

# ZUNICOM

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## ZUNICOM, INC. REPORTS RECORD REVENUE & NET INCOME FOR FISCAL YEAR 2005

### *UPG Posts Growth In Revenues and Profitability*

**CARROLLTON, TX – (PR NEWSWIRE) – March 31, 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 year ended December 31, 2005.

#### **Financial highlights for 2005:**

- Consolidated revenues for 2005 increased from last year by \$13,943,728 or 20% to \$83,090,788.
- Consolidated net income attributable to common stockholders for 2005 was \$1,702,656, or \$0.20 per basic share, and \$0.16 per diluted share, compared to a net loss of \$389,567, or \$0.05 per basic and diluted share, for 2004.

#### **UPG**

- UPG had revenues of \$81,275,175 in 2005 compared to \$67,159,545 in 2004 --- an increase of 21%.
- UPG’s 2005 segment income (before any allocation of corporate expenses) increased to \$2,428,126 compared to \$1,184,793 in 2004.

#### **AlphaNet**

- AlphaNet had revenues of \$1,815,613 in 2005 compared to \$1,987,515 in 2004 --- a decrease of 9%.
- Net segment losses (before any allocation of corporate expenses) for 2005 for AlphaNet were \$145,095 compared to \$1,019,215 in 2004 (which included a write-off of certain assets of \$639,947).

Ian Edmonds, Executive Vice President of Zunicom, stated, “Our focus in 2005 was to reverse our weak performance in 2004, and we are pleased to have achieved that goal. Our dedicated efforts have enabled us to post our highest revenue and net income numbers in the history of the group. However, as raw material costs continue to increase, surpassing record highs, we are continuing to closely monitor our costs, and look to make adjustments as necessary and where possible.”

Edmonds further stated, “We are pleased that UPG’s 2005 performance improved significantly compared to 2004. This has been brought about by effective management of costs, and increases in revenues from sales efforts and product diversification. UPG continues to make strides in positioning its own brands in the marketplace. We anticipate continued growth with UPG as the UPG team continues to further pursue supply chain management opportunities in the portable power products sector and related, synergistic business opportunities.”

“We recently retired AlphaNet’s remaining indebtedness of \$217,128 from a \$2,525,000 loan that was made in conjunction with Zunicom’s acquisition of AlphaNet. AlphaNet continues to install The Office™, its



unattended business center product, with emphasis on the high end hotel market, as well as offering simpler products that address Internet/printing needs, targeted towards mid-market properties. AlphaNet's team continues to pursue business alliances, and through direct marketing efforts, AlphaNet expects to enhance its position in the relatively untapped Canadian hotel market," added Edmonds.

**FINANCIAL CHARTS TO FOLLOW**

**ZUNICOM, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
**YEARS ENDED DECEMBER 31, 2005, 2004 AND 2003**

	<u>YEARS' ENDED DECEMBER 31</u>		
	<u>2005</u>	<u>2004</u>	<u>2003</u>
REVENUES			
Sales	\$ 81,275,175	\$ 67,159,545	\$ 58,669,741
Service revenue	<u>1,815,613</u>	<u>1,987,515</u>	<u>2,452,562</u>
	83,090,788	69,147,060	61,122,303
COST OF REVENUES			
Cost of goods sold	70,960,235	58,355,712	49,564,588
Direct servicing costs	<u>481,385</u>	<u>489,045</u>	<u>707,186</u>
	<u>71,441,620</u>	<u>58,844,757</u>	<u>50,271,774</u>
GROSS PROFIT	11,649,168	10,302,303	10,850,529
OPERATING EXPENSES			
Selling, general and administrative	8,969,562	8,740,380	8,279,223
Depreciation and amortization of property and equipment	305,959	570,570	721,291
Write off of property and equipment	<u>5,311</u>	<u>665,856</u>	<u>559,448</u>
	<u>9,280,832</u>	<u>9,976,806</u>	<u>9,559,962</u>
INCOME FROM OPERATIONS	2,368,336	325,497	1,290,567
OTHER EXPENSES			
Interest expense, related parties	(143,753)	(177,390)	(301,725)
Interest expense, other	(475,621)	(455,360)	(310,505)
Other, net	<u>(9,087)</u>	<u>(40,787)</u>	<u>131,255</u>
	<u>(628,461)</u>	<u>(673,537)</u>	<u>(480,975)</u>
INCOME (LOSS) BEFORE PROVISION FOR INCOME TAXES	<u>1,739,875</u>	<u>(348,040)</u>	<u>809,592</u>
PROVISION FOR INCOME TAXES	<u>-</u>	<u>-</u>	<u>-</u>
NET INCOME (LOSS)	<u>\$ 1,739,875</u>	<u>\$ (348,040)</u>	<u>\$ 809,592</u>
Net income (loss) attributable to common stockholders	<u>\$ 1,702,656</u>	<u>\$ (389,567)</u>	<u>\$ 768,077</u>
Net income (loss) per share attributable to common stockholders			
Basic	<u>\$ 0.20</u>	<u>\$ (0.05)</u>	<u>\$ 0.09</u>
Diluted	<u>\$ 0.16</u>	<u>\$ (0.05)</u>	<u>\$ 0.09</u>
Number of weighted average shares of common stock outstanding			
Basic	<u>8,540,701</u>	<u>8,463,023</u>	<u>8,407,680</u>
Diluted	<u>10,643,561</u>	<u>8,463,023</u>	<u>8,640,584</u>

## SUMMARIZED QUARTERLY DATA (Unaudited)

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total
<b>2005</b>					
Revenues	\$17,828,398	\$ 20,955,916	\$22,567,876	\$ 21,738,598	\$83,090,788
Gross profit	2,455,836	3,008,883	3,337,732	2,846,717	11,649,168
Income from operations	386,981	645,120	913,775	422,460	2,368,336
Net income	242,266	483,615	756,748	257,246	1,739,875
Net income attributable to common stockholders	232,085	474,689	747,008	248,874	1,702,656
Weighted average shares:					
Basic	8,516,186	8,528,281	8,538,081	8,551,785	8,540,701
Diluted	9,168,261	9,122,041	10,674,298	9,882,728	10,643,561
Income per share attributable to common stockholders:					
Basic	0.03	0.06	0.09	0.03	0.20
Diluted	0.03	0.05	0.07	0.03	0.16
<b>2004</b>					
Revenues	\$14,617,628	\$16,692,334	\$18,676,338	\$19,160,760	\$69,147,060
Gross profit	2,352,176	2,428,745	2,610,158	2,911,224	10,302,303
Income (loss) from operations	(222,375)	(211,397)	358,321	400,948	325,497
Net income (loss)	(369,082)	(370,798)	180,831	211,009	(348,040)
Net income (loss) attributable to common stockholders	(380,733)	(380,595)	170,552	201,209	(389,567)
Weighted average shares:					
Basic	8,445,157	8,454,924	8,466,425	8,485,193	8,463,023
Diluted	8,445,157	8,454,924	8,727,024	8,485,193	8,643,023
Income (loss) per share attributable to common stockholders:					
Basic	(0.05)	(0.05)	0.02	0.02	(0.05)
Diluted	(0.05)	(0.05)	0.02	0.02	(0.05)

(1) Net income from operations for the fourth quarter of 2004 includes the write-off of certain revenue assets totaling \$639,947, for which ownership of the facsimile equipment was transferred to our customers during 2004, and accordingly written off.

**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)), 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.*

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