	Three Months Ended December 31,		Year Ended December 31,				
(Amounts in							
thousands, except							
per share data)	2005		2004		2005		2004
_		_		_		_	
Net revenue:							
Product and other \$	57,300	\$	•	\$	210,963	\$	214,239
Services -	10,789	_	7,371	_	34,260	_	27,046
Total net revenue	68,089	_	74,632	_	245,223	_	241,285
Costs of revenue:							
Product and other	35,254		40,047		144,649		123,419
Services	9,452		5,657		27,442		20,721
Write-off of							
deferred							
contract costs	- 	_	-	_	-	_	11,305
Total costs of							
revenue	44,706		45,704		172,091		155,445
Gross profit	23,383	_	28,928	_	73,132	_	85,840
<u>-</u>		-		-		-	
Operating expenses:							
Research and development	6,409		7,282		27,555		27,188
Selling, general	0,403		7,202		27,333		27,100
and administrative	19,735		18,751		72,649		65,242
Total energting		-		-		_	
Total operating expenses	26,144		26,033		100,204		92,430
-		_		-		_	
Income (loss) from							
continuing							
operations	(2,761)		2,895		(27,072)		(6,590)
Interest income	874		415		2,679		1,198
Interest expense Other income	(183)		(84)		(787)		(1,412)
(expense)	(93)		(6)		(240)		13
Foreign currency							
gain (loss)	(401)		27		(1,297)		(1,906)
Income (loss)		_		-		_	
before income							
taxes and							
discontinued							
operations	(2,564)		3,247		(26,717)		(8,697)
Provision for	(700)		/FF7\		(2 506)		(2.022)
income taxes	(728)	_	(557)	_	(3,526)	_	(3,833)
Income (loss)							
before							
discontinued	(2.000)		2 600		(20.042)		/10 E20\
operations Income (loss) from	(3,292)		2,690		(30,243)		(12,530)
discontinued							
operations	(7,279)		1,838		(3,123)		3,868
=	•		•				•

Net income (loss)	\$ =		4,528			(8,662)
Basic income (loss) per share: Income (loss) before	_			_		
discontinued operations Income (loss) from		(0.06)	\$ 0.05	\$	(0.58)	\$ (0.24)
discontinued operations		(0.14)	0.04		(0.06)	0.07
Basic income (loss) per share	\$ =		0.09	\$	(0.64)	\$ (0.17)
Diluted income (loss) per share: Income (loss) before discontinued operations Income (loss) from discontinued operations			0.05			
Diluted income	-			-		
(loss) per share	\$ =		0.08			
Weighted average common shares: Basic	5	2,343,898	51,804,830	5:	2,395,001	51,251,975
Diluted	5	2,343,898	======================================	5		51,251,975
EBITDA from continuing						
operations	\$ =	(838) =======	5,021 =======		(20,719) ======	(476) ======

HYPERCOM CORPORATION CONSOLIDATED BALANCE SHEETS

(Amounts in thousands)	December 31, 2005	December 31, 2004
	(Unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 35,940	\$ 23,445
Marketable securities	57,951	69,962
Accounts receivable, net	48,852	59,776
Current portion of net investment		
in sales-type leases	-	9,441
Inventories	39,414	44,455
Prepaid expenses and other current		
assets	8,946	12,955
Deferred tax assets	561	-

Assets of discontinued operations held for sale	12,613	
Total current assets	204,277	220,034
Property, plant and equipment, net Net investment in sales-type	27,746	29,920
leases	-	17,668
Intangible assets, net	3,503	4,475
Other long-term assets	3,827	5,163
Total assets	\$ 239,353 ======	\$ 277,260 ======
LIABILITIES AND STOCKHOLDERS' EQUITY Current liabilities:		
Accounts payable Accrued payroll and related	\$ 17,721	\$ 27,817
expenses	8,460	8,679
Accrued sales and other taxes	9,479	8,792
Accrued other liabilities	12,371	8,308
Deferred revenue	2,762	2,768
Deferred tax liabilities	439	· -
Income taxes payable	1,651	3,411
Current portion of long-term debt	8,355	470
Total current liabilities	61,238	60,245
Non-current liabilities	7,336	11,643
Total liabilities	68,574	71,888
Stockholders' equity	170,779 	205,372
Total liabilities and		
stockholders' equity	\$ 239,353	\$ 277,260
	=======	========

HYPERCOM CORPORATION STATEMENTS OF CASH FLOWS (Unaudited)

			Year Ended December 31,			
(Amounts in thousands)	2005	2004	2005	2004		
Cash flows from continuing operations: Net income (loss) from continuing operations Adjustments to reconcile net income (loss) from continuing operations to net cash provided by (used in) operating activities:	\$ (3,292)	\$ 2,690	\$ (30,243)	\$(12,530)		
Depreciation/amortization Amortization of deferred	2,417	2,105	7,890	8,007		
financing costs Amortization of discount of	4	3	15	529		
marketable securities	(333)	(223)	(1,099)	(223)		

Provision for bad debts Provision for long-term contract accounts	606	806	2,046	1,915
receivable	-	(1,385)	-	-
Write-down of excess and obsolete inventory Provision for warranty and	7,456	1,995	18,539	7,922
other product charges	1,260	409	8,926	727
Deferred income taxes Non-cash stock compensation Non-cash write-off of	219 343	- 76	219 828	405
marketing rights intangible	.			
asset Foreign currency (gain) loss	- 492	698 (2,013)	- (976)	698 7 4
Write-off of capitalized	3 32	(2,013)	(370)	/-
software and other assets Write-off of deferred	208	761	2,181	817
contract costs Changes in operating assets	-	_	_	11,305
and liabilities, net	(6,252)	(2,833)	(12,080)	(10,797)
Net cash provided by (used				
in) operating activities	3,128	3,089 	(3,754)	8,849
Cash flows from investing activities: Purchase of property, plant				
and equipment Software development costs	(1,334)	(2,021)	(4,916)	(5,855)
capitalized	-	(790)	(559)	(2,953)
Purchase of marketable securities	(80,673)	(35,832)	(216,915)	(90,239)
Proceeds from the sale or maturity of marketable securities	66,507	30,400	230,025	37,900
Net cash (used in) provided by investing activities		(8,243)	7,635	(61,147)
Cash flows from financing				
activities: Repayments of bank notes				
payable and other debt instruments	(87)	(192)	(424)	(995)
Proceeds from issuance of	0.000	0.053	7 175	0.076
common stock Purchase of treasury stock	(295)		7,175 (9,236)	
Repayment of advances to			. , .	
stockholders	-	-	-	1,056
Net cash provided by (used in) financing activities	1,910	2,061	(2,485)	8,337
Effect of exchange rate	(222)	439	(222)	407
changes on cash	(223)	430	(333)	407
Net (decrease) increase in cash flows from continuing operations	(10,685)	(2,655)	1,063	(43,554)
Net cash (used in) provided by in operating activities from discontinued operations				
Net cash (used in) investing	(400)	(000)	11,436	-1/- 1 00

beginning of period	47,078	27,524	23,445	65,415
7 F F				
Cash and cash equivalents,				
end of period	\$ 35,940	\$ 23,445	\$ 35,940	\$ 23,445
_				

Three Months Ended December 31, _____ 2005 (Amounts in thousands, except per Non-GAAP GAAP Adjustments Non-GAAP share data) Net revenue: \$ - \$57,300 Product and other \$ 57,300 Services 10,789 10,789 _____ Total net revenue 68,089 68,089 -----Costs of revenue: (3,847) Product and other 35,254 31,407 Services 9,452 9,452 44,706 Total costs of revenue (3,847)40,859 _____ -----3,847 23,383 Gross profit 27,230 ----------Operating expenses: 6,409 Research and development (237) 6,172 19,735 (2,757) Selling, general and administrative 16,978 (2,994)Total operating expenses 26,144 23,150 -----Income (loss) from continuing (2,761)6,841 4,080 operations Interest income 874 874 _ Interest expense (183)(183)(93) Other expense (93) Foreign currency gain (loss) (401)(401)Income (loss) before income taxes and discontinued operations (2,564)6,841 4,277 Provision for income taxes (728) (203) (931) -----Income (loss) before discontinued operations (3,292) 6,638 3,346 Income (loss) from discontinued (7,279) (7,279)operations ----------Net income (loss) \$(10,571) \$ 6,638 \$(3,933)

======

=======

Basic income (loss) per share:
Income (loss) before discontinued

operations Income (loss) from discontinued	\$	(0.06)	\$	0.12	\$	0.06
operations		(0.14)		-		(0.14)
Basic income (loss) per share	\$	(0.20)	\$	0.12	\$	(0.08)
	=	======	=			======
Diluted income (loss) per share:						
Income (loss) before discontinued operations	\$	(0.06)			\$	0.06
Income (loss) from discontinued operations		(0.14)				(0.13)
5.1 . 1	_				. –	
Diluted income (loss) per share	\$ =	(0.20) =====			⇒ =	(0.07) =====

Three Months Ended December 31,

		2004	
(Amounts in thousands, except per share data)	9	Non-GAAP Adjustments	
Net revenue:			
Product and other Services	7,371		\$67,261 7,371
Total net revenue	74,632 	_	
Costs of revenue:			
Product and other	40,047	_	40,047
Services	5,657 		5,657
Total costs of revenue	45,704	-	45,704
Gross profit	28,928	-	
Operating expenses:			
Research and development	7,282	-	7,282
Selling, general and administrative	18,751 	•	20,136
Total operating expenses	26,033 	1,385	
Income (loss) from continuing			
operations	2,895	(1,385)	1,510
Interest income	415		415
Interest expense	(84)	_	(84)
Other expense	(6)	-	(6)
Foreign currency gain (loss)	27 		27
Income (loss) before income taxes and			
discontinued operations	3,247	(1,385)	1,862
Provision for income taxes	(557)	_	(557)
Income (loss) before discontinued operations		(1,385)	1,305
Income (loss) from discontinued operations	1,838		1,838
Net income (loss)	\$ 4,528 ======	\$(1,385)	

Basic income (loss) per share: Income (loss) before discontinued				
operations	\$ 0.05	\$ (0.02)	\$	0.03
Income (loss) from discontinued operations	0.04	(0.01)	_	0.03
Basic income (loss) per share	\$ 0.09	\$ (0.03) == ======	\$ =	0.06
Diluted income (loss) per share:				
Income (loss) before discontinued operations	\$ 0.05	5	\$	0.02
Income (loss) from discontinued operations	0.03	3		0.04
		· -	-	
Diluted income (loss) per share	\$ 0.08	3	\$	0.06
	=====	=	=	=====

	Year Ended December 31,			
		2005		
(Amounts in thousands, except per share data)	GAAP	Non-GAAP Adjustments	Non-GAAP	
Net revenue: Product and other Services	\$210,963 34,260	\$ 365 - 	\$211,328 34,260	
Total net revenue	245,223	365 	245,588	
Costs of revenue: Product and other Services Write-off of deferred contract costs	144,649 27,442 -	(19,042) (930) -	125,607 26,512 -	
Total costs of revenue	172,091	(19,972) 	152,119	
Gross profit	73,132	20,337	93, 4 69	
Operating expenses: Research and development Selling, general and administrative	27,555 72,649		66,255	
Total operating expenses		(7,667)	92,537	
Income (loss) from continuing operations Interest income Interest expense Other income (expense) Foreign currency loss	(27,072) 2,679 (787) (240) (1,297)	- -	2,679	
Income (loss) before income taxes and discontinued operations Provision for income taxes		28,004 (264)		

Loss before discontinued operations	(30,243)	27,740	(2,503)
Income (loss) from discontinued operations	(3,123)	-	(3,123)
Net income (loss)	\$ (33,366)	\$ 27,740	\$ (5,626)
Basic and diluted income (loss) per share: Income (loss) before discontinued operations Income (loss) from discontinued operations	\$(0.58) (0.06)		\$ (0.05) (0.06)
Basic and diluted income (loss) per share	\$(0.64) ======		\$ (0.11)

	Year	Ended Decemb	er 31,
		2004	
(Amounts in thousands, except per		Non-GAAP	
share data)	GAAP	Adjustments	Non-GAAP
Net revenue:			
Product and other	\$214,239	\$ -	\$214,239
Services	27,046		27,046
Total net revenue	241,285		
Costs of revenue:			
Product and other	123,419		123,419
Services	20,721	_	20,721
Write-off of deferred contract costs	11,305 		-
Total costs of revenue		(11,305)	•
Gross profit	85,840	11,305	
Operating expenses:			
Research and development	27,188	-	27,188
Selling, general and administrative	65,242	-	65,242
Total operating expenses	92,430		92,430
Income (loss) from continuing			
operations		11,305	4,715
Interest income	1,198	-	1,198
Interest expense	(1,412)	-	(1,412)
Other income (expense)	13	-	13
Foreign currency loss	(1,906)	-	(1,906)
Income (loss) before income taxes			
and discontinued operations		11,305	
Provision for income taxes	(3,833)	-	(3,833)
Loss before discontinued			
operations Income (loss) from discontinued	(12,530)	11,305	(1,225)

operations	3,868	-	3,868
Net income (loss)	\$ (8,662)	\$ 11,305 ======	\$ 2,643
Basic and diluted income (loss) per share:			
Income (loss) before discontinued operations	\$ (0.24)		\$ (0.02)
Income (loss) from discontinued operations	0.07		0.07
Basic and diluted income (loss) per share	\$ (0.17)		\$ 0.05

	Three Months Ended		
•		arch 31, 2005	
(Amounts in thousands, except per share data)		Non-GAAP Adjustments (1)	
Net revenue:			
Product and other Services	6,779		6,779
Total net revenue	50,433	148	50,581
Costs of revenue:			
Product and other Services	5,287		5,287
Total costs of revenue	•	(2,838)	-
Gross profit	16,537	2,986	19,523
Operating expenses:			
Research and development Selling, general and administrative			
Total operating expenses		(2,129)	25,316
Income (loss) from continuing operations	(10 000)	5,115	/F 702)
Interest income	557		557
Interest expense	(174)		(174)
Other expense	(45)		(45)
Foreign currency loss	(272)		(272)
Income (loss) before income taxes			
and discontinued operations	(10,842)	5,115	(5,727)
Provision for income taxes	(805)	(61)	(866)
_			

Income (loss) before discontinued

operations Income (loss) from discontinued	(11,647)	5,054	(6,593)	
operations	2,007	-	2,007	
Net income (loss)		\$ 5,054 ======		
		Months Ende		
		ne 30, 2005		
(Amounts in thousands, except per		Non-GAAP Adjustments		
share data)	GAAP	(1)	Non-GAAP	
Net revenue:				
Product and other	\$ 52,852	\$ 217	\$53,069	
Services	7,302	-	7,302	
Total net revenue	60,154 	217 	60,371 	
Costs of revenue:				
Product and other	45,905	(12,357)	33,548	
Services		(930)		
matal analysis of succession				
Total costs of revenue	52,421 	(13,287)		
Gross profit	7,733 	13,504 	21,237 	
Operating expenses:				
Research and development	7,592	(580)	7,012	
Selling, general and administrative				
Total operating expenses	25.233	(2,544)	22,689	
rotar operating empended				
Income (loss) from continuing				
operations	(17,500)	16,048	(1,452)	
Interest income	637	-	637	
Interest expense	(209)	-	(209)	
Other expense	(14)		(14)	
Foreign currency loss	(437)		(437)	
Income (loss) before income taxes				
and discontinued operations	(17,523)	16,048	(1,475)	
Provision for income taxes	(626)	-	(626)	
Trans (loss) before discontinued				
Income (loss) before discontinued operations	(18,149)	16.048	(2,101)	
Income (loss) from discontinued	,	_0,010	_,__\	
operations	1,493	-	1,493	
Net income (loss)	\$(16,656)	\$ 16,048	\$ (608)	
	Three Months Ended			
	Septe	mber 30, 200)5	
(Amounts in thousands, except per share data)		Non-GAAP Adjustments		
	-	_	_	

Services	Net revenue: Product and other	\$57,157	\$	_	\$57,15
Total net revenue: Product and other: Product and other: Product and other: Services: Total costs of revenue: Product and other: Total costs of revenue: Product and other: Total costs of revenue: Total costs of revenue: Product and other: A 4,088 - 41,068		9,390	· 	-	9,39
Costs of revenue: Product and other	Total net revenue	66,547			66,54
Product and other 34,881 - 34,88	Costs of revenue:				
Services		34.881		_	34.88
Total costs of revenue				_	
Coreating expenses: Coreating expenses: Coreating expenses: Coreating expenses: Coreating expenses Coreating expense Coreating expenses Coreat	Delvices				
Operating expenses: Research and development Selling, general and administrative Selling, general and sel	Total costs of revenue	•		-	41,06
Research and development 6,296 - 6,298 Selling, general and administrative 15,086 - 15,08 Total operating expenses 21,382 - 21,382 Income (loss) from continuing operations 4,097 - 4,09 Interest income 611 - 61 Interest expense (221) - (22 Other expense (88) - (88) Foreign currency loss (187) - (18 Income (loss) before income taxes and discontinued operations 4,212 - 4,21 Frovision for income taxes (1,367) - (1,367) Income (loss) before discontinued operations 2,845 - 2,84 Income (loss) before discontinued operations 656 - 65 Income (loss) from discontinued operations 7,845 - 2,845 Income (loss) from discontinued operations 8,3,501 \$ - \$3,500 Three Months Ended 7,097 December 31, 2005 Three Months Ended 7,097 Total net revenue: 7,097 Forduct and other 8,57,300 \$ - \$57,300 Services 10,789 - 10,789 Total net revenue 68,089 - 68,089 Costs of revenue: 7,097 Forduct and other 35,254 (3,847) 31,40 Services 9,452 - 9,45 Total costs of revenue 44,706 (3,847) 40,85 Gross profit 23,383 3,847 27,23 Operating expenses: 826267 Research and development 6,409 (237) 6,17	Gross profit	25,479 		-	25, 4 7
Research and development 6,296 - 6,298 Selling, general and administrative 15,086 - 15,08 Total operating expenses 21,382 - 21,382 Income (loss) from continuing operations 4,097 - 4,09 Interest income 611 - 61 Interest expense (221) - (22 Other expense (88) - (88) Foreign currency loss (187) - (18 Income (loss) before income taxes and discontinued operations 4,212 - 4,21 Frovision for income taxes (1,367) - (1,367) Income (loss) before discontinued operations 2,845 - 2,84 Income (loss) before discontinued operations 656 - 65 Income (loss) from discontinued operations 7,845 - 2,845 Income (loss) from discontinued operations 8,3,501 \$ - \$3,500 Three Months Ended 7,097 December 31, 2005 Three Months Ended 7,097 Total net revenue: 7,097 Forduct and other 8,57,300 \$ - \$57,300 Services 10,789 - 10,789 Total net revenue 68,089 - 68,089 Costs of revenue: 7,097 Forduct and other 35,254 (3,847) 31,40 Services 9,452 - 9,45 Total costs of revenue 44,706 (3,847) 40,85 Gross profit 23,383 3,847 27,23 Operating expenses: 826267 Research and development 6,409 (237) 6,17	Operating expenses:				
Selling, general and administrative		6.296		_	6.29
Total operating expenses 21,382 - 21,382 - 21,382 operations		•		_	•
Total operating expenses 21,382 - 21,382 - 21,382	belling, general and daminibolative				
operations 4,097 - 4,09 Interest income 611 - 61 Interest expense (221) - (22 Other expense (88) - (88 Foreign currency loss (187) - (18 Income (loss) before income taxes and discontinued operations for income taxes 4,212 - 4,21 Income (loss) before discontinued operations 2,845 - 2,84 Income (loss) from discontinued operations 656 - 65 Income (loss) \$ 3,501 \$ - \$3,50 Set income (loss) \$ 3,501 \$ - \$3,50 Three Months Ended December 31, 2005 (Amounts in thousands, except per share data) GAAP Adjustments Non-GAAP (Amounts and other \$ 57,300 \$ - \$57,30 Services 10,789 - 10,78 Total net revenue 68,089 - 68,08 Costs of revenue: 9,452 - 9,45 Total costs of revenue 44,706 (3,847) 40,85 Total costs of revenue 44,706 (3,847) 40,85 Gross profit 23	Total operating expenses				
operations 4,097 - 4,09 Interest income 611 - 61 Interest expense (221) - (22 Other expense (88) - (88 Foreign currency loss (187) - (18 Income (loss) before income taxes and discontinued operations for income taxes 4,212 - 4,21 Income (loss) before discontinued operations 2,845 - 2,84 Income (loss) from discontinued operations 656 - 65 Income (loss) \$ 3,501 \$ - \$3,50 Set income (loss) \$ 3,501 \$ - \$3,50 Three Months Ended December 31, 2005 (Amounts in thousands, except per share data) GAAP Adjustments Non-GAAP (Amounts and other \$ 57,300 \$ - \$57,30 Services 10,789 - 10,78 Total net revenue 68,089 - 68,08 Costs of revenue: 9,452 - 9,45 Total costs of revenue 44,706 (3,847) 40,85 Total costs of revenue 44,706 (3,847) 40,85 Gross profit 23	Turney (1.22) Communications				
Interest income 611 - 61 Interest expense (221) - (22 Other expense (88) - (88 Foreign currency loss (187) - (18 Income (loss) before income taxes and discontinued operations 4,212 - 4,21 Provision for income taxes (1,367) - (1,36 Income (loss) before discontinued operations 2,845 - 2,84 Income (loss) from discontinued operations 656 - 65 Income (loss) from discontinued operations 656 - 65 Net income (loss) * 3,501 \$ - \$3,50 Three Months Ended December 31, 2005 Three Months Ended December 31, 2005 Three Months Ended Three Months Ended December 31, 2005 Three Months Ended Three Months Ended Output and other \$57,300 \$ - \$57,300 Services 10,789 - 10,789 Total net revenue 68,089 - 68,089 Costs of revenue: Product and other 35,254 (3,847) 31,40 Services 9,452 - 9,455 Total costs of revenue 44,706 (3,847) 40,85 Gross profit 23,383 3,847 27,23 Operating expenses: Research and development 6,409 (237) 6,17		4 007		_	4 00
Interest expense	=	•		-	
Other expense Foreign currency loss Foreign currency loss Income (loss) before income taxes and discontinued operations Foreign currency loss Income (loss) before discontinued operations Income (loss) before discontinued operations Income (loss) from discontinued operations Income (loss) from discontinued operations Net income (loss) Salon \$ 3,501 \$ - \$3,50 \$		_		-	
Toroign currency loss (187)	-				
Income (loss) before income taxes and discontinued operations				-	
And discontinued operations Provision for income taxes Income (loss) before discontinued operations Income (loss) from discontinued operations Income (loss) from discontinued operations Operations Operations Income (loss) from discontinued operations Operations Operations Income (loss) Income (los	Foreign currency loss	(187)		-	(18
Provision for income taxes (1,367) - (1,367) Income (loss) before discontinued operations 2,845 - 2,845 Income (loss) from discontinued operations 656 - 656 Net income (loss) \$3,501 \$ - \$3,500 Three Months Ended December 31, 2005 (Amounts in thousands, except per share data) GAAP Adjustments Non-GAP GAAP Adjustments Non-GAP Services 10,789 - 10,789 Total net revenue: Product and other \$57,300 \$ - \$57,300 Services 10,789 - 10,789 Total net revenue: Product and other 35,254 (3,847) 31,40 Services 9,452 - 9,45 Total costs of revenue 44,706 (3,847) 40,85 Gross profit 23,383 3,847 27,23 Operating expenses: Research and development 6,409 (237) 6,17	Income (loss) before income taxes				
Provision for income taxes (1,367) - (1,367) Income (loss) before discontinued operations 2,845 - 2,845 Income (loss) from discontinued operations 656 - 656 Net income (loss) \$3,501 \$ - \$3,500 Three Months Ended December 31, 2005 (Amounts in thousands, except per share data) GAAP Adjustments Non-GAP Services 10,789 - 10,78 Total net revenue: Product and other \$57,300 \$ - \$57,300 Services 10,789 - 10,789 Total net revenue: Product and other 35,254 (3,847) 31,40 Services 9,452 - 9,455 Total costs of revenue 44,706 (3,847) 40,855 Gross profit 23,383 3,847 27,23 Operating expenses: Research and development 6,409 (237) 6,17	and discontinued operations	4,212		-	4,21
Income (loss) before discontinued operations				_	
operations 2,845 - 2,845 Income (loss) from discontinued operations 656 - 65 Net income (loss) \$ 3,501 \$ - \$ 3,500 Three Months Ended December 31, 2005 (Amounts in thousands, except per share data) Non-GAAP GAAP Adjustments Non-GAP Services Product and other \$ 57,300 \$ - \$57,300 Services 10,789 - 10,78 Total net revenue 68,089 - 68,08 Costs of revenue: Product and other 35,254 (3,847) 31,40 Services 9,452 - 9,45 Total costs of revenue 44,706 (3,847) 40,85 Gross profit 23,383 3,847 27,23 Operating expenses: Research and development 6,409 (237) 6,17					
Operations 656 - 65 Net income (loss) \$ 3,501 \$ - \$ 3,50 Three Months Ended December 31, 2005 (Amounts in thousands, except per share data) Non-GAAP Adjustments Non-GA Net revenue: Product and other \$ 57,300 \$ - \$57,30 Services 10,789 - 10,78 Total net revenue 68,089 - 68,08 Costs of revenue: Product and other 35,254 (3,847) 31,40 Services 9,452 - 9,45 Total costs of revenue 44,706 (3,847) 40,85 Gross profit 23,383 3,847 27,23 Operating expenses: Research and development 6,409 (237) 6,17	operations	2,845		-	2,84
Three Months Ended December 31, 2005 (Amounts in thousands, except per share data) Net revenue: Product and other \$57,300 \$ - \$57,300 Services 10,789 - 10,789 Total net revenue 68,089 - 68,089 Costs of revenue: Product and other 35,254 (3,847) 31,400 Services 9,452 - 9,452 Total costs of revenue 44,706 (3,847) 40,85 Gross profit 23,383 3,847 27,23 Operating expenses: Research and development 6,409 (237) 6,17	· · · · · · · · · · · · · · · · · · ·	656		-	65
Three Months Ended December 31, 2005 (Amounts in thousands, except per share data) Non-GAAP Share data) Non-GAAP GAAP Adjustments Non-GAAP Services 10,789 Total net revenue 68,089 Costs of revenue: Product and other Services 10,789 Total net revenue 68,089 Costs of revenue: Product and other 35,254 3,847) 31,40 Services 9,452 9,452 70tal costs of revenue 44,706 (3,847) 40,85 Gross profit 23,383 3,847 27,23 Operating expenses: Research and development 6,409 (237) 6,17	Net income (loss)	\$ 3,501	\$		\$ 3,50
(Amounts in thousands, except per share data) Net revenue: Product and other \$57,300 \$ - \$57,300 Services 10,789 - 10,789 Total net revenue 68,089 - 68,089 Costs of revenue: Product and other 35,254 (3,847) 31,400 Services 9,452 - 9,452 Total costs of revenue 44,706 (3,847) 40,85 Gross profit 23,383 3,847 27,23 Operating expenses: Research and development 6,409 (237) 6,17					
(Amounts in thousands, except per share data) Non-GAAP Adjustments Non-GA Net revenue: Product and other \$ 57,300 \$ - \$57,30 Services 10,789 - 10,78 Total net revenue 68,089 - 68,08 Costs of revenue: Product and other 35,254 (3,847) 31,40 Services 9,452 - 9,45 Total costs of revenue 44,706 (3,847) 40,85 Gross profit 23,383 3,847 27,23 Operating expenses: Research and development 6,409 (237) 6,17					===== d
Share data) GAAP Adjustments Non-GA		Three	Montl	ns Ende	
Net revenue: Product and other \$ 57,300 \$ - \$57,300 Services 10,789 - 10,789 Total net revenue 68,089 - 68,089 Costs of revenue: Product and other 35,254 (3,847) 31,400 Services 9,452 - 9,452 Total costs of revenue 44,706 (3,847) 40,850 Gross profit 23,383 3,847 27,230 Operating expenses: Research and development 6,409 (237) 6,17	(Zwanaka in thananala ananak man	Three	Montl	ns Ende 31, 200	 5
Product and other \$ 57,300 \$ - \$57,300 Services 10,789 - 10,789 - 10,789		Three Dece	Month mber : Non-(ns Ende 31, 200 GAAP stments	5
Services 10,789 - 10,789 Total net revenue 68,089 - 68,08 Costs of revenue: - - - Product and other 35,254 (3,847) 31,40 Services 9,452 - 9,45 Total costs of revenue 44,706 (3,847) 40,85 Gross profit 23,383 3,847 27,23 Operating expenses: Research and development 6,409 (237) 6,17		Three Dece	Month mber : Non-(ns Ende 31, 200 GAAP stments	5
Total net revenue 68,089 - 68,089 Costs of revenue: Product and other 35,254 (3,847) 31,40 Services 9,452 - 9,45 Total costs of revenue 44,706 (3,847) 40,85 Gross profit 23,383 3,847 27,23 Operating expenses: Research and development 6,409 (237) 6,17	share data) Net revenue:	Three Dece	Month mber 3 Non-0 Adjus	ns Ende 31, 200 GAAP stments	5 Non-GA
Total net revenue 68,089 - 68,089 Costs of revenue: Product and other 35,254 (3,847) 31,40 Services 9,452 - 9,452 Total costs of revenue 44,706 (3,847) 40,85 Gross profit 23,383 3,847 27,23 Operating expenses: Research and development 6,409 (237) 6,17	share data) Net revenue: Product and other	Three	Month mber 3 Non-0 Adjus	ns Ende 31, 200 GAAP stments	5 Non-GA
Costs of revenue: Product and other 35,254 (3,847) 31,40 Services 9,452 - 9,45 Total costs of revenue 44,706 (3,847) 40,85 Gross profit 23,383 3,847 27,23 Operating expenses: Research and development 6,409 (237) 6,17	share data) Net revenue: Product and other	Three	Month mber 3 Non-0 Adjus	ns Ende 31, 200 GAAP stments 	5 Non-GA \$57,30 10,78
Product and other 35,254 (3,847) 31,40 Services 9,452 - 9,455 Total costs of revenue 44,706 (3,847) 40,855 Gross profit 23,383 3,847 27,23 Operating expenses: Research and development 6,409 (237) 6,17	share data) Net revenue: Product and other Services	Three Dece GAAP \$ 57,300 10,789 68,089	Month mber 3 Non-0 Adjus	ns Ende 31, 200 GAAP stments 	\$57,30
Services 9,452 - 9,452 Total costs of revenue 44,706 (3,847) 40,85 Gross profit 23,383 3,847 27,23 Operating expenses: Research and development 6,409 (237) 6,17	Share data) Net revenue: Product and other Services Total net revenue	Three Dece GAAP \$ 57,300 10,789 68,089	Month mber 3 Non-0 Adjus	ns Ende 31, 200 GAAP stments 	\$57,30 10,78
Total costs of revenue 44,706 (3,847) 40,85 Gross profit 23,383 3,847 27,23 Operating expenses: Research and development 6,409 (237) 6,17	Share data) Net revenue: Product and other Services Total net revenue Costs of revenue:	### Three Dece GAAP	Month mber 3 Non-(Adjus	ns Ende 31, 200 GAAP stments 	\$57,30 10,78 68,08
Total costs of revenue 44,706 (3,847) 40,855 Gross profit 23,383 3,847 27,23 Operating expenses: Research and development 6,409 (237) 6,17	Net revenue: Product and other Services Total net revenue Costs of revenue: Product and other	Three Dece GAAP \$ 57,300 10,789 68,089 35,254	Month mber 3 Non-0 Adjus	ns Ende 31, 200 GAAP stments - - - - - - - - - - -	\$57,30 10,78 68,08
Gross profit 23,383 3,847 27,23 Operating expenses: Research and development 6,409 (237) 6,17	Share data) Net revenue: Product and other Services Total net revenue Costs of revenue: Product and other	Three Dece GAAP \$ 57,300 10,789 68,089 35,254 9,452	Month mber 3 Non-(Adjus	ns Ende 31, 200 GAAP stments - - - - ,847)	\$57,30 10,78 68,08 31,40 9,45
Operating expenses: Research and development 6,409 (237) 6,17	Share data) Net revenue: Product and other Services Total net revenue Costs of revenue: Product and other Services	### Three Dece GAAP	Month mber 3 Non-0 Adjus	ns Ende 31, 200 GAAP stments - ,847)	\$57,30 10,78 68,08 31,40 9,45
Research and development 6,409 (237) 6,17	Net revenue: Product and other Services Total net revenue Costs of revenue: Product and other Services Total costs of revenue	### Three	Month mber 3 Non-(Adjus (3	ns Ende 31, 200 GAAP stments ,847) ,847)	\$57,30 10,78 68,08 31,40 9,45 40,85
Research and development 6,409 (237) 6,17	Net revenue: Product and other Services Total net revenue Costs of revenue: Product and other Services Total costs of revenue	### Three	Month mber 3 Non-(Adjus (3	ns Ende 31, 200 GAAP stments ,847) ,847)	\$57,30 10,78 68,08 31,40 9,45 40,85
	Share data) Net revenue: Product and other Services Total net revenue Costs of revenue: Product and other Services Total costs of revenue Gross profit	### Three	Month mber 3 Non-(Adjus (3	ns Ende 31, 200 GAAP stments ,847) ,847)	\$57,30 10,78 68,08 31,40 9,45 40,85
(2,737) 10,37	Net revenue: Product and other Services Total net revenue Costs of revenue: Product and other Services Total costs of revenue Gross profit Operating expenses:	### Three	*** Month mber 3 Non-0 Adjus (3) (3) (3) (3)	ns Ende 31, 200 GAAP stments , 847) , 847) , 847	\$57,30 10,78 68,08 31,40 9,45 40,85 27,23
	Share data) Net revenue: Product and other Services Total net revenue Costs of revenue: Product and other Services Total costs of revenue Gross profit Operating expenses: Research and development	Three	\$	ns Ende 31, 200 GAAP stments , 847) , 847 , 847	\$57,30 10,78 68,08 31,40 9,45 40,85 27,23

Total operating expenses	26,144 	(2,994)	23,150
Income (loss) from continuing			
operations	(2,761)	6,841	4,080
Interest income	874		874
Interest expense	(183)	-	(183)
Other expense	(93)	-	(93)
Foreign currency loss	(401)	-	(401)
Income (loss) before income taxes			
and discontinued operations	(2,564)	6,841	4,277
Provision for income taxes		(203)	
Income (loss) before discontinued			
operations	(3,292)	6,638	3,346
Income (loss) from discontinued			
operations		-	
Net income (loss)		\$ 6,638	
1100 111001110 (1000)		======	
	Voar Ende	ed December	31 2005
(Amounts in thousands, except per		Non-GAAP	
share data)		Adjustments	
Net revenue:			
Product and other	\$210.963	\$ 365	\$211.328
Services	34,260		34,260
Total net revenue	245,223		245,588
Costs of revenue:	144 640	(10 040)	105 605
Product and other		(19,042)	
Services	27,442 	(930)	•
Motol costs of nomenus			
Total costs of revenue	172,091	(19,972) 	152,119
Gross profit	73,132	20,337	93,469
1			
Operating expenses:			
Research and development	27,555	(1,273)	26,282
Selling, general and administrative	72,649	(6,394)	66,255
Total operating expenses	100,204	(7,667)	92,537
Income (loss) from continuing			
operations	(27 - 072)	28,004	932
Interest income	2,679		2,679
Interest expense	(787)	_	(787)
Other expense	(240)	_	(240)
Foreign currency loss	(1,297)	_	
- 3 2			
Income (loss) before income taxes			
and discontinued operations		28,004	
Provision for income taxes	(3,526)		(3,790)
Income (legg) before discontinued			
Income (loss) before discontinued	(20 242)	07 740	(2 502)
operations	(30,243)	27,740	(2,503)
Income (loss) from discontinued operations	(3,123)	_	(3,123)
operations	(3,123)		(3,123)
Net income (loss)	\$ (33, 366)	\$ 27,740	\$ (5,626)
	+ (33/300/	1 7	4 (0,020)

(1) Non-GAAP adjustments differ from previously reported amounts as charges related to the UK Lease Portfolio (\$141 during the 2005 first quarter and \$749 during the 2005 second quarter) have been excluded from the Non-GAAP Adjustment column and are now reflected in the income from discontinued operations line.

HYPERCOM CORPORATION NON-GAAP CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)

Three	Months	Ended
TIITEE	MOHUIS	Bilded

	March 31, 2005			
(Amounts in thousands, except per share data)	Previously	Discontinued Operations (2)		
Net revenue:				
Product and other	\$ 47,752	\$(4,098)	\$ 13 651	
Services	6,779		6,779	
Total net revenue	54,531	(4,098)		
Costs of revenue:				
Product and other	30,685	(2.076)	28,609	
Services	5,287	-	5,287	
Total costs of revenue	35,972	(2,076)	33,896	
Gross profit	18,559	(2,022)	16,537	
Operating emperces:				
Operating expenses: Research and development	7,258	_	7,258	
	•	(416)		
Selling, general and administrative	20,603	(410)	20,187	
Total operating expenses	27,861	(416)	27,445	
Income (loss) from continuing				
operations	(9,302)	(1,606)	(10,908)	
Interest income	557	_	557	
Interest expense	(174)	_	(174)	
Other expense	(45)	-	(45)	
Foreign currency gain (loss)	(270)	(2)	(272)	
Income (loss) before income taxes				
and discontinued operations	(9,234)	(1,608)	(10,842)	
Provision for income taxes	(805)	(1,000)	(805)	
Income (loss) before discontinued				
operations	(10,039)	(1,608)	(11,647)	
Income (loss) from discontinued				
operations	399 (1)	1,608	2,007	
Net income (loss)	\$ (9,640)	\$ -	\$ (9,640)	

Three Months Ended

	Ju	ne 30, 2005		
(Amounts in thousands, except per share data)	Previously	Discontinued Operations (2)		
Net revenue: Product and other Services	\$ 56,713 7,302	\$(3,861) -	7,302	
Total net revenue	64,015	(3,861)	60,154	
Costs of revenue: Product and other Services	47,661 6,516	(1,756) -	6,516	
Total costs of revenue	54,177	(1,756)	52,421	
Gross profit	9,838	(2,105)		
Operating expenses: Research and development Selling, general and administrative		(309)	7,592 17,641	
Total operating expenses	25,542 	(309)	25,233	
Income (loss) from continuing operations Interest income Interest expense Other expense Foreign currency gain (loss) Income (loss) before income taxes and discontinued operations Provision for income taxes	(15,704) 637 (209) (14) (740) (16,030) (626)	(1,796) - - 303 	637 (209) (14) (437)	
Income (loss) before discontinued operations Income (loss) from discontinued operations		(1,493) 1,493	(18,149)	
Net income (loss)	\$(16,656) ======	\$ - ======		
	Three Months Ended			
	September 30, 2005			
(Amounts in thousands, except per share data)	Previously	Discontinued Operations (2)	GAAP	
Net revenue: Product and other Services	\$60,419 9,390 		9,390	
Total net revenue	69,809			

37,121 6,187	(2,240)	34,881 6,187
43,308	(2,240)	41,068
26,501	(1,022)	25,479
6,296	_	6,296
15,374	(288)	15,086
21,670	(288)	
4,831	(734)	4,097
611	_	611
(221)	_	(221)
(88)	_	(88)
(265)	78	(187)
1 060	(656)	4 212
•	(636)	-
(1,367)		(1,367)
3,501	(656)	2,845
-	656	656
\$ 3,501	\$ -	\$ 3,501
	6,187 43,308 26,501 6,296 15,374 21,670 4,831 611 (221) (88) (265) 4,868 (1,367) 3,501	6,187

	Three	Months	Ended
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_	December 31, 2005			
(Amounts in thousands, except per share data)	Operations	Discontinued Operations (3)		
Net revenue: Product and other Services	\$60,434 10,789	\$(3,134) -	\$ 57,300 10,789	
Total net revenue	71,223 	(3,134)	68,089 	
Costs of revenue: Product and other Services	38,713 9,452	(3,459) -	35,254 9,452	
Total costs of revenue	48,165	(3,459)	44,706	
Gross profit	23,058	325	23,383	
Operating expenses: Research and development Selling, general and	6,409	-	6,409	
administrative	20,119	(384)	19,735	
Total operating expenses	26,528 	(384)	26,144 	

Income (loss) from continuing			
operations	(3,470)	709	(2,761)
Interest income	874	_	874
Interest expense	(183)	_	(183)
Other expense	(93)	-	(93)
Foreign currency gain (loss)	(362)	(39)	(401)
Income (loss) before income taxes			
and discontinued operations	(3,234)	670	(2,564)
Provision for income taxes	(728)	_	(728)
Income (loss) before discontinued			
operations	(3,962)	670	(3,292)
Income (loss) from discontinued			
operations	-	(7,279)	(7,279)
Net income (loss)	\$(3,962)	\$(6,609)	\$(10,571)
	======	======	

Year Ended December 31, 2005
------Before
Discontinued Discontinued

	Discontinued		
(Amounts in thousands, except	Operations	Operations	
per share data)	(3)	(3)	GAAP
-			
Net revenue:			
Product and other	\$225,318	\$(14,355)	
Services	34,260 		34,260
Total net revenue	259,578	(14,355)	
Costs of revenue:			
Product and other	154,180	(9,531)	144,649
Services	27,442 		27,442
Total costs of revenue	181,622	(9,531)	
Gross profit	77,956	(4,824)	73,132
Operating expenses:			
Research and development	27,555	-	27,555
Selling, general and			
administrative	74,046 	(1,397)	72,649
Total operating expenses	101,601	(1,397)	100,204
Income (loss) from continuing			
operations	(23,645)	(3,427)	
Interest income	2,679	-	2,679
Interest expense	(787)	-	(787)
Other expense	(240)	-	(240)
Foreign currency gain (loss)	(1,637) 	340	(1,297)
Income (loss) before income taxes			
and discontinued operations		(3,087)	(26,717)
Provision for income taxes	(3,526)	_	(3,526)
Income (loss) before	_		
discontinued operations Income (loss) from discontinued	(27,156)	(3,087)	(30,243)
operations	399 (1)	(3,522)	(3,123)

- (1) During the 2005 first quarter, the Company recorded income from discontinued operations principally relating to the release of excess reserves no longer required due to the expiration of the indemnification period under a prior purchase and sales agreement of a discontinued business.
- (2) All amounts related to the UK Lease Portfolio have been classified as discontinued operations and accordingly have been reflected above as an adjustment to amounts previously reported to arrive at GAAP amounts.
- (3) During the 2005 fourth quarter, the Company made the decision to sell its UK Lease Portfolio as this leasing business does not align with the Company's core business. As a result, for the quarter and year ended December 31, 2005, the Company has provided a non-GAAP statement of operations "before discontinued operations" adjusted for the results of the "discontinued operations" to arrive at the GAAP amounts.

	Three Months Ended		
	March 31, 2004		
(Amounts in thousands, except per share data)	Previously	Discontinued Operations (1)	
Net revenue: Product and other Services	\$43,531 6,111 	\$ (2,468) - 	\$41,063 6,111
Total net revenue	49,642	(2,468)	47,174
Costs of revenue: Product and other Services Write-off of deferred contract costs	24,601 4,543 -	(2,444) - -	22,157 4,543 -
Total costs of revenue	29,144	(2,444)	26,700
Gross profit	20,498	(24)	20,474
Operating expenses: Research and development Selling, general and administrative	6,825 14,885	(213)	6,825 14,672
Total operating expenses	21,710	(213)	21,497
<pre>Income (loss) from continuing operations Interest income Interest expense Other income (expense)</pre>	(1,212) 273 (491) 18	189 - - -	(1,023) 273 (491) 18
Foreign currency gain (loss)	(732)	119	(613)

Income (loss) before income taxes			
and discontinued operations	(2,144)	308	(1,836)
Provision for income taxes	(829)	-	(829)
Income (loss) before discontinued			
operations	(2,973)	308	(2,665)
Income (loss) from discontinued			
operations	-	(308)	(308)
Net income (loss)	\$(2,973)	\$ -	\$(2,973)
	======	======	======

Net income (loss)	\$ (2,973) =====	\$ - = ======				
	Three Months Ended					
		ne 30, 2004				
(Amounts in thousands, except per share data)	As Previously Reported	Discontinued Operations (1)	GAAP			
Net revenue:						
Product and other Services	\$ 55,564 7,495	\$ (2,450) -	\$ 53,114 7,495			
Total net revenue	63,059	(2,450)	60,609			
Costs of revenue:						
Product and other	•	(571)	•			
Services	5,375	-	5,375			
Write-off of deferred contract costs	11,305	_	11,305			
COSES	11,305		11,305			
Total costs of revenue	47,510	(571)	46,939			
Gross profit		(1,879)				
Operating expenses:						
Research and development	6,444	-	6,444			
Selling, general and						
administrative	16,962	(253)	16,709			
Total operating expenses	23,406	(253)	23,153			
Income (loss) from continuing						
operations	(7,857)	(1,626)	(9.483)			
Interest income	221	(1,020)	221			
Interest expense	(445)	_	(445)			
Other income (expense)	2	_	2			
Foreign currency gain (loss)	(907)	316	(591)			
Income (loss) before income taxes						
and discontinued operations	(8,986)	(1,310)	(10,296)			
Provision for income taxes	(1,540)	-	(1,540)			
Income (loss) before discontinued						
operations	(10,526)	(1,310)	(11,836)			
Income (loss) from discontinued operations	-	1,310	1,310			
Net income (loss)	\$ (10,526)	\$ -	\$(10,526)			

Three Months Ended

•	September 30, 2004		
(Amounts in thousands, except per share data)		Discontinued Operations (1)	
Net revenue:	¢E.C. COO	¢ (2, 001)	¢E0 001
Product and other	\$56,682	\$(3,881)	\$52,801
Services	6,069 		6,069
Total net revenue	62,751	(3,881)	
Costs of revenue:			
Product and other	33,306	(2,350)	30,956
Services	5,146	-	5,146
Write-off of deferred contract costs			
Total costs of revenue	38,452	(2,350)	
Gross profit	 24,299	(1,531)	 22,768
GIOSS PIOTIC			
Operating expenses:			
Research and development	6,637	-	6,637
Selling, general and administrative	15,413 	(303)	15,110
Total operating expenses	22,050	(303)	21,747
Income (loss) from continuing			
operations	2,249	(1,228)	1,021
Interest income	289	(1/220)	289
Interest expense	(392)	_	(392)
Other income (expense)	(1)	_	(1)
Foreign currency gain (loss)	(929)	200	(729)
Income (loss) before income taxes			
and discontinued operations	1,216	(1,028)	188
Provision for income taxes	(907)	-	(907)
Income (loss) before discontinued			
operations	309	(1,028)	(719)
Income (loss) from discontinued			
operations	-	1,028	1,028
Net income (loss)	\$ 309	\$ -	\$ 309

	Three Months Ended			
	December 31, 2004			
(Amounts in thousands, except per share data)		Discontinued Operations (1)	GAAP	
Net revenue:				
Product and other	\$72,332	\$(5,071)	\$67,261	
Services	7,371	-	7,371	
Total net revenue	79,703	(5,071)	74,632	

Costs of revenue:			
Product and other		(2,249)	
Services	5,657	-	5,657
Write-off of deferred contract costs	-	-	-
Total costs of revenue	47,953	(2,249)	45,704
Gross profit	31,750	(2,822)	28,928
01000 P10110			
Onorating ownerses:			
Operating expenses:	7 000		7 000
Research and development	7,282	-	7,282
Selling, general and administrative		(302)	
Total operating expenses	26,335	(302)	26,033
Income (loss) from continuing			
operations	5,415	(2,520)	2,895
Interest income	415	_	415
Interest expense	(84)	_	(84)
Other income (expense)	(6)	_	(6)
Foreign currency gain (loss)	(655)	682	27
roreign carrency gain (1000)	(033)		
Income (less) before income tower			
Income (loss) before income taxes	F 00F	(1 020)	2 047
and discontinued operations	5,085	(1,838)	
Provision for income taxes	(557)	-	(557)
Income (loss) before discontinued			
operations	4,528	(1,838)	2,690
Income (loss) from discontinued			
operations	_	1,838	1,838
-			
Net income (loss)	\$ 4.528	\$ -	\$ 4,528
Net income (loss)	\$ 4,528 ======	\$ - ======	• •
Net income (loss)	•	•	•
Net income (loss)	•	•	•
Net income (loss)	======	=====	======
Net income (loss)	======	•	======
Net income (loss)	Year Ende	ed December 3	21, 2004
	Year Ende	ed December 3	21, 2004
(Amounts in thousands, except per	Year Ende	ed December 3 Discontinued Operations	2004
	Year Ende	ed December 3	21, 2004
(Amounts in thousands, except per	Year Ende	ed December 3 Discontinued Operations	2004
(Amounts in thousands, except per share data)	Year Ende	ed December 3 Discontinued Operations	2004
(Amounts in thousands, except per share data) Net revenue:	Year Ende As Previously Reported	ed December 3 Discontinued Operations (1)	GAAP
(Amounts in thousands, except per share data) Net revenue: Product and other	Year Ende	ed December 3 Discontinued Operations	GAAP \$214,239
(Amounts in thousands, except per share data) Net revenue:	Year Ende As Previously Reported	ed December 3 Discontinued Operations (1)	GAAP
(Amounts in thousands, except per share data) Net revenue: Product and other	Year Ende	ed December 3 Discontinued Operations (1)	GAAP \$214,239
(Amounts in thousands, except per share data) Net revenue: Product and other	Year Ender As Previously Reported \$228,109 27,046	ed December 3 Discontinued Operations (1) \$(13,870)	GAAP \$214,239 27,046
(Amounts in thousands, except per share data) Net revenue: Product and other Services	Year Ender As Previously Reported \$228,109 27,046	ed December 3 Discontinued Operations (1) \$(13,870)	GAAP \$214,239 27,046
(Amounts in thousands, except per share data) Net revenue: Product and other Services Total net revenue	Year Ender As Previously Reported \$228,109 27,046	ed December 3 Discontinued Operations (1) \$(13,870)	GAAP \$214,239 27,046 241,285
(Amounts in thousands, except per share data) Net revenue: Product and other Services Total net revenue Costs of revenue:	Year Ende	### ##################################	GAAP \$214,239 27,046 241,285
(Amounts in thousands, except per share data) Net revenue: Product and other Services Total net revenue Costs of revenue: Product and other	Year Ende As Previously Reported \$228,109 27,046 255,155	ed December 3 Discontinued Operations (1) \$(13,870)	GAAP \$214,239 27,046 241,285 123,419
(Amounts in thousands, except per share data) Net revenue: Product and other Services Total net revenue Costs of revenue: Product and other Services	Year Ende As Previously Reported \$228,109 27,046 255,155 131,033 20,721	### ##################################	GAAP \$214,239 27,046 241,285 123,419 20,721
(Amounts in thousands, except per share data) Net revenue: Product and other Services Total net revenue Costs of revenue: Product and other	\$228,109 27,046 	### ##################################	GAAP \$214,239 27,046 241,285 123,419 20,721 11,305
(Amounts in thousands, except per share data) Net revenue: Product and other Services Total net revenue Costs of revenue: Product and other Services Write-off of deferred contract costs	\$228,109 27,046 	### ##################################	\$214,239 27,046 241,285 123,419 20,721 11,305
(Amounts in thousands, except per share data) Net revenue: Product and other Services Total net revenue Costs of revenue: Product and other Services	\$228,109 27,046 	### ##################################	\$214,239 27,046 241,285 123,419 20,721 11,305 155,445
(Amounts in thousands, except per share data) Net revenue: Product and other Services Total net revenue Costs of revenue: Product and other Services Write-off of deferred contract costs Total costs of revenue	\$228,109 27,046 	### ##################################	\$214,239 27,046 241,285 123,419 20,721 11,305 155,445
(Amounts in thousands, except per share data) Net revenue: Product and other Services Total net revenue Costs of revenue: Product and other Services Write-off of deferred contract costs	\$228,109 27,046 	### ##################################	\$214,239 27,046 241,285 123,419 20,721 11,305 155,445
(Amounts in thousands, except per share data) Net revenue: Product and other Services Total net revenue Costs of revenue: Product and other Services Write-off of deferred contract costs Total costs of revenue Gross profit	\$228,109 27,046 	### ##################################	\$214,239 27,046 241,285 123,419 20,721 11,305 155,445
(Amounts in thousands, except per share data) Net revenue: Product and other Services Total net revenue Costs of revenue: Product and other Services Write-off of deferred contract costs Total costs of revenue Gross profit Operating expenses:	\$228,109 27,046 	### ### ##############################	\$214,239 27,046
(Amounts in thousands, except per share data) Net revenue: Product and other Services Total net revenue Costs of revenue: Product and other Services Write-off of deferred contract costs Total costs of revenue Gross profit Operating expenses: Research and development	\$228,109 27,046 	### ##################################	\$214,239 27,046 241,285 123,419 20,721 11,305 155,445
(Amounts in thousands, except per share data) Net revenue: Product and other Services Total net revenue Costs of revenue: Product and other Services Write-off of deferred contract costs Total costs of revenue Gross profit Operating expenses:	\$228,109 27,046 	### ##################################	\$214,239 27,046
(Amounts in thousands, except per share data) Net revenue: Product and other Services Total net revenue Costs of revenue: Product and other Services Write-off of deferred contract costs Total costs of revenue Gross profit Operating expenses: Research and development	\$228,109 27,046 	### ##################################	\$214,239 27,046
(Amounts in thousands, except per share data) Net revenue: Product and other Services Total net revenue Costs of revenue: Product and other Services Write-off of deferred contract costs Total costs of revenue Gross profit Operating expenses: Research and development	\$228,109 27,046 	### ##################################	\$214,239 27,046
(Amounts in thousands, except per share data) Net revenue: Product and other Services Total net revenue Costs of revenue: Product and other Services Write-off of deferred contract costs Total costs of revenue Gross profit Operating expenses: Research and development Selling, general and administrative	\$228,109 27,046 	### ##################################	\$214,239 27,046

Income (loss) from continuing

operations	(1,405)	(5,185)	(6,590)
Interest income	1,198	-	1,198
Interest expense	(1,412)	-	(1,412)
Other income (expense)	13	-	13
Foreign currency gain (loss)	(3,223)	1,317	(1,906)
Income (loss) before income taxes			
and discontinued operations	(4,829)	(3,868)	(8,697)
Provision for income taxes	(3,833)	_	(3,833)
Income (loss) before discontinued			
operations	(8,662)	(3,868)	(12,530)
Income (loss) from discontinued			
operations	_	3,868	3,868
Net income (loss)	\$ (8,662)	\$ -	\$ (8,662)
	=======	=======	=======

(1) All amounts related to the UK Lease Portfolio have been classified as discontinued operations and accordingly have been reflected above as an adjustment to amounts previously reported as GAAP amounts.