

Digi International Inc.
Condensed Consolidated Statement of Operations
(In thousands, except per share amounts)
(Unaudited)

	Three months ended	
	December 31, 2006	December 31, 2005
Net sales	\$ 41,811	\$ 33,376
Cost of sales (exclusive of amortization of purchased and core technology shown separately below)	18,650	14,010
Amortization of purchased and core technology	1,148	1,168
Gross profit	22,013	18,198
Operating expenses:		
Sales and marketing	8,158	6,752
Research and development	5,972	4,815
General and administrative	2,911	3,242
Intangibles amortization	667	511
Total operating expenses	17,708	15,320
Operating income	4,305	2,878
Other income (expense):		
Interest income	796	417
Interest expense	(25)	(41)
Other expense	-	(43)
Total other income, net	771	333
Income before income taxes	5,076	3,211
Income tax provision	1,274	1,028
Net income	<u>\$ 3,802</u>	<u>\$ 2,183</u>
Net income per common share, basic	<u>\$ 0.15</u>	<u>\$ 0.10</u>
Net income per common share, diluted	<u>\$ 0.15</u>	<u>\$ 0.09</u>
Weighted average common shares, basic	<u>25,078</u>	<u>22,781</u>
Weighted average common shares, diluted	<u>25,983</u>	<u>23,486</u>