

**TUNDRA SEMICONDUCTOR CORPORATION**  
**PRO FORMA CONSOLIDATED STATEMENTS OF EARNINGS**  
**For the fiscal quarters ended January 27, 2008 and January 28, 2007**

(Canadian dollars, amounts in thousands except per share data)

(Unaudited)

|  | Three months ended |                    | Nine months ended  |                    |
|--|--------------------|--------------------|--------------------|--------------------|
|  | January 27<br>2008 | January 28<br>2007 | January 27<br>2008 | January 28<br>2007 |
| Revenue:   |                    |                    |                    |                    |
| Product  | \$ 12,832          | \$ 19,047          | \$ 46,501          | \$ 56,064          |
| Service  | 1,892              | 2,627              | 6,173              | 7,036              |
|  | 14,724             | 21,674             | 52,674             | 63,100             |
| Cost of revenue:                                     |                    |                    |                    |                    |
| Product  | 4,202              | 5,346              | 14,843             | 17,066             |
| Service  | 1,185              | 1,472              | 3,726              | 3,912              |
|  | 5,387              | 6,818              | 18,569             | 20,978             |
| Gross margin   | 9,337              | 14,856             | 34,105             | 42,122             |
| Expenses:  |                    |                    |                    |                    |
| Sales and marketing                                  | 2,803              | 3,436              | 8,726              | 10,351             |
| General and administration                           | 1,775              | 2,103              | 6,264              | 7,353              |
| Research and development                             | 5,206              | 7,206              | 17,073             | 19,134             |
|  | 9,784              | 12,745             | 32,063             | 36,838             |
| Pro forma earnings (loss) from operations            | (447)              | 2,111              | 2,042              | 5,284              |
| Interest and other income                            | 926                | 925                | 1,958              | 2,217              |
| Pro forma earnings before income taxes               | 479                | 3,036              | 4,000              | 7,501              |
| Income tax provision                                 | 166                | 10                 | 827                | 102                |
| <b>PRO FORMA EARNINGS</b>                            | \$ 313             | \$ 3,026           | \$ 3,173           | \$ 7,399           |
| Pro forma earnings per share                         |                    |                    |                    |                    |
| Basic  | \$ 0.02            | \$ 0.15            | \$ 0.16            | \$ 0.37            |
| Diluted  | \$ 0.02            | \$ 0.15            | \$ 0.16            | \$ 0.37            |
| Weighted average number of common shares outstanding |                    |                    |                    |                    |
| Basic  | 19,825             | 19,984             | 19,901             | 19,912             |
| Diluted  | 19,837             | 20,047             | 19,958             | 20,148             |

**TUNDRA SEMICONDUCTOR CORPORATION**  
**CONSOLIDATED STATEMENTS OF EARNINGS (LOSS) AND DEFICIT**  
**For the fiscal quarters ended January 27, 2008 and January 28, 2007**

*(Canadian dollars, amounts in thousands except per share data)*

*(Unaudited)*

|  | <b>Three months ended</b>  |                            | <b>Nine months ended</b>   |                            |
|--|----------------------------|----------------------------|----------------------------|----------------------------|
|  | <b>January 27<br/>2008</b> | <b>January 28<br/>2007</b> | <b>January 27<br/>2008</b> | <b>January 28<br/>2007</b> |
| Revenue:   |                            |                            |                            |                            |
| Product  | \$ 12,832                  | \$ 19,047                  | \$ 46,501                  | \$ 56,064                  |
| Service  | 1,892                      | 2,627                      | 6,173                      | 7,036                      |
|  | 14,724                     | 21,674                     | 52,674                     | 63,100                     |
| Cost of revenue:                                       |                            |                            |                            |                            |
| Product  | 4,202                      | 5,346                      | 14,843                     | 17,066                     |
| Service  | 1,185                      | 1,472                      | 3,726                      | 3,912                      |
|  | 5,387                      | 6,818                      | 18,569                     | 20,978                     |
| Gross margin   | 9,337                      | 14,856                     | 34,105                     | 42,122                     |
| Expenses:  |                            |                            |                            |                            |
| Sales and marketing                                    | 2,803                      | 3,436                      | 8,726                      | 10,351                     |
| General and administration                             | 1,775                      | 2,103                      | 6,264                      | 7,353                      |
| Research and development                               | 5,206                      | 7,206                      | 17,073                     | 19,134                     |
| Stock-based compensation                               | 575                        | 561                        | 1,682                      | 2,556                      |
| Amortization of purchased intangibles and other assets | 888                        | 1,199                      | 2,987                      | 3,816                      |
| Restructuring charges                                  | 2,304                      | -                          | 3,963                      | -                          |
|  | 13,551                     | 14,505                     | 40,695                     | 43,210                     |
| Earnings (loss) from operations                        | (4,214)                    | 351                        | (6,590)                    | (1,088)                    |
| Interest and other income                              | 926                        | 925                        | 1,958                      | 2,217                      |
| Impairment of goodwill                                 | (50,571)                   | -                          | (50,571)                   | -                          |
| Earnings (loss) before income taxes                    | (53,859)                   | 1,276                      | (55,203)                   | 1,129                      |
| Income tax provision                                   | 166                        | 10                         | 506                        | 737                        |
| NET EARNINGS (LOSS)                                    | (54,025)                   | 1,266                      | (55,709)                   | 392                        |
| Deficit, beginning of period                           | (26,485)                   | (27,720)                   | (24,801)                   | (26,846)                   |
| DEFICIT, END OF PERIOD                                 | \$ (80,510)                | \$ (26,454)                | \$ (80,510)                | \$ (26,454)                |
| Earnings (loss) per share                              |                            |                            |                            |                            |
| Basic  | \$ (2.73)                  | \$ 0.06                    | \$ (2.80)                  | \$ 0.02                    |
| Diluted  | \$ (2.72)                  | \$ 0.06                    | \$ (2.79)                  | \$ 0.02                    |
| Weighted average number of common shares outstanding   |                            |                            |                            |                            |
| Basic  | 19,825                     | 19,984                     | 19,901                     | 19,912                     |
| Diluted  | 19,837                     | 20,047                     | 19,958                     | 20,148                     |

**TUNDRA SEMICONDUCTOR CORPORATION**  
**CONSOLIDATED BALANCE SHEETS**

*(Canadian dollars, amounts in thousands)*

|   | <b>January 27<br/>2008<br/>(Unaudited)</b> | <b>April 30<br/>2007<br/>(Audited)</b> |
|---|--|--|
| <b>ASSETS</b>                                       |  |  |
| Current assets                                      |  |  |
| Cash and cash equivalents                           | \$ 20,899                                  | \$ 18,340                              |
| Short-term investments                              | 35,373                                     | 42,379                                 |
| Accounts receivable                                 | 6,853                                      | 7,745                                  |
| Inventories   | 7,283                                      | 9,282                                  |
| Prepaid expenses and other current assets           | 2,970                                      | 4,497                                  |
| Future income tax asset                             | 3,012                                      | 2,997                                  |
|   | <hr/>                                      | <hr/>                                  |
|   | 76,390                                     | 85,240                                 |
| Long-term prepaids                                  | 1,897                                      | 1,895                                  |
| Capital assets                                      | 22,471                                     | 22,343                                 |
| Purchased intangibles and other assets              | 6,936                                      | 5,174                                  |
| Goodwill  | -  | 50,571                                 |
| Future income tax asset                             | 13,426                                     | 11,407                                 |
|   | <hr/>                                      | <hr/>                                  |
|   | \$ 121,120                                 | \$ 176,630                             |
| <hr/>   |  |  |
| <b>CURRENT LIABILITIES AND SHAREHOLDERS' EQUITY</b> |  |  |
| Current liabilities                                 |  |  |
| Accounts payable and accrued liabilities            | \$ 10,873                                  | \$ 11,125                              |
| Income tax payable                                  | -  | 105                                    |
|   | <hr/>                                      | <hr/>                                  |
|   | 10,873                                     | 11,230                                 |
| Shareholders' equity                                |  |  |
| Share capital                                       | 181,445                                    | 183,204                                |
| Contributed surplus                                 | 9,312                                      | 6,997                                  |
| Deficit   | (80,510)                                   | (24,801)                               |
|   | <hr/>                                      | <hr/>                                  |
|   | 110,247                                    | 165,400                                |
|   | <hr/>                                      | <hr/>                                  |
|   | \$ 121,120                                 | \$ 176,630                             |
| <hr/>   |  |  |

**TUNDRA SEMICONDUCTOR CORPORATION**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**For the fiscal quarters ended January 27, 2008 and January 28, 2007**

(Canadian dollars, amounts in thousands)

(Unaudited)

|  | Three months ended |                    | Nine months ended  |                    |
|--|--------------------|--------------------|--------------------|--------------------|
|  | January 27<br>2008 | January 28<br>2007 | January 27<br>2008 | January 28<br>2007 |
| Operating activities:                                  |                    |                    |                    |                    |
| Earnings (loss)  | \$ (54,025)        | \$ 1,266           | \$ (55,709)        | \$ 392             |
| Items not affecting cash:                              |                    |                    |                    |                    |
| Amortization of capital assets and asset impairments   | 2,234              | 2,905              | 6,280              | 7,599              |
| Amortization of purchased intangibles and other assets | 888                | 1,199              | 2,987              | 3,816              |
| Stock-based compensation                               | 526                | 561                | 1,532              | 2,556              |
| Future income taxes                                    | (162)              | (1,102)            | (2,034)            | (3,020)            |
| Impairment of goodwill                                 | 50,571             | -                  | 50,571             | -                  |
|  | 32                 | 4,829              | 3,627              | 11,343             |
| Cash effect of changes in:                             |                    |                    |                    |                    |
| Accounts receivable                                    | (492)              | (1,119)            | 892                | 534                |
| Inventories  | (99)               | (864)              | 1,999              | (4,538)            |
| Prepaid expenses and other current assets              | 292                | (569)              | 1,503              | 508                |
| Accounts payable and accrued liabilities               | 1,622              | 2,391              | (243)              | 3,372              |
| Income taxes payable                                   | -                  | -                  | (115)              | 282                |
|  | 1,355              | 4,668              | 7,663              | 11,501             |
| Investing activities:                                  |                    |                    |                    |                    |
| Acquisition of capital assets                          | (955)              | (1,786)            | (6,386)            | (8,763)            |
| Acquisition of short-term investments                  | (35,373)           | (42,379)           | -                  | (42,379)           |
| Purchased intangibles                                  | (3,802)            | -                  | (4,749)            | -                  |
| Proceeds on disposal of short-term investments         | -                  | -                  | 7,006              | 11,393             |
| Acquisition of business                                | -                  | -                  | -                  | (18,528)           |
|  | (40,130)           | (44,165)           | (4,129)            | (58,277)           |
| Financing activities:                                  |                    |                    |                    |                    |
| Net proceeds on the issue of common shares             | -                  | 212                | 426                | 1,676              |
| Share repurchase                                       | (1,018)            | -                  | (1,401)            | -                  |
| Repayment of debt                                      | -                  | -                  | -                  | (650)              |
|  | (1,018)            | 212                | (975)              | 1,026              |
| Increase (decrease) in cash and cash equivalents       | (39,793)           | (39,285)           | 2,559              | (45,750)           |
| Cash and cash equivalents, beginning of period         | 60,692             | 58,449             | 18,340             | 64,914             |
| Cash and cash equivalents, end of period               | \$ 20,899          | \$ 19,164          | \$ 20,899          | \$ 19,164          |