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ION NETWORKS REPORTS FINANCIAL RESULTS FOR YEAR ENDED DECEMBER 31, 2004

South Plainfield, N.J.–(BUSINESS WIRE)–March 23, 2005–ION Networks Incorporated (OTC: [IONN.OB](#)), a leading provider of solutions that secure access and administration to a wide variety of devices serving voice and data networks, announced today results for the year ended December 31, 2004.

Net sales for the year ended December 31, 2004 were \$3,616,000 compared to \$3,343,000 for the previous year. Net losses incurred were \$250,000 or \$0.01 per share for 2004 compared to \$604,000 or \$0.03 per share for the year 2003.

Gross margin grew from \$2,450,000 for the year ended December 31, 2003 to \$2,550,000 for 2004. This increase in gross margin was due to increased revenues offset by a slight reduction in prices. Operating expenses including selling, general & administrative expenses, research & development and depreciation & amortization expenses declined from \$3,692,000 to \$3,322,000 a \$370,000 reduction. This improvement was due primarily to lower depreciation, facilities costs, professional services and insurances expenses. The benefits from restructuring activities declined to \$181,000 for the year 2004 from \$405,000 for the year ended December 31, 2003.

“We are proud of the progress we made during 2004 particularly during the second half of the year,” said Norman E. Corn, ION’s Chief Executive Officer. “Though we continue to face many challenges we are excited about our opportunities in 2005.”

About ION Networks

ION, headquartered in New Jersey, is the leading provider of products that protect network administrative interfaces from improper, unauthorized or otherwise undesirable access by either external or internal sources. ION, founded in 1982 as MicroFrame, has over 300 customers in 35 countries. There are over 50,000 ION devices currently in use today worldwide. ION distributes its products throughout the world through partnering arrangements with large well-known telecommunications and service providers, such as Avaya and AT&T and counts many Fortune 500 companies among their clients.

More information can be obtained from www.ion-networks.com.

Included in this release are certain “forward-looking” statements, involving risks and uncertainties, which are covered by the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, including statements regarding the Company's financial performance. Such statements are based on management's current expectations and are subject to certain factors, risks and uncertainties that may cause actual results, events and performance to differ materially from those referred to or implied by such statements. These statements include, but are not limited to, statements regarding the Company's plan to secure additional capital. In addition, actual future results may differ materially from those anticipated. The factors that could cause actual future results to differ materially from the forward-looking statements include the following: sales and earnings growth, ability to attract and retain personnel, technological changes, product development, competition, protection of our intellectual property, our working capital balance and our reliance on several key customers and members of our management, uncertainties relating to global political conditions, such as terrorism. Information with respect to important factors that should be considered is contained in the Company's Annual Report on Form 10-KSB, the Company's Quarterly Reports on Forms 10-QSB, and other filings and releases as filed with the Securities and Exchange Commission. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. The Company does not intend to update any of the forward-looking statements after the date of this release to conform these statements to actual results or to changes in its expectations, except as may be required by law.

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***** Financial Tables Follow *****

ION Networks, Inc and Subsidiary
Consolidated Balance Sheets

Assets	December 31,	
	2004	2003
Current assets		
Cash and cash equivalents	\$ 287,437	\$ 357,711
Accounts receivable, less allowance for doubtful accounts of \$16,923 and \$66,549, respectively	578,491	397,744
Inventory, net	511,426	702,042
Prepaid expenses and other current assets	78,436	128,138
Total current assets	1,455,790	1,585,635
Property and equipment, net	11,847	57,432
Capitalized software, net	406,351	448,288
Other assets	12,836	13,301
Total assets	\$ 1,886,824	\$ 2,104,656
Liabilities and Stockholders' Equity		
Current liabilities		
Current portion of capital leases	-	73,551
Current portion of long-term debt	2,311	2,202
Accounts payable	354,602	340,740
Accrued expenses	549,730	574,930
Deferred income	160,212	200,305
Sales tax payable	6,075	52,640
Other current liabilities	10,000	53,337
Total current liabilities	\$ 1,082,930	\$ 1,297,705
Convertible debenture - related party	204,167	-
Long term debt, net of current portion	6,942	9,441
Total liabilities	\$ 1,294,039	\$ 1,307,146
Commitments and contingencies		
Stockholders' equity		
Preferred stock - par value \$.001 per share; authorized 1,000,000 shares at December 31, 2004 and 2003; 200,000 shares designated Series A at December 31, 2004 and 2003; 158,335 and 166,835 shares issued and outstanding at December 31, 2004 and 2003; (Aggregate Liquidation Preference \$285,003 and \$300,303 at December 31, 2004 and 2003, respectively)	158	167
Common stock - par value \$.001 per share; authorized 50,000,000 shares at December 31, 2004 and 2003; 22,610,500 and 24,875,500 shares issued and outstanding at December 31, 2004 and 2003	22,611	24,876
Additional paid-in capital	44,146,594	44,585,740
Notes receivable from former officers	-	(486,535)
Accumulated deficit	(43,576,578)	(43,326,738)
Total stockholders' equity	592,785	797,510
Total liabilities and stockholders' equity	\$ 1,886,824	\$ 2,104,656

ION Networks, Inc and Subsidiary
Consolidated Statement of Operations

	Year Ended December 31,	
	2004	2003
Net sales	\$ 3,616,261	\$ 3,342,620
Cost of sales	1,065,443	892,373
Gross Margin	<u>2,550,818</u>	<u>2,450,247</u>
Research and development expenses	598,012	503,146
Selling, general and administrative expenses	2,314,834	2,452,031
Depreciation and amortization expenses	409,485	736,694
Restructuring, asset impairments and other credits	(180,533)	(405,402)
Loss from operations	<u>(590,980)</u>	<u>(836,222)</u>
Interest income	25,810	19,872
Interest income/(expense)-related party	(4,167)	-
Interest income/(expense)	<u>(3,334)</u>	<u>(14,593)</u>
Loss before income taxes	(572,671)	(830,943)
Income tax benefit	<u>322,831</u>	<u>227,151</u>
Net Loss	<u>\$ (249,840)</u>	<u>\$ (603,792)</u>
Per share data		
Basic & Diluted	\$ (0.01)	\$ (0.03)
Weighted average number of common shares outstanding		
Basic & Diluted	23,294,325	23,900,500

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