

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

	Three months ended March 31,		Six months ended March 31,	
	2011	2010	2011	2010
Net sales	\$ 49,716	\$ 45,076	\$ 98,050	\$ 88,044
Cost of sales (exclusive of amortization of purchased and core technology shown separately below)	23,212	21,254	46,032	41,417
Amortization of purchased and core technology	<u>853</u>	<u>1,074</u>	<u>1,701</u>	<u>2,166</u>
Gross profit	25,651	22,748	50,317	44,461
Operating expenses:				
Sales and marketing	9,532	9,603	19,330	18,843
Research and development	7,849	7,078	15,657	13,564
General and administrative	3,934	3,515	7,687	6,957
Intangibles amortization	694	709	1,386	1,425
Restructuring	<u>(20)</u>	<u>(352)</u>	<u>(70)</u>	<u>(352)</u>
Total operating expenses	<u>21,989</u>	<u>20,553</u>	<u>43,990</u>	<u>40,437</u>
Operating income	3,662	2,195	6,327	4,024
Other (expense) income:				
Interest income, net	42	58	73	99
Other (expense) income	<u>(223)</u>	<u>301</u>	<u>(235)</u>	<u>263</u>
Total other (expense) income, net	<u>(181)</u>	<u>359</u>	<u>(162)</u>	<u>362</u>
Income before income taxes	3,481	2,554	6,165	4,386
Income tax provision	<u>1,242</u>	<u>868</u>	<u>1,610</u>	<u>1,501</u>
Net income	<u>\$ 2,239</u>	<u>\$ 1,686</u>	<u>\$ 4,555</u>	<u>\$ 2,885</u>
Net income per common share, basic	<u>\$ 0.09</u>	<u>\$ 0.07</u>	<u>\$ 0.18</u>	<u>\$ 0.12</u>
Net income per common share, diluted	<u>\$ 0.09</u>	<u>\$ 0.07</u>	<u>\$ 0.18</u>	<u>\$ 0.12</u>
Weighted average common shares, basic	<u>25,230</u>	<u>24,816</u>	<u>25,169</u>	<u>24,758</u>
Weighted average common shares, diluted	<u>25,692</u>	<u>25,213</u>	<u>25,562</u>	<u>25,072</u>