

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

ASSETS

(Amounts in thousands except share amounts)

	September 30, 2014 (unaudited)	December 31, 2013 (audited)
CURRENT ASSETS		
Cash and equivalents	\$ 1,385	\$ 1,180
Accounts receivable:		
Trade, net	12,537	12,012
Other	58	98
Inventories, net	22,349	24,967
Current deferred tax asset	780	854
Income tax receivable	141	443
Prepaid expenses and other current assets	755	1,063
Total current assets	38,005	40,617
 PROPERTY AND EQUIPMENT		
Logistics and distribution systems	1,932	1,928
Machinery and equipment	484	484
Furniture and fixtures	881	911
Leasehold improvements	968	968
Vehicles	24	1
Total property and equipment	4,289	4,292
Less accumulated depreciation and amortization	(2,850)	(2,658)
Net property and equipment	1,439	1,634
 GOODWILL		
GOODWILL	1,387	1,387
INTANGIBLES, net		
INTANGIBLES, net	329	416
NON-CURRENT DEFERRED TAX ASSET		
NON-CURRENT DEFERRED TAX ASSET	349	374
OTHER ASSETS		
OTHER ASSETS	160	165
Total other assets	2,225	2,342
 TOTAL ASSETS		
TOTAL ASSETS	\$ 41,669	\$ 44,593

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

LIABILITIES AND SHAREHOLDERS' EQUITY

(Amounts in thousands except share amounts)

	September 30, 2014	December 31, 2013
	(unaudited)	(audited)
CURRENT LIABILITIES		
Line of credit	\$ 4,488	\$ 7,643
Accounts payable	8,068	7,717
Accrued liabilities	1,027	1,054
Current portion of capital lease and note obligations	571	731
Deferred rent	84	72
Total current liabilities	<u>14,238</u>	<u>17,217</u>
LONG-TERM LIABILITIES		
Capital lease and note obligations, less current portion	2,476	3,152
Deferred rent, less current portion	1,161	1,217
Total long-term liabilities	<u>3,637</u>	<u>4,369</u>
TOTAL LIABILITIES	17,875	21,586
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	16,440	16,434
Retained earnings	7,304	6,523
Total shareholders' equity	<u>23,794</u>	<u>23,007</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>\$ 41,669</u>	<u>\$ 44,593</u>

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

(Amounts in thousands except per share amounts)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
Net sales	\$ 23,821	\$ 20,106	\$ 67,141	\$ 61,740
Cost of sales	19,480	16,387	55,098	49,484
Gross profit	4,341	3,719	12,043	12,256
Operating expenses	3,599	3,615	10,680	11,516
Operating income	742	104	1,363	740
Other income (expense)				
Interest expense	(49)	(99)	(180)	(300)
Other, net	26	2	28	(36)
Total other expense, net	(23)	(97)	(152)	(336)
Income before provision for income taxes	719	7	1,211	404
Provision for income taxes	(256)	8	(430)	(179)
Net income	<u>\$ 463</u>	<u>\$ 15</u>	<u>\$ 781</u>	<u>\$ 225</u>
Net income per share				
Basic	\$ 0.09	\$ 0.00	\$ 0.16	\$ 0.04
Diluted	\$ 0.09	\$ 0.00	\$ 0.16	\$ 0.04
Weighted average shares outstanding				
Basic	5,020	5,020	5,020	5,020
Diluted	5,094	5,094	5,051	5,107

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

(Amounts in thousands)

	Nine Months Ended September 30,	
	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 781	\$ 225
Items not requiring (providing) cash:		
Depreciation and amortization	280	311
Provision for bad debts	145	495
Provision for obsolete inventory	540	651
Deferred income taxes	99	(71)
Loss on disposal of property and equipment	—	44
Stock-based compensation	6	41
Changes in operating assets and liabilities:		
Accounts receivable – trade	(670)	(2,796)
Accounts receivable – other	40	332
Inventories	2,078	5,001
Income taxes receivable	302	191
Prepaid expenses and other assets	313	(709)
Accounts payable	351	(1,529)
Accrued liabilities	(27)	336
Deferred rent	(38)	326
Net cash provided by operating activities	4,200	2,848
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(34)	(195)
Proceeds from sales of property and equipment	—	11
Net cash used in investing activities	(34)	(184)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net activity on line of credit	(3,155)	(2,646)
Payments on capital lease and note obligations	(806)	(488)
Net cash used in financing activities	(3,961)	(3,134)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	205	(470)
Cash and cash equivalents at beginning of period	1,180	2,069
Cash and cash equivalents at end of period	\$ 1,385	\$ 1,599
SUPPLEMENTAL DISCLOSURES		
Income taxes paid	\$ 41	\$ 50
Interest paid	\$ 194	\$ 300
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Acquisition of property and equipment through landlord incentives	\$ —	\$ 946
Acquisition of property and equipment through capital lease	\$ —	\$ 345