

UNIVERSAL POWER GROUP, INC.
CONSOLIDATED BALANCE SHEETS
(Amounts in thousands except share data)

ASSETS

	December 31,	
	2012	2011
CURRENT ASSETS		
Cash and cash equivalents	\$ 2,069	\$ 283
Accounts receivable:		
Trade, net of allowance for doubtful accounts of \$324 and \$384	8,847	12,972
Other	455	442
Inventories – finished goods, net of allowance for obsolescence of \$423 and \$830	30,396	24,174
Current deferred tax asset	838	972
Income tax receivable	512	721
Prepaid expenses and other assets	970	1,426
Total current assets	44,087	40,990
PROPERTY AND EQUIPMENT		
Logistics and distribution systems	1,908	1,871
Machinery and equipment	709	1,044
Furniture and fixtures	518	511
Leasehold improvements	395	389
Vehicles	111	171
Total property and equipment	3,641	3,986
Less accumulated depreciation and amortization	(3,173)	(3,128)
Net property and equipment	468	858
GOODWILL	1,387	1,387
INTANGIBLES, net	593	527
OTHER ASSETS	155	100
NON-CURRENT DEFERRED TAX ASSET	357	213
	2,492	2,227
TOTAL ASSETS	\$ 47,047	\$ 44,075

UNIVERSAL POWER GROUP, INC.
CONSOLIDATED BALANCE SHEETS (CONTINUED)
(Amounts in thousands except share data)

LIABILITIES AND SHAREHOLDERS' EQUITY

	December 31,	
	2012	2011
CURRENT LIABILITIES		
Line of credit	\$ 12,188	\$ 12,654
Accounts payable	7,231	6,845
Accrued liabilities	386	1,227
Current portion of settlement accrual	—	241
Current portion of capital lease and note obligations	620	119
Total current liabilities	20,425	21,086
LONG-TERM LIABILITIES		
Capital lease and note obligations, less current portion	3,608	229
TOTAL LIABILITIES	24,033	21,315
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	16,390	16,339
Retained earnings	6,574	6,419
Accumulated other comprehensive loss	—	(48)
Total shareholders' equity	23,014	22,760
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 47,047	\$ 44,075

UNIVERSAL POWER GROUP, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(Amounts in thousands except per share data)

	Three Months Ended December 31,		Year Ended December 31,	
	2012	2011	2012	2011
Net sales	\$ 19,895	\$ 20,816	\$ 91,930	\$ 88,601
Cost of sales	16,045	17,050	75,661	71,399
Gross profit	<u>3,850</u>	<u>3,766</u>	<u>16,269</u>	<u>17,202</u>
Operating expenses	<u>3,820</u>	<u>4,316</u>	<u>14,703</u>	<u>15,840</u>
Operating income (loss)	30	(550)	1,566	1,362
Interest expense	(120)	(113)	(561)	(565)
Other, net	<u>—</u>	<u>(7)</u>	<u>129</u>	<u>(7)</u>
Total other expense, net	(120)	(120)	(432)	(572)
Income (loss) from continuing operations before provision for income taxes	(90)	(670)	1,134	790
Provision for income taxes	<u>7</u>	<u>200</u>	<u>(433)</u>	<u>(422)</u>
Income (loss) from continuing operations	(83)	(470)	701	368
Discontinued operations:				
Loss from operations of discontinued Monarch Outdoor Adventures, LLC (including loss on disposal of \$616 in Q2 2012)	—	(47)	(707)	(234)
Provision for income taxes	<u>—</u>	<u>20</u>	<u>161</u>	<u>80</u>
Loss on discontinued operations	—	(27)	(546)	(154)
Net income (loss)	<u>\$ (83)</u>	<u>\$ (497)</u>	<u>\$ 155</u>	<u>\$ 214</u>
Net income (loss) per share				
Basic:				
Income (loss) from continuing operations	\$ (0.02)	\$ (0.09)	\$ 0.14	\$ 0.07
Loss from discontinued operations	<u>—</u>	<u>(0.01)</u>	<u>(0.11)</u>	<u>(0.03)</u>
Net income (loss)	\$ (0.02)	\$ (0.10)	\$ 0.03	\$ 0.04
Diluted:				
Income (loss) from continuing operations	\$ (0.02)	\$ (0.09)	\$ 0.13	\$ 0.07
Loss from discontinued operations	<u>—</u>	<u>(0.01)</u>	<u>(0.10)</u>	<u>(0.03)</u>
Net income (loss)	\$ (0.02)	\$ (0.10)	\$ 0.03	\$ 0.04
Weighted average shares outstanding				
Basic	5,020	5,020	5,020	5,020
Diluted	5,169	5,034	5,205	5,040

UNIVERSAL POWER GROUP, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in thousands)

	Years Ended December 31,	
	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 155	\$ 214
Items not requiring (providing) cash		
Depreciation and amortization	434	841
Provision for doubtful accounts	73	6
Provision for obsolete inventory	264	461
Deferred income taxes	(10)	338
Loss on disposal of Monarch	616	—
Loss on disposal of property	—	7
Stock-based compensation	51	263
Changes in operating assets and liabilities, net of effect of acquisition:		
Accounts receivable – trade	4,045	(2,148)
Accounts receivable – other	67	(415)
Inventories	(6,651)	8,892
Income taxes receivable/payable	209	(747)
Prepaid expenses and other assets	399	(139)
Accounts payable	386	(1,032)
Accrued liabilities	(1,165)	893
Settlement accrual	(241)	(734)
Net cash provided by (used in) operating activities	(1,368)	6,700
CASH FLOWS FROM INVESTING ACTIVITIES		
Net cash paid in Progressive Technologies, Inc. acquisition	—	(2,268)
Purchase of intellectual property	(240)	—
Net cash received on Monarch Outdoor Adventures, LLC sales	40	—
Purchase of property and equipment	(60)	(59)
Proceeds from sale of equipment	—	2
Net cash used in investing activities	(260)	(2,325)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net activity on line of credit	(466)	(3,670)
Proceeds from term loan	4,000	—
Payments on capital lease and note obligations	(120)	(637)
Net cash provided by (used in) financing activities	3,414	(4,307)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
	1,786	68
Cash and cash equivalents at beginning of year	283	215
Cash and cash equivalents at end of year	\$ 2,069	\$ 283
SUPPLEMENTAL DISCLOSURES		
Income taxes paid	\$ 101	\$ 1,003
Interest paid	\$ 563	\$ 568