

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

	<u>Three months ended March 31,</u>		<u>Six months ended March 31,</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Net sales	\$ 45,076	\$ 40,085	\$ 88,044	\$ 81,446
Cost of sales (exclusive of amortization of purchased and core technology shown separately below)	21,254	19,908	41,417	38,977
Amortization of purchased and core technology	<u>1,074</u>	<u>1,008</u>	<u>2,166</u>	<u>2,052</u>
Gross profit	22,748	19,169	44,461	40,417
Operating expenses:				
Sales and marketing	9,603	8,976	18,843	18,601
Research and development	7,078	6,196	13,564	13,170
General and administrative	3,515	2,724	6,957	5,917
Intangibles amortization	709	674	1,425	1,364
Restructuring	<u>(352)</u>	<u>-</u>	<u>(352)</u>	<u>-</u>
Total operating expenses	<u>20,553</u>	<u>18,570</u>	<u>40,437</u>	<u>39,052</u>
Operating income	2,195	599	4,024	1,365
Other income (expense):				
Interest income, net	58	354	99	849
Other income (expense)	<u>301</u>	<u>41</u>	<u>263</u>	<u>(195)</u>
Total other income, net	<u>359</u>	<u>395</u>	<u>362</u>	<u>654</u>
Income before income taxes	2,554	994	4,386	2,019
Income tax provision	<u>868</u>	<u>279</u>	<u>1,501</u>	<u>288</u>
Net income	<u>\$ 1,686</u>	<u>\$ 715</u>	<u>\$ 2,885</u>	<u>\$ 1,731</u>
Net income per common share, basic	<u>\$ 0.07</u>	<u>\$ 0.03</u>	<u>\$ 0.12</u>	<u>\$ 0.07</u>
Net income per common share, diluted	<u>\$ 0.07</u>	<u>\$ 0.03</u>	<u>\$ 0.12</u>	<u>\$ 0.07</u>
Weighted average common shares, basic	<u>24,816</u>	<u>24,953</u>	<u>24,758</u>	<u>25,169</u>
Weighted average common shares, diluted	<u>25,213</u>	<u>25,195</u>	<u>25,072</u>	<u>25,439</u>