



**FOR IMMEDIATE RELEASE**  
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**Sielox, Inc. Announces Financial Results for the  
Fourth Quarter and Year Ending December 31, 2010**

Coppell, Texas – April 21, 2011 – Sielox, Inc. (OTC Markets Group: SLXN) today reported its unaudited financial results for the fourth quarter and full year ended December 31, 2010.

Revenue for the fourth quarter of 2010, and for the full year of 2010, totaled \$3,645,000 and \$12,656,000, respectively. This compares to revenue of \$2,735,000 for the fourth quarter of 2009, an increase of 33.3%, and revenue of \$13,485,000 for the full year of 2009, a decrease of 6.1%. Revenue for the fourth quarter of 2010, and for the full year of 2010, excludes revenue from discontinued operations of \$1,862,000 and \$6,963,000, respectively.

Gross profit for the fourth quarter of 2010, and for the full year of 2010, totaled \$994,000 and \$3,368,000, respectively. This compares to gross profit of \$680,000 for the fourth quarter of 2009, an increase of 46.2%, and gross profit of \$3,605,000 for the full year of 2009, a decrease of 6.6%. Gross profit for the fourth quarter of 2010, and for the full year of 2010, excludes gross profit from discontinued operations of \$612,000 and \$2,483,000, respectively.

Selling, general and administrative expenses for the fourth quarter of 2010, and for the full year of 2010, totaled \$1,347,000 and \$4,127,000, respectively. This compares to selling, general and administrative expenses of \$1,177,000 for the fourth quarter of 2009, an increase of 14.4%, and \$4,432,000 for the full year of 2009, a decrease of 6.8%. The fourth quarter of 2010 includes approximately \$211,000 of expenses related to the sale of Sielox, LLC. Selling, general and administrative expenses for the fourth quarter of 2010, and for the full year of 2010, excludes selling, general and administrative expenses from discontinued operations of \$630,000 and \$2,313,000, respectively.

Other income (expense) for the fourth quarter of 2010, and for the full year of 2010, totaled \$62,000 and \$(31,000), respectively. This compares to other income (expense) of \$(51,000) for the fourth quarter of 2009, and other income (expense) of \$(131,000) for the full year of 2009. Other income (expense) for the fourth quarter of 2010 includes a gain on the

sale of the Sielox, LLC subsidiary of \$94,000. For the full year of 2010, interest expense was \$128,000 compared to interest expense of \$132,000 for the full year of 2009. Interest expense remained high due to the Company's reliance on funding from credit lines.

James Pritchett, President and Chief Executive Officer of the Company, stated, "During 2010, the economic downturn continued to negatively impact demand for the Company's products. However we did not see the substantial decline in sales revenue that we experienced from 2008 to 2009. In 2010, the Company opened several new channels of distribution. This additional revenue helped to offset the seasonal downturn normally experienced in the fourth quarter, and resulted in sales revenue and gross profit for 2010, being approximately 94% of the levels achieved in 2009. In 2010, the Company also benefited from a full year of the cost savings measures implemented during 2009. In 2010, selling, general and administrative expenses, when compared to 2009, declined by \$305,000."

Mr. Pritchett further stated, "On December 31, 2010, we completed the sale of Sielox, LLC, the Company's wholly-owned subsidiary which developed, designed and distributed access control software, programmable controllers and related accessories. The sale of the access control business enabled the Company to substantially pay down its credit lines. The sale was structured so that the Company will also benefit by continuing to sell Costar video products through the Sielox, LLC business partner network. The cash proceeds from the sale strengthened the Company's balance sheet and will allow us to concentrate our resources on the sale of our video surveillance product lines. I remain optimistic that the Company's results will continue to improve in 2011."

The Company's outside independent accountants are completing their analysis of the Company's financial condition. Once completed, we will post full financial statements, including all required footnote disclosures together with an Independent Accountants Review Report on our website at [www.sieloxinc.com](http://www.sieloxinc.com).

### **About Sielox, Inc.**

Sielox, Inc. develops, designs and distributes a range of security solution products including surveillance cameras, lenses, digital video recorders and high-speed domes. The Company also develops, designs and distributes industrial vision products to observe repetitive production and assembly lines, thereby increasing efficiency by detecting faults in the production process. Founded in 1979 and headquartered in Coppell, Texas, Sielox Inc.'s shares currently trade on the OTC Markets Group under the ticker symbol "SLXN".

### **Cautionary Statement Regarding Forward Looking Statements**

This document contains forward-looking statements that involve risks and uncertainties, as well as assumptions, that if they never materialize or prove incorrect, could cause the results of the Company to differ materially from those expressed or implied by such forward-looking statements. Forward-looking statements generally are identified by the words

“expects,” “anticipates,” “believes,” “intends,” “estimates,” “should,” “would,” “strategy,” “plan” and similar expressions. All statements other than statements of historical fact are statements that could be deemed forward-looking statements. The risks, uncertainties and assumptions include developments in the marketplace for our products, competition, related products and services and general economic conditions, as well as other risks and uncertainties. Accordingly, we cannot give assurance that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what impact they will have on the results of operations or financial condition of the Company.

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