UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

April 28, 2008
Date of report (date of earliest event reported)

DIGI INTERNATIONAL INC.
(Exact name of registrant as specified in its charter)

Delaware	0-17972	41-1532464
(State of Incorporation)	(Commission file number)	(I.R.S. Employer Identification No.)

11001 Bren Road East, Minnetonka, Minnesota	55343
(Address of principal executive offices)	(Zip Code)

Telephone Number: (952) 912-3444
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

o Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

o Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

o Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

o Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 1.01 Entry Into a Material Definitive Agreement.

The information set forth under Item 2.01 of this Current Report on Form 8-K is also responsive to this Item 1.01 and is hereby incorporated in this Item 1.01 by reference.

Item 2.01. Completion of Acquisition or Disposition of Assets.

On April 28, 2008, Digi International Limited ("***Buyer***"), a private limited company and wholly owned subsidiary of Digi International Inc. (the "***Company***") entered into and closed a Share Purchase Agreement, dated as of April 28, 2008, with all of the shareholders of Sarian Systems Limited ("***Sarian***"), a private limited company (the "***Agreement***"). Pursuant to the terms of the Agreement, the Buyer purchased all of the issued share capital (the "***Transaction***") for an aggregate cash purchase price of US $30,500,000 (the "***Purchase Price***"), which includes approximately US $2,500,000 for Sarian's cash. The Purchase Price is subject to adjustment on a pound for pound basis upwards if the net asset value of Sarian (based on the closing accounts) exceeds GBP 2,418,223. The Purchase Price is subject to adjustment on a pound for pound basis downwards if the net asset value of Sarian (based on the closing accounts) is less than GBP 2,318,223. Sarian will continue operations as a wholly-owned subsidiary of the Buyer.

On April 28, 2008, the Company issued a press release announcing the Transaction. A copy of the press release is attached as Exhibit 99(a) to this Current Report on Form 8-K and is incorporated by reference.

Item 2.02 Results of Operations and Financial Condition.

On April 28, 2008, the Company reported its financial results for the second quarter of fiscal 2008. See the Company's press release dated April 28, 2008, which is furnished as Exhibit 99(b) and incorporated by reference in this Current Report on Form 8-K.

NON-GAAP FINANCIAL MEASURES

The press release furnished as Exhibit 99(b) and certain information the Company intends to disclose on the conference call include certain non-GAAP financial measures. These measures include (i) earnings before taxes, depreciation, amortization ("***EBTDA***") and (ii) certain non-recurring items. The non-recurring items consist of in-process research and development and other acquisition-related expenses. The reconciliations of these measures to the most directly comparable GAAP financial measures are provided in the press release or are included below.

Management understands that there are material limitations to the use of non-GAAP measures. With respect to the measures that exclude non-recurring items, management believes that excluding these one-time non-recurring items provides useful information to investors regarding the Company's results of operations and financial condition and permits a more meaningful comparison and understanding of the Company's operating performance. Additionally, EBTDA does not reflect the Company's cash expenditures, the cash requirements for the replacement of depreciated and amortized assets, or changes in or cash requirements for the Company's working capital needs. Furthermore, measures of EBTDA, including EBTDA as a percentage of net sales, may be calculated differently from company to company, limiting its usefulness as a comparative measure. Management nevertheless believes that the presentation of EBTDA as a percentage of net sales is useful to investors because it provides a reliable and consistent approach to measuring the Company's performance from year to year and in assessing the Company's performance against other companies. Management believes that such information helps investors compare operating results and corporate performance exclusive of the impact of the Company's capital structure and the method by which assets were acquired. Management believes that EBTDA as a percentage of net sales is not only useful for the Company in measuring and monitoring internal performance, but it is also widely used by analysts and investors to assess the Company's performance. The Company uses EBTDA as a percentage of net sales as a key performance indicator of how the Company is performing compared to prior periods and compared to the Company's operating plan. Furthermore, the Company's incentive compensation plans use EBTDA to measure operating performance, which is a factor that the most employees have the ability to influence.

Reconciliation of Income before Income Taxes to Earnings before Taxes, Depreciation and Amortization and Acquired In-Process Research and Development
(In thousands of dollars and as a percent of Net Sales)

	For the twelve months ended Sept. 30, 2006	% of net sales	For the twelve months ended Sept.30, 2007	% of net sales	For the three months ended March 31, 2008	% of net sales	For the six months ended March 31, 2008	% of net sales
Net sales	$ 144,663	100.0%	$ 173,263	100.0%	$ 43,070	100.0%	$ 87,644	100.0%
Income before income taxes	$ 15,267	10.6%	$ 23,724	13.7%	$ 4,662	10.8%	$ 10,300	23.9%
Acquired in-process research and development	2,000	1.4%	—	0.0%			—	
Depreciation and amortization	10,566	7.3%	10,165	5.9%	2,295	5.3%	4,792	11.1%
Earnings before taxes, depreciation, and amortization and acquired in-process research and development	$ 27,833	19.2%	$ 33,889	19.6%	$ 6,957	16.2%	$ 15,092	17.2%

Item 7.01. Regulation FD Disclosure.

Additional information about the Transaction included in the third, fourth, fifth and sixth paragraphs of the press release attached as Exhibit 99(a) to this Current Report on Form 8-K is furnished herewith.

Item 9.01 Financial Statements and Exhibits.

99(a) Press Release dated April 28, 2008 regarding the acquisition of Sarian Systems Limited.

99(b) Press Release dated April 28, 2008 announcing financial results for the second quarter of fiscal 2008.

SIGNATURES

Pursuant to the requirements of the Securities and Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned duly authorized.

Date: April 28, 2008

DIGI INTERNATIONAL INC.

By: /s/ Joseph T. Dunsmore
Joseph T. Dunsmore
Chairman, President and Chief Executive Officer

EXHIBIT INDEX

Exhibit	Description	Method of Filing
99(a)	Press Release dated April 28, 2008 regarding the acquisition of Sarian Systems Limited.	Filed Electronically
99(b)	Press Release dated April 28, 2008 announcing financial results for the second quarter of fiscal 2008	Filed Electronically

EXHIBIT 99A

Digi Acquires European Wireless Router Leader Sarian Systems

U.K.-based company extends Digi's wireless portfolio and solidifies Digi's position as a global leader in commercial grade cellular/wireless routers

MINNETONKA, Minn. (April 28, 2008) — Digi International® Inc. (NASDAQ: DGII) today announced the acquisition of Sarian Systems, Limited. a privately held U.K. based corporation and a leader in the European wireless router market. The acquisition is a cash transaction for approximately $30.5 million for all the outstanding ordinary shares of Sarian. The purchase price of $30.5 million takes into account cash on Sarian's balance sheet as of the acquisition date, estimated to be $2.5 million.

Sarian Systems designs, develops and manufactures advanced wireless/cellular IP Routing equipment for mission critical applications. Having developed its own comprehensive IP operating system and software, Sarian delivers customers technical excellence, flexibility and rapid customization. With a vertical market focus and deep protocol knowledge, Sarian has developed a strong customer base in ATM connectivity; retail and payment systems connectivity; remote monitoring or telemetry; lottery terminal connectivity; and wireless backup of wired broadband connections. This vertical focus is highly complementary to Digi's market approach.

"As we got to know the Sarian team and business, it quickly became apparent that this acquisition was a great fit on many levels," said Joe Dunsmore, Chairman, President and CEO of Digi. "We're acquiring a high-growth, profitable wireless business that can be expanded from Europe into other parts of the world. We have very similar corporate cultures and vertical go-to-market strategies, so integration will be straightforward. And with Sarian's strong European engineering and sales presence, we're immediately increasing the international content and capabilities of our business."

"With the great cultural and technical fit we see Digi as the ideal partner to take the fast growing business that we have in Europe, Scandinavia and Southern Africa into many other geographic regions," said Andrew Hood, Managing and Technical Director of Sarian. "Digi's market-leading Drop-in Networking technology and our flexible wired and wireless IP routing capability create a powerful global combination."

Transaction Specifics

Digi expects Sarian to contribute in excess of $2.5 million in revenue for the third fiscal quarter of 2008, from date of acquisition, and in a range of approximately $3.5 to $5.5 million in revenue for the fourth fiscal quarter of 2008. Digi anticipates Sarian will contribute revenue in a range of $23 million to $27 million for fiscal year 2009.

Digi anticipates that in-process research and development and other acquisition-related expenses will reduce earnings per diluted share by $0.08 to $0.10 for the third fiscal quarter of 2008. Digi expects the Sarian acquisition will be $0.06 to $0.08 accretive per diluted share for fiscal 2009, and that Sarian earnings per diluted share will be breakeven or slightly accretive beginning in the fourth quarter of fiscal 2008.

Pursuant to the terms of the share purchase agreement, Sarian became a wholly owned subsidiary of Digi International Ltd., located in the United Kingdom, a second tier subsidiary of Digi International Inc. Digi will retain the Sarian office in Ilkley, West Yorkshire, England.

Second Fiscal Quarter 2008 and Sarian Acquisition Conference Call Details

Digi invites all those interested in hearing management's discussion of its quarter and the Sarian acquisition, on Monday, April 28, 2008 after market close at 5:00 p.m. EDT (4:00 p.m. CT), to join the call by dialing (800) 237-9752 and entering passcode 17264102. International participants may access the call by dialing (617) 847-8706 and entering passcode 17264102. A replay will be available two hours after the completion of the call, and for one week following the call, by dialing (888) 286-8010 for domestic participants or (617) 801-6888 for international participants and entering access code 44427522 when prompted. Participants may also access a live webcast of the conference call through the investor relations section of Digi's website, www.digi.com.

About Digi International

Digi International, the leader in device networking for business, develops reliable products and technologies to connect and securely manage local or remote electronic devices over the network or via the web. Digi offers the highest levels of performance, flexibility and quality, and markets its products through a global network of distributors and resellers, systems integrators and original equipment manufacturers (OEMs). For more information visit www.digi.com

About Sarian Systems

Sarian Systems manufacturers advanced wired and wireless IP routers designed for mission critical communications. Founded in 1999, Sarian is a privately owned company backed by funds managed by YFM Private Equity and based in Ilkley, Yorkshire. Sarian primarily targets businesses in the retail, lottery, finance, telemetry and remote access markets. Its broadband and wireless routers are used for a wide variety of purposes, including broadband backup, network performance monitoring and EPOS transactions.

Sarian sells products in more than 40 countries, to blue chip companies including American Express, Travelex and BP Oil. Major telecommunications operators such as T-Mobile, and ATM operators also rely on Sarian products for day to day operation of their businesses. For more information visit www.sarian.co.uk

Forward-Looking Statements

This press release contains statements that constitute "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, which generally can be identified by the use of forward-looking terminology such as "anticipate," "believe," target," "estimate," "may," "will," "expect," "plan," "project," "should," or "continue" or the negative thereof or other variations thereon or similar terminology. Such statements are based on information available to management as of the time of such statements and relate to, among other things, expectations of the business environment in which the companies operate, projections of future performance, perceived opportunities in the market and statements regarding the combined company's mission and vision, future financial and operating results, and benefits of the transaction. Such statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions, including risks related to the highly competitive market in which the companies operate, rapid changes in technologies that may displace products sold by the combined company, declining prices of networking products, the combined company's reliance on distributors, delays in product development efforts, uncertainty in consumer acceptance of the combined company's products, and changes in the companies' level of revenue or profitability.

These forward-looking statements are neither promises nor guarantees, but are subject to risk and uncertainties that could cause actual results to differ materially from the expectations set forth in the forward-looking statements, including but not limited to uncertainties associated with economic conditions in the marketplace, particularly in the principal industry sectors served by the combined company, changes in customer requirements and in the volume of sales to principal customers, the ability of the combined company to achieve the anticipated benefits and synergies associated with this transaction, the challenges and risks associated with managing and operating business in numerous international locales, competition and technological change, and the risks that the businesses will not be integrated successfully.

These and other risks, uncertainties and assumptions identified from time to time in Digi's filings with the Securities and Exchange Commission, including without limitation, its annual reports on From 10-K and quarterly reports on Form 10-Q, could cause future results to differ materially from those expressed in any forward-looking statements. Many of such factors are beyond Digi's ability to control or predict. These forward-looking statements speak only as of the date for which they are made. The companies disclaim any intent or obligation to update publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

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EXHIBIT 99B

Digi International Reports Second Fiscal Quarter 2008 Results

Strong International Revenue Growth Offsets Weakness in the Americas

(Minneapolis, MN, April 28, 2008) — Digi International® Inc. (NASDAQ: DGII, http://www.digi.com) reported revenue of $43.1 million for the second fiscal quarter of 2008, compared with $42.9 million for the second fiscal quarter of 2007, an increase of $0.2 million, or 0.5%. Revenue in the Americas was $26.5 million in the second fiscal quarter of 2008 compared to $28.8 million in the second fiscal quarter of 2007, a decrease of $2.3 million, or 8.2%. Revenue in Europe was $12.6 million in the second fiscal quarter of 2008 compared to $10.8 million in the comparable quarter a year ago, an increase of $1.8 million, or 17.1%. Revenue in the Asia Pacific region was $4.0 million in the second fiscal quarter of 2008 compared to $3.3 million in the second fiscal quarter of 2007, an increase of $0.7 million, or 22.8%.

“Strong international growth has served to offset the Americas’ weakness,” said Joe Dunsmore, Digi’s Chief Executive Officer. “While the economic slowdown in the U.S. has dampened overall growth, Digi is positioned very well to emerge from it in a strengthened competitive position.”

Revenue from embedded products in the second fiscal quarter of 2008 was $21.7 million, compared to $18.4 million in the second fiscal quarter of 2007, an increase of $3.3 million, or 17.9%. Revenue from non-embedded products was $21.4 million in the second fiscal quarter of 2008, compared to $24.5 million in the second fiscal quarter of 2007, a decrease of $3.1 million, or 12.6%.

The gross profit margin was $23.2 million, or 53.8% for the second fiscal quarter of 2008 compared to $22.5 million, or 52.5% for the second fiscal quarter of 2007, an increase of $0.7 million. The gross profit margin was higher than the comparable quarter a year ago by 1.3 percentage points, primarily due to product and mix changes within both the embedded and non-embedded product groups and a decrease in amortization of purchased and core technology. Amortization of purchased and core technology decreased by $0.2 million in the second fiscal quarter of 2008 compared to the same quarter a year ago, and accounted for a 0.5 percentage point increase in gross profit margin.

Total operating expenses in the second fiscal quarter of 2008 were $19.5 million, or 45.3% of revenue, compared to $17.8 million, or 41.5% of revenue, in the second fiscal quarter of 2007. Operating expenses were higher in the second fiscal quarter of 2008 compared to the comparable quarter a year ago primarily as a result of incremental headcount resulting in increased compensation-related sales and marketing and research and development expenses, as well as increased expenses resulting from continuing investments in the Drop-In Networking initiative and international expansion.

Digi reported operating income of $3.7 million, or 8.5% of net sales, in the second fiscal quarter of 2008 compared to $4.7 million, or 11.0% of net sales, in the second fiscal quarter of 2007.

Net income was $3.1 million in the second fiscal quarter of 2008, or $0.12 per diluted share, compared to $3.6 million in the second fiscal quarter of 2007, or $0.14 per diluted share.

For the six months ended March 31, 2008, Digi reported revenue of $87.6 million compared to revenue of $84.7 million for the six months ended March 31, 2007, an increase of $2.9 million, or 3.5%. Revenue in the Americas was $55.3 million in the first six months of fiscal 2008 compared to $58.4 million in the same period a year ago, a decrease of $3.1 million, or 5.2%. Revenue in Europe was $23.8 million for the first six months of fiscal 2008 compared to $19.6 million in the comparable period a year ago, an increase of $4.2 million, or 21.1%. Revenue in the Asia Pacific region was $8.5 million in the first six months of fiscal 2008 compared to $6.7 million in the first six months of fiscal 2007, an increase of $1.8 million, or 28.3%.

Revenue from embedded products in the first six months of fiscal 2008 was $42.4 million, compared to $35.1 million in the first six months of fiscal 2007, an increase of $7.3 million, or 21.0%. Revenue from non-embedded products was $45.2 million in the first six months of 2008, compared to $49.6 million in the comparable period in 2007, a decrease of $4.4 million, or 8.9%.

For the six months ended March 31, 2008, Digi reported net income of $6.8 million, or $0.26 per diluted share, compared to net income for the six months ended March 31, 2007 of $7.4 million, or $0.28 per diluted share. Net income benefited by $0.5 million, or $0.02 per diluted share, during the first six months of fiscal 2007 as a result of a retroactive benefit from the extension of the research and development credit.

Digi’s cash and cash equivalents and marketable securities balance, including long-term marketable securities, was $100.8 million at March 31, 2008, an increase of $13.2 million over the cash and cash equivalents and marketable securities balance at September 30, 2007, which includes 4.5 million Euros, or approximately $7.0 million, received from the sale of the building in Dortmund, Germany in March 2008. At March 31, 2008, Digi's current ratio was 7.3 to 1, and the Company had no debt other than capital lease obligations.

Second Fiscal Quarter 2008 Business Highlights:

Digi continues to expand its wireless Drop-in Networking product family, with several announcements:

- Digi extended its line of Drop-in Networking gateways with the launch of the ConnectPort X2 and ConnectPort X4. Gateways connect local area wireless networks such as ZigBee, 802.15.4, and 900 MHz, with IP networks. These IP networks can be Ethernet, Wi-Fi, or public cellular networks. With the previously launched ConnectPort X8, Digi now has basic, cellular cost optimized, and full featured gateways to meet virtually any Drop-in Networking application.
- Digi introduced the XBee-PRO ZNet 2.5, an extended-range wireless RF module designed for ZigBee mesh networking. With up to one mile line of sight range, ZigBee mesh networking can now be used for applications where there is a greater distance between nodes like automated meter reading, asset management and remote sensor management.
- With the Digi Connect WAN 3G, Digi launched an upgradeable third generation (3G) Wireless WAN router for primary and backup connectivity to remote sites and devices. The Digi Connect® WAN 3G targets simple Ethernet to high-speed cellular requirements and adds a cost optimized, high-speed solution to Digi's industry leading line of cellular routers.
- Digi introduced the Digi Connect® WAN GPRS, a second generation (2G), commercial grade cellular router. It is ideal for applications requiring modem-like connection speeds of up to 40 kbps such as remote asset monitoring, meter reading, vehicle tracking, security and many more.

Other launches included the following:

- Digi introduced the Digi Wi-Point 3G, a PC card based 3G cellular router with integrated Wi-Fi access point. The device works with more cellular PC data cards than any other cellular router; enabling Internet connectivity virtually anywhere a cellular signal is available.
- Digi launched the industry's first flexible Ethernet networking module, the ConnectCore™ 9P 9215. Customers can tailor the interfaces on this module for the specific needs of an application.

- Digi introduced the Digi ShowBox, a stand-alone presentation player for tradeshow exhibits, information displays, mobile workforce presentations or any other electronic exhibit.

Revised Guidance

Digi is revising its guidance for fiscal year 2008 as a result of the impact of the economic slowdown in the U.S., primarily due to weakness in revenue generated in North America, and the acquisition of Sarian Systems which was announced today in a concurrent press release. For the full fiscal year, Digi forecasts 2008 revenue to be in a range of $180 million to $192 million, or an increase over fiscal 2007 revenue of 4% to 11%. Fiscal 2008 revenue guidance includes estimated revenue from Sarian Systems from date of acquisition of approximately $6 to $8 million. Digi expects earnings per diluted share for fiscal 2008 to be in a range of $0.38 to $0.52, which includes estimated in-process research and development and other expenses totaling $0.08 to $0.10 associated with the acquisition of Sarian Systems as of April 28, 2008. Fiscal 2008 earnings per diluted share are expected to be in a range of $0.46 to $0.62, excluding estimated in-process research and development and other acquisition-related expenses. Digi anticipates that organic revenue growth rates will return to an estimated range of 10 — 20% when the North American economy returns to normal GDP growth.

Below is a reconciliation of our reported earnings per diluted share guidance to the guidance excluding estimated in-process research and development and other acquisition-related expenses:

Reconciliation of Reported Diluted Earnings per Share Guidance for Fiscal 2008 to Diluted Earnings per Share, Excluding Estimated In-Process Research and Development and other Acquisition-Related Expenses

	FY 2008 - Estimated Range for EPS Guidance	
	Low	High
Reported diluted earnings per share anticipated for fiscal 2008	$ 0.38	$ 0.52
Estimated impact of in-process research and development and other acquisition-related expenses	0.08	0.10
Diluted earnings per share anticipated for fiscal 2008, excluding the impact of estimated in-process research and development and other acquisition-related expenses	$ 0.46	$ 0.62

Second Fiscal Quarter 2008 and Sarian Acquisition Conference Call Details

Digi invites all those interested in hearing management’s discussion of its quarter and the Sarian acquisition, on Monday, April 28, 2008 after market close at 5:00 p.m. EDT (4:00 p.m. CT), to join the call by dialing (800) 237-9752 and entering passcode 17264102. International participants may access the call by dialing (617) 847-8706 and entering passcode 17264102. A replay will be available two hours after the completion of the call, and for one week following the call, by dialing (888) 286-8010 for domestic participants or (617) 801-6888 for international participants and entering access code 44427522 when prompted. Participants may also access a live webcast of the conference call through the investor relations section of Digi’s website, www.digi.com.

About Digi International

Digi International, based in Minneapolis, is the leader in device networking for business. Digi develops reliable products and technologies that enable companies to connect and securely manage local or remote electronic devices over the network or via the web.

Forward-Looking Statements

This press release contains statements that constitute “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, which generally can be identified by the use of forward-looking terminology such as “anticipate,” “believe,” “target,” “estimate,” “may,” “will,” “expect,” “plan,” “project,” “should,” or “continue” or the negative thereof or other variations thereon or similar terminology. Such statements are based on information available to management as of the time of such statements and relate to, among other things, expectations of the business environment in which the Company operates, projections of future performance, perceived opportunities in the market and statements regarding the Company’s mission and vision. Such statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions, including risks related to the highly competitive market in which the Company operates, rapid changes in technologies that may displace products sold by the Company, declining prices of networking products, the Company’s reliance on distributors, delays in the Company’s product development efforts, uncertainty in consumer acceptance of the Company’s products, continued or increasing weakness in North America and developing weakness in other regions due to changes in economic conditions, and changes in the Company’s level of revenue or profitability. These and other risks, uncertainties and assumptions identified from time to time in the Company’s filings with the Securities and Exchange Commission, including without limitation, its annual report on Form 10-K for the year ended September 30, 2007 and its quarterly reports on Form 10-Q, could cause the Company’s future results to differ materially from those expressed in any forward-looking statements made by or on behalf of the Company. Many of such factors are beyond the Company’s ability to control or predict. These forward-looking statements speak only as of the date for which they are made. The Company disclaims any intent or obligation to update publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

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The Investor Relations Group
New York, NY
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Digi International Reports Second Fiscal Quarter 2008 Results

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,	
	2008	2007	2008	2007
Net sales	$ 43,070	$ 42,855	$ 87,644	$ 84,666
Cost of sales (exclusive of amortization of purchased and core technology shown separately below)	18,986	19,215	38,529	37,865
Amortization of purchased and core technology	907	1,129	2,043	2,277
Gross profit	23,177	22,511	47,072	44,524
Operating expenses:				
Sales and marketing	9,034	8,427	17,720	16,585
Research and development	6,529	6,068	13,118	12,040
General and administrative	3,364	2,644	6,717	5,555
Intangibles amortization	596	658	1,265	1,325
Total operating expenses	19,523	17,797	38,820	35,505
Operating income	3,654	4,714	8,252	9,019
Other income, net	1,008	759	2,048	1,530
Income before income taxes	4,662	5,473	10,300	10,549
Income tax provision	1,565	1,876	3,533	3,150
Net income	$ 3,097	$ 3,597	$ 6,767	$ 7,399
Net income per common share, basic	$ 0.12	$ 0.14	$ 0.26	$ 0.29
Net income per common share, diluted	$ 0.12	$ 0.14	$ 0.26	$ 0.28
Weighted average common shares, basic	25,714	25,186	25,666	25,131
Weighted average common shares, diluted	26,312	25,959	26,479	25,976

Condensed Consolidated Balance Sheets
(In thousands)
(Unaudited)

	March 31, 2008	September 30, 2007
ASSETS		
Current assets:		
Cash and cash equivalents	$ 27,135	$ 18,375
Marketable securities	58,020	67,111
Accounts receivable, net	25,344	21,022
Inventories	26,804	26,130
Other	4,769	4,961
Total current assets	142,072	137,599
Marketable securities, long-term	15,682	2,081
Property, equipment and improvements, net	15,472	19,987
Identifiable intangible assets, net	21,032	24,214
Goodwill	67,320	66,817
Restricted cash — non-current	421	—
Other	1,041	1,128
Total assets	$ 263,040	$ 251,826
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Capital lease obligations, current portion	$ 380	$ 379
Accounts payable	8,929	6,554
Accrued compensation	5,545	7,080
Other accrued expenses	4,101	4,727
Income taxes payable	468	3,156
Total current liabilities	19,423	21,896
Capital lease obligations, net of current portion	179	358
Net deferred tax liabilities	4,648	6,667
Income taxes payable — long-term	3,990	—
Deferred gain on building sale — leaseback	1,194	—
Total liabilities	29,434	28,921
Total stockholders' equity	233,606	222,905
Total liabilities and stockholders' equity	$ 263,040	$ 251,826

Digi International Inc.
Condensed Consolidated Statements of Cash Flows
(In thousands)
(Unaudited)

	Three months ended March 31, 2008	Six months ended March 31, 2008
Operating activities:		
Net income	$ 3,097	$ 6,767
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation of property, equipment and improvements	692	1,293
Amortization of identifiable intangible assets and other assets	1,603	3,499
Gain on sale of property, equipment and improvements	(120)	(120)
Excess tax benefits from stock-based compensation	(36)	(165)
Stock-based compensation	904	1,776
Deferred income taxes	(685)	(1,920)
Other	(10)	152
Changes in operating assets and liabilities:		
Accounts receivable	(4,216)	(3,549)
Inventories	(132)	(752)
Other assets	(67)	237
Accounts payable and accrued expenses	5,127	978
Income taxes payable	(1,281)	697
Net cash provided by operating activities	4,876	8,893
Investing activities:		
Purchase of held-to-maturity marketable securities	(27,855)	(51,691)
Proceeds from maturities of held-to-maturity marketable securities	27,262	47,181
Contingent purchase price payments related to business acquisitions	—	(1,315)
Increase in restricted cash — non-current	(392)	(392)
Proceeds from the sale of property, equipment, improvements	6,954	6,954
Purchase of property, equipment, improvements and certain other intangible assets	(731)	(1,908)
Net cash provided by (used in) investing activities	5,238	(1,171)
Financing activities:		
Payments on capital lease obligations and long-term debt	(86)	(188)
Excess tax benefits from stock-based compensation	36	165
Proceeds from stock option plan transactions	412	1,636
Proceeds from employee stock purchase plan transactions	—	348
Net cash provided by financing activities	362	1,961
Effect of exchange rate changes on cash and cash equivalents	(1,119)	(923)
Net increase in cash and cash equivalents	9,357	8,760
Cash and cash equivalents, beginning of period	17,778	18,375
Cash and cash equivalents, end of period	$ 27,135	$ 27,135