

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

ASSETS

(Amounts in thousands except share amounts)

	June 30, 2013	December 31, 2012
	<u>(unaudited)</u>	<u></u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,001	\$ 2,069
Accounts receivable:		
Trade, net of allowance for doubtful accounts of \$403 (unaudited) and \$324	12,345	8,847
Other	141	455
Inventories – finished goods, net of allowance for obsolescence of \$538 (unaudited) and \$423	27,816	30,396
Current deferred tax asset	978	838
Income tax receivable	316	512
Prepaid expenses and other current assets	1,468	970
Total current assets	<u>44,065</u>	<u>44,087</u>
 PROPERTY AND EQUIPMENT		
Logistics and distribution systems	1,877	1,908
Machinery and equipment	484	709
Furniture and fixtures	911	518
Leasehold improvements	954	395
Vehicles	1	111
Total property and equipment	<u>4,227</u>	<u>3,641</u>
Less accumulated depreciation and amortization	<u>(2,513)</u>	<u>(3,173)</u>
Net property and equipment	1,714	468
 GOODWILL	1,387	1,387
INTANGIBLES, net	504	593
OTHER ASSETS	165	155
NON-CURRENT DEFERRED TAX ASSET	<u>277</u>	<u>357</u>
	2,333	2,492
 TOTAL ASSETS	 <u><u>\$ 48,112</u></u>	 <u><u>\$ 47,047</u></u>

**UNIVERSAL POWER GROUP, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS (CONTINUED)**

LIABILITIES AND SHAREHOLDERS' EQUITY

(Amounts in thousands except share amounts)

	June 30, 2013	December 31, 2012
	(unaudited)	
CURRENT LIABILITIES		
Line of credit	\$ 11,969	\$ 12,188
Accounts payable	6,662	7,231
Accrued liabilities	875	386
Current portion of capital lease and note obligations	730	620
Deferred rent	313	—
Total current liabilities	20,549	20,425
LONG-TERM LIABILITIES		
Capital lease and note obligations, less current portion	3,517	3,608
Deferred rent, less current portion	816	—
Total long-term liabilities	4,333	3,608
TOTAL LIABILITIES	24,882	24,033
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	16,396	16,390
Retained earnings	6,784	6,574
Total shareholders' equity	23,230	23,014
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 48,112	\$ 47,047

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

(Amounts in thousands except per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
Net sales	\$ 21,176	\$ 23,583	\$ 41,634	\$ 49,921
Cost of sales	17,073	19,392	33,097	41,077
Gross profit	4,103	4,191	8,537	8,844
Operating expenses	3,970	3,487	7,901	7,572
Operating income	133	704	636	1,272
Other income (expense)				
Interest expense	(116)	(153)	(201)	(296)
Other, net	12	—	(38)	127
Total other expense, net	(104)	(153)	(239)	(169)
Income from continuing operations before provision for income taxes	29	551	397	1,103
Provision for income taxes	(30)	(145)	(187)	(361)
Income (loss) from continuing operations	(1)	406	210	742
Discontinued operations:				
Loss from operations of discontinued Monarch Outdoor Adventures, LLC	—	(646)	—	(707)
Provision for income taxes	—	143	—	160
Loss on discontinued operations	—	(503)	—	(547)
Net income (loss)	\$ (1)	\$ (97)	\$ 210	\$ 195
Net income (loss) per share				
Basic:				
Income from continuing operations	\$ 0.00	\$ 0.08	\$ 0.04	\$ 0.15
Loss on discontinued operations	\$ —	\$ (0.10)	\$ —	\$ (0.11)
Net income (loss)	\$ 0.00	\$ (0.02)	\$ 0.04	\$ 0.04
Diluted:				
Income from continuing operations	\$ 0.00	\$ 0.08	\$ 0.04	\$ 0.14
Loss on discontinued operations	\$ —	\$ (0.10)	\$ —	\$ (0.10)
Net income (loss)	\$ 0.00	\$ (0.02)	\$ 0.04	\$ 0.04
Weighted average shares outstanding				
Basic	5,020	5,020	5,020	5,020
Diluted	5,094	5,194	5,112	5,198

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

(Amounts in thousands)

	Six Months Ended June 30,	
	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 210	\$ 195
Items not requiring (providing) cash:		
Depreciation and amortization	219	239
Provision for bad debts	338	38
Provision for obsolete inventory	208	320
Deferred income taxes	(60)	(249)
Loss on disposal of Monarch	—	616
Loss on disposal of property and equipment	44	—
Stock-based compensation	6	6
Changes in operating assets and liabilities		
Accounts receivable – trade	(3,836)	(192)
Accounts receivable – other	319	44
Inventories	2,372	(15,120)
Income taxes receivable	196	413
Prepaid expenses and other assets	(508)	(210)
Accounts payable	(569)	6,317
Accrued liabilities	489	(4)
Settlement accrual	—	(241)
Deferred rent	197	(14)
Net cash used in operating activities	(375)	(7,842)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net cash received on Monarch sale	—	40
Purchases of property and equipment	(172)	(51)
Proceeds from sale of property and equipment	8	—
Net cash used in investing activities	(164)	(11)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net activity on line of credit	(219)	7,928
Payments on capital lease and note obligations	(310)	(56)
Net cash provided by (used in) financing activities	(529)	7,872
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,068)	19
Cash and cash equivalents at beginning of period	2,069	283
Cash and cash equivalents at end of period	<u>\$ 1,001</u>	<u>\$ 302</u>
SUPPLEMENTAL DISCLOSURES		
Income taxes paid	<u>\$ 50</u>	<u>\$ 65</u>
Interest paid	<u>\$ 200</u>	<u>\$ 297</u>
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Acquisition of property and equipment through landlord incentives	<u>\$ 932</u>	<u>\$ —</u>
Acquisition of property and equipment through capital lease	<u>\$ 345</u>	<u>\$ —</u>