

MERGENT INDUSTRIAL

NEW LISTING

March 16, 2010

This Supplemental News Reports is published as required, is part of the annual MERGENT INDUSTRIAL, OTC and OTCUNLISTED MANUALS and will be included in the bound 2010 March Monthly News Reports and is published on our Website.

ALTIGEN COMMUNICATIONS INC

Company Website: www.altigen.com

History: Incorporated in California on May 18, 1994. Reincorporated in Delaware in June 1999.

Business Summary: Altigen Communications designs and manufactures advanced phone systems and call center products that use both the Internet and the public telephone network. Co.'s products enable an array of applications like VoIP phones and servers, voicemail, call recording, call activity reporting, and mobility solutions that take advantage of the convergence of voice and data communications to achieve cost reduction. Co.'s systems are designed with an open architecture and are built on an industry standard platform. Co. focuses on the small-to-medium sized businesses, multi-site businesses, corporate branch offices, and call centers.

Property: Co. leases its principal executive offices of 27,576 square feet in San Jose, CA.

Co. also leases approximately 8,201 square feet in Shanghai, China and 4,841 square feet in Beijing, China.

Subsidiary

Altigen Communications (Shanghai) Ltd. (China (Peoples Rep. Of))

Officers

Gilbert Hu, Chairman; Chief Executive Officer
Jeremiah J. Fleming, President; Chief Operating Officer
Shirley Tsyr-Yi Sun, Vice President - Research & Development
Simon Chouldjian, Vice President - Hardware Engineering
Michael E. Plumer, Vice President - Sales
Philip M. McDermott, Chief Financial Officer; Secretary

Directors

Gilbert Hu Tacheng Chester Wang
Mike Mon Yen Tsai, Ph.D. Jeremiah J. Fleming
Alan B. Howe

Auditors: Moss Adams LLP

Shareholder Relations: Philip M. McDermott, Chief Financial Officer Tel.: 408-597-9000

Annual Meeting: In March

No. of Stockholders: Sep. 30, 2009, 77 (approx.)

No. of Employees: Mar. 5, 2010, 116

Address: 410 East Plumeria Drive, San Jose, CA 95134 Tel.: 408 597-9033 Fax: 408 597-9020 E-mail: carolyn.david@altigen.com Web: www.altigen.com

Consolidated Income Account, years ended Sept. 30 (in \$):

	2009	2008	2007
		(revised)	(revised)
Hardware rev	15,081,000	16,283,000	16,233,000
Software rev	2,304,000	2,614,000	1,655,000
Tot net rev	17,385,000	18,897,000	17,888,000
Cost of hardware revs	6,588,000	7,828,000	7,993,000
Cost of software revs	16,000	231,000	130,000
Tot cost of revs	6,604,000	8,059,000	8,123,000
Gross profit (loss)	10,781,000	10,838,000	9,765,000
Research & devel exps	4,924,000	4,216,000	3,373,000

Sales & marketing exps	7,037,000	7,552,000	5,277,000
Gen & admin exps	3,654,000	3,322,000	2,497,000
Tot oper exps	15,615,000	15,090,000	11,147,000
Income (loss) from ops	(4,834,000)	(4,252,000)	(1,382,000)
Equity (loss) in net loss of investee	(9,000)	5,000	(4,000)
Int & other income, net	118,000	310,000	461,000
Inc bef inc tax - United States	(4,722,000)	(3,726,000)	(731,000)
Inc bef inc tax - Fgn	(3,000)	(211,000)	(194,000)
Net income (loss) bef tax	(4,725,000)	(3,937,000)	(925,000)
Fed inc taxes (benefit)	(1,000)		9,000
State inc taxes (benefit)	(14,000)		2,000
Inc taxes (benefit)	(15,000)		11,000
Net income (loss)	(4,710,000)	(3,937,000)	(936,000)

Common shares:			
Weigh avg shares outstg-basic	15,937,000	15,745,000	15,363,000
Weigh avg shares outstg-diluted	15,937,000	15,745,000	15,363,000
Yr end shares outstg	16,188,857	15,777,303	15,669,657
Net earnings (loss) per sh - basic	\$(0.30)	\$(0.25)	\$(0.06)
Net earnings (loss) per sh - diluted	\$(0.30)	\$(0.25)	\$(0.06)
No of full time employees	115	121	109
No of com stkhldrs	77	80	85
□ Approximately			

Consolidated Balance Sheet, as of Sept. 30 (in \$):

	2009	2008
		(revised)
Assets:		
Cash & cash equivs	7,397,000	9,467,000
Short-term invests		400,000
Accts receivable, gross	1,580,000	2,442,000
Allowances for doubtful accts	35,000	19,000
Accts receivable, net	1,545,000	2,423,000
Raw mater	450,000	479,000
Work-in-prog	29,000	197,000
Finished goods	787,000	918,000
Inventories, net	1,266,000	1,594,000
Ppd exps & other curr assets	128,000	176,000
Tot curr assets	10,336,000	14,060,000
Mach & equip	342,000	275,000
Furn & equip	1,266,000	1,177,000
Tooling	675,000	528,000
Computer software	949,000	948,000

Lshld improve	77,000	
Constr in prog	31,000	29,000
Prop & equipment, gross	3,340,000	2,957,000
Less: accum deprec	2,839,000	2,534,000
Net prop & equip	501,000	423,000
Long-term invests	202,000	211,000
Long-term dep	292,000	82,000
Tot other non-curr assets	494,000	293,000
Tot assets	11,331,000	14,776,000
Liabilities:		
Accts pay	1,165,000	1,234,000
Accrued payroll & rel benefits	672,000	550,000
Accrued warranty	122,000	137,000
Accrued marketing	111,000	136,000
Accrued exp	215,000	200,000
Other accrued liabil	484,000	628,000
Defer rev short-term	2,573,000	2,489,000
Tot curr liabil	5,342,000	5,374,000
Other long-term liabil	232,000	105,000
Com stk	17,000	17,000
Treas stock, at cost	1,400,000	1,381,000
Addit paid-in cap	67,716,000	66,689,000
Accum other comprehensive income (loss)	165,000	3,000
Retain earnings (accum deficit)	(60,741,000)	(56,031,000)
Tot stkhldrs equity (deficit)	5,757,000	9,297,000
□ Reclassified to conform with 2009 presentation		

Capital: 1. Altigen Communications Inc common; par \$0.01.

AUTH — 50,000,000 shs.
OUTSTG — Sep. 30, 2009 16,188,857 shs; par \$0.01.
TREASURY — 1,318,830 shs.
STOCK SPLIT — \$0.001 par shares reverse split 1-for-1.66965 in July 1999.
VOTING RIGHTS — Entitled to one vote per share.
OPTIONS — Sep. 30, 2009, outstanding, 4,362,891; reserved for options, 2,600,000; authorized for issuance, 6,500,000.
TRANSFER AGENT & REGISTRAR — Computer-share Trust Company, N.A., Providence, RI
LISTED — NASDAQ Capital Market (NAS): ATGN
PRICE RANGE —

	2009	2008	2007	2006
High	1.20	1.72	2.06	2.00
Low	0.61	0.50	1.24	1.32

OFFERED — (3,250,000 shares) at \$10.00 per share (proceeds to Co., \$9.30 per share) on Oct. 4, 1999 through CIBC World Markets; Dain Rauscher Wessels and associates. Offering contained over-allotment options to cover 487,500 shares. Proceeds used for general corporate purposes, including working capital.

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