



227 ATLANTIC BLVD | KEY LARGO, FL 33037 | TEL: 305.451.1888
CHRYSLER BUILDING | 405 LEXINGTON AVE, 26TH FL | NEW YORK, NY 10174 | TEL: 212.541.2465



7150 N. PARK DRIVE, SUITE 500
PENNSAUKEN, NJ 08109
TEL: 856.910.1166
WWW.LATTICEINCORPORATED.COM

WWW.HAWKASSOCIATES.COM
IR CONTACT: FRANK HAWKINS

**News Release:
FOR IMMEDIATE RELEASE**

Lattice Announces Year End 2009 Earnings. Conference Call Today at 4:30 ET

Pennsauken, N.J. – April 15, 2010 -- [Lattice Incorporated](#) (OTC Bulletin Board: LTTTC), a provider of advanced technological solutions to key government agencies and enterprise customers, announced today the company's financial results for the fiscal year ended December 31, 2009.

Total revenues for the year ended December 31, 2009 were \$15,595,000 compared to \$16,268,000 for the year ended December 31 2008. Net loss was (\$1,327,000) or basic EPS of (\$0.08) compared with net income of \$934,000 or basic EPS of \$0.05 in 2008. A (\$1,924,000) loss from operations included non-cash items such as amortization of intangibles, impairment charges, share-based compensation and depreciation expense totaling \$1,986,000. Absent these non-cash items, operating income was \$62,000

Gross profit for the year rose to \$5,240,000 million from \$5,023,000 million a year ago reflecting margin improvement from 30.9% to 33.6% driven by a decline in lower margin subcontractor revenues relative to high margin direct labor revenues in the Government Services business.

The company reported a net reduction of outstanding debt of \$747,000. The outstanding balance on its revolving credit facility was reduced from \$1,458,000 to \$838,000

CEO Paul Burgess said, "Despite a small decline in our total revenue and our reported net income loss, our company actually emerged from 2009 in a stronger operational and competitive position that we believe will be reflected in improved results in 2010. We saw improvement in gross margin and a reduction in debt as well as a pay down in our revolving credit facility. The revenue decrease was mostly attributable to several contracts that ended in our Government Services business in 2008 partially offset by new contracts won and expanded in 2009. We expect revenue on existing GS contracts in 2010 to remain consistent with 2009 levels.

"As we look ahead to 2010, there have been a number of important positive developments. We launched a direct services model in the second half of 2009 resulting in a number of contract wins late in the year which have already improved our run rate for 2010 by over \$1,700,000. We have successfully transitioned into a services model that will provide us with stronger monthly recurring revenues and opens a new addressable market to us valued at over \$1 billion.

"We originally expected to have 11 sites operational by the end of the first quarter of 2010 and we already have double that number. We will provide more details of this in our first quarter report. But we are extremely pleased with the direction our business is taking and we expect 2010 is going to be an excellent year for us," Burgess said.

--MORE--

The company will host a conference call with CEO Paul Burgess and CFO Joseph Noto **today, April 15 at 4:30 p.m. Eastern**. To participate in this call, **dial 1-877-941-2069** any time after 1:50 p.m. ET. International callers should **dial 1-480-629-9713**.

An audio replay of the call will be available at <http://www.hawkassociates.com> for approximately 90 days after the call.

Financial tables are attached.

About Lattice Incorporated

Lattice Incorporated is a provider of advanced information and communications technology solutions to the government and commercial markets. The company's technology services division designs, deploys and manages advanced technological solutions at key government agencies and for mid- to large-sized enterprises. Lattice's technology products division consists of several core proprietary platforms used to develop customized software applications with military grade security in a number of different markets. For more information, visit <http://www.latticeincorporated.com>.

An investment profile about Lattice Incorporated may be found at <http://www.hawkassociates.com/ltpcprofile.aspx>.

An online investor relations kit including copies of press releases, current price quotes, stock charts and other valuable information for investors may be found at <http://www.hawkassociates.com>. To receive free e-mail notification of future releases for this company, sign up at <http://www.hawkassociates.com/about/alert/>.

Safe Harbor Statement

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, 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; and (iv) 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 previously filed with the SEC.

Investor Relations contact:

Hawk Associates

Frank Hawkins

305-451-1888

e-mail: lattice@hawkassociates.com.

LATTICE INCORPORATED AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	December 31, 2009	December 31, 2008
ASSETS:		
Current assets:		
Cash and cash equivalents	\$212,616	\$1,363,130
Accounts receivable, net	3,560,293	3,560,690
Inventories	29,402	30,704
Other current assets	133,405	51,008
Total current assets	3,935,716	5,005,532
Property and equipment, net	264,753	21,090
Goodwill	3,599,386	3,599,386
Other intangibles, net	977,455	2,409,748
Other assets	54,259	54,459
Total assets	\$8,831,569	\$11,090,215
 LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$1,780,143	\$1,698,551
Accrued expenses	1,719,831	1,726,891
Due to former Stockholder's per Sept 19, 2006 purchase agreement		
Customer deposits	94,954	15,000
Notes payable	1,503,742	1,766,098
Derivative liability	161,570	200,606
Total current liabilities	5,260,240	5,407,146
Long term liabilities:		
Long term debt	188,466	666,515
Deferred tax liabilities	440,832	1,200,283
Total long term liabilities	629,298	1,866,798
Total liabilities	5,889,528	7,273,944
Shareholders' equity		
Preferred Stock - .01 par value		
Series A 9,000,000 shares authorized 7,567,685 issued	75,677	78,387
Series B 1,000,000 shares authorized 502,160 issued	10,000	10,000
Series C 520,000 shares authorized 520,000 issued	5,200	5,200
Common stock - .01 par value, 200,000,000 authorized, 17,810,281 and 16,842,428 issued, 17,507,294 and 16,539,441 outstanding respectively	178,104	168,425
Additional paid-in capital	38,925,743	38,418,897
Accumulated deficit	(35,851,892)	(34,499,822)
Common stock held in treasury, at cost	3,342,832	4,181,087
Equity Attributable to shareowners of Lattice Incorporated Shareholders' equity	(558,096)	(558,096)
Equity Attributable to noncontrolling interest	2,784,736	3,622,991
Total liabilities and shareholders' equity	157,295	193,280
	\$8,831,569	\$11,090,215

LATTICE INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATION
DECEMBER 31,

	2009	2008
Revenue - Technology Services	\$14,483,165	\$15,149,944
Revenue - Technology Products	1,112,268	1,118,537
Total Revenue	15,595,433	16,268,481
Cost of Revenue - Technology Services	9,891,395	10,817,725
Cost of Revenue - Technology Products	464,465	427,759
Total cost of revenue	10,355,860	11,245,484
Gross Profit	5,239,573	5,022,997
Operating expenses:		
Selling, general and administrative	5,189,848	4,667,374
Research and development	541,783	518,342
Impairment loss (see Note 7)	235,301	5,486,341
Amortization expense	1,196,992	1,488,228
Total operating expenses	7,163,924	12,160,285
Loss from operations	(1,924,351)	(7,137,288)
Other income (expense):		
Derivative income	39,036	3,147,958
Extinguishment income (loss)	-	2,695,025
Other income	-	977,844
Interest expense	(237,088)	(230,839)
Finance expense	-	-
Total other income	(198,052)	6,589,988
Noncontrolling interest	35,985	21,319
(Loss) before taxes	(2,086,418)	(525,981)
Income taxes (benefit) (Note 13)	(759,451)	(1,460,218)
Net income (loss)	<u>\$ (1,326,967)</u>	<u>\$ 934,237</u>
Reconciliation of net income (loss) to income applicable to common shareholders:		
Net income (loss)	(1,326,967)	934,237
Preferred stock dividends	(25,108)	(25,108)
Income (loss) applicable to common stockholders	<u>\$ (1,352,075)</u>	<u>\$ 909,129</u>
Income (loss) per common share		
Basic	\$(0.08)	\$0.05
Diluted	\$(0.08)	\$(0.04)
Weighted average shares:		
Basic	16,634,610	16,779,762
Diluted	16,634,610	55,453,783

LATTICE INCORPORATED AND SUBSIDIARIES
Reconciliation to non-GAAP Measure

Loss from operations as reported	(1,924,351)	(7,137,288)
Non-cash items:		
Amortization of intangibles	1,196,992	1,488,228
Impairment charges	235,301	5,486,341
Share-based compensation	513,816	308,096
Depreciation expense	<u>40,797</u>	<u>22,000</u>
Adjusted operating income	62,555	167,377