

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

	Three months ended September 30,		Twelve months ended September 30,	
	2008	2007	2008	2007
Net sales	\$ 50,417	\$ 45,070	\$ 185,056	\$ 173,263
Cost of sales (exclusive of amortization of purchased and core technology shown separately below)	23,367	20,119	83,096	77,376
Amortization of purchased and core technology	<u>1,110</u>	<u>1,132</u>	<u>4,091</u>	<u>4,541</u>
Gross profit	25,940	23,819	97,869	91,346
Operating expenses:				
Sales and marketing	9,666	8,397	36,879	33,499
Research and development	6,927	6,097	27,040	24,176
General and administrative	3,484	2,451	13,195	10,694
Intangibles amortization	575	663	2,330	2,649
Acquired in-process research and development	-	-	1,900	-
Total operating expenses	<u>20,652</u>	<u>17,608</u>	<u>81,344</u>	<u>71,018</u>
Operating income	5,288	6,211	16,525	20,328
Loss on impairment of investment	(1,015)	-	(1,015)	-
Interest income, net	<u>645</u>	<u>1,011</u>	<u>3,405</u>	<u>3,396</u>
Income before income taxes	4,918	7,222	18,915	23,724
Income tax provision	<u>1,319</u>	<u>1,646</u>	<u>6,564</u>	<u>3,951</u>
Net income	<u>\$ 3,599</u>	<u>\$ 5,576</u>	<u>\$ 12,351</u>	<u>\$ 19,773</u>
Net income per common share, basic	<u>\$ 0.14</u>	<u>\$ 0.22</u>	<u>\$ 0.48</u>	<u>\$ 0.78</u>
Net income per common share, diluted	<u>\$ 0.14</u>	<u>\$ 0.21</u>	<u>\$ 0.47</u>	<u>\$ 0.76</u>
Weighted average common shares, basic	<u>25,585</u>	<u>25,476</u>	<u>25,659</u>	<u>25,259</u>
Weighted average common shares, diluted	<u>26,002</u>	<u>26,385</u>	<u>26,242</u>	<u>26,121</u>