueling Wang and Jui-Chi J. Wang, collectively have beneficial ownership interests of 32.6% in AccuRec, LLC, a distributor of digital versatile disks. From time to time during the year ending December 31, 2000, we had short-term unsecured loans evidenced in writing and due on demand issued to AccuRec aggregating $1,850,000 and a maximum outstanding at any one time of $500,000. The interest rate on these loans was 8%, and we paid a total of $6,244 in interest during 2000. As of December 31, 2000 all amounts outstanding under such loans were repaid. We used the proceeds from these loans for working capital purposes.

Director, Sueling Wang, as trustee for two of his children, loaned us a total of $252,000 from 1998 to 1999 at an interest rate of 12% with principal and interest due at expiry. Each of the loans was paid in full during July 2000, and we paid interest in the aggregate amount of $47,205 on these loans. We used the proceeds of this loan for working capital purposes.

On March 14, 2002, we borrowed $500,000 from director, Sueling Wang, on an unsecured basis. The interest rate on the loan was 12% per annum, matured on March 14, 2003 and is evidenced in writing. On September 2, 2002, we entered into a modification agreement with Sueling Wang to change the terms of the note, extending the term to March 1, 2005, providing for a $100,000 principal payment, decreasing the interest rate to 6% per annum, providing for interest only payments through February 28, 2003, and providing for 24 monthly payments of principal and interest beginning on April 1, 2003, in the amount of $17,735.67. We borrowed the $500,000 amount to meet a supplier commitment for product. For

the three months ended March 31, 2003, and the twelve months ended December 31, 2002, interest paid on the note was $7,962 and $36,296, respectively. As of March 31, 2003, after prepaying prinicpal on the note of $120,000 on February 20, 2003, and $100,000 on February 27, 2003, and after making on March 26, 2003, the principal payment of $7,500 due on April 1, 2003, the principal outstanding was $172,500. As of December 31, 2002, the principal outstanding was $400,000.

On August 21, 2002, we borrowed $100,000 from director, Jui-Chi Wang, on an unsecured basis. The loan bears interest at the rate of 6% per annum, matures on March 1, 2005 and is evidenced in writing. We borrowed this amount in order to repay $100,000 borrowed from director Sueling Wang on March 14, 2002. The note is interest only through February 28, 2003, and then is fully amortizing over 24 months with principal and interest payments payable monthly beginning April 1, 2003 in the amount of $4,434. For the three months ended March 31, 2003, the interest paid was $1,496. As of March 31, 2003, after having made on March 26, 2003, the principal payment of $3,908 due April 1, 2003, the principal outstanding was $96,092. As of December 31, 2002, the interest accrued and paid on the note was $2,170, and $100,000 was the outstanding principal balance.

On August 21 and September 2, 2002, we borrowed $200,000 and $300,000, respectively, from director, Jui-Hung Wang, on an unsecured basis. The loan bears interest at the rate of 6% per annum, matures on March 1, 2005 and is evidenced in writing. We borrowed this amount in order to make a principal payment due on our industrial development bond in the approximate amount of $255,000, for the acquisition of capital equipment in the approximate of $125,000 and for general corporate purposes. The note is interest only through February 28, 2003, and then is fully amortizing over 24 months with principal and interest payments payable monthly beginning April 1, 2003 in the amount of $22,169.60. For the three months ended March 31, 2003, the interest paid was $7,479. As of March 31, 2003, after having made on March 26, 2003, the principal payment of $19,539 due on April 1, 2003, the principal outstanding was $480,461. As of December 31, 2002, interest accrued and paid on the note was $10,259, and the principal balance was $500,000.

Directors Jui-Chi Wang and Jui-Hung Wang purchased 350,000 and 50,000 Units (each Unit consisted of one share of common stock and a warrant to purchase one share of common stock at an exercise price of $2.00 per share) for $700,000 and $100,000, including promissory notes, respectively. Jui-Chi Wang's $700,000 recourse promissory note without interest was made on December 1, 2001, due December 31, 2001 and paid in full on December 18, 2001. Jui-Hung Wang's $99,500 recourse promissory note without interest was made on December 24, 2001, due April 1, 2002 and paid in full on January 30, 2002. The terms of the notes were consistent with the terms of notes of third parties who purchased Units in the private placement from Color Imaging.

We believe that the terms of the loans and borrowings from affiliates were on terms more favorable than were otherwise available from third parties.

On September 11, 2002, we entered into a share exchange agreement with four of our directors, Messrs. Brennan, St. Amour, Langsam and Hollander, whereby a new company, Digital Color Print, Inc., owned by them, acquired the capital stock of our wholly owned subsidiary, Logical Imaging Solutions, in exchange for approximately 1.6 million shares of the our common stock. On September 20, 2002, we entered into an amendment to the share exchange agreement pursuant to which the number of shares of the our common stock to be exchanged for the capital stock of Logical Imaging Solutions was increased from 1.6 million to 1.7 million and a requirement was added that Logical Imaging Solutions have at least $100,000 on hand at closing. On September 30, 2002, the share exchange transaction was closed, and the 1.7 million shares of our stock were received and retired by our stock transfer agent. See "Color Imaging, Inc. - Recent Developments" beginning on page 11.

On March 6, 2003, Color Imaging received from Chi Fu Investment Co Ltd $6,075,000 of subscription proceeds for the public sale of 4,500,000 of our common shares at a price of $1.35 per share in our offering on Form SB-2 filed with the Securities and Exchange Commission. Chi Fu Investment Co Ltd is a wholly owned subsidiary of our affiliate General Plastic Industrial Co., Ltd, and our directors Jui-Hung Wang and Jui-Chi Wang each own 34.6% and 19.9%, respectively, of General Plastic Industrial Co., Ltd.

DESCRIPTION OF SECURITIES

Our articles of incorporation authorize the issuance of up to 20,000,000 shares of common stock, $0.01 par value per share. At the June 10, 2002 annual meeting of stockholders, Color Imaging received approval from its stockholders to increase, if necessary, the authorized common shares by 10 million shares. As of March 31, 2003, with the cancellation of common shares repurchased during March 2003, 12,908,333 shares of our common stock are issued and outstanding. Our articles of incorporation also authorize the issuance of up to 1,000,000 shares of preferred stock, $0.01 par value per share. As of the date of this prospectus, we have no issued and outstanding preferred stock, and we currently have no plans to issue any shares of preferred stock. The board of directors does, however, have the authority, without action by the stockholders, to issue all or any portion of the authorized but unissued preferred stock in one or more series and to determine the voting rights, preferences as to dividends and liquidation, conversion rights, and other rights of such series. Such preferred stock, if and when issued, may carry rights superior to those of the common stock.

On all matters submitted to a vote of the stockholders, each holder of common stock has the right to one vote for each share held of record. Subject to any dividend preferences granted to any preferred stock that may be outstanding in the future, holders of our common stock are entitled to receive ratably such dividends as may be declared by the board of directors. In the event of a liquidation, dissolution or winding up of our company, holders of our common stock are entitled to share ratably in all assets remaining after payment of liabilities and the liquidation preferences of any outstanding shares of preferred stock. Holders of our common stock have no preemptive rights and no right to convert their common stock into any other securities. There are no redemption or sinking fund provisions applicable to our common stock.

In September 2001, Color Imaging amended its bylaws to increase the number of directors to eleven and to provide for a minimum of five and a maximum of eleven directors.

CHARTER PROVISIONS AND DELAWARE LAWS THAT MAY HAVE AN ANTI-TAKEOVER EFFECT

Some provisions of Delaware law and our amended and restated certificate of incorporation and bylaws could make the following more difficult:

- acquisition of us by means of a tender offer;
- acquisition of us by means of a proxy contest or otherwise; or
- removal of our incumbent officers and directors.

These provisions, summarized below, are expected to discourage coercive takeover practices and inadequate takeover bids. These provisions are also designed to encourage persons seeking to acquire control of us to first negotiate with our Board of Directors. We believe that the benefits of increased protection of our potential ability to negotiate with the proponent of an unfriendly or unsolicited proposal to acquire or restructure us outweigh the disadvantages of discouraging such proposals because negotiation of such proposals could result in an improvement of their terms.

Delaware Anti-Takeover Law. We are subject to Section 203 of the Delaware General Corporation Law, an anti-takeover law. In general, Section 203 prohibits a publicly held Delaware corporation from engaging in a "business combination" with an "interested stockholder" for a period of three years following the date the person became an interested stockholder, unless the "business combination" or the transaction in which the person became an interested stockholder is approved in a prescribed manner. Generally, a "business combination" includes a merger, asset or stock sale, or other transaction resulting in a financial benefit to the interested stockholder. Generally, an "interested stockholder" is a person who, together with affiliates and associates, owns or within three years prior to the determination of interested stockholder status, did own, 15% or more of a corporation's voting stock. The existence of this provision may have an anti- takeover effect with respect to transactions not approved in advance by the Board of Directors, including discouraging attempts that might result in a premium over the market price for the shares of common stock held by stockholders.

Elimination of Cumulative Voting. Our amended and restated certificate of incorporation and bylaws do not provide for cumulative voting in the election of directors. Cumulative voting provides for a minority stockholder to vote a portion or all of its shares for one or more candidates for seats on the Board of Directors. Without cumulative voting, a minority stockholder will not be able to gain as many seats on our Board of Directors based on the number of shares of our stock that such stockholder holds than if cumulative voting were permitted. The elimination of cumulative voting makes it more difficult for a minority stockholder to gain a seat on our Board of Directors and to influence the Board of Directors' decision regarding a takeover.

Undesignated Preferred Stock. The authorization of undesignated preferred stock makes it possible for the Board of Directors to issue preferred stock with voting or other rights or preferences that could impede the success of any attempt to change the control of our company. These and other provisions may have the effect of deterring hostile takeovers or delaying changes in control or management of our company.

TRANSFER AGENT

The transfer agent and registrar for our common stock is American Stock Transfer and Trust Company, Brooklyn, New York.

SELLING STOCKHOLDERS

The shares set forth in the table below are being offered by the selling stockholders listed below. We have registered these shares for the selling stockholders in this offering because of registration rights we granted to the selling stockholders when we sold our common stock to them. Some of the common stock listed in the table is not presently owned by the selling stockholders, but is issuable upon exercise of warrants. The selling stockholders are not required to sell all or any of the common stock. We believe that the registration of the shares underlying the warrants, even though we may not be obligated to do so, will encourage the warrant holders to exercise the warrants, thereby benefiting us because we will receive the exercise price paid.

The following table states the name of each of the selling stockholders, states the number of shares of our common stock beneficially owned by each selling stockholder as of January 17, 2003, number of shares which may be sold for the account of each selling stockholder, the number of shares of common stock that will be beneficially owned by each selling stockholder after the completion of the offering assuming the sale of all shares offered, and the percentage of Color Imaging common stock owned by each selling stockholder after the completion of the offering, assuming the sale of all shares offered. Percentage of ownership for each holder is calculated based on 12,908,333 shares of common stock outstanding on March 31, 2003.

NAME	SHARES OWNED BEFORE OFFERING (1)	SHARES TO BE SOLD IN OFFERING	BENEF AFTER
			SHARES
The Blaine Group, Inc. (3)	5,000	5,000	0
Michael Selsman	5,000	5,000	0
Sueling Wang (4)	1,840,347	856,847	983,500
Gerald M. Chizever (5)	45,000	45,000	0
Allan Duboff (6)	10,000	10,000	0
Kresimir Peharda (7)	5,455	5,455	0
Fredric N. Richman (8)	25,000	25,000	0
Yik-Li Sih (9)	141,204	95,204	46,000
Sal G. Giacinto (10)	7,500	7,500	0
Patrick D. Salas (11)	7,500	7,500	0

Brian N. Hollander (12).............	20,000	20,000	0
Howard Kaufman (13)..................	2,629	2,000	629
Jui-Chi Wang (14)....................	689,450	618,835	70,615
Maynard Hollander (15)...............	50,000	50,000	0
Shobha Patel (16)....................	14,760	7,260	7,500
Mark Edward Palmer (17)..............	9,000	9,000	0
Victor A. Hollander (18).............	100,000	100,000	0
Jui-Hung Wang (19)...................	704,178	563,173	141,005
Chechang Yeh.........................	445,205	145,205	300,000
Jui-Kung Wang.(20)...................	321,209	120,204	201,005
Burns Hoffman (21)...................	200,000	200,000	0
Doug Casey (22)......................	100,000	100,000	0
Morris H. Wolf (23)..................	25,000	25,000	0
Arash Khalili (24)...................	2,000	2,000	0
Howard N. Addison (25)...............	30,000	30,000	0
Neal McNally (26)....................	25,000	25,000	0
Carl H. Spatz (27)...................	8,697	5,000	3,697
Lancing Holdings Ltd. (28)...........	40,000	40,000	0
Thomas D. Hesselbrock (29)...........	8,697	5,000	3,697
Lionel Brown (30)....................	25,000	25,000	0
Flora Chung (31).....................	11,029	3,529	7,500
Chia-An L. Shieh (32)................	19,696	7,058	12,638
John G. Myers (33)...................	58,951	58,951	0
Larry Gordon (34)....................	70,886	70,886	0
Stephen Chromik (35).................	399,9840	399,984	0
Colin J. Reynolds (36)...............	10,000	10,000	0
IndustriCorp and Co., Inc. FBO David N. Kunz IRA Rollover (37)...	50,000	50,000	0
G-V Capital Corp. (38)...............	200,000	100,000	100,000
Digital Color Print, Inc. (39)	15,000	15,000	0
Total................................	5,748,377	3,870,591	1,877,786

* Less than 1%

(1) Beneficial ownership is determined in accordance with the SEC Rule 13d-3 and generally includes shares over which the holder has voting or investment power, subject to community property laws. All shares of common stock obtainable upon conversion of securities or exercise of stock options or warrants (including those that are not currently exercisable but will become exercisable within 60 days hereafter) are considered to be beneficially owned by the person holding the options or warrants for computing that person's percentage, but are not treated as outstanding for computing the percentage of any other person.

(2) Assumes all offered Color Imaging common stock will be sold and that no additional shares of Color Imaging common stock will be issued by Color Imaging or acquired by any selling stockholder prior to the completion of the offering.

(3) Devon Blaine is the principal and sole stockholder of the Blaine Group, Inc.

(4) Of the 1,840,347 shares beneficially owned by Dr. Wang before the offering, Dr. Wang owns directly 965,347 shares of our common stock. Also included in this total are 600,000 shares owned by Dr. Wang's four children and Dr.

Wang's exercisable options to purchase 275,000 shares of our common stock. The beneficial shares owned by Dr. Wang excludes 141,204 shares of common stock beneficially owned by his wife, Yik-Li Sih, who is a selling stockholder. Of the 965,347 shares of common stock owned directly by Dr. Wang prior to the offering, 856,847 shares are offered hereby. Dr. Wang is a director and officer of our company.

(5) Mr. Chizever owns directly 22,500 shares of our common stock and 22,500 warrants exercisable into shares of our common stock. All such shares and shares of our common stock issuable upon exercise of the warrants may be sold for the account of the selling stockholder. Mr. Chizever is a partner of Richman Mann Chizever Phillips & Duboff, our former legal counsel.

(6) Mr. Duboff owns directly 5,000 shares of our common stock and 5,000 warrants exercisable into shares of our common stock. All such shares and shares of our common stock issuable upon exercise of the warrants may be sold for the account of the selling stockholder. Mr. Duboff is a partner of Richman Mann Chizever Phillips & Duboff, our former legal counsel.

(7) Mr. Peharda owns directly 3,955 shares of our common stock and 1,500 warrants exercisable into shares of our common stock. All such shares and shares of our common stock issuable upon exercise of the warrants may be sold for the account of the selling stockholder. Mr. Peharda is an attorney at Richman Mann Chizever Phillips & Duboff, our former legal counsel.

(8) Mr. Richman owns directly 12,500 shares of our common stock and 12,500 warrants exercisable into shares of our common stock. All such shares and shares of our common stock issuable upon exercise of the warrants may be sold for the account of the selling stockholder. Mr. Richman is a partner of Richman Mann Chizever Phillips & Duboff, our former legal counsel.

(9) The 141,204 shares of common stock beneficially owned by Ms. Sih are not included in the totals for Dr. Sueling Wang as described in note 4 above. Of the 141,204 shares owned by Ms. Sih, 95,204 may be sold for the account of the selling stockholder.

(10) Mr. Giacinto owns 7,500 warrants exercisable into shares of our common stock. All such shares and shares of our common stock issuable upon exercise of the warrants may be sold for the account of the selling stockholder.

(11) Mr. Salas owns 7,500 warrants exercisable into shares of our common stock. All such shares and shares of our common stock issuable upon exercise of the warrants may be sold for the account of the selling stockholder.

(12) Mr. Hollander owns directly 10,000 shares of our common stock and 10,000 warrants exercisable into shares of our common stock. All such shares and shares of our common stock issuable upon exercise of the warrants may be sold for the account of the selling stockholder.

(13) Mr. Kaufman owns directly 2,629 shares of our common stock and warrants exercisable into shares of our common stock. Of the 2,629 shares of our common stock owned directly by Mr. Kaufman, 1,000 shares and 1,000 shares of our common stock issuable upon exercise of the warrants may be sold for the account of the selling stockholder.

(14) Of the 689,450 shares owned before the offering, Mr. Wang owns directly 679,450 shares of our common stock and has exercisable options to purchase another 10,000 shares of our common stock. Of the 679,450 shares of our common stock owned directly by Mr. Wang, 618,835 are offered in this prospectus. Mr. Wang is one of our directors.

(15) Mr. Hollander owns directly 25,000 shares of our common stock and 25,000 warrants exercisable into shares of our common stock. All such shares and shares of our common stock issuable upon exercise of the warrants may be sold for the account of the selling stockholder.

(16) Of the 14,760 shares owned by Ms. Patel before the offering, Ms. Patel owns directly 7,260 shares of our common stock and has exercisable options to purchase another 7,500 shares of our common stock. Of the 7,260 shares of our common stock owned directly by Ms. Patel, all 7,260 are included in this prospectus. Ms. Patel is one of our managers.

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(17) Mr. Palmer owns directly 4,500 shares of our common stock and 4,500 warrants exercisable into shares of our common stock. All such shares and shares of our common stock issuable upon exercise of the warrants may be sold for the account of the selling stockholder.

(18) Of the 100,000 shares owned by Mr. Hollander before the offering, Mr. Hollander owns directly 50,000 shares of our common stock and 50,000 warrants exercisable into shares of our common stock. Of the 100,000 shares owned by Mr. Hollander, the 50,000 shares and 50,000 shares issuable upon exercise of the 50,000 warrants are offered in this prospectus. Mr. Hollander was one of our directors until his resignation on September 30, 2002, the closing date for the share exchange transaction whereby we disposed of Logical Imaging Solutions.

(19) Of the 704,178 shares owned before the offering by Mr. Wang, 699,178 shares are owned directly and Mr. Wang has exercisable options to purchase another 5,000 shares of our common stock. Of the 699,178 shares owned directly by Mr. Wang, 563,173 are offered in this prospectus and may be sold for the account of the selling stockholder. Mr. Wang is one of our directors.

(20) Of the 321,209 shares owned before the offering by Mr. Wang, 316,209 shares are owned directly and Mr. Wang has exercisable options to purchase another 5,000 shares of our common stock. Of the 316,209 shares owned directly by Mr. Wang, 120,204 are offered in this prospectus and may be sold for the account of the selling stockholder. Mr. Wang is one of our directors.

(21) Mr. Hoffman owns directly 100,000 shares of our common stock and 100,000 warrants exercisable into shares of our common stock. All such shares and shares of our common stock issuable upon exercise of the warrants may be sold for the account of the selling stockholder.

(22) Mr. Casey owns directly 50,000 shares of our common stock and 50,000 warrants exercisable into shares of our common stock. All such shares and shares of our common stock issuable upon exercise of the warrants may be sold for the account of the selling stockholder.

(23) Mr. Wolf owns directly 12,500 shares of our common stock and 12,500 warrants exercisable into shares of our common stock. All such shares and shares of our common stock issuable upon exercise of the warrants may be sold for the account of the selling stockholder.

(24) Mr. Khalili owns directly 1,000 shares of our common stock and 1,000 warrants exercisable into shares of our common stock. All such shares and shares of our common stock issuable upon exercise of the warrants may be sold for the account of the selling stockholder.

(25) Mr. Addison owns directly 15,000 shares of our common stock and 15,000 warrants exercisable into shares of our common stock. All such shares and

shares of our common stock issuable upon exercise of the warrants may be sold for the account of the selling stockholder.

(26) Mr. McNally owns directly 12,500 shares of our common stock and 12,500 warrants exercisable into shares of our common stock. All such shares and shares of our common stock issuable upon exercise of the warrants may be sold for the account of the selling stockholder.

(27) Mr. Spatz owns directly 6,197 shares of our common stock. Of the 6,197 shares of our common stock owned by Mr. Spatz, 5,000 are included in this prospectus and consist of 2,500 shares of our common stock and 2,500 shares of our common stock issuable upon exercise of warrants to purchase our common stock, all of which may be sold for the account of the selling stockholder.

(28) Lancing Holdings Ltd. owns directly 20,000 shares of our common stock and 20,000 warrants exercisable into shares of our common stock. All such shares and shares of our common stock issuable upon exercise of the warrants may be sold for the account of the selling stockholder. John Nichols is the principal and beneficial owner of Lancing Holdings Ltd.

(29) Mr. Hesselbrook owns directly 6,197 shares of our common stock of which 5,000 shares may be sold for the account of the selling stockholder. Total shares owned before the offering includes 2,500 shares of common stock underlying warrants to purchase common stock.

(30) Mr. Brown owns directly 12,500 shares of our common stock and 12,500 warrants exercisable into shares of our common stock. All such shares and shares of our common stock issuable upon exercise of the warrants may be sold for the account of the selling stockholder.

(31) Of the 11,029 shares owned by Flora Chung before the offering, Ms. Chung owns directly 3,529 shares of our common stock and has exercisable options to purchase another 7,500 shares of our common stock. Of the 3,529 shares owned directly by Ms. Chung, all are offered in this prospectus. Ms. Chung is our accounting manager.

(32) Of the 19,696 shares owed by Ms. Shieh before the offering, Ms. Shieh owns directly 7,058 shares of our common stock and has exercisable options to purchase 7,500 shares of our common stock. Also included in the shares owned by Ms. Shieh before the offering are 5,138 shares of our common stock owned by Ms. Shieh's spouse, Shiuh An Shieh. Of the 7,058 shares owned directly by Ms. Shieh, all 7,058 are offered in this prospectus. Ms. Shieh is our controller and an assistant secretary.

(33) Includes 58,951 warrants exercisable into shares of our common stock. All such shares of our common stock issuable upon exercise of the warrants may be sold for the account of the selling stockholder.

(34) Includes 70,886 warrants exercisable into shares of our common stock. All such shares of our common stock issuable upon exercise of the warrants may be sold for the account of the selling stockholder.

(35) Mr. Chromik owns directly 133,328 shares of our common stock and 266,656 warrants exercisable into shares of our common stock. All such shares and shares of our common stock issuable upon exercise of the warrants may be sold for the account of the selling stockholder.

(36) Mr. Reynolds owns directly 5,000 shares of our common stock and 5,000 warrants exercisable into shares of our common stock. All such shares and shares of our common stock issuable upon exercise of the warrants may be sold for the account of the selling stockholder.

(37) Mr. Kunz IRA owns directly 25,000 shares of our common stock and 25,000 warrants exercisable into shares of our common stock. All such shares and shares of our common stock issuable upon exercise of the warrants may be sold for the account of the selling stockholder.

(38) G-V Capital Corp. owns directly 100,000 shares of our common stock and 100,000 warrants exercisable into shares of our common stock. G-V Capital Corp. was our investment banking advisors for our merger with Color Image, Inc. and Logical Imaging Solutions, Inc., and they received their shares and exercisable warrants in return for their services rendered to us from January through June 2000 at the completion of the merger in June 2000. 100,000 shares of our common stock issuable upon exercise of the warrants may be sold for the account of the selling stockholder. Lawrence E. Kaplan is the principal and beneficial owner of G-V Capital Corp.

(39) Includes an aggregate of 15,000 shares acquired from Patrick D. Salas and Sal G. Giancinto.

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PLAN OF DISTRIBUTION

We are registering the sale of the common stock and common stock underlying warrants on behalf of the selling stockholders, who are free to offer and sell our stock at such times, in such manner and at such prices as they may determine. We will pay the costs of registering the sales of our stock. Our common stock may be offered by the selling stockholders in one or more types of transactions, which may or may not involve brokers, dealers or cash transactions. The selling stockholders may also use Rule 144 under the Securities Act to sell our stock, if they meet the criteria and conform to the requirements of that rule. There is no underwriter or coordinating broker acting in connection with the proposed sale of our stock by the selling stockholders. The sales of our stock may also be effected from time to time by the following means:

- transactions on the OTC Bulletin Board at market price through ordinary broker transactions, including block transactions;

- negotiated transactions; or,

- a combination of the above methods of sale at fixed prices, which may be changed, at market prices prevailing at the time of sale, or at negotiated prices

The selling stockholders may sell common stock directly to purchasers or through broker-dealers which may act as agents or principals. Broker-dealers may receive compensation in the form of discounts, concessions or commissions from the selling stockholders.

The selling stockholders and any broker-dealers that act in connection with the sale of our common stock may be deemed to be underwriters within the meaning of Section 2(11) of the Securities Act, and any commissions received by them and any profit on the resale of our stock as principal may be deemed to be underwriting discounts and commissions under the Securities Act. The selling stockholders may agree to indemnify any agent, dealer commissions or broker-dealer that participates in transactions involving sales of our stock against certain liabilities, including liabilities arising under the Securities Act.

Because the selling stockholders may be deemed to be underwriters, they will be subject to prospectus delivery requirements under the Securities Act. Furthermore, in the event of a distribution of our stock, the selling stockholders, any selling broker-dealer and any affiliated purchasers may be subject to Regulation M, which prohibits any stabilizing bid or stabilizing purchase for the purpose of pegging, fixing or stabilizing the price of our common stock in connection with that distribution. As used herein, "selling stockholders" includes donees, pledgees, transferees or other successors-in-interest selling shares received after the date of this prospectus from a named selling stockholder as a gift, pledge, partnership distribution or other non-sale related transfer.

LEGAL MATTERS

The validity of the shares of common stock offered by this prospectus will be passed upon for Color Imaging by Arnall Golden Gregory LLP, Atlanta, Georgia.

INDEPENDENT AUDITORS

The consolidated financial statements of Color Imaging as of December 31, 2002, and for each of the years in the two-year period ended December 31, 2002, included in this prospectus and elsewhere in the registration statement have been so included herein in reliance upon the report of Lazar Levine & Felix LLP, and upon the authority of said firm as experts in accounting and auditing.

INDEMNIFICATION

Our certificate of incorporation allows us to indemnify our officers and directors to the maximum extent allowed under Delaware law. This includes indemnification for liability which could arise under the Securities Act. Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers or persons controlling the registrant under these provisions, the registrant has been informed that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is therefore unenforceable.

FURTHER INFORMATION

You should rely only on the information in this prospectus or any prospectus supplement hereto this prospectus. We have not authorized anyone else to provide you with different information. Offers of the securities are being made only in states where the offers are permitted. You should not assume that the information in this prospectus or any prospectus supplement is accurate as of any date other than the date on the front of those documents.

This prospectus is part of a Registration Statement on Form SB-2 that has been filed with the SEC. It does not include all of the information that is in the registration statement and the additional documents filed as exhibits with it. For more detailed information, you should read the exhibits themselves.

We are subject to the informational requirements of the Exchange Act and, in accordance with it, are required to file reports, proxy and information statements, and other information with the SEC. Such reports, proxy and information statements and other information can be inspected and copied at the SEC's Public Reference Room at 450 Fifth Street, N.W., Washington, D.C. 20549. The public may obtain information about the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. We electronically file reports, proxy and information statements, and other information with the SEC. The SEC maintains an Internet website that contains our electronically filed reports, proxy and information statements, and other information at http://www.sec.gov. We maintain Internet websites at http://www.colorimage-micr.com. Our common stock is traded on the NASDAQ OTC Bulletin Board under the symbol CIMG.

INDEX TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT

TO THE BOARD OF DIRECTORS AND STOCKHOLDERS OF COLOR IMAGING, INC.
NORCROSS, GEORGIA

We have audited the accompanying consolidated balance sheets of Color Imaging, Inc. (a Delaware corporation) and subsidiary as of December 31, 2002 and 2001, and the related consolidated statements of operations, stockholders' equity and cash flows for each of the three years in the period ended December 31, 2002. Our audits also included the financial statement schedule listed on the Index of Item 15(a). These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Color Imaging, Inc. and subsidiary as of December 31, 2002 and 2001, and the results of their operations and their cash flows for the three years in the period ended December 31, 2002, in conformity with accounting principles generally accepted in the Unites States of America.

LAZAR LEVINE & FELIX LLP

New York, New York
February 7, 2003
except for Note 17
the date of which
March 7, 2003

COLOR IMAGING, INC. AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2002 AND 2001

	2002
- ASSETS -	
CURRENT ASSETS:	
Cash	$ 128,501
Accounts receivable -- net of allowance for doubtful accounts of $64,178 and $72,911 for 2002 and 2001, respectively	2,390,019
Inventories	5,080,237
Deferred taxes	--
Related party portion of IDR bond - current	83,160
Other current assets	304,672
Net assets of discontinued subsidiary	--
TOTAL CURRENT ASSETS	7,986,589
PROPERTY, PLANT AND EQUIPMENT -- NET	7,038,111
OTHER ASSETS:	
Related party portion of IDR bond	735,340
Deferred offering costs	121,924
Other assets	231,571
	1,088,835
	$ 16,113,535

- LIABILITIES & STOCKHOLDERS' EQUITY -

CURRENT LIABILITIES:	
Revolving credit lines	$ 1,022,470
Accounts payable	3,543,680
Current portion of notes payable	363,789
Current portion of notes payable - related parties	401,937
Current portion of bonds payable	350,000
Other current liabilities	507,782
TOTAL CURRENT LIABILITIES	6,189,658
LONG TERM LIABILITIES:	
Notes payable	989,667
Notes payable - related parties	598,063
Bonds payable	3,095,000
LONG TERM LIABILITIES	4,682,730
TOTAL LIABILITIES	10,872,388
COMMITMENTS & CONTINGENCIES	
STOCKHOLDERS' EQUITY:	
Common stock, $.01 par value, authorized 20,000,000 shares; 8,437,965 and 10,099,175 shares issued and outstanding on December 31, 2002 and 2001, respectively	84,380
Additional paid-in capital	7,205,909
Stock subscription receivable	--
Accumulated deficit	(2,049,142)
	5,241,147
	$ 16,113,535

See notes to consolidated financial statements.

COLOR IMAGING, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2002, 2001 AND 2000

Year End

	2002
SALES	$ 28,000,309
COST OF SALES	23,421,429
GROSS PROFIT	4,578,880
OPERATING EXPENSES:	
Administrative	1,312,317
Deferred charge write-off	--
Research and development	946,848
Sales and marketing	1,331,454
	3,590,619
INCOME (LOSS) FROM OPERATONS	988,261
OTHER INCOME (EXPENSE):	
Interest and other income (expense)	47,201
Interest and financing costs	(330,606)
	(283,405)
INCOME (LOSS) BEFORE PROVISION FOR INCOME TAXES	704,856
PROVISION (BENEFIT) FOR INCOME TAXES	274,246
NET INCOME FROM CONTINUING OPERATIONS	430,610
(LOSS) FROM OPERATIONS OF SUBSIDIARY DISPOSED OF - NET OF INCOME TAX	(261,326)
NET INCOME (LOSS)	$ 169,284
INCOME (LOSS) PER COMMNON SHARE:	
Basic	
Continuing operations	$ .04
Discontinued operations	(.02)
Basic earnings (loss) per share	$ .02
Diluted	
Continuing operations	$ .04
Discontinued operations	(.02)
Diluted earnings (loss) per share	$ .02
Weighted average shares outstanding:	
Basic	9,686,429
Diluted	9,686,429

See notes to consolidated financial statements.

COLOR IMAGING, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2002, 2001 AND 2000

	SHARES	COMMON STOCK	ADDITIONAL PAID-IN CAPITAL	STOCK SUBSCRIPTIO RECEIVABLE
Balance at December 31, 1999	3,999,987	$ 40,000	$3,058,241	$ --
Acquisition of Color Image	3,000,000	30,000	3,194,039	--
Exercise of stock warrants	46,211	462	91,960	--
Common stock issued in private placement	444,750	4,447	885,053	--
Net loss for the year	--	--	--	--
Balance at December 31, 2000	7,490,948	74,909	7,229,293	--
Exercise of stock warrants	55,452	555	110,349	--
Exercise of stock warrants - cashless	1,104,815	11,048	(11,048)	--
Common stock, issued for services	10,000	100	24,900	--
Common stock, issued in private placement	1,437,960	14,380	2,520,445	(149,000)
Net income for the year	--	--	--	--
Balance at December 31, 2001	10,099,175	100,992	9,873,939	(149,000)
Stock subscription received	--	--	(5,649)	149,000
Exercise of stock warrants - cashless	38,790	388	(388)	--
Common stock, exchanged for subsidiary disposed of	(1,700,000)	(17,000)	(2,661,993)	--
Net income for the year	--	--	--	--
Balance at December 31, 2002	8,437,965	$ 84,380	$7,205,909	$ --

See notes to consolidated financial statements.

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COLOR IMAGING, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2002, 2001 AND 2000

	YEAR ENDED DECE	
	2002	2001
CASH FLOW FROM OPERATING ACTIVITIES:		
Net income (loss)from continuing operations	$ 430,610	$ 253,
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization	542,661	569,
Deferred income taxes	190,509	121,
Allowance for doubtful accounts	(8,733)	72,
Compensatory stock	--	25,
(Increase) decrease in:		
Accounts receivable	512,717	476,
Inventory	524,738	(862,
Prepaid expenses and other assets	(100,415)	51,
Due from related party - IDR bond	79,596	76,
Increase (decrease) in:		
Accounts payable and accrued liabilities	(1,221,997)	(1,521,
Net cash provided (used) by continuing operations	949,686	(737,
Net cash (used) by discontinued operations	(676,202)	(921,
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	273,484	(1,658,
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	(567,702)	(254,
NET CASH (USED IN) INVESTING ACTIVITIES:	(567,702)	(254,
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net (payments) borrowings under line of credit	(439,946)	63,
Proceeds from long-term debt	--	
Principal payments of long-term debt	(339,667)	(271,
Principal payments of IDR bond	(335,000)	(320,
Proceeds from related party borrowing	1,100,000	
Principal repayments to related party	(100,000)	
Proceeds from sale of stock	143,351	2,496,
NET CASH PROVIDED BY FINANCING ACTIVITIES	28,738	1,968,
NET INCREASE (DECREASE) IN CASH	(265,480)	55,
Cash at beginning of year	393,981	338,

CASH AT END OF YEAR	$ 128,501	$ 393,
SUPPLEMENTAL CASH FLOW INFORMATION:		
Cash paid during the year for:		
Interest	$ 299,226	$ 385,
Income taxes	--	
NONCASH ITEMS:		
Common stock issued	$ 388	$ 11,

See notes to consolidated financial statements.

COLOR IMAGING, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001

NOTE 1. DESCRIPTION OF COMPANY:

On May 16, 2000, Color Imaging, Inc., formerly known as Advatex Associates, Inc. (Advatex), Logical Acquisition Corp. (LAC), Color Acquisition Corp. (CAC), Logical Imaging Solutions, Inc. (Logical) and Color Image, Inc. (Image) entered into a Merger Agreement and Plan of Reorganization, as amended (Merger Agreement), pursuant to which LAC merged with and into Logical and CAC merged with and into Image (the Merger) and Logical and Image became wholly-owned subsidiaries of Advatex. Pursuant to the Merger Agreement, stockholders of Logical and Image exchanged their common stock for shares of common stock of Advatex. A reverse stock split of one share of common stock for 6.0779 shares of common stock was simultaneously approved for the then existing Advatex common stock. Subsequently, the equity interests in Logical were converted by virtue of the Logical Merger into approximately 3,000,000 newly issued shares of Advatex common stock, on the basis of 1.84843 Advatex Common Shares for each one share of common stock of Logical. The equity interests in Image were converted by virtue of the Image Merger into approximately 3,000,000 newly issued shares of the Advatex common stock on the basis of 15 Advatex common shares for each one share of common stock of Image. The above transactions were consummated on June 28, 2000.

Prior to the completion of the above referenced transaction, Advatex was a non-operating, fully reporting, public shell, and both Logical and Image were privately owned operating enterprises. By the terms of the Merger Agreement and Plan of Reorganization, the combination was contingent upon the agreement of all of the enterprises, and it was, therefore considered a single business combination.

Image and Logical each received the same number of shares and both the board of directors and executive officers of Color Imaging were equally divided between the managements of Logical and Image. However, since the majority of the voting stock was held by directors coming from Logical or including former Logical directors, Logical was determined to be the accounting acquirer in the reverse merger with Advatex, based upon guidance provided by Securities and Exchange Commission (SEC) Staff Accounting Bulletin (SAB) Topic 2A and APB 16, regarding Business Combinations.

The fair market value of the shares being issued in the reverse acquisition transaction could not be determined and accordingly, the transaction was valued at the fair market value of the issuer's net assets, which approximated their carrying value. As a result, and consistent with treatment of a merger between a non-operating public shell and privately held entity, no goodwill was recognized.

Concurrently with the above transaction, Advatex, the legal acquirer, issued 3,000,000 shares of common stock (with a per share value of $1.00 as determined in the aforementioned reverse acquisition by Logical of Advatex) in exchange for the outstanding shares of Image. This transaction was accounted for under the purchase method of accounting. The fair value of Image's assets was reviewed to determine the allocation of the cost of the purchase to tangible and intangible assets, including goodwill. Management determined that no adjustment to the financial statements of Image was necessary, and that the fair value of the tangible and intangible assets of Image was equivalent to their respective book values and no goodwill was recognized in this transaction. The assets, liabilities and operating results of Image are only included in the consolidated financial statements of Color Imaging from the date of acquisition, June 28, 2000.

The following unaudited pro forma results of operations were developed assuming the acquisition had occurred at the beginning of the earliest period presented.

	Year Ended December 31,2000 (Unaudited Proforma Data)
Net sales	$ 21,204,435
Net loss	(517,934)
Loss per share	$ (0.07)

NOTE 1. DESCRIPTION OF COMPANY (CONTINUED):

On July 7, 2000, by a vote of the majority of stockholders, Advatex Associates, Inc. (Advatex), changed its name to Color Imaging, Inc. (the Company or Color) and approved the reverse stock split. On December 31, 2000, Image merged into Color with Color being the surviving entity.

Color develops, manufactures and markets products used in electronic printing and photocopying. Color designs, manufactures and delivers black text toners, specialty toners, including color and MICR (magnetic characters used on checks and other financial documents). Color also supplies other consumable products used in electronic printing and photocopying, including toner cartridges, cartridge components, photoreceptors and imaging drums.

See Note 3 regarding Discontinued Operations - Disposal of Logical.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. PRINCIPLES OF CONSOLIDATION:

The consolidated financial statements include the accounts of the Company and its subsidiary. All significant inter-company balances and transactions have been eliminated in consolidation.

B. ESTIMATES AND ASSUMPTIONS:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

C. FAIR VALUE FINANCIAL INSTRUMENTS:

The carrying values of the Company's current financial instruments approximate fair value due to the short term in which these instruments mature. The carrying values of the Company's lines of credit and long-term debt approximate fair value because the variable interest rates approximate the prevailing interest rates for similar debt instruments.

D. CONCENTRATION OF CREDIT RISK:

Financial instruments, which potentially subject the Company to concentrations of credit risk are cash equivalents, marketable securities and accounts receivable. The Company attempts to limit its credit risk associated with cash equivalents and marketable securities and at December 31, 2002 its investments were in cash held in highly rated financial institutions. With respect to accounts receivable, the Company limits its credit risk by performing ongoing credit evaluations and, when deemed necessary, requiring cash in advance, payment by credit card, letters of credit or guarantees. The Company's customer base is comprised principally of domestic distributors and dealers of copier supplies and re-manufacturers of laser printing consumable products. The Company's international customers are comprised principally of an OEM and a large international distributor. Management does not believe significant risk exists in connection with the Company's concentrations of credit at December 31, 2002.

E. CASH AND CASH EQUIVALENTS:

The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

F. INVENTORIES:

Inventories are stated at the lower of cost or market with cost determined by the first-in, first-out (FIFO) method for raw materials, work-in-process and finished goods. Consideration is given to deterioration, obsolescence and other factors in evaluating the estimated market value of inventory based upon management's judgment and available information. Costs in inventory include materials, direct labor, and applied manufacturing overhead.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

G. PROPERTY, PLANT AND EQUIPMENT:

Property, plant, and equipment are recorded at cost. Replacements and major improvements are capitalized; maintenance and repairs are expensed as incurred. Gains or losses on asset dispositions are included in the determination of net income.

Depreciation of the Company's property, plant, and equipment is computed using the straight-line method. The average estimated useful lives are as follows:

	Years
Leasehold improvements	10
Machinery and equipment	5 - 20
Furniture and fixtures	7 - 10

H. INTANGIBLE ASSETS:

Intangible assets are comprised of patents and intellectual property. All intangible property is amortized by the straight-line method, over their respective useful lives, commencing upon completion of commercialization. Intangibles are periodically reviewed to assess recoverability from future operations using undiscounted cash flows in accordance with SFAS 144, "Accounting for the Impairment or Disposal of Long-Lived Assets". To the extent carrying values exceed fair values, an impairment loss is recognized in operating results.

I. STOCK-BASED COMPENSATION:

The Company grants stock options for a fixed number of shares of common stock to employees with an exercise price equal to the fair value of the common stock at the date of grant. The Company accounts for stock option grants in accordance with APB Opinion No. 25, Accounting for Stock Issued to Employees (APB 25) and related Interpretations. Under APB 25, because the exercise price of the Company's employee stock options equals the market price of the underlying stock on the date of grant, no compensation expense is recognized. The Company has adopted the disclosure-only provisions of SFAS 123, Accounting for Stock-Based Compensation. See Note 8B.

J. INCOME TAXES:

The asset and liability method is used in accounting for income taxes. Under this method, deferred tax assets and liabilities are recognized for operating loss and tax credit carry forwards and for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the results of operations in the period that includes the enactment date. A valuation allowance is recorded to reduce the carrying amounts of deferred tax assets unless it is more likely than not that such assets will be realized.

K. REVENUE RECOGNITION:

The Company recognizes revenues in accordance with Staff Accounting Bulletin 101, Revenue Recognition in Financial Statements (SAB 101).

The Company designs, manufactures, acquires from third parties and sells toner and parts used in electronic printing and photocopying. Revenue from such product sales is recognized when persuasive evidence of an arrangement exists, delivery has occurred, the fee is fixed or determinable and collectibility is probable. At this time the earnings process is complete and the risks and rewards of ownership have transferred to the customer, which is generally when the goods are shipped and all significant obligations of the Company have been satisfied.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

L. ADVERTISING COSTS:

In accordance with SOP No. 93-7, Reporting on Advertising Costs, the Company expenses all advertising expenditures as incurred. The Company incurred $106,077, $57,473 and $33,226 in advertising costs during 2002, 2001 and 2000, respectively.

M. RESEARCH AND DEVELOPMENT EXPENSES:

Research and development costs are charged to expense when incurred and aggregated $946,848, $791,498 and $551,027 for 2002, 2001 and 2000, respectively, from continuing operations.

N. EARNINGS (LOSS) PER COMMON SHARE:

Earnings (loss) per common share are calculated under the provisions of SFAS No. 128, Earnings per Share. SFAS No. 128 requires the Company to report both basic earnings per share, which is based on the weighted-average number of common shares outstanding, and diluted earnings per share, which is based on the weighted-average number of common shares outstanding plus all potential dilutive common shares outstanding. Since the Company reported a loss from operations in 2000, the exercise of stock options and warrants was not assumed since the result would be antidilutive for that year.

O. FOREIGN CURRENCY TRANSACTIONS:

During 2001, the Company began selling its products in certain overseas markets where the prices were denominated in Euros. All balance sheet accounts resulting from foreign transactions are translated into U.S. dollars at the rate of exchange in effect at the balance sheet date and statements of operations items are translated at the weighted average exchange rates for the year. The resulting translation adjustments are made directly to a separate component of stockholders' equity. Gains and losses from foreign currency transactions, such as those resulting from the settlement of foreign receivables (or payables) are included in the consolidated statements of operations. As of December 31, 2002, there were no material balance sheet items resulting from foreign currency transactions. An aggregated gain of $2,858 and a loss of $1,877 from the settlement of foreign receivables was recognized for the years ended December 31, 2002 and 2001, respectively, and are included in other expense on the statements of operations. The Company had no sales denominated in currencies other than the U.S dollar in 2000.

P. DEFERRED CHARGES:

The Company, in connection with a proposed offering (the Offering) of its securities, has incurred certain costs which have been deferred and which will be charged against the proceeds of the Offering or charged to expense in the event the Offering is not completed.

The Company also defers certain expenditures related to the activities associated with the acquisition of business assets, which the Company has determined have a future economic benefit. These expenditures are then capitalized into the cost of the assets upon acquisition. Management reviews these assets whenever the circumstances and situations change such that there is an indication that the carrying amount is not recoverable. When management's best estimate of the future economic benefit of these assets is less than the carrying amount, the carrying amount is reduced to the fair value and a write-off is recognized. Deferred charges written off are not restored.

At December 31, 2000, the Company had recorded deferred charges aggregating $53,805 in connection with fees and costs related to the planned acquisition of a manufacturing business, and, during 2001, incurred additional costs of $161,566. The Company was not able to consummate this acquisition and, as of December 31, 2001, wrote off such deferred costs.

Q. RECENT ACCOUNTING PRONOUNCEMENTS:

In June 2001, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 141, "Business Combinations" ("SFAS 141") and Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets" ("SFAS 142"). SFAS 141 requires all business combinations to be accounted for using the purchase method of accounting and is effective for all business combinations initiated after June 30, 2001. SFAS 142 requires goodwill to be tested for impairment under certain circumstances, and written-off when impaired, rather than being amortized as previous standards required. Furthermore, SFAS 142 requires purchased intangible assets to be amortized over their estimated useful lives unless these lives are determined to be indefinite. SFAS 142 is effective for fiscal years beginning after December 15, 2001.

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NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Q. RECENT ACCOUNTING PRONOUNCEMENTS (CONTINUED):

In August 2001, the FASB issued Statement of Financial Accounting Standards No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" ("SFAS 144"), that is applicable to financial statements issued for fiscal years beginning after December 15, 2001. The FASB's new rules on asset impairment supercede SFAS 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of," and portions of Accounting Principles Board Opinion 30, "Reporting the Results of Operations". This Standard provides a single accounting model for long-lived assets to be disposed of and significantly changes the criteria that would have to be met to classify an asset as held-for-sale.

The adoption of the above standards had no effect on the Company's financial statements.

In April 2002, the FASB issued SFAS No. 145, "Rescission of Statements No. 4, 44 and 64, Amendment of FASB Statement No. 13, and Technical Corrections." SFAS No. 145 will generally require gains and losses on extinguishment of debt to be classified as income or loss from continuing operations rather than as extraordinary items. The Company is required to adopt SFAS No. 145 in fiscal 2003.

In June 2002, the FASB issued SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities." This standard requires that costs associated with exit or disposal activities be recognized when they are incurred rather than at the date of a commitment to an exit or disposal plan. SFAS No. 146 will apply to exit or disposal activities initiated by the Company after fiscal 2002.

In December 2002, the FASB issued SFAS No. 148, "Accounting for Stock-Based Compensation - Transition and Disclosure - an Amendment to FASB Statement No. 123." SFAS No. 148 amends SFAS No. 123, "Accounting for Stock-Based Compensation," to provide alternative methods for transition to SFAS No. 123's fair value method of accounting for stock-based compensation. As amended by SFAS No. 148, SFAS No. 123 also requires additional disclosure regarding stock-based compensation in annual and condensed interim financial statements. The new disclosure requirements are effective immediately and are reflected in Note 8.

NOTE 3. DISCONTINUED OPERATIONS:

On September 30, 2002, the Company completed a share exchange agreement with Digital Color Print, Inc. and four of its former directors, whereby the Company received 1.7 million shares of its common stock in exchange for all of the shares of the common stock of its subsidiary, Logical Imaging Solutions, Inc. Based upon guidance provided by APB 29 in connection with accounting for nonmonetary transactions, the fair value of the 1.7 million shares of common stock received was approximately $2,678,993; the fair value (approximating the net book value) of Logical Imaging Solutions, Inc. plus the transaction costs incurred.

Following is summary financial information for the Company's discontinued Logical Imaging Solutions, Inc. subsidiary:

	Nine Months Ended September 30	Year Ended December 3	
	2002	2001	
Net sales	$ 464,628	$ 551,400	$
Loss before taxes	(406,570)	(289,328)	
Income tax benefit	(145,244)	(85,174)	
Net loss from discontinued operations	$ (261,326)	$ (204,154)	$

NOTE 3. DISCONTINUED OPERATIONS (CONTINUED):

	Nine Months Ended September 30	Year Ended December 3	
	2002	2001	
Net sales	$ 464,628	$ 551,400	$
Loss before taxes	(406,570)	(289,328)	
Income tax benefit	(145,244)	(85,174)	
Net loss from discontinued operations	$ (261,326)	$ (204,154)	$

Pursuant to the share exchange agreement, the Company also received a warrant to purchase approximately 15% of the then outstanding common stock of Digital Color Print, Inc. or Logical Imaging Solutions, Inc. The warrant has not been assigned any value, since it is not cashless, increases from $1.50 to $2.25 and then to $3.25 per share each year over three years, expires after three years, is not registered for resale and has no current market.

In addition, the amendment to the share exchange agreement also provides that Mr. Brennan's (the Company's former chief executive officer) employment agreement will be immediately terminated upon the transaction's closing and severance of $6,058 per two-week period, plus reimbursement of health and life insurance premium costs formerly payable through June 10, 2003 will be terminated as of March 10, 2003.

The financial statements and related notes presented herein have been restated to reflect discontinued operations accounting as a result of this transaction.

Logical designs, manufactures and delivers complete printing systems, including software, control units and print engines to its customers. Logical's development efforts focused on creating a digital variable printing process that provides high-speed, color printing systems for commercial applications.

NOTE 4. INVENTORIES:

Inventories for continuing operations consisted of the following components as of December 31, 2002 and 2001:

	2002	2001
Raw materials	$ 427,752	$ 723,480
Work-in-process	1,021,496	967,982
Finished goods	3,665,953	3,987,343
Obsolescence allowance	(34,964)	(73,830)

Total	$ 5,080,237	$5,604,975

NOTE 5. PROPERTY AND EQUIPMENT:

Property and equipment of continuing operations consisted of the following as of December 31, 2002 and 2001:

	2002	2001
Furniture and fixtures	$ 88,836	$ 86,586
Test equipment	527,151	452,517
Manufacturing machinery and equipment	6,544,886	6,146,299
Leasehold improvements	1,360,737	1,268,506
	8,521,610	7,953,908
Less: accumulated depreciation and amortization	(1,483,499)	(940,838)
	$7,038,111	$7,013,070

Depreciation and amortization expense amounted to $542,661, $569,731 and $371,107 in 2002, 2001 and 2000, respectively.

NOTE 6. BORROWING ARRANGEMENTS:

As a condition of its Bank's consent to the business combination (see Note 1), the Company, on August 30, 2000, entered into an amended and restated borrowing arrangement, granting to the bank a security interest in all of the Company's assets as security for the payment of the obligations owed the bank.

The Company has a $2.5 million revolving line of credit with an outstanding balance as of December 31, 2002 of $1,022,470, which bears interest at the rate of 3.88% (the one-month libor of 1.38% plus 2.5%) as of December 31, 2002. The revolving line of credit has a June 30, 2003 expiration date. Under the line of credit, the Company is permitted to borrow 85% of eligible accounts receivable and 50% of eligible inventories (up to a maximum of $1.1 million).

The Bank agreement contains various covenants that the Company is required to maintain, and as of December 31, 2002, the Company was in compliance with these covenants.

Long-term debt was comprised of the following as of December 31:

	2002

Term note payable to a financial institution due in monthly installments of principal and interest of $848 through March 2003; bears interest at 8.0%, collateralized by automobile with a net book value of $26,386	$ 2,501
Term note payable to a financial institution due in monthly installments of principal and interest of $10,676 through November 2005; bears interest at 10.215%; collateralized by inventory, accounts receivable and equipment	329,844
Term note payable to a financial institution in monthly installments of principal and interest of $27,205 through June 2006 bears interest at 7.90%; collateralized by inventory, accounts receivable and equipment (see Note 7). On February 5, 2003, the note was modified and monthly installments of principal of $23,716 begin February 24, 2003 and continue through May 2006 with interest at the 30-day libor rate plus 2.5%	998,803
Various equipment notes maturing in 2006	22,308
	1,353,456
Less current maturities	363,789
	$ 989,667

The aggregate scheduled maturities of long-term debt for each of the next four years and thereafter are as follows:

2003	$ 363,789
2004	393,328
2005	428,254
2006	168,085
Total	$1,353,456

NOTE 7. INDUSTRIAL DEVELOPMENT REVENUE BOND:

On June 1, 1999, the Development Authority of Gwinnett County (the Authority), issued $4,100,000 of industrial development revenue bonds on behalf of the Company and a Related Party. The 1.22% revenue bonds as of December 31, 2002, are payable in varying annual principal and monthly interest payments through July 2019. The bond is secured by all the assets of the Company and by real property owned by the Related Party. The bonds along with the line of credit and term loan (see Note 6) are held by two related financial institutions.

A loan agreement between the Authority and the Company and a Related Party allows funds to effectively pass through the Authority to the Company. The majority of the proceeds, $3,125,872, were used by the Company to purchase and install certain manufacturing equipment, while $974,128 was used by the Related Party to pay down the mortgage on the real property leased to the Company (see Note 10). The Company and the Related Party are jointly obligated to repay any outstanding debt. Under the Joint Debtor Agreement of June 28, 2000, between the

Company and the Related Party, each has agreed to be responsible to the other for their share of the bond obligations and that any party causing an act of default shall be responsible for 100% of the bond obligations. The amount for which the Related Party is responsible to the Company is reflected in current and other assets of the Company. The Related Party amounts owed to the Authority are secured by a lien on the real property leased by the Company and by personal guarantees executed by members of the Related Party. At this time, the Company believes that the Related Party portion of the bond is fully collectible. As of December 31, 2002, the bond principal outstanding was $3,445,000 and the portion due from the Related Party was $818,500.

The aggregate maturities of bonds payable for each of the next five years and thereafter are as follows:

	Company	Related Party	Total
2003	$ 266,000	$ 84,000	$ 350,000
2004	281,200	88,800	370,000
2005	296,400	93,600	390,000
2006	307,800	97,200	405,000
2007	452,200	142,800	595,000
Thereafter	1,014,600	320,400	1,335,000
Total	$ 2,618,200	$ 826,800	$ 3,445,000

NOTE 8. STOCKHOLDERS EQUITY:

A. COMMON STOCK AND STOCK WARRANTS:

As discussed in Note 1, the Company issued an aggregate of 6,000,000 shares of its common stock to the stockholders of Logical and Image in exchange for their shares in Logical and Image in a merger transaction. Simultaneously, in 2000, the Company effected a reverse stock split of one for 6.0779 shares of common stock.

As part of the Merger, the Company granted warrants (the New Warrant) to purchase up to 100,000 shares of the common stock of the Company to professional advisors to the Merger. The New Warrant entitles the warrant holder to purchase, at any time and for a five-year period, a share of common stock of the Company for $2.00 per share. In addition, original stockholders of Logical at December 31, 2001, own 225,507 similar warrants (the Old Warrant). The Old Warrant entitled the warrant holder to purchase, at any time until September 15, 2002, a share of common stock of the Company for $2.70 per share. As of December 31, 2002 and 2001, the Company had received $0 and $110,905, respectively, in proceeds from the exercise of Old Warrants. During August 2002 seven holders of Old Warrants were issued 38,085 shares of the Company's common stock for having exercised Old Warrants to purchase 157,116 shares of the Company's common stock, on a cashless basis, and on September 15, 2002, Old Warrants to purchase 12,939 shares of the Company's common stock expired.

NOTE 8. STOCKHOLDERS' EQUITY (CONTINUED):

The Company issued Units consisting of common stock and common stock underlying warrants to investors in a private placement approved by the Board of Directors on August 29, 2000. Each Unit in the private placement was priced at $2.00 and consisted of one common share of the Company's common stock and one warrant to purchase one share of common stock at an exercise price of $2.00. An additional warrant to purchase common stock of the Company, for each Unit purchased in the private placement, was issued to subscribers, at no additional cost, whose investment(s) aggregated at least $300,000. The warrants expire November 30, 2003. During 2001, the Company issued and sold 1,437,960 Units for a total of $2,925,920 in cash and notes receivable. The Company also issued, at no additional cost, 1,312,960 additional warrants during this same period. In March 2002, subsequent to the balance sheet date of December 31, 2001, the Company rescinded one transaction entered into during 2001 for the sale of 25,000 shares of common stock and warrants to purchase 25,000 shares of the common stock of the Company. This transaction has been retroactively reflected in the financial statements as of December 31, 2001. The Company paid fees of $59,520 in connection with the private placement. Additionally, the Company issued 129,837 warrants to finders to purchase the Company's common stock at an exercise price of $2.00. During 2001, holders of the Company's warrants exercised 2,462,500 warrants on a cashless basis and received 1,104,815 shares of the Company's common stock. During 2002, holders of the Company's warrants exercised 1,750 warrants on a cashless basis and received 705 shares of the Company's common stock. No underwriting discounts or commissions were paid to any person. As of March 12, 2002, all notes receivable have been fully paid by the investors.

On October 30, 2001, the Company issued and sold 1,000,000 shares of its common stock to one accredited investor in exchange for $2 million. The purchase price was $2.00 per share, of which $10,000 was payable in cash and $1,990,000 was payable in the form of a recourse promissory note, payable at the earlier of (i) six months after the registration statement covering the shares is declared effective or (ii) twelve months from the date of the purchase agreement. The Company also agreed to issue up to 500,000 warrants to purchase its common stock to the investor in the event it resells the shares at a purchase price of at least $2.00 per share. These warrants are exercisable for one year at an exercise price of $2 per share. In March 2002, when the shares could not be registered with the Securities and Exchange Commission while the promissory note was unpaid, the Company and the investor mutually rescinded this transaction and the Company has retroactively reflected this rescission as of December 31, 2001.

See Note 17. Subsequent Event.

B. STOCK OPTIONS:

After the Merger, on June 28, 2000, the Company granted options to acquire 500,000 shares of the common stock of the Company to senior members of the Company's management at an exercise price of $2.00 per share. The options vest over a two to four year period and expire 5 years from their respective date of vesting.

The Company granted options to acquire 710,000 shares of the common stock of the Company to employees, officers and directors at an exercise price of $2.75 per share during the year ended December 31, 2001. 535,000 options were granted to officers and employees of which 25% vested immediately and the remainder vest over 3 years. The officer and employee options expire 5 years from their respective date of vesting. Each outside director of the Company was granted options to acquire 25,000 shares of the common stock of the Company, for a total of 175,000 options, effective upon his or her election or appointment to the board of directors. The outside director options vest over 5 years, beginning with the first anniversary date of his or her appointment to the board, and expire 3 years from their respective date of vesting. As of December 31, 2002, options to purchase 190,000 and 100,000 shares of the Company's common stock by employees and outside directors, respectively, have lapsed.

The Company granted options to acquire 100,000 shares of the common stock of the Company to an officer at an exercise price of $2.00 per share during the year ended December 31, 2002, of which 25% vested immediately and the remainder vest over 3 years. As of December 31, 2002, the officer was no longer an employee of the Company and options to purchase 75,000 of the 100,000 shares of the Company's common stock have lapsed.

Pro forma information regarding net income and earnings per share is required by Financial Accounting Standards Board Statement 123, and has been determined as if the Company had accounted for its employee stock options under the fair value method of that Statement.

No compensation expense has been recognized, as all options have been granted with an exercise price equal to the fair value of the common stock upon date of grant. No adjustment has been made for the non-transferability of the options or for the risk of forfeiture at the time of issuance. Forfeitures are instead recorded as incurred. The fair value of each option grant has been estimated as of the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions:

NOTE 8. STOCKHOLDERS' EQUITY (CONTINUED):

B. STOCK OPTIONS (CONTINUED):

	Year ended December 31,		
Weighted-average assumptions	2002	2001	
Risk-free interest rate	2.35%	4.51%	
Dividend yield	0.00%	0.00%	
Expected market price volatility factor	0.88	0.26	
Weighted-average expected life of option	3 years	3 years	3

The Black-Scholes option valuation model was developed for use in estimating the fair value of traded options, which have no vesting restrictions and are fully transferable. In addition, option valuation models require the input of highly subjective assumptions including the expected stock price volatility. Because the Company's employee stock options have characteristics significantly different from those of traded options, and because changes in the subjective input assumptions can materially affect the fair value estimate, in management's opinion, the existing models do not necessarily provide a reliable single measure of the fair value of its employee stock options.

Had the effects of stock-based compensation been accounted for in the financial statements using the Black-Scholes option pricing method, the net income and the basic and diluted earnings per share would have been approximately as follows:

	2002	2001	2000
Net income (loss), as reported....	$ 169,284	$ 49,776	$ (658,384)
Deduct: Total stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects	65,457	46,755	182,203
Pro forma net income (loss)........	$ 103,827	$ 3,021	$ (840,587)
Basic Earnings per share:			
As reported........................	$ .02	$ .01	$ (.09)
Pro forma..........................	.01	.00	(.12)
Diluted Earnings per share:			
As reported........................	$ .02	$ .01	$ (.09)
Pro forma..........................	.01	.00	(.12)

A summary of the Company's stock option activity, and related information, follows:

	2002		2001		2
	Options	Weighted Average Exercise Price	Options	Weighted Average Exercise Price	Options
Outstanding at beginning of year	1,210,000	$ 2.44	500,000	$ 2.00	--
Granted	100,000	2.00	710,000	2.75	500,000
Exercised	--	--	--	--	--
Terminated	(365,000)	2.60	--	--	--
Outstanding at end of year	945,000	2.33	1,210,000	2.44	500,000
Exercisable at end of year	667,500	$ 2.22	503,750	$ 2.21	250,000
Weighted average fair value of options granted during the year	$ .98		$ 1.98		$ 1.85

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The weighted-average remaining contractual life of these options is 5 years.

C. RETAINED EARNINGS:

The Company is limited in its ability to declare and pay dividends by the terms of certain debt agreements.

NOTE 9. PENSION PLANS AND POSTRETIREMENT BENEFITS:

The Company has adopted the Color Image, Inc. Profit Sharing Retirement Plan. Under this defined contribution plan, employees with one year or more of service who have worked at least 1,000 hours and have reached age 21 are eligible for participation. Participants may contribute between 1% and 15% of their compensation as basic contributions. The Company will match 50% of the first 3% deferred by any participant. Company contributions vest from 20% in the second year of service to 100% in the sixth year. For the years ended December 31, 2002, 2001 and 2000, the Company incurred expenses of $20,783, $24,355 and $9,940, respectively.

NOTE 10. RELATED-PARTY TRANSACTIONS:

A. LEASE

The Company leases certain facilities under a real property lease agreement with Kings Brothers, LLC, amended on February 5, 2003 extending the expiration date from March 31, 2009 to March 31, 2013 (the Related Party -- see Note 7). The rental payments for the periods ending December 31, 2002, 2001 and 2000 were $518,484, $505,836 and $186,427, respectively.

Minimum annual lease commitments are as follows:

2003	$ 531,444
2004	544,730
2005	558,348
2006	572,307
2007	586,612
Thereafter	3,682,826
Total minimum lease payments	$ 6,476,267

B. PURCHASES

The Company purchases copier and laser printer products from an entity in which three directors have a beneficial ownership interest. Purchases for the 2002, 2001 and 2000 years aggregated approximately $2,148,279, $2,061,683 and $435,500 respectively. See also Note 14.

NOTE 11. INCOME TAXES:

The provision for income taxes is composed of the following

		2002	2001	2000
Current:				
	Federal	$ 70,538	$ 130,470	$ (231,325)

	State	13,199	73,380	(51,495)
Deferred:				
	Federal	160,482	(87,500)	50,971
	State	30,027	5,440	(21,743)
		$ 274,246	$ 121,790	$ (253,592)

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The reconciliation of income tax computed at the U.S. federal statutory tax rates to income tax expense attributable to income from continuing operations, before cumulative effect of accounting changes is:

	2002	2001	2000
Tax at U.S. statutory rates	34.00%	34.00%	(34.00%)
State income taxes net of federal tax benefit	6.38	6.16	(4.26)
Other-net	(1.48)	(7.74)	(1.35)
	38.90%	32.42%	(39.61%)

NOTE 11. INCOME TAXES (CONTINUED):

The components of the net deferred income tax asset as of December 31, 2002 and 2001, are as follows:

	2002	2001
Deferred tax assets:		
Inventory	$ --	$ 165
Accounts receivable	24,388	8,340
Accrued expenses	57,000	62,861
Federal tax credits	110,000	172,405
Net operating loss carry-forward	66,838	92,344
	258,226	366,115
Valuation allowance for deferred tax assets	--	(53,760)
	258,226	312,355
Deferred tax liabilities:		
Fixed assets	(258,226)	(121,846)
Net deferred tax asset	$ --	$ 190,509

At December 31, 2002 and 2001, the Company has recorded a net deferred tax asset of $ 0 and $190,509 which is reflected in Current Assets and Other Assets in the consolidated balance sheet. Realization of the asset is dependent on generating sufficient taxable income in future periods. The Company had experienced operating losses for the 2000 and 1999 years. A significant portion of the loss sustained in 2000 was a result of non-recurring moving expenses and management does not foresee any like charges for the next few years. The Company has taxable income for 2002 and projects taxable income for 2003, as such, the Company believes that it is more likely than not that a substantial portion of the deferred tax asset will be realized, and consequently, has not established a valuation allowance.

At December 31, 2002, the Company had net operating loss carryforwards (NOLs) of $336,000 for income tax purposes that expire in years beginning 2020.

NOTE 12. EMPLOYMENT AGREEMENTS:

On June 28, 2000, the Company entered into employment agreements with its Chief Executive Officer, President, Chief Financial Officer and Vice President Marketing and Sales. All four of the employment agreements have a 5 year term. The Company is obligated to pay the Chief Executive Officer and President annual salaries of $150,000 with a guaranteed increase of 5% per annum over the term of the agreements. The Company is obligated to pay the Chief Financial Officer an annual salary of $144,000 with a guaranteed increase of 5% over the term of his agreement. In addition to commissions earned under the Company's sales incentive program, the Company is obligated to pay the Vice President Marketing and Sales an annual salary of $89,250 with a guaranteed increase of 5% per annum over the term of his agreement. In addition to his salary, the Vice President Marketing and Sales also receives a commission on certain of the Company's sales. Each employee may terminate the agreement upon 6 months notice to the Company. The Company may terminate each employee upon 6 months notice by the Company; provided, however, that the Company is obligated to pay to the employee his annual base salary, commissions or bonuses earned, and benefits for a period of 12 months after the date of such notice.

NOTE 12. EMPLOYMENT AGREEMENTS (CONTINUED):

Each of the officers voluntarily waived the annual increases to their salaries that would have otherwise been payable upon the second anniversary of their respective contracts. The President and Chief Financial Officer voluntarily agreed to accept reduced annual increases upon the third anniversary of their respective agreements in the amount of 2.5%. Upon the divestiture of Logical Imaging Solutions on September 30, 2002, the Chief Executive Officer's employment with the Company was terminated with the Company agreeing to pay compensation and related benefit costs of the Chief Executive Officer through March 10, 2003. On December 27, 2002, the employment agreement with the Vice President Sales and Marketing was terminated, and in connection with his Salary Continuation and Deferred Compensation agreement of 1998 (the "SCDC Agreement") his salary was reduced to $45,500 effective December 30, 2002, and would be further reduced to $35,750 effective March 24, 2003. Commissions were made payable to the Vice President Marketing and Sales on most of the Company's sales, and his retirement date was extended from February 1, 2003 to December 31, 2003.

The employment agreements with the above named officers also commits the Company to purchasing for their benefit certain life insurance plans. For the periods during which such plans were in place for the Chief Executive Officer and Chief Financial Officer for the years ended December 31, 2002, 2001, and 2000, the Company paid or reimbursed the Chief Executive Officer $0, $0 and $15,584 and Chief Financial Officer and $6,446, $0 and $0, respectively, for such supplemental life insurance plans. The Company pays the premiums and is the collateral assignee of four split dollar life insurance policies owned by the President. Pursuant to the policies the Company will, upon his death or earlier liquidation of each such policy, be entitled to the refund of all premium payments made by the Company on the policies, and the balance of the proceeds will be paid to the President's designated beneficiaries. The split dollar life insurance premiums were $22,773, $13,526 and $8,253 during 2002, 2001 and 2000, respectively. The monies due from its President in connection with these life insurance policies at the years ended December 31, 2002, 2001 and 2000 was $134,877, $112,103 and $98,578, respectively. The Company owns and is the beneficiary of a life insurance policy on its Vice President Marketing and Sales to fund the SCDC Agreement. Upon the officer's retirement, he, or his beneficiaries, are to receive 120 monthly payments of $2,500 per month or, as provided, the net present value of any unpaid amounts. The life insurance premiums paid by the Company to fund the SCDC Agreement in 2002, 2001 and 2000 were $20,882, $21,977 and $11,238, respectively. The SCDC Agreement was modified on December 27, 2002, changing the retirement date of the Vice President Marketing and Sales from February 1, 2003 to December 31, 2003.

See also Note 3 regarding Discontinued Operations

NOTE 13. SIGNIFICANT CUSTOMERS:

For the year ended December 31, 2002, two distributors/customers of imaging supplies accounted for 47% and 20% of net sales from continuing operations. For the year ended December 31, 2001, three distributors/customers of imaging supplies accounted for 42%, 16% and 12% of net sales from continuing operations. For the year ended December 31, 2000, a reseller of imaging supplies accounted for 64% of net sales from continuing operations. The Company does not have a written or oral contract with any of these customers. All sales are made through purchase orders.

NOTE 14. SIGNIFICANT SUPPLIERS:

For the years ended December 31, 2002, 2001 and 2000, the Company purchased 44%, 51% and 38%, respectively, of its raw materials and supplies from one supplier in connection with the sale of copier products. For the years ended December 31, 2002, 2001, and 2000, the Company purchased 10%, 7% and 4%, respectively, of its components and parts from a supplier in connection with the sale of both copier and printer products. See also Note 10 B.

NOTE 15. FINANCIAL REPORTING FOR BUSINESS SEGMENTS:

The Company believes that its operations are in a single industry segment involving the development and manufacture of products used in electronic printing. All of the Company's assets are domestic. The sales to unaffiliated customers by geographic region are as follows:

	2002		2001	
United States	$ 17,728,982	63%	$ 22,600,553	75%
Europe	5,638,161	20%	5,255,415	18%
Asia	1,253,862	5%	647,146	2%
Other	3,379,304	12%	1,466,654	5%

Total	$ 28,000,309	100%	$ 29,969,768	100%

NOTE 16. QUARTERLY FINANCIAL DATA (UNAUDITED):

The following is a summary of the unaudited quarterly results of operations for the years ended December 31, 2002 and 2001 (in thousands, except per share data).

	Quarter			
Fiscal 2002	First	Second	Third	Fourth
Sales, net	$ 7,661	$ 7,970	$ 6,654	$ 5,715
Income from continuing operations	369	187	300	132
Net income, continuing operations	186	73	117	55
Net income, discontinued operations	(70)	(93)	(98)	--
Net income (loss)	116	(20)	19	55
Net income (loss) per share:				
Continuing operations	.02	.01	.01	.01
Discontinued operations	(.01)	(.01)	(.01)	--
Basic	.01	--	--	.01
Continuing operations	.02	.01	.01	.01
Discontinued operations	(.01)	(.01)	(.01)	--
Diluted	.01	--	--	.01
Fiscal 2001				
Sales, net	$ 5,354	$ 7,990	$ 9,712	$ 6,914
Income from continuing operations	161	216	352	3
Net income, continuing operations	33	76	182	(37)
Net income, discontinued operations	(39)	(31)	(36)	(98)
Net income (loss)	(6)	44	146	(135)
Net income (loss) per share:				
Continuing operations	--	.01	.02	--
Discontinued operations	(.01)	--	--	(.01)
Basic	(.01)	.01	.02	--
Continuing operations	--	.01	.02	--
Discontinued operations	--	--	--	(.01)
Diluted	--	.01	.02	(.01)

NOTE 17. SUBSEQUENT EVENT:

On January 23, 2003 the Company's offering of up to 7 million shares of its common stock at a price of $1.35 per share on Form SB-2 filed with the SEC was declared effective, and on March 6, 2003, the Company received $6,075,000 in proceeds from an affiliate for the purchase of 4.5 million shares of its common stock. On March 7, 2003, the Company announced that subject to the acceptance of the subscription by the Company, in accordance with the subscription procedures, the Company's offering on Form SB-2 would be terminated on March 13, 2003.

On February 3, 2003, the Company's Board of Directors authorized the rescission or repurchase of units offered and sold in the Company's private placement completed in 2001 to one or more investors, upon such terms and conditions and for payment of such amounts as management deemed, at their sole discretion, to be in the best interest of the Company. The units offered and sold in the private placement consisted of one share of common stock at a price of $2.00 and a warrant to purchase one share of common stock at an exercise price of $2.00, expiring November 30, 2003. In connection with investments aggregating at least $300,000, the Company also issued additional warrants at no cost to purchase shares of the Company's common stock at an exercise price of $2.00 and expiring on November 30, 2003.

During February 2003, the Company agreed to repurchase 162,960 shares of the Company's common stock and warrants to purchase 325,920 additional shares of its common stock for $349,920 from two stockholders. On March 3, 2003, pursuant to the terms of the repurchase, 12,960 shares of the Company's common stock and warrants to purchase 25,920 shares of common stock was exchanged for $49,920 and the assignment and release of potential claims, and the repurchase of 150,000 shares of common stock and warrants to purchase 300,000 shares of the common stock and the assignment and release of potential claims will be exchanged for $300,000 in nine equal monthly installments beginning March 31, 2003 and ending November 30, 2003. At any time prior to the repurchase of all of the 150,000 shares of common stock and warrants to purchase shares of common stock, the stockholder of such securities to be repurchased may exercise a one-time option to terminate the repurchase of the remaining unpurchased securities. In that event, the Company will no longer be obligated to repurchase any of such shares of common stock or warrants to purchase shares of the Company's common stock from such stockholder. No further purchases are anticipated under this authorization.

No dealer, salesperson or other person has been authorized to give any information or to make any representations not contained in this prospectus in connection with the offering covered by this prospectus. If given or made, such information or representations must not be relied upon as having been authorized by Color Imaging, Inc., a selling stockholder, or any underwriter. This prospectus does not constitute an offer to sell, or a solicitation of any offer to buy, common stock in any jurisdiction to any person to whom, it is unlawful to make such an offer or solicitation in such jurisdiction. Neither the delivery of this prospectus nor any sale made under this prospectus shall, under any circumstances, create any implication that the information contained in this prospectus is correct as of any time after the date of the prospectus or that there has been no change in the affairs of Color Imaging, Inc. after the date of this prospectus.

PROSPECTUS

COLOR IMAGING, INC.

3,870,591 SHARES

COMMON STOCK

April __, 2003

PART II

ITEM 24. INDEMNIFICATION OF DIRECTORS AND OFFICERS

Section 145 of the Delaware General Corporation Law authorizes a corporation generally to indemnify any person ("indemnitee") who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding (other than an action by or in the right of the corporation) by reason of the fact that such person is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation, in a similar position with another corporation or entity, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the corporation and, with respect to any criminal action or proceeding, had no reasonable cause to believe such person's conduct was unlawful. With respect to actions or suits by or in the right of the corporation, however, an indemnitee who acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the corporation is generally limited to attorneys' fees and other expenses, and no indemnification shall be made if such person is adjudged liable to the corporation unless and only to the extent that a court of competent jurisdiction determines that indemnification is appropriate. Section 145 further provides that any indemnification shall be made by the corporation only as authorized in each specific case upon a determination by the (i) stockholders, (ii) board of directors by a majority vote of directors who were not parties to such action, suit or proceeding or (iii) independent counsel, that indemnification of the indemnitee is proper because such has met the applicable standard of conduct. Section 145 provides that indemnification under its provisions is not exclusive of other rights of indemnification to which a person may be entitled under any by-law, agreement, vote of stockholders or disinterested directors or otherwise.

Our Certificate of Incorporation provides that we will indemnify, to the fullest extent permitted by law, any person or such person's heirs, executors and administrators who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that such person is or was a director, officer, employee or agent of our company, or is or was serving at the our request as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, or other enterprise, domestic or foreign, against expenses, attorneys' fees, court costs, judgments, fines, amounts paid in settlement and other losses actually and reasonably incurred by such person in connection with such action, suit or proceeding.

The Certificate of Incorporation also provides that none of our directors will be personally liable to us or our stockholders for monetary damages for any breach of fiduciary duty by such a director as a director other than for: (i) any breach of the director's duty of loyalty to us or our stockholders, (ii) acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) liability under Section 174 of the General Corporation Law of Delaware, or (iv) any transaction from which such director derived an improper personal benefit.

ITEM 25. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION

The following table sets forth an itemized estimate of fees and expenses payable by the registrant in connection with the offering described in this registration statement:

SEC registration fee	$3,125
Counsel fees and expenses	$125,000
Accounting fees and expenses	$10,000
Blue Sky fees and expenses	$3,000
Printing expenses	$50,000
Placement agent or similar fees	$100,000
Miscellaneous	$8,875
Total	$300,000

All of the above expenses will be paid by the registrant.

ITEM 26. RECENT SALES OF UNREGISTERED SECURITIES

During August 2002, warrant holders who were issued warrants to purchase our common stock in exchange for their warrants to purchase the common stock of our subsidiary Logical Imaging Solutions, Inc. at the time of our merger in June 2000 exercised, on a cashless basis, warrants to purchase 157,116 shares of our common stock and were issued 38,085 shares of our common stock. The issuance of the shares upon exercise of the previously issued warrants was exempt from registration provisions of the Act pursuant to Section 4(2) thereof.

In February 2002, warrants to purchase 1,750 shares of our common stock, which were previously issued on October 26, 2002, in connection with 1,750 Units subscribed to in our private placement for cash at $2.00 per unit, were exercised via a cashless exercise resulting in the issuance of 705 shares of common stock. The issuance of the shares upon exercise of the previously issued warrants was exempt from registration provisions of the Act pursuant to Section 4(2) thereof.

During March 2002, we rescinded two transactions for the sale of our common stock and warrants to purchase additional shares of our common stock totaling 1,025,000 and 525,000, respectively. The purchasers paid the par value in cash for the shares issued to them, and the balance of the purchase price consisted of recourse promissory notes. The sale of 1,000,000 shares of our common stock and warrants to purchase an additional 500,000 shares of common stock was, per agreement, subject to our registering the securities for resale. However, the SEC staff took the position that these securities could not be registered for resale in this registration statement and the transaction was rescinded, the shares, warrant and promissory note were cancelled and we retained the $10,000 and accrued interest earned thereon in consideration of our expenses incurred in connection with the transaction. The second transaction for 25,000 shares of our common stock and warrants to purchase an additional 25,000 shares of our common stock was rescinded when the parties believed the promissory note would not be paid by the time this registration statement became effective. The shares, warrant and promissory note were cancelled and the cash consideration was refunded the purchaser.

On March 12, 2002, Industricorp & Co. Inc. FBO David N. Kunz IRA Rollover paid the $49,500 due us under a non-interest bearing, recourse, promissory note made December 19, 2001, for the purchase by it at $2.00 a Unit of 25,000 Units in our private placement completed in December 2001. Each Unit consisted of one share of our common stock and a warrant to purchase one share of our common stock at an exercise price of $2.00. The $49,500 payment, together with $500 paid at the time of Industricorp & Co. Inc. FBO David N. Kunz IRA Rollover's subscription to our private placement, was its payment in full for the 25,000 Units purchased by them.

On January 30, 2002, Jui-Hung Wang paid the $99,500 due us under a non-interest bearing, recourse, promissory note made December 24, 2001, for the purchase by him at $2.00 a Unit of 50,000 Units in our private placement completed in December 2001. Each Unit consisted of one share of our common stock and a warrant to purchase one share of our common stock at an exercise price of $2.00. The $99,500 payment, together with $500 paid at the time of Mr. Wang's subscription to our private placement, was his payment in full for the 50,000 Units purchased by him.

From October 22, 2000 through December 24, 2001, we sold 1,882,710 Units at $2.00 per Unit to less than 35 purchasers in a private placement raising $3,765,420. Each Unit consisted of one share of our common stock and one warrant to purchase one share of our common stock for $2.00. We also issued 1,312,960 additional warrants at no cost to investors in our private placement whose aggregate investment was at least $300,000 which includes 12,960 warrants issued to one investor for services rendered in connection with the private placement. Through May 24, 2002, a total of 2,464,250 warrants have been exercised on a cashless basis and we have in turn issued 1,105,520 shares of our common stock. The issuance of the shares and warrants to purchase our common shares was exempt from registration pursuant to the provisions of Section 4(2) of the Securities Act of 1933.

On June 11, 2001, we issued 10,000 shares of our common stock to The Blaine Group, Inc. as consideration for $25,000 in services. The issuance of the shares and warrants to purchase our common shares was exempt from registration pursuant to the provisions of Section 4(2) of the Securities Act of 1933.

In June 2000, Color Imaging, Inc. (formerly known as Advatex Associates, Inc.) in connection with the merger described in the prospectus issued 3,000,000 shares of our common stock to the stockholders of Color Image, Inc. in exchange

for 200,000 shares of Color Image, Inc. (Image) common stock and 3,000,000 shares of our common stock to the stockholders of Logical Imaging Solutions, Inc. (Logical) in exchange for 1,622,999 shares of common stock of Logical Imaging Solutions. We also issued upon the consummation of the merger in June 2000 to G-V Capital Corp., advisers to the merger, for services rendered by them from January through June 2000, 100,000 shares of our common stock and warrants to purchase 100,000 shares of our common stock at an exercise price of $2.00, expiring July 10, 2005. Additionally, we issued, in connection with the merger, warrants to purchase 271,719 shares of our common stock at an exercise price of $2.70 per share in exchange for warrants to purchase 147,000 shares of Logical Imaging Solutions' common stock at an exercise price of $5.00. The issuance of our common stock and the common stock upon warrant exercise in connection with these transactions was exempt from the registration provisions of the Act pursuant to Section 4(2) thereof.

ITEM 27. EXHIBITS

Exhibit No.	Description
2.1	Merger Agreement and Plan of Reorganization dated May 16, 2000, by and between Advatex Associates, Inc., Logical Imaging Solutions Acquisition Corp., Color Imaging Acquisition Corp., Logical Imaging Solutions, Inc., and Color Image, Inc., incorporated by reference to the Registrant's Form 8-K filed on July 17, 2000.
2.2	Amendment No. 1 to the Merger Agreement and Plan of Reorganization dated June 15, 2000, incorporated by reference to the Registrant's Form 8-K filed on July 17, 2000
2.3	Amendment No. 2 to the Merger Agreement and Plan of Reorganization dated June 26, 2000, incorporated by reference to the Registrant's Form 8-K filed on July 17, 2000
2.4(1)	Share Exchange Agreement dated as of September 11, 2002 between Color Imaging, Inc., Logical Imaging Solutions, Inc., Digital Color Print, Inc., and the shareholders of Digital Color Print, Inc., incorporated by reference to Exhibit 2.1 to the Registrant's Form 8-K filed September 26, 2002.
2.5	Amendment No. 1 to Share Exchange Agreement dated as of September 20, 2002 between Color Imaging, Inc., Logical Imaging Solutions, Inc., Digital Color Print, Inc., and the shareholders of Digital Color Print, Inc., incorporated by reference to Exhibit 2.2 to the Registrant's Form 8-K filed September 26, 2002.
3.1	Certificate of Incorporation, incorporated by reference to Exhibit 3.1 to the Registration statement on Form SB-2 filed July 15, 2002.
3.2	Bylaws, incorporated by reference to the Registrant's Form 10-QSB for the quarter ended March 31, 2002.
4.1	Stock Purchase Agreement between the Company and Wall Street Consulting Corp. dated October 30, 2001, incorporated by reference to Exhibit 4.1 to the Registration statement on Form

	SB-2 filed May 31, 2002.
4.2	Promissory Note of Wall Street Consulting Corp. dated October 30, 2001, incorporated by reference to Exhibit 4.2 to the Registration statement on Form SB-2 filed May 31, 2002.
4.3	Form of Warrant issued to Selling Stockholders, incorporated by reference to Exhibit 4.3 to the Registration statement on Form SB-2 filed November 28, 2001.
4.4	Loan and Security Agreement between Color Imaging and Southtrust Bank dated May 5, 2000, incorporated by reference to Exhibit 4.4 to the Registration statement on Form SB-2 filed May 31, 2002.
4.5	Amendment of Loan Documents between Color Imaging and SouthTrust Bank dated August 30, 2000, incorporated by reference to Exhibit 4.5 to the Registration statement on Form SB-2 filed May 31, 2002.
4.6	Second Amendment of Loan Documents between Color Imaging and SouthTrust Bank dated November 30, 2000, incorporated by reference to Exhibit 4.6 to the Registration statement on Form SB-2 filed May 31, 2002.
4.7	Third Amendment of Loan Documents between Color Imaging and SouthTrust Bank dated June 30, 2001, incorporated by reference to Exhibit 4.7 to the Registration statement on Form SB-2 filed May 31, 2002.
4.8	Fourth Amendment of Loan Documents between Color Imaging and SouthTrust Bank dated November 1, 2001, incorporated by reference to Exhibit 4.8 to the Registration statement on Form SB-2 filed May 31, 2002.
4.9	Fifth Amendment of Loan Documents between Color Imaging and SouthTrust Bank dated December 31, 2001, incorporated by reference to Exhibit 4.9 to the Registration statement on Form SB-2 filed May 31, 2002.
4.10	Sixth Amendment of Loan Documents between Color Imaging and Southtrust Bank dated February 7, 2002, incorporated by reference to Exhibit 4.10 to the Registration statement on Form SB-2 filed April 11, 2002.
4.11	$500,000 Line of Credit Promissory Note issued to Southtrust Bank dated May 5, 2000, incorporated by reference to Exhibit 4.11 to the Registration statement on Form SB-2 filed May 31, 2002.
4.12	$500,000 Amended and Restated Line of Credit Promissory Note issued to Southtrust Bank dated August 30, 2000, incorporated by reference to Exhibit 4.12 to the Registration statement on Form SB-2 filed May 31, 2002.
4.13	$500,000 Revolving Note Modification Agreement dated November 30, 2000, incorporated by reference to Exhibit 4.11 to the Registration statement on Form SB-2 filed November 28, 2001.
4.14	$500,000 Second Revolving Note Modification Agreement dated July 5, 2001, incorporated by reference to Exhibit 4.14 to the Registration statement on Form SB-2 filed May 31, 2002.
4.15	$1,500,000 Revolving Note between Color Imaging and SouthTrust Bank dated June 24, 1999, incorporated by reference to Exhibit 4.15 to the Registration statement on Form SB-2 filed May 31, 2002.
4.16	$1,500,000 Revolving Note Modification Agreement between Color Imaging and SouthTrust Bank dated May 5, 2000, incorporated by reference to Exhibit 4.14 to the Registration statement on Form SB-2 filed November 28, 2001.
4.17	$1,500,000 Second Revolving Note Modification Agreement between Color Imaging and SouthTrust Bank dated August 30, 2000, incorporated by reference to Exhibit 4.17 to the Registration statement on Form SB-2 filed May 31, 2002.
4.18	$1,500,000 Third Revolving Note Modification Agreement between Color Imaging and SouthTrust Bank dated November 30, 2000, incorporated by reference to Exhibit 4.18 to the Registration

statement on Form SB-2 filed May 31, 2002.

4.19	$1,500,000 Fourth Revolving Note Modification Agreement between Color Imaging and SouthTrust Bank dated July 5, 2001, incorporated by reference to Exhibit 4.19 to the Registration statement on Form SB-2 filed May 31, 2002.
4.20	$2,500,000 Fifth Revolving Note Modification Agreement between Color Imaging and SouthTrust Bank dated December 31, 2001, incorporated by reference to Exhibit 4.20 to the Registration statement on Form SB-2 filed May 31, 2002.
4.21	$1,752,000 Installment Note between Color Imaging and SouthTrust Bank dated June 24, 1999, incorporated by reference to Exhibit 4.21 to the Registration statement on Form SB-2 filed May 31, 2002.
4.22	$1,752,000 Term Loan Documents Modification Agreement between Color Imaging and SouthTrust Bank dated August 30, 2000, incorporated by reference to Exhibit 4.22 to the Registration statement on Form SB-2 filed May 31, 2002.
4.23	SouthTrust Bank waiver letter dated March 26, 2001, incorporated by reference to Exhibit 4.22 to the Registration statement on Form SB-2 filed February 11, 2002.
4.24	SouthTrust Bank waiver letter dated May 8, 2001, incorporated by reference to Exhibit 4.23 to the Registration statement on Form SB-2 filed February 11, 2002.
4.25	SouthTrust Bank waiver letter dated August 13, 2001, incorporated by reference to Exhibit 4.24 to the Registration statement on Form SB-2 filed February 11, 2002.
4.26	SouthTrust Bank waiver letter dated October 31, 2001, incorporated by reference to Exhibit 4.25 to the Registration statement on Form SB-2 filed February 11, 2002.
4.27	Development Authority of Gwinnett County, Georgia Industrial Development Trust Indenture dated June 1, 1999, incorporated by reference to Exhibit 4.27 to the Registration statement on Form SB-2 filed May 31, 2002.
4.28	Loan Agreement between the Company, Kings Brothers LLC and the Development Authority of Gwinnett County, Georgia dated June 1, 1999, incorporated by reference to Exhibit 4.28 to the Registration statement on Form SB-2 filed May 31, 2002.
4.29	Joint Debtor Agreement dated June 28, 2000 by and among Color Image, Inc., Kings Brothers, LLC, Dr. Sueling Wang, Jui-Chi Wang, Jui-Kung Wang, and Jui-Hung Wang, incorporated by reference to Exhibit 4.28 to the Registration statement on Form SB-2 filed February 11, 2002.
4.30	First Amendment to Joint Debtor Agreement dated January 1, 2001 by and among Color Imaging, Kings Brothers, LLC, Dr. Sueling Wang, Jui-Chi Wang, Jui-Kung Wang, and Jui-Hung Wang, incorporated by reference to Exhibit 4.29 to the Registration statement on Form SB-2 filed February 11, 2002.
4.31	Master Security Agreement between Color Imaging and General Electric Capital Corporation dated November 30, 2000, incorporated by reference to Exhibit 4.22 to the Registration statement on Form SB-2 filed November 28, 2001.
4.32	Promissory Note issued to General Electric Capital Corporation dated November 30, 2000, incorporated by reference to Exhibit 4.23 to the Registration statement on Form SB-2 filed November 28, 2001.
4.33	$200,000 Promissory Note between Color Imaging and Kings Brothers LLC dated November 19, 2001, incorporated by reference to Exhibit

	4.32 to the Registration statement on Form SB-2 filed February 11, 2002.
4.34	$500,000 Promissory Note between Color Imaging and Sueling Wang dated March 14, 2002, incorporated by reference to Exhibit 4.34 to the Registration statement on Form SB-2 filed April 11, 2002.
4.35	$240,000 Promissory Note between Color Imaging and Kings Brothers LLC dated July 6, 2000, incorporated by reference to Exhibit 4.35 to the Registration statement on Form SB-2 filed April 11, 2002.
4.36	$50,000 Promissory Note between the Company and Daniel Wang dated October 23, 1998, incorporated by reference to Exhibit 4.36 to the Registration statement on Form SB-2 filed April 11, 2002.
4.37	$112,000 Promissory Note between Color Imaging and Daniel Wang dated October 16, 1998, incorporated by reference to Exhibit 4.37 to the Registration statement on Form SB-2 filed April 11, 2002.
4.38	$90,000 Promissory Note between Color Imaging and Michael Wang dated June 4, 1999, incorporated by reference to Exhibit 4.38 to the Registration statement on Form SB-2 filed April 11, 2002.
4.39	$150,000 Promissory Note between Color Imaging and AccuRec LLC dated February 3, 2000, incorporated by reference to Exhibit 4.39 to the Registration statement on Form SB-2 filed April 11, 2002.
4.40	$200,000 Promissory Note between Color Imaging and AccuRec LLC dated March 7, 2000, incorporated by reference to Exhibit 4.40 to the Registration statement on Form SB-2 filed April 11, 2002.
4.41	$200,000 Promissory Note between Color Imaging and AccuRec LLC dated April 10, 2000, incorporated by reference to Exhibit 4.41 to the Registration statement on Form SB-2 filed April 11, 2002.
4.42	$200,000 Promissory Note between Color Imaging and AccuRec LLC dated May 2, 2000, incorporated by reference to Exhibit 4.42 to the Registration statement on Form SB-2 filed April 11, 2002.
4.43	$500,000 Promissory Note between Color Imaging and AccuRec LLC dated July 5, 2000, incorporated by reference to Exhibit 4.43 to the Registration statement on Form SB-2 filed April 11, 2002.
4.44	$200,000 Promissory Note between Color Imaging and AccuRec LLC dated September 14, 2000, incorporated by reference to Exhibit 4.44 to the Registration statement on Form SB-2 filed April 11, 2002.
4.45	$200,000 Promissory Note between Color Imaging and AccuRec LLC dated October 4, 2000, incorporated by reference to Exhibit 4.45 to the Registration statement on Form SB-2 filed April 11, 2002.
4.46	$200,000 Promissory Note between Color Imaging and AccuRec LLC dated November 3, 2000, incorporated by reference to Exhibit 4.46 to the Registration statement on Form SB-2 filed April 11, 2002.
4.47	Seventh Amendment of Loan Documents between Color Imaging and SouthTrust Bank dated June 28, 2002, incorporated by reference to Exhibit 4.47 to the Registration statement on Form SB-2 filed July 15, 2002.
4.48	$2,500,000 Sixth Revolving Note Modification Agreement between Color Imaging and SouthTrust Bank, incorporated by reference to Exhibit 4.48 to the Registration statement on Form SB-2 filed July 15, 2002.

4.49	Partial Loan Liability Release Agreement between Color Imaging, Inc. and SouthTrust Bank dated September 24, 2002, incorporated by reference to Exhibit 4.49 to the Registration statement on Form SB-2 filed October 2, 2002.
4.50	$500,000 Promissory Note between Color Imaging and Jui Hung Wang dated August 21, 2002, incorporated by reference to Exhibit 4.50 to the Registration statement on Form SB-2 filed October 2, 2002.

4.51	$100,000 Promissory Note between Color Imaging and Jui Chi Wang dated August 21, 2002, incorporated by reference to Exhibit 4.51 to the Registration statement on Form SB-2 filed October 2, 2002.
4.52	First Note Modification Agreement between Sueling Wang and Color Imaging dated August 27, 2002, incorporated by reference to Exhibit 4.52 to the Registration statement on Form SB-2 filed October 2, 2002.
5*	Form of Opinion of Arnall Golden Gregory LLP regarding legality
10.1	Employment Agreement between Color Imaging and Michael W. Brennan dated June 28, 2000, incorporated by reference to Exhibit 10.1 to the Registration statement on Form SB-2 filed November 28, 2001.
10.2	Employment Agreement between Color Imaging and Dr. Sueling Wang dated June 28, 2000, incorporated by reference to Exhibit 10.2 to the Registration statement on Form SB-2 filed November 28, 2001.
10.3	Employment Agreement between the Company and Morris E. Van Asperen dated June 28, 2000, incorporated by reference to Exhibit 10.3 to the Registration statement on Form SB-2 filed November 28, 2001.
10.4	Employment Agreement between Color Imaging and Charles R. Allison dated June 30, 2000, incorporated by reference to Exhibit 10.4 to the Registration statement on Form SB-2 filed November 28, 2001.
10.5	Lease Agreement between Color Imaging and Kings Brothers LLC dated April 1, 1999, incorporated by reference to Exhibit 10.5 to the Registration statement on Form SB-2 filed November 28, 2001.
10.6	Amendment No. 1 to Lease Agreement between the Company and Kings Brothers LLC dated April 1, 1999, incorporated by reference to Exhibit 10.6 to the Registration statement on Form SB-2 filed November 28, 2001.
10.7	Letter of Agreement to Employment Agreement between Color Imaging and Michael W. Brennan dated June 10, 2002 (incorporated by reference to Exhibit 10.7 to Registrant's Form 10-QSB filed for the quarter ended June 30, 2002)
10.8	Termination Agreement between Michael W. Brennan and Color Imaging dated September 30, 2002, incorporated by reference to Exhibit 10.9 to the Registration statement on Form SB-2 filed October 2, 2002.
10.9	Form of Warrant between Digital Color Print, Inc. and Color Imaging, Inc., incorporated by reference to Exhibit 10.10 to the Registration statement on Form SB-2 filed November 13, 2002.
10.10	Employment and Deferred Compensation Agreement Amendments between Charles R. Allison and Color Imaging, Inc., December 27, 2002, incorporated by reference to Exhibit 10.11 to the Registrant's Form 10-K for the year ended December 31, 2002
10.11	$1,752,000 Installment Note Amendment between SouthTrust Bank and Color Imaging, Inc. dated February 5, 2003, incorporated by reference to Exhibit 10.12 to the Registrant's Form 10-K for the year ended December 31, 2002
10.12	Commercial Lease Agreement Amendment between Kings Brothers LLC and Color Imaging, Inc. dated February 5, 2003, incorporated by reference to Exhibit 10.13 to the Registrant's Form 10-K for the year ended December 31, 2002
10.13	Purchase and Sale and Release Agreement between Michael Edson and Color Imaging, Inc. dated February 27, 2003, incorporated by reference to Exhibit 10.14 to the Registrant's Form 10-K for the year ended December 31, 2002
10.14	Purchase and Sale and Release Agreement between Stephen Chromik and Color Imaging, Inc. dated February 27, 2003, incorporated by reference to Exhibit 10.15 to the Registrant's Form 10-K for the year ended December 31, 2002
10.15+	Form of Indemnification Agreement.
23.1*	Consent of Arnall Golden Gregory LLP. (included as part of Exhibit 5 hereto)

23.2+	Consent of Lazar Levine & Felix LLP
24*	Power of Attorney (included as part of the signature page hereto)
99.1*	Report of Grant Thornton LLP for the Company's fiscal year ended December 31, 1999
99.2*	Rescission Agreement between Joe Daley & Sons, Inc. and Color Imaging dated March 20, 2002
99.3*	Rescission Agreement between Wall Street Consulting Corp. and the Company dated March 19, 2002
99.4*	Written Consent of CBIZ Valuation Counselors, Inc. dated December 18, 2002.

\+ Filed herewith.

* Previously filed

(1) Pursuant to Rule 601(b)(2), the schedules and exhibits to this Agreement shall not be filed. A list of the schedules and exhibits is contained on the last page of the Agreement. The Registrant agrees to furnish supplementally a copy of any of the omitted schedules and exhibits to the Securities and Exchange Commission upon request.

ITEM 28. UNDERTAKINGS

The undersigned registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;

(ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20 percent change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement;

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement;

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of

the offering.

(4) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the provisions described in Item 24, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form SB-2 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Norcross, State of Georgia, on this 31st day of March, 2003. COLOR IMAGING, INC.

By: /s/ Sueling Wang, Ph.D.

Sueling Wang, Ph.D., President

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated. Each person whose signature appears below hereby constitutes and appoints Sueling Wang, Ph.D. and Morris E. Van Asperen, or either of them, as such person's true and lawful attorney-in-fact and agent with full power of substitution for such person and in such person's name, place and stead, in any and all capacities, to sign and to file with the Securities and Exchange Commission, any and all amendments and post-effective amendments to this Registration Statement, with exhibits thereto and other documents in connection therewith, granting unto said attorney-in-fact and agent full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as such person might or could do in person, hereby ratifying and confirming all that said attorney-in-fact and agent, or any substitute therefor, may lawfully do or cause to be done by virtue thereof.

SIGNATURE	TITLE

* Jui-Hung Wang	Chairman of the Board and Director
/s/ Sueling Wang Ph.D. Sueling Wang, Ph.D.	President and Vice-Chairman of the Board (Principal Executive Officer)
/s/ Morris E. Van Asperen Morris E. Van Asperen	Executive Vice President, Chief Financial Officer (Principal Financial and Accounting Officer), Secretary and Director
* Charles R. Allison	Vice President and Director
* Jui-Chi Wang	Director
* Jui-Kung Wang	Director

By: * /s/ Sueling Wang Ph.D

Sueling Wang Ph.D
Attorney-in-Fact

By: * /s/ Morris E. Van Asperen

Morris E. Van Asperen
Attorney-in-Fact

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