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## **DynTek Announces Results for Second Fiscal Quarter 2011** *Company Achieves Increased Revenues, 122% growth in EBITDA, and Net Income in the Second Quarter*

**Newport Beach, CA – January 25, 2011 – [DynTek, Inc. \(DYNE.PK\)](#)**, a leading provider of [professional technology services](#), today announced results for its second fiscal quarter ended December 31, 2010.

DynTek reported revenues of \$23,114,000 for the second fiscal quarter ended December 31, 2010, an increase of \$4,980,000 or 27% from \$18,134,000 in the second fiscal quarter of 2010. Gross profit increased to \$4,483,000 for the second fiscal quarter ended December 31, 2010, an increase of \$663,000 from \$3,820,000 for the prior second fiscal quarter. Total operating expenses increased to \$3,575,000 during the period, compared to \$3,465,000 in the prior second fiscal quarter, but decreased over 3% as a percentage of revenues.

DynTek reported positive EBITDA of \$959,000 for the second fiscal quarter ended December 31, 2010, an improvement of \$527,000 and 122% as compared to \$432,000 for the second fiscal quarter of 2010. Net income was \$318,000 for the second fiscal quarter of 2011, an improvement of \$511,000 and 265% as compared to a loss of \$193,000 for the second fiscal quarter of 2010.

“We have achieved a momentum in the business that is being clearly manifested in our financial performance,” said Ron Ben-Yishay, DynTek’s chief executive officer. “All of our divisions have been optimized and are meeting and exceeding expectations. We are currently running at a \$100M plus revenue run rate for the fiscal year, which is a major milestone for the organization.”

### **EBITDA**

The Company defines EBITDA as net income from operations before interest, taxes, depreciation and amortization, and stock-based compensation. Other companies may calculate EBITDA differently. Although EBITDA is a widely used financial indicator of a company's ability to service debt, it is not a recognized measure for financial statement presentation under generally accepted accounting procedures (GAAP). EBITDA should not be considered in isolation or as superior or as an alternative to net income (loss) or to cash flows from operating activities as determined in accordance with GAAP. Nonetheless, the Company believes that EBITDA provides useful supplemental information for investors and others to measure operating performance, especially in situations where a company has significant non-cash operating expenses that are not indicative of core business operating results. EBITDA is widely used in the IT services industry to analyze comparable company performance, and management of the Company also uses EBITDA, in addition to GAAP information, as a measure of operating performance for assessing its business units.

### **About DynTek**

DynTek is a leading provider of professional technology services to mid-market companies, such as state and local governments, educational institutions and commercial entities in the largest IT markets nationwide. From [virtualization](#) and [cloud computing](#) to [unified communications](#) and [collaboration](#), DynTek provides professional technology solutions across the three core areas of our customers’ technical environment: [Infrastructure/Data Center](#), [Application Platforms](#) and [End Point Computing](#). DynTek’s multidisciplinary approach allows our clients to turn to a single source for their most critical technology requirements. For more information, visit <http://www.dyntek.com>.

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## **Forward Looking Statements**

*This press release contains certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, which are intended to be covered by the safe harbors created thereby. Investors are cautioned that certain statements in this press release are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 and involve known and unknown risks, uncertainties and other factors. Such uncertainties and risks include, among others, success in reaching target markets for services and products in a highly competitive market and the ability to maintain existing and attract future customers; our ability to finance and sustain operations, including our ability to comply with the terms of working capital facilities and/or other term indebtedness of DynTek, and to extend such obligations when they become due, or to replace them with alternative financing; our ability to raise equity capital in the future; our ability to achieve profitability despite historical losses from operations; our ability to maintain business relationships with IT product vendors and our ability to procure products as necessary; the size and timing of additional significant orders and their fulfillment; the continuing desire of and available budgets for state and local governments to outsource to private contractors; our ability to successfully identify and integrate acquisitions; the retention of skilled professional staff and certain key executives; the performance of DynTek's government and commercial technology services; the continuation of general economic and business conditions that are conducive to outsourcing of IT services; and such other risks and uncertainties included in our Annual Report on Form 10-K filed on October 29, 2007, our Quarterly Report on Form 10-Q filed on November 19, 2007 and other SEC filings. DynTek has no obligation to publicly revise any forward-looking statements to reflect anticipated or unanticipated events or circumstances occurring after the date of such statements.*

**DYNTEK, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
**(EBITDA presentation, Unaudited, in thousands)**

	<b>Quarter Ended December 31, 2010</b>	<b>Six Months Ended December 31, 2010</b>	<b>Quarter Ended December 31, 2009</b>	<b>Six Months Ended December 31, 2009</b>
<b>REVENUES</b>				
Product revenues	\$15,011	\$36,481	\$10,181	\$25,804
Service revenues	8,103	15,317	7,953	16,059
<b>TOTAL REVENUES</b>	<b>23,114</b>	<b>51,798</b>	<b>18,134</b>	<b>41,863</b>
<b>COST OF REVENUES</b>				
Cost of products	12,298	30,654	8,328	21,987
Cost of services	6,333	12,123	5,986	11,809
<b>TOTAL COST OF REVENUES</b>	<b>18,631</b>	<b>42,777</b>	<b>14,314</b>	<b>33,796</b>
<b>GROSS PROFIT</b>	<b>4,483</b>	<b>9,021</b>	<b>3,820</b>	<b>8,067</b>
<b>OPERATING EXPENSES</b>				
Selling	2,434	4,976	2,614	4,945
General and administrative	1,111	2,206	804	1,820
Depreciation and amortization	30	67	47	97
<b>TOTAL OPERATING EXPENSES</b>	<b>3,575</b>	<b>7,249</b>	<b>3,465</b>	<b>6,862</b>
<b>INCOME FROM OPERATIONS</b>	<b>908</b>	<b>1,772</b>	<b>355</b>	<b>1,205</b>
<b>EBITDA</b>	<b>959</b>	<b>1,878</b>	<b>432</b>	<b>1,362</b>
<b>OTHER INCOME (EXPENSE)</b>				
Interest expense	(606)	(1,055)	(511)	(1,081)
Other expense, net	-	-	(24)	(24)
<b>TOTAL OTHER EXPENSE</b>	<b>(606)</b>	<b>(1,055)</b>	<b>(535)</b>	<b>(1,105)</b>
Income tax (provision) benefit	17	(16)	-	-
<b>DISCONTINUED OPERATIONS</b>				
Loss on discontinued operations, net of tax	-	-	(13)	(11)
<b>TOTAL LOSS FROM DISCONTINUED OPERATIONS</b>	<b>-</b>	<b>-</b>	<b>(13)</b>	<b>(11)</b>
<b>NET INCOME (LOSS)</b>	<b>\$318</b>	<b>\$700</b>	<b>\$(193)</b>	<b>\$89</b>