

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

ASSETS

(Amounts in thousands except share amounts)

	June 30, 2014 <u>(unaudited)</u>	December 31, 2013 <u></u>
CURRENT ASSETS		
Cash and equivalents	\$ 1,119	\$ 1,180
Accounts receivable:		
Trade, net	12,212	12,012
Other	81	98
Inventories, net	21,278	24,967
Current deferred tax asset	775	854
Income tax receivable	379	443
Prepaid expenses and other current assets	957	1,063
Total current assets	<u>36,801</u>	<u>40,617</u>
PROPERTY AND EQUIPMENT		
Logistics and distribution systems	1,928	1,928
Machinery and equipment	484	484
Furniture and fixtures	881	911
Leasehold improvements	962	968
Vehicles	24	1
Total property and equipment	4,279	4,292
Less accumulated depreciation and amortization	<u>(2,788)</u>	<u>(2,658)</u>
Net property and equipment	1,491	1,634
GOODWILL	1,387	1,387
INTANGIBLES, net	348	416
NON-CURRENT DEFERRED TAX ASSET	351	374
OTHER ASSETS	160	165
Total other assets	<u>2,246</u>	<u>2,342</u>
TOTAL ASSETS	<u>\$ 40,538</u>	<u>\$ 44,593</u>

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

LIABILITIES AND SHAREHOLDERS' EQUITY

(Amounts in thousands except share amounts)

	June 30, 2014	December 31, 2013
	(unaudited)	
CURRENT LIABILITIES		
Line of credit	\$ 4,344	\$ 7,643
Accounts payable	7,442	7,717
Accrued liabilities	966	1,054
Current portion of capital lease and note obligations	571	731
Deferred rent	82	72
Total current liabilities	13,405	17,217
LONG-TERM LIABILITIES		
Capital lease and note obligations, less current portion	2,619	3,152
Deferred rent, less current portion	1,183	1,217
Total long-term liabilities	3,802	4,369
TOTAL LIABILITIES	17,207	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	16,439	16,434
Retained earnings	6,842	6,523
Total shareholders' equity	23,331	23,007
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 40,538	\$ 44,593

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

(Amounts in thousands except per share amounts)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
Net sales	\$ 21,741	\$ 21,176	\$ 43,320	\$ 41,634
Cost of sales	17,997	17,073	35,618	33,097
Gross profit	3,744	4,103	7,702	8,537
Operating expenses	3,426	3,970	7,081	7,901
Operating income	318	133	621	636
Other income (expense)				
Interest expense	(58)	(116)	(131)	(201)
Other, net	1	12	2	(38)
Total other expense, net	(57)	(104)	(129)	(239)
Income before provision for income taxes	261	29	492	397
Provision for income taxes	(68)	(30)	(174)	(187)
Net income (loss)	<u>\$ 193</u>	<u>\$ (1)</u>	<u>\$ 318</u>	<u>\$ 210</u>
Net income (loss) per share				
Basic	\$ 0.04	\$ (0.00)	\$ 0.06	\$ 0.04
Diluted	\$ 0.04	\$ (0.00)	\$ 0.06	\$ 0.04
Weighted average shares outstanding				
Basic	5,020	5,020	5,020	5,020
Diluted	5,065	5,094	5,030	5,112

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

(Amounts in thousands)

	Six Months Ended June 30,	
	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 319	\$ 210
Items not requiring (providing) cash:		
Depreciation and amortization	199	219
Provision for bad debts	60	338
Provision for obsolete inventory	260	208
Deferred income taxes	102	(60)
Loss on disposal of property and equipment	—	44
Stock-based compensation	5	6
Changes in operating assets and liabilities, net of effect of disposition and acquisition:		
Accounts receivable – trade	(260)	(3,836)
Accounts receivable – other	17	319
Inventories	3,429	2,372
Income taxes receivable	64	196
Prepaid expenses and other assets	111	(508)
Accounts payable	(275)	(569)
Accrued liabilities	(88)	489
Deferred rent	(18)	197
Net cash provided by (used in) operating activities	3,925	(375)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(24)	(172)
Proceeds from sales of property and equipment	—	8
Net cash used in investing activities	(24)	(164)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net activity on line of credit	(3,299)	(219)
Payments on capital lease and note obligations	(663)	(310)
Net cash used in financing activities	(3,962)	(529)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(61)	(1,068)
Cash and cash equivalents at beginning of period	1,180	2,069
Cash and cash equivalents at end of period	\$ 1,119	\$ 1,001
SUPPLEMENTAL DISCLOSURES		
Income taxes paid	\$ 39	\$ 50
Interest paid	\$ 169	\$ 200
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Acquisition of property and equipment through landlord incentives	\$ —	\$ 932
Acquisition of property and equipment through capital lease	\$ —	\$ 345