

NEWS RELEASE



FOR IMMEDIATE RELEASE

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IPIX REPORTS RESULTS FOR FOURTH QUARTER AND FULL YEAR 2004

VIENNA, Va.—March 31, 2005—IPIX Corporation (NASDAQ: IPIX), a premier supplier of 360-degree, immersive imaging technologies for visual intelligence applications, announced today financial results for the quarter and year ended December 31, 2004 and comparable year-ago results:

	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>
Revenue	\$499	\$909	\$2,594	\$3,864
Operating expenses	\$2,866	\$3,601	\$8,856	\$11,030
Loss from continuing ops after income taxes	(\$1,801)	(\$3,678)	(\$4,670)	(\$9,810)
Income (loss) from continuing ops after income taxes	\$2,330	(\$1,023)	\$6,056	(\$4,925)
Net income (loss) per common share	\$0.01	(\$0.22)	(\$0.05)	(\$0.95)

Year to year comparisons:

- Total revenue for 2004 was \$3.9 million compared to \$2.6 million in 2003
- Security revenue for 2004 was \$1.6 million compared to \$0.3 million in 2003
- Net loss from continuing operations after taxes was \$9.8 million compared to \$4.7 million in 2003; and
- Basic net loss per share was \$0.95 compared to \$0.05.

IPIX completed its fourth quarter and year end with the commencement of the sale of its AdMission business unit. The sale—completed February 11, 2005—is reported as discontinued operations in 2004 (and prior years) to reflect our current business structure. The sale of the AdMission business unit corresponded with our strategic plan for streamlining operations and focusing on the further development and expansion of our patented, immersive imaging technologies for security and commercial applications.

2004 marked the launch of IPIX's award-winning line of 360-degree, immersive surveillance cameras which were selected for use at the 2004 G8 Summit, as well as the 2005 U.S. Presidential Inauguration. IPIX dedicated considerable resources during 2004 on this product launch, marketplace penetration, and continued research and development. Our entry into this market is marked by rising sales, the establishment of numerous strategic business alliances and expansion of our distribution channels both domestically and internationally. IPIX is positioned to capitalize on these efforts moving forward.

At December 31, 2004, the company had \$14.9 million in cash, investments, short term and long term restricted cash and \$15.2 million in stockholders' equity. In addition, we believe we will be successful in winning research awards from federal agencies that support research and development of visual intelligence applications.

"The substantial developments, strategic partnerships and product awareness created in 2004 clearly mark the direction we are headed," said IPIX President and CEO Clara Conti. "I am confident in our organization's ability to continue to achieve our strategic business objectives in 2005."

During the past 12 months, IPIX identified market opportunities and generated interest from federal, state and local governments and various commercial enterprises. Commercial markets include transportation, banking, retail, public venues, educational institutions and critical infrastructure. In addition, IPIX established sales channels throughout Europe (including Russia), the Middle East, and the Pacific Rim (including Australia).

"We enter 2005 with a definitive plan for our business," said Conti. "We have made a commitment to recruiting talented and dedicated professionals at all levels of our organization (to join our existing group) as we continually work to expand our platform of industry-leading, immersive imaging technologies."

About IPIX Corporation

IPIX Corporation is a premium provider of immersive imaging products for government and commercial applications. We combine experience, patented technology and strategic partnerships to deliver visual intelligence solutions worldwide. Our immersive, 360-degree imaging technology has been used to create high-resolution digital still photography and video products for surveillance, visual documentation and forensic analysis.
www.ipix.com

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This press release may contain forward-looking information within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, and is subject to the safe harbors under those sections. In some cases, you can identify forward-looking statements by terminology such as "expect," "believe," "may," "will," "plans" and "anticipate," or the negative of such terms or comparable terminology. Forward-looking statements appearing herein include statements concerning operating and profitability plans and goals and restructuring efforts, and are based on current expectations.

Actual results may differ materially from those projected in the forward-looking statements based upon a number of factors including:

- (i) our loss of existing, or an inability to attract new customers,
- (ii) changes in the demand for our products and services,
- (iii) our rate of revenue growth,
- (iv) our ability to control or affect reductions in costs,
- (v) our ability to design, manufacture and deliver high quality products in a timely fashion,
- (vi) uncertainty regarding our ability to continue as a going concern,
- (vii) our third-party supplier's ability to deliver high quality components to us in a timely fashion,
- (viii) technological changes,
- (ix) general economic, financial or market changes or developments and
- (x) the conversion of our Series B Preferred Stock into common stock.

The matters discussed in this press release also involve risks and uncertainties described from time to time in documents we file with the Securities and Exchange Commission, including but not limited to Form 10-Ks, Form 10-K/As, Form 10-Qs, Form S-3's and Form 8-Ks (www.sec.gov).

IPIX CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except per share data)	Three months ended December 31,		Twelve months ended December 31,	
	2003	2004	2003	2004
	(unaudited)			
Revenue:				
Security.....	\$ 36	\$ 443	\$ 273	\$ 1,574
InfoMedia.....	<u>463</u>	<u>466</u>	<u>2,321</u>	<u>2,290</u>
Total revenue.....	<u>499</u>	<u>909</u>	<u>2,594</u>	<u>3,864</u>
Cost of revenue:				
Security.....	17	629	178	1,443
InfoMedia.....	<u>377</u>	<u>187</u>	<u>1,402</u>	<u>1,083</u>
Total cost of revenue.....	<u>394</u>	<u>816</u>	<u>1,580</u>	<u>2,526</u>
Gross profit.....	<u>105</u>	<u>93</u>	<u>1,014</u>	<u>1,338</u>
Operating expenses:				
Sales and marketing.....	1,286	1,212	3,621	4,305
Research and development.....	703	567	1,694	2,065
General and administrative.....	788	1,652	3,452	4,490
Restructuring.....	<u>89</u>	<u>170</u>	<u>89</u>	<u>170</u>
Total operating expenses.....	<u>2,866</u>	<u>3,601</u>	<u>8,856</u>	<u>11,030</u>
Loss from operations.....	(2,761)	(3,508)	(7,842)	(9,692)
Loss on foreign currency.....	(491)	—	(491)	—
Interest income (expense) and other.....	<u>2</u>	<u>(170)</u>	<u>(101)</u>	<u>(118)</u>
Loss from continuing operations before income taxes.....	(3,250)	(3,678)	(8,434)	(9,810)
Income tax benefit.....	<u>1,449</u>	<u>--</u>	<u>3,764</u>	<u>--</u>
Loss from continuing operations after income taxes.....	(1,801)	(3,678)	(4,670)	(9,810)
Discontinued operations, net of tax.....	<u>2,330</u>	<u>(1,023)</u>	<u>6,056</u>	<u>(4,925)</u>
Net income (loss).....	529	(4,701)	1,386	(14,735)
Preferred stock dividends.....	<u>(433)</u>	<u>(117)</u>	<u>(1,778)</u>	<u>(874)</u>
Net income (loss) available to common stockholders.....	<u>\$ 96</u>	<u>\$ (4,818)</u>	<u>\$ (392)</u>	<u>\$ (15,609)</u>
Basic and diluted net loss available to common stockholders:				
Continuing operations.....	\$ (0.28)	\$ (0.18)	\$ (0.87)	\$ (0.65)
Discontinued operations.....	<u>0.29</u>	<u>(0.04)</u>	<u>0.82</u>	<u>(0.30)</u>
Net loss per common share available to Common stockholders – Basic and diluted.....	<u>\$ 0.01</u>	<u>\$ (0.22)</u>	<u>\$ (0.05)</u>	<u>\$ (0.95)</u>
Weighted average common shares, basic and diluted.....	8,014	21,460	7,365	16,470

IPIX CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS

	<u>December 31,</u> <u>2003</u>	<u>December 31,</u> <u>2004</u>
(In thousands, except share and per share data)		
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents.....	\$ 10,241	\$ 12,784
Restricted cash and short term investments.....	1,100	550
Short term investments.....	331	895
Accounts receivable, net of allowance for doubtful accounts of \$0 in 2003 and 2004.....	261	414
Inventory, net of reserve for obsolescence of \$148 in 2003 and \$346 in 2004.....	398	2,334
Prepaid expenses and other current assets.....	1,523	1,512
Assets held for sale for discontinued operations.....	<u>—</u>	<u>321</u>
Total current assets.....	13,854	18,810
Computer hardware, software and other, net.....	1,578	716
Restricted cash and other long term assets.....	<u>852</u>	<u>718</u>
Total assets.....	<u>\$ 16,284</u>	<u>\$ 20,244</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable.....	\$ 612	\$ 1,043
Accrued liabilities.....	3,342	3,376
Deferred revenue.....	76	84
Liabilities held for sale for discontinued operations.....	—	164
Current portion of obligations under capital leases.....	<u>608</u>	<u>220</u>
Total current liabilities.....	4,638	4,887
Other long term liabilities.....	<u>181</u>	<u>142</u>
Total liabilities.....	<u>4,819</u>	<u>5,029</u>
STOCKHOLDERS' EQUITY:		
Preferred Stock, \$0.001 par value:.....	1	—
Authorized: 5,001,100 shares in 2003 and 2004		
Issued and outstanding: 1,003,830 in 2003 and 290,347 in 2004		
(Aggregate liquidation value: \$23,716 in 2003 and \$7,325 in 2004)		
Common stock, \$0.001 par value:.....	9	22
Authorized: 50,000,000 in 2003 and 2004		
Issued and outstanding: 8,678,730 in 2003 and 21,539,058 in 2004		
Class B common stock, \$0.0001 par value:.....	—	—
Authorized: 7,421,536 shares in 2003 and 2004		
Issued and outstanding: 14,000 shares in 2003 and 0 shares in 2004		
Additional paid-in capital.....	515,186	533,659
Accumulated deficit.....	<u>(503,731)</u>	<u>(518,466)</u>
Total stockholders' equity.....	<u>11,465</u>	<u>15,215</u>
Total liabilities and stockholders' equity.....	<u>\$ 16,284</u>	<u>\$ 20,244</u>