



**FOR IMMEDIATE RELEASE**  
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## **IPIX REPORTS RESULTS FOR THIRD QUARTER 2005**

RESTON, VA – November 8, 2005 - IPIX Corporation (NASDAQ: IPIX), a premier supplier of 360-degree, immersive imaging technologies for visual intelligence applications, announced results for its third quarter ended September 30, 2005.

Revenue for the quarter was \$1.50 million, a 2% increase from the same period in the previous year. Net loss to common shareholders for the third quarter was (\$5.29) million or (\$0.20) per share compared to (\$3.55) million or (\$0.18) per share in the comparable period a year ago. In the year ago quarter, net loss to common shareholders included loss from discontinued operations of (\$1.16) million or (\$0.06) a share.

In the third quarter, professional service revenue increased under IPIX's \$2.4 million research contract with the Department of Defense Advanced Research Projects Agency (DARPA) to research and build the world's highest resolution video camera. Hardware and license revenue declined as IPIX changed its distribution system in Europe by ending their exclusive arrangement with European distributor NMI after that company was unable to meet certain agreed upon minimum performance objectives.

Operating expenses rose significantly in the quarter versus the same period last year. IPIX expanded its sales and marketing efforts and focused on building strong product awareness for IPIX's immersive video line. IPIX also incurred substantial attorneys' fees, primarily in connection with patent litigation and registration of securities from a June 2005 private placement.

"IPIX made major progress on our DARPA contract to create the highest resolution camera," said IPIX President and CEO Clara Conti. "We remain confident that governmental and commercial demand for video surveillance products will expand rapidly and believe that our products and services are well positioned to participate in this growth."

### **About IPIX**

IPIX Corporation ("IPIX") 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](http://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: changes in the demand for our products and services; our third-party supplier's ability to deliver high quality components to us in a timely fashion; our ability to control or effect

reductions in costs; uncertainty regarding our ability to continue as a going concern; our ability to raise capital and fund our operations; our ability to attract and retain highly qualified personnel; our ability to design, manufacture and deliver high quality products in a timely fashion; and, the burdens and costs of defending against potential infringement claims.

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

**IPIX Corporation**  
**Condensed Consolidation Balance Sheets**

	September 30, 2005 (unaudited)	December 31, 2004 (1)
<b>ASSETS</b>		
Current assets:		
Cash, cash equivalents, and short term investments	\$ 11,221,030	\$ 14,229,312
Accounts receivable	978,952	413,873
Inventory, net of reserves of \$292,150 and \$346,132	2,386,954	2,334,271
Prepaid and other current assets	663,732	1,511,392
Assets held for sale for discontinued operations	-	321,384
Total current assets	15,250,668	18,810,232
Computer hardware, software and other, net	1,646,071	715,663
Restricted cash and other long-term assets	85,421	718,343
Total assets	\$ 16,982,160	\$ 20,244,238
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 5,524,218	\$ 4,503,854
Liabilities held for sale for discontinued operations	-	164,112
Capital lease obligations	-	219,977
Total current liabilities	5,524,218	4,887,943
Long-term restructuring liabilities	276,568	141,675
Total liabilities	5,800,786	5,029,618
Total stockholder's equity	11,181,374	15,214,620
Total liabilities and stockholders' equity	\$ 16,982,160	\$ 20,244,238

(1) The December 31, 2004 balances were derived from the audited consolidated financial statements.

**IPIX Corporation**  
**Condensed Consolidation Statements of Operations**  
(Unaudited)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2005	2004	2005	2004
Revenue:				
Hardware	\$ 534,115	\$ 1,082,817	\$ 1,874,998	\$ 1,890,569
Services	773,453	103,695	922,602	166,248
License and other	190,220	278,874	801,220	897,379
Total revenue	<u>1,497,788</u>	<u>1,465,386</u>	<u>3,598,820</u>	<u>2,954,196</u>
Cost of revenue:				
Hardware	537,252	754,896	1,513,490	1,531,251
Services	564,833	50,452	693,380	96,479
License and other	10,499	22,202	27,480	81,929
Total cost of revenue	<u>1,112,584</u>	<u>827,550</u>	<u>2,234,350</u>	<u>1,709,659</u>
Gross profit	<u>385,204</u>	<u>637,836</u>	<u>1,364,470</u>	<u>1,244,537</u>
Operating expense:				
Sales and marketing	1,905,456	1,172,470	5,592,731	3,092,888
General and administrative	3,227,186	1,219,333	7,775,016	2,836,614
Research and development	564,094	542,000	1,890,069	1,498,179
Restructuring charges	(93,242)	-	1,726,147	-
Loss on impairment of asset	-	-	253,358	-
Total operating expenses	<u>5,603,494</u>	<u>2,933,803</u>	<u>17,237,321</u>	<u>7,427,681</u>
Loss from operations	(5,218,290)	(2,295,967)	(15,872,851)	(6,183,144)
Interest and other (expenses) income, net	<u>31,259</u>	<u>32,288</u>	<u>175,251</u>	<u>52,260</u>
Loss from continuing operations	(5,187,031)	(2,263,679)	(15,697,600)	(6,130,884)
Loss from discontinued operations, net of taxes	<u>-</u>	<u>(1,156,914)</u>	<u>(1,359,726)</u>	<u>(3,902,447)</u>
Net loss	(5,187,031)	(3,420,593)	(17,057,326)	(10,033,331)
Preferred stock dividends	<u>(100,405)</u>	<u>(132,655)</u>	<u>(330,774)</u>	<u>(756,823)</u>
Net loss available to common stockholders	<u>\$ (5,287,436)</u>	<u>\$ (3,553,248)</u>	<u>\$ (17,388,100)</u>	<u>\$ (10,790,154)</u>

Basic and diluted loss per share:

Continuing operations	\$ (0.20)	\$ (0.12)	\$ (0.67)	\$ (0.47)
Discontinued operations	<u>-</u>	<u>(0.06)</u>	<u>(0.06)</u>	<u>(0.26)</u>
Net loss per share to common stockholders (basic and diluted)	<u>\$ (0.20)</u>	<u>\$ (0.18)</u>	<u>\$ (0.73)</u>	<u>\$ (0.73)</u>
Weighted average common shares (basic and diluted)	<u>27,032,212</u>	<u>19,624,742</u>	<u>23,921,518</u>	<u>14,806,631</u>