



**FOR IMMEDIATE RELEASE**  
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**Sielox, Inc. Announces Financial Results for the  
Fourth Quarter and Year Ending December 31, 2009**

**Voluntarily Deregisters Under Securities Exchange Act of 1934**

Runnemede, NJ – March 31, 2010 – Sielox, Inc. (PINK-SHEETS: SLXN.) today reported its unaudited financial results for the fourth quarter and full year ended December 31, 2009.

Revenue for the fourth quarter of 2009 totaled \$4,456,000, a decrease of 39% compared to revenue of \$7,343,000 for the same period a year ago. For the full year of 2009, revenue totaled \$19,466,000 compared to revenue of \$27,391,000 for 2008, a decrease of 29%.

Gross profit for the fourth quarter totaled \$1,257,000, a decrease of 41% compared to gross profit of \$2,124,000 for the same period a year ago. The gross profit margin was 28.2% and 28.9% for 2009 and 2008, respectively. For the full year of 2009, gross profit totaled \$5,942,000 compared to \$7,796,000 for 2008, a decrease of 24%. The gross profit margin improved to 30.0% in 2009 from 28.4% in 2008.

Selling, general and administrative expenses for the fourth quarter totaled \$1,865,000, a decrease of 19% compared to selling, general and administrative expenses of \$2,301,000 for the same period a year ago. For the full year of 2009, selling, general and administrative expenses totaled \$7,746,000 compared to selling, general and administrative expenses of \$8,840,000 for 2008, a decrease of 12%.

Other income, (expense) for the fourth quarter totaled \$144,000 compared to \$(109,000) for the same period a year ago. Interest expense of \$127,000 represents a substantial increase when compared to an expense of \$19,000 for the same period a year ago. The increase in interest expense was offset by a reversal of an accrued long term liability in the amount of \$271,000. For the full year of 2009, interest expense was \$229,000 compared to interest expense of \$107,000 for the same period a year ago. The increase was due to the Company's increased reliance on funding from credit lines.

As previously reported in the Company's 10Q dated September 30, 2009, the Company engaged the services of a valuation consultant to conduct an independent valuation of goodwill and intangible assets. Based on the results of this valuation management determined that the Company's goodwill, trademark and trade name was impaired. A combined net impairment charge of \$1,875,000 was recognized on the statement of operations.

The severe economic downturn has negatively impacted demand for the Company's products. The Company's access control subsidiary, in particular, has experienced lower sales through its national network of business partners and integrators due to the general slowdown in both new construction and retro fits. The sales revenue decline for the Company's security surveillance subsidiary is primarily attributable to the completion in September of 2009 of a large contract for a supermarket chain. This same contract was a major contributor to sales revenue through all of 2008.

In response to the economic downturn, the Company has implemented a wide variety of cost savings measures. These cost savings measures include layoffs, the closing of a facility in Anaheim, California, a 5% reduction in pay and the suspension of the Company match of 401(k) contributions for all employees and the elimination of certain marketing expenses. In addition, headcount has been reduced by approximately 22% from September 2008 levels.

Additionally, on March 30, 2010, the Company filed a Form 15 with the Securities and Exchange Commission (the "SEC"), which completed the filings necessary to voluntarily deregister the Company's common stock with the SEC under Section 12(g) of the Securities Exchange Act of 1934, as amended. As a result, the Company is no longer required to file current and periodic reports with the SEC. The Company's decision to voluntarily deregister its common stock with the SEC is consistent with the other cost-cutting measures that the Company has taken. The Company expects the deregistration to significantly reduce its expense and administrative burden from when it was an SEC reporting company. The Company intends to disseminate unaudited but reviewed financial results using the Pink Sheets news reporting service and the Company's website. The Company will also continue to hold an annual meeting of stockholders.

The Company made considerable progress in 2009, but less than we had planned as the economy continued to stall in the fourth quarter. Despite having to operate in a difficult economic climate, the Company did have some improvement in operations. Overhead expenses are now at a level that is more consistent with current revenues. In conclusion, we believe the Company is well-positioned for profitability when the economy and the security industry recover. As we enter into 2010, we are very encouraged regarding the future prospects of the Company.

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 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.

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**SIELOX, INC AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
(in thousands)

<b>Current Assets</b>	<b>ASSETS</b>	<b>DECEMBER, 31</b>	
		<b>2009</b>	<b>2008</b>
		<b>(Unaudited)</b>	
Cash and cash equivalents	\$	234	249
Short - term investments			305
Accounts receivable, less allowance for doubtful accounts of \$254		2,565	4,925
Inventories, net of reserve of \$247		5,525	5,679
Prepaid expenses		234	522
	Total current assets	8,559	11,680
Fixed assets, net		281	319
Goodwill			1,229
Trade Name - Costar		800	1,587
Trade mark - Sielox LLC		170	300
Distribution agreement, net		1,211	1,284
Customer relationships, net		666	932
Proprietary technology, net		349	411
Deposits and other assets		66	66
	Total assets	\$ 12,102	17,808
	<b>LIABILITIES AND STOCKHOLDER EQUITY</b>		
<b>Current Liabilities</b>			
Accounts payable	\$	1,342	2,917
Accrued expenses		162	799
Contingent purchase price		554	773
Deferred revenue		57	27
Line of credit		2,129	1,274
	Total current liabilities	4,244	5,790
Long term liability, contingent purchase price		--	270
	Total liabilities	4,244	6,060
<b>Stockholders' equity</b>			
Common stock		42	42
Additional paid in capital		155,805	155,788
Accumulated other comprehensive income		260	260
Accumulated deficit		-143,725	-139,818
	Less common stock held in treasury	-4,524	-4,524
	Total stockholders equity	7,858	11,748
<b>Total liabilities and stockholders' equity</b>	<b>\$</b>	<b>12,102</b>	<b>17,808</b>

**SIELOX, INC AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF OPERATIONS**  
(in thousands)

	Three months ended December, 31 2009 (Unaudited)		Twelve months ended December, 31 2009 (Unaudited)	
	2008	2008	2008	2008
<b>Net revenues</b>	\$ 4,456	\$ 7,343	\$ 19,466	\$ 27,391
<b>Cost of revenues</b>	3,199	5,219	13,524	19,595
<b>Gross profit</b>	1,257	2,124	5,942	7,796
<b>Selling, general and administrative expenses</b>	1,865	2,301	7,746	8,840
<b>Loss from operations</b>	-608	-177	-1,804	-1,044
Other income (expenses)				
Interest income	--	3	1	33
Interest expense	-127	-19	-229	-107
Impairment of intangibles	271		-1,875	
Legal settlement	--	-93	--	-93
Total other income (expense) net	144	-109	-2,103	-167
<b>Net income (loss)</b>	\$ -464	\$ -286	\$ -3,907	\$ -1,211