

POINT BLANK SOLUTIONS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
(In thousands)

	For the Six Months Ended	
	June 30,	
	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Net (loss) income	\$ (3,428)	\$ 9,383
Adjustments to reconcile net (loss) income to net cash provided by operating activities:		
Depreciation and amortization	1,109	565
Amortization of deferred financing costs	59	59
Deferred income tax (benefit) expense	(6,579)	7,131
Gain on sale of fixed assets	-	(3)
Equity based compensation	511	1,715
Changes in assets and liabilities:		
Accounts receivable	12,393	19,410
Inventories	21,216	(534)
Income tax receivable	11,933	7,423
Prepaid expenses and other current assets	840	(40)
Deposits and other assets	12	(39)
Accounts payable	(9,044)	(6,227)
Accrued expenses and other current liabilities	2,955	(1,273)
Vest replacement program obligation	(1)	(109)
Income taxes payable	(285)	-
Employment tax withholding obligation	(256)	(26,059)
Other liabilities	34	(76)
Net cash provided by operating activities	<u>31,469</u>	<u>11,326</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of property and equipment	-	4
Purchases of property and equipment	(831)	(3,207)
Net cash used in investing activities	<u>(831)</u>	<u>(3,203)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Bank overdraft	(2,875)	(130)
Contributions from minority owners	-	250
Net repayment of revolving line of credit	(28,371)	(8,350)
Net proceeds from exercise of stock warrants	-	28
Net cash used in financing activities	<u>(31,246)</u>	<u>(8,202)</u>
Net decrease in cash and cash equivalents	(608)	(79)
Cash at beginning of period	1,707	213
Cash at end of period	<u>\$ 1,099</u>	<u>\$ 134</u>
Supplemental cash flow information:		
Property and equipment acquired by issuing a note payable	<u>\$ -</u>	<u>\$ 2,500</u>

See notes to condensed consolidated financial statements.