

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

	<b>For the Years Ended July 31,</b>	
	<b>2007</b>	<b>2006</b>
<b>REVENUE</b>		
Third party revenue	\$ 10,076	\$ 12,014
Related party revenue	586	-
Net revenue	<u>10,662</u>	<u>12,014</u>
<b>COST OF REVENUE</b>		
Third party cost of revenue	4,126	3,967
Related party cost of revenue	489	-
Cost of revenue	<u>4,615</u>	<u>3,967</u>
Gross profit	<u>6,047</u>	<u>8,047</u>
<b>OPERATING EXPENSE</b>		
Selling, general and administrative	4,766	4,747
Research and development	2,872	2,565
Other expense, net	11	60
Total operating expense	<u>7,649</u>	<u>7,372</u>
(Loss) income from continuing operations	<u>(1,602)</u>	<u>675</u>
Interest income	272	186
(Loss) income from continuing operations before income taxes	<u>(1,330)</u>	<u>861</u>
Income tax expense	-	-
(Loss) income from continuing operations after income taxes	<u>(1,330)</u>	<u>861</u>
<b>DISCONTINUED OPERATIONS</b>		
Income from discontinued operations, net of tax and minority interest of \$289 and \$208, respectively	-	256
Gain on disposal of discontinued operations, net of tax of \$20	-	303
Income from discontinued operations	<u>-</u>	<u>559</u>
(Loss) income before extraordinary item	<u>(1,330)</u>	<u>1,420</u>
<b>EXTRAORDINARY ITEM</b>		
Extraordinary gain, net of income taxes of \$0	-	217
Net (loss) income	<u>\$ (1,330)</u>	<u>\$ 1,637</u>
Weighted average shares outstanding		
Basic	13,558	13,339
Diluted	13,558	13,426
Basic (loss) income per share:		
From continuing operations after income taxes	\$ (0.10)	\$ 0.06
From discontinued operations, net of tax and minority interest	-	0.04
From extraordinary gain, net of income taxes	-	0.02
Basic (loss) income per share	<u>\$ (0.10)</u>	<u>\$ 0.12</u>
Diluted (loss) income per share:		
From continuing operations after income taxes	\$ (0.10)	\$ 0.06
From discontinued operations, net of tax and minority interest	-	0.04
From extraordinary gain, net of income taxes	-	0.02
Diluted (loss) income per share	<u>\$ (0.10)</u>	<u>\$ 0.12</u>

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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>2007</b>	<b>2006</b>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 2,256	\$ 934
Marketable securities	3,400	5,750
Trade accounts receivable, net of allowance of \$694 and \$372, respectively	1,831	1,639
Trade accounts receivable - related party	117	27
Proceeds receivable from sale of discontinued operations	-	89
Inventories	2,382	2,167
Prepaid and other current assets	153	289
Total current assets	10,139	10,895
Property and equipment, net	433	338
Long-term receivable, net of allowance of \$232	-	153
Intangibles, net	334	-
Goodwill	-	418
Investments	300	301
Total assets	\$ 11,206	\$ 12,105
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Trade accounts payable	\$ 433	\$ 453
Trade accounts payable - related party	337	72
Deferred acquisition payment	-	397
Accrued expenses and other	1,220	1,376
Total current liabilities	1,990	2,298
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, 14,247,029 and 14,128,922 shares issued, respectively)	14	14
Additional paid-in capital	55,769	55,030
Treasury stock, at cost (676,900 shares)	(1,502)	(1,502)
Accumulated deficit	(45,065)	(43,735)
Total stockholders' equity	9,216	9,807
Total liabilities and stockholders' equity	\$ 11,206	\$ 12,105