
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2010

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number **000-08161**

DIONICS, INC.

(Exact name of Registrant as Specified in its Charter)

Delaware

(State or other jurisdiction
of incorporation or organization)

11-2166744

(I.R.S. Employer
Identification Number)

65 Rushmore Street

Westbury, New York

(Address of principal executive offices)

11590

(Zip Code)

(516) 997-7474

(Registrant's Telephone Number, Including Area Code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes ☐ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definition of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☐
Non-accelerated filer ☐

Accelerated filer ☐
Smaller reporting company ☒

Indicate by check mark whether the Issuer is a shell company (as defined by Rule 12b-2 of the Exchange Act).

Yes ☐ No ☒

State the number of shares outstanding of each of the Issuer's classes of common equity, as of the latest practicable date: The number of shares outstanding of the Common Stock (\$.01 par value) of the Issuer as of the close of business on August 1, 2010 was 20,928,678.

DIONICS, INC.

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PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

DIONICS, INC. FINANCIAL STATEMENTS

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DIONICS, INC.
BALANCE SHEETS

	June 30, 2010 (Unaudited)	December 31, 2009 (Audited)
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 289,600	\$ 416,500
Accounts receivable - net of allowance of \$5,300 in 2010 and \$5,300 in 2009	95,400	22,500
Inventory	147,200	143,500
Prepaid expenses	16,900	19,100
Total Current Assets	549,100	601,600
Property, plant and other equipment,		
Net of accumulated depreciation of \$1,422,900 in 2010 and \$1,422,800 in 2009	14,000	0
Other assets	21,100	21,100
TOTAL ASSETS	\$ 584,200	\$ 622,700
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	\$ 25,100	\$ 19,800
Accrued expenses	16,800	5,700
Total Current Liabilities	41,900	25,500
Convertible Note Payable, Officer	225,000	225,000
TOTAL LIABILITIES	266,900	250,500
Stockholders' equity		
Common Stock / \$.01 par value, 50,000,000 shares authorized, shares issued and outstanding - 21,093,222 in 2010 and in 2009	210,900	210,900
Preferred Stock / \$.01 par value, 1,000,000 shares authorized, 0 shares issues and outstanding		
Additional paid in capital	2,296,800	2,296,800
Accumulated Deficit	(1,969,800)	(1,914,900)
	537,900	592,800
Less: Treasury Stock at cost (164,544 Shares in 2010 and 2009)	(220,600)	(220,600)
TOTAL STOCKHOLDERS' EQUITY	317,300	372,200
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	\$ 584,200	\$ 622,700

The accompanying notes are an integral part of the financial statements

DIONICS, INC.
STATEMENTS OF OPERATIONS
For the six month period ended June 30,
(Unaudited)

	<u>2010</u>	<u>2009</u>
Net sales	\$ 423,400	\$ 370,600
Cost of sales	<u>318,800</u>	<u>284,500</u>
Gross profit	104,600	86,100
Selling, general and administrative expenses	<u>160,900</u>	<u>152,800</u>
Earnings (loss) from operations	(56,300)	(66,700)
Other income	<u>1,400</u>	<u>2,100</u>
Net income (loss) before income taxes	(54,900)	(64,600)
Income taxes and benefits	<u>0</u>	<u>0</u>
Net income (loss)	\$ <u><u>(54,900)</u></u>	\$ <u><u>(64,600)</u></u>
Basic earnings per share	\$ <u>(0.003)</u>	\$ <u>(0.007)</u>
Weighted average number of shares outstanding	<u>21,093,222</u>	<u>9,842,722</u>

The accompanying notes are an integral part of the financial statements

DIONICS, INC.
STATEMENTS OF OPERATIONS
For the three month period ended June 30,
(Unaudited)

	<u>2010</u>	<u>2009</u>
Net sales	\$ 212,400	\$ 201,000
Cost of sales	<u>162,100</u>	<u>136,000</u>
Gross profit	50,300	65,000
Selling, general and administrative expenses	<u>75,900</u>	<u>67,000</u>
Earnings (loss) from operations	(25,600)	(2,000)
Other income	<u>500</u>	<u>2,100</u>
Net income (loss) before income taxes	(25,100)	100
Income taxes and benefits	<u>0</u>	<u>0</u>
Net income (loss)	\$ <u><u>(25,100)</u></u>	\$ <u><u>100</u></u>
Basic earnings per share	\$ <u>(0.001)</u>	\$ <u>0.000</u>
Weighted average number of shares outstanding	<u>21,093,222</u>	<u>9,842,722</u>

The accompanying notes are an integral part of the financial statements

DIONICS, INC.
STATEMENTS OF SHAREHOLDERS' EQUITY
For the six month period ended June 30, 2010

	Common Stock		Additional		Treasury Stock		
	Number of Shares	Value	Paid in Capital	Deficit	Number of Shares	Cost	Total
Balance as of December 31, 2008 (audited)	10,093,222	\$ 100,900	\$ 1,966,800	\$ (1,646,000)	164,544	\$ (220,600)	\$ 201,100
Shares issued to Investor	11,000,000	110,000	330,000				440,000
Net (Loss)				(268,900)			(268,900)
Balance as of December 31, 2009 (audited)	<u>21,093,222</u>	<u>\$ 210,900</u>	<u>\$ 2,296,800</u>	<u>\$ (1,914,900)</u>	<u>164,544</u>	<u>\$ (220,600)</u>	<u>\$ 372,200</u>
Net (Loss)				(54,900)			(54,900)
Balance as of June 30, 2010	<u>21,093,222</u>	<u>\$ 210,900</u>	<u>\$ 2,296,800</u>	<u>\$ (1,969,800)</u>	<u>164,544</u>	<u>\$ (220,600)</u>	<u>\$ 317,300</u>

The accompanying notes are an integral part of the financial statements

DIONICS, INC.
STATEMENTS OF CASH FLOWS
For the six month period ended June 30,
(unaudited)

	Increase (Decrease) in Cash and Cash Equivalents	
	2010	2009
Cash flows from operating activities:		
Net income (Loss)	\$ (54,900)	\$ (64,600)
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	100	200
Forgiveness of debt		(1,000)
Change in operating assets and liabilities:		
(Increase) Decrease in:		
Accounts receivable	(72,900)	3,800
Prepaid expenses	2,200	2,200
Inventory	(3,700)	8,000
Increase (Decrease) in:		
Accounts payable	5,300	(33,500)
Accrued expenses	11,100	(9,800)
Purchase of deferred compensation agreement	0	(75,000)
Net cash (used for) operating activities	(112,800)	(169,700)
Cash flow provided by (used for) investing activities		
Building improvements	(14,100)	0
Net cash used for investing activities	(14,100)	0
Net increase (decrease) in cash	(126,900)	(169,700)
Cash at beginning of period	416,500	300,000
Cash at end of period	\$ <u>289,600</u>	\$ <u>130,300</u>
Other Non-Cash Activities		
Purchase of deferred compensation agreement paid by the issuance of a convertible promissory note payable to Officer	\$ 0	\$ 225,000

The accompanying notes are an integral part of the financial statements

DIONICS, INC.
Notes to the Financial Statements
June 30, 2010
(Unaudited)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

BUSINESS

Dionics, Inc. (the “Company”) was incorporated under the laws of the State of Delaware on December 19, 1968. The Company, which is based in Westbury, New York, designs, manufactures and markets semiconductor electronic products, as individual discrete components, as multi-component integrated circuits, as multi-component hybrid circuits and as silicon light-chips.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with general accepted accounting principals requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents

Holdings of highly liquid investments with original maturities of three months or less are considered to be cash equivalents. The carrying amount reported in the balance sheet for cash and cash equivalents approximates its fair values. The amount of federally insured cash deposits was \$192,900 as of June 30, 2010 and \$283,900 as of December 31, 2009.

Concentration of Risk

The Company maintains cash deposits in a bank with offices located in New York, that at times, exceed applicable insurance limits. The Company performs periodic reviews of the relative credit rating of its bank to lower its risk. The Company has not experienced any losses in such accounts, and believes it is not subject to any significant credit risk on cash.

Accounts Receivable

Accounts for which no payments have been received for three consecutive months are considered delinquent and a reserve is setup for them. Customary collection efforts are initiated and an allowance for uncollectible amounts is set up and the related expense is charged to operations.

Merchandise Inventory

Inventories are stated at the lower of cost (which represents cost of materials and manufacturing costs on a first-in, first-out basis) or market. Finished goods and work-in-process inventories include material and labor. The Company monitors usage reports to determine if the carrying value of any items should be adjusted down due to lack of demand for the item. The Company adjusts down the inventory for estimated obsolescence or unmarketable inventory equal to the difference between the cost of inventory and the estimated market value based upon assumptions about future demand and market conditions. If actual market conditions are less favorable than those projected by management, additional inventory write-down may be required.

Inventories are comprised of the following:

	June 30, 2010	December 31, 2009
Raw materials	\$ 12,300	\$ 2,800
Work in process	77,200	80,500
Finished Goods	57,700	60,200
	<u>\$147,200</u>	<u>\$143,500</u>

DIONICS, INC.
Notes to the Financial Statements
June 30, 2010
(Unaudited)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

Long-Lived Assets – Property, Plant and Equipment

These assets are recorded at cost less depreciation and amortization. Depreciation and Amortization are accounted for on the straight-line methods based on estimated useful lives. The amortization of leasehold improvements is based on the shorter of the lease term or the life of the improvement. Betterments and large renewals, which extend the life of the asset, are capitalized whereas maintenance and repairs and small renewals are expensed, as incurred. The estimated useful lives are: machinery and equipment, 7-15 years; buildings, 30 years; and leasehold improvements, 10-20 years.

Revenue

The Company recognizes revenue upon completion and shipment of goods because its billing terms include the provision that the goods are shipped FOB point of shipment which is standard practice in the Company's industry.

Bad Debt

The Company maintained an allowance for doubtful accounts of \$5,300 at June 30, 2010 and December 31, 2009.

Stockholders' Equity

On October 30, 2009 (the "CML Closing Date"), the Company completed the transactions contemplated by a Stock Purchase Agreement (the "CML Stock Purchase Agreement") entered into on October 8, 2009 among the Company, Central Mega Limited, a British Virgin Islands corporation ("CML"), and the Company's chief executive officer, pursuant to which, among other things, CML purchased on the Closing Date an aggregate of 13,000,000 shares of common stock of the Company at a purchase price of \$0.04 per share, consisting of 11,000,000 authorized but previously unissued shares of common stock of the Company for an aggregate purchase price of \$440,000 which was paid to the Company on the Closing Date, and 2,000,000 previously issued shares of common stock owned by the chief executive officer for an aggregate purchase price of \$80,000 which was paid to the executive officer on the Closing Date (the "CML Stock Purchase").

Fair Value of Financial Instruments

The carrying amounts of cash and cash equivalents, accounts receivable and accounts payable approximate fair value because of the short-term nature of these instruments. Fair value estimates are made at a specific point in time, based on relevant market information about the financial instruments when available. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and therefore, cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

Major Customers

For the six months ended June 30, 2010, approximately 58% of total sales were to the Company's 3 largest customers.

Basic Earnings per Common share

Basic earnings per share ("EPS") are computed based on the weighted average number of common shares outstanding for the period. Diluted EPS gives effect to all dilutive potential shares outstanding (i.e. options and warrants) during the period.

DIONICS, INC.
Notes to the Financial Statements
June 30, 2010
(Unaudited)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

Income Taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statements carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carry forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. There were no deferred taxes for the period ending June 30, 2010 and December 31, 2009. See NOTE 5.

Recently Issued Accounting Pronouncements

In January 2010, the FASB issued ASU No. 2010-06, - Improving Disclosures about Fair Value Measurements (ASU 2010-06) (codified within ASC 820 - Fair Value Measurements and Disclosures). ASU 2010-06 improves disclosures originally required under SFAS No. 157. ASU 2010-16 is effective for interim and annual periods beginning after December 15, 2009, except for the disclosures about purchases, sales, issuances and settlements in the roll forward of activity in Level 3 fair value measurements. Those disclosures are effective for fiscal years beginning after December 15, 2010, and for interim periods within those years. The Company is in compliance with the additional disclosure required by this guidance.

In December 2009, the FASB issued ASU 2009-16, - Transfers and Servicing (Topic 860) – Accounting for Transfers of Financial Assets. ASU 2009-16 amends the accounting for transfers of financial assets and will require more information about transfers of financial assets, including securitizations, and where entities have continuing exposure to the risks related to transferred financial assets. ASU 2009-16 is effective at the start of a reporting entity's first fiscal year beginning after November 15, 2009, with early adoption not permitted. The Company is in compliance with the additional disclosure required by this guidance.

In October 2009, the FASB issued ASU 2009-15, - Accounting for Own-Share Lending Arrangements in Contemplation of Convertible Debt Issuance or Other Financing. ASU 2009-15 amends the accounting and reporting guidance for debt (and certain preferred stock) with specific conversion features or other options. ASU 2009-15 is effective for fiscal years beginning on or after December 15, 2009. The Company is currently assessing the impact of ASU 2009-13 on its consolidated financial position, results of operations and cash flows.

In October 2009, the FASB issued ASU No. 2009-13, - Multiple Deliverable Revenue Arrangements - a consensus of the FASB Emerging Issues Task Force (ASU 2009-13) (codified within ASC Topic 605). ASU 2009-13 addresses the accounting for multiple-deliverable arrangements to enable vendors to account for products or services (deliverables) separately rather than as a combined unit. ASU 2009-13 is effective prospectively for revenue arrangements entered into or materially modified in fiscal years beginning on or after June 15, 2010, with early adoption permitted. The Company is currently assessing the impact of ASU 2009-13 on its consolidated financial position, results of operations and cash flows.

In August 2009, the FASB issued Accounting Standards Update (ASU) No. 2009-05, - Measuring Liabilities at Fair Value (ASU 2009-05) (codified within ASC 820 - Fair Value Measurements and Disclosures). ASU 2009-05 amends the fair value and measurement topic to provide guidance on the fair value measurement of liabilities. ASU 2009-05 is effective for interim and annual periods beginning after August 26, 2009. The Company adopted this guidance effective October 1, 2009.

DIONICS, INC.
Notes to the Financial Statements
June 30, 2010
(Unaudited)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

Recently Issued Accounting Pronouncements (continued)

In June 2009, the FASB issued SFAS No. 168, - The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles – a replacement of FASB Statement No. 162 (SFAS 168) (codified within ASC 105 - Generally Accepted Accounting Principles). SFAS 168 stipulates that the FASB Accounting Standards Codification is the source of authoritative U.S. GAAP recognized by the FASB to be applied by nongovernmental entities. SFAS 168 is effective for interim and annual periods ending after September 15, 2009. In conjunction with the issuance of SFAS 168, the SEC issued interpretive guidance Final Rule 80 (FR-80) regarding FASB's Accounting Standards Codification. Under FR-80, the SEC clarified that the ASC is not the authoritative source for SEC guidance and that the ASC does not supersede any SEC rules or regulations. Further, any references within the SEC rules and staff guidance to specific standards under U.S. GAAP should be understood to mean the corresponding reference in the ASC. FR-80 is also effective for interim and annual periods ending after September 15, 2009. The adoption had no impact on the Company's financial position, cash flows or results of operations.

In June 2009, the FASB issued SFAS No. 166, - Accounting for Transfers of Financial Assets (SFAS 166) (codified within ASC 860 - Transfers and Servicing). SFAS 166 amends the derecognition guidance in SFAS No. 140, - Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities (SFAS No. 140). SFAS 166 is effective for fiscal years beginning after November 15, 2009. The Company is in compliance with the additional disclosure required by this guidance.

In May 2009, the FASB issued SFAS No. 165, - Subsequent Events (SFAS 165) (codified within ASC 855 - Subsequent Events). SFAS 165 establishes general standards of accounting for and disclosure of events that occur after the balance sheet date but before the financial statements are issued or are available to be issued. Specifically, SFAS 165 sets forth the period after the balance sheet date during which management of a reporting entity should evaluate events or transactions that may occur for potential recognition or disclosure in the financial statements, the circumstances under which an entity should recognize events or transactions occurring after the balance sheet date in its financial statements, and the disclosures that an entity should make about events or transactions that occurred after the balance sheet date. SFAS 165 is effective prospectively for interim and annual periods ending after June 15, 2009. The Company adopted this guidance on June 30, 2009.

In April 2009, the FASB issued FSP FAS 107-1 and APB 28-1, - Interim Disclosures about Fair Value of Financial Instruments (FSP FAS 107-1 and APB 28-1) (codified within ASC 825 - Financial Instruments). FSP FAS 107-1 and APB 28-1 require fair value disclosures in both interim as well as annual financial statements in order to provide more timely information about the effects of current market conditions on financial instruments. FSP FAS 107-1 and APB 28-1 are effective for interim and annual periods ending after June 15, 2009. The Company adopted this guidance on June 30, 2009.

In April 2009, the FASB issued FSP FAS 157-4 - Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That are Not Orderly (codified within ASC 820). FSP FAS 157-4 provides additional guidance for estimating fair value when the volume and level of activity for the asset or liability have significantly decreased. It also includes guidance on identifying circumstances that indicate a transaction is not orderly. FSP FAS 157-4 becomes effective for interim and annual reporting periods after June 15, 2009 and shall be applied prospectively. The adoption of this guidance did not have a significant effect on the Company's financial statements.

DIONICS, INC.
Notes to the Financial Statements
June 30, 2010
(Unaudited)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

Recently Issued Accounting Pronouncements (continued)

In April 2009, the FASB issued FSP FAS 115-2 and FAS 124-2, - Recognition and Presentation of Other-Than-Temporary Impairments (FSP FAS 115-2 and FAS 124-2) (codified within ASC 320 . Investments – Debt and Equity Securities). FSP FAS 115-2 and FAS 124-2 change the method for determining whether an other-than-temporary impairment exists for debt securities and the amount of the impairment to be recorded in earnings. FSP FAS 115-2 and FAS 124-2 are effective for interim and annual periods ending after June 15, 2009. The adoption of this guidance did not have a significant effect on the Company's financial statements.

In June 2008, the FASB issued EITF 07-05 Determining Whether an Instrument (or Embedded Feature) is Indexed to a Company's Own Stock, (codified within ASC 815 - Derivatives and Hedging - Contracts in Entity's Own Equity), the FASB ratified the consensus reached on determining whether an instrument (or embedded feature) is indexed to an entity's own stock. This consensus clarifies the determination of whether an instrument (or an embedded feature) is indexed to an entity's own stock, which would qualify as a scope exception under the standard accounting for derivative instruments and hedging activities. This consensus is effective for financial statements issued for fiscal years beginning after December 15, 2008. It was effective for the Company on January 1, 2009. The adoption of this consensus did not have a significant effect on the Company's financial statements.

In March 2008, the FASB issued SFAS No. 161, - Disclosures About Derivative Instruments and Hedging Activities – an amendment of FASB Statement No. 133, (SFAS 161) (codified within ASC 815 - Derivatives and Hedging). SFAS 161 is intended to improve financial reporting about derivative instruments and hedging activities by requiring enhanced disclosures to enable investors to better understand their effects on an entity's financial position, financial performance, and cash flows. SFAS 161 is effective for fiscal years beginning after November 15, 2008. The Company adopted this guidance on January 1, 2009. The Company currently does not have any derivative financial instruments subject to accounting or disclosure under this standard; therefore, the adoption of this standard did not have a significant effect on the Company's statement of financial position, results of operations or cash flows.

In February 2010, the FASB amended its guidance on subsequent events to remove the requirement for SEC filers to disclose the date through which an entity has evaluated subsequent events, for both issued and revised financial statements. This amendment alleviates potential conflicts between the FASB's guidance and the reporting rules of the SEC. Our adoption of this amended guidance, which was effective upon issuance, had no effect on our financial condition, results of operations, or cash flows. There were no subsequent events that would require adjustment to or disclosure in the financial statements.

NOTE 2 – TRADE ACCOUNTS RECEIVABLE:

Trade accounts receivable were as follows:

	June 30, 2010	December 31, 2009
Trade accounts receivable	\$100,700	\$ 27,800
Less: allowance for doubtful accounts	5,300	5,300
	<u>\$ 95,400</u>	<u>\$ 22,500</u>

There was no bad debt expense for the period ended June 30, 2010 and December 31, 2009.

DIONICS, INC.
Notes to the Financial Statements
June 30, 2010
(Unaudited)

NOTE 3 – PROPERTY, PLANT AND EQUIPMENT:

Property, Plant and Equipment consisted of the following:

	June 30, 2010	December 31, 2009
Building Improvements	\$ 14,100	
Equipment	\$1,189,500	\$1,189,500
Furniture and Fixtures	\$ 233,300	\$ 233,300
	\$1,436,900	\$1,422,800
Less: accumulated depreciation	(\$1,422,900)	(\$1,422,800)
	<u>\$ 14,000</u>	<u>\$ 0</u>

Depreciation expense for the period ended June 30, 2010 was \$100 and for the year ended December 31, 2009 was \$400 respectively.

NOTE 4 – DEFERRED COMPENSATION:

In 1987, the Company entered into a salary continuation agreement, amended in 1997 and 1998, with its chief executive officer (the “deferred compensation agreement”) which provides for payments to be paid to the executive officer. In May 2004, and as required under an investment made by a third party, the executive officer agreed to forgive \$200,000 of amounts due to him under the deferred compensation agreement and postpone any and all remaining payments due him under the deferred compensation agreement for a period of five years starting May 18, 2004. As of May 1, 2009, there was a remaining balance of \$301,000 owing to the executive officer which was scheduled to become due and payable as of May 18, 2009 following the expiration of the five year postponement described above.

Pursuant to an agreement entered into on May 1, 2009 between the Company and the chief executive officer, the executive officer agreed to sell, transfer and assign to the Company his remaining interest in the deferred compensation agreement in exchange for which the Company agreed to pay the executive \$75,000 in cash and issue the executive officer a convertible promissory note in the principal amount of \$225,000 which shall be due and payable in three years with 5% annual interest payable quarterly. The principal shall at the option of the executive officer be convertible into shares of the Company’s common stock at a conversion price of \$0.09 per share if converted during the first year, \$0.14 per share if converted during the second year, and \$0.19 per share if converted during the third year.

The purchase price for the deferred compensation agreement was \$1,000 less than the deferred compensation previously due. This \$1,000 difference is considered forgiveness of debt and is included in the Other Income section on the Income Statement.

See NOTE 6 for information on the amendments to the promissory note entered into on October 30, 2009 and June 7, 2010.

NOTE 5 – TAXES AND NET OPERATING LOSS CARRY FORWARDS:

The Federal Net Operating Loss Carry Forwards are as follows:

Year	Amount	Year of Expiration
2002	\$ 460,401	2017
2003	258,213	2018
2004	35,802	2019
2006	48,524	2021
2008	710	2023
2009	268,866	2024
	<u>\$1,072,516</u>	

DIONICS, INC.
Notes to the Financial Statements
June 30, 2010
(Unaudited)

NOTE 5 – TAXES AND NET OPERATING LOSS CARRY FORWARDS: (continued)

The New York State Net Operating Loss Carry Forwards are as follows:

Year	Amount	Year of Expiration
2002	\$ 432,797	2017
2003	257,316	2018
2004	34,380	2019
2006	48,524	2021
2009	265,691	2024
	<u>\$1,038,708</u>	

As of June 30, 2010 and December 31, 2009, the components of deferred tax assets were as follows:

	June 30, 2010	December 31, 2009
Accounts receivable allowance	\$ 1,800	\$ 1,800
Net operating loss-carry-forward	326,400	326,400
Total gross deferred tax assets		
(at 34% statutory rate)	328,200	328,200
Less: Valuation allowance	(328,200)	(328,000)
Net deferred tax assets	<u>\$ 0</u>	<u>\$ 0</u>

Under current accounting guidelines, NOLs represent temporary differences that enter into the calculation of deferred tax assets. Realization of deferred tax assets associated with the NOL is dependent upon generating sufficient taxable income prior to their expiration.

Management believes that there is a risk that certain of these NOLs may expire unused and, accordingly, has established a valuation allowance against them. Although realization is not assured for the remaining deferred tax assets, based on the historical trend in Company sales and profitability, sales backlog, and budgeted sales management believes it is likely that they may not be totally realized through future taxable earnings. In addition, the net deferred tax assets could be reduced in the near term if management's estimates of taxable income during the carry forward period are significantly reduced.

The Company believes it is possible that the benefit of these additional assets may not be realized in the future.

NOTE 6 – COMMITMENTS AND CONTINGENCIES:

On July 27, 2005, the Company entered into a lease agreement with 65 Rushmore Realty, LLC. The lease agreement is a triple net lease and is for a period of seven years with a base annual rent of \$83,300 to be paid in monthly installments of \$6,900. This annual rent is subject to annual increases based on the Consumer Price Index for All Urban Consumers of the United States Department of Labor Bureau of Labor Statistics in effect for New York and Northern New Jersey starting August 1, 2009. The Company has the right to terminate the lease prior to the expiration upon 120 days notice to the landlord.

DIONICS, INC.
Notes to the Financial Statements
June 30, 2010
(Unaudited)

NOTE 6 – COMMITMENTS AND CONTINGENCIES: (continued)

In connection with the CML Stock Purchase, on October 30, 2009 (see Note 1-Stockholders' Equity), the chief executive officer, CML and the Company entered into a Put Option Agreement (the "Put Agreement") pursuant to which the chief executive officer has been granted a put option (the "Put Option") to be exercised at the sole option of the chief executive officer at the end of the initial two year term of the Employment Agreement described below (or an earlier termination pursuant to the certain other terms of the Employment Agreement), to sell to CML a maximum of 1,000,000 previously issued shares of the common stock of the Company (the "Put Shares") at a price equal to the then current market price multiplied by .80, with a minimum purchase price per share of \$0.30 and a maximum purchase price per share of \$0.80, provided that in the event CML does not comply with the terms and conditions of the Put Agreement, the Company shall be required to purchase the Put Shares at the same price applicable to the Put Option.

On October 30, 2009, the Company and the chief executive officer entered into a First Amendment to Convertible Promissory Note (the "First Note Amendment") which amended a certain convertible promissory note (the "Original Note") payable to the chief executive officer dated as of May 1, 2009 in the principal amount of \$225,000 which is due and payable in three years with 5% annual interest payable quarterly. (See Note 4). Pursuant to the First Note Amendment, the Company and the chief executive officer agreed that the unpaid balance shall cease to accrue interest commencing as of the Closing Date (October 30, 2009) of the CML Stock Purchase Agreement. In addition, the Company and the chief executive officer agreed that the conversion price in which the principal amount may be converted into shares of common stock shall be \$0.09 per share until October 30, 2010. Thereafter, as in the Original Note, the conversion price shall be \$0.14 per share if converted on or before April 30, 2011, and \$0.19 per share if converted between May 1, 2011 and April 30, 2012.

On June 7, 2010, the Company and the chief executive officer entered into a Second Amendment to Convertible Promissory Note which amended the conversion privileges contained in the Original Note, as amended by the First Note Amendment, to provide that the conversion price shall be \$.09 per share until April 30, 2011. Thereafter, as in the Original Note and First Note Amendment, the conversion price shall be \$.19 per share if converted between May 1, 2011 and April 30, 2012.

On October 30, 2009, the Company entered into an employment agreement (the "Employment Agreement") with the chief executive officer pursuant to which the chief executive officer will continue to serve as Chief Executive Officer and President of the Company. The term of the Employment Agreement shall be two years from the Closing Date, provided that the term may be extended upon the written agreement of the chief executive officer and the Company. The chief executive officer will receive an annual base salary of \$93,600 subject to annual review for possible increase, and will receive other benefits.

NOTE 7 - RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS AFFECTING THE COMPANY:

Accounting Standards Codification

In June 2009, the FASB issued authoritative guidance which replaced the previous hierarchy of U.S. GAAP and establishes the FASB Codification as the single source of authoritative U.S. GAAP recognized by the FASB to be applied by nongovernmental entities. SEC rules and interpretive releases are also sources of authoritative U.S. GAAP for SEC registrants. This guidance modifies the U.S. GAAP hierarchy to include only two levels of U.S. GAAP: authoritative and no authoritative. This guidance was effective for the Company as of December 31, 2009. The adoption of this guidance did not impact the Company's results of operations, cash flows or financial positions since the FASB Codification is not intended to change or alter existing U.S. GAAP.

DIONICS, INC.
Notes to the Financial Statements
June 30, 2010
(Unaudited)

**NOTE 7 - RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS AFFECTING THE COMPANY:
(continued)**

Subsequent Events

In February 2010, the FASB amended its guidance on subsequent events to remove the requirement for SEC filers to disclose the date through which an entity has evaluated subsequent events, for both issued and revised financial statements. This amendment alleviates potential conflicts between the FASB's guidance and the reporting rules of the SEC. Our adoption of this amended guidance, which was effective upon issuance, had no effect on our financial condition, results of operations, or cash flows. There were no subsequent events that would require adjustment to or disclosure in the financial statements.

NOTE 8 – STOCK PLAN:

On June 10, 2010, the Board of Directors approved and adopted the Dionics, Inc. 2010 Consultant Stock Compensation Plan (the "2010 Plan") and authorized the Company to issue up to 4,000,000 shares of Common Stock under the 2010 Plan. The 2010 Plan is intended to promote the interests of the Company by offering those outside consultants or advisors of the Company who assist in the development and success of the business of the Company the opportunity to participate in a compensation plan designed to reward them for their services and to encourage them to continue to provide services to the Company.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following should be read in conjunction with the financial statements of the Company included elsewhere herein.

Forward-Looking Statements

This report contains certain forward-looking statements and information relating to the Company that are based on the beliefs and assumptions made by the Company's management as well as information currently available to the management. When used in this document, the words "anticipate", "believe", "estimate", and "expect" and similar expressions, are intended to identify forward-looking statements. Such statements reflect the current views of the Company with respect to future events and are subject to certain risks, uncertainties and assumptions. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described herein as anticipated, believed, estimated or expected.

Liquidity and Capital Resources

The Company's primary source of funds is cash flow from operations in the normal course of business, although in the fourth quarter of 2009, we obtained an investment of \$440,000 from Central Mega Limited ("CML") in exchange for 11,000,000 shares of common stock of the Company. On June 30, 2010, we had Working Capital of \$507,200 and a debt-to-equity ratio of 0.71:1 and Stockholders' Equity of \$317,300. This compares to Working Capital of \$576,100, a debt-to-equity ratio of .67 to 1 and Stockholders' Equity of \$372,200 on December 31, 2009. Total Assets were \$584,200 and Total Liabilities were \$266,900 as of June 30, 2010 as compared to Total Assets of \$622,700 and Total Liabilities of \$250,500 at December 31, 2009.

Net Cash used for operating activities for the six-months ended June 30, 2010 was \$112,800 which was primarily a result of a net loss of \$54,900 plus increases in Accounts Receivable of \$72,900, offset by an increase in Accounts Payable of \$5,300 and Accrued Expenses of \$11,100. This compares to net cash used for operating activities in the six-months ended June 30, 2009 of \$169,700 which was mainly the result of a net loss of \$64,600 plus decreases in Accounts Payable of \$33,500 plus purchase of the deferred compensation agreement of \$75,000, offset by a decrease in Accounts Receivable of \$3,800, in Pre-paid Expenses of \$2,200 and Inventory of \$3,700. Net Cash used by investing activities for the six-months ended June 30, 2010 was \$14,100 due to building improvements compared to no net cash provided by or used for investing activities for the six months ended June 30, 2009. For the six months ended June 30, 2010 and 2009, there was no cash flow provided by or used for financing activities.

Results of Operations

Sales volume in the First Six-Months of 2010 rose 14.2 per cent, reaching \$423,400 as compared to \$370,600 in the same period last year. This increase seemed to mark what was hoped to be the beginning of a general economic upturn. Cost of Sales rose only slightly, going up to \$318,800, or 75.3 per cent of sales volume in the current period as compared to \$284,500, or 76.8 per cent of sales volume in the year-earlier period. This demonstrates the largely fixed nature of our manufacturing costs, resulting in a Gross Profit of \$104,600 in the First Six-Months of 2010 as compared to a Gross Profit of \$86,100 in the First Six-Months of 2009.

Selling, General and Administrative expenses in the current period remained at a level very close to that of the previous year's same period, \$160,900 versus \$152,800, again demonstrating the relatively fixed nature of these expenses.

Net Income (Loss) for the Six-Months ended June 30, 2010 was reduced to a loss of \$54,900 as compared to a loss of \$64,600 in the year-earlier period. The improvement came as a direct result of higher

sales volume against essentially fixed costs in manufacturing as well as selling, general and administrative expenses.

Sales volume in the Second Quarter of 2010 rose 5.7 per cent as compared to the same period last year, reaching \$212,400 versus a year-earlier total of \$201,000. Cost of Sales in the current period reached \$162,100 or 76.6 per cent of sales, as compared to \$136,000 or 67.7 percent in the same period of 2009. The increase was due primarily to higher Professional Fees and increased engineering expenses. Gross Profits were reduced slightly, due to the increased Costs, settling at \$50,300, or 23.7 per cent of sales, as compared to \$65,000 or 32.3 percent of sales in the same period last year.

Selling, General and Administrative Expenses increased slightly in the current period, reaching \$75,900 as compared to \$67,000 in the same period last year.

Net Income (Loss) increased to a Loss of \$25,100 in the current period as compared to a Loss of \$100 in the same period last year.

Management is encouraged by improvements in the First Half of 2010 but, based on the slowing trend in the Second Quarter, believes that at best a modest economic turnaround is taking place. We also anticipate the traditional Third Quarter slowdown in our industry, pushing a more vigorous upturn into the later part of the year.

We are, however, optimistic regarding the outlook for material assistance in sales opportunities in the Far East stemming from our new investor, CML. With their assistance, we have engaged a Consulting firm in China, have already established a Chinese language website there, and initiated the beginnings of a sales office there, as well. Our primary product, photo-voltaic (PV) MOSFET-Drivers are becoming increasingly popular in China, as well as domestically. In addition, we are also looking forward to other growth opportunities that may be provided through the assistance of our new investor and, needless to say, their injection of working capital late in 2009 provides us with increased means of pursuing growth in a variety of directions. Our focus is now on the future.

Off-Balance Sheet Arrangements

We do not have any off balance sheet arrangements that are reasonably likely to have a current or future effect on our financial condition, revenues, and results of operations, liquidity or capital expenditures.

Significant Accounting Policies

Our discussion and analysis of the Company's financial condition and results of operations are based upon our financial statements which have been prepared in conformity with U.S. generally accepted accounting principles. Our significant accounting policies are described in Note 1 to the financial statements included elsewhere herein. The application of our critical accounting policies is particularly important to the portrayal of our financial position and results of operations. These critical accounting policies require us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. We believe the following critical accounting policies reflect the more significant judgments and estimates used in the preparation of the financial statements.

Accounts Receivable - Accounts for which no payments have been received for three consecutive months are considered delinquent and a reserve is setup for them. Customary collection efforts are initiated and an allowance for uncollectible accounts is set up and the related expense is charged to operations.

Inventories - Inventories are stated at the lower of cost (which represents cost of materials and manufacturing costs on a first-in, first-out basis) or market. Finished goods and work-in-process inventories include material and labor.

Long-Lived Assets- Property, Plant and Equipment - These assets are recorded at cost less depreciation and amortization. Depreciation and amortization are accounted for on the straight-line method based on estimated useful lives. The amortization of leasehold improvements is based on the shorter of the lease term or the life of the improvement. Betterments and large renewals, which extend the life of the asset, are capitalized whereas maintenance, repairs and small renewals are expenses, as incurred. The estimated useful lives are: machinery and equipment, 7-15 years; buildings, 30 years; and leasehold improvements, 10-20 years.

Revenue - The Company recognizes revenue upon completion and shipment of goods because its billing terms include the provision that the goods are shipped FOB point of shipment which is standard practice in the Company's industry.

Income Taxes - Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carry forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

Recently Issued Accounting Pronouncements Affecting the Company

Accounting Standards Codification - In June 2009, the FASB issued authoritative guidance which replaced the previous hierarchy of U.S. GAAP and establishes the FASB Codification as the single source of authoritative U.S. GAAP recognized by the FASB to be applied by nongovernmental entities. SEC rules and interpretive releases are also sources of authoritative U.S. GAAP for SEC registrants. This guidance modifies the U.S. GAAP hierarchy to include only two levels of U.S. GAAP: authoritative and nonauthoritative. This guidance was effective for the Company as of December 31, 2009. The adoption of this guidance did not impact the Company's results of operations, cash flows or financial positions since the FASB Codification is not intended to change or alter existing U.S. GAAP.

Subsequent Events - In February 2010, the FASB amended its guidance on subsequent events to remove the requirement for SEC filers to disclose the date through which an entity has evaluated subsequent events, for both issued and revised financial statements. This amendment alleviates potential conflicts between the FASB's guidance and the reporting rules of the SEC. Our adoption of this amended guidance, which was effective upon issuance, had no effect on our financial condition, results of operations, or cash flows. There were no subsequent events that would require adjustment to or disclosure in the financial statements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

We are a smaller reporting company as defined by Rule 12b-2 of the Securities Exchange Act of 1934 and are not required to provide the information under this item.

Item 4T. Controls and Procedures.

Under the supervision and with the participation of our management, including the Principal Executive Officer and Principal Financial Officer, we have evaluated the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) and Rule 15d-15(e) of the Exchange Act) as of the end of the period covered by this report. Based on that evaluation, our Principal Executive Officer and Principal Financial Officer has concluded that, as of June 30, 2010, these disclosure controls and procedures were effective to ensure that all information required to be disclosed by us in the reports that we file or submit under the Exchange Act is: (i) recorded, processed, summarized and reported, within the time periods

specified in the Commission's rule and forms; and (ii) accumulated and communicated to our management, including our Principal Executive Officer and Principal Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

There have been no significant changes in our internal controls over financial reporting that occurred during the fiscal quarter covered by this report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

There are no material pending legal proceedings to which the Company is a party or to which any of its property is subject.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

None.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. [Removed and Reserved.]

Item 5. Other Information.

None.

Item 6. Exhibits.

(a) Exhibits.

- 31.1 Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (Rules 13a-14 and 15d-14 of the Exchange Act)
- 31.2 Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (Rules 13a-14 and 15d-14 of the Exchange Act)
- 32.1 Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350)

SIGNATURES

In accordance with the requirements of the Exchange Act, the Registrant has duly caused this Report to be signed on its behalf by the undersigned thereunto duly authorized.

DIONICS, INC.
(Registrant)

Dated: August 13, 2010

By: /s/ Bernard L. Kravitz
Bernard L. Kravitz, President

Dated: August 13, 2010

By: /s/ Bernard L. Kravitz
Bernard L. Kravitz, Principal Financial Officer

CERTIFICATION

I, Bernard L. Kravitz, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Dionics, Inc.;
2. Based on my knowledge, this report does not contain any untrue statements of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonable likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: August 13, 2010

By: /s/ Bernard L. Kravitz
Bernard L. Kravitz,
President and Chief Executive Officer
(Principal Executive Officer)

CERTIFICATION

I, Bernard L. Kravitz certify that:

1. I have reviewed this quarterly report on Form 10-Q of Dionics, Inc.;
2. Based on my knowledge, this report does not contain any untrue statements of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonable likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: August 13, 2010

By: /s/ Bernard L. Kravitz
Bernard L. Kravitz,
Principal Financial Officer

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE
SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Dionics, Inc. (the "Company") on Form 10-Q for the period ended June 30, 2010, as filed with the Securities and Exchange Commission (the "Report"), the undersigned certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of the undersigned's knowledge, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: August 13, 2010

By: /s/ Bernard L. Kravitz
Bernard L. Kravitz,
President and Chief Executive Officer
(Principal Executive Officer)

Dated: August 13, 2010

By: /s/ Bernard L. Kravitz
Bernard L. Kravitz,
Principal Financial Officer