

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

ASSETS

(Amounts in thousands except share amounts)

	March 31, 2014 (unaudited)	December 31, 2013
CURRENT ASSETS		
Cash and equivalents	\$ 1,310	\$ 1,180
Accounts receivable:		
Trade, net	13,680	12,012
Other	77	98
Inventories, net	22,353	24,967
Current deferred tax asset	775	854
Income tax receivable	443	443
Prepaid expenses and other current assets	1,016	1,063
Total current assets	39,654	40,617
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	(2,723)	(2,658)
Net property and equipment	1,556	1,634
GOODWILL	1,387	1,387
INTANGIBLES, net	372	416
NON-CURRENT DEFERRED TAX ASSET	351	374
OTHER ASSETS	160	165
Total other assets	2,270	2,342
TOTAL ASSETS	\$ 43,480	\$ 44,593

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

LIABILITIES AND SHAREHOLDERS' EQUITY

(Amounts in thousands except share amounts)

	March 31, 2014 <u>(unaudited)</u>	December 31, 2013
CURRENT LIABILITIES		
Line of credit	\$ 9,211	\$ 7,643
Accounts payable	5,838	7,717
Accrued liabilities	685	1,054
Current portion of capital lease and note obligations	571	731
Deferred rent	80	72
Total current liabilities	<u>16,385</u>	<u>17,217</u>
LONG-TERM LIABILITIES		
Capital lease and note obligations, less current portion	2,762	3,152
Deferred rent, less current portion	1,199	1,217
Total long-term liabilities	<u>3,961</u>	<u>4,369</u>
TOTAL LIABILITIES	20,346	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	16,436	16,434
Retained earnings	6,648	6,523
Total shareholders' equity	<u>23,134</u>	<u>23,007</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ <u>43,480</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 March 31,	
	2014	2013
Net sales	\$ 21,579	\$ 20,458
Cost of sales	17,621	16,024
Gross profit	<u>3,958</u>	<u>4,434</u>
Operating expenses	<u>3,655</u>	<u>3,931</u>
Operating income	303	503
Other income (expense)		
Interest expense	(73)	(85)
Other, net	1	(50)
Total other expense, net	<u>(72)</u>	<u>(135)</u>
Income before provision for income taxes	231	368
Provision for income taxes	<u>(106)</u>	<u>(157)</u>
Net income	<u>\$ 125</u>	<u>\$ 211</u>
Net income per share		
Basic	<u>\$ 0.02</u>	<u>\$ 0.04</u>
Diluted	<u>\$ 0.02</u>	<u>\$ 0.04</u>
Weighted average shares outstanding		
Basic	<u>5,020</u>	<u>5,020</u>
Diluted	<u>5,020</u>	<u>5,133</u>

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

(Amounts in thousands)

	Three Months Ended March 31,	
	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 125	\$ 211
Items not requiring (providing) cash:		
Depreciation and amortization	110	96
Provision for bad debts	45	78
Provision for obsolete inventory	140	102
Deferred income taxes	102	41
Loss on disposal of property and equipment	—	50
Stock-based compensation	2	3
Changes in operating assets and liabilities, net of effect of disposition and acquisition:		
Accounts receivable – trade	(1,713)	(3,392)
Accounts receivable – other	21	281
Inventories	2,474	164
Income taxes receivable	—	91
Prepaid expenses and other assets	52	(327)
Accounts payable	(1,879)	870
Accrued liabilities	(369)	158
Deferred rent	(4)	137
Net cash used in operating activities	(894)	(1,437)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(24)	(168)
Proceeds from sales of property and equipment	—	3
Net cash used in investing activities	(24)	(165)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net activity on line of credit	1,568	632
Payments on capital lease and note obligations	(520)	(119)
Net cash provided by financing activities	1,048	513
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	130	(1,089)
Cash and cash equivalents at beginning of period	1,180	2,069
Cash and cash equivalents at end of period	\$ 1,310	\$ 980
SUPPLEMENTAL DISCLOSURES		
Income taxes paid	\$ 1	\$ 13
Interest paid	\$ 72	\$ 86
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