

En Pointe Technologies, Inc. Reports Financial Results for the Second Quarter of Fiscal 2006 - Gross Profits Increase by \$1.2 Million Over Second Quarter of Fiscal 2005

Friday May 12, 5:00 pm ET

LOS ANGELES, May 12 /PRNewswire-FirstCall/ -- En Pointe Technologies, Inc. (Nasdaq: [ENPT - News](#)), a leading national provider of business-to-business information technology products, services and solutions, today announced consolidated results for its second fiscal quarter ended March 31, 2006. Total net sales in the second quarter of fiscal 2006 declined 3% to \$71.0 million as compared to the \$73.1 million reported for the second quarter of fiscal 2005. In spite of the drop in net sales, En Pointe's gross profits increased by \$1.2 million, or 16%, to \$9.2 million in the second quarter of fiscal 2006 as compared to \$8.0 million reported in the second quarter of fiscal 2005. Due to increased operating expenses, the Company experienced a net loss for the second quarter of fiscal 2006 of \$1.0 million, or \$0.15 per basic and diluted share, as compared with the net income of \$0.1 million, or \$0.01 per basic and diluted share, reported in the second quarter of fiscal 2005. For the six months ended March 31, 2006, there was a net loss of \$2.0 million, or \$0.29 per basic and diluted share, as compared with net income of \$0.4 million, or \$0.06 per basic and diluted share, reported in the comparable period of fiscal 2005.

"This was a difficult quarter for us. While our service business gave us a much appreciated boost in gross profits, the combined investment in software sales personnel along with our recent acquisitions, adversely impacted our selling and marketing expenses and our bottom line," said Bob Din, CEO of En Pointe Technologies, Inc. Mr. Din added, "In the long run, however, we believe that our investments in software marketing expertise and synergistic acquisitions will be beneficial to the Company."

"On another matter," Mr. Din announced, "during the March 2006 quarter the Company successfully agreed to settle two of its three securities litigation cases, including a class action case, that have been outstanding for more than five years. Such settlements will result in no direct cost to the Company."

During the March 2006 quarter, service gross profits and product gross profits increased by 33% and 4%, respectively, as compared with those of the March 2005 quarter. The increase in service gross profits was due, in part, to the Company's assumption of work previously being done by subcontractors that was highly profitable. Additionally, service gross profits were favorably impacted by higher gross margins on new contracts related to security services offered by employees acquired through En Pointe's recent acquisition.

For the six months ended March 31, 2006 total net sales increased 1% to \$149.7 million from \$148.3 million reported during the comparable period in the prior fiscal year. The increase in total net sales during such period resulted from increased product sales.

About En Pointe Technologies, Inc.

En Pointe Technologies, Inc. is a leading national provider of information technology products, e-business solutions and professional services to medium and large commercial customers and government and educational accounts of all sizes. A state-of-the-art e-commerce network electronically links En Pointe, via AccessPointe(TM) and its back-office business systems, to the largest distributors and manufacturers in the industry. En Pointe offers direct on-line access to several billion dollars of mainstream information technology products available in the U.S. while eliminating the risks associated with carrying significant inventory. Its flagship software AccessPointe(TM) provides En Pointe's customers with the ability to create private electronic exchanges, accessed through the Web, procurement applications or ERP systems, to efficiently manage the procurement process and allow its customers to make fully informed strategic buying decisions. En Pointe Professional Services offers value added services such as: Pre-sales consulting, Technology Planning and Management, which includes -- integration, configuration, deployment and migration, Helpdesk Support Services, Project and Program Management, and Infrastructure Support and Maintenance

En Pointe, a minority business enterprise, is represented nationally with a concentration in over 17 sales and service markets throughout the United States, as well as a value-added ISO 9001:2000 certified integration operation in Ontario, California. Please visit En Pointe at www.enpointe.com.

This document contains 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. In addition, from time to time, En Pointe Technologies, or its representatives, have made or may make forward-looking statements, orally or in writing. The words "estimate," "project," "potential," "intended," "expect," "anticipate," "believe" and similar expressions or words are intended to identify forward-looking statements. Such forward-looking statements may be included in, but are not limited to, various filings made by En Pointe with the Securities and Exchange Commission, press releases or oral statements made with the approval of an authorized executive officer of the Company. Actual results could differ materially from those projected or suggested in any forward-looking statements as a result of a wide variety of factors and conditions. Reference is hereby made to En Pointe's Annual Report on Form 10-K for the fiscal year ended September 30, 2005 for information regarding those factors and conditions. Among the important factors that could cause actual results to differ materially from management's projections, estimates and expectations include, but are not limited to: changing economic influences in the industry; dependence on key personnel; actions of manufacturers and suppliers; and availability of adequate financing.

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To contact En Pointe regarding any investor matters, please contact:

Javed Latif
 Chief Financial Officer and
 Sr. Vice President, Operations
 En Pointe Technologies, Inc.
 Phone: (310) 725-5212
 Fax: (310) 725-9786
ir@enpointe.com

To contact En Pointe regarding any sales or customer matters, please e-mail us at: sales@enpointe.com or contact us by phone at (310) 725-5200.

En Pointe Technologies, Inc.
 Condensed Consolidated Balance Sheets
 (in thousands)

| | (Unaudited) | |
|--|---------------|-------------------|
| | March 2006 | September 2005 |
| ASSETS: | | |
| Current assets: | | |
| Cash | \$7,247 | \$6,903 |
| Restricted cash | 73 | 72 |
| Accounts receivable, net | 43,929 | 40,916 |
| Inventories, net | 9,530 | 10,367 |
| Prepaid expenses and other current assets | 551 | 764 |
| Total current assets | 61,330 | 59,022 |
| Property and equipment, net of accumulated depreciation and amortization | 2,922 | 3,070 |
| Other assets | 1644 | 804 |
| Total assets | \$65,896 | \$62,896 |
| LIABILITIES AND STOCKHOLDERS' EQUITY: | | |
| Current liabilities: | | |
| Accounts payable, trade | \$16,037 | \$18,444 |

| | | |
|--|----------|----------|
| Borrowings under line of credit | 21,339 | 16,824 |
| Accrued liabilities | 5,177 | 4,344 |
| Other current liabilities | 5,511 | 3,346 |
| Total current liabilities | 48,064 | 42,958 |
| Long term liability | 554 | 584 |
| Total liabilities | 48,618 | 43,542 |
| Minority interest | 816 | 903 |
| Total stockholders' equity | 16,462 | 18,451 |
| Total liabilities and stockholders' equity | \$65,896 | \$62,896 |

En Pointe Technologies, Inc.
Condensed Consolidated Statements of Operations
(Unaudited)
(in thousands, except per share data)

| | Three months ended | | Six months ended | |
|---|--------------------|----------|------------------|-----------|
| | March 31, | | March 31, | |
| | 2006 | 2005 | 2006 | 2005 |
| Net sales: | | | | |
| Product | \$59,433 | \$60,760 | \$126,691 | \$124,657 |
| Service | 11,579 | 12,295 | 23,010 | 23,673 |
| Total net sales | 71,012 | 73,055 | 149,701 | 148,330 |
| Cost of sales: | | | | |
| Product | 54,539 | 56,063 | 117,741 | 114,991 |
| Service | 7,235 | 9,029 | 15,201 | 16,470 |
| Total cost of sales | 61,774 | 65,092 | 132,942 | 131,461 |
| Gross profit: | | | | |
| Product | 4,894 | 4,697 | 8,950 | 9,666 |
| Service | 4,344 | 3,266 | 7,809 | 7,203 |
| Total gross profit | 9,238 | 7,963 | 16,759 | 16,869 |
| Selling and marketing expenses | 7,691 | 5,930 | 13,766 | 12,281 |
| General and administrative expenses | 2,692 | 2,450 | 5,210 | 4,706 |
| Operating loss | (1,145) | (417) | (2,217) | (118) |
| Interest (income) expense, net | (54) | 3 | (61) | 99 |
| Other income, net | (20) | (371) | (35) | (484) |
| (Loss) income before income taxes and minority interest | (1,071) | (49) | (2,121) | 267 |
| (Benefit) provision for income taxes | -- | (59) | -- | 24 |
| (Loss) income before minority interest | (1,071) | 10 | (2,121) | 243 |
| Minority interest in affiliate loss | 34 | 80 | 87 | 149 |
| Net (loss) income | (\$1,037) | \$90 | (\$2,034) | \$392 |
| Net (loss) income per share: | | | | |
| Basic | (\$0.15) | \$0.01 | (\$0.29) | \$0.06 |
| Diluted | (\$0.15) | \$0.01 | (\$0.29) | \$0.06 |
| Weighted average shares outstanding: | | | | |
| Basic | 6,995 | 6,839 | 6,986 | 6,839 |
| Diluted | 6,995 | 7,175 | 6,986 | 7,108 |

Source: En Pointe Technologies, Inc.