

ZUNICOM

ZUNICOM, INC. ANNOUNCES FIRST QUARTER 2006 RESULTS

Net Income Up to \$452,278 Compared to Net Income of \$232,085 for Similar Period in 2005

CARROLLTON, TX – (BUSINESS WIRE) – May 15, 2006 – Zunicom, Inc. (OTCBB:ZNCM), parent company to Universal Power Group, Inc. (“UPG”) and AlphaNet Hospitality Systems, Inc. (“AlphaNet”), today announced its financial performance results for the three months ended March 31, 2006.

Financial Highlights for First Quarter 2006 Compared to First Quarter 2005:

- Consolidated revenues increased 19% to \$21,197,221 from \$17,828,399 for the similar period in 2005;
- Combined net income attributable to common shareholders was \$452,278 or \$0.05 per basic and diluted share, compared to combined net income attributable to common shareholders of \$232,085 or \$ 0.03 per basic and diluted share for the same period in 2005;
- UPG’s revenues increased 19% to \$20,740,624 from \$17,402,572 primarily attributable to an increase in revenues of \$1,719,613 from third party logistics and fulfillment services UPG provides to a leading security customer. In addition, core battery and battery-related sales increased by \$1,631,883.
- AlphaNet’s revenues increased 7% to \$456,597 from \$425,827, primarily due to increase installations and usage of The Office™.

“We are pleased that UPG is performing consistently and anticipate continued growth. We believe that our strong relationship with our security customer will add continued growth revenues,” said Ian Edmonds, Zunicom Executive Vice President, “additionally, we are aggressively pursuing new business opportunities, such as UPG’s Batteries & Beyond retail concept, third party logistics business, and expanding into European markets.”

About Zunicom, Inc.

Zunicom, Inc. (www.zunicom.com) through its wholly owned subsidiary, Universal Power Group, Inc (www.upgi.com), is a leading provider of third-party logistics and supply chain management services, batteries, security products and related portable power products to various industries and through its wholly-owned subsidiary AlphaNet Hospitality Systems, Inc. (www.alphanet.net), is a key provider of business communication services to the hospitality industry.

This release contains a number of forward-looking statements concerning the current expectations as to future results of operations, future growth and future performance of Zunicom, Inc. within the meaning of The Private Securities Litigation Reform Act of 1995. Actual results may differ materially depending on the various factors set forth under the caption "Risk Factors" in the company's annual report on Form 10-K for the year ended December 31, 2005 and accordingly, should be read in conjunction with the company's SEC filings.

FOR MORE INFORMATION, PLEASE CONTACT:

Mimi Tan | P: 469.892.1200 | mtan@zunicom.com

FINANCIAL CHARTS TO FOLLOW



ZUNICOM, INC. AND SUBSIDIARIES
UNAUDITED CONSOLIDATED BALANCE SHEETS

	ASSETS	March 31, <u>2006</u>	December 31, <u>2005</u>
CURRENT ASSETS			
Cash and cash equivalents	\$	886,975	\$ 731,626
Accounts receivable - trade, net of allowance for doubtful accounts of \$223,891 and \$226,931		8,441,079	8,446,086
Accounts receivable - other		92,208	114,802
Inventories - finished goods, net of allowance for obsolescence of \$188,663 and \$158,663		18,963,307	19,144,410
Prepaid expenses and other current assets		<u>495,366</u>	<u>665,802</u>
 Total current assets		 <u>28,878,935</u>	 <u>29,102,726</u>
PROPERTY AND EQUIPMENT			
Facsimile and business center equipment		998,480	974,674
Machinery and equipment		578,815	578,815
Computer equipment		144,857	144,133
Furniture and fixtures		272,937	272,937
Leasehold Improvements		311,056	303,597
Vehicles		<u>151,598</u>	<u>151,598</u>
		2,457,743	2,425,754
 Less accumulated depreciation and amortization		 <u>(1,755,966)</u>	 <u>(1,698,786)</u>
 Net property and equipment		 <u>701,777</u>	 <u>726,968</u>
 OTHER ASSETS		 <u>33,073</u>	 <u>34,923</u>
 TOTAL ASSETS		 <u>\$ 29,613,785</u>	 <u>\$ 29,864,617</u>

ZUNICOM, INC. AND SUBSIDIARIES
UNAUDITED CONSOLIDATED BALANCE SHEETS - Continued

LIABILITIES AND STOCKHOLDERS' EQUITY

	<u>March 31,</u> <u>2006</u>	<u>December 31,</u> <u>2005</u>
CURRENT LIABILITIES		
Line of credit	\$ 11,795,888	\$ 9,261,435
Current portion of notes payable - related party	-	217,128
Current portion of long-term debt	21,260	20,968
Accounts payable	9,070,136	12,632,315
Accrued liabilities	667,488	311,957
Other current liabilities	<u>55,497</u>	<u>51,837</u>
 Total current liabilities	 <u>21,610,269</u>	 <u>22,495,640</u>
 LONG-TERM DEBT, less current portion	 19,913	 25,339
DEFERRED RENT, less current portion	206,892	210,512
 STOCKHOLDERS' EQUITY		
Preferred stock - \$1.00 par value, 1,000,000 shares authorized; 86,988 and 88,988 Class A Shares issued and out- standing; liquidation preference of \$456,687 as of March 31, 2006	86,988	88,988
Common stock - \$0.01 par value; 50,000,000 shares authorized; 8,622,012 and 8,614,750 shares issued and out- standing	86,220	86,148
Common stock pending issuance(250,000 shares)	2,500	-
Additional paid-in capital	14,792,066	14,601,331
Accumulated deficit	<u>(7,191,063)</u>	<u>(7,643,341)</u>
 Total stockholders' equity	 <u>7,776,711</u>	 <u>7,133,126</u>
 TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	 <u>\$ 29,613,785</u>	 <u>\$ 29,864,617</u>

ZUNICOM, INC. AND SUBSIDIARIES
 UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS
 For the Three Months Ended March 31, 2006 and 2005

	<u>2006</u>	<u>2005</u>
REVENUES		
Sales	\$ 20,740,624	\$ 17,402,572
Service revenue	<u>456,597</u>	<u>425,827</u>
	21,197,221	17,828,399
COST OF REVENUES		
Cost of goods sold	17,810,005	15,257,378
Direct servicing costs	<u>140,490</u>	<u>115,184</u>
	<u>17,950,495</u>	<u>15,372,562</u>
GROSS PROFIT	3,246,726	2,455,837
OPERATING EXPENSES		
Selling, general and administrative	2,516,139	1,985,072
Depreciation and amortization of property and equipment	<u>75,827</u>	<u>83,784</u>
	<u>2,591,966</u>	<u>2,068,856</u>
INCOME FROM OPERATIONS	654,760	386,981
OTHER EXPENSES		
Interest expense (including \$7,890 and \$43,131 to related parties)	(189,773)	(141,089)
Other, net	<u>(3,902)</u>	<u>(3,626)</u>
	<u>(193,675)</u>	<u>(144,715)</u>
INCOME BEFORE PROVISION FOR INCOME TAXES	<u>461,085</u>	<u>242,266</u>
PROVISION FOR INCOME TAXES	<u>-</u>	<u>-</u>
NET INCOME	<u>\$ 461,085</u>	<u>\$ 242,266</u>
Net income attributable to common stockholders	<u>\$ 452,278</u>	<u>\$ 232,085</u>
Net income per share attributable to common stockholders		
Basic	<u>\$ 0.05</u>	<u>\$ 0.03</u>
Diluted	<u>\$ 0.05</u>	<u>\$ 0.03</u>
Number of weighted average shares of common stock outstanding		
Basic	<u>8,718,896</u>	<u>8,516,186</u>
Diluted	<u>9,518,023</u>	<u>9,168,261</u>