

**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>2010</b>	<b>2009</b>
<b>REVENUE</b>		
Third party revenue	\$ 17,094	\$ 10,355
Related party revenue	-	290
Net revenue	<u>17,094</u>	<u>10,645</u>
 <b>COST OF REVENUE</b>		
Third party cost of revenue	10,908	5,659
Related party cost of revenue	-	204
Cost of revenue	<u>10,908</u>	<u>5,863</u>
Gross profit	6,186	4,782
 <b>OPERATING EXPENSE</b>		
Selling, general and administrative	4,784	3,633
Research and development	502	926
Other	52	120
Total operating expense	<u>5,338</u>	<u>4,679</u>
Income from operations	848	103
 <b>OTHER INCOME (EXPENSE)</b>		
Interest expense, net	(671)	(466)
Equity earnings of unconsolidated investee	61	29
Gain on bargain purchase	497	-
Gain on investment	15	-
Total other expense	<u>(98)</u>	<u>(437)</u>
Income (loss) before income taxes	750	(334)
 Income tax expense	<u>(248)</u>	<u>(5)</u>
Net income (loss)	502	(339)
Less: Net income attributable to the noncontrolling interest	35	-
Net income (loss) attributable to eOn Communications Corp. shareholders	<u>\$ 467</u>	<u>\$ (339)</u>
 Weighted average shares outstanding:		
Basic	<u>2,760</u>	<u>2,735</u>
Diluted	<u>2,762</u>	<u>2,735</u>
 Basic income (loss) income per share	<u>\$ 0.17</u>	<u>\$ (0.12)</u>
Diluted income (loss) income per share	<u>\$ 0.17</u>	<u>\$ (0.12)</u>

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

	<b>As of July 31,</b>	
	<b>2010</b>	<b>2009</b>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 4,108	\$ 3,010
Trade accounts receivable, net of allowance of \$235 and \$332, respectively	4,168	2,943
Trade accounts receivable - related party	8	228
Inventories	4,948	5,032
Deferred income taxes	-	270
Prepaid and other current assets	257	242
Total current assets	13,489	11,725
Property and equipment, net	279	209
Intangibles, net	847	410
Investments	990	1,136
Investment in unconsolidated equity investee	-	140
Total assets	\$ 15,605	\$ 13,620
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Trade accounts payable	\$ 2,361	\$ 1,127
Trade accounts payable - related party	-	11
Notes payable - related parties	674	1,157
Accrued expenses and other	1,977	1,628
Total current liabilities	5,012	3,923
Notes payable - related parties, net of current portion	3,647	3,891
Total liabilities	8,659	7,814
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, 2,989,269 and 2,873,992 shares issued, respectively)	15	14
Additional paid-in capital	56,269	56,048
Treasury stock, at cost (139,580 shares)	(1,503)	(1,503)
Accumulated deficit	(48,389)	(48,856)
Accumulated other comprehensive income	110	103
Total eOn Communications Corp. stockholders' equity	6,502	5,806
Noncontrolling interest	444	-
Total stockholders' equity	6,946	5,806
Total liabilities and stockholders' equity	\$ 15,605	\$ 13,620