



P & F INDUSTRIES, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(In Thousands \$)	<u>June 30, 2017</u> <u>(Unaudited)</u>	<u>December 31, 2016</u> <u>(Audited)</u>
<u>Assets</u>		
Cash	\$ 1,269	\$ 3,699
Accounts receivable - net	9,781	7,906
Inventories	20,124	19,901
Prepaid expenses and other current assets	2,880	3,030
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Total current assets	34,054	34,536
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Net property and equipment	9,044	7,089
Goodwill	4,425	3,897
Other intangible assets - net	8,674	6,606
Deferred income taxes - net	1,812	1,793
Other assets – net	124	130
	<hr/>	<hr/>
Total assets	\$ 58,133	\$ 54,051
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<u>Liabilities and Shareholders' Equity</u>		
Short-term borrowings	\$ 4,537	\$ ---
Accounts payable	2,787	2,398
Accrued compensation and benefits	1,204	1,733
Accrued other liabilities	1,231	2,019
Current maturities of long-term debt	4	13
	<hr/>	<hr/>
Total current liabilities	9,763	6,163
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Long-term debt, less current maturities	91	88
Other liabilities	892	210
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Total liabilities	10,746	6,461
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Total shareholders' equity	47,387	47,590
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Total liabilities and shareholders' equity

\$ 58,133

\$ 54,051

P & F INDUSTRIES, INC. AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF
INCOME (LOSS) (Unaudited)**

(In Thousand \$)	<u>Three months ended June 30,</u>		<u>Six months ended June 30,</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Net revenue	\$ 15,359	\$ 15,637	\$ 28,575	\$ 30,136
Cost of sales	<u>9,937</u>	<u>10,332</u>	<u>18,180</u>	<u>19,615</u>
Gross profit	5,422	5,305	10,395	10,521
Selling, general and administrative expenses	5,366	5,154	10,413	10,173
Impairment of goodwill and other intangible assets	<u>---</u>	<u>8,311</u>	<u>---</u>	<u>8,311</u>
Operating income (loss)	56	(8,160)	(18)	(7,963)
Other income -net	(24)	(18)	(24)	(32)
Interest expense	<u>64</u>	<u>36</u>	<u>74</u>	<u>138</u>
Income (loss) before income taxes	16	(8,178)	(68)	(8,069)
Income tax benefit	<u>---</u>	<u>(2,808)</u>	<u>(24)</u>	<u>(2,765)</u>
Income (loss) from continuing operations	16	(5,370)	(44)	(5,304)
Net income from discontinued operations, net of tax of \$-0- and \$38, for the three and six-month periods ended June 30, 2016.	---	---	---	72
(Loss) gain on sale of discontinued operations, net of tax of \$-0- and \$141 for the three and six-month periods ended June 30, 2016	<u>--</u>	<u>(14)</u>	<u>--</u>	<u>12,171</u>
(Loss) income from discontinued operations, net of tax	<u>---</u>	<u>(14)</u>	<u>---</u>	<u>12,243</u>
Net income (loss)	\$ <u>16</u>	\$ <u>(5,384)</u>	\$ <u>(44)</u>	\$ <u>6,939</u>

P&F INDUSTRIES INC. AND SUBSIDIARIES

EARNINGS (LOSS) PER SHARE (Unaudited)

	<u>Three months ended June 30,</u>		<u>Six months ended June 30,</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Basic (loss) earnings per share				
Continuing operations	\$ ---	\$ (1.49)	\$ (0.01)	\$ (1.47)

Discontinued operations	---	---	---	3.40
Net (loss) income	<u>\$ ---</u>	<u>\$ (1.49)</u>	<u>\$ (0.01)</u>	<u>\$ 1.93</u>

Diluted (loss) earnings per share

Continuing operations	\$ ---	\$ (1.49)	\$ (0.01)	\$ (1.47)
Discontinued operations	---	---	---	3.40
Net (loss) income	<u>\$ ---</u>	<u>\$ (1.49)</u>	<u>\$ (0.01)</u>	<u>\$ 1.93</u>

P & F INDUSTRIES, INC. AND SUBSIDIARIES

NON-GAAP FINANCIAL MEASURE AND RECONCILIATION

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

(Unaudited)

(In Thousands \$)	For the three-month periods ended June 30,		For the six-month periods ended June 30,	
	2017	2016	2017	2016
Net income (loss) from continuing operations	\$ 16	\$ (5,370)	\$ (44)	\$ (5,304)
Add:				
Impairment of Goodwill and other intangible assets	---	8,311	---	8,311
Depreciation and amortization	564	692	1,089	1,409
Interest expense	64	36	74	138
Benefit for income taxes	---	(2,808)	(24)	(2,765)
EBITDIA (1)	<u>\$ 644</u>	<u>\$ 861</u>	<u>\$ 1,095</u>	<u>\$ 1,789</u>

- (1 The Company discloses a tabular comparison of EBITDIA, 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 EBITDIA provides greater insight into the Company's results of operations for the periods presented. EBITDIA 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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