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**News Release: FINAL
FOR IMMEDIATE RELEASE**

Lattice Announces Second Quarter 2010 Earnings

Communication Services Revenue Up 179%

Pennsauken, N.J. – August 20, 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 second quarter ended June 30, 2010.

Total revenue for the quarter ended June 30, 2010 was \$3.4 million compared to \$4.2 million for the quarter ended June 30, 2009. Net loss was (\$65,000) or EPS of (\$0.00) compared with net loss of (\$178,000) or EPS of (\$0.01) in the same quarter of 2009.

Gross profit for the quarter was \$1.39 million compared to \$1.28 million a year ago. Gross margin for the second quarter was 41.3% compared to 30.8% for the same quarter of 2009.

Total operating expense for the quarter was \$1.4 million, a decrease of 16.3% from \$1.68 million in the comparable period a year ago. As a percentage of sales, operating expenses slightly increased to 41.7% from 40.4% for 2009.

CEO Paul Burgess said, "We continued to see the successful results of our transition from dependence on government services to a more balanced income stream. Our Communication Services segment revenue increased 179% to \$855,000 and comprised 25.3% of our total revenues in Q2 '10 compared to \$306,000 or just 7.3% of total revenues in the prior year quarter. Of the total revenues reported for the communications segment in the second quarter of 2010, \$487,602 or 57% was attributable to our new direct services product offering. We are highly encouraged by the success of our growing communications services business.

"Our Government Services segment which represents revenues from professional engineering services to Federal government Dept of Defense (DoD) agencies accounted for 74.7% of total revenues compared to 92.3% in the year ago quarter. Based on our bid pipeline and teaming arrangements, we continue to anticipate wins in new agencies and expansion on existing contracts in the second half of the year. The majority of the bids we currently have and are awaiting on awards are with new agencies or new contracts that add to our current contract base. In addition, we have entered into a number of teaming agreements with other government contractors enabling us to provide services on current contracts that they have been awarded. We anticipate these awards to begin in the second half of this year. The addition of new contracts will also decrease the concentration risk of revenues within this segment.

--MORE--

The company will host a conference call with CEO Paul Burgess and CFO Joseph Noto **today, August 20 at 11:00 a.m. Eastern time.** To participate in this call, **dial 1-877-941-1427** any time after 1:50 p.m. ET. International callers should **dial 1-480-629-9664.**

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/lttcprofile.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.

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LATTICE INCORPORATED AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	June 30, 2010 unaudited	December 31, 2009 audited
ASSETS:		
Current assets:		
Cash and cash equivalents	\$835,737	\$212,616
Accounts receivable	3,090,778	3,560,293
Inventories	29,402	29,402
Other current assets	297,822	133,405
Total current assets	4,253,739	3,935,716
Property and equipment, net	265,691	264,753
Goodwill	3,599,386	3,599,386
Other intangibles, net	1,933,184	977,455
Other assets	47,262	54,259
Total assets	\$10,099,262	\$8,831,569
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$2,032,352	\$1,780,143
Accrued expenses	1,426,323	1,719,831
Customer deposits	249,179	94,954
Notes payable - current	1,503,742	1,503,742
Derivative liability	183,458	161,570
Total current liabilities	5,395,054	5,260,240
Long term liabilities:		
Notes Payable - long term	1,324,143	188,466
Deferred tax liabilities	317,952	440,832
Total long term liabilities	1,642,095	629,298
Total liabilities	7,037,149	5,889,538
Shareholders' equity		
Preferred Stock - .01 par value		
Series A 9,000,000 shares authorized 7,530,681 and 7,567,685 issued respectively	75,307	75,677
Series B 1,000,000 shares authorized 1,000,000 issued and 502,160 outstanding	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, 22,942,437 and 17,810,281 issued, 22,639,450 and 17,507,294 outstanding respectively	229,425	178,104
Additional paid-in capital	39,605,182	38,925,743
Accumulated deficit	(36,455,906)	(35,851,892)
Stock held in treasury, at cost	3,469,208	3,342,832
	(558,096)	(558,096)
Equity Attributable to shareowners of Lattice Incorporated	2,911,112	2,784,736
Equity Attributable to non-controlling interest	151,001	157,295
Total liabilities and shareholders' equity	\$10,099,262	\$8,831,569

LATTICE INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Months Ended June 30,		Six Months Ended June 30,	
	2010	2009	2010	2009
Revenue	\$3,373,737	\$4,166,700	\$7,114,794	\$7,974,583
Cost of Revenue	1,981,885	2,884,506	4,549,436	5,441,009
Gross Profit	1,391,852	1,282,194	2,565,358	2,533,574
Operating expenses:				
Selling, general and administrative	1,090,745	1,239,801	2,288,822	2,361,793
Research and development	144,799	143,182	300,330	295,677
Amortization expense and depreciation expense	172,136	299,248	281,272	598,496
Total operating expenses	1,407,680	1,682,231	2,870,424	3,255,966
Loss from operations	(15,828)	(400,037)	(305,066)	(722,392)
Other income (expense):				
Derivative expense	(13,726)	108,373	(109,673)	(64,070)
Extinguishment (loss)	-	-	(130,055)	-
Other income	-	-	-	-
Interest expense	(94,069)	(48,897)	(175,840)	(126,114)
Total other income	(107,795)	59,476	(415,568)	(190,184)
Minority Interest	3,147	5,052	6,294	10,447
Income before taxes	(120,476)	(335,509)	(714,340)	(902,129)
Income taxes (benefit)	(61,440)	(163,355)	(122,880)	(326,710)
Net loss	(59,036)	(172,154)	(591,460)	(575,419)
Reconciliation of net loss to				
Loss applicable to common shareholders:				
Net loss	(59,036)	(172,154)	(591,460)	(575,419)
Preferred stock dividends	(6,277)	(6,277)	(12,554)	(12,554)
Loss applicable to common stockholders	(65,313)	(178,431)	(604,014)	(587,973)
Loss per common share				
Basic	\$(0.00)	\$(0.01)	\$(0.03)	\$(0.04)
Diluted	\$(0.00)	\$(0.01)	\$(0.03)	\$(0.04)
Weighted average shares:				
Basic	22,639,450	16,739,444	21,631,755	16,720,555
Diluted	22,639,450	16,739,444	21,631,755	16,720,555

LATTICE INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

Six Months ended June 30,
2010 **2009**

Cash flow from operating activities:		
Net loss	\$(591,459)	\$(575,419)
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Derivative income	109,673	64,070
Amortization of intangible assets	344,272	598,496
Deferred income taxes	(122,880)	(326,710)
Extinguishment loss	130,055	-
Minority interest	(6,294)	(10,447)
Share-based compensation	262,550	251,266
Depreciation	29,489	-
Changes in operating assets and liabilities:	-	
(Increase) decrease in:		
Accounts receivable	469,515	(1,184,897)
Other current assets	16,582	(155,601)
Other assets	6,997	(1,275)
Increase (decrease) in:		-
Accounts payable and accrued liabilities	(53,854)	971,355
Customer advances	154,225	-
Total adjustments	1,340,330	206,257
Net cash provided by (used for) operating activities	748,871	(369,162)
Cash Used in investing activities:		
Purchase of intangibles	(1,300,000)	-
Purchase of equipment	(30,427)	(32,773)
Net cash used for investing activities	(1,330,427)	(32,773)
Cash flows from financing activities:		
Revolving credit facility (payments) borrowings, net	(45,714)	(775,950)
Payments on capital equipment lease	(19,169)	-
Proceeds from the issuance of Note	1,100,000	-
Proceeds from issuance of Series A preferred stock	250,000	-
Loans paid director	(80,441)	(14,000)
Net cash provided by (used in) financing activities	1,204,676	(789,950)
Net increase (decrease) in cash and cash equivalents	623,120	(1,191,885)
Cash and cash equivalents - beginning of period	212,616	1,363,130
Cash and cash equivalents - end of period	\$835,736	\$171,245
Supplemental cash flow information		
Interest paid in cash	\$172,168	\$100,769
Taxes paid	2,850	4,805
Supplemental disclosures of Non-Cash Investing & Financing Activities		
Sale of accts receivable by factor proceeds paid directly to Private Bank		682,232
Proceeds from Factoring agreement paid directly to Private Bank Facility		6,277
Preferred stock dividends		-
Conversion of preferred shares into common	(14,370)	(280)
Conversion of preferred shares into common	51,322	1,000
Additional paid in capital	(36,951)	(720)
Exchange of warrants for preferred series A		
Derivative liabilities	87,785	
Additional paid in Capital	453,840	
Deferred financing fees	150,000	

LATTICE INCORPORATED AND SUBSIDIARIES
CONDENSED SEGMENT DATA
(unaudited)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2010	2009	2010	2009
Revenues:				
Government Services	\$ 2,519,118	\$ 3,860,923	\$ 5,430,953	\$ 7,367,448
Communication Services	854,620	305,777	1,683,842	607,135
Total Consolidated Revenues	\$ 3,373,738	\$ 4,166,700	\$ 7,114,795	\$ 7,974,583
Gross Profit:				
Government Services	\$ 1,137,065	\$ 1,084,064	\$ 2,104,242	\$ 2,149,493
Communication Services	301,030	198,130	553,604	384,081
Total Consolidated	\$ 1,438,095	\$ 1,282,194	\$ 2,657,846	\$ 2,533,574
	June 30,	December 31,		
	2010	2009		
Total Assets:				
Government Services	\$7,821,000	\$8,270,589		
Communication Services	2,278,000	560,980		
Total Consolidated Assets	\$10,099,000	\$8,831,569		