



## ZUNICOM, INC. ANNOUNCES RESULTS FOR SECOND QUARTER 2006

**CARROLLTON, TX – (Business Wire) – August 14, 2006** – Zunicom, Inc. (OTCBB:ZNCM), parent company to Universal Power Group, Inc. (“UPG”) and AlphaNet Hospitality Systems, Inc. (“AlphaNet”), today announced its financial results for the three and six-month periods, ended June 30, 2006.

### **Financial highlights for the Three-Month Period Ended June 30, 2006 Compared to the Three-Month Period Ended June 30, 2005:**

- Consolidated revenues increased 14% or \$3,000,795 to \$23,956,711 in the 2006 period from \$20,955,916 in the 2005 period.
- Combined net income attributable to common shareholders for the 2006 period was \$613,118, or \$0.07 basic and \$0.06 diluted income per share compared to \$474,689, or \$0.06 basic and \$0.05 diluted income per share attributable to common shareholders for the comparable 2005 period.
- Revenue contribution from UPG in the 2006 period was \$23,505,352, a 15% increase over the 2005 contribution of \$20,446,237. The increase is mainly attributable to increased sales of battery, battery related and battery powered products, sales to new customers, sales to existing accounts and sales to an existing security and third party logistics account.
- AlphaNet’s revenues decreased 11% to \$451,359 in the 2006 from \$509,679 in the 2005 period. The decrease is attributable to the continued decline in customer usage of the InnFax™ product due to de-installations of Innfax™ product from hotel properties, and a higher percentage of revenue sharing with hotels on 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 16% to \$45,153,932 in the 2006 period from \$38,784,314 in the 2005 period.
- Combined net income attributable to common shareholders for the 2006 period was \$1,065,396, or \$0.12 basic and \$0.11 diluted income per share, compared to net income attributable to common shareholders for the 2005 period of \$706,774, or \$0.08 basic and diluted income per share.
- UPG’s revenues in the 2006 period increased 17% to \$44,245,976 from \$37,848,809 in the 2005 period.
- AlphaNet’s revenues decreased 3% to \$907,956 in the 2006 period from \$935,505 in the 2005 period.

“We are pleased to see continued growth in UPG’s overall business in the sale of batteries, and related portable power products to existing and new accounts,” said Ian Edmonds, Zunicom’s Executive Vice President. “Many facets of AlphaNet’s performance have been affected by transitions in our marketplace. However, the AlphaNet team continues to pursue business alliances through direct marketing efforts.”



**About Zunicom, Inc.**

Zunicom, Inc. ([www.zunicom.com](http://www.zunicom.com)) through its wholly owned subsidiary, Universal Power Group, Inc ([www.upgi.com](http://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](http://www.alphanet.net)), provide 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:**  
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**ZUNICOM, INC. AND SUBSIDIARIES UNAUDITED CONSOLIDATED BALANCE SHEETS**

**ASSETS**

	June 30, 2006	December 31, 2005
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<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 1,656,943	\$ 731,626
Accounts receivable - trade, net of allowance for doubtful accounts of \$238,891 and \$226,931	9,794,152	8,446,086
Accounts receivable - other	146,394	114,802
Inventories - finished goods, net of allowance for obsolescence of \$248,663 and \$158,663	17,073,494	19,144,410
Prepaid expenses and other current assets	437,265	665,802
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Total current assets	29,108,248	29,102,726
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<b>PROPERTY AND EQUIPMENT</b>		
Facsimile and business center equipment	980,890	974,674
Machinery and equipment	585,231	578,815
Computer equipment	145,454	144,133
Furniture and fixtures	313,910	272,937
Leasehold improvements	311,056	303,597
Vehicles	151,598	151,598
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	2,488,139	2,425,754
Less accumulated depreciation and amortization	(1,776,893)	(1,698,786)
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Net property and equipment	711,246	726,968
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<b>OTHER ASSETS</b>	33,073	34,923
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<b>TOTAL ASSETS</b>	\$ 29,852,567	\$ 29,864,617
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**ZUNICOM, INC. AND SUBSIDIARIES UNAUDITED CONSOLIDATED BALANCE SHEETS**  
(Continued)

LIABILITIES AND STOCKHOLDERS' EQUITY	June 30, 2006	December 31, 2005
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<b>CURRENT LIABILITIES</b>		
Line of credit	\$ 12,673,963	\$ 9,261,435
Notes payable - related party	-	217,128
Current portion of long-term debt	21,557	20,968
Accounts payable	7,691,607	12,632,315
Accrued liabilities	801,207	311,957
Other current liabilities	55,496	51,837
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Total current liabilities	21,243,830	22,495,640
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LONG-TERM DEBT, less current portion	14,411	25,339
DEFERRED RENT, less current portion	196,849	210,512
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<b>STOCKHOLDERS' EQUITY</b>		
Preferred stock - \$1.00 par value, 1,000,000 shares authorized; 86,988 and 88,988 Class A Preferred Shares issued and outstanding; liquidation preference of \$456,687 as of June 30, 2006	86,988	88,988
Common stock - \$0.01 par value; 50,000,000 shares authorized; 8,627,466 and 8,614,750 shares issued and out- standing	86,275	86,148
Common stock pending issuance (250,000 shares)	2,500	-
Additional paid-in capital	14,799,659	14,601,331
Accumulated deficit	(6,577,945)	(7,643,341)
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Total stockholders' equity	8,397,477	7,133,126
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<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$ 29,852,567</b>	<b>\$ 29,864,617</b>
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**ZUNICOM, INC. AND SUBSIDIARIES UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS**  
**For the Three and Six Months Ended June 30, 2006 and 2005**

	For the three months ended		For the six months ended	
	June 30,		June 30,	
	2006	2005	2006	2005
<b>REVENUES</b>				
Sales	\$ 23,505,352	\$ 20,446,237	\$ 44,245,976	\$ 37,848,809
Service revenue	451,359	509,679	907,956	935,505
	23,956,711	20,955,916	45,153,932	38,784,314
<b>COST OF REVENUES</b>				
Cost of goods sold	20,236,163	17,833,911	38,046,168	33,091,289
Direct servicing costs	145,782	113,122	286,272	228,306
	20,381,945	17,947,033	38,332,440	33,319,595
<b>GROSS PROFIT</b>	3,574,766	3,008,883	6,821,492	5,464,719
<b>OPERATING EXPENSES</b>				
Selling, general and administrative	2,662,620	2,286,966	5,178,759	4,272,039
Depreciation and amortization of property and equipment	77,264	76,797	153,091	160,582
	2,739,884	2,363,763	5,331,850	4,432,621
<b>INCOME FROM OPERATIONS</b>	834,882	645,120	1,489,642	1,032,098
<b>OTHER INCOME (EXPENSES)</b>				
Interest expense (including \$0, \$33,098, \$8,293 and \$76,229 to related parties)	(221,448)	(155,384)	(411,221)	(296,471)
Other, net	7,332	(6,121)	3,430	(9,746)
	(214,116)	(161,505)	(407,791)	(306,217)
<b>INCOME BEFORE PROVISION FOR INCOME TAXES</b>	620,766	483,615	1,081,851	725,881
<b>PROVISION FOR INCOME TAXES</b>	-	-	-	-
<b>NET INCOME</b>	\$ 620,766	\$ 483,615	\$ 1,081,851	\$ 725,881
<b>Net income attributable to common stockholders</b>	\$ 613,118	\$ 474,689	\$ 1,065,396	\$ 706,774

**ZUNICOM, INC. AND SUBSIDIARIES UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS**  
**For the Three and Six Months Ended June 30, 2006 and 2005**  
**(Continued)**

	For the three months ended		For the six months ended	
	June 30,		June 30,	
	2006	2005	2006	2005
Net income per share attributable to common stockholders				
Basic	\$ 0.07	\$ 0.06	\$ 0.12	\$ 0.08
	=====	=====	=====	=====
Diluted	\$ 0.06	\$ 0.05	\$ 0.11	\$ 0.08
	=====	=====	=====	=====
Number of weighted average shares of common stock outstanding				
Basic	8,873,836	8,528,281	8,796,784	8,522,211
	=====	=====	=====	=====
Diluted	9,486,343	9,122,041	9,616,341	9,046,399
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