

To Shareholders of Universal Mfg. Co.

**CONSOLIDATED SIX MONTH OPERATING REPORTS
FOR THIRD QUARTER ENDED APRIL 30, 2014**

(Not audited by Independent Public Accountants)

BALANCE SHEET

	April 1, 2014	July 31, 2013
Assets		
Current Assets		
Cash & Equivalents	\$ 1,296,834	\$ 1,315,664
Accounts Receivable	\$ 5,544,910	\$ 2,326,150
Inventory	\$ 3,882,760	\$ 3,698,707
Costs in Excess	\$ 986,633	\$ 481,157
Other Current Assets	\$ 157,015	\$ 102,199
Total Current Assets	\$ 11,868,151	\$ 7,923,877
Other Assets		
Property, Plant & Equipment	\$ 1,437,346	\$ 1,880,089
Goodwill	\$ 4,898,600	\$ 4,898,600
Non-Compete Covenant	\$ 44,692	\$ 47,585
Total Other Assets	\$ 6,380,638	\$ 6,826,274
Total Assets	\$ 18,248,789	\$ 14,750,151
Liabilities & Stockholder's Equity		
Current Portion of LTD		
Accounts Payable	\$ 144,576	\$ 304,749
Accrued Taxes & Compensation	\$ 1,399,081	\$ 583,897
Billings in Excess of Cost	\$ 1,890,972	\$ 649,004
Other Accruals	\$ 301,527	\$ 91,863
Total Current Liabilities	\$ 708,656	\$ 455,399
Long Term Liabilities		
Notes Payable	\$ 4,444,813	\$ 2,084,912
Stockholder's Equity		
Common Stock Outstanding	\$ 1,908,269	\$ 2,516,230
Additional Paid-in Capital	\$ 851,633	\$ 851,633
Retained Earnings	\$ 501,098	\$ 440,103
Total Stockholder's Equity	\$ 10,542,978	\$ 8,857,273
Total Liabilities & Stockholder's Equity	\$ 11,895,708	\$ 10,149,009
Total Liabilities & Stockholder's Equity	\$ 18,248,789	\$ 14,750,151

CONSOLIDATED INCOME STATEMENT

	Quarter Ended		Nine Months Ended	
	April 30		April 30	
	2014	2013	2014	2013
Sales	\$ 8,021,817	\$ 6,766,297	\$ 21,929,658	\$ 19,228,201
Earnings Before Income Taxes	\$ 1,432,382	\$ 754,580	\$ 2,540,369	\$ 1,298,414
Income Taxes (Est.)	\$ 482,796	\$ 264,103	\$ 854,664	\$ 454,445
Net Income	\$ 949,586	\$ 490,477	\$ 1,685,705	\$ 843,969
Basic Earnings per Share	\$ 1.12	\$ 0.58	\$ 1.98	\$ 0.99
Diluted Earnings per Share	\$ 1.10	\$ 0.57	\$ 1.96	\$ 0.98

The above are consolidated operating results of Universal Mfg. Co., including its ReTech operating division ("ReTech") and its operating subsidiary Man Lift Mfg. Co. ("Man Lift") (collectively, the "Company") for the 3rd Quarter ending April 30, 2014 (the "Quarter") and the first nine months of the current fiscal year ("YTD") as compared to the same periods for the prior year ("PY"). It was another very good Quarter overall.

The Quarter saw an increase in both Sales (18.6% increase over the same period PY and 14% increase over PYTD) and net income (93.6% increase over PY same Quarter and 99.7% over PYTD). Gross margins increased 60.3% over same period PY and 48.4% over PYTD. Operating Income (income before other income and expense, interest and taxes) was \$1,449,000 for the Quarter and \$2,507,000 YTD, compared to our budget of \$636,000 for the Quarter and \$1,672,000 YTD. These results were again materially and positively impacted by two large jobs at Man Lift with very good margins. Sales were 11.7% over budget for the Quarter and 7.4% over budget YTD. We anticipate that sales and margins will continue more in line with our budget for the remainder of the year.

ReTech sales grew by 3.8% for the Quarter over PY. Sales were 3.0% greater YTD over PYTD. Transfer Case and Transfer Case Motor sales continue to exceed prior year and budget both for the Quarter and YTD. Caliper sales exceed PY for the Quarter and YTD, although were under budget for both periods. Remanufactured Fuel Pumps and AFS Fuel Pumps both saw declines for the Quarter and YTD over PY. Both product lines continue to suffer from an abundance of low cost product requiring either a significant decrease in margins or loss of sales. To date we have chosen to err on the side of margin as opposed to maintaining sales. Gross Margin for the Quarter for ReTech increased 17.1% over same period PY and decreased 2.5% YTD, being materially impacted by change in our reserves announced last Quarter. At Operating Income, ReTech made \$147,000 for the Quarter, a 17.9% increase over same period PY. YTD, ReTech's operating income was \$136,000, a 63% decrease from PYTD. Drive train line and caliper sales continue to be a focus of the operation as we strive to improve both efficiency and profitability in product lines where we can be competitive in the market place.

Man Lift sales for the Quarter increased 29.2% over same period PY and 22.4% over PYTD. Gross Margins improved by over 80% for the Quarter and 85.6% over PYTD. Operating Income was \$1,616,000 for the Quarter, and \$3,013,000 YTD an increase of 99.1% and 122.0% respectively over the same periods PY. The Man Lift operation has grown at an exceptional pace and margins have been enhanced by our extremely flat and limited infrastructure, including human resources. We are currently in the process of growing our staff in certain areas to be able to accommodate our current level of operation without herculean efforts by our team. We see these strategic additions as key investments in the operation intended to permit continued growth. This Quarter the operation has seen sales and successful implementation of equipment in two new markets that bode well for the continued growth of the operation.

The changes announced last Quarter in the consolidation of accounting functions continue to progress nicely. All corporate level financial functions are now performed out of the corporate office and efforts continue to streamline and enhance our cash management and other organization wide functions at the corporate level.

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**DONALD L. DUNN
PRESIDENT & CEO
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Cash flow for the Company was negative \$385,555 for the Quarter and negative \$18,830 YTD, after realizing a reduction in Term Debt of \$705,000 in the 1st Quarter. Cash flow was materially impacted by shipment and billing of two large jobs at Man Lift in the last month of the Quarter resulting in exceedingly high accounts receivable at Quarter end. Both large billings have now been collected. Cash continues to remain strong; we ended the Quarter with no borrowings on our Operating Line of Credit. Capital expenditures have continued to be modest; however, it is anticipated that improvement to equipment in the plant will occur in the final Quarter. Additionally, a major project is underway to enhance our internal systems at both locations.

Forward Looking Statements;

Statements herein that are not historical facts, including statements about the Company's confidence and strategies and the Company's expectations about future market opportunities, market demand or acceptance of the Company's products are forward looking statements that involve risks and uncertainties. These uncertainties include, without limitation, the effect of general economic and market conditions, customer requirement for our products, the continuing strength of the industries in which we operate, competitor pricing, maintenance of our current momentum, weather conditions and other factors.