UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 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 No. 000-31355

BEACON ENTERPRISE SOLUTIONS GROUP, INC.
(Name of registrant in its charter)

Nevada	81-0438093
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

1311 Herr Lane, Suite 205, Louisville, KY 40223
(Address of principal executive offices)

502-657-3500
(Issuer's telephone number)

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 is a shell company (as defined in Rule 12b-2 of the Exchange Act).

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 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 definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☐	Accelerated filer ☐	Non-accelerated filer ☐ (Do not check if a smaller reporting company)	Smaller reporting company ☑

As of August 13, 2010, Beacon Enterprise Solutions Group, Inc. had a total of 37,607,231 shares of common stock issued and outstanding.

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PART I: FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

Beacon Enterprise Solutions Group, Inc. and Subsidiaries
Condensed Consolidated Balance Sheets
(all amounts in 000's except share and per share data)

	June 30, 2010 (unaudited)	September 30, 2009
ASSETS		
Current assets:		
Cash and cash equivalents	$ 411	$ 227
Accounts receivable, net	4,115	3,069
Inventory, net	502	605
Prepaid expenses and other current assets	370	388
Current assets of discontinued operations	678	958
Total current assets	6,076	5,247
Property and equipment, net	476	336
Goodwill	2,792	2,792
Other intangible assets, net	2,996	3,342
Other assets	126	117
Other assets of discontinued operations		980
Total assets	$ 12,466	$ 12,814
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Short term credit obligations	$ —	$ 550
Convertible notes payable	—	298
Bridge notes (net of $0 and $33 discounts)	100	167
Current portion of long-term debt	389	475
Accounts payable	1,711	2,074
Accrued expenses	799	2,627
Current liabilities of discontinued operations	7,738	525
Total current liabilities	10,737	6,716
Long-term debt, less current portion	500	802
Deferred tax liability	148	103
Total liabilities	11,385	7,621
Stockholders' equity		
Preferred Stock: $0.01 par value, 5,000,000 shares authorized, 1,041 and 3,436 shares outstanding in the following classes:		
Series A convertible preferred stock, $1,000 stated value, 4,500 shares authorized, 30 and 1,984 shares issued and outstanding at June 30, 2010 and September 30, 2009, respectively, (liquidation preference $92)	30	1,984
Series A-1 convertible preferred stock, $1,000 stated value, 1,000 shares authorized, 311 and 752 shares issued and outstanding, at June 30, 2010 and September 30, 2009, respectively (liquidation preference $423)	311	752
Series B convertible preferred stock, $1,000 stated value, 4,000 shares authorized, 700 shares issued and outstanding at June 30, 2010 and September 30, 2009, respectively (liquidation preference $954)	700	700
Common stock, $0.001 par value 70,000,000 shares authorized, 37,376,396 and 24,655,990 shares issued and outstanding at June 30, 2010 and September 30, 2009.	37	25
Additional paid in capital	36,847	17,977
Accumulated deficit	(36,807)	(16,255)
Accumulated other comprehensive income (loss)	(37)	10
Total stockholders' equity	1,081	5,193
Total liabilities and stockholders' equity	$ 12,466	$ 12,814

The accompanying notes are an integral part of these condensed consolidated financial statements.

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Beacon Enterprise Solutions Group, Inc. and Subsidiaries
Condensed Consolidated Statements of Operations
(Unaudited)
(all amounts in 000's except share and per share data)

	For the Three months ended June 30, 2010	For the Three months ended June 30, 2009	For the Nine months ended June 30, 2010	For the Nine months ended June 30, 2009
Net sales	$ 3,546	$ 3,039	$ 9,687	$ 7,118
Cost of goods sold	396	1,281	1,252	2,892
Cost of services	1,088	837	3,724	1,934
Gross profit	2,062	921	4,711	2,292
Operating expense				
Salaries and benefits	1,325	1,019	3,618	2,791
Employee share based compensation	460	167	946	318
Selling, general and administrative	1,203	1,047	3,902	2,572
Total operating expense	2,988	2,233	8,466	5,681
Loss from operations	(926)	(1,312)	(3,755)	(3,389)
Other expenses				
Other expenses	(162)	(222)	(413)	(661)
Change in fair value of warrants	—	—	(4,373)	—
Total other expenses	(162)	(222)	(4,786)	(661)
Net (loss) before income taxes	(1,088)	(1,534)	(8,541)	(4,050)
Income tax (expense) benefit	(44)	—	44	—
Loss from continuing operations	(1,132)	(1,534)	(8,497)	(4,050)
Loss from discontinued operations	(7,623)	—	(7,180)	—
Net (loss)	(8,755)	(1,534)	(15,677)	(4,050)
Series A, A-1 and B Preferred Stock:				
Contractual dividends	(30)	(160)	(156)	(411)
Deemed dividends related to beneficial conversion feature	(24)	—	(93)	(187)
Net (loss) available to common stockholders	$ (8,809)	$ (1,694)	$ (15,926)	$ (4,648)
Net loss per share to common stockholders — basic and diluted				
Net loss per share from continuing operations	$ (0.03)	$ (0.11)	$ (0.29)	$ (0.32)
Net loss per share from discontinued operations	(0.22)	—	(0.24)	—
	$ (0.25)	$ (0.11)	$ (0.53)	$ (0.32)
Weighted average shares outstanding basic and diluted	34,049,390	16,066,243	30,528,800	14,581,935
Other Comprehensive loss, net of tax				
Net Loss	$ (8,809)	$ (1,694)	$ (15,926)	$ (4,648)
Foreign currency translations adjustment	(148)	—	(47)	—
Comprehensive loss	$ (8,957)	$ (1,694)	$ (15,973)	$ (4,648)

The accompanying notes are an integral part of these condensed consolidated financial statements.

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Beacon Enterprise Solutions Group, Inc. and Subsidiaries
Condensed Consolidated Statement of Stockholders' Equity
(unaudited)
(all amounts in 000's except share data)

	Series A Convertible Preferred Stock		Series A-1 Convertible Preferred Stock		Series B Convertible Preferred Stock		Common Stock		Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Income	Total
	Shares	$1,000 Stated Value	Shares	$1,000 Stated Value	Shares	$1,000 Stated Value	Shares	$0.001 Par Value				
Balance at September 30, 2009	1,984	$ 1,984	752	$ 752	700	$ 700	24,655,990	$ 25	$ 17,977	$ (16,254)	$ 10	$ 5,194
Cumulative effect of change in accounting principle - fair value of warrants with anti dilutive rights										(4,628)		(4,628)
Relcassification of derivative financial instruments									10,095			10,095
Vested portion of share based payments to employee for services									946			946
Common Stock issued in private placement							3,795,295	4	1,884			1,888
Private placement offering costs									(585)			(585)
Warrants issued for extension of non-interest bearing note									64			64
Warrants issued under consulting agreements									107			107
Common Stock issued for contingent earnout							175,000	—	—			—
Common Stock issued for investor relations agreement							50,000	—	44	—		44
Market value of Common stock vested for investor relations agreement							50,000	—	15			15
Amortization of non-employee stock options issued for performance of services									19			19
Conversion of preferred shares to common stock	(1,993)	(1,993)	(462)	(462)			3,286,372	3	2,452			
Common Stock issued in warrant offering							4,738,966	5	3,626			3,631
Shares issued in conversion of bridge note to common							183,620	—	110			110
Cashless warrant												

exercises							441,153	—	—			—
Series A Preferred Stock contractual dividends										(76)		(76)
Series A Preferred Stock contractual dividends paid in in kind	39	39										39
Series A-1 Preferred Stock contractual dividends										(48)		(48)
Series A-1 Preferred Stock contractual dividends paid in in kind			21	21								21
Series B Preferred Stock contractual dividends										(31)		(31)
Beneficial conversion feature - deemed preferred stock dividend									93	(93)		—
Foreign currency translation adjustment											(47)	(47)
Net loss										(15,677)		(15,677)
Balance at June 30, 2010	30	$ 30	311	$ 311	700	$ 700	37,376,396	$ 37	$ 36,847	$ (36,807)	$ (37)	$ 1,081

The accompanying notes are an integral part of these condensed consolidated financial statements.

Beacon Enterprise Solutions Group, Inc. and Subsidiaries
Condensed Consolidated Statements of Cash Flows
(Unaudited)
(all amounts in 000's)

	For the Nine months ended June 30, 2010	For the Nine months ended June 30, 2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Loss	$ (15,677)	$ (4,050)
Net loss from discontinued operations	(7,180)	
Net loss from continuing operations	(8,497)	(4,050)
Adjustments to reconcile net loss to net cash used in continuing operating activities:		
Change in reserve for obsolete inventory	34	99
Change in reserve for doubtful accounts	63	80
Depreciation and amortization	527	455
Non-cash interest	136	429
Share based payments	1,131	456
Change in fair value of warrants with anti-dilution rights	4,373	—
Changes in operating assets and liabilities:		
Accounts receivable	(1,109)	(1,033)
Inventory	69	(23)
Prepaid expenses and other current assets	9	(500)
Accounts payable	(365)	317
Accrued expenses	(1,907)	372
CASH USED FOR CONTINUING OPERATING ACTIVITIES	(5,536)	(3,398)
CASH PROVIDED (USED) FOR DISCONTINUED OPERATIONS	843	(321)
NET CASH USED FOR OPERATING ACTIVITIES	(4,693)	(3,719)
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(321)	(119)
Capital expenditures of discontinued operations	(183)	
NET CASH USED IN INVESTING ACTIVITIES	(504)	(119)
CASH FLOWS FROM CONTINUING FINANCING ACTIVITIES		
Proceeds from sale of preferred stock, net of offering costs	—	343
Proceeds from sale of common stock, net of offering costs	2,398	3,773
Proceeds from warrant exercises, net of offering costs	3,631	—
Proceeds from issuances of notes	500	500
Payment of deferred financing costs	—	(75)
Payments proceeds under lines of credit	(50)	150
Payment of other short term note	(500)	—
Repayment of convertible notes	(298)	—
Payments of notes payable	(388)	(741)
Payments of capital lease obligation	—	(12)
NET CASH PROVIDED BY CONTINUING FINANCING ACTIVITIES	5,293	3,938
Effect of exchange rate changes on cash and cash equivalents	88	—
NET INCREASE IN CASH AND CASH EQUIVALENTS	184	100
CASH AND CASH EQUIVALENTS -BEGINNING OF PERIOD	227	127
CASH AND CASH EQUIVALENTS — END OF PERIOD	$ 411	$ 227
Supplemental disclosures		
Cash paid for:		
Interest	$ 127	$142
Income taxes	$ —	$ —

The accompanying notes are an integral part of these condensed consolidated financial statements.

BEACON ENTERPRISE SOLUTIONS GROUP, INC. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
(all amounts in 000's except share and per share data)
(Unaudited)

NOTE 1 — ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The condensed consolidated financial statements presented are those of Beacon Enterprise Solutions Group, Inc., a Nevada corporation and its subsidiaries, hereinafter referred to as the "Company," "Beacon," "we," us," or "ours."

Beacon provides global, international and regional telecommunications and technology systems infrastructure services, encompassing a comprehensive suite of consulting, design, installation, and infrastructure management offerings. Beacon's portfolio of infrastructure services spans all professional and construction requirements for design, build and management of telecommunications, network and technology systems infrastructure. Professional services offered include consulting, engineering, program management, project management, construction services and infrastructure management services. Beacon offers these services under either a comprehensive contract option or unbundled to some global and regional clients.

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements as of June 30, 2010 and 2009 and for the three and nine months then ended have been prepared in accordance with the accounting principles generally accepted in the United States of America ("GAAP") for interim financial information and pursuant to the instructions to Form 10-Q and Article 8 of Regulation S-X of the Securities and Exchange Commission ("SEC") and on the same basis as the annual audited consolidated financial statements. The unaudited Condensed Consolidated Balance Sheet as of June 30, 2010, Condensed Consolidated Statements of Operations for the three and nine months ended June 30, 2010 and 2009 and Condensed Consolidated Statement of Cash Flows for the nine months ended June 30, 2010 and 2009, and the Condensed Consolidated Statement of Stockholders' Equity for nine months ended June 30, 2010 are unaudited, but include all adjustments, consisting only of normal recurring adjustments, which Beacon considers necessary for a fair presentation of the financial position, operating results and cash flows for the period presented. The results for the three and nine months ended June 30, 2010 are not necessarily indicative of results to be expected for the year ending September 30, 2010 or for any future interim period. The accompanying condensed consolidated financial statements should be read in conjunction with Beacon's consolidated financial statements and notes thereto included in Beacon's Annual Report on Form 10-K, which was filed with the SEC on December 29, 2009.

Principles of Consolidation

The condensed consolidated financial statements include the accounts of Beacon Enterprise Solutions Group, Inc., a Nevada corporation and its wholly-owned subsidiaries including Beacon Solutions AG acquired on July 29, 2009 (see Note 4), BESG Ireland Ltd and Beacon CZ, which began operations November 1, 2009 and January 1, 2010, respectively. All significant intercompany accounts and transactions have been eliminated in consolidation.

Discontinued Operations

For purposes of determining discontinued operations, the Company has determined Beacon AG, included with our European segment, is a component of the Company within the context of ASC 205-20 Discontinued Operations. A component of an entity comprises operations and cash flows that can be clearly distinguished operationally and for financial reporting purposes from the rest of the Company (see Note 4).

Revenue and Cost Recognition

Beacon applies the revenue recognition principles set forth under the Securities and Exchange Commission's Staff Accounting Bulletin ("SAB") 104 with respect to all of our revenue. Accordingly, we recognize revenue when (i) persuasive evidence of an arrangement exists, (ii) delivery has occurred, (iii) the vendor's fee is fixed or determinable, and (iv) collectability is reasonably assured. Accordingly, it is our policy to determine the method of accounting for each of our contracts at the inception of the arrangement and account for similar types of contracts using consistent methodologies of accounting within the GAAP hierarchy. A discussion of our specific revenue recognition policies by category is as follows:

Construction Type Contracts

On November 6, 2009 we entered into an approximately $25,000 fixed price construction type contract, pursuant to which we have been engaged to act as the general contractor in the construction of a data center that we expect to complete in two phases through October 2010. The contract provides for a contingent penalty of 0.3% per month if the contract is not completed by an agreed upon date, not to exceed 10% of the total contract price. We evaluated this contract at the inception of the arrangement to determine the proper method of accounting based on the highest level of literature within the GAAP hierarchy. We determined that the nature of our work under this contact falls within the scope of a "construction type" contract for which revenue would most appropriately be recognized using the percentage of completion method of accounting.

During the three and nine months ended June 30, 2010 we recognized approximately $2,447 and $16,647 of revenues under the aforementioned contract, which is reported as discontinued operations in the accompanying Condensed Consolidated Statement of Operations and Note 4. We measured our progress on this contract through June 30, 2010 under the percentage-of-completion method of accounting in which the estimated sales value is determined on the basis of physical completion to date (the total contract amount multiplied by percent of performance to date less sales value recognized in previous periods). We adopted this method of measurement because management considers this method the most objective measurement of progress in this circumstance.

When applicable we also record losses on contracts in progress during the period in which it is determined that a loss would be incurred on a construction type contract.

Two vendors providing materials to us under this contract requested that we direct our customer to remit payments for these materials, which amount to approximately $4,553 directly to them. Notwithstanding this arrangement, we are still the primary obligor to our customer and have general inventory risk for such purchases, which are being made under our purchase orders. Accordingly, we are recording all revenues under this contract gross as a principal.

Time and Materials Contracts

Our time and materials type contracts principally include business telephone and data system installation contracts completed in time frames of several weeks to 60 or 90 days. Under these types of contracts, we generally design the system using in-house engineering labor, provide non-proprietary materials supplied by an original equipment manufacturer ("OEM") and install the equipment using in-house or subcontracted labor. We occasionally sell extended warranties on certain OEM supplied equipment; however the OEM is the primary obligor under such warranty coverage and the amount of revenue we receive from such warranties is insignificant to the arrangements. Our contracts clearly specify deliverables, selling prices and scheduled dates of completion. We also generally require our customers to provide us with a 70% deposit that we initially record as a liability and apply to subsequent billings. Title and risk of loss on materials that we supply to our customers under these arrangements is transferred to the customer at the time of delivery. Our contracts are cancelable upon 60 days notice by either party; however, completion of the work we perform under these contracts, which occurs in a predictable sequence, is within our control at all times. Amounts we bill for delivered elements are not subject to concession or contingency based upon the completion of undelivered elements specified in our contracts.

We account for voice and data installation contracts as multiple—deliverable revenue arrangements. Prior to October 1, 2009 we accounted for multiple-deliverable revenue arrangements using the relative fair value method of accounting, which requires companies to have vendor specific objective evidence ("VSOE") of fair value in order for deliverables to be considered a unit of accounting and to use the residual method of allocating arrangement consideration to undelivered elements. We recognize revenue for delivered elements under these arrangements based on the amount of arrangement considered allocated to the delivered element once all of the criteria for revenue recognition have been met.

In October 2009, the Financial Accounting Standards Board ("FASB") issued ASU No. 2009-13 *Revenue Recognition (ASC Topic 605) Multiple-Deliverable Revenue Arrangements — a consensus of the FASB EITF 00-21-1* ("ASU 2009-13"). ASU 2009-13, requires the use of the relative selling price method of allocating arrangement consideration to units of accounting in a multiple-deliverable revenue arrangement and eliminates the residual method. This new accounting principle establishes a hierarchy to determine the selling price to be used for allocating arrangement consideration to deliverables as follows: (i) vendor-specific objective evidence of selling price ("VSOE"), (ii) third-party evidence of selling price ("TPE"), and (iii) best estimate of the selling price ("ESP"). ASU 2009-13 is effective prospectively for revenue arrangements entered into or materially modified in fiscal years beginning on or after June 15, 2010; however, companies may elect to apply this guidance retrospectively or early adopt this guidance subject to the transition and disclosure guidelines specified in ASC 605-25-65-1.

Effective October 1, 2009, we elected to early adopt ASU No. 2009-13 for all multiple-element revenue arrangements entered into on or after October 1, 2009. Using this method, we designate deliverables within the arrangement as units of accounting when they are (a) deemed to have stand alone value and (b) if the arrangement includes a general right of return relative to the delivered item, delivery or performance of the undelivered items is considered probable and substantially in our control. ASU No. 2009-13 no longer requires companies to have VSOE of fair value in order for a deliverable to be considered a unit of accounting. The adoption of ASU No. 2009-13 has not had a material effect on the manner in which we designate units of accounting or allocate arrangement consideration to such units because the selling prices of our deliverables, which is the principal factor that differentiates the two accounting standards, generally approximates fair value.

We recognized approximately $167 and $580 from multiple element arrangements for the three months ended June 30, 2010 and 2009, respectively. Additionally, we recognized approximately $390 and $1,274 from multiple element arrangements for the nine months ended June 30, 2010 and 2009, respectively.

We recognized $1,401 and $1,550 from time and material contacts that did not included multiple-element arrangements for the three months ended June 30, 2001 and 2009, respectively. Additionally, we recognized $4,519 and $3,200 from time and material contacts that did not included multiple-element arrangements for the three months ended June 30, 2001 and 2009, respectively.

Professional Services Revenue

We generally bill our customers for professional telecommunications and data consulting services based on hours of time spent on any given assignment at our hourly billing rates. As it relates to delivery of these services, we recognize revenue under these arrangements as the work is performed and the customer has indicated their acceptance of services by approving a completion order. We generated approximately $1,980 and $909 of professional services revenue during the three months ended June 30, 2010 and 2009, respectively. We generated approximately $4,780 and $2,644 of professional services revenue during the nine months ended June 30, 2010 and 2009, respectively.

The Company accounts for sales taxes collected on behalf of government authorities using the net method. Pursuant to this method, sales taxes are included in the amounts receivable and a payable is recorded for the amounts due to the government agencies.

Warranties

Beacon warranties all phone system installations for 1 year. We have a low rate of claims with respect to warranties. Accordingly we have accrued $34 and $47 as of June 30, 2010 and 2009, respectively.

Use of Estimates

The preparation of the consolidated financial statements in conformity with GAAP 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 dates of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. These estimates and assumptions include valuing equity securities and derivative financial instruments issued as purchase consideration in business combinations and/or in financing transactions and in share based payment arrangements, accounts receivable reserves, inventory reserves, deferred taxes and related valuation allowances, allocating the purchase price to the fair values of assets acquired and liabilities assumed in business combinations (including separately identifiable intangible assets and goodwill) and estimating the fair values of long lived assets to assess whether impairment charges may be necessary. Certain of our estimates, including accounts receivable and inventory reserves and the carrying amounts of intangible assets could be affected by external conditions including those unique to our industry and general economic conditions. It is reasonably possible that these external factors could have an effect on our estimates that could cause actual results to differ from our estimates. We re-evaluate all of our accounting estimates at least quarterly based on these conditions and record adjustments, when necessary.

Fair Value of Financial Assets and Liabilities

The carrying amounts of cash and cash equivalents, accounts payable and accrued liabilities approximate fair value due to the short-term nature of these instruments. The carrying amounts of our short term credit obligations approximate fair value because the effective yields on these obligations, which include contractual interest rates taken together with other features such as concurrent issuance of warrants and/or embedded conversion options, are comparable to rates of returns for instruments of similar credit risk.

The Company measures the fair value of financial assets and liabilities based on the guidance of ASC 820 "Fair Value Measurements and Disclosures" which defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements.

ASC 820 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. ASC 820 also establishes a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. ASC 820 describes three levels of inputs that may be used to measure fair value:

Level 1 — quoted prices in active markets for identical assets or liabilities

Level 2 — quoted prices for similar assets and liabilities in active markets or inputs that are observable

Level 3 — inputs that are unobservable (for example cash flow modeling inputs based on assumptions)

Foreign Currency Reporting

The condensed consolidated financial statements are presented in United States Dollars in accordance with ASC 830, "Foreign Currency Matters". Accordingly, the Company's subsidiaries, BESG Ireland Ltd, Beacon AG and Beacon CZ use the local currency (Euros, Swiss Francs and Czech Crowns, respectively) as their functional currencies. Assets and liabilities are translated at exchange rates in effect at the balance sheet date, and revenue and expense accounts are translated at average exchange rates during the period. Resulting translation adjustments of ($148) and ($47) were recorded in comprehensive loss in the accompanying Condensed Consolidated Statements of Operations for the three and nine months ended June 30, 2010.

Net Loss per Share

Basic net loss per share is computed by dividing net loss per share available to common stockholders by the weighted average shares of common stock outstanding for the period and excludes any potentially dilutive securities. Diluted earnings per share reflect the potential dilution that would occur upon the exercise or conversion of all dilutive securities into common stock. The computation of loss per share for the three and nine month periods ended June 30, 2010 and 2009 excludes potentially dilutive securities because their inclusion would be anti-dilutive.

Shares of common stock issuable upon conversion or exercise of potentially dilutive securities at June 30, 2010 are as follows:

	Stock Options and Warrants	Common Stock Equivalents	Total Common Stock Equivalents
Series A Convertible Preferred Stock Warrants	20,131	40,263	60,394
Series A-1 Convertible Preferred Stock Warrants	207,260	414,518	621,778
Series B Convertible Preferred Stock Warrants	350,000	875,000	1,225,000
Common Stock Offering Warrants	829,361	—	829,361
Placement Agent Warrants	2,847,497	—	2,847,497
Affiliate Warrants	55,583	—	55,583
Bridge Financings Warrants	707,690	166,667	874,357
Convertible Notes Payable Warrants	50,000	—	50,000
Compensatory Warrants	300,000	—	300,000
Equity Financing Arrangements Warrants	2,272,433	—	2,272,433
Consulting Warrants	2,500,000	—	2,500,000
Employee Stock Options	3,571,866		3,571,866
Non-Employee Stock Options	250,000	—	250,000
	13,961,821	1,496,448	15,458,269

Recent Accounting Pronouncements

In December 2007, the FASB issued new accounting guidance, under ASC Topic 805 on business combinations, which established principles and requirements as to how acquirers recognize and measure in these financial statements the identifiable assets acquired, the liabilities assumed, non-controlling interests and goodwill acquired in the business combination or a gain from a bargain purchase. This guidance is effective for business combinations with an acquisition date on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. The Company adopted this guidance on October 1, 2009, which will have an impact on the Company's accounting for any future business acquisitions.

In December 2007, the FASB issued new accounting guidance, under ASC Topic 810 on consolidations, which establishes the accounting for non-controlling interests in a subsidiary and the deconsolidation of a subsidiary. This guidance requires (a) the ownership interest in the subsidiary held by parties other than the parent to be clearly identified and presented in the consolidated balance sheet within equity, but separate from the parent's equity, (b) the amount of consolidated net income attributable to the parent and to the non-controlling interest to be clearly identified and presented on the face of the consolidated statement of operations and (c) changes in a parent's ownership interest while the parent retains its controlling financial interest in its subsidiary to be accounted for consistently. Entities must provide sufficient disclosures that clearly identify and distinguish between the interests of the parent and the interests of the non-controlling owners. This guidance is effective for financial statements issued for fiscal years beginning on or after December 15, 2008, and interim periods within those fiscal years. The Company adopted this guidance on October 1, 2009 will have an impact on the Company's accounting for any future business acquisitions involving non-controlling interest and deconsolidation of subsidiaries.

In December 2008, the FASB issued ASC 815-40 "Contracts in Entity's own Equity". This issue addresses the determination of whether an instrument (or an embedded feature) is indexed to an entity's own stock. This issue is effective for financial statements issued for fiscal years beginning after December 15, 2008 and interim periods within those fiscal years. Under this guidance, instruments which do not have fixed settlement provisions are deemed to be derivative instruments. The effects of having adopted this pronouncement effective October 1, 2009 are discussed in Note 6.

In June 2008, the FASB issued new accounting guidance, under ASC Topic 260 on earnings per share, related to the determination of whether instruments granted in share-based payment transactions are participating securities. This guidance clarifies that all outstanding unvested share-based payment awards that contain rights to non-forfeitable dividends participate in undistributed earnings with common shareholders. Awards of this nature are considered participating securities and the two-class method of computing basic and diluted earnings per share must be applied. This guidance is effective for financial statements issued for fiscal years beginning on or after December 15, 2008, and interim periods within those fiscal years. The adoption of this guidance did not have a material effect on the Company's consolidated financial statements.

In November 2008, the FASB issued new accounting guidance, under ASC Topic 323 on investments— equity method and joint ventures, relating to the accounting for equity method investments. This guidance addresses how the initial carrying value of an equity method investment should be determined, how it should be tested for impairment, and how changes in classification from equity method to cost method should be treated. This guidance is effective on a prospective basis in fiscal years beginning on or after December 15, 2008, and interim periods within those fiscal years. The Company expects this guidance to have an impact on its accounting for any future investments in joint ventures or other investments using the equity method of accounting.

In August 2009, the FASB issued ASU No. 2009-05, Fair Value Measurements and Disclosures (Topic 820) — Measuring Liabilities at Fair Value. This Accounting Standards Update amends Subtopic 820-10, Fair Value Measurements and Disclosures Overall, to provide guidance on the fair value measurement of liabilities. The adoption of ASU 2009-05 is not expected to have a material impact on our condensed consolidated financial statements.

In March 2010, the FASB issued Accounting Standards Update (ASU) No. 2010-17, *Revenue Recognition— Milestone Method (Topic 605): Milestone Method of Revenue Recognition.* This standard provides that the milestone method is a valid application of the proportional performance model for revenue recognition if the milestones are substantive and there is substantive uncertainty about whether the milestones will be achieved. Determining whether a milestone is substantive requires judgment that should be made at the inception of the arrangement. To meet the definition of a substantive milestone, the consideration earned by achieving the milestone (1) would have to be commensurate with either the level of effort required to achieve the milestone or the enhancement in the value of the item delivered, (2) would have to relate solely to past performance, and (3) should be reasonable relative to all deliverables and payment terms in the arrangement. No bifurcation of an individual milestone is allowed and there can be more than one milestone in an arrangement. The new standard is effective for interim and annual periods beginning on or after June 15, 2010. Early adoption is permitted. The adoption of this standard is not expected to have a material impact on the Company's condensed consolidated financial position and results of operations.

Other accounting standards that have been issued or proposed by the FASB and SEC and/or other standards-setting bodies that do not require adoption until a future date are not expected to have a material impact on the consolidated financial statements upon adoption.

NOTE 2 — LIQUIDITY, FINANCIAL CONDITION AND MANAGEMENT'S PLANS

For the nine months ended June 30, 2010, we incurred a net loss of $15,677 which includes a loss from discontinued operations of $7,180 (see Note 4 for more details), a mark to market adjustment on the fair value of common stock purchase warrants of $4,373, and cash used in continuing operations of approximately $4,693 for the nine months ended June 30, 2010. Our accumulated deficit amounted to approximately $36,807. We had cash and cash equivalents of $411 at June 30, 2010 and a working capital deficit of $4,661.

The results for the nine months ended June 30, 2010 contain nine months of results from our European operations which generated sales of $2,237 with a gross margin of 64%. The European margin increased from 16% for the six months ended March 31, 2010 due to separation of the low margin discontinued operations and is more reflective of continuing operations as we narrow our European focus on core business.

While North American net sales for the nine months ended June 30, 2010 was only marginally ahead of the nine months ended June 30, 2009, the gross margin grew to 44% from 31%. This margin gain can be attributed to changing our product mix away from material and labor intensive services, to higher margin telecommunications and technology systems infrastructure and managed services which involve a higher level of professional services and significantly reduced material requirements. This change is represented by a decrease in costs of goods sold of 61% and an increase in cost of services of 56% for the nine months ended June 30, 2010 as compared to the nine months ended June 30, 2009.

On August 16, 2010, one or our directors agreed to provide us with a four million dollar credit facility. The term is up to 18 months with an annual interest rate of 7.73% on any outstanding balance and a facility fee of the greater of forty thousand dollars or 1% on any unused balance. In addition, this director will receive fifteen thousand warrants (five year term at $1.00 per share) per month for each month the facility is outstanding. The facility is secured by a pledge of common stock held by our Chief Executive Officer.

Based on the recent progress we made in the execution of our business plan, we believe that our currently available cash, the funds we expect to generate from operations and the proceeds of our equity financing activities will enable us to effectively operate our business and repay our debt obligations as they become due through June 30, 2011. However, we will require additional capital in order to execute our long term business plan. If we are unable to raise additional capital, or encounter unforeseen circumstances that place constraints on our capital resources, we will be required to take various measures to conserve liquidity, which could include, but not necessarily be limited to, curtailing our business development activities, suspending the pursuit of our business plan, and controlling overhead expenses. We cannot provide any assurance that we will raise additional capital, nor can we provide any assurance that new financing will be available to us on acceptable terms, if at all.

NOTE 3 — CONDENSED CONSOLIDATED BALANCE SHEET

Accounts Receivable

Accounts receivable consists of the following:

	As of June 30, 2010	As of September 30, 2009
Accounts receivable	$ 4,336	$ 3,227
Less: Allowance for doubtful accounts	(221)	(158)
Accounts receivable, net	$ 4,115	$ 3,069

Additions and charges to the allowance for doubtful accounts consist of the following:

	As of June 30, 2010	As of September 30, 2009
Opening balance	$ (158)	$ (50)
Add: Additions to reserve	(105)	(152)
Less: charges	42	44
Ending balance	$ (221)	$ (158)

As of June 30, 2010, our accounts receivable include concentration of receivables from Johnson & Johnson of $3,193.

Inventory

Inventory consists of the following:

	As of June 30, 2010	As of September 30, 2009
Inventory (principally parts and system components)	$ 696	$ 765
Less: reserve for obsolete inventory	(194)	(160)
Inventory	$ 502	$ 605

Additions and charges to the reserve for obsolete inventory:

	As of June 30, 2010	As of September 30, 2009
Opening balance	$ (160)	$ (35)
Add: additions to reserve	(34)	(144)
Less: charges	—	19
Ending balance	$ (194)	$ (160)

Other Intangible Assets

Other Intangible Assets consists of the following:

	As of June 30, 2010 Total Consideration	As of September 30, 2009 Total Consideration
Customer relationships	$ 3,804	$ 3,662
Covenants not to compete	500	642
	4,304	4,304
Less: Accumulated amortization	(1,308)	(962)
Intangibles, net	$ 2,996	$ 3,342

Amortization expense of approximately $136 and $115 was recognized for the three months ended June 30, 2010 and 2009, respectively. Amortization expense for the nine months ended June 30, 2010 and 2009 was approximately $346.

Accrued Expenses

Accrued expenses consist of:

	As of June 30, 2010	As of September 30, 2009
Compensation related	$ 362	$ 550
Dividends	134	38
Interest	40	123
Warranty reserve	34	65
Goods received not invoiced	—	1,092
Other	229	759
	$ 799	$ 2,627

Debt

Below is a summary of the current and non-current debt outstanding:

	As of June 30, 2010	As of September 30, 2009
Lines of Credit and Short-Term Notes	$ —	$ 550
Convertible Notes Payable	$ —	$ 298
Bridge Note	$ 100	$ 167
Integra Bank	$ 353	$ 439
Acquistion notes (payable to the sellers of the acquired businesses)		
ADSnetcurve	17	81
Bell-Haun	—	44
CETCON	319	416
Strategic Secured Note	200	297
	889	1,277
Less: current portion	(389)	(475)
Non-current portion	$ 500	$ 802

Lines of Credit and Short-Term Notes

On December 16, 2009, we repaid the remaining principal balance of $50 due under a line of credit with a maturity date previously extended through December 30, 2009.

On August 7, 2009, we entered into a non-interest bearing note with one of our directors in the amount of $500 with a due date of September 9, 2009. The note contained a provision requiring written demand for repayment on or after the maturity date. As of June 30, 2010 no written demand was received. During the nine months ended June 30, 2010 we exercised a contractual right to convert the note into a demand obligation that would become payable within a 5 day period following written notice of such demand. We paid a fee equal to $88 in cash and issued an additional 112,500 common stock purchase warrants exercisable for $1.00 per share to the lender/director upon the occurrence of this event, for which we recognized non-cash interest of $64 for the fair value of the warrants. The note was paid in full on December 17, 2009.

On February 26, 2010, we received $500 in loan proceeds and issued a related short-term, non-interest bearing promissory note, which is secured but subordinate to all existing senior debt outstanding. Terms of the note include a principal payment of $250 on March 31, 2010 with the balance of $250, in addition to a $10 origination fee, to be paid on April 30, 2010. In agreement with the note holder, the March 31, 2010 payment was extended through and paid on April 1, 2010. The remaining $250 plus $10 origination fee was paid on April 30, 2010.

Convertible Notes Payable

On January 22, 2009, Beacon entered into convertible notes payable with a group of private investors (the “Notes”) facilitated by a broker/dealer. Proceeds of the Notes were $500 in the aggregate. The Notes had an original maturity date of July 21, 2009 with interest payable at a fixed annual rate of 12.5% due monthly. The maturity date of the Notes was extended to January 21, 2010 with interest payable at a fixed annual rate of 15% per annum on the unpaid balance due on the note, which amounted to $298 at September 30, 2009. During the nine months ended June 30, 2010 we repaid the remaining principal and recognized $1 of interest expense.

Bridge Notes

On November 15, 2007, we issued $200 of convertible notes payable (the “Bridge Notes”) in a separate debt financing. Of this amount, $100 of the Bridge Notes was issued to one of our directors. The holders of the Bridge Notes pursuant to three separate amendments completed through November 20, 2008, agreed unconditionally not to demand repayment of the notes before June 30, 2010. On March 31, 2010, the non-director Bridge Note holder elected to convert the unpaid principal and accrued interest of $110 to 183,620 common shares. Accordingly, the remaining $100 note is presented as a current liability in our Condensed Consolidated Balance Sheet as of June 30, 2010.

We recorded contractual interest expense of approximately $0 and $6 for the three months ended June 30, 2010 and 2009, respectively. We recorded contractual interest expense of approximately $4 and $19 for the nine months ended June 30, 2010 and 2009, respectively. Further, we recorded aggregate accretion of the discount on these notes of approximately $0 and $24 for the three months ended June 30, 2010 and 2009, respectively which is classified as a component of interest expense in the accompanying Condensed Consolidated Statement of Operations. We recorded aggregate accretion of the discount on these notes of approximately $33 and $72 for the nine months ended June 30, 2010 and 2009, respectively which is classified as a component of interest expense in the accompanying Condensed Consolidated Statement of Operations. The discount relating to a beneficial conversion feature was recorded upon the original issuance of these notes and is fully amortized.

Term Debt

During the nine months ended June 30, 2010, Beacon paid approximately $388 of principal due on our term debt. We recorded interest expense of approximately $17 and $47 for the three months ended June 30, 2010 and 2009, respectively. We recorded interest expense of approximately $58 and $85 for the nine months ended June 30, 2010 and 2009, respectively.

NOTE 4 — DISCONTINUED OPERATIONS

As previously disclosed in the Company's Current Report on Form 8-K filed on November 12, 2009, Beacon Solutions AG, a wholly owned subsidiary of Beacon, entered into a project management services agreement with Interxion for the design and construction of a data center in Zurich, Switzerland. Phase 1 of the agreement relates to the first 2,500 square feet of the facility and the Company maintains that Phase 1 was completed in June 2010. Phase 2 of the agreement relates to the completion of the data center and was valued to the Company at approximately $10,000 in revenue. Beacon Solutions AG's operations consist solely of the Interxion contract and have previously been presented in the Company's European operating segment.

In June 2010, Interxion notified the Company that it was terminating the agreement due to breach and cancelling Phase 2. Interxion and the Company entered into negotiations regarding the possible continuation of the agreement, but as of the date of the filing of this report, the negotiations to continue the agreement have ceased. Therefore, the Company is presenting the results of operations of Beacon Solutions AG as discontinued operations.

The net loss from discontinued operations is a result of non-payment for services the Company performed before the cancellation; the Company is pursuing various avenues to attempt to remedy the non-payment for services. Revenue and expenses associated with Beacon Solutions AG have been reclassified as discontinued operations for all periods presented in the condensed consolidated financial statements.

The following table presents the results of the discontinued operations.

	For the Three months ended June 30, 2010	For the Nine months ended June 30, 2010
Net Sales	$ 2,477	$ 16,647
Net loss before taxes	(7,626)	(7,180)
Income taxes	3	—
Net loss from discontinued operations	$ (7,623)	$ (7,180)

The assets and liabilities of Beacon AG have been classified on the Condensed Consolidated Balance Sheets as Current assets and liabilities of discontinued operations. The assets and liabilities comprising the balances, as classified in our Condensed Consolidated Balance Sheets, consist of:

	As of June 30, 2010	As of September 30, 2009
ASSETS		
Cash	$ 600	$ 37
Accounts receivable	78	911
Other current assets	—	10
Total current assets	678	958
Property and equipment, net		59
Goodwill	—	360
Other intangible assets, net	—	561
Total assets	$ 678	$ 1,938
LIABILITIES		
Accounts payable	$ 5,886	$ 104
Accrued expenses	1,852	421
Total liabilities	$ 7,738	$ 525

As part of the discontinued operations, goodwill and intangible assets recorded as a result of the acquisition of Symbiotec Solutions AG were deemed impaired and therefore written off as of June 30, 2010 in the amount of $241 and $423, respectively.

NOTE 5 — RELATED PARTY TRANSACTIONS

The Company has obtained insurance through an agency owned by one of its founding stockholders/directors. Insurance expense paid through the agency for the three months ended June 30, 2010 and 2009 was approximately $46 and $23, respectively, and $123 and $88 respectively for the nine months ended June 30, 2010 and 2009, and is included in selling, general and administrative expense in the accompanying Condensed Consolidated Statements of Operations.

Under a marketing agreement with a company owned by the spouse of Beacon's former president, we provide procurement and installation services as a subcontractor. We earned net sales of approximately $109 and $424 for procurement and installation services provided under this marketing agreement for the three months ended June 30, 2010 and 2009, respectively. For the nine months ended June 30, 2010 and 2009, respectively we earned net sales of approximately $164 and $818 for procurement and installation services provided under this marketing agreement. As of June 30, 2010 and September 30, 2009, respectively, we had accounts receivable of approximately $133 and $465 with respect to this marketing agreement.

NOTE 6 — COMMITMENTS AND CONTINGENCIES

Employment Agreements

The Company has entered into at will employment agreements with five of its key executives with no specific expiration dates that provide for aggregate annual compensation of $840 and up to $1,230 of severance payments for termination without cause.

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Operating Leases

The Company has entered into operating leases for office facilities in Louisville, KY, Columbus, OH, Cincinnati, OH, and Prague, Czech Republic. A summary of the minimum lease payments due on these operating leases exclusive of the Company's share of operating expenses and other costs:

2011	$ 127
2012	36
2013	36
2014	9
2015	—
	$ 208

Engagement of Investor Relations Firm

On January 20, 2009, we engaged an investor relations firm to aid us in developing a marketing plan directed at informing the investing public as to our business and increasing our visibility to FINRA registered broker/dealers, the investing public and other institutional investors and fund managers. On June 5, 2009, our Board of Directors authorized us to issue 150,000 shares of common stock to the same investor relations firm subject to the attainment of certain performance conditions. The performance based arrangement supersedes the previous agreement entered into on January 20, 2009. For the three months ended June 30, 2010 no shares were deemed to have been earned as of the date of issuance. For the nine months ended June 30, 2010 50,000 shares with an aggregate fair value of $45 were deemed to have been earned as of the date of issuance. The common stock issued under this agreement was recorded as professional fees expense using the measurement principles enumerated under ASC 505 "Equity-Based Payment to Non-Employee".

On December 17, 2009, we engaged another investor relations firm for a twenty four month period, the commitment date being November 1, 2009, providing for compensation payable in 50,000 shares of fully vested non-forfeitable common stock with an aggregate fair value of $45. For the three and nine months ended June 30, 2010, we recorded approximately $11 and $15 of investor relations expense related to this agreement.

Consulting Agreement

On December 1, 2009, we entered into two 36 month consulting agreements, which were subsequently extended to 60 months in April 2010, issuing an aggregate of 2,500,000 consulting warrants. The warrants, issued on December 1, 2009 were fully vested upon issuance and have a fair value of $915, as determined using the Black Scholes model with assumptions indicated in the table below, as of December 1, 2009 of which we will recognize investor relations expense ratably over a 60 month term. For the three and nine months ended June 30, 2010, we recorded approximately $45 and $107 investor relation expense related to these agreements.

Issuance Date	Quantity Vested	Expected Life (days)	Strike Price	Fair Value of Common Stock	Volatility Rate	Dividend Yield	Risk-Free Interese Rate	Value per Warrant	Amount to be charged to compensation
12/1/2009	1,500,000	1,825	$ 1.00	$ 0.81	66.34%	0%	2.03%	$ 0.42	$ 628
12/1/2009	250,000	1,825	$ 1.50	$ 0.81	66.34%	0%	2.03%	$ 0.34	86
12/1/2009	250,000	1,825	$ 2.00	$ 0.81	66.34%	0%	2.03%	$ 0.29	72
12/1/2009	250,000	1,825	$ 2.25	$ 0.81	66.34%	0%	2.03%	$ 0.27	67
12/1/2009	250,000	1,825	$ 2.50	$ 0.81	66.34%	0%	2.03%	$ 0.25	62
	2,500,000								**$ 915**

NOTE 7— STOCKHOLDERS' EQUITY

Authorized Capital

The Company is currently authorized to issue up to 70,000,000 shares of common stock, par value $0.001 per share, and 5,000,000 shares of preferred stock, par value $0.01 per share, of which three series have been designated: 4,500 shares of Series A Convertible Preferred Stock, 1,000 shares of Series A-1 Convertible Preferred Stock, and 4,000 shares of Series B Convertible Preferred Stock.

Preferred Stock

Each share of Series A, Series A-1 and Series B preferred has voting rights equal to an equivalent number of common shares into which it is convertible. The holders of the Series A and Series A-1 are entitled to receive contractual cumulative dividends in preference to any dividend on the common stock at the rate of 10% per annum on the initial investment amount commencing on the date of issue. The holders of the Series B are entitled to receive contractual cumulative dividends in preference to any dividend on the common stock (but subject to the rights of the Series A and Series A-1) at the rate of 6% per annum on the initial investment amount commencing on the date of issue. Such dividends are payable on January 1, April 1, July 1 and October 1 of each year. Dividends accrued but unpaid on June 30, 2010 are $43 for Series A, $27 for Series A-1 and $63 for Series B, respectively.

The Series A, A-1 and B Preferred Stock also contains a right of redemption in the event of liquidation or a change in control. The redemption feature provides for payment of 125% of the face value plus any accrued unpaid dividends in the event of bankruptcy, change of control, or any actions to take the Company private. The amount of the redemption preference is $92, $423 and $954 for the Series A, A-1, and B preferred, respectively, as of June 30, 2010.

The Company applies the classification and measurement principles enumerated in ASC 815 with respect to accounting for its issuances of the Series A, A-1, and B preferred stock. The Company is required, under Nevada law, to obtain the approval of its Board of Directors in order to effectuate a merger, consolidation or similar event resulting in a more than 50% change in control or a sale of all or substantially all of its assets.

We evaluate convertible preferred stock at each reporting date for appropriate balance sheet classification.

Preferred Stock Dividend

We follow the guidelines of ASC 505 Dividends and Stock Splits when accounting for pay-in-kind ("PIK") dividends that are settled in convertible securities with beneficial conversion features. Therefore, we recorded $24 and $0 as deemed dividends for the three months ended June 30, 2010 and 2009, respectively, related to the conversion feature based on the difference between the effective conversion price of the conversion option and the fair value of the common stock on the PIK election dates. For the nine months ended June 30, 2010 and 2009, we recorded $93 and $187, respectively as deemed dividends related to the conversion feature based on the difference between the effective conversion price of the conversion option and the fair value of the common stock on the election dates.

Preferred Stock Conversions to Common Stock

For the nine months ended June 30, 2010, holders of our Preferred Stock elected to convert 1,993 shares of Series A and 462 shares of A-1 Preferred Stock into 3,286,372 shares of our common stock.

Completion of Common Stock and Warrant Offering

On September 18, 2009, Beacon commenced a Private Placement of up to $3,000 of common units at a price of $.80 per unit. Each Unit consists of (I) one share of Common Stock, and (ii) a five year warrant to purchase one-half share of Common Stock (each, a "Common Offering Warrant") at a purchase price of $1.00 per share (collectively the "Common Offering"). In the event that the Common Offering is oversubscribed, we may sell and issue up to an additional 1,250,000 Common Units.

The September Common Offering expired on December 15, 2009. During the nine months ended June 30, 2010, we sold 3,795,295 Common Units to accredited investors for net proceeds of $2,398 (gross proceeds of $2,983, less offering costs of $585). We issued to certain agents who represented us in sales of the units, warrants to purchase 448,500 shares of our common stock.

The Common Offering Warrants issued to agents and investors in this transaction each have a five year exercise period and an exercise price of $1.00 per share of Common Stock, payable in cash on the exercise date or cashless conversion if a registration statement or current prospectus covering the resale of the shares underlying the Common Offering Warrants is not effective or available at any time more than six months after the date of issuance of the Common Offering Warrants. The warrants feature standard anti-dilution provisions for stock splits, stock dividends and similar types of recapitalization events. These warrants also featured weighted average price protection for subsequent issuances of equity securities at prices more favorable than the exercise price stipulated in these warrants. This provision was rescinded during the quarter ended March 31, 2010, for additional information see the Derivative Financial Instruments disclosure below. In addition, the Company has agreed to use its best efforts to file a registration statement for the resale of any shares issued and shares underlying common stock purchase warrants issued in these private placements.

These registration rights do not provide for the Company to incur any penalties for its failure to file, cause or maintain the effectiveness of such registration statements; however, the Company is subject to a penalty in the amount of 2% of the gross proceeds per month in the event it fails to maintain compliance with the Exchange Act reporting requirements. The Company believes it is probable that it will not incur any such penalties.

Cashless Warrant Conversions

For the nine months ended June 30, 2010 holders of 1,597,007 Common Stock Warrants elected to exercise the cashless conversion options thereby redeeming 450,072 shares, including 432,259 shares issued upon the exercise of 1,512,907 warrants as described below.

Derivative Financial Instruments

As described in Note 1, we were required to adopt certain changes in the derivative accounting rules that required us to (i) reclassify certain common stock purchase warrants we issued in financing transaction completed prior to October 1, 2009 from stockholders equity to liabilities at fair value as of October 1, 2009, (ii) record all new issuances of derivatives that do not have fixed settlement provisions as liabilities and (iii) mark to market all such derivatives to fair value through March 30, 2010, which immediately precedes the date on which the removal of anti-dilution provisions in our derivative financial instruments became effective.

Effective October 1, 2009, the Company reclassified the fair value of all common stock purchase warrants issued prior to October 1, 2009 from equity to liabilities at their aggregate fair value of $4,628. We recorded a corresponding charge to the accumulated deficit to recognize the cumulative effects of having adopted this accounting policy. We calculated the adoption date fair values for these derivatives using the Black-Scholes option pricing model with the following weighted average assumptions:

	October 1 2009
Expected Life	3.72
Risk-free interest rate	2.20%
Dividend Yield	0%
Volatility	66.34%
Warrants issued with private placements	9,979,577
Fair value of warrants	$ 4,628

We also performed a classification assessment of the common stock warrants issued to investors and agents in the common units offering described above on their respective dates of issuance. We determined that the common stock purchase warrants, as originally issued, did not contain fixed settlement provisions because the strike price was subject to adjustment in the event we subsequently issued equity securities or equity linked securities with exercise prices lower than the exercise price of these warrants. Accordingly, we allocated $1,094 of the offering proceeds to the fair value of the warrants on their respective dates of issuance and recorded them as liabilities in our Condensed Consolidated Balance Sheet through the date on which the removal of anti-dilution provisions in our derivative financial instruments became effective. We calculated the issuance date fair values of these derivatives using the Black-Scholes option pricing model with the following weighted average assumptions:

Expected Life	5
Risk-free interest rate	2.69%
Dividend Yield	0%
Volatility	66.34%
Weighted average unit fair value	$ 0.47

On March 8, 2010, the Company announced an offer to the holders of its warrants that contain anti-dilution protection providing them with the option of (i) exercising their warrants for cash at discount of $0.10 off the contractual exercise price, (ii) exercising their warrants pursuant to a cashless exercise provision at the contractual exercise price (which results in a net share settlement) , or (iii) consent to the elimination of the anti-dilution protection clause that caused the warrants not to be indexed to the Company’s own stock. As of March 31, 2010, a required majority of warrant holders consented to the removal of anti-dilutions provisions which resulted in the elimination of such anti-dilution provisions.

On March 30, 2010, immediately prior to the completion of our offer to the warrant holders, we marked all remaining derivative financial instruments to fair value, including the warrants exercised for cash at a discount of $0.10 off the contractual exercise price. The aggregate fair value of all such warrants amounted to $10,095. We calculated the fair values these derivatives using the Black-Scholes option pricing model with the following weighted average assumptions:

	March 30, 2010
Expected Life	3.88
Risk-free interest rate	2.55%
Dividend Yield	0%
Volatility	65.40%
Warrants issued with private placements (including 3,375,375 with a discounted exercise price of $0.10 per share)	12,291,827
Fair value of warrants	$ 10,095

On March 31, 2010, we reclassified the warrant liability on our balance sheet to stockholders' equity. The difference between the aggregate fair value of the warrants reclassified to liabilities on October 1, 2009, which amounted to $10,095, and the total fair value of warrants reclassified to liabilities as of October 1, 2009 and additional warrants issued between October 1, 2009 and March 30, 2010 amounted to approximately $4,373 and is reflected as the change in fair value of warrants in the accompanying Condensed Consolidated Statement of Operations for the nine months ended June 30, 2010.

As of June 30, 2010, pursuant to this offer, the Company issued 4,738,966 shares of common stock. Those warrant holders who elected to exercise these instruments for cash at a $0.10 discount from the contractual exercise price. Net proceeds from these exercises amounted $3,626 (gross proceeds of $4,331 less costs of $705). The Company also issued 423,331 net shares of common stock to warrant holders electing to exercise 1,481,965 warrants pursuant to the cashless exercise alternative.

Issuance of non-employee compensatory options

In consideration for services, we have granted options to purchase 250,000 shares of Common Stock vesting ratably over a 36 month period. We calculated the fair value of the options using the Black-Scholes option pricing model with the following assumptions: Stock price — $.54, Volatility — 66.34%, Risk —free interest rate — 2.09%, Expected life — 120 months and Dividend yield — 0.00%, resulting in a fair value determination of $188, to be recognized over a 36 month period. For the three and nine months ending June 30, 2010, we recognized share based compensation expense of approximately $16 and $19 respectively, related to these options.

NOTE 8 — INCOME TAXES

We calculate our interim tax provision in accordance with the provisions of ASC 740-270, "Income Taxes; Interim Reporting." For interim periods, we estimate our annual effective income tax rate and apply the estimated rate to our year-to-date income or loss before income taxes. We also compute the tax provision or benefit related to items we report separately and recognize the items net of their related tax effect in the interim periods in which they occur. We also recognize the effect of changes in enacted tax laws or rates in the interim periods in which the changes occur.

In computing the annual estimated effective tax rate we make certain estimates and judgments, such as estimated annual taxable income or loss, the nature and timing of permanent and temporary differences between taxable income for financial reporting and tax reporting, and the recoverability of deferred tax assets. Our estimates and assumptions may change as new events occur, additional information is obtained, or as the tax environment changes.

As of September 30, 2009, we have approximately $10,600 of federal and state net operating loss carryforwards, available to offset future taxable income, if any. These carryforwards expire in 2023 through 2029. Deferred tax liabilities represent the difference between the financial reporting and income tax bases of the tax deductible goodwill, which is an asset with an indefinite life and therefore cannot be used to offset net deferred tax assets for purposes of establishing a valuation allowance.

For the three months ended June 30, 2010, we recorded a net income tax expense of $44 comprised of the following:

	Beacon North America	BESG Ireland Ltd	Beacon CZ	Consolidated
Net (loss) before taxes	$ (1,198)	$ 145	$ (35)	$ (1,088)
Effective tax rate	0%	25%	20%	
Tax expense (benefit)	$ 15	$ 36	$ (7)	$ 44

For the nine months ended June 30, 2010, we recorded a net income tax benefit of ($44) comprised of the following:

	Beacon North America	BESG Ireland Ltd	Beacon CZ	Consolidated
Net (loss) before taxes	$ (8,196)	$ (324)	$ (21)	$ (8,541)
Effective tax rate	0%	25%	33%	
Tax expense (benefit)	$ 44	$ (81)	$ (7)	$ (44)

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For Beacon North America we did not recognize a tax benefit due to the related valuation allowance.

The tax charge for Beacon North America represents an increase in the deferred tax liability for tax deductible goodwill, which has an indefinite life and is therefore not being netted against other deferred tax assets with finite lives.

NOTE 9 — EMPLOYEE BENEFIT PLANS

Stock Options and Other Equity Compensation Plans

On November 12, January 22, February 5 and March 22, 2010, our Board of Directors authorized the Company to grant employee stock options to purchase 100,000, 60,000, 200,000 and 25,000 shares of common stock respectively. We calculated the fair value of the options using the Black-Scholes option pricing model with the following assumptions:

	November 11, 2009	January 22, 2010	February 5, 2010	March 22, 2010
Stock Price	$ 0.90	$ 1.07	$ 1.07	$ 1.38
Expected Life	10	6.5	6.5	6.5
Volatility	66.34%	65.40%	65.40%	65.40%
Risk-free interest rate	2.28%	2.23%	2.65%	2.36%
Dividend Yield	0%	0%	0%	0%
Fair value of options	$ 0.30	$ 0.67	$ 0.67	$ 0.86

On May 27, June 1, and June 6, 2010, our Board of Directors authorized the Company to grant employee stock options to purchase 450,000, 400,000, and 100,000 shares of common stock respectively. We calculated the fair value of the options using the Black-Scholes option pricing model with the following assumptions:

	May 27, 2010	June 1, 2010	June 6, 2010
Stock Price	$ 1.40	$ 1.36	$ 1.60
Expected Life	7.2	7.5	5.5
Volatility	65.40%	65.40%	65.40%
Risk-free interest rate	2.18%	2.09%	1.95
Dividend Yield	0%	0%	0%
Fair value of options	$ 0.91	$ 0.90	$ 0.75

We recognized non-cash share-based compensation expenses as follows:

	Three Months Ended June 30, 2010	Three Months Ended June 30, 2009	Nine Months Ended June 30, 2010	Nine Months Ended June 30, 2009
Non-Cash Share-Based Compensation Expense				
Restricted Stock	$ 166	$ 45	$ 221	$ 134
Stock Options	294	122	725	184
Total Stock Compensation Expense	$ 460	$ 167	$ 946	$ 318

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A summary of the status of our stock option plan and the changes during the nine months ended June 30, 2010 is presented in the table below:

	Number Of Options	Weighted Average Exercise Price	Intrinsic Value	Weighted Average Remaining Contractual Life
Options Outstanding at October 1, 2009	3,200,900	$ 1.19		
Granted	1,335,000	$ 1.44		
Forfeited	(714,034)	$ (1.15)		
Options Outstanding at June 30, 2010	3,821,866	$ 1.48	0.38	6.87
Exercisable, June 30, 2010	1,908,462	$ 0.85	0.81	8.41

We value stock options using the Black-Scholes option-pricing model. In determining the expected term, we separate groups of employees that have historically exhibited similar behavior with regard to option exercises and post-vesting cancellations. The option-pricing model requires the input of subjective assumptions, such as those listed below. The volatility rates are based on historical stock prices of similarly situated companies and expectations of the future volatility of the Company's common stock. The expected life of options granted are based on historical data, which to date is a partial option life cycle, adjusted for the remaining option life cycle by assuming ratable exercise of any unexercised vested options over the remaining term. The risk-free interest rate is based on the U.S. Treasury yield curve in effect at the time of grant. The total expense to be recorded in future periods will depend on several variables, including the number of share-based awards.

Shares granted vest 33% annually as of the anniversary of the grant through 2011 and carry a ten year contractual term. As of June 30, 2010, 1,908,462 shares were vested. As of June 30, 2010, there was approximately $1,774 in non-cash share-based compensation cost related to non-vested awards not yet recognized in our Condensed Consolidated Statements of Operations. This cost is expected to be recognized over the weighted average remaining vesting period of 4.4 years.

Richard C. Mills, the president of the Company, resigned effective May 15, 2010. Pursuant to the separation agreement with the Company, 210,750 additional shares of restricted common stock granted on December 5, 2007 were vested and the options granted on May 8, 2009 became exercisable with respect to 500,000 shares of common stock for a five year period beginning on the effective date of the termination. The modification resulted in an expense of $93 for the three and nine months ended June 30, 2010.

Restricted Stock

Prior to adoption of the 2008 Incentive Plan, on December 5, 2007, we issued 782,250 shares of restricted common stock with an aggregate fair value of $667 to our then president in exchange for $156. Immediately upon the sale, 150,000 shares vested with the remaining shares vesting in quantities of 210,750 shares on each of December 20, 2008, 2009 and 2010. As of May 2010 upon the president's termination of employment, the remaining non-vested shares immediately vested and the expense recognized. We recognized $166 and $45 of share-based compensation expense during the three months ended June 30, 2010 and 2009, respectively, in connection with this grant. We recognized $221 and $135 of share-based compensation expense during the nine months ended June 30, 2010 and 2009, respectively, in connection with this grant.

Note 10 — Segment Reporting

In accordance with ASC 280 "Segment Reporting," our operating segments are those components of our business for which separate and discrete financial information is available and is used by our chief operating decision makers, or decision-making group, in making decisions on how we allocate resources and assess performance.

In accordance with ASC 280, the Company reports three operating segments, as a result of having completed the Symbiotec acquisition on July 29, 2009 and opening the BESG Ireland Ltd office. Prior to the Symbiotec Solutions AG acquisition, we operated as a single segment. The Company's chief decision-makers review financial information presented on a consolidated basis, accompanied by disaggregated information about revenue and operating profit each year by operating segment. This information is used for purposes of allocating resources and evaluating financial performance.

The accounting policies of the segments are the same as those described in the "Summary of Significant Accounting Policies." Segment data includes segment revenue, segment operating profitability, and total assets by segment. Shared corporate operating expenses are reported in the United States ("U.S.") segment.

The Company is organized primarily on the basis of operating units which are segregated by geography in the U.S. and Europe. For the three months ended June 30, 2010 our segment results, net of Discontinued Operations (see Note 4 for more details) are as follows:

	United States	Europe	Total
Net sales	$ 2,765	$ 781	$ 3,546
Loss from operations	(1,176)	250	(926)
Other expense	(22)	(140)	(162)
Depreciation and amortization	(205)	(30)	(235)
Net (Loss) from continuing operations	(1,213)	81	(1,132)
Net (Loss) from discontinued operations		(7,623)	(7,623)
Assets	9,312	3,154	12,466
Goodwill	2,792	—	2,792
Intangible Assets	2,996	—	2,996

For the nine months ended June 30, 2010, our segment results were as follows:

	United States	Europe	Total
Net sales	$ 7,360	$ 2,327	$ 9,687
Loss from operations	(3,609)	(146)	(3,755)
Other expense	(214)	(199)	(413)
Change in fair value of warrants	(4,373)	—	(4,373)
Depreciation and amortization	(509)	(63)	(572)
Net (Loss) from continuing operations	(8,240)	(257)	(8,497)
Net (Loss) from discontinued operations	—	(7,180)	(7,180)

In our European operations over 90% of the net sales was generated by one customer for the three and nine months ended June 30, 2010, while in North America one customer accounted for approximately 47% and 49% of net sales, respectively.

NOTE 11 — SUBSEQUENT EVENTS

Management has evaluated all subsequent events or transactions occurring through the date the financial statements were issued.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Beacon Enterprise Solutions Group, Inc. and subsidiaries (collectively the "Company") is a provider of global, international and regional telecommunications and technology systems infrastructure services, encompassing a comprehensive suite of consulting, design, installation, and infrastructure management offerings. Beacon's portfolio of infrastructure services spans all professional and construction requirements for design, build and management of telecommunications, network and technology systems infrastructure. Professional services offered include consulting, engineering, program management, project management, construction services and infrastructure management services. Beacon offers these services under a comprehensive contract vehicle or unbundled to some global and regional clients. Beacon also offers special services in support of qualified projects in the smart buildings/campuses/cities and data center verticals. Finally, Beacon provides managed information technology and telecommunications services in selected local markets. In this report, the terms "Company," "Beacon," "we," "us" or "our" mean Beacon Enterprise Solutions Group, Inc. and all subsidiaries included in our consolidated financial statements.

Cautionary Statements — Forward Outlook and Risks

Certain statements contained in this quarterly report on Form 10-Q, including, without limitation, statements containing the words "believes," "anticipates," "intends," "expects," "assumes," "trends" and similar expressions, constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are based upon the Company's current plans, expectations and projections about future events. However, such statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These factors include, among others, the following:

- general economic and business conditions, such as the current global recession, that may affect demand for our services and products and the ability of our customers to pay for such services and products;
- effects of competition in the markets in which the Company operates;
- liability and other claims asserted against the Company;
- ability to attract and retain qualified personnel;
- availability and terms of capital;
- loss of significant contracts or reduction in revenue associated with major customers;
- ability of customers to pay for services;
- business disruption due to natural disasters or terrorist acts;
- ability to successfully integrate the operations of acquired businesses and achieve expected synergies and operating efficiencies from the acquisitions, in each case within expected time-frames or at all;
- changes in, or failure to comply with, existing governmental regulations; and
- changes in estimates and judgments associated with critical accounting policies and estimates.

For a detailed discussion of these and other factors that could cause the Company's actual results to differ materially from the results contemplated by the forward-looking statements, please refer to Item 2.01 "Risk Factors" in the Company's Current Report on Form 8-K filed on December 28, 2007. The reader is encouraged to review the risk factors set forth therein. The reader should not place undue reliance on forward-looking statements, which speak only as of the date of this report. Except as required by law, the Company assumes no responsibility for updating forward-looking statements to reflect unforeseen or other events after the date of this report.

Overview

Beacon was formed for the purpose of acquiring and consolidating regional telecom businesses and service platforms into an integrated, national provider of high quality voice, data and VOIP communications to small and medium-sized business enterprises (the "SME Market"). The Company was originally formed to acquire companies that would allow it to serve the SME Market on an integrated, turn-key basis from system design, procurement and installation through all aspects of providing network service and designing and hosting network applications. In response to identification of a significant un-served market, our business strategy has shifted to become a leading provider of global, international and regional telecommunications and technology systems infrastructure services, encompassing a comprehensive suite of consulting, design, installation, and infrastructure management offerings, while continuing to provide managed information technology and telecommunications services in selected local markets.

Acquisition Growth Strategy

We are continuing to pursue mergers and acquisitions for a portion of our growth.

A key component of our growth strategy is through strategic acquisitions. These potential acquisition candidates must meet specific criteria including the following;

- Accretive to earnings in the first year.
- Strategic locations throughout the US and Europe where we have significant concentrations of demand for our service offerings.
- Highly trained technical staff that can meet our internal requirements and the requirements of our Global customers.

We may not be successful in our search for potential acquisition candidates that are acceptable for our business model, or we may not be successful in our attempts to acquire new businesses that we have identified as attractive acquisition candidates.

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Organic Growth Strategy

With respect to our plans to increase revenue organically, we have identified, and are currently pursuing, several significant strategies;

- The first strategy is to expand the a la carte services offered to existing major national, multi-national and global clients who have not already signed an infrastructure managed services agreement. This has been initiated by the hiring of branch level account managers focused on the sale of individual infrastructure services and the global managed services offering. With reorganization of the professional services team structure, it permits Beacon to accommodate branch level services delivery to potential global clients.
- The second strategy is to add regional branches to the existing branches in Columbus and Cincinnati, Ohio, Louisville, Kentucky and Raritan, NJ. The additional branches will be strategically located to provide regional coverage and depth of resources to support global client demand.
- The third strategy is to add regional and major account sales resources in each new branch. This will facilitate the introduction of Fortune 1000, Global 2000 and qualifying multi-national firms. We refer to these current and future clients as Fortune 10000.

Results of Operations

For the three and nine months ended June 30, 2010 and 2009

Operations for the three and nine months ended June 30, 2010 include our fully consolidated European operations, which began in the fourth quarter of the fiscal year ended September 30, 2009. In order to best discuss and compare operations for the three and nine month periods ended June 30, 2010 and 2009 our North American and European operations will be presented and discussed separately.

North American Operations

	For the three months ended June 30,					For the nine months ended June 30,				
	2010 North America		2009 North America		change	2010 North America		2009 North America		change
Net Sales	$ 2,765	100%	$ 3,039	100%	$ (274)	$ 7,360	100%	$ 7,118	100%	$ 242
Cost of goods sold	393	14%	1,281	42%	(888)	1,122	15%	2,892	41%	(1,770)
Cost of services	1,074	39%	837	28%	237	3,009	41%	1,934	27%	1,075
Gross profit	1,298	47%	921	30%	377	3,229	44%	2,292	32%	937
Operating expense										
Salaries and benefits	1,611	58%	1,186	39%	425	3,851	52%	3,109	44%	742
Selling, general and administrative	863	31%	1,047	34%	(184)	2,987	41%	2,572	36%	415
Net loss from operations	(1,176)	NM	(1,312)	NM	136	(3,609)	NM	(3,389)	NM	(220)
Other expense	(22)		(222)		200	(214)		(661)		447
Change in fair value of warrants	—				—	(4,373)				(4,373)
Net loss income before taxes	(1,198)		(1,534)		336	(8,196)		(4,050)		(4,146)
Income taxes	(15)		—		(15)	(44)				(44)
Net (Loss) from continuing operations	(1,213)		(1,534)		321	(8,240)		(4,050)		(4,190)
Net (Loss) from discontinued operations	—		—		—	—		—		—
Net (Loss) Income	$ (1,213)		$ (1,534)		$ 321	$ (8,240)		$ (4,050)		$(4,190)

Net sales from our North American operations the three months ended June 30, 2010 and 2009 was approximately $2,765 and $3,039, consisting of approximately $533 and $664 of engineering and design services, $717 and $246 of managed services, and $1,515 and $2,129 of business telephone and data system installations, infrastructure, Information Transport Systems Managed Services, and time and materials services. Net sales from our North American operations for the nine months ended June 30, 2010 and 2009 was approximately $7,360 and $7,118, consisting of approximately $1,341 and $1,939 of engineering and design services, $1,234 and $705 of managed services, and $4,785 and $4,474 of business telephone and data system installations, infrastructure, Information Transport Systems Managed Services, and time and materials services

Cost of goods sold for the three months ended June 30, 2010 and 2009 amounted to approximately $1,467 and $2,118, and consisted of approximately $393 and $1,117 of equipment and materials used in business telephone systems installations, infrastructure, information transport systems and time and material parts used in services, $410 and $517 of direct labor, $106 and $99 of direct project related costs, and $558 and $385 of subcontractor fees incurred in providing services. The cost of goods sold components comparison displays the changing product mix in North America from high cost, labor intensive regional phone system sales, installation and support to an infrastructure and Information Transport Systems product and service offering, accounted for as Time and Material Contracts. The result being lower cost of goods sold and gross margin improvement. Cost of goods sold for the nine months ended June 30, 2010 and 2009 amounted to approximately $4,131 and $4,826, and consisted of approximately $1,122 and $2,548 of equipment and materials used in business telephone systems installations, infrastructure, and time and material parts used in services, $1,523 and $1,432 of direct labor, $347 and $278 of direct project related costs, and $1,139 and $568 of subcontractor fees incurred in providing services. The cost of goods sold components comparison displays the changing product mix in North America from high cost, labor intensive regional phone system sales, installation and support to an infrastructure and Information Transport Systems product offering, accounted for as Time and Material Contracts. The result being lower cost of goods sold and gross margin improvement.

Salaries and benefits of approximately $1,611 and $1,186 for the three months ended June 30, 2010 and 2009 consisted of salaries and wages of approximately $845 and $705, commissions and bonuses of $58 and $135, benefits of $124 and $82, payroll taxes of $108 and $97, and non-cash share-based compensation of $476 and $167 related primarily to stock options granted during these periods. Salaries and benefits of approximately $3,851 and $3,109 for the nine months ended June 30, 2010 and 2009 consisted of salaries and wages of approximately $2,200 and $1,929, commissions and bonuses of $118 and $248, benefits of $246 and $332, payroll taxes of $323 and $280, and non-cash share-based compensation of $964 and $320 related primarily to stock options granted during the period.

Selling, general and administrative expense for the three months ended June 30, 2010 and 2009 of approximately $863 and $1,047 include approximately $240 and $441 of accounting, investor relations and professional fees, $39 and $35 of bad debt expense, $48 and $45 of rent expense, $92 and $78 of telecommunications and data related expenses, $129 and $78 of travel related expenses, $62 and $57 of expenses related to business insurance, $29 and $48 of miscellaneous outside services, depreciation and amortization of $175 and $153, and $119 and $112 of other administrative services. These costs were offset by a corporate royalty of $70 and $0 charged to the European business for administrative functions provided and is eliminated upon consolidation. Selling, general and administrative expense for the nine months ended June 30, 2010 and 2009 of approximately $2,987 and $2,572 include approximately $1,078 and $992 of accounting, investor relations and professional fees, $105 and $106 of bad debt expense, $138 and $135 of rent expense, $265 and $180 of telecommunications and data related expenses, $345 and $167 of travel related expenses, $79 and $0 of recruiting expense, $140 and $130 of expenses related to business insurance, $61 and $127 of miscellaneous outside services, depreciation and amortization of $509 and $454, and $470 and $281 of other administrative services. These costs were offset by a corporate royalty of $203 and $0 charged to the European business for administrative functions provided and is eliminated upon consolidation.

Other expense for the three months ended June 30, 2010 and 2009 of approximately $22 and $222 is comprised of interest expense in relation to notes payable issued in connections with our Phase I acquisitions. Other expense for the nine months ended June 30, 2010 and 2009 of approximately $4,587 and $661 includes interest expense of $214 and $661 related to notes payable issued in connection with our Phase I acquisitions and approximately $4,373 and $0 of non-cash expense related to the change in fair value of warrants with anti-dilution features.

European Operations

	For the three months ended June 30,			For the nine months ended June 30,		
	2010 **Europe**		2009 **Europe**	2010 **Europe**		2009 **Europe**
Net Sales	$ 781	100%	—	$ 2,327	100%	—
Cost of goods sold	2	2%	—	129	8%	—
Cost of services	13	16%	—	715	44%	—
Gross profit	766	82%	—	1,483	48%	—
Operating expense						
Salaries and benefits	174	209%	—	713	44%	—
Selling, general and administrative	342	412%	—	916	56%	—
Net Income (loss) from operations	250	NM	—	(146)	NM	—
Other expense	(140)		—	(199)		—
Net Income (loss) before taxes	110		—	(345)		—
Income tax (expense) benefit	(29)		—	88		—
Net Income (loss) from continuing operations	81			(257)		
Net loss from discontinued operations	(7,623)			(7,180)		
Net loss	$ (7,542)		—	$ (7,437)		—

Net of the Discontinued Operations (see Note 4 for more details), our expansion into Europe, which began in the fourth quarter of the fiscal year ended September 30, 2009, has generated net sales of approximately $781 for the three months ended June 30, 2010 consisting of approximately $728 of professional services, and $53 of time and material services. Net of the Discontinued Operations (see Note 4 for more details), for the nine months ended June 30, 2010 our European operations have generated net sales of approximately $2,327 consisting of approximately $2,201 of professional services, and $126 of time and material services.

Cost of goods sold for the three months ended June 30, 2010 amounted to approximately $15 and consisted primarily of subcontractor costs. For the nine months ended June 30, 2010, cost of goods sold amounted to $844 and consisted primarily of subcontractor costs of approximately $352, direct project related costs of $363 and materials costs of $129. Salaries and benefits of approximately $174 and $713 for the three and nine months ended June 30, 2010 consisted of salaries and related benefits.

Selling, general and administrative expense for the three months ended June 30, 2010 was approximately $342, including approximately $48 of accounting and professional fees primarily related to the organization of the European operations, $112 of travel related expenses, $31 of outside services, $17 of rent and other office related supplies, $27 of telecommunications and data related expenses, depreciation and amortization of $30 and $7 of miscellaneous other expenses incurred to establish operations. Additionally a corporate royalty of $70 charged to the European business for administrative functions provided by the North American corporate office is recorded and eliminated upon consolidation. Selling, general and administrative expense for the nine months ended June 30, 2010 was approximately $916, including approximately $258 of accounting and professional fees, $160 of travel related expenses, $43 of recruiting expenses, $49 of rent and other office related supplies, $51 of telecommunications and data related expenses, depreciation and amortization of $63 and $89 of miscellaneous other expenses incurred to establish operations. Additionally a corporate royalty of $203 charged to the European business for administrative functions provided by the North American corporate office is recorded and eliminated upon consolidation.

Liquidity and Capital Resources

For the nine months ended June 30, 2010, we incurred a net loss of $15,677, which includes a loss from discontinued operations of $7,180 (see Note 4 for more details), a mark to market adjustment on the fair value of common stock purchase warrants of $4,373, and cash used in operations of approximately $4,693 for the nine months ended June 30, 2010. Our accumulated deficit amounted to approximately $36,807. We had cash and cash equivalents of $411 at June 30, 2010 and a working capital deficit of $4,661.

The results for the nine months ended June 30, 2010 contain nine months of results from our European operations which generated sales of $2,237 with a gross margin of 64%. The European margin increased from 16% for the six months ended March 31, 2010 due to separation of the low margin discontinued operations and is more reflective of continuing operations as we narrow our European focus on core business.

While North American net sales for the nine months ended June 30, 2010 was only marginally ahead of the nine months ended June 30, 2009, the gross margin grew to 44% from 31%. This margin gain can be attributed to changing our product mix away from material and labor intensive services, to higher margin telecommunications and technology systems infrastructure and managed services which involve a higher level of professional services and significantly reduced material requirements. This change is represented by a decrease in costs of goods sold of 61% and an increase in cost of services of 56% for the nine months ended June 30, 2010 as compared to the nine months ended June 30, 2009.

For the nine months ended June 30, 2010, net cash used in operating activities of $4,693 consisted primarily of a net loss of approximately $15,677, $7,180 of which was attributable to discontinued operations, an increase in accounts receivables of $1,109 and a decrease in accrued expenses and account payable of $1,907 and $365, respectively. Additionally, a mark to market adjustment on the fair value of common stock purchase warrants of $4,373, non-cash share based compensation increase of $1,131 and cash provided by discontinued operations of $843 offset the cash usage.

Cash used in investing activities of $504 consisted of capital expenditures of $321 related to our overall continuing operations and $183 of capital expenditures related to the discontinued operations.

Cash provided by financing activities of $5,293 was derived primarily from approximately $2,398 of net proceeds from the sale of common stock, net proceeds from warrant conversions of $3,631, proceeds of $500 from issuance of short term notes, and offset by repayments of bridge, convertible and note payables of $1,236.

On August 16, 2010, one or our directors agreed to provide us with a four million dollar credit facility. The term is up to 18 months with an annual interest rate of 7.73% on any outstanding balance and a facility fee of the greater of forty thousand dollars or 1% on any unused balance. In addition, this director will receive fifteen thousand warrants (five year term at $1.00 per share) per month for each month the facility is outstanding. The facility is secured by a pledge of common stock held by our Chief Executive Officer.

Based on the recent progress we made in the execution of our business plan, we believe that our currently available cash, the funds we expect to generate from operations and the proceeds of our equity financing activities will enable us to effectively operate our business and repay our debt obligations as they become due through June 30, 2011. However, we will require additional capital in order to execute our long term business plan. If we are unable to raise additional capital, or encounter unforeseen circumstances that place constraints on our capital resources, we will be required to take various measures to conserve liquidity, which could include, but not necessarily be limited to, curtailing our business development activities, suspending the pursuit of our business plan, and controlling overhead expenses. We cannot provide any assurance that we will raise additional capital, nor can we provide any assurance that new financing will be available to us on acceptable terms, if at all.

Off-Balance Sheet Arrangements

We have four operating lease commitments for real estate used for office space and production facilities.

Contractual Obligations as of June 30, 2010

The following is a summary of our contractual obligations as of June 30, 2010:

Contractual Obligations	Total	Years 2011	Years 2012	2013	2014	Thereafter
Debt obligations	989	$ 389	$ 339	$ 161	$ —	$ 100
Interest obligations (1)	78	$ 51	23	4	—	
Operating lease obligations (2)	208	127	36	36	9	—
	$ 1,275	$ 567	$ 398	$ 201	$ 9	$ 100

(1) Interest obligations assume Prime Rate of 3.25% at June 30, 2010. Interest rate obligations are presented through the maturity dates of each component of long-term debt.

(2) Operating lease obligations represent payment obligations under non-cancelable lease agreements classified as operating leases.

Dividends on Series A and A-1 Preferred Stock are payable quarterly at an annual rate of 10% and Series B Preferred Stock is payable quarterly at an annual rate of 6%, in cash or the issuance of additional shares of Series A, A-1, and B Preferred Stock, at our option. If we were to fund dividends accruing during the twelve months ended June 30, 2010 in cash, the total obligation would be $545 based on the number of shares of Series A, A-1 and B Preferred Stock outstanding as of June 30, 2009.

We currently anticipate the cash requirements for capital expenditures, operating lease commitments and working capital will likely be funded with our existing fund sources and cash provided from operating activities. In the aggregate, total capital expenditures are not expected to exceed $750 for the twelve months ended June 30, 2011 and can be curtailed based on actual results of operations.

Customers

Because Beacon provides infrastructure management services to global and multi-national clients, the primary target clients can be defined as the Fortune 1000, or the broader Forbes Global 2000. Global clients may also elect to use Beacon's services in an a la carte fashion, typically using Design & Engineering services which are more portable when used outside of an infrastructure managed services contract vehicle. The business model for global, multi-national and regional clients who use one or more unbundled services allows for migration to a fully managed services offering where all services are offered under a single contractual umbrella. At the beginning of FY 2010, Beacon unveiled a regional branch business model that allowed larger local companies, especially those with multiple sites to leverage the same consulting, design, contracting, project management or even infrastructure management services offered to our global clients. This regional branch model allows smaller companies who have no interest in global managed infrastructure services, or who want to sample Beacon's services to do so with minimal risk associated with a long term contract. Further, this regional branch model allows Beacon to increase the depth of resources across a given country or region, adding scalability to global and multi-national service delivery, while providing an intake vehicle for future global clients.

Competition

Beacon's service delivery offerings, and therefore its competitors, can be divided into two broad categories. First, services that are offered individually, generally in response to the client needs for a single service within a single project and secondly, services that are offered as a single source package (managed services and outsourcing) and delivered as part of a regional, national, multi-national or global contract, generally with a specified window of time vs. for a single project or task. When offering a single service in response to a single project, there are numerous competitors. These mid to small-sized competitors tend to be single site or confined to small geographic regions and generally aggressively compete for private or publicly announced work. Further, they typically specialize in and are good at only one service out of the 5 or 6 that the client may actually need. These smaller, single service competitors are generally viewed as being commoditized. Beacon's Branch model allows us to successfully leverage the bigger managed services offering and introduce scalability by allowing our clients the option to expand the number of services offered and the geography over which the service is delivered. By removing the business risk associated with having only a single service to offer to new and existing clients, it further allows Beacon to differentiate itself by offering a higher level of service with a more predictable price. So by leveraging the multi-service, global capabilities of Beacon, this provides a significant competitive edge for the first category of competitors, but reduces the pool of competitors for the full-spectrum managed infrastructure services offered across broad geographic areas. There are several national infrastructure firms, such as Black Box and Netversant that have the size and possibly the funding to become direct competitors, but by nature of their size and current business models they would experience significant internal resistance to change. Their past successes in the narrowly focused services arena, combined with their size would provide internal and external barriers to entry, and may well convert many potential competitors into clients as the value of the expanded Beacon managed services model gains wider recognition and market share.

Employees

Beacon currently employs approximately 98 people, 92 in the Columbus, OH, Louisville, KY, Raritan, NJ and Cincinnati, OH markets. Beacon currently employs 6 in Prague, Czech Republic. None of Beacon's employees is subject to a collective bargaining agreement.

Facilities

Beacon's executive offices are located at 1311 Herr Lane, Suite 205, Louisville, KY 40222 in 2,142 square feet of office space leased through March 30, 2010, extended thereafter on a month to month basis. Additionally, we have offices in Louisville, KY consisting of 8,150 square feet of office space leased through December 31, 2010, Cincinnati, OH consisting of 3,675 square feet of office space leased through October 31, 2010, Columbus, OH consisting of 7,018 square feet leased through December 31, 2014, and Prague, Czech Republic consisting of approximately 2,109 square feet leased through July 31, 2011. We believe our facilities are adequate for the continuing operations of our existing business.

Certain Relationships and Related Party Transactions

The Company has obtained insurance through an agency owned by one of its founding stockholders/directors. Insurance expense paid through the agency for the three months ended June 30, 2010 and 2009 was approximately $46 and $23, respectively, and $123 and $88 respectively for the nine months ended June 30, 2010 and 2009, and is included in selling, general and administrative expense in the accompanying Condensed Consolidated Statements of Operations.

Under a marketing agreement with a company owned by the spouse of Beacon's former president, we provide procurement and installation services as a subcontractor. We earned net sales of approximately $109 and $424 for procurement and installation services provided under this marketing agreement for the three months ended June 30, 2010 and 2009, respectively. For the nine months ended June 30, 2010 and 2009, respectively we earned net sales of approximately $164 and $817 for procurement and installation services provided under this marketing agreement. As of June 30, 2010 and 2009, respectively, we had accounts receivable of approximately $133 and $467 with respect to this marketing agreement.

Filing Status

Beacon Enterprise Solutions Group, Inc., a Nevada corporation has in the past filed reports with the SEC and will continue to do so as Beacon. You can read and copy any materials we file with the SEC at its Public Reference Room at 100 F Street, NE, Washington, DC 20549. You can obtain additional information about the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. In addition, the SEC maintains an Internet site (www.sec.gov) that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the Commission, including us.

ITEM 4. CONTROLS AND PROCEDURES

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our filings under the Exchange Act is recorded, processed, summarized and reported within the periods specified in the rules and forms of the SEC. This information is accumulated and communicated to our executive officers to allow timely decisions regarding required disclosure. As of June 30, 2010, our Chief Executive Officer, who acts in the capacity of principal executive officer and our Chief Financial Officer who acts in the capacity of principal financial officer, have evaluated the effectiveness of our disclosure controls and procedures as of the end of the period covered by this report. Based upon that evaluation, our Chief Executive Officer and the Chief Financial Officer have concluded that our disclosure controls and procedures were not effective as of June 30, 2010, based on their evaluation of these controls and procedures required by paragraph (b) of Exchange Act Rules 13a-15 or 15d-15.

DISCLOSURE CONTROLS AND INTERNAL CONTROLS

Disclosure controls are designed with the objective of ensuring that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. Internal controls are procedures which are designed with the objective of providing reasonable assurance that our transactions are properly authorized, recorded and reported and our assets are safeguarded against unauthorized or improper use, to permit the preparation of our financial statements in conformity with generally accepted accounting principles, including all applicable SEC regulations.

As of September 30, 2009, management of our Company had reported at previous dates of assessment that we identified various deficiencies in our accounting processes and procedures that constitute a material weakness in internal control over financial reporting and disclosure controls. We took certain steps during the year ended September 30, 2009 to correct previously reported material weaknesses that include, among other things, consolidating all legacy systems into a single unified accounting system, hiring additional personnel and undertaking the process of documenting our controls; however, we still need to make substantial progress in these areas before we can definitively conclude that we have remediated our material weaknesses.

Management has specifically observed that the Company’s accounting systems and current staffing resources in the Company’s finance department are currently insufficient to support the complexity of our financial reporting requirements. The Company has in the past, and is continuing to experience difficulty in (i) closings its books and records at quarterly and annual reporting periods on a timely basis, (ii) generating data in a form and format that facilitates the timely analysis of information needed to produce financial reports and (iii) applying complex accounting and financial reporting disclosure rules as required under various aspects of GAAP and SEC reporting regulations such as those relating to accounting for business combinations, stockholders equity transactions, derivatives and income taxes. The Company also has limited segregation of duties and it is becoming increasingly necessary for the Company to divide certain custodial, recordkeeping and authorization functions between its Chief Financial Officer, Controller, and supporting staff to mitigate the risk of material misstatements.

We believe that our internal control risks are sufficiently mitigated by the fact that our Chief Executive Officer and Chief Financial Officer review and approve substantially all of our major transactions and we have, when needed, hired outside experts to assist us with implementing complex accounting principles. We believe that our weaknesses in internal control over financial reporting and our disclosure controls relate in part to the fact that we are an emerging business with limited personnel. Management and the audit committee of the Board of Directors believe that the company must allocate additional human and financial resources to address these matters. Accordingly, during the quarter ended March 31, 2010 the Company began the process of monitoring its current reporting systems and its personnel and hired a corporate controller to support the Company in its compliance process. The Company intends to continue making necessary changes until its material weaknesses are remediated.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting during our last fiscal quarter that materially affected or are reasonably likely to materially affect our internal control over financial reporting.

PART II: OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

None.

ITEM 4. Removed and Reserved.

ITEM 5. Other Information

Regarding the termination of the Company's agreement with Interxion, Note 4 to the Company's condensed consolidated financial statements is hereby incorporated by reference.

Richard C. Mills, the president of the Company, resigned effective May 15, 2010. Pursuant to the separation agreement with the Company, 210,750 additional shares of restricted common stock granted on December 5, 2007 were vested and the option granted on May 8, 2009 became exercisable with respect to 500,000 shares of common stock for a five year period beginning on the effective date of the termination.

ITEM 6. EXHIBITS

31.1	Certification of Principal Executive Officer, pursuant to Rules 13a-14(a) of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Principal Financial Officer, pursuant to Rules 13a-14(a) of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Principal Executive Officer, pursuant to 18 U.S.C Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*
32.2	Certification of Principal Financial Officer, pursuant to 18 U.S.C Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*

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* *This certification shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, or otherwise subject to the liability of that section, nor shall it be deemed to be incorporated by reference into any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934*

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: August 16, 2010	Beacon Enterprise Solutions Group, Inc.
	By: */s/ Bruce Widener* Bruce Widener Chief Executive Officer and Chairman of the Board of Directors
	and
Date: August 16, 2010	By: */s/ Michael Grendi* Michael Grendi Principal Financial Officer

Exhibit 31.1

PRINCIPAL EXECUTIVE OFFICER CERTIFICATION

I, Bruce Widener, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Beacon Enterprise Solutions Group, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statement made, in light of the circumstances under which 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 officer(s) 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 reasonably 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 registrant's board of directors (or persons performing the equivalent function):

(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.

Date: August 16, 2010

/s/ Bruce Widener
Bruce Widener
Principal Executive Officer

Exhibit 31.2

PRINCIPAL FINANCIAL OFFICER CERTIFICATION

I, Michael Grendi, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Beacon Enterprise Solutions Group, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statement made, in light of the circumstances under which 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 officer(s) 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 reasonably 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 registrant's board of directors (or persons performing the equivalent function):

(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.

Date: August 16, 2010

/s/ Michael Grendi
Michael Grendi
Principal Financial Officer

Exhibit 32.1

Beacon Enterprise Solutions Group, Inc.

CERTIFICATION OF PERIODIC REPORT
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
18 U.S.C. Section 1350

The undersigned executive officer of Beacon Enterprise Solutions Group, Inc. (the "Company") certifies pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 that:

- the quarterly report on Form 10-Q of the Company for the quarter ended June 30, 2010, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 16, 2010

/s/ *Bruce Widener*
Bruce Widener
Principal Executive Officer

Exhibit 32.2

Beacon Enterprise Solutions Group, Inc.

CERTIFICATION OF PERIODIC REPORT
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
18 U.S.C. Section 1350

The undersigned executive officer of Beacon Enterprise Solutions Group, Inc. (the "Company") certifies pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 that:

- the quarterly report on Form 10-Q of the Company for the quarter ended June 30, 2010, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 16, 2010

/s/ *Michael Grendi*
Michael Grendi
Principal Financial Officer