

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

	<b>For the Years Ended July 31,</b>		
	<b>2005</b>	<b>2004</b>	<b>2003</b>
<b>REVENUE</b>			
Net third party revenue	\$ 19,102	\$ 17,816	\$ 17,457
Net related party revenue	2,270	134	-
Net revenue	21,372	17,950	17,457
<b>COST OF REVENUE</b>			
Third party cost of revenue	10,319	8,458	7,478
Related party cost of revenue	1,648	49	-
Cost of revenue	11,967	8,507	7,478
Gross profit	9,405	9,443	9,979
<b>OPERATING EXPENSE</b>			
Selling, general and administrative	8,106	7,087	8,667
Research and development	3,207	3,106	2,859
Special charges	-	-	(63)
Total operating expense	11,313	10,193	11,463
Loss from operations	(1,908)	(750)	(1,484)
Interest income	134	79	99
Interest expense	-	(29)	(35)
Other income (expense), net	61	(167)	(84)
Loss before income taxes and minority interest	(1,713)	(867)	(1,504)
Income tax expense	(79)	(24)	-
Loss before minority interest	(1,792)	(891)	(1,504)
Minority interest	(159)	(37)	-
Net loss	\$ (1,951)	\$ (928)	\$ (1,504)
Basic and diluted loss per share	\$ (0.15)	\$ (0.07)	\$ (0.12)

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

	<b>As of July 31,</b>	
	<b>2005</b>	<b>2004</b>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 3,880	\$ 4,679
Marketable securities	3,600	4,200
Trade accounts receivable, net of allowance of \$1,236 and \$756, respectively	3,566	6,656
Trade accounts receivable - related party, net of allowance of \$23 and \$18 respectively	902	615
Notes receivable	281	528
Notes receivable - related party	1,040	-
Inventories	2,809	2,733
Prepaid and other current assets	325	1,913
Total current assets	16,403	21,324
Property and equipment, net	705	971
Goodwill	21	-
Total assets	\$ 17,129	\$ 22,295
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Trade accounts payable	\$ 3,112	\$ 5,394
Trade accounts payable - related party	2,178	2,086
Note payable	-	767
Deferred acquisition payment	914	1,078
Accrued expenses and other	2,125	2,284
Total current liabilities	8,329	11,609
Minority interest	1,145	1,227
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, \$0.001 par value, (10,000,000 shares authorized, no shares issued and outstanding)	-	-
Common stock, \$0.001 par value (50,000,000 shares authorized, 13,579,957 and 13,487,160 shares issued and outstanding 2005 and 2004, respectively)	13	13
Additional paid-in capital	54,455	54,369
Treasury stock, at cost (676,900 shares)	(1,502)	(1,502)
Accumulated deficit	(45,372)	(43,421)
Accumulated other comprehensive income	61	-
Total stockholders' equity	7,655	9,459
Total liabilities and stockholders' equity	\$ 17,129	\$ 22,295

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