



## ZUNICOM, INC. ANNOUNCES RESULTS FOR SECOND QUARTER 2005

**CARROLLTON, TX – (Business Wire) – August 16, 2005** – Zunicom, Inc. (OTCBB:ZNCM), parent company to Universal Power Group, Inc. and AlphaNet Hospitality Systems, Inc., today announced its financial results for the three and six-month periods, ended June 30, 2005.

### **Financial highlights for the Three-Month Period Ended June 30, 2005 Compared to Three-Month Period Ended June 30, 2004:**

- Consolidated revenues increased 26% to \$20,955,916 from \$16,692,334;
- Combined net income attributable to common shareholders was \$474,689, or \$0.06 basic and \$0.05 diluted income per share compared to net loss attributable to common shareholders of \$380,595, or \$0.05 basic and diluted loss per share;
- Revenue contribution from Universal Power Group was \$20,446,237, a 26% increase over \$16,167,901; and
- AlphaNet's revenues decreased 3% to \$509,679 from \$524,433. The decrease is attributable to the continued decline in usage of the InnFax product due to de-installations of Innfax product from hotel properties. This has been partially offset by the installation and usage of "The Office" product.

### **Financial highlights for the Six-Month Period Ended June 30, 2005 Compared to Six-Month Period Ended June 30, 2004:**

- Consolidated revenues increased 24% to \$38,784,314 from \$31,309,962;
- Combined net income attributable to common shareholders was \$706,774, or \$0.08 basic and diluted income per share, compared to net loss attributable to common shareholders of \$761,328, or \$0.09 basic and diluted loss per share;
- Universal Power Group's revenues increased 25% to \$37,848,809 from \$30,243,565; and
- AlphaNet's revenues decreased 12% to \$935,505 from \$1,066,397.

"We are pleased to see continued growth of Universal's business with Brink's Home Security," said Ian Edmonds, Zunicom Executive Vice President. "Additionally, we are beginning to see results of our cost-cutting efforts from renegotiation of freight costs, close monitoring of raw material costs, and diversification in the sales of various product lines including 12-volt automotive accessories, battery chargers and security products. Our focus is to manage and create a balance between protecting and improving our bottom line, and continuing to enhance the value of our products and services for our customers", stated Ian Edmonds.

Universal's President & CEO, Randy Hardin added, "Universal continues to aggressively expand its product offerings to include exclusive distribution rights to certain patented products, portable powered consumer and security products. Since gaining entry into mass retail marketers, including two of the Nation's leading sporting goods retailers – Cabela's and Academy Sports & Outdoors, Universal continues to pursue other large automotive retailers. We are now also shipping to United Kingdom and Australia and plan to continue to expand our channels globally. We are most excited about our plans to expand our distribution and anticipate opening up several more distribution centers in the very near future."



Edmonds continued, "On the AlphaNet front, as of the end of the second quarter, we have further reduced the remaining principal balance owed on notes payable from \$675,128 to \$525,128," added Edmonds. "We anticipate retiring this indebtedness in the near future. AlphaNet continues to install *The Office* unattended business center product line at a variety of hotel brands including Hilton where AlphaNet enjoys preferred vendor status. Recent contracts include the prestigious Waldorf Astoria in New York City where 3 full systems will be operational at the end of August. Other Hilton hotels are coming on-line at a fast pace as part of the Hilton directive to have business centers available at all Hilton branded properties."

**About Zunicom, Inc.**

Headquartered in Carrollton, Texas, Zunicom ([www.zunicom.com](http://www.zunicom.com)) manages two wholly owned subsidiaries, Universal Power Group, Inc. and AlphaNet Hospitality Systems, Inc. The Zunicom Group of Companies currently has approximately 70 employees.

Zunicom's operations through Universal Power Group ([www.universalspowergroup.com](http://www.universalspowergroup.com)) encompass the importation, sale and distribution of portable power and related portable-powered products packaged with third-party fulfillment, procurement and logistics support services to multiple industries including medical, security, mobility, consumer, industrial and more. Universal is one of the leading distributors of sealed lead acid batteries in the nation, and Universal's products are sold to original equipment manufacturers (OEMs) and distributors for use in the manufacture and sale of high-technology products such as computers, oil field equipment, medical instrumentation, uninterruptible power supply systems and security equipment. Universal also provides value-added custom battery pack assembly and custom kitting services. Some of Universal's customers include Brink's Home Security, Home Depot Supply, Radio Shack, The Scooter Store, Cabela's, Academy and Pride Mobility.

Zunicom's operations through AlphaNet ([www.alphanet.net](http://www.alphanet.net)) consist of the sale of business communication, productivity, connectivity and wireless internet solutions to the hospitality industry through licensing agreements. AlphaNet's product offerings include The InnRoom Business Center™, a private in-room facsimile and printing service, and The Office™, a 24-hour unattended self-serve credit card activated hotel business center providing hotel guests with 24-hour convenient access to various business office services. Laptop Connect™ allows hotel guests the ability to connect their laptops to high-speed internet access points located within the hotel by connecting a supplied cable. Laptop Connect™ also offers a hotspot for users wishing to access the internet through the wireless network feature on their laptop. Similarly, AlphaNet's WaveLan™ solution essentially enables hotels to provide their guests with public area wireless internet access in any number of locations including lobbies, meeting rooms, lounges, bars and restaurants.

**FINANCIAL CHARTS TO FOLLOW**

**ZUNICOM, INC. AND SUBSIDIARIES CONSOLIDATED BALANCE SHEETS**  
(Unaudited)

<u>ASSETS</u>	June 30, 2005 ----	December 31, 2004 ----
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 493,262	\$ 458,068
Accounts receivable - trade, net of allowance for doubtful accounts of \$268,447 and \$249,447	9,155,330	7,422,351
Accounts receivable - other	21,093	248,768
Inventories - finished goods, net of allowance for obsolescence of \$210,715 and \$263,313	13,704,701	13,290,974
Prepaid expenses and other current assets	592,883	480,466
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Total current assets	23,967,269	21,900,627
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<b>PROPERTY AND EQUIPMENT, NET</b>	655,539	682,748
<b>OTHER ASSETS</b>	37,647	37,647
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<b>TOTAL ASSETS</b>	<b>\$ 24,660,455</b>	<b>\$ 22,621,022</b>
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<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>		
<b>CURRENT LIABILITIES</b>		
Line of credit	\$ 9,675,547	\$ 8,526,903
Current portion of notes payable - related party	525,128	-
Current portion of long-term debt	20,395	20,977
Accounts payable	4,028,639	5,318,797
Accrued liabilities	4,017,075	2,211,741
Other current liabilities	36,697	49,101
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Total current liabilities	18,303,481	16,127,519
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NOTES PAYABLE - RELATED PARTY, less current portion	-	860,128
LONG-TERM DEBT, less current portion	35,968	46,307
DEFERRED RENT, less current portion	229,999	221,942
<b>STOCKHOLDERS' EQUITY</b>		
Preferred stock - \$1.00 par value, 1,000,000 shares authorized; 103,888 and 104,588 Class A Shares issued and outstanding; liquidation preference of \$545,412 as of June 30, 2005	103,888	104,588
Common stock - \$0.01 par value; 50,000,000 shares authorized; 8,535,952 and 8,512,048 shares issued and outstanding	85,359	85,120
Additional paid-in capital	14,540,983	14,521,415
Accumulated deficit	(8,639,223)	(9,345,997)
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Total stockholders' equity	6,091,007	5,365,126
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<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$ 24,660,455</b>	<b>\$ 22,621,022</b>
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**ZUNICOM, INC. AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF OPERATIONS**  
**For the Three and Six Months Ended June 30, 2005 and 2004**  
**(Unaudited)**

	For the three months ended		For the six months ended	
	June 30,		June 30,	
	2005	2004	2005	2004
REVENUES				
Sales	\$ 20,446,237	\$ 16,167,901	\$ 37,848,809	\$ 30,243,565
Service revenue	509,679	524,433	935,505	1,066,397
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	20,955,916	16,692,334	38,784,314	31,309,962
COST OF REVENUES				
Cost of goods sold	17,833,911	14,138,271	33,091,289	26,266,038
Direct servicing costs	113,122	125,318	228,306	263,003
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	17,947,033	14,263,589	33,319,595	26,529,041
GROSS PROFIT	-----	-----	-----	-----
	3,008,883	2,428,745	5,464,719	4,780,921
OPERATING EXPENSES				
Selling, general and administrative	2,284,341	2,136,108	4,267,833	4,376,719
Depreciation and amortization of property and equipment	76,797	147,201	160,582	329,984
Write off of property and equipment	2,625	356,833	4,206	507,990
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	2,363,763	2,640,142	4,432,621	5,214,693
INCOME (LOSS) FROM OPERATIONS	-----	-----	-----	-----
	645,120	(211,397)	1,032,098	(433,772)
OTHER EXPENSES				
Interest expense (including \$33,098, \$39,173, \$76,229 and \$87,613 to related parties)	(155,384)	(151,640)	(296,471)	(293,164)
Other, net	(6,121)	(7,761)	(9,746)	(12,944)
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	(161,505)	(159,401)	(306,217)	(306,108)
INCOME (LOSS) BEFORE PROVISION FOR INCOME TAXES	-----	-----	-----	-----
PROVISION FOR INCOME TAXES	483,615	(370,798)	725,881	(739,880)
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NET INCOME (LOSS)	\$ 483,615	\$ (370,798)	\$ 725,881	\$ (739,880)
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Net income (loss) attributable to common stockholders	\$ 474,689	\$ (380,595)	\$ 706,774	\$ (761,328)
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Net income (loss) per share attributable to common stockholders				
Basic	\$ 0.06	\$ (0.05)	\$ 0.08	\$ (0.09)
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Diluted	\$ 0.05	\$ (0.05)	\$ 0.08	\$ (0.09)
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Number of weighted average shares of common stock outstanding				
Basic	8,528,281	8,454,924	8,522,211	8,450,041
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Diluted	9,122,041	8,454,924	9,046,399	8,450,041
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*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 "Forward-Looking Statements" in the company's annual report on Form 10-K for the year ended December 31, 2004 and accordingly, should be read in conjunction with the company's SEC filings.*

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