

# LightPath Technologies Announces Positive Net Income for the Quarter Ended March 31, 2010

ORLANDO, FL—May 6, 2010 -- LightPath Technologies, Inc. (NASDAQ:LPTH), a manufacturer and integrator of families of precision molded aspheric optics, GRADIUM® glass products, and high-performance fiber-optic collimators and isolators, today announced financial results for the fiscal third quarter ended March 31, 2010.

## Third Quarter Highlights:

- Net income for the third quarter of fiscal 2010 was approximately \$12,000 compared to a loss of approximately \$756,000 for the third quarter in fiscal 2009 and a net income of approximately \$42,000 in the second quarter of fiscal 2010.
- Revenue for the third quarter of fiscal 2010 was \$2.7 million compared to \$1.7 million for the third quarter of fiscal 2009 and \$2.2 million in the second quarter of fiscal 2010.
- Backlog scheduled to ship within the next 12 months is \$3.9 million, an increase of \$501,000 from March 31, 2009 and an increase of \$1.6 million from June 30, 2009.
- Gross margin was 47% for the third quarter of fiscal 2010 as compared to 43% for the second quarter of fiscal 2010 and increased from 25% for the third quarter in fiscal 2009.
- EBITDA for the third quarter of fiscal 2010 improved to a gain of \$397,000 compared to a gain of \$363,000 in the second quarter of fiscal 2010 and a loss of \$483,000 in the third quarter of fiscal 2009.
- Cash on hand as of March 31, 2010 was \$543,000 as compared to \$906,000 on December 31, 2009 and \$580,000 on June 30, 2009.
- Unit shipment volume in precision molded optics is up 82% in the third fiscal quarter of 2010 compared to the same period last year.

Mr. Jim Gaynor, President and CEO of LightPath, commented, "I am pleased to report LightPath has continued to demonstrate continued improvement posting its fifth consecutive quarter of improving financials with this quarter. Revenues continue to grow, gross margin continues to improve and expenses remain under control. Order activity remains strong with our backlog remaining comparably flat quarter to quarter on higher revenue. Unit volumes produced has grown substantially up 82% in the third quarter compared to one year ago. The best measure of our performance is EBITDA. We have included a chart that shows this improvement entitled Financial Comparison of Selected P&L Items As Reported Compared to Excluded Items. This chart compares our results as reported, which includes the benefit of some non-recurring items, and our performance excluding these non-recurring items. Adjusted EBITDA, which is a non GAAP measure, has improved from negative \$483,000 to \$397,000 from one year ago, an improvement of \$880,000. As we continue to grow our top line and increase our unit volume we anticipate continued margin improvement and profitability resulting from better fixed cost utilization and our previously announced direct cost improvements. During the third quarter of fiscal year 2010 we used net cash of \$363,000 of cash, primarily for two reasons, first we invested in tooling and materials for new business

which the customer has been slow to pay and second the flow of our shipments in the quarter was weighted more towards the end of the quarter. Both issues resulted in an increase in accounts receivable. We anticipate that this situation will be corrected in the coming quarter.”

Mr. Gaynor continued, “We will continue to pursue the markets that offer substantial growth opportunity with our products that are designed for these markets. We are successfully implementing our strategic plan to penetrate these markets and along with continued aggressive cash management have positioned LightPath to become cash positive and reach its profitability goals.”

### **Financial Results for Three Months Ended March 31, 2010**

Revenue for the third quarter of fiscal 2010 totaled \$2.7 million compared to \$1.7 million for the third quarter of fiscal 2009, an increase of 61%. The increase from the third quarter of the prior fiscal year was primarily attributable to higher sales volumes of precision molded optics, gradium and isolators. Our precision molded optics sales units were significantly higher as a result of our increased production capability and our pursuit of high volume low cost lens business. Our current cost structure has allowed us to sell product at lower prices while improving gross margins. Growth in sales going forward is expected to be derived primarily from the precision molded optics product line, particularly our low cost lenses being sold in Asia.

Our gross margin percentage in the third quarter of fiscal 2010 compared to third quarter of fiscal 2009 increased to 47% from 25%. Total manufacturing cost of \$1,409,000 was approximately \$167,000 higher in the third quarter of fiscal 2010 compared to the same period of the prior fiscal year. This was due to costs to support higher sales volumes. Unit shipment volume in precision molded optics was up 82% in the third fiscal quarter of 2010 compared to the same period last year. This resulted in better absorption of overhead costs which results in improved fixed cost utilization which lowers our unit cost. Direct costs, which include material, labor and services increased to 25% of revenue in the third quarter of fiscal 2010, as compared to 21% of revenue in the third quarter of fiscal 2009 due to product mix changes including increased sales of isolators which have a higher material cost. Gross margins improved as a result of the cost reduction programs we have implemented, better production yields and efficiencies and improved overhead absorption with the increased volume.

During the third quarter of fiscal 2010 total costs and expenses were comparable to the same period in fiscal 2009 at \$1,048,000 compared to \$1,012,000. Included in total costs and expenses for the third quarter of fiscal 2010 were \$817,000 in selling, general and administrative expenses. As a result total operating income for the third quarter of fiscal 2010 improved to \$203,000 compared to a loss of \$597,000 for the same period in fiscal 2009.

Net interest expense was approximately \$191,000 in the third quarter of fiscal 2010 as compared to \$159,000 in the third quarter of fiscal 2009. Approximately \$419 of the interest expense for the third quarter of fiscal 2010 is attributable to our equipment term loan. The debentures issued in August 1, 2008 accounted for approximately \$190,500 of interest during the quarter ended March 31, 2010 representing periodic interest at 8%, amortization and write-

off of the related debt issuance costs and debt discount, and value of common shares and warrants issued as incentive to participate in the debenture placement and to induce the conversion of the debt to equity. This includes a \$54,000 write off of debt issue costs, prepaid interest and debt discount for debentures converted into common stock during the quarter.

Net income for the third quarter of fiscal 2010 was \$12,000 or \$0.00 per basic and \$0.00 per diluted common share, compared with a net loss of \$756,000 or \$0.11 per basic and diluted per common share for the same period in fiscal 2009. This represents a \$768,000 decrease in net loss compared to the third quarter of fiscal 2009. Weighted-average shares outstanding increased to 8,232,496 in the third quarter of fiscal 2010 compared to 6,674,453 in the third quarter in fiscal 2009 primarily due to the issuance of shares of common stock related to a private placement in the first quarter of fiscal 2010.

### **Financial Results for Nine Months Ended March 31, 2010**

Revenue for the first nine months of fiscal 2010 totaled \$6.4 million compared to \$5.9 million for the first nine months of fiscal 2009, an increase of 9%. The increase from the first nine months of the prior fiscal year was primarily attributable to higher sales volumes for precision molded optics and gradium offset by lower sales for isolators and collimators. Our precision molded optics sales units were significantly higher but our average selling price was lower. This is the result of our pursuit of the high volume low cost lenses. Our current cost structure has allowed us to sell product at lower prices while improving gross margins. Growth in sales going forward is expected to be derived primarily from the precision molded optics product line, particularly our low cost lenses being sold in Asia.

Our gross margin percentage in the first nine months of fiscal 2010 compared to the first nine months of fiscal 2009 increased to 45% from 26%. Total manufacturing cost of \$3.6 million was \$821,000 lower in the first nine months of fiscal 2010 compared to the same period of the prior fiscal year. This was due to lower production costs. Unit shipment volume in precision molded optics is up 137% in the first nine months of fiscal 2010 compared to the same period last year. This resulted in better absorption of overhead costs which results in improved fixed cost utilization which lowers our unit cost. Direct costs, which include material, labor and services remained at 23% of revenue in the first nine months of fiscal 2010, as compared to the same period in the prior year. Gross margins improved as a result of the cost reduction programs we have implemented and better production yields and efficiencies.

During the first nine months of fiscal 2010 total costs and expenses decreased \$864,000 to \$3.0 million compared to \$3.9 million for the same period in fiscal 2009. Included in total costs and expenses for the first nine months of fiscal 2010 were \$2.3 million in selling, general and administrative expenses, which decreased \$833,000 or 26% from \$3.2 million for the same period in the prior fiscal year. This decrease in selling, general and administrative expenses included a reduction in salaries and benefits of \$263,000 for the first nine months of fiscal 2010 compared to the same period in fiscal 2009 resulting from reduced headcount and salary reductions. The first four months of fiscal 2010 were at a four day work week and we returned to a five day work week starting in November 2009. We also had a \$98,000 decrease in rental costs, a \$54,000 decrease in accounting fees, a \$29,000 decrease for insurance, a \$30,000

decrease in stock compensation expense and a \$33,000 decrease in travel expenses. We had higher investor relations expenses of \$195,000 and higher legal expenses for payments in connection with recent litigation. Also, in the first nine months of fiscal 2010, we received two one-time payments totaling \$556,000. The first payment of \$276,000 was from our prior D&O insurance carrier, Reliance, as a reimbursement of legal expenses we previously incurred. The second receipt of \$280,000 was from the sale of the balance of our insurance claim against Reliance.

Net interest expense was approximately \$533,000 in the first nine months of fiscal 2010 as compared to \$1,157,000 in the first nine months of fiscal 2009. Approximately \$5,600 of the interest expense for the first nine months of fiscal 2010 is attributable to our equipment term loan and our capital equipment lease. The debentures issued in August 1, 2008 accounted for approximately \$529,000 of interest during the nine months ended March 31, 2010 representing periodic interest at 8%, amortization and write-off of the related debt issuance costs and debt discount, and value of common shares and warrants issued as incentive to participate in the debenture placement and to induce the conversion of the debt to equity. On December 31, 2008, 25% of the debentures were converted into common stock and \$304,382 of debt discount and \$121,255 of debt issue costs were written-off to interest expense in the second quarter of fiscal 2009.

Net loss for the first nine months of fiscal 2010 was \$653,000 or \$0.08 per basic and diluted common share, compared with a net loss of \$3.5 million or \$0.58 per basic and diluted per common share for the same period in fiscal 2009. This represents a \$2.9 million decrease in net loss compared to the first nine months of fiscal 2009. Weighted-average shares outstanding increased to 7,901,156 in the first nine months of fiscal 2010 compared to 5,993,114 in the first nine months in fiscal 2009 primarily due to the issuance of shares of common stock related to the private placement in the first quarter of fiscal 2010.

Cash and cash equivalents totaled \$543,000 at March 31, 2010. Total current assets and total assets at March 31, 2010 were \$4.2 million and \$6.9 million compared to \$3.3 million and \$5.8 million, respectively, at June 30, 2009. Total current liabilities and total liabilities at March 31, 2010 were \$1.8 million and \$4.0 million compared to \$2.0 million and \$4.1 million, respectively, for June 30, 2009. As a result, the current ratio as of March 31, 2010 improved to 2.31 to 1 compared to 1.59 to 1 as of June 30, 2009. Total stockholders' equity at March 31, 2010 totaled \$2.9 million compared to \$1.7 million at June 30, 2009.

As of March 31, 2010 our backlog of orders scheduled to ship in the next 12 months, was \$3.9 million compared to \$2.3 million as of June 30, 2009.

Jim Gaynor concluded, "Our results for the third fiscal quarter of 2010 are a result of the dedication, hard work and effort by the team at LightPath to control costs, mitigate expenses and bring the right new products to our defined markets. We are seeing the effect of increased unit volumes in precision molded optics and these volumes are improving the absorption of our fixed costs and reducing cash usage in operations. With our current operating efficiencies and low cost structure our focus will continue to be on revenue growth."

“Our efforts to penetrate high volume lower cost commercial markets in Asia show tremendous promise for this fiscal year and we are excited by the acceptance of the new lenses we have recently introduced. Going forward we will continue to focus on these market opportunities and on implementing new distribution channels to expand our presence in the Asian precision optic lens market.”

### **Investor Conference Call and Webcast Details:**

LightPath will host an audio conference call and webcast on Thursday, May 6th at 4:00 p.m. EDT to discuss the Company's financial and operational performance for the third quarter of fiscal year 2010.

#### **Conference Call Details**

Date: Thursday, May 6, 2010

Time: 4:00 p.m. (EDT)

Dial-in Number: 1-877-407-8033

International Dial-in Number: 1-201-689-8033

It is recommended that participants dial-in approximately 5 to 10 minutes prior to the start of the 4:00 p.m. call. A transcript archive of the webcast will be available for viewing or download on the company web site shortly after the call is concluded.

#### **About LightPath Technologies**

LightPath manufactures optical products including precision molded aspheric optics, GRADIUM® glass products, proprietary collimator assemblies, laser components utilizing proprietary automation technology, higher-level assemblies and packing solutions. LightPath has a strong patent portfolio that has been granted or licensed to us in these fields. LightPath common stock trades on the NASDAQ Capital Market under the stock symbol LPTH. For more information visit [www.lightpath.com](http://www.lightpath.com)

The discussions of our results as presented in this release include use of the terms “EBITDA” and “gross margin.” Gross margin is determined by deducting the cost of sales from operating revenue. Cost of sales includes manufacturing direct and indirect labor, materials, services, fixed costs for rent, utilities and depreciation, and variable overhead. Gross margin should not be considered an alternative to operating income or net income, which are determined in accordance with Generally Accepted Accounting Principles (“GAAP”). We believe that gross margin, although a non-GAAP financial measure is useful and meaningful to investors as a basis for making investment decisions. It provides investors with information that demonstrates our cost structure and provides funds for our total costs and expenses. We use gross margin in measuring the performance of our business and have historically analyzed and reported gross margin information publicly. Other companies may calculate gross margin in a different manner.

EBITDA is a non-GAAP financial measure used by management, lenders and certain investors as a supplemental measure in the evaluation of some aspects of a corporation's financial

position and core operating performance. Investors sometimes use EBITDA as it allows for some level of comparability of profitability trends between those businesses differing as to capital structure and capital intensity by removing the impacts of depreciation, amortization and interest expense. EBITDA also does not include changes in major working capital items such as receivables, inventory and payables, which can also indicate a significant need for, or source of, cash. Since decisions regarding capital investment and financing and changes in working capital components can have a significant impact on cash flow, EBITDA is not a good indicator of a business's cash flows. We use EBITDA for evaluating the relative underlying performance of the Company's core operations and for planning purposes. We calculate EBITDA by adjusting net loss to exclude net interest expense, income tax expense or benefit, depreciation and amortization, thus the term "Earnings Before Interest, Taxes, Depreciation and Amortization" and the acronym "EBITDA."

This news release includes statements that constitute forward-looking statements made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, including statements regarding our ability to expand our presence in certain markets, future sales growth, continuing reductions in cash usage and implementation of new distribution channels. This information may involve risks and uncertainties that could cause actual results to differ materially from such forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, factors detailed by LightPath Technologies, Inc. in its public filings with the Securities and Exchange Commission. Except as required under the federal securities laws and the rules and regulations of the Securities and Exchange Commission, we do not have any intention or obligation to update publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

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**LIGHTPATH TECHNOLOGIES, INC.**

EBITDA

(Unaudited)

	Three months ended		Nine months ended	
	March 31,		March 31,	
	2010	2009	2010	2009
Net Income (loss)	\$ 12,052	\$ (756,175)	\$ (652,645)	\$ (3,505,492)
Depreciation and amortization	193,795	111,587	497,226	432,505
Interest expense	191,461	161,330	534,449	1,173,578
EBITDA	\$ 397,308	\$ (483,258)	\$ 379,030	\$ (1,899,409)

**Financial Comparison of Selected Profit and Loss Items As Reported  
Compared to Excluded Items**

	(000's)				
	Q3 2009	Q4 2009	Q1 2010	Q2 2010	Q3 2010
<b>As reported:</b>					
<b>Revenue</b>	<b>1,657</b>	<b>1,590</b>	<b>1,557</b>	<b>2,226</b>	<b>2,660</b>
Gross profit	415	530	669	958	1,251
%	<b>25%</b>	<b>33%</b>	<b>43%</b>	<b>43%</b>	<b>47%</b>
Total costs and expenses	1,012	690	1,196	754	1,048
Net income (loss)	(756)	(318)	(706)	42	12
<b>EBITDA</b>	<b>(483)</b>	<b>(21)</b>	<b>(382)</b>	<b>363</b>	<b>397</b>
One time items **	0	(274)	132	(298)	(36)
<b>Excluding non-recurring items:</b>					
<b>Revenue</b>	<b>1,657</b>	<b>1,590</b>	<b>1,557</b>	<b>2,226</b>	<b>2,660</b>
Gross profit	415	530	669	889	1,251
%	<b>25%</b>	<b>33%</b>	<b>43%</b>	<b>40%</b>	<b>47%</b>
Total costs and expenses	1,012	964	1,064	984	1,084
Net income (loss)	(756)	(592)	(574)	(257)	(24)
<b>EBITDA excluding non recurring items</b>	<b>(483)</b>	<b>(295)</b>	<b>(250)</b>	<b>65</b>	<b>361</b>

\*\* Non-recurring items include: D&O insurance claim proceeds, legal expenses related to litigation settlement, business interruption payments for Shanghai plant move and other miscellaneous items.

**LIGHTPATH TECHNOLOGIES, INC.**

Consolidated Balance Sheets

Assets	<b>Unaudited March 31, 2010</b>	<b>June 30, 2009</b>
Current assets:		
Cash and cash equivalents	\$ 542,891	\$ 579,949
Trade accounts receivable, net of allowance of \$24,423 and \$26,131	1,975,213	973,634
Inventories, net	1,090,325	983,278
Other receivables	-	183,413
Prepaid interest expense	219,653	366,219
Prepaid expenses and other assets	360,363	173,882
Total current assets	4,188,445	3,260,375
Property and equipment - net	2,339,754	2,024,571
Intangible assets - net	142,218	166,869
Debt costs, net	190,150	299,080
Other assets	37,813	78,701
Total assets	\$ 6,898,380	\$ 5,829,596
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities:		
Accounts payable	\$ 1,316,090	\$ 1,376,599
Accrued liabilities	180,000	181,318
Accrued payroll and benefits	318,594	332,609
Note payable, current portion	-	152,758
Capital lease obligation, current portion	-	5,050
Total current liabilities	1,814,684	2,048,334
Deferred rent	594,710	644,056
8% convertible debentures to related parties, net of debt discount	195,294	175,255
8% convertible debentures, net of debt discount	1,386,622	1,270,725
Total liabilities	3,991,310	4,138,370
Stockholders' equity:		
Preferred stock: Series D, \$.01 par value, voting; 5,000,000 shares authorized; none issued and outstanding	—	—
Common stock: Class A, \$.01 par value, voting; 40,000,000 shares authorized; 8,281,530 and 6,696,992 shares issued and outstanding, respectively	82,815	66,970
Additional paid-in capital	205,015,867	203,151,364
Foreign currency translation adjustment	46,374	58,233
Accumulated deficit	(202,237,986)	(201,585,341)
Total stockholders' equity	2,907,070	1,691,226
Total liabilities and stockholders' equity	\$ 6,898,380	\$ 5,829,596

**LIGHTPATH TECHNOLOGIES, INC.**  
Consolidated Statements of Operations  
(Unaudited)

	Three months ended March 31,		Nine months ended March 31,	
	2010	2009	2010	2009
Product sales, net	\$ 2,660,415	\$ 1,656,889	\$ 6,443,848	\$ 5,899,853
Cost of sales	1,409,356	1,242,291	3,566,230	4,387,283
Gross margin	1,251,059	414,598	2,877,618	1,512,570
Operating expenses:				
Selling, general and administrative	816,957	816,805	2,322,422	3,155,255
New product development	222,607	184,111	650,281	686,579
Amortization of intangibles	8,217	8,217	24,651	24,651
Loss (Gain) on sale of property and equipment	-	2,463	-	(5,244)
Total costs and expenses	1,047,781	1,011,596	2,997,354	3,861,241
Operating income (loss)	203,278	(596,998)	(119,736)	(2,348,671)
Other income (expense):				
Interest expense	(54,272)	255,450	(152,083)	(392,315)
Interest expense - debt discount	(98,107)	(384,760)	(273,436)	(558,699)
Interest expense - debt costs	(39,082)	(32,020)	(108,930)	(222,564)
Investment and other income	235	2,153	1,540	16,757
Total other expense, net	(191,226)	(159,177)	(532,909)	(1,156,821)
Net income (loss)	\$ 12,052	\$ (756,175)	\$ (652,645)	\$ (3,505,492)
Income (Loss) per common share (basic)	\$ 0.00	\$ (0.11)	\$ (0.08)	\$ (0.58)
Number of shares used in per share calculation (basic)	8,232,496	6,674,453	7,901,156	5,993,114
Income (Loss) per common share (diluted)	\$ 0.00	\$ (0.11)	\$ (0.08)	\$ (0.58)
Number of shares used in per share calculation (diluted)	9,339,878	6,674,453	7,901,156	5,993,114

**LIGHTPATH TECHNOLOGIES, INC.**

Consolidated Statements of Cash Flows

(Unaudited)

Nine months ended

March 31,

	<u>2010</u>		<u>2009</u>	
Cash flows from operating activities				
Net loss	\$	(652,645)	\$	(3,505,492)
Adjustments to reconcile net loss to net cash used in operating activities:				
Depreciation and amortization		497,226		432,505
Interest from amortization of debt discount		273,436		558,699
Fair value of warrants issued to induce debenture conversion		-		215,975
Interest from amortization of debt costs		108,930		222,564
Issuance of common stock for interest on convertible debentures		-		97,633
Common stock issued for legal settlement		50,000		-
Gain on sale of property and equipment		-		(5,244)
Stock based compensation		110,508		106,241
Provision for doubtful accounts receivable		(1,708)		(558)
Deferred rent		(49,346)		(2,752)
Common stock issued for payment of consulting services		150,000		49,800
Changes in operating assets and liabilities:				
Trade accounts receivables		(999,871)		282,465
Other receivables		183,413		-
Inventories		(107,047)		115,585
Prepaid expenses and other assets		973		686
Accounts payable and accrued liabilities		(75,842)		(750,833)
Net cash used in operating activities		<u>(511,973)</u>		<u>(2,182,726)</u>
Cash flows from investing activities				
Purchase of property and equipment		(787,758)		(123,884)
Proceeds from sale of equipment		-		37,791
Net cash used in investing activities		<u>(787,758)</u>		<u>(86,093)</u>
Cash flows from financing activities				
Proceeds from exercise of stock options		8,393		-
Proceeds from sale of common stock, net of costs		1,417,090		-
Proceeds from sale of common stock from employee stock purchase plan		6,857		14,220
Borrowings on 8% convertible debenture, net of issuance costs		-		2,672,430
Payments on secured note payable		-		(260,828)
Payments on capital lease obligation		(5,050)		(13,717)
Payments on note payable		(152,758)		(125,118)
Net cash provided by financing activities		<u>1,274,532</u>		<u>2,286,987</u>
Effect of exchange rate on cash and cash equivalents		(11,859)		3,443
Increase (decrease) in cash and cash equivalents		(37,058)		21,611
Cash and cash equivalents, beginning of period		579,949		358,457
Cash and cash equivalents, end of period	\$	<u>542,891</u>	\$	<u>380,068</u>
Supplemental disclosure of cash flow information:				
Interest paid in cash	\$	3,477	\$	31,568
Income taxes paid		5,100		-
Supplemental disclosure of non-cash investing & financing activities:				
Convertible debentures converted into common stock		137,500		732,250
Fair value of warrants issued to broker of debt financing		-		194,057
Fair value of warrants and incentive shares issued to debenture holders		-		790,830
Intrinsic value of beneficial conversion feature underlying convertible debentures		-		600,635

**LIGHTPATH TECHNOLOGIES, INC.**  
**CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY**  
**Nine months ended March 31, 2010**  
**(Unaudited)**

	Class A		Additional	Foreign	Accumulated	Total
	Common Stock		Paid-in	Currency	Deficit	Stockholders
	<u>Shares</u>	<u>Amount</u>	<u>Capital</u>	<u>Translation</u>	<u>Deficit</u>	<u>Equity</u>
				<u>Adjustment</u>		
Balance at June 30, 2009	6,696,992	\$ 66,970	\$ 203,151,364	\$ 58,233	\$ (201,585,341)	\$ 1,691,226
Issuance of common stock for:						
Employee Stock Purchase Plan	8,910	89	6,768	-	-	6,857
Vested restricted stock units	20,000	200	(200)	-	-	-
Exercise of employee stock options	7,993	80	8,313	-	-	8,393
Conversion of debentures	89,286	893	136,607	-	-	137,500
Cashless exercise of warrants	63,622	636	(636)	-	-	-
Settlement of litigation	26,455	265	49,735	-	-	50,000
Consulting services	69,445	694	149,306	-	-	150,000
Stock based compensation on stock options and restricted stock units	-	-	110,508	-	-	110,508
Sale of common stock and warrants, net	1,298,827	12,988	1,404,102	-	-	1,417,090
Foreign currency translation adjustment	-	-	-	(11,859)	-	(11,859)
Net loss	-	-	-	-	(652,645)	(652,645)
Comprehensive loss						(664,504)
Balance at March 31, 2010	<u>8,281,530</u>	<u>\$ 82,815</u>	<u>\$ 205,015,867</u>	<u>\$ 46,374</u>	<u>\$ (202,237,986)</u>	<u>\$ 2,907,070</u>