

P & F INDUSTRIES, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(In Thousands \$)	<u>March 31, 2017</u> (Unaudited)	<u>December 31, 2016</u> (Audited)
<u>Assets</u>		
Cash	\$ 1,413	\$ 3,699
Accounts receivable - net	8,628	7,906
Inventories	20,243	19,901
Prepaid expenses and other current assets	<u>3,197</u>	<u>3,030</u>
Total current assets	<u>33,481</u>	<u>34,536</u>
Net property and equipment	7,001	7,089
Goodwill	3,899	3,897
Other intangible assets - net	6,407	6,606
Deferred income taxes - net	1,863	1,793
Other assets – net	103	130
Total assets	<u>\$ 52,754</u>	<u>\$ 54,051</u>
<u>Liabilities and Shareholders' Equity</u>		
Short-term borrowings	\$ ---	\$ ---
Accounts payable	2,458	2,398
Accrued compensation and benefits	654	1,733
Accrued other liabilities	1,952	2,019
Current maturities of long-term debt	<u>8</u>	<u>13</u>
Total current liabilities	<u>5,072</u>	<u>6,163</u>
Long-term debt, less current maturities	89	88
Other liabilities	<u>205</u>	<u>210</u>
Total liabilities	<u>5,366</u>	<u>6,461</u>
Total shareholders' equity	<u>47,388</u>	<u>47,590</u>
Total liabilities and shareholders' equity	<u>\$ 52,754</u>	<u>\$ 54,051</u>

P & F INDUSTRIES, INC. AND SUBSIDIARIES**CONSOLIDATED STATEMENTS OF (LOSS)
INCOME (Unaudited)**

Three Months Ended March 31,

(In Thousand \$)	<u>2017</u>	<u>2016</u>
Net revenue	\$ 13,216	\$ 14,499
Cost of sales	<u>8,243</u>	<u>9,283</u>
Gross profit	4,973	5,216
Selling, general and administrative expenses	<u>5,047</u>	<u>5,019</u>
Operating (loss) income	(74)	197
Other income -net	---	14
Interest expense	<u>(10)</u>	<u>(102)</u>
(Loss) income from continuing operations before income taxes	(84)	109
Income tax (benefit) expense	<u>(24)</u>	<u>43</u>
(Loss) income from continuing operations	<u>(60)</u>	<u>66</u>
Net income from discontinued operations, net of tax of \$-0- and \$38, for the three-month periods ended March 31, 2017 and 2016.	---	72
Gain on sale of discontinued operations, net of tax benefits of \$-0- and \$141 for the three-month periods ended March 31, 2017 and 2016.	<u>-</u>	<u>12,185</u>
Net income from discontinued operations, net of tax	<u>---</u>	<u>12,257</u>
Net (loss) income	<u>\$ (60)</u>	<u>\$ 12,323</u>

P&F INDUSTRIES INC. AND SUBSIDIARIES**(LOSS) EARNINGS PER SHARE (Unaudited)**

	<u>Three Months Ended</u>	
	<u>March 31,</u>	
	<u>2017</u>	<u>2016</u>
Basic (loss) earnings per share		
Continuing operations	\$ (0.02)	\$ 0.02
Discontinued operations	<u>---</u>	<u>3.40</u>
Net (loss) income	<u>\$ (0.02)</u>	<u>\$ 3.42</u>
Diluted (loss) earnings per share		
Continuing operations	\$ (0.02)	\$ 0.02
Discontinued operations	<u>---</u>	<u>3.24</u>
Net (loss) income	<u>\$ (0.02)</u>	<u>\$ 3.26</u>

P & F INDUSTRIES, INC. AND SUBSIDIARIES
NON-GAAP FINANCIAL MEASURE AND RECONCILIATION

COMPUTATION OF (EBITDA) - EARNINGS BEFORE
INTEREST, TAXES, DEPRECIATION, AND AMORIZATION
FROM CONTINUING OPERATIONS

(Unaudited)

(In Thousands \$)	For the Three-Months Ended	
	March 31,	
	<u>2017</u>	<u>2016</u>
Net (loss) income from continuing operations	\$ (60)	\$ 66
Add:		
Depreciation and amortization	525	717
Interest expense	10	102
(Benefit) provision for income taxes	<u>(24)</u>	<u>43</u>
EBITDA (1)	<u>\$ 451</u>	<u>\$ 928</u>

(1) The Company discloses a tabular comparison of EBITDA, which is a non-GAAP measure because it is instrumental in comparing the results from period to period. The Company's management believes that the comparison of EBITDA provides greater insight into the Company's results of operations for the periods presented. EBITDA should not be considered in isolation or as a substitute for operating income as reported on the face of our statement of operations.

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