

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

	Three months ended	
	December 31, 2007	December 31, 2006
Net sales	\$ 44,574	\$ 41,811
Cost of sales (exclusive of amortization of purchased and core technology shown separately below)	19,543	18,650
Amortization of purchased and core technology	<u>1,136</u>	<u>1,148</u>
Gross profit	23,895	22,013
Operating expenses:		
Sales and marketing	8,686	8,158
Research and development	6,589	5,972
General and administrative	3,353	2,911
Intangibles amortization	<u>669</u>	<u>667</u>
Total operating expenses	<u>19,297</u>	<u>17,708</u>
Operating income	4,598	4,305
Interest income (expense):		
Interest income	1,054	796
Interest expense	<u>(14)</u>	<u>(25)</u>
Total interest income (expense)	<u>1,040</u>	<u>771</u>
Income before income taxes	5,638	5,076
Income tax provision	<u>1,968</u>	<u>1,274</u>
Net income	<u>\$ 3,670</u>	<u>\$ 3,802</u>
Net income per common share, basic	<u>\$ 0.14</u>	<u>\$ 0.15</u>
Net income per common share, diluted	<u>\$ 0.14</u>	<u>\$ 0.15</u>
Weighted average common shares, basic	<u>25,619</u>	<u>25,078</u>
Weighted average common shares, diluted	<u>26,593</u>	<u>25,983</u>