UNIVERSAL MFG. CO.
720 O Street, Lot D
LINCOLN, NE 68508

DONALD L. DUNN
PRESIDENT & CEO
www.universalmfgco.com

To Shareholders of Universal Mfg. Co.

CONSOLIDATED SIX MONTH OPERATING REPORTS
FOR THE SECOND QUARTER ENDED JANUARY 31, 2015

(Not audited by Independent Public Accountants)

BALANCE SHEET

	January 31, 2015	July 31, 2014
Assets		
Current Assets:		
Cash and cash equivalents	$ 1,391,567	$ 2,307,728
Receivables		
Trade receivables, net	3,334,521	3,835,061
Other receivables, net	275,757	275,757
Cost and estimated earnings in excess of billings on uncompleted project, net	477,172	600,838
Inventories	3,687,786	3,411,171
Prepaid expenses	54,784	141,444
Income tax receivable	184,535	102,862
Deferred income taxes	515,462	515,462
Total Current Assets	9,921,584	11,190,323
Property, plant and equipment, net	1,238,964	1,372,690
Other Noncurrent Assets:		
Intangibles, net of amortization	41,798	43,727
Goodwill	4,898,600	4,898,600
	4,940,398	4,942,327
Total Assets	$ 16,100,946	$ 17,505,340
Liabilities and Stockholders' Equity		
Current Liabilities:		
Current portion of long-term debt	167,772	167,772
Accounts payable	627,169	1,028,368
Accrued expenses and other liabilities	1,610,078	2,505,905
Total Current Liabilities	2,405,019	3,702,045
Noncurrent Liabilities:		
Long term debt, less current portion	1,762,602	1,844,976
Deferred income taxes	485,575	485,575
Total Noncurrent Liabilities	2,248,177	2,330,551
Stockholders' Equity		
Common stock - issued and outstanding	816,000	816,000
Additional paid-in capital	152,870	128,392
Retained earnings	10,478,880	10,528,352
Total Stockholders' Equity	11,447,750	11,472,744
Total Liabilities and Stockholders' Equity	$ 16,100,946	$ 17,505,340

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CONSOLIDATED INCOME STATEMENT

	Quarter Ended January 31		Six Months Ended January 31	
	2015	2014	2015	2014
Sales	$4,634,113	$7,829,391	$8,859,017	$13,785,368
Earnings (Loss) Before Income Taxes & Discontinued Operations	$ 192,921	$ 809,781	$ (3,073)	$ 1,125,277
Income Taxes Expense (Benefit) Est.	$ 64,138	$ 267,442	$ 121	$ 377,671
Discontinued Operations Income (Loss), net of tax	$ 2,370	$ (1,842)	$ (46,278)	$ (11,487)
Net Income	$ 131,154	$ 540,497	$ (49,472)	$ 736,118
Basic Earnings per Share	$ 0.16	$ 0.66	$ (0.06)	$ 0.90
Diluted Earnings per Share	$ 0.16	$ 0.65	$ (0.06)	$ 0.88

The above are consolidated operating results of Universal Mfg. Co. ("UMC"), including its ReTech operating division ("ReTech") and its operating subsidiary Man Lift Mfg. Co. ("Man Lift") (collectively, the "Company") for the 2nd Quarter ending January 31, 2015 (the "Quarter") and the first six months of the current fiscal year ("YTD") as compared to the same periods for the prior year ("PY"). The Quarter was an improvement, although still substantially below our expectations. Sales declined 40% year over year. Net Income for the Quarter was $131,154 compared to net income of $540,497 for the same Quarter PY.

ReTech sales increased by 1.8% for the Quarter over PY although 13% under Budget. Transfer Case and Differentials sales grew, 8.3% and 60.0% respectively over the same period prior year. This gain was offset by a decrease in AFS Fuel Pump sales of 48.9% compared to the same period PY, although substantially above budget. Calipers sales were 8.5% below PY. Gross Margins for ReTech were 29.0% compared to 15.2% for the same Quarter PY. At Operating Income, ReTech earned $317,000 for the Quarter compared to an Operating Loss of $155,000 for the same period PY. New management at ReTech has continued its focus on margin improvement and continuing the growth and breadth of our drive train line with encouraging results. Sales in January were hurt by the loss of several days due to weather.

Man Lift sales again dropped significantly for the Quarter, a 64.5% decline over PY. Steps were taken to reduce costs resulting in $57,000 of operating income, compared to an operating loss the prior quarter; however, significantly less than the $1,136,000 gain PY. Sales pipeline activity remains strong; however, closed sales continue to be principally development products. This product mix continues to stretch our limited engineering department and at the same time, limits the amount of work available for production. As reported previously, large jobs drive successful performance at Man Lift and we went an additional quarter without closing a large order.

As reported recently, we closed on the acquisition of Ultra Machine & Fabrication, Inc., and Ultra Armoring, LLC ("Ultra Armoring") effective as of March 1, 2015. Significant effort, time and expense was incurred in planning, negotiating and closing the transaction. Quarter results include approximately $30,000 of out of pocket expense related to the transaction. Significant additional cost has been and will be incurred completing the transaction and folding the new operation into our family of companies.

Corporate expenses remain under budget due to a substantial decrease in incentive compensation accrual based on the performance of the consolidated operations. Compared to PY, corporate expenses have increased reflecting the decision made a year ago to consolidate cash management and corporate consolidation of accounting processes in the corporate office and due to expenses incurred in our recent acquisition. Cash flow for the Company was positive almost $1.3 Million for the Quarter, principally the result of reductions in accounts receivable and Billings in Excess of Cost. We ended the Quarter with no borrowings on our Operating Line of Credit.

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.