

Net2Phone, Inc.
Condensed Consolidated Statements of Operations
(unaudited)

(All Numbers in 000's except EPS Calculation)

	2Q05 January 31, 2005 Preliminary	2Q04 January 31, 2004	1Q05 October 31, 2004
Revenue	\$ 19,955	\$ 19,812	\$ 20,309
Direct cost of revenue	11,376	11,243	11,720
Selling, general and administrative	13,534	11,590	12,695
Depreciation and amortization	2,071	2,659	1,894
Non-cash compensation	1,165	2,155	683
Non-cash services provided by IDT	(504)	2,254	1,459
Restructuring, severance, impairment and other items	887	833	878
Total cost and expense	28,529	30,734	29,329
Income (loss) from operations	(8,574)	(10,922)	(9,020)
Interest income, net	571	660	622
Other Income (loss)	(581)	740	155
Net income (loss) available to common stockholders	\$ (8,584)	\$ (9,522)	\$ (8,243)
Net income (loss) per common share-basic and diluted	\$ (0.11)	\$ (0.13)	\$ (0.11)
Weighted average number of common shares used in the calculation of basic and diluted net gain/(loss) per common share	76,166	70,931	75,807
Cash, cash equivalents and marketable securities*	\$ 118,022	\$ 138,803	\$ 125,846
Fixed assets (net)	20,058	21,133	19,626
Total assets	152,436	176,772	160,534
Total stockholders' equity	114,930	142,753	123,758

* Includes Restricted Cash \$27,818; \$25,875; \$21,281 respectively

Net income (loss) available to common stockholders	\$ (8,584)	\$ (9,522)	\$ (8,243)
<u>EXCLUDING</u>			
Other Income (loss)	(581)	740	155
Interest income, net	571	660	622
Depreciation and amortization	(2,071)	(2,659)	(1,894)
Non-recurring SG&A expense	-	648	-
Restructuring, severance, impairment and other items	(887)	(833)	(878)
Non-cash compensation	(1,165)	(2,155)	(683)
Non-cash services provided by IDT	504	(2,254)	(1,459)
Inventory obsolescence expense	-	(556)	-
Net income (loss) before special and non-cash items	\$ (4,955)	\$ (3,112)	\$ (4,106)

SEGMENT RESULTS

The following table summarizes the operating performance of Net2Phone's business segments:

Net2Phone Global Services (NGS) - Revenue	\$ 19,625	\$ 19,720	\$ 19,978
Net2Phone Global Services (NGS) - Segment Income	1,424	1,135	1,438
Net2Phone Cable Telephony (NCT) - Revenue	330	58	331
Net2Phone Cable Telephony (NCT) - Segment Loss	(4,455)	(2,136)	(3,674)
Corporate / Other - Revenue	-	34	-
Corporate / Other - Segment Loss	(1,924)	(2,111)	(1,870)
Total - Revenue	\$ 19,955	\$ 19,812	\$ 20,309
Total - Segment Loss	\$ (4,955)	\$ (3,112)	\$ (4,106)