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## ION Networks Reports Financial Results for Year Ended December 31, 2006

**South Plainfield, NJ** – April 3, 2007 – Today ION Networks, Inc. “ION” or “the Company” (OTCBB: IONN.OB), a provider of remote management and secure access products for service providers, equipment vendors, government agencies and the enterprise, announced its financial results for the fiscal year ended December 31, 2006.

ION’s net sales for the year ended December 31, 2006 were \$3,380,000 compared to \$4,558,000 for 2005. The Company posted net loss of \$753,000 or \$0.02 per share for 2006 compared to net income of \$182,000 or a gain of \$0.01 per share for 2005.

Gross margin decreased from \$3,015,000 in 2005 to \$1,996,000 in 2006. This 34% decrease was primarily due to decreased revenues of \$1,178,000 attributed to volume losses, increased amortization of capitalized software costs as well as a reduction in selling prices. Operating expenses including selling, general and administrative expenses, research & development and depreciation expenses increased slightly from \$3,187,000 in 2005 to \$3,240,000 in 2006, a \$53,000 increase. This 2% increase was due primarily to the adoption of Statement of Financial Accounting Standards No. 123R which represented approximately \$199,000 of non-cash stock compensation costs and the increase in outside professional services of approximately \$223,455 offset in part by approximately \$356,000 reduction in salary-related expenses with reduced salaries, commissions and incentive compensation based on lower sales and losses in 2006 rather than profits in 2005. The Company’s benefit from restructuring and other credits increased to \$81,000 for the year ended December 31, 2006 from \$60,000 for the year ended December 31, 2005, while the benefit from sale of income tax benefits increased from \$299,000 in 2005 to \$464,000 in 2006.

“The fiscal year 2006 results reflect ION’s transition from higher-priced, custom legacy products to competitively priced, standardized products, coupled with the impact of merger activities involving most of our large customers,” said Norman E. Corn, Chief Executive Officer, “While the results are disappointing, we believe the approximate 67% increase in unit sales and 75% increase in revenue for the SA5600, our newest secure appliance line, demonstrates market acceptance of ION’s remote service delivery and vendor access control solutions.”

### **About ION Networks, Inc.**

ION Networks, Inc. (OTCBB: IONN.OB) provides remote management and secure access products that enable service providers, equipment manufacturers, government and military agencies, and enterprise companies to remotely manage, monitor, and secure critical voice and data networks. Over half the world’s top telecommunications firms rely on ION technology to ensure quality service for their customers. With over 50,000 devices deployed worldwide, ION’s products are currently in use in over 35 countries. For more information, visit [www.ion-networks.com](http://www.ion-networks.com) or call +1 908.546.3900.

ION Networks™ is a registered trademark of ION Networks, Incorporated. All other trademarks and registered trademarks are properties of their respective owners.

This press release contains forward-looking statements that involve a number of risks and uncertainties. Forward-looking statements may be identified by the use of forward-looking terminology such as "may," "will," "expect," "believe," "estimate," "anticipate," "continue," or similar terms, variations of those terms or the negative of those terms. Important factors that could cause actual results to differ materially from those indicated by such forward-looking statements are set forth in the Company's filings with the Securities and Exchange Commission (SEC), including the Company's Annual Report on Form 10-KSB, the Company's Quarterly Reports on Forms 10-QSB, and other filings and releases. These include uncertainties relating to technological changes, product development, competition, protection of intellectual property, working capital balance and reliance on several key customers and members of management.

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

**ION Networks, Inc. and Subsidiary**  
**Consolidated Balance Sheet**  
**December 31, 2006**

**Assets**

Current assets	
Cash and cash equivalents	\$ 265,936
Accounts receivable, net of allowance for doubtful accounts of \$16,275	448,828
Inventories, net	548,046
Prepaid expenses and other current assets	27,317
Total current assets	1,290,127
Property and equipment, net	39,936
Capitalized software, net	1,211,874
Deferred financing costs, net	24,108
Other assets	22,996
Total assets	\$ 2,589,041

**Liabilities and Stockholders' Equity**

Current liabilities	
Accounts payable	\$ 256,934
Accrued expenses	172,834
Accrued payroll and related liabilities	119,891
Revolving credit facility	285,684
Capital lease payable	2,515
Deferred income	152,392
Other current liabilities	10,000
Total current liabilities	\$ 1,000,250
Long-term liabilities	
Accrued interest – related party	15,814
Capital lease payable, net of current portion	2,002
Total long-term liabilities	17,816
Total liabilities	\$ 1,018,066
Commitments and contingencies	
Stockholders' equity	
Preferred stock – par value \$.001 per share; authorized 1,000,000 shares, 200,000 shares designated Series A; 155,557 shares issued and outstanding (Aggregate Liquidation Preference \$280,003)	156
Common stock – par value \$.001 per share; authorized 50,000,000 shares; 32,785,565 shares issued and outstanding	32,786
Additional paid-in capital	45,685,412
Accumulated deficit	(44,147,379)
Total stockholders' equity	1,570,975
Total liabilities and stockholders' equity	\$ 2,589,041

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

**ION Networks, Inc. and Subsidiary**  
**Consolidated Statements of Operations**

	Years Ended December 31,	
	2006	2005
Net sales	\$ 3,380,346	\$ 4,557,764
Cost of sales	1,384,641	1,542,395
Gross margin	1,995,705	3,015,369
Research and development expenses	666,069	523,060
Selling, general and administrative expenses	2,558,523	2,653,865
Depreciation expense	16,086	9,872
Restructuring and other credits	(81,000)	(59,908)
Loss from operations	(1,163,973)	(111,520)
Other income	396	15,339
Interest expense- related party	(1,696)	(9,951)
Interest income/(expense)(1)	(52,636)	(10,604)
Loss before income taxes	(1,217,908)	(116,736)
Income tax benefit	464,836	299,007
Net (loss)/ income	\$ (753,072)	\$ 182,271
Per share data:		
Net (loss) income per share		
Basic	\$ (0.02)	\$ 0.01
Diluted	\$ (0.02)	\$ 0.01
Weighted average number of common shares outstanding		
Basic	31,415,780	25,970,265
Diluted	31,415,780	31,027,880

(1) Includes amortization of deferred financing costs of \$36,026 and \$8,122 in 2006 and 2005, respectively.

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