

# INVESTMENT PROFILE

## LATTICE INCORPORATED



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## LATTICE INCORPORATED ANNOUNCES THREE NEW DIRECTORS JOIN BOARD. SCIENCE DYNAMICS CHANGES COMPANY NAME TO LATTICE AND EFFECTS A ONE-FOR-TEN REVERSE SPLIT OF ITS COMMON STOCK.

### COMPANY DESCRIPTION

Lattice Incorporated is a provider of advanced information and communications technology to the government and commercial markets. The company's technology services division designs, deploys and manages advanced technological solutions at key government agencies and mid- to large- sized enterprises. Lattice Inc.'s technology products division consists of several core proprietary platforms used to develop customized software applications in multiple vertical markets.

The company is actively qualifying acquisition candidates to broaden its customer base and enhance cross-selling opportunities among its clients. Lattice Inc. has focused its near-term acquisition efforts on service providers with steadily increasing revenue from advanced solutions sold into the federal government. The company also sees significant upside in merging the capabilities of its proprietary product portfolio with additional acquired technologies to further boost top-line growth over the next four years.

### TECHNICAL SERVICES

Lattice Inc. has been supplying advanced technological solutions since 1977. The company currently derives the majority of its revenue through technology solutions contracts with the federal government. Lattice Inc.'s expertise in systems architecture is complemented by its ability to manage and integrate advanced customized solutions across the federal sector.

Lattice Inc. designs, develops and implements business management applications, geographic information systems, web services applications and secure geospatial solutions. Consulting services offered to its federal clients include network engineering, architectural guidance, database management and functional area analysis.

### LTTC - OTCBB • February 6, 2007

Closing Price (02/02/07)	\$0.90	2005 Revenue	\$4.2 mil.
52-Week Range	\$0.40-\$1.10	2005 Net Income	(\$0.86 mil.)
Market Cap.	\$10.7 mil.	FY '05 EPS	(\$0.07)
Basic Shares	11.9 mil.	Total Assets (9/30/06)	\$13.3 mil.
Diluted Shares	69.0 mil.	Total Liabilities (9/30/06)	\$26.6 mil.
Insider Ownership	20%	Est. Public Float	7 mil.
Average Daily Trading	91,962	Fiscal Year End	Dec. 31

The company also provides strategic consulting services to support business requirements, change management and financial analysis for several major federal customers.

### TECHNICAL PRODUCTS

Lattice Inc. maintains a proprietary Department of Defense (DoD) certified software development platform enabling developers to rapidly create fully compliant, highly secure .NET applications. The company also owns a proprietary transaction processing platform used to develop and enhance a variety of customizable communications platforms.

Lattice Inc. uses its proprietary technologies to develop customized solutions for all levels of the federal government and enterprise-level customers. Using DOD-certified platforms, the company develops low-cost web services – custom programs that use open source-based applications to exchange data over the web – incorporating military grade security.

Lattice Inc.'s products are specifically designed to reduce the time and cost of developing advanced solutions for clients requiring highly secure, extremely reliable communications systems. The company's expertise in securing web services with military-grade technology enables more powerful IP-based communications in the defense, intelligence and homeland security agencies.

Lattice Inc. was previously nominated for the prestigious Malcolm Baldrige Quality Award. The company is also working with Microsoft on a case study of the benefits of using its proprietary platforms to develop applications in a .NET environment.



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# LATTICE INCORPORATED

## OTCBB: LTTC

### GOVERNMENT MARKET

Lattice Inc. competes primarily in a highly competitive and fragmented market servicing the federal government. In addition to its proprietary technologies and long operating history, the company further distinguishes itself via its ties to key government agencies and the possession of a Department of Defense certification on a core development platform.

Lattice Inc. believes it has significant hidden assets and future revenue streams not currently reflected in its financial statements. Many contracts in the government market are initially awarded on a single-year basis but are effectively multi-year awards, providing the original firm satisfactorily performs that first year. Based on its historical track record of successful execution, the company believes it has a high probability of realizing recurring revenue streams from such contract extensions. Lattice Inc. also retains key portions of the custom solutions provided to its federal clients, providing significant cost and technological advantages when pursuing similar contracts at other agencies.

### RECENT KEY DEVELOPMENTS

- 02/06/07 Lattice Incorporated announces three new directors join board.
- 02/05/07 Science Dynamics changes company name to Lattice, Inc., and effects a one-for-ten reverse split of its common stock.
- 12/05/06 FQ3 '06 revenue \$1.49 mil. up 34% from \$1.12 mil. in the third quarter a year ago. Net loss of (\$17.3 mil.), compared with (\$194,728) in FQ3 '05.
- 08/17/06 FQ2 '06 revenue \$1.34 mil. up 7% from \$1.25 mil. in the second quarter a year ago. Net loss of (\$7,106), compared with (\$122,309) in the same quarter last year.
- 05/22/06 FQ1 '06 revenue \$1,341,807 up 53% from \$874,570 in the first quarter a year ago. Net loss of \$49,676 compared with \$789,562 in the same quarter last year.

### MANAGEMENT TEAM

**Paul Burgess, President, CEO and Director.** From March 2003 until Feb. 2005 was COO. Appointed president and CEO and director in Feb. 2005.

**Joe Noto, Chief Financial Officer.** Over 15 years of executive experience in businesses ranging from venture capital backed start-ups to Fortune 500 companies.

**Michael Ricciardi, Chief Operating Officer.** Founded RTI and served as its president and CEO and led the company's technical team and operations since its inception in 1992.

**Thomas R. Spadaro, Vice President of Engineering.** Leads design and development of telephony solutions for IP-based communications.

### THE OUTLOOK

Lattice Inc. has successfully completed the transition into an elite provider of advanced technological solutions to government and commercial markets. By acquiring highly respected solutions providers with strong ties to the federal government, the company intends to further complement its technical expertise while adding revenue streams. Lattice Inc.'s current capabilities provide the company a solid base to grow its services and products divisions in new markets.

### WEBSITE INFORMATION

Copies of Lattice Inc.'s press releases, Level II price quotes, SEC filings, Java stock charts and other valuable information for investors may be found at:  
[www.hawkassociates.com](http://www.hawkassociates.com) and [www.americanmicrocaps.com](http://www.americanmicrocaps.com).  
Lattice Incorporated: [www.latticeincorporated.com](http://www.latticeincorporated.com)

Having effectively integrated previously acquired SMEI into the company's operations, Lattice Inc. recently completed another significant acquisition in the highly fragmented technical solutions space. Management believes it can achieve significant economies of scale in several vertical markets by consolidating numerous high quality service providers. The company continues to focus on finding and integrating companies with highly secure advanced technology solutions suitable for deployment within key government agencies.

In September 2006, Lattice Inc. acquired Ricciardi Technologies Inc. (RTI), a provider of advanced software and systems development services. Management believes the momentum Lattice Inc. gained via the RTI acquisition will continue to power sales in FY '07. The acquisition will also enhance Lattice Inc.'s presence in the federal government market place. As a result of the private placement with Barron Partners LP in September 2006, which funded the acquisition of RTI, Lattice Inc. substantially reduced its indebtedness to Laurus Master Fund.

Through an aggressive core acquisition strategy, Lattice Inc. believes it can realize dramatically increase sales over the next four years. Acquisition targets include architecture and development specialists currently providing unique solutions to the government and commercial markets as either prime contractors or partners of large domestic defense companies. Emphasis is placed on buying providers with highly scalable proprietary technologies at fair multiples.

Revenue in the third quarter ended September 30, 2006 increased 34% to \$1.49 million, compared to \$1.12 million in third quarter of 2005. Total revenues for the nine months ended September 30, 2006 increased 29% to \$4,179,360, compared to \$3,248,699 for the nine months ended September 30, 2005. As a result of the company's financing with Baron Partners, Lattice Inc. incurred a net loss for the quarter of \$17.3 million, compared to net income of \$194,728, for the third quarter of 2005.

- Larger, better financed competitors
- Need for additional financing
- Highly competitive market
- Ability to successfully commercialize and derive revenue from products

### RISK FACTORS



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