

Mace Security International, Inc. and Subsidiaries

QUARTERLY CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Year Ended December 31, 2013

(Amounts in thousands)

	<u>Q1 2013</u>	<u>Q2 2013</u>	<u>Q3 2013</u>	<u>Q4 2013</u>	<u>F/Y 2013</u>
Cash Flows from Operating activities:					
Net loss	\$ (649)	\$ (841)	\$ (1,144)	\$ 613	\$ (2,021)
Loss (income) from discontinued operations, net of tax	85	151	128	(1,924)	(1,560)
Loss from continuing operations	(564)	(690)	(1,016)	(1,311)	(3,581)
Adjustments to reconcile loss from continuing operations to net cash used in operating activities:					
Depreciation	38	38	43	42	161
Stock-based compensation	13	76	12	112	213
Provision for losses on receivables	15	11	15	36	77
Loss (gain) on sale of property and equipment	2	-	2	52	56
Amortization of discount on debt	35	30	30	31	126
Changes in operating assets and liabilities:					
Accounts receivable	(283)	53	(131)	(286)	(647)
Inventories	181	55	57	250	543
Prepaid expenses and other assets	961	(46)	(92)	(1,047)	(224)
Accounts payable	(380)	(9)	131	(103)	(361)
Deferred revenue	-	-	-	(15)	(15)
Accrued expenses and other current liabilities	(97)	(93)	131	169	110
Income taxes payable	(10)	1	(1)	10	-
Net cash used in operating activities – continuing operations	(89)	(574)	(819)	(2,060)	(3,542)
Net cash used in operating activities – discontinued operations	32	(87)	(64)	36	(83)
Net cash used in operating activities	(57)	(661)	(883)	(2,024)	(3,625)
Cash Flows from Investing Activities:					
Purchase of property and equipment	(18)	(15)	(116)	(204)	(353)
Purchase of short-term investments, net	(117)	56	41	(82)	(102)
Proceeds from sale of property and equipment	-	1	(1)	-	-
Other	(1)	-	-	-	(1)
Net cash used in investing activities-continuing operations	(136)	42	(76)	(286)	(456)
Net cash provided by investing activities-discontinued operations	(12)	(12)	(3)	6,615	6,588
Net cash (used in) provided by investing activities	(148)	30	(79)	6,329	6,132
Cash Flows from Financing Activities:					
Payments on long-term debt and capital lease obligations	-	(28)	1	-	(27)
Decrease (increase) in restricted cash	-	64	174	75	313
Sale (purchase) of treasury stock	-	(4)	-	69	65
Net cash (used in) provided by financing activities – continuing operations	-	32	175	144	351
Net cash used in financing activities – discontinued operations	(17)	17	-	-	-
Net cash (used in) provided by financing activities	(17)	49	175	144	351
Net increase (decrease) in cash and cash equivalents	(222)	(582)	(787)	4,449	2,858
Cash and cash equivalents at beginning of period	2,065	1,843	1,261	474	2,065
Cash and cash equivalents at end of period	\$ 1,843	\$ 1,261	\$ 474	\$ 4,923	\$ 4,923