

EMRISE CORPORATION AND SUBSIDIARIES
Condensed Consolidated Statements of Operations and Comprehensive Income
(unaudited)
(in thousands except per share amounts)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2005	2004	2005	2004
Net sales	\$12,608	\$9,768	\$41,046	\$29,861
Cost of sales	<u>7,159</u>	<u>4,929</u>	<u>23,656</u>	<u>16,146</u>
Gross profit	5,449	4,839	17,390	13,715
Operating expenses:				
Selling, general and administrative	4,124	3,477	13,694	10,226
Engineering and product development	<u>885</u>	<u>488</u>	<u>2,621</u>	<u>1,521</u>
Income from operations	440	874	1,075	1,968
Other income (expense)				
Interest expense	(153)	(128)	(455)	(433)
Interest income	17	--	153	--
Other income (expense)	<u>227</u>	<u>58</u>	<u>248</u>	<u>(6)</u>
Income before income taxes	531	804	1,021	1,529
Income tax expense (benefit)	<u>(270)</u>	<u>(79)</u>	<u>(267)</u>	<u>49</u>
Net income	<u>\$ 801</u>	<u>\$ 883</u>	<u>\$1,288</u>	<u>\$1,480</u>
Earnings per share:				
Basic	<u>\$0.02</u>	<u>\$0.04</u>	<u>\$0.03</u>	<u>\$0.06</u>
Diluted	<u>\$0.02</u>	<u>\$0.03</u>	<u>\$0.03</u>	<u>\$0.06</u>

EMRISE CORPORATION AND SUBSIDIARIES
Condensed Consolidated Balance Sheets

(in thousands)
(unaudited)

	December 31, <u>2005</u>	December 31, <u>2004</u>
Current assets:		
Cash and equivalents	\$ 4,371	\$1,057
Accounts receivable	9,413	5,796
Inventories	10,277	6,491
Deferred tax asset	1,386	352
Prepaid expenses and other	<u>536</u>	<u>417</u>
Total current assets	\$25,983	14,113
Property, plant and equipment, net	2,073	909
Goodwill, net and other intangibles	15,775	9,441
Other assets	<u>630</u>	<u>623</u>
	<u>\$44,461</u>	<u>\$25,086</u>
Liabilities and stockholders' equity:		
Current liabilities:		
Borrowing under lines of credit	\$ 3,283	\$ 878
Current portion of long-term debt	1,004	711
Accounts payable	4,949	3,398
Income tax payable	218	572
Accrued expenses	<u>3,571</u>	<u>3,014</u>
Total current liabilities	13,025	8,573
Long term debt, less current portion	2,492	3,235
Deferred taxes	1,108	1,400
Other liabilities	<u>823</u>	<u>969</u>
Total liabilities	17,448	14,177
Stockholders' equity		
Common stock	124	82
Additional paid in capital	42,877	26,746
Accumulated deficit	(15,118)	(16,406)
Accumulated other comprehensive income	<u>(870)</u>	<u>487</u>
Total stockholders' equity	27,013	10,909
	<u>\$44,461</u>	<u>\$25,086</u>