

**UNIVERSAL POWER GROUP, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS**

ASSETS

(Amounts in thousands except share amounts)

	March 31, 2013	December 31, 2012
	<u>(unaudited)</u>	<u></u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 980	\$ 2,069
Accounts receivable:		
Trade, net of allowance for doubtful accounts of \$137 (unaudited) and \$324	12,161	8,847
Other	174	455
Inventories – finished goods, net of allowance for obsolescence of \$485 (unaudited) and \$423	30,130	30,396
Current deferred tax asset	880	838
Income tax receivable	421	512
Prepaid expenses and other current assets	1,291	970
Total current assets	<u>46,037</u>	<u>44,087</u>
 PROPERTY AND EQUIPMENT		
Logistics and distribution systems	1,877	1,908
Machinery and equipment	484	709
Furniture and fixtures	881	518
Leasehold improvements	918	395
Vehicles	40	111
Total property and equipment	<u>4,200</u>	<u>3,641</u>
Less accumulated depreciation and amortization	(2,467)	(3,173)
Net property and equipment	<u>1,733</u>	<u>468</u>
 GOODWILL	 1,387	 1,387
INTANGIBLES, net	548	593
OTHER ASSETS	161	155
NON-CURRENT DEFERRED TAX ASSET	<u>274</u>	<u>357</u>
	2,370	2,492
 TOTAL ASSETS	 <u>\$ 50,140</u>	 <u>\$ 47,047</u>

**UNIVERSAL POWER GROUP, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS (CONTINUED)**

LIABILITIES AND SHAREHOLDERS' EQUITY

(Amounts in thousands except share amounts)

	March 31, 2013	December 31, 2012
	(unaudited)	
CURRENT LIABILITIES		
Line of credit	\$ 12,820	\$ 12,188
Accounts payable	8,101	7,231
Accrued liabilities	681	386
Current portion of capital lease and note obligations	682	620
Deferred landlord improvements	84	—
Total current liabilities	22,368	20,425
LONG-TERM LIABILITIES		
Capital lease and note obligations, less current portion	3,732	3,608
Deferred landlord improvements	812	—
Total long-term liabilities	4,544	3,608
TOTAL LIABILITIES	26,912	24,033
COMMITMENTS AND CONTINGENCIES		
SHAREHOLDERS' EQUITY		
Common stock - \$0.01 par value, 50,000,000 shares authorized, 5,020,000 shares issued and outstanding	50	50
Additional paid-in capital	16,393	16,390
Retained earnings	6,785	6,574
Total shareholders' equity	23,228	23,014
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 50,140	\$ 47,047

UNIVERSAL POWER GROUP, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

(Amounts in thousands except per share data)

	Three Months Ended March 31,	
	2013	2012
Net sales	\$ 20,458	\$ 26,338
Cost of sales	16,024	21,685
Gross profit	<u>4,434</u>	<u>4,653</u>
Operating expenses	<u>3,931</u>	<u>4,085</u>
Operating income	503	568
Other income (expense)		
Interest expense	(85)	(143)
Other, net	<u>(50)</u>	<u>127</u>
Total other expense, net	(135)	(16)
Income from continuing operations before provision for income taxes	368	552
Provision for income taxes	<u>(157)</u>	<u>(216)</u>
Income from continuing operations	211	336
Discontinued operations:		
Loss from operations of discontinued Monarch Outdoor Adventures, LLC	—	(61)
Provision for income taxes	<u>—</u>	<u>17</u>
Loss on discontinued operations	<u>—</u>	<u>(44)</u>
Net income	<u>\$ 211</u>	<u>\$ 292</u>
Net income per share		
Basic:		
Income from continuing operations	\$ 0.04	\$ 0.07
Gain (loss) on discontinued operations	<u>\$ —</u>	<u>\$ (0.01)</u>
Net income	\$ 0.04	\$ 0.06
Diluted:		
Income from continuing operations	\$ 0.04	\$ 0.06
Gain (loss) on discontinued operations	<u>\$ —</u>	<u>\$ (0.01)</u>
Net income	\$ 0.04	\$ 0.05
Weighted average shares outstanding		
Basic	5,020	5,020
Diluted	5,133	5,202

UNIVERSAL POWER GROUP, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

(Amounts in thousands)

	Three Months Ended March 31,	
	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 211	\$ 292
Items not requiring (providing) cash:		
Depreciation and amortization	96	135
Provision for bad debts	78	23
Provision for obsolete inventory	102	140
Loss on disposal of property and equipment	50	—
Deferred income taxes	41	129
Stock-based compensation	3	3
Changes in operating assets and liabilities		
Accounts receivable – trade	(3,392)	(2,988)
Accounts receivable – other	281	49
Inventories	164	(130)
Income taxes receivable/payable	91	78
Prepaid expenses and other assets	(327)	(1,773)
Accounts payable	870	3,375
Accrued liabilities	295	(233)
Settlement accrual	—	(241)
Net cash used in operating activities	(1,437)	(1,141)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of property and equipment	3	—
Purchases of property and equipment	(168)	(17)
Net cash used in investing activities	(165)	(17)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net activity on line of credit	632	1,269
Payments on capital lease and note obligations	(119)	(38)
Net cash provided by financing activities	513	1,231
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,089)	73
Cash and cash equivalents at beginning of period	2,069	283
Cash and cash equivalents at end of period	\$ 980	\$ 356
SUPPLEMENTAL DISCLOSURES		
Income taxes paid	\$ 13	\$ 7
Interest paid	\$ 86	\$ 144
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Acquisition of property and equipment through landlord incentives	\$ 896	\$ —
Acquisition of property and equipment through capital lease	\$ 345	\$ —