



FOR IMMEDIATE RELEASE
July 13, 2011

CONTACT: Scott Switzer
Chief Financial Officer
Sielox, Inc.
(469) 635-6800

**SIELOX, INC. ANNOUNCES RELEASE OF REVIEWED
FINANCIAL RESULTS FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

*Company Revises Financial Results for the Year Ending December 31, 2010
to reflect reclassifications of Note Received in connection with Asset Sale*

Coppell, Texas – July 13, 2011 – Sielox, Inc. (OTC Markets Group: SLXN) announced today that it has reported its financial results for the years ended December 31, 2009 and 2010 that have been reviewed by the independent accounting firm Rothstein, Kass & Company, P.C. The Company's 2010 financial results have been revised from the preliminary financial results released by the Company on April 21, 2011 to modify the accounting treatment of the sale of the assets of Sielox, LLC, a wholly-owned subsidiary of the Company.

During December 2010, the Company entered into an agreement to sell certain assets and liabilities of Sielox, LLC for \$2,525,000 in cash and a \$500,000 promissory note. The 2010 financial results of Sielox, LLC have been revised to reclassify the value of the promissory note as a gain on the sale of the assets of Sielox, LLC. The net gain on the asset sale was \$492,000, after approximately \$100,000 in related fees and expenses, and the former business of Sielox, LLC has been categorized as a discontinued operation.

Revenue from continuing operations 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 from continuing operations 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. Revenue for the fourth quarter of 2009, and for the full year of 2009, excludes revenue from discontinued operations of \$1,393,000 and \$5,982,000, respectively. Consolidation removes the revenue from Costar for intercompany video sales to Sielox LLC, which was then sold to the Sielox LLC dealer base. In 2010, intercompany sales were \$2,291,000 compared to \$1,228,000 in 2009, an 87% increase.

Gross profit from continuing operations 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 from continuing operations 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. Gross profit for the fourth quarter of 2009, and for the full year of 2009, excludes gross profit from discontinued operations of \$577,000 and \$2,338,000, respectively.

Selling, general and administrative expenses from continuing operations for the fourth quarter of 2010, and for the full year of 2010, totaled \$1,271,000 and \$4,051,000, respectively. This compares to selling, general and administrative expenses from continuing operations of \$1,177,000 for the fourth quarter of 2009, an increase of 8.0%, and \$4,712,000 for the full year of 2009, a decrease of 14.0%. The fourth quarter of 2010 includes approximately \$100,000 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 \$667,000 and \$2,350,000, respectively. Selling, general and administrative expenses for the fourth quarter of 2009, and for the full year of 2009, excludes selling, general and administrative expenses from discontinued operations of \$696,000 and \$3,035,000, respectively.

Other income (expense) for the fourth quarter of 2010, and for the full year of 2010, totaled \$(29,000) and \$(125,000), 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. 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. In discontinued operations, there was a fourth quarter 2010 gain of \$440,000 and a full year 2010 total of \$317,000. Included in other income in discontinued operations was a \$492,000 gain on the sale of the Sielox, LLC subsidiary. Other income for the fourth quarter of 2009, and for the full year of 2009, excludes other income from discontinued operations of \$68,000 and \$227,000, respectively.

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 \$661,000."

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."

A copy of the Consolidated Financial Statements and Independent Accountants' Review Report for the years ended December 31, 2009 and 2010 are available on the Company's website at 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 Coppel, 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," "will," "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.

###