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For Immediate Release

**TeleneticsTM Reports Second Quarter 2003 Results
Revenue Increases by \$1.0 Million from Previous Quarter
EBITDA Improves to \$1.7 Million
Net Income Improves to \$1.1 Million
Cash Flow from Operations Improves to \$1.2 Million**

LAKE FOREST, California — July 29, 2003 — Telenetics Corporation (OTC-BB: TLNT), a provider of wired and wireless data communications products for customers worldwide, today reported financial results for the three and six months ended June 30, 2003.

Comparison of Results for Quarters Ended June 30, 2003 and 2002

Net sales for Telenetics' second quarter ended June 30, 2003 were approximately \$3.4 million, an increase of \$1.0 million, or 43%, as compared to \$2.4 million for its first quarter ended March 31, 2003, and a decrease of \$522,000, or 13%, as compared to the \$3.9 million in net sales for the quarter ended June 30, 2002. Earnings before interest, taxes, depreciation and amortization ("EBITDA") was \$1.7 million, or \$0.04 per share, an improvement of \$1.9 million as compared to negative EBITDA of (\$297,000), or (\$0.01) per share for its first quarter ended March 31, 2003, and an improvement of \$1.9 million as compared to negative EBITDA of (\$184,000), or (\$0.01) per share, for the quarter ended June 30, 2002.

Gross profit for the quarter ended June 30, 2003 was approximately \$1.3 million, an increase of \$600,000, or 89%, as compared to \$673,000 for its first quarter ended March 31, 2003, and an increase of \$113,000, or 10%, as compared to gross profit of \$1.2 million for the quarter ended June 30, 2002. Gross margin for the quarter ended June 30, 2003 was 37.8%, an improvement of 9.3% as compared to the gross margin of 28.5% of net sales for its first quarter ended March 31, 2003 and an improvement of 8.0% as compared to the gross margin of 29.8% for the quarter ended June 30, 2002.

Income from operations for the quarter ended June 30, 2003 was approximately \$1.6 million, an improvement of \$2.0 million as compared to the loss from operations of (\$382,000) for its first quarter ended March 31, 2003, and an improvement of \$2.1 million as compared to the loss from operations of (\$468,000) for the quarter ended June 30, 2002.

Net income for the quarter ended June 30, 2003 was \$1.1 million, or \$0.03 per share, an improvement of \$2.0 million as compared to both the net loss of (\$862,000), or (\$0.02) per share, for its first quarter ended March 31, 2003, and the net loss of (\$885,000), or (\$0.03) per share for the quarter ended June 30, 2002. Net income from operations and EBITDA for the quarter ended June 30, 2003 includes a \$1.5 million gain on extinguishment of debt primarily due to the Corlund settlement described in detail in Telenetics Form 8-K for June 6, 2003 filed on June 25, 2003. Net loss from operations and EBITDA for the quarter ended June 30, 2002 include a gain on extinguishment of debt of \$41,000 relating to negotiated discounts on certain litigation obligations and accounts payable.

Comparison of Results for the Six Months Ended June 30, 2003 and 2002

Net sales for the six months ended June 30, 2003 were approximately \$5.7 million, a decrease of \$2.4 million, or 30%, as compared to the \$8.1 million in net sales for the six months ended June 30, 2002. EBITDA for the six months ended June 30, 2003 was approximately \$1.4 million, or \$0.03 per share, an improvement of \$767,000 as compared to EBITDA of \$651,000, or \$0.02 per share, for the six months ended June 30, 2002.

Gross profit for the six months ended June 30, 2003 was approximately \$1.9 million, a decrease of \$593,000, or 23%, as compared to the \$2.5 million of gross profit for the six months ended June 30, 2002. Gross margin for the six months ended June 30, 2003 was 34.0% of net sales, an improvement of 2.8%, over the gross margin of 31.2% of net sales for the six months ended June 30, 2002.

Income from operations for the six months ended June 30, 2003 was \$1.3 million, an improvement of \$1.2 million as compared as compared to \$103,000 for the six months ended June 30, 2002.

Net income for the six months ended June 30, 2003 was \$284,000, or \$0.01 per share, an improvement of \$1.2 million as compared to the net loss of (\$912,000), or (\$0.03) per share, for the six months ended June 30, 2002. Net income from operations and EBITDA for the six months ended June 30, 2003 includes a \$1.5 million gain on extinguishment of debt primarily due to the Corlund settlement described in detail in Telenetics Form 8-K for June 6, 2003 filed on June 25, 2003. Net income from operations and EBITDA for the six months ended June 30, 2002 included gains of \$754,000, relating to negotiated discounts on certain litigation obligations and accounts payable.

Net cash provided by operating activities at June 30, 2003 was \$1.2 million, an improvement of \$2.6 million, as compared to net cash used in operating activities of (\$1.4 million) at June 30, 2002.

Commenting on the recent changes and the Company's outlook, David Stone, President and Chief Financial Officer of Telenetics, stated: "The second quarter was both a challenging and rewarding one for Telenetics. New order bookings continued to be weaker than we anticipated entering this year, particularly international orders, and most specifically orders from the geographic regions affected by the threat of war and subsequent war with Iraq. However, second quarter bookings showed an improvement as compared to the first quarter, and a more substantial improvement over the very weak order rate during the first two months of the year. Although the weak overall economic conditions for telecommunications products and Telenetics heavy reliance on periodic large project-driven orders rather than more predictable repeat business make forecasting very difficult, we are optimistic that the current level of identified bookings opportunities will be sufficient for us to maintain sales revenue at or near current levels, and that there are realistic opportunities to grow revenue during the second half of the year.

"Our strategy is to pursue growth opportunities in the automatic meter reading ("AMR") market with our new digital cellular based Omega product line. During the second quarter we booked our second significant order for our new CDMA Omega products, and we expect to introduce a GSM version of this product during the current quarter.

"We were also challenged by the substantial commitment of human and financial resources required to address our dispute and subsequent lawsuit with Corlund Electronics, and by some complications the situation caused with our other business relationships. However, due to the dedication and effort of our employees and the patience and loyalty of our customers, we worked through these issues and we are satisfied with the negotiated resolution.

"We are particularly encouraged that we showed continuing progress during the second quarter from our programs aimed at improving liquidity through better asset management, building on the improvements we began to make late in the first quarter of this year. We decreased our inventory level by approximately \$1.5 million during the second quarter, and June marked the fourth month in a row of declines in inventory. Of the \$1.5 million reduction during the second quarter, approximately \$1.0 million was attributable to operations, and \$479,000 was attributable to the Corlund Settlement. We also decreased our accounts receivable days outstanding to 46 days at June 30, 2003, as compared to 73 days at March 31, 2003. Our expectations for the current quarter are to achieve a further reduction in inventory and to maintain accounts receivable days outstanding of 45-55 days.

"Gross margin also improved during the second quarter, both as compared to our first quarter of 2003 and as compared to the second quarter of last year. Our recently adopted hybrid approach of manufacturing our Sunrise Series" products utilizing a combination of in-house production and multiple contract manufacturers has resulted in reduced direct manufacturing costs for these products. We believe that Telenetics' overall gross margin of 37.7% during the second quarter is indicative of expected gross margins at similar revenue levels in the future.

Telenetics' second quarter 2003 earnings conference call will be held on Wednesday, July 30, 2003 at 1:30 P.M. Pacific Daylight Time. Representing the Company on the call will be David L. Stone, President and Chief Financial Officer and Michael N. Taglich, Chairman.

The dial in number is 800-556-3831 (or 972-512-0694 for international callers) and the participant passcode is 00101. The call will be simultaneously webcast on the Internet and is accessible at www.telenetics.com.

A replay will be available beginning after 7:00 pm PDT on July 30, 2003 through midnight August 30, 2003. To access the replay, dial 800-736-7935 (no passcode is required). The webcast will also be archived and available on the Internet at www.telenetics.com.

Selection and Use of EBITDA as Measure of Financial Performance

The Company's management has selected and standardized its selection of EBITDA as a measure of Company financial performance for several reasons. The Company believes that a discussion of EBITDA is relevant because it can provide the reader and Company management with a more accurate and understandable picture of period-to-period changes in the Company's operating performance by eliminating the effects of the Company's heavy non-cash expense burdens, which are reflected in the table below. The Company's management believes these burdens generally have little contemporaneous relevance to financial reporting periods. The Company's management also selected EBITDA as a measure of Company financial performance because EBITDA is a common and widely recognized measure used by financial institutions to evaluate a company's financial performance under various circumstances. Each of the elements the Company used in determining EBITDA have been taken from financial statement information prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP"). The tables below outline these elements. EBITDA should be viewed in addition to,

and not as an alternative for, the Company's reported results prepared in accordance with GAAP.

ABOUT TELENETICS

Based in Lake Forest, California, Telenetics designs, manufactures and distributes wired and wireless data communications products for customers worldwide. Telenetics offers a wide range of industrial grade modems and wireless products, systems and services for connecting its customers to end-point devices such as meters, remote terminal units, traffic and industrial controllers and remote sensors. Telenetics also provides high-speed communications products for complex data networks used by financial institutions, air traffic control systems and public and private wireless network operators. Additional information is available at www.telenetics.com.

FINANCIAL HIGHLIGHTS

	Quarter Ended (Unaudited)	
	June 30, 2003	June 30, 2002
Net Sales	\$ 3,367,904	\$ 3,889,963
Gross Profit	1,273,018	1,159,751
Income (loss) from operations	1,635,336	(468,485)
Net income (loss)	1,145,998	(884,941)
Loss per common share:		
	Basic and diluted	
	\$ 0.03	\$ (0.03)
	=====	=====
Common shares used in computing income (loss) per common share:		
	Basic	
	41,805,744	28,006,347
	=====	=====
	Diluted	
	42,346,349	28,006,347
	=====	=====

		Six Month Ended (Unaudited)	
		June 30, 2003	June 30, 2002
Net Sales		\$ 5,728,505	\$ 8,131,130
Gross Profit		1,946,090	2,538,753
Income from operations		1,253,025	102,959
Net income (loss)		283,755	(911,858)
Loss per common share:			
	Basic and diluted	\$ 0.01	\$ (0.03)
		=====	=====
Common shares used in computing income (loss) per common share:			
	Basic	47,551,956	27,800,367
		=====	=====
	Diluted	48,211,336	27,800,367
		=====	=====

CALCULATION OF EBITDA

		Quarter Ended (Unaudited)	
		June 30, 2003	June 30, 2002
Net Income (loss)		\$ 1,145,998	\$ (884,941)
Interest		492,202	444,831
Depreciation		61,601	80,918
Amortization		13,735	175,341
Taxes			
EBITDA		\$ 1,713,536	\$ (183,851)
		=====	=====
EBITDA per common share			
	Basic and diluted	\$ 0.04	\$ (0.01)
		=====	=====
Common shares used in computing income (loss) per common share:			
	Basic	41,805,774	28,006,347
	Diluted	42,346,349	28,006,347
		=====	=====

	Six Months Ended (Unaudited)	
	June 30, 2002	June 30, 2002
Net Loss	\$ 283,755	\$ (911,858)
Interest	971,346	1,049,132
Depreciation	134,089	161,588
Amortization	27,471	351,054
Taxes		
EBITDA	\$ 1,417,461 =====	\$ 650,716 =====
EBITDA per common share		
	Basic and diluted	
	\$ 0.03 =====	\$ 0.02 =====
Common shares used in computing income per common share:		
	Basic	
	47,551,956	27,800,367
	Diluted	
	48,211,336 =====	27,800,367 =====

Safe Harbor Statement Under the Private Securities Litigation Reform Act of 1995

This release contains forward-looking statements that involve risks and uncertainties. With the exception of historical information, the matters discussed in this press release, including without limitation, the Company's anticipated bookings, revenue, gross margin and liquidity, and its possible ability to grow revenues in the second half of 2003 contain forward-looking statements that involve a number of risks and uncertainties. Actual future results of Telenetics could differ from those statements. These risks include but are not limited to financial constraints that may affect Telenetics ability to increase revenue, the ability to ship current backlog, the continued demand for Telenetics products despite worldwide economic conditions, the continued demand for Telenetics products despite the effects of the Corlund litigation on customers, the ability to have and maintain satisfactory deliveries of products from Telenetics contract manufacturers, changes in governmental regulations and policies, the emergence of competitive products and unforeseen technical issues. Other risks are detailed in filings with the Securities and Exchange Commission made from time to time by Telenetics, including the Company's Form 10-KSB for the year ended December 31, 2002 and the Company's Form 10-QSB for the quarters ended March 31, 2003 and June 30, 2003. The Company undertakes no obligation to release publicly any revisions to any forward-looking statements to reflect events or circumstances occurring after the date hereof. Telenetics encourages current and prospective investors to compare the summary of "pro forma" financial presentation contained in this release with the results to be reported on GAAP-based financial statements contained in the Company's Form 10-QSB filing for the quarter ended June 30, 2003.

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