

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

	For the Years Ended July 31,	
	2008	2007
REVENUE		
Third party revenue	\$ 6,646	\$ 10,039
Related party revenue	348	586
Net revenue	<u>6,994</u>	<u>10,625</u>
COST OF REVENUE		
Third party cost of revenue	2,832	4,043
Related party cost of revenue	323	489
Cost of revenue	<u>3,155</u>	<u>4,532</u>
Gross profit	<u>3,839</u>	<u>6,093</u>
OPERATING EXPENSE		
Selling, general and administrative	3,893	4,491
Research and development	2,641	2,872
Other expense, net	283	11
Total operating expense	<u>6,817</u>	<u>7,374</u>
Loss from continuing operations	<u>(2,978)</u>	<u>(1,281)</u>
Interest income	117	272
Loss from continuing operations before income taxes	<u>(2,861)</u>	<u>(1,009)</u>
Income tax expense	-	-
Loss from continuing operations after income taxes	<u>(2,861)</u>	<u>(1,009)</u>
DISCONTINUED OPERATIONS		
Loss from discontinued operations	(604)	(321)
Gain on disposal of discontinued operations, net of tax of \$0	13	-
Loss from discontinued operations	<u>(591)</u>	<u>(321)</u>
Net loss	<u>\$ (3,452)</u>	<u>\$ (1,330)</u>
COMPREHENSIVE LOSS		
Net loss	\$ (3,452)	\$ (1,330)
Foreign currency translation adjustment	105	-
Comprehensive loss	<u>\$ (3,347)</u>	<u>\$ (1,330)</u>
Weighted average shares outstanding		
Basic and diluted	2,725	2,712
Basic and diluted loss per share:		
From continuing operations	\$ (1.05)	\$ (0.37)
From discontinued operations, net of tax	<u>(0.22)</u>	<u>(0.12)</u>
Basic and diluted loss per share	<u>\$ (1.27)</u>	<u>\$ (0.49)</u>

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

	As of July 31,	
	2008	2007
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,545	\$ 2,256
Marketable securities	1,000	3,400
Trade accounts receivable, net of allowance of \$680 and \$694, respectively	932	1,781
Trade accounts receivable - related party	84	117
Inventories	2,501	2,348
Prepaid and other current assets	177	118
Current assets of discontinued operations	-	119
Total current assets	6,239	10,139
Property and equipment, net	176	298
Intangibles, net	251	334
Investments	900	300
Other non-current assets	88	-
Non-current assets of discontinued operations	-	135
Total assets	\$ 7,654	\$ 11,206
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Trade accounts payable	\$ 214	\$ 432
Trade accounts payable - related party	126	337
Note payable	138	-
Accrued expenses and other	1,145	1,205
Current liabilities of discontinued operations	-	16
Total current liabilities	1,623	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, \$0.005 par value (10,000,000 shares authorized, 2,869,608 and 2,849,629 shares issued, respectively)	14	14
Additional paid-in capital	55,931	55,769
Treasury stock, at cost (135,380 shares)	(1,502)	(1,502)
Accumulated deficit	(48,517)	(45,065)
Accumulated other comprehensive income	105	-
Total stockholders' equity	6,031	9,216
Total liabilities and stockholders' equity	\$ 7,654	\$ 11,206