

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

	Three Months Ended		Six Months Ended	
	January 31,		January 31,	
	2008	2007	2008	2007
<b>REVENUE</b>				
Third party revenue	\$ 1,392	\$ 1,319	\$ 3,660	\$ 4,027
Related party revenue	88	168	216	168
Net revenue	<u>1,480</u>	<u>1,487</u>	<u>3,876</u>	<u>4,195</u>
<b>COST OF REVENUE</b>				
Third party cost of revenue	576	514	1,468	1,457
Related party cost of revenue	80	156	200	156
Cost of revenue	<u>656</u>	<u>670</u>	<u>1,668</u>	<u>1,613</u>
Gross profit	<u>824</u>	<u>817</u>	<u>2,208</u>	<u>2,582</u>
<b>OPERATING EXPENSE</b>				
Selling, general and administrative	1,107	1,120	2,147	2,177
Research and development	680	768	1,437	1,510
Other expense	11	24	37	30
Total operating expense	<u>1,798</u>	<u>1,912</u>	<u>3,621</u>	<u>3,717</u>
Loss from continuing operations	(974)	(1,095)	(1,413)	(1,135)
Interest income	34	80	80	160
(Loss) income from continuing operations before income taxes	<u>(940)</u>	<u>(1,015)</u>	<u>(1,333)</u>	<u>(975)</u>
Income tax expense	-	-	-	-
(Loss) income from continuing operations after income taxes	<u>(940)</u>	<u>(1,015)</u>	<u>(1,333)</u>	<u>(975)</u>
<b>DISCONTINUED OPERATIONS</b>				
Loss from discontinued operations, net of tax of \$0	(59)	-	(577)	-
Loss from discontinued operations	(59)	-	(577)	-
Net (loss) income	<u>\$ (999)</u>	<u>\$ (1,015)</u>	<u>\$ (1,910)</u>	<u>\$ (975)</u>
<b>COMPREHENSIVE INCOME (LOSS)</b>				
Net (loss) income	\$ (999)	\$ (1,015)	\$ (1,910)	\$ (975)
Foreign currency translation adjustment	27	-	65	-
Comprehensive (loss) income	<u>\$ (972)</u>	<u>\$ (1,015)</u>	<u>\$ (1,845)</u>	<u>\$ (975)</u>
Weighted average shares outstanding - basic and diluted	13,588	13,552	13,584	13,549
Basic and diluted (loss) income per share:				
From continuing operations after income taxes	\$ (0.07)	\$ (0.07)	\$ (0.10)	\$ (0.07)
From discontinued operations, net of tax	-	-	(0.04)	-
Basic and diluted (loss) income per share	<u>\$ (0.07)</u>	<u>\$ (0.07)</u>	<u>\$ (0.14)</u>	<u>\$ (0.07)</u>

\* Less than \$0.01

(0.07) (0.07) (0.14) (0.07)

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

	<b>January 31, 2008</b>	<b>July 31, 2007</b>
	<u>(unaudited)</u>	<u></u>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 926	\$ 2,256
Marketable securities	1,900	3,400
Trade accounts receivable, net of allowance of \$667 and \$694, respectively	949	1,781
Trade accounts receivable - related party	83	117
Inventories	2,833	2,348
Prepaid and other current assets	310	118
Current assets of discontinued operations	-	119
Total current assets	<u>7,001</u>	<u>10,139</u>
Property and equipment, net	339	298
Intangibles, net	293	334
Investments	1,200	300
Non-current assets of discontinued operations	73	135
Total assets	<u>\$ 8,906</u>	<u>\$ 11,206</u>
 <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Trade accounts payable	\$ 255	\$ 432
Trade accounts payable - related party	94	337
Accrued expenses and other	1,006	1,205
Current liabilities of discontinued operations	40	16
Total current liabilities	<u>1,395</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, \$0.001 par value (50,000,000 shares authorized, 14,343,194 and 14,247,029 shares issued, respectively)	14	14
Additional paid-in capital	55,909	55,769
Treasury stock, at cost (676,900 shares)	(1,502)	(1,502)
Accumulated deficit	(46,975)	(45,065)
Accumulated other comprehensive income	65	-
Total stockholders' equity	<u>7,511</u>	<u>9,216</u>
Total liabilities and stockholders' equity	<u>\$ 8,906</u>	<u>\$ 11,206</u>