

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

	<b>Three Months Ended</b>	
	<b>October 31,</b>	
	<b>2007</b>	<b>2006</b>
<b>REVENUE</b>		
Third party revenue	\$ 2,268	\$ 2,708
Related party revenue	128	-
Net revenue	<u>2,396</u>	<u>2,708</u>
<b>COST OF REVENUE</b>		
Third party cost of revenue	892	943
Related party cost of revenue	120	-
Cost of revenue	<u>1,012</u>	<u>943</u>
Gross profit	<u>1,384</u>	<u>1,765</u>
<b>OPERATING EXPENSE</b>		
Selling, general and administrative	1,040	1,057
Research and development	757	742
Other expense	26	6
Total operating expense	<u>1,823</u>	<u>1,805</u>
Loss from continuing operations	(439)	(40)
Interest income	46	80
(Loss) income from continuing operations before income taxes	<u>(393)</u>	<u>40</u>
Income tax expense	-	-
(Loss) income from continuing operations after income taxes	<u>(393)</u>	<u>40</u>
<b>DISCONTINUED OPERATIONS</b>		
Loss from discontinued operations, net of tax of \$0	(518)	-
Loss from discontinued operations	<u>(518)</u>	<u>-</u>
Net (loss) income	<u>\$ (911)</u>	<u>\$ 40</u>
<b>COMPREHENSIVE INCOME (LOSS)</b>		
Net (loss) income	\$ (911)	\$ 40
Foreign currency translation adjustment	38	-
Comprehensive (loss) income	<u>\$ (873)</u>	<u>\$ 40</u>
Weighted average shares outstanding:		
Basic	13,580	13,547
Diluted	13,580	13,725
Basic (loss) income per share:		
From continuing operations after income taxes	\$ (0.03)	\$ *
From discontinued operations, net of tax and minority interest	(0.04)	-
Basic (loss) income per share	<u>\$ (0.07)</u>	<u>\$ *</u>
Diluted (loss) income per share:		
From continuing operations after income taxes	\$ (0.03)	\$ *
From discontinued operations, net of tax and minority interest	(0.04)	-
Diluted (loss) income per share	<u>\$ (0.07)</u>	<u>\$ *</u>

\* Less than \$0.01

(0.06) 0.00  
(0.06) 0.00

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

	<b>October 31, 2007 (unaudited)</b>	<b>July 31, 2007</b>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 1,596	\$ 2,256
Marketable securities	2,650	3,400
Trade accounts receivable, net of allowance of \$672 and \$694, respectively	1,266	1,781
Trade accounts receivable - related party	95	117
Inventories	2,561	2,348
Prepaid and other current assets	191	118
Current assets of discontinued operations	-	119
Total current assets	8,359	10,139
Property and equipment, net	347	298
Intangibles, net	313	334
Investments	1,200	300
Non-current assets of discontinued operations	73	135
Total assets	\$ 10,292	\$ 11,206
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Trade accounts payable	\$ 484	\$ 432
Trade accounts payable - related party	139	337
Accrued expenses and other	1,260	1,205
Current liabilities of discontinued operations	15	16
Total current liabilities	1,898	1,990
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, 14,262,694 and 14,247,029 shares issued, respectively)	14	14
Additional paid-in capital	55,820	55,769
Treasury stock, at cost (676,900 shares)	(1,502)	(1,502)
Accumulated deficit	(45,976)	(45,065)
Accumulated other comprehensive income	38	-
Total stockholders' equity	8,394	9,216
Total liabilities and stockholders' equity	\$ 10,292	\$ 11,206