

Catapult Communications Corporation
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands)
(Unaudited)

	<u>September 30,</u> <u>2006</u>	<u>September 30,</u> <u>2005</u>
ASSETS		
Current Assets:		
Cash, cash equivalents and short-term investments	\$ 70,134	\$ 68,807
Accounts receivable, net	9,696	14,724
Inventories	3,484	3,104
Other current assets	1,677	2,004
Total current assets	<u>84,991</u>	<u>88,639</u>
Property and equipment, net	1,912	1,693
Goodwill and other intangibles	49,610	53,445
Other assets	294	3,983
Total assets	<u>\$ 136,807</u>	<u>\$ 147,760</u>
 LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable and accrued liabilities	\$ 4,592	\$ 7,055
Deferred revenue	7,703	7,697
Total current liabilities	<u>12,295</u>	<u>14,752</u>
Deferred taxes and other long term liabilities	2,524	
Deferred revenue long-term portion	256	485
Total liabilities	<u>15,075</u>	<u>15,237</u>
Total stockholders' equity	<u>121,732</u>	<u>132,523</u>
Total liabilities and stockholders' equity	<u>\$ 136,807</u>	<u>\$ 147,760</u>

Catapult Communications Corporation
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share amounts)
(Unaudited)

	For the three months ended September 30,		For the twelve months ended September 30,	
	2006	2005	2006	2005
Revenues:				
Products	\$ 9,928	\$ 12,100	\$ 32,372	\$ 50,441
Services	3,902	3,651	15,012	14,507
Total revenues	<u>13,830</u>	<u>15,751</u>	<u>47,384</u>	<u>64,948</u>
Cost of revenues:				
Products	1,938	1,859	5,513	5,766
Services	885	838	3,811	3,434
Amortization and impairment of purchased technology	2,029	171	2,543	686
Total cost of revenues	<u>4,852</u>	<u>2,868</u>	<u>11,867</u>	<u>9,886</u>
Gross profit	<u>8,978</u>	<u>12,883</u>	<u>35,517</u>	<u>55,062</u>
Operating expenses:				
Research and development	3,594	3,039	13,652	12,445
Sales and marketing	4,136	4,465	17,341	18,401
General and administrative	3,508	3,130	10,647	9,008
Restructuring costs	359	-	359	-
Total operating expenses	<u>11,597</u>	<u>10,634</u>	<u>41,999</u>	<u>39,854</u>
Operating income (loss)	(2,619)	2,249	(6,482)	15,208
Interest income	826	442	2,817	1,364
Other income (expense), net	<u>(67)</u>	<u>(28)</u>	<u>(11)</u>	<u>(148)</u>
Income (loss) before income taxes	(1,860)	2,663	(3,676)	16,424
Provision for income taxes	9,216	141	6,990	2,276
Net income (loss)	<u>\$ (11,076)</u>	<u>\$ 2,522</u>	<u>\$ (10,666)</u>	<u>\$ 14,148</u>
Net income (loss) per share:				
Basic	<u>\$ (0.76)</u>	<u>\$ 0.17</u>	<u>\$ (0.72)</u>	<u>\$ 0.96</u>
Diluted	<u>\$ (0.76)</u>	<u>\$ 0.17</u>	<u>\$ (0.72)</u>	<u>\$ 0.94</u>
Shares used in per share calculation:				
Basic	<u>14,617</u>	<u>14,772</u>	<u>14,736</u>	<u>14,677</u>
Diluted	<u>14,617</u>	<u>14,977</u>	<u>14,736</u>	<u>15,019</u>