

SMDK CORP
CONSOLIDATED BALANCE SHEETS
AS OF DECEMBER 31, 2008

| | December 31, | |
|--|---|-----------------|
| | 2008 | 2007 |
| | (in thousands, except par value) | |
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 81 | \$ 919 |
| Accounts receivable, less allowance for doubtful accounts of \$0 in 2008 and \$0 in 2007. | 49 | 617 |
| Inventories..... | 0 | 0 |
| Prepaid expenses and other current assets | 0 | 26 |
| Total current assets | 130 | 1,562 |
| Property and equipment, net | 0 | 0 |
| Intangible assets, net..... | 0 | 0 |
| Deposits and other assets | 1,510 | 2,065 |
| TOTAL ASSETS | \$1640 | \$ 3,627 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current liabilities: | | |
| Bank line of credit..... | \$ 0 | \$ 0 |
| Accounts payable..... | 334 | 1,353 |
| Accrued liabilities | 559 | 926 |
| Term Loan..... | 3,208 | 2,955 |
| Total current liabilities | 4,101 | 5,234 |
| Commitments and contingencies | - | - |
| Preferred stock, \$.001 par value; 5,000 shares authorized; none issued and outstanding at December 31, 2007 and 2006..... | - | - |
| Stockholders' equity: | | |
| Common stock, \$.001 par value; 60,000 shares authorized; 26,885 issued and 26,785 outstanding at December 31, 2007 and 2006..... | 27 | 27 |
| Capital in excess of par value | 149,134 | 149,482 |
| Common stock held in treasury, 100 shares at December 31, 2007 and 2006, at cost..... | (99) | (99) |
| Accumulated other comprehensive loss..... | (6) | (202) |
| Notes receivable from officers | 0 | (348) |
| Accumulated deficit | (151,517) | (150,467)) |
| Total stockholders' equity..... | (2,461) | (1,607) |
| TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY | \$ 1,640 | \$ 3,627 |

Note: Fiscal 2008 and Fiscal 2007 Balance Sheets are un-audited

SMDK CORP

CONSOLIDATED STATEMENTS OF OPERATIONS

AS OF DECEMBER 31, 2008

| | Year Ended December 31, | |
|---------------------------------------|---|-------------|
| | 2008 | 2007 |
| | (in thousands, except per share amounts) | |
| Revenues: | | |
| Product sales | \$ 0 | \$ 17,735 |
| Royalty income and license fees | 0 | 7,418 |
| Total revenues | 0 | 25,153 |
| Cost of revenues: | | |
| Cost of product sales | 0 | 20,447 |
| Total cost of revenues | 0 | 20,447 |
| Gross profit | 0 | 4,706 |
| Operating expenses: | | |
| Research and development..... | 0 | 193 |
| Sales and marketing..... | 0 | 766 |
| General and administrative..... | 779 | 6,509 |
| Amortization and depreciation | 0 | 341 |
| Total operating expenses | 779 | 7,809 |
| Operating loss..... | (779) | (3,103) |
| Gain (Loss) on foreign exchange | 0 | (44) |
| Interest and other income | 0 | 57 |
| Interest and other expenses | (264) | (1,014) |
| Loss before income taxes | (1,043) | (4,104) |
| Income tax benefit | 0 | 0 |
| Net loss | (1,043) | (4,104) |

Note: Fiscal 2008 and Fiscal 2007 Statements of Operations are un-audited