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

	March 31, 2016	June 30, 2015
ASSETS		
CURRENT ASSETS:		
Cash	$ 2,659	$ 2,636
Accounts receivable, net	43,385	51,467
Work in process, net	5,318	6,809
Prepaid expenses and other current assets	523	1,250
Deferred income taxes	2,458	2,589
TOTAL CURRENT ASSETS	54,344	64,751
PROPERTY AND EQUIPMENT, net	427	469
DEFERRED FINANCING COSTS, net	210	151
DEFERRED INCOME TAXES, net	2,749	2,880
OTHER NON CURRENT ASSETS	6,408	5,476
TOTAL ASSETS	$ 64,138	$ 73,726
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Revolving line of credit	$ 21,500	$ 16,000
Accounts payable	19,337	27,440
Accrued expenses	3,061	3,575
Deferred revenue	1,268	1,519
Current portion of Notes Payable, net	-	7,996
TOTAL CURRENT LIABILITIES	45,166	56,529
OTHER NON CURRENT LIABILITIES	89	72
TOTAL LIABILITIES	45,255	56,601
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; 2,221,056 and 2,180,052 shares issued and outstanding as of March 31, 2016 and June 30, 2015 respectively	-	-
Additional paid-in capital	173,267	173,082
Accumulated deficit	(154,383)	(155,957)
TOTAL STOCKHOLDERS' EQUITY	18,883	17,125
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 64,138	$ 73,726

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

	For the Quarter Ended March 31, 2016	Nine Months Ended March 31, 2016	For the Quarter Ended March 31, 2015	Nine Months Ended March 31, 2015
REVENUES				
Product revenues	$ 30,525	$ 101,527	$ 21,260	$ 88,079
Service revenues	8,484	24,893	8,365	25,299
TOTAL REVENUES	39,009	126,421	29,625	113,379
COST OF REVENUES				
Cost of products	26,340	86,524	18,236	74,653
Cost of services	6,842	20,455	6,919	20,725
TOTAL COST OF REVENUES	33,182	106,980	25,154	95,378
GROSS PROFIT	5,827	19,441	4,470	18,001
OPERATING EXPENSES:				
Selling	3,900	12,663	3,202	11,569
General and administrative	954	3,087	821	2,870
Depreciation and amortization	46	134	36	101
TOTAL OPERATING EXPENSES	4,900	15,884	4,060	14,540
INCOME FROM OPERATIONS	927	3,557	411	3,461
OTHER INCOME (EXPENSE):				
Interest expense	(274)	(935)	(275)	(923)
TOTAL OTHER EXPENSE	(274)	(935)	(275)	(923)
INCOME BEFORE INCOME TAXES	653	2,622	135	2,539
Income tax provision	261	1,049	53	1,014
NET INCOME	$ 392	$ 1,573	$ 82	$ 1,525
NET INCOME PER SHARE:				
Basic	$ 0.18	$ 0.71	$ 0.04	$ 0.70
Diluted	$ 0.17	$ 0.69	$ 0.04	$ 0.67
WEIGHTED AVERAGE NUMBER OF SHARES:				
Basic	2,220,278	2,218,530	2,171,352	2,171,352
Diluted	2,324,908	2,287,723	2,277,348	2,266,967

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

	Nine Months Ended March 31, 2016	Nine Months Ended March 31, 2015
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income	$ 1,573	$ 1,525
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation and amortization	134	101
Non-cash interest	179	391
Stock-based compensation	164	161
Deferred Income taxes	262	233
Changes in operating assets and liabilities:		
Accounts receivable	8,082	2,616
Work in process	1,491	(751)
Prepaid expenses and other current assets	728	(724)
Other non current assets	(907)	5,737
Accounts payable	(8,100)	(2,464)
Accrued expenses	(497)	(1,110)
Deferred revenue	(251)	(144)
Other long term liabiliies	-	408
Total Adjustments	1,284	4,454
NET CASH PROVIDED BY OPERATIONS	**2,857**	**5,978**
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of debt financing	-	(5,133)
Repayment of prior line of credit	-	(11,500)
Borrowings under new line of credit, net	5,500	12,000
Deferred financing costs	(121)	(22)
Principal payments	(8,141)	(249)
Exercise of stock options	20	-
NET CASH USED IN FINANCING ACTIVITIES	**(2,742)**	**(4,904)**
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	(92)	(255)
NET CASH USED IN INVESTING ACTIVITIES	**(92)**	**(255)**
NET INCREASE IN OPERATING CASH	23	819
CASH AT BEGINNING OF PERIOD	2,636	2,584
CASH AT END OF PERIOD	$ 2,659	$ 3,399