

**eOn Communications Corporation**  
**Condensed Consolidated Statements of Operations and Comprehensive Income (Loss)**  
**(Amounts in thousands, except share and per share information)**  
**(Unaudited)**

	Three Months Ended		Nine Months Ended	
	April 30,		April 30,	
	2007	2006	2007	2006
<b>REVENUE</b>				
Third party revenue	\$ 3,375	\$ 3,047	\$ 7,402	\$ 9,183
Related party revenue	195	-	363	-
Net revenue	<u>\$ 3,570</u>	<u>\$ 3,047</u>	<u>\$ 7,765</u>	<u>\$ 9,183</u>
<b>COST OF REVENUE</b>				
Third party cost of revenue	1,525	1,107	2,982	3,191
Related party cost of revenue	180	-	336	-
Cost of revenue	<u>1,705</u>	<u>1,107</u>	<u>3,318</u>	<u>3,191</u>
Gross profit	<u>1,865</u>	<u>1,940</u>	<u>4,447</u>	<u>5,992</u>
<b>OPERATING EXPENSE</b>				
Selling, general and administrative	1,191	1,074	3,368	3,520
Research and development	715	643	2,225	1,891
Other (income) expense, net	(2)	(1)	28	63
Total operating expense	<u>1,904</u>	<u>1,716</u>	<u>5,621</u>	<u>5,474</u>
(Loss) income from continuing operations	(39)	224	(1,174)	518
Interest income	59	45	219	112
Income (loss) from continuing operations before income taxes	<u>20</u>	<u>269</u>	<u>(955)</u>	<u>630</u>
Income tax expense	-	-	-	-
Income (loss) from continuing operations after income taxes	<u>20</u>	<u>269</u>	<u>(955)</u>	<u>630</u>
<b>DISCONTINUED OPERATIONS</b>				
Income from discontinued operations, net of tax of \$0 and minority interest of \$289, respectively	-	-	-	256
Gain on disposal of discontinued operations, net of tax of \$0 and \$20	-	25	-	303
Income from discontinued operations	<u>-</u>	<u>25</u>	<u>-</u>	<u>559</u>
Income (loss) before extraordinary item	20	294	(955)	1,189
<b>EXTRAORDINARY ITEM</b>				
Extraordinary gain, net of income taxes of \$0	-	-	-	217
Net income (loss)	<u>\$ 20</u>	<u>\$ 294</u>	<u>\$ (955)</u>	<u>\$ 1,406</u>
<b>COMPREHENSIVE INCOME (LOSS)</b>				
Net income (loss)	\$ 20	\$ 294	\$ (955)	\$ 1,406
Foreign currency translation adjustment	-	-	-	8
Comprehensive income (loss)	<u>\$ 20</u>	<u>\$ 294</u>	<u>\$ (955)</u>	<u>\$ 1,414</u>
Weighted average shares outstanding:				
Basic	13,564	13,424	13,558	13,309
Diluted	13,702	13,587	13,558	13,394
Basic income (loss) per share:				
From continuing operations after income taxes	\$ -	\$ 0.02	\$ (0.07)	\$ 0.05
From discontinued operations, net of tax and minority interest	-	-	-	0.04
From extraordinary gain, net of income taxes	-	-	-	0.02
Basic income (loss) per share	<u>\$ -</u>	<u>\$ 0.02</u>	<u>\$ (0.07)</u>	<u>\$ 0.11</u>
Diluted income (loss) per share:				
From continuing operations after income taxes	\$ -	\$ 0.02	\$ (0.07)	\$ 0.05
From discontinued operations, net of tax and minority interest	-	-	-	0.04
From extraordinary gain, net of income taxes	-	-	-	0.02
Diluted income (loss) per share	<u>\$ -</u>	<u>\$ 0.02</u>	<u>\$ (0.07)</u>	<u>\$ 0.11</u>

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

	<u>April 30,</u> <u>2007</u>	<u>July 31,</u> <u>2006</u>
	<u>(unaudited)</u>	
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 578	\$ 934
Marketable securities	4,725	5,750
Trade accounts receivable, net of allowance of \$683 and \$372, respectively	2,419	1,639
Trade accounts receivable - related party	108	27
Proceeds receivable from sale of discontinued operations	-	89
Inventories	2,473	2,167
Prepaid and other current assets	165	289
Total current assets	<u>10,468</u>	<u>10,895</u>
Property and equipment, net	408	338
Long-term receivable, net of allowance of \$232	-	153
Goodwill	418	418
Investments	301	301
Total assets	<u>\$ 11,595</u>	<u>\$ 12,105</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Trade accounts payable	\$ 507	\$ 453
Trade accounts payable - related party	402	72
Deferred acquisition payment	397	397
Accrued expenses and other	1,171	1,376
Total current liabilities	<u>2,477</u>	<u>2,298</u>
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, \$0.001 par value, (10,000,000 shares authorized, no shares issued and outstanding)	-	-
Common stock, \$0.001 par value (50,000,000 shares authorized, 14,157,029 and 14,128,922 shares issued, respectively)	14	14
Additional paid-in capital	55,296	55,030
Treasury stock, at cost (676,900 shares)	(1,502)	(1,502)
Accumulated deficit	(44,690)	(43,735)
Total stockholders' equity	<u>9,118</u>	<u>9,807</u>
Total liabilities and stockholders' equity	<u>\$ 11,595</u>	<u>\$ 12,105</u>