

DYNTEK, INC. AND SUBSIDIARY
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited, in thousands, except share and per share data)

	March 31, 2015	June 30, 2014
ASSETS		
CURRENT ASSETS:		
Cash	\$ 3,399	\$ 2,584
Accounts receivable, net	39,791	42,407
Work in process, net	3,691	2,940
Prepaid expenses and other current assets	1,126	404
Deferred income taxes	1,373	1,373
TOTAL CURRENT ASSETS	49,380	49,708
PROPERTY AND EQUIPMENT, net	425	272
DEFERRED FINANCING COSTS, net	170	106
DEFERRED INCOME TAXES, net	2,604	2,837
OTHER NON CURRENT ASSETS	2,729	8,466
TOTAL ASSETS	\$ 55,308	\$ 61,389
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Revolving line of credit	\$ 12,000	\$ 11,500
Accounts payable	16,328	\$ 18,699
Accrued expenses	2,385	3,376
Deferred revenue	1,324	1,398
Current portion of Notes Payable, net	8,637	6,130
TOTAL CURRENT LIABILITIES	40,674	41,103
OTHER NON CURRENT LIABILITIES	2,879	2,655
NOTES PAYABLE, net	-	7,560
TOTAL LIABILITIES	43,552	51,318
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY:		
Preferred stock, \$.0001 par value, 600,000 shares authorized; no shares issued or outstanding	-	-
Class A Common stock, \$.0001 par value, 5,400,000 shares authorized; 2,171,352 and 2,135,934 shares issued and outstanding as of March 31, 2015 and June 30, 2014 respectively	-	-
Additional paid-in capital	172,648	172,486
Accumulated deficit	(160,892)	(162,415)
TOTAL STOCKHOLDERS' EQUITY	11,756	10,071
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 55,308	\$ 61,389

DYNTEK, INC. AND SUBSIDIARY
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited, in thousands, except share and per share data)

	For the Quarter Ended March 31, 2015	For the Nine Months Ended March 31, 2015	For the Quarter Ended March 31, 2014	For the Nine Months Ended March 31, 2014
REVENUES				
Product revenues	\$ 21,260	\$ 88,079	\$ 18,642	\$ 83,315
Service revenues	8,365	25,299	8,192	23,799
TOTAL REVENUES	<u>29,625</u>	<u>113,379</u>	<u>26,834</u>	<u>107,114</u>
COST OF REVENUES				
Cost of products	18,236	74,653	15,675	69,662
Cost of services	6,919	20,725	6,258	18,961
TOTAL COST OF REVENUES	<u>25,154</u>	<u>95,378</u>	<u>21,934</u>	<u>88,624</u>
GROSS PROFIT	<u>4,470</u>	<u>18,001</u>	<u>4,901</u>	<u>18,490</u>
OPERATING EXPENSES:				
Selling	3,202	11,569	3,461	11,646
General and administrative	821	2,870	936	3,094
Depreciation and amortization	36	101	27	65
TOTAL OPERATING EXPENSES	<u>4,060</u>	<u>14,540</u>	<u>4,424</u>	<u>14,805</u>
INCOME FROM OPERATIONS	411	3,461	477	3,685
OTHER INCOME (EXPENSE):				
Interest expense	(275)	(923)	(254)	(681)
TOTAL OTHER EXPENSE	<u>(275)</u>	<u>(923)</u>	<u>(254)</u>	<u>(681)</u>
INCOME BEFORE INCOME TAXES	135	2,539	223	3,004
Income tax provision	<u>(53)</u>	<u>(1,014)</u>	<u>(17)</u>	<u>(236)</u>
NET INCOME	<u>\$ 82</u>	<u>\$ 1,525</u>	<u>\$ 206</u>	<u>\$ 2,768</u>
NET INCOME PER SHARE:				
Basic	<u>\$ 0.04</u>	<u>\$ 0.70</u>	<u>\$ 0.10</u>	<u>\$ 1.30</u>
Diluted	<u>\$ 0.04</u>	<u>\$ 0.67</u>	<u>\$ 0.09</u>	<u>\$ 1.26</u>
WEIGHTED AVERAGE NUMBER OF SHARES:				
Basic	<u>2,171,352</u>	<u>2,171,352</u>	<u>2,127,601</u>	<u>2,126,490</u>
Diluted	<u>2,277,348</u>	<u>2,266,967</u>	<u>2,216,261</u>	<u>2,188,860</u>

DYNTEK, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOW
(Unaudited, in thousands)

	For the Nine Months Ended March 31, 2015	For the Nine Months Ended March 31, 2014
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income	\$ 1,525	\$ 2,768
Adjustments to reconcile net income to net cash used by operating activities:		
Depreciation and amortization	101	66
Non-cash interest	391	452
Stock-based compensation	161	342
Deferred Income taxes	233	-
Changes in operating assets and liabilities:		
Accounts receivable	2,616	256
Work in process	(751)	(2,457)
Prepaid expenses and other current assets	(724)	128
Other non current assets	5,737	(6,316)
Accounts payable	(2,464)	4,489
Accrued expenses	(1,110)	311
Deferred revenue	(144)	(967)
Other long term liabilities	408	-
Total adjustments	4,454	(3,696)
NET CASH PROVIDED BY (USED IN) OPERATIONS	5,978	(928)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from debt financing	(5,133)	5,000
Repayment of prior line of credit	(11,500)	(5,000)
Borrowings (repayments) under new line of credit, net	12,000	-
Deferred financing costs	(22)	(31)
Principal payments	(249)	-
NET CASH USED IN FINANCING ACTIVITIES	(4,904)	(31)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	(255)	(93)
NET CASH USED IN INVESTING ACTIVITIES	(255)	(93)
NET INCREASE (DECREASE) IN OPERATING CASH	819	(1,053)
CASH AT BEGINNING OF PERIOD	2,584	2,451
CASH AT END OF PERIOD	\$ 3,399	\$ 1,399