

SMDK CORP.
CONSOLIDATED BALANCE SHEETS
AS OF DECEMBER 31, 2007

	December 31,	
	2007	2006
	(in thousands, except par value)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 919	\$ 222
Accounts receivable, less allowance for doubtful accounts of \$0 in 2007 and \$893 in 2006.	617	10,900
Inventories	0	9,229
Prepaid expenses and other current assets	26	499
Total current assets	1,562	20,850
Property and equipment, net	0	273
Intangible assets, net	0	1,392
Deposits and other assets	2,065	190
TOTAL ASSETS	\$3,627	\$ 22,705
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Bank line of credit	\$ 0	\$ 7,082
Accounts payable	1,353	7,717
Accrued liabilities	926	1,043
Term Loan	2,955	4,522
Total current liabilities	5,234	20,364
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	149,482	149,482
Common stock held in treasury, 100 shares at December 31, 2007 and 2006, at cost	(99)	(99)
Accumulated other comprehensive loss	(202)	(368)
Notes receivable from officers	(348)	(338)
Accumulated deficit	(150,467)	(146,363)
Total stockholders' equity	(1,607)	2,341
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 3,627	\$ 22,705

Note: Fiscal 2007 and Fiscal 2006 Balance Sheets are un-audited

SMDK CORP.

CONSOLIDATED STATEMENTS OF OPERATIONS

AS OF DECEMBER 31, 2007

	<u>Year Ended December 31,</u>	
	<u>2007</u>	<u>2006</u>
	(in thousands, except per share amounts)	
Revenues:		
Product sales	\$ 17,735	\$ 44,026
Royalty income and license fees	7,418	0
Total revenues	<u>25,153</u>	<u>44,026</u>
Cost of revenues:		
Cost of product sales	20,447	39,623
Total cost of revenues	<u>20,447</u>	<u>39,623</u>
Gross profit	4,706	4,403
Operating expenses:		
Research and development	193	389
Sales and marketing	766	1,705
General and administrative	6,509	3,874
Amortization and depreciation	341	333
Total operating expenses	<u>7,809</u>	<u>6,301</u>
Operating loss	(3,103)	(1,898)
Gain (Loss) on foreign exchange	(44)	17
Interest and other income	57	14
Interest and other expenses	<u>(1,014)</u>	<u>(1,056)</u>
Loss before income taxes	(4,104)	(2,923)
Income tax benefit	0	(11)
Net loss	<u>(4,104)</u>	<u>(2,934)</u>

Note: Fiscal 2007 and Fiscal 2006 Statements of Operations are un-audited