

WidePoint Announces Financial Results for Q3

Monday, November 12, 2007

FAIRFAX, Va. — WidePoint Corporation (AMEX: WYY), a leading provider of information technology assurance and identity management services, today announced financial results for the third quarter ended September 30, 2007.

The company reported total revenue of \$4,005,000 for the quarter, an increase of 24.8% from revenue of \$3,208,000 in the third quarter of 2006. Revenue in the company's Public Key Infrastructure (PKI) credentialing and managed services segment increased 437% from \$245,000 in Q3 '06 to \$1,315,000 in Q3 '07. For the nine months ending September 30, 2007, PKI and managed services segment revenue increased 320% to \$2,810,000 from \$669,000 in the year ago period primarily as a result of federal mandates to roll out credential programs to various agencies and contractors.

Third quarter 2007 highlights include:

- WidePoint recorded its first profitable quarter during the period, earning \$178,000 or \$0.003 per diluted share, compared with a net loss of \$192,000 a year ago.
- The 437% increase in PKI revenues represented an absolute increase of \$2,141,000 over the prior year period, driving an improvement in total operating income from a loss of \$221,000 in the third quarter of 2006 to an operating gain of \$159,000 in the current period. Excluding depreciation and amortization expenses, operating income for the current quarter was \$294,000.
- The company realized strong sequential growth from the second to third quarter of 2007. Although the consulting services segment realized a slight decline in the top line during the quarter on a year over year basis due to delays in sourcing qualified personnel, revenues for the segment increased 28% from the prior quarter. The PKI and managed services segment realized 11% growth versus the prior quarter.
- Potential backlog for the quarter increased by more than \$28 million. WidePoint was awarded a number of multi-year contracts during the quarter, including agreements with Lockheed Martin and the Department of Commerce. The company also began offering its identity management and information assurance solutions to the State of California, won two federal follow-on awards and secured seven contract extension options.
- WidePoint ended the period with working capital of approximately \$3.7 million and cash and equivalents of approximately \$2.9 million.

Steve Komar, CEO of WidePoint, stated, "We continued to execute well in our PKI and managed services business during the third quarter. Our backlog expanded as we secured several new contracts, including a contract with Lockheed Martin and its Transportation Worker's team utilizing ORC's core technology. We continue to pursue numerous high-profile identity management and information assurance initiatives in the federal sector and we are laying the strategic groundwork to expand our core capabilities into several emerging state and commercial opportunities."

WidePoint CFO Jim McCubbin said, "We are pleased to report that during the quarter we witnessed continuing growth in our PKI and managed services business. This growth led to the improvements we realized in increases in our gross margins and our profitability, along with the expansion of our working capital and backlog. As we continue to grow our operations, while making the necessary capital investments in our business, we believe we can chart a course that will both secure and expand a leadership role for WidePoint within our early stage industry."

WidePoint will hold a conference call with CEO Steve Komar and senior members of the management team today at

4:30 p.m. Eastern Standard Time. The call will cover the company's third quarter results. Komar will open the call and a question-and-answer session will follow.

To participate, call (866) 225-8754 any time after 4:20 p.m. Eastern Time on November 12. International callers should dial (480) 629-9564. While in conference, if callers should experience any difficulty or require operator assistance, they can press the (*) followed by the (0) button. This will call an operator to the line.

About WidePoint

WidePoint is a leading provider of information technology assurance and identity management services to the government sector and commercial markets. WidePoint specializes in providing systems engineering, integration and information technology services. WidePoint's wholly owned subsidiary, ORC, is at the forefront of implementing government-compliant eAuthentication identity management managed services and associated systems engineering and integration. ORC has earned four major U.S. federal government certifications offering the highest levels of assurance for transactions over the Internet.

WidePoint's portfolio of customers encompasses U.S. Federal Government agencies, including the Department of Defense, the Department of Homeland Security and the Department of Justice as well as major U.S. defense contractors and several major pharmaceutical companies. For more information, visit <http://www.widepoint.com>.

An investment profile about WidePoint may be found at

<http://www.hawkassociates.com/wyprofile.aspx>.

For investor relations information regarding WidePoint, visit <http://www.hawkassociates.com> and <http://www.americanm>
<http://www.americanmicrocaps.com>, or contact Frank Hawkins or Cale Smith, Hawk Associates, at (305) 451-1888, e-mail: info@hawkassociates.com. To receive these releases via e-mail, subscribe at <http://www.hawkassociates.com/ema>
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Safe-Harbor Statement under the Private Securities Litigation Reform Act of 1995: This press release may contain forward-looking information within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended (the Exchange Act), including all statements that are not statements of historical fact regarding the intent, belief or current expectations of the company, its directors or its officers with respect to, among other things: (i) the company's financing plans; (ii) trends affecting the company's financial condition or results of operations; (iii) the company's growth strategy and operating strategy; (iv) the declaration and payment of dividends; and (v) the risk factors disclosed in the Company's periodic reports filed with the SEC. The words "may," "would," "will," "expect," "estimate," "anticipate," "believe," "intend" and similar expressions and variations thereof are intended to identify forward-looking statements. Investors are cautioned that any such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, many of which are beyond the company's ability to control, and that actual results may differ materially from those projected in the forward-looking statements as a result of various factors including the risk factors disclosed in the company's Forms 10-K and 10-Q filed with the SEC.

WIDEPOINT CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

	Sep 30, 2007	Dec 31, 2006

Assets	(unaudited)	
Current assets:		
Cash and cash equivalents	\$ 2,861,982	\$ 2,774,813
Accounts receivable	3,682,709	6,220,444
Prepaid expenses and other assets	323,591	463,369
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Total current assets	6,868,282	9,458,626
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Property and equipment, net	267,728	205,231
Goodwill	2,526,110	2,526,110
Intangibles, net	1,118,699	1,358,212

Other assets	106,947	56,192
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Total assets	\$ 10,887,766	\$ 13,604,371
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Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 1,987,008	\$ 4,364,747
Accrued expenses	909,348	786,842
Deferred revenue	175,730	564,594
Short-term portion of deferred rent	-	3,057
Short-term portion of capital lease obligation	52,725	45,020
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Total current liabilities	3,124,811	5,764,260
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Long-term portion of deferred rent	-	-
Capital lease obligation, net of current portion	38,360	67,851
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Total liabilities	3,163,171	5,832,111
Stockholders' equity:		
Preferred stock, \$0.001 par value; 10,000,000 shares authorized; 0 and 195,214 shares issued and outstanding, respectively	-	195
Common stock, \$0.001 par value; 110,000,000 shares authorized; 52,558,699 and 50,494,759 shares issued and outstanding, respectively	52,559	50,495
Stock warrants	38,666	38,666
Additional paid-in capital	60,816,310	60,667,229
Accumulated deficit	(53,182,940)	(52,984,325)
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Total stockholders' equity	7,724,595	7,772,260
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Total liabilities and stockholders' equity	\$ 10,887,766	\$ 13,604,371
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WIDEPOINT CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2007	2006	2007	2006
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				(unaudited)
Revenues, net	\$ 4,005,463	\$ 3,208,261	\$ 10,146,942	\$ 10,734,027
Cost of sales (including amortization and depreciation of				

\$112,749, \$102,127, \$332,867, and \$306,090, respectively)	2,873,643	2,327,930	7,262,276	8,322,886
Gross profit	1,131,820	880,331	2,884,666	2,411,141
Sales and marketing	239,248	248,730	685,857	662,121
General & administrative	710,956	845,311	2,413,017	2,473,663
Depreciation expense	22,599	7,202	59,773	20,927
Gain (Loss) from operations	159,017	(220,912)	(273,981)	(745,570)
Interest income	21,944	29,122	83,942	67,887
Interest expense	(2,704)	(573)	(8,576)	(2,544)
Net gain (loss) before income tax	\$ 178,257	\$ (192,363)	\$ (198,615)	\$ (680,227)
Income tax benefit, net	-	-	-	83
Net gain (loss)	\$ 178,257	\$ (192,363)	\$ (198,615)	\$ (680,144)
Basic net gain (loss) per share	\$ 0.003	\$ (0.004)	\$ (0.004)	\$ (0.015)
Basic weighted average shares outstanding	52,558,699	47,442,123	52,348,799	44,089,874
Diluted net gain (loss) per share	\$ 0.003	\$ (0.004)	\$ (0.004)	\$ (0.015)
Diluted weighted average shares outstanding	57,470,064	47,442,123	52,348,799	44,089,874

WIDEPOINT CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

Three Months Ended September 30,		Nine Months Ended September 30,	
2007	2006	2007	2006

(unaudited)

Cash flows from operating
activities:

Net gain (loss)	\$ 178,257	\$ (192,363)	\$ (198,615)	\$ (680,144)
Adjustments to reconcile net loss to net cash provided by operating activities:				
Depreciation expense	34,241	8,221	89,318	23,695
Amortization expense	101,107	101,108	303,322	303,322
Stock compensation expense	-	5,625	-	29,094
Stock options expense	31,090	112,236	117,753	265,628
Changes in assets and liabilities				
Accounts receivable	(869,338)	1,732,571	2,537,735	1,016,516
Prepaid expenses and other current assets	136,795	67,966	139,778	(10,467)
Other assets	(49,536)	2,274	(50,755)	38,027
Accounts payable and accrued expenses	24,488	(1,649,235)	(2,618,947)	(667,464)
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Net cash provided by operating activities	\$ (412,896)	\$ 188,403	\$ 319,589	\$ 318,207
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Cashflows from investing activities:				
Purchase of property and equipment	(6,799)	(20,665)	(135,429)	(35,862)
Software development costs	-	-	(63,809)	-
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Net cash used in investing activities	\$ (6,799)	\$ (20,665)	\$ (199,238)	\$ (35,862)
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Cashflows from financing activities:				
Principal payments under capital lease obligation	(13,019)	-	(38,172)	-
Costs related to registration statement	-	(40,786)	(29,720)	(372,533)
Proceeds from exercise of stock options	-	36,288	34,710	180,331
Proceeds from exercise of warrants	-	160,000	-	204,571
Costs related to warrant exercise	-	-	-	(166,600)
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Net cash (used in) provided by financing activities	\$ (13,019)	\$ 155,502	\$ (33,182)	\$ (154,231)
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Net increase (decrease) in cash	\$ (432,714)	\$ 323,240	\$ 87,169	\$ 128,114
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Cash and cash equivalents, beginning of period	\$3,294,696	\$2,331,509	\$2,774,813	\$2,526,635
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Cash and cash equivalents, end of period	\$2,861,982	\$2,654,749	\$2,861,982	\$2,654,749
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Supplementary Information:

Liabilities incurred but not yet paid relating to Registration statement	\$	-	\$	15,570	\$	-	\$	59,222
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Noncash investing and financing activity - capital leases for acquisition of property and equipment		-		-		16,386		-
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Cash paid for interest	\$	2,704	\$	-	\$	8,576	\$	-
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