

eOn Communications Corporation
Condensed Consolidated Statements of Operations
(Dollars in thousands, except per share data)
Unaudited

	Three Months Ended April 30,		Nine Months Ended April 30,	
	2008	2007	2008	2007
REVENUE				
Third party revenue	\$ 1,387	\$ 3,359	\$ 5,047	\$ 7,386
Related party revenue	127	195	343	363
Net revenue	<u>1,514</u>	<u>3,554</u>	<u>5,390</u>	<u>7,749</u>
COST OF REVENUE				
Third party cost of revenue	635	1,487	2,103	2,944
Related party cost of revenue	116	180	316	336
Cost of revenue	<u>751</u>	<u>1,667</u>	<u>2,419</u>	<u>3,280</u>
Gross profit	<u>763</u>	<u>1,887</u>	<u>2,971</u>	<u>4,469</u>
OPERATING EXPENSE				
Selling, general and administrative	1,150	1,086	3,297	3,263
Research and development	703	715	2,140	2,225
Other expense	123	(2)	160	28
Total operating expense	<u>1,976</u>	<u>1,799</u>	<u>5,597</u>	<u>5,516</u>
Loss from continuing operations	<u>(1,213)</u>	<u>88</u>	<u>(2,626)</u>	<u>(1,047)</u>
Interest income	16	59	96	219
(Loss) income from continuing operations before income taxes	<u>(1,197)</u>	<u>147</u>	<u>(2,530)</u>	<u>(828)</u>
Income tax expense	-	-	-	-
(Loss) income from continuing operations after income taxes	<u>(1,197)</u>	<u>147</u>	<u>(2,530)</u>	<u>(828)</u>
DISCONTINUED OPERATIONS				
Loss from discontinued operations including income on disposal of \$13 for the three and nine months ended April 30, 2008, net of tax of \$0	<u>(7)</u>	<u>(127)</u>	<u>(584)</u>	<u>(127)</u>
Loss from discontinued operations	<u>(7)</u>	<u>(127)</u>	<u>(584)</u>	<u>(127)</u>
Net (loss) income	<u>\$ (1,204)</u>	<u>\$ 20</u>	<u>\$ (3,114)</u>	<u>\$ (955)</u>
COMPREHENSIVE INCOME (LOSS)				
Net (loss) income	\$ (1,204)	\$ 20	\$ (3,114)	\$ (955)
Unrealized losses on available-for-sale securities	(75)	-	(75)	-
Foreign currency translation adjustment	37	-	102	-
Comprehensive (loss) income	<u>\$ (1,242)</u>	<u>\$ 20</u>	<u>\$ (3,087)</u>	<u>\$ (955)</u>
Weighted average shares outstanding :				
Basic	2,734	2,713	2,722	2,712
Diluted	2,734	2,740	2,722	2,712
Basic (loss) income per share:				
From continuing operations	\$ (0.44)	\$ 0.05	\$ (0.93)	\$ (0.31)
From discontinued operations, net of tax	-	(0.05)	(0.21)	(0.05)
Basic (loss) per share	<u>\$ (0.44)</u>	<u>\$ -</u>	<u>\$ (1.14)</u>	<u>\$ (0.36)</u>
Diluted (loss) income per share:				
From continuing operations	\$ (0.44)	\$ 0.05	\$ (0.93)	\$ (0.31)
From discontinued operations, net of tax	-	(0.05)	(0.21)	(0.05)
Diluted (loss) per share	<u>\$ (0.44)</u>	<u>\$ -</u>	<u>\$ (1.14)</u>	<u>\$ (0.36)</u>

eOn Communications Corporation
Condensed Consolidated Balance Sheets
(Dollars in thousands, except share and per share amounts)

	<u>April 30,</u> <u>2008</u>	<u>July 31,</u> <u>2007</u>
	<u>(unaudited)</u>	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,360	\$ 2,256
Marketable securities	-	3,400
Trade accounts receivable, net of allowance of \$718 and \$694, respectively	1,088	1,781
Trade accounts receivable - related party	40	117
Inventories	2,795	2,348
Prepaid and other current assets	313	118
Current assets of discontinued operations	-	119
Total current assets	<u>5,596</u>	<u>10,139</u>
Property and equipment, net	216	298
Intangibles, net	272	334
Investments	1,200	300
Long-term marketable securities	925	-
Non-current assets of discontinued operations	-	135
Total assets	<u>\$ 8,209</u>	<u>\$ 11,206</u>
 LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Trade accounts payable	\$ 417	\$ 432
Trade accounts payable - related party	250	337
Accrued expenses and other	1,256	1,205
Current liabilities of discontinued operations	-	16
Total current liabilities	<u>1,923</u>	<u>1,990</u>
 Commitments and contingencies		
 Stockholders' equity:		
Preferred stock, \$0.001 par value, (10,000,000 shares authorized, no shares issued and outstanding)	-	-
Common stock, \$0.005 par value (10,000,000 shares authorized, 2,869,608 and 2,849,629 shares issued, respectively)	14	14
Additional paid-in capital	55,926	55,769
Treasury stock, at cost (135,380 shares)	(1,502)	(1,502)
Accumulated deficit	(48,179)	(45,065)
Accumulated other comprehensive income	27	-
Total stockholders' equity	<u>6,286</u>	<u>9,216</u>
Total liabilities and stockholders' equity	<u>\$ 8,209</u>	<u>\$ 11,206</u>