

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

	Three months ended June 30,		Nine months ended June 30,	
	2012	2011	2012	2011
Net sales	\$ 47,632	\$ 54,274	\$ 143,310	\$ 152,324
Cost of sales (exclusive of amortization of purchased and core technology shown separately below)	21,884	24,877	66,302	70,909
Amortization of purchased and core technology	<u>444</u>	<u>642</u>	<u>1,491</u>	<u>2,343</u>
Gross profit	25,304	28,755	75,517	79,072
Operating expenses:				
Sales and marketing	9,920	10,134	30,359	29,464
Research and development	7,779	7,860	23,764	23,517
General and administrative	4,056	3,913	12,211	11,600
Intangibles amortization	504	684	1,597	2,070
Restructuring	<u>963</u>	<u>-</u>	<u>1,259</u>	<u>(70)</u>
Total operating expenses	<u>23,222</u>	<u>22,591</u>	<u>69,190</u>	<u>66,581</u>
Operating income	2,082	6,164	6,327	12,491
Other (expense) income:				
Interest income, net	71	35	202	108
Other (expense) income	<u>(192)</u>	<u>(378)</u>	<u>(37)</u>	<u>(613)</u>
Total other (expense) income, net	<u>(121)</u>	<u>(343)</u>	<u>165</u>	<u>(505)</u>
Income before income taxes	1,961	5,821	6,492	11,986
Income tax (benefit) provision	<u>(346)</u>	<u>2,206</u>	<u>1,339</u>	<u>3,816</u>
Net income	<u>\$ 2,307</u>	<u>\$ 3,615</u>	<u>\$ 5,153</u>	<u>\$ 8,170</u>
Net income per common share, basic	<u>\$ 0.09</u>	<u>\$ 0.14</u>	<u>\$ 0.20</u>	<u>\$ 0.32</u>
Net income per common share, diluted	<u>\$ 0.09</u>	<u>\$ 0.14</u>	<u>\$ 0.20</u>	<u>\$ 0.32</u>
Weighted average common shares, basic	<u>25,770</u>	<u>25,369</u>	<u>25,705</u>	<u>25,236</u>
Weighted average common shares, diluted	<u>26,043</u>	<u>25,879</u>	<u>26,138</u>	<u>25,687</u>