



FOR IMMEDIATE RELEASE
August 25, 2010

CONTACT: Mel Brunt
Chief Financial Officer
Sielox, Inc.
(856) 861-4579

**Sielox, Inc. Announces Financial Results for the
First Quarter Ending March 31, 2010**

Runnemede, NJ – August -, 2010 – Sielox, Inc. (PINK SHEETS: SLXN.) today reported its unaudited financial results for the first quarter ended March 31, 2010.

Revenue for the first quarter of 2010 totaled \$4,091,732, a decrease of 12.4% compared to revenue of \$4,675,980 for the same period a year ago. The Company's core businesses continue to be negatively impacted by the general economic downturn. Revenue from the sale of video products decreased by \$343,705 or 10.9%, and revenue from the sale of access control products decreased by \$240,543 or 18.2%, compared to the same period a year ago.

Gross profit for the first quarter totaled \$1,224,776, a decrease of 10.5% compared to gross profit of \$1,368,699 for the same period a year ago. The gross profit margin was 29.9% and 29.3% for 2010 and 2009, respectively.

Selling, general and administrative expenses for the first quarter totaled \$1,565,238, a decrease of 27.0% compared to selling, general and administrative expenses of \$2,143,763 for the same period a year ago.

Loss from operations of \$(339,488) shows an improvement when compared to a loss of \$(787,344) for the same period a year ago.

Other income, (expense) for the first quarter totaled \$(73,660) compared to \$(33,245) for the same period a year ago. Interest expense of \$73,660 represents a substantial increase when compared to an expense of \$20,964 for the same period a year ago. The Company's greater reliance on funding from credit lines is the reason for the increase in interest expense.

Net loss for the first quarter totaled \$(413,148), a decrease of 46.6% compared to a net loss of \$(774,309) for the same period a year ago.

“We have taken many difficult steps in the past few months to position the Company to take advantage of an improving economy,” stated James Pritchett, President and CEO of Sielox, Inc. “We are confident that the cost saving measures implemented earlier in the quarter will be fully recognized in the second quarter, together with the annual savings resulting from deregistering, will enable the Company to become profitable when the economy and the security industry recover.

James Pritchett added that. “While the national economy continues to indicate that a slow economic recovery is underway, we are encouraged by the increased activity that the Company is experiencing in the second quarter. The second quarter is traditionally the beginning of a seasonal increase in the security industry. Demand increases as schools and universities prepare for the new school year, and retailers prepare for the upcoming selling season. The Company has also been successful in implementing plans to increase sales through its access business partners and targeted national accounts”.

About Sielox, Inc.

Sielox, Inc. develops designs and distributes a range of security solution products such as surveillance cameras, lenses, digital video recorders, high speed domes and access control systems. 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 Runnemede, NJ, Sielox’s shares currently trade on the Pink Sheets 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.

#

SIELOX, INC AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(in thousands, except per share amounts, unaudited)

Current Assets	ASSETS	MARCH, 31	
		2010	2009
Cash and cash equivalents	\$	165	85
Short - term investments			243
Accounts receivable, net of allowance for doubtful accounts of \$122 and \$59 in 2010 and 2009, respectively.		2,921	4,250
Inventories, net of reserve for obsolescence of \$201 and \$153 in 2010 and 2009 respectively.		5,499	6,393
Prepaid expenses		190	499
Total current assets		8,775	11,470
Fixed assets, net		308	343
Goodwill			1,229
Trade Name - Costar		800	1,587
Trade mark - Sielox LLC		170	300
Distribution agreement, net		1,193	1,266
Customer relationships, net		600	866
Proprietary technology, net		333	396
Deposits and other assets		65	66
Total assets	\$	12,244	17,523
LIABILITIES AND STOCKHOLDER EQUITY			
Current Liabilities			
Accounts payable	\$	1,939	2,642
Accrued expenses		127	384
Contingent purchase price		267	773
Deferred revenue		66	30
Line of credit		2,175	2,435
Total current liabilities		4,574	6,264
Long term liability, contingent purchase price		225	270
Total liabilities		4,799	6,534
Stockholders' equity			
Common stock		42	42
Additional paid in capital		155,805	155,803
Accumulated other comprehensive income		260	260
Accumulated deficit		-144,138	-140,592
Less common stock held in treasury		-4,524	-4,524
Total stockholders equity		7,445	10,989
Total liabilities and stockholders' equity	\$	12,244	17,523

SIELOX, INC AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF OPERATIONS
(in thousands, except per share amounts, unaudited)

	Three months ended	
	2010	2009
	March, 31	
Net revenues	\$ 4,092	\$ 4,676
Cost of revenues	2,867	3,307
Gross profit	<u>1,225</u>	<u>1,369</u>
Selling, general and administrative expenses	<u>1,564</u>	<u>2,110</u>
Loss from operations	-339	-741
Other income (expenses)		
Interest income	--	3
Interest expense	-74	-36
Impairment of intangibles		
Legal settlement	--	
Total other income (expense) net	<u>-74</u>	<u>-33</u>
Net income (loss)	<u>\$ -413</u>	<u>\$ -774</u>
Net loss per share		
Basic and diluted	<u><u>\$ (0.01)</u></u>	<u><u>\$ (0.02)</u></u>