

**UNIVERSAL POWER GROUP, INC.  
CONSOLIDATED BALANCE SHEET**

**ASSETS**

(Amounts in thousands except share amounts)

	September 30, 2013 (unaudited)	December 31, 2012
<b>CURRENT ASSETS</b>		
Cash and equivalents	\$ 1,599	\$ 2,069
Accounts receivable:		
Trade, net	11,148	8,847
Other	125	455
Inventories, net	24,744	30,396
Current deferred tax asset	980	838
Income tax receivable	321	512
Prepaid expenses and other current assets	1,670	970
Total current assets	40,587	44,087
 <b>PROPERTY AND EQUIPMENT</b>		
Logistics and distribution systems	1,928	1,908
Machinery and equipment	484	709
Furniture and fixtures	911	518
Leasehold improvements	968	395
Vehicles	1	111
Total property and equipment	4,292	3,641
Less accumulated depreciation and amortization	(2,589)	(3,173)
Net property and equipment	1,703	468
 <b>GOODWILL</b>	1,387	1,387
<b>INTANGIBLES, net</b>	460	593
<b>NON-CURRENT DEFERRED TAX ASSET</b>	286	357
<b>OTHER ASSETS</b>	164	155
Total other assets	2,297	2,492
 <b>TOTAL ASSETS</b>	\$ 44,587	\$ 47,047

**UNIVERSAL POWER GROUP, INC.  
CONSOLIDATED BALANCE SHEET**

**LIABILITIES AND SHAREHOLDERS' EQUITY**

(Amounts in thousands except share amounts)

	September 30, 2013 (unaudited)	December 31, 2012
<b>CURRENT LIABILITIES</b>		
Line of credit	\$ 9,542	\$ 12,188
Accounts payable	5,702	7,231
Accrued liabilities	722	386
Current portion of capital lease and note obligations	715	620
Deferred rent	467	—
Total current liabilities	17,148	20,425
 <b>LONG-TERM LIABILITIES</b>		
Capital lease and note obligations, less current portion	3,354	3,608
Deferred rent, less current portion	805	—
Total long-term liabilities	4,159	3,608
 <b>TOTAL LIABILITIES</b>	21,307	24,033
 <b>COMMITMENTS AND CONTINGENCIES</b>		
 <b>SHAREHOLDERS' EQUITY</b>		
Common stock - \$0.01 par value, 50,000,000 shares authorized 5,020,000 shares issued and outstanding	50	50
Additional paid-in-capital	16,431	16,390
Retained earnings	6,799	6,574
Total shareholders' equity	23,280	23,014
 <b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	\$ 44,587	\$ 47,047

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

(Amounts in thousands except per share amounts)

	Three months Ended September 30,		Nine months Ended September 30,	
	2013	2012	2013	2012
Net sales	\$ 20,106	\$ 22,114	\$ 61,740	\$ 72,035
Cost of sales	16,387	18,539	49,484	59,617
Gross profit	<u>3,719</u>	<u>3,575</u>	<u>12,256</u>	<u>12,418</u>
Operating expenses	<u>3,615</u>	<u>3,312</u>	<u>11,516</u>	<u>10,883</u>
Operating income	104	263	740	1,535
Other income (expense)				
Interest expense	(99)	(145)	(300)	(441)
Other, net	<u>2</u>	<u>3</u>	<u>(36)</u>	<u>129</u>
Total other expense, net	<u>(97)</u>	<u>(142)</u>	<u>(336)</u>	<u>(312)</u>
Income from continuing operations before provision for income taxes	7	121	404	1,223
Provision for income taxes	<u>8</u>	<u>(78)</u>	<u>(179)</u>	<u>(439)</u>
Net income from continuing operations	15	43	225	784
Discontinued operations:				
Loss from operations of discontinued Monarch Outdoor Adventure, LLC	—	—	—	(707)
Provision for income taxes	—	—	—	161
Loss on discontinued operations	<u>—</u>	<u>—</u>	<u>—</u>	<u>(546)</u>
Net income	<u>\$ 15</u>	<u>\$ 43</u>	<u>\$ 225</u>	<u>\$ 238</u>
Net income (loss) per share				
Basic:				
Income from continuing operations	\$ 0.00	\$ 0.01	\$ 0.04	\$ 0.16
Loss on discontinued operations	\$ 0.00	\$ 0.00	\$ 0.00	\$ (0.11)
Net income	\$ 0.00	\$ 0.01	\$ 0.04	\$ 0.05
Diluted:				
Income from continuing operations	\$ 0.00	\$ 0.01	\$ 0.04	\$ 0.15
Loss on discontinued operations	\$ 0.00	\$ 0.00	\$ 0.00	\$ (0.10)
Net income	\$ 0.00	\$ 0.01	\$ 0.04	\$ 0.05
Weighted average shares outstanding				
Basic	<u>5,020</u>	<u>5,020</u>	<u>5,020</u>	<u>5,020</u>
Diluted	<u>5,094</u>	<u>5,244</u>	<u>5,107</u>	<u>5,215</u>

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

(Amounts in thousands)

	Nine Months Ended September 30,	
	2013	2012
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income	\$ 225	\$ 238
Items not requiring (providing) cash:		
Depreciation and amortization	311	338
Provision for bad debts	495	53
Provision for obsolete inventory	651	500
Deferred income taxes	(71)	(340)
Loss on disposal of Monarch	—	616
Loss on disposal of property and equipment	44	—
Stock-based compensation	41	8
Changes in operating assets and liabilities, net of effect of disposition and acquisition:		
Accounts receivable – trade	(2,796)	1,961
Accounts receivable – other	332	68
Inventories	5,001	(10,652)
Income taxes receivable	191	554
Prepaid expenses and other assets	(709)	551
Accounts payable	(1,529)	(1,262)
Accrued liabilities	336	(207)
Settlement accrual	—	(241)
Deferred rent	326	(64)
Net cash provided by (used in) operating activities	2,848	(7,879)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net cash received on Monarch sale	—	40
Purchases of property and equipment	(195)	(59)
Proceeds from sales of property and equipment	11	—
Net cash used in investing activities	(184)	(19)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net activity on line of credit	(2,646)	8,692
Payments on capital lease and note obligations	(488)	(90)
Net cash provided by (used in) financing activities	(3,134)	8,602
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(470)	704
Cash and cash equivalents at beginning of period	2,069	283
Cash and cash equivalents at end of period	\$ 1,599	\$ 987
<b>SUPPLEMENTAL DISCLOSURES</b>		
Income taxes paid	\$ 50	\$ 81
Interest paid	\$ 300	\$ 442
<b>SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES</b>		
Acquisition of property and equipment through landlord incentives	\$ 946	\$ —
Acquisition of property and equipment through capital lease	\$ 345	\$ —