

MOSAID TECHNOLOGIES INCORPORATED
 (Subject to the Canada Business Corporations Act)
CONSOLIDATED PRO FORMA STATEMENTS OF OPERATIONS
 (In thousands of Canadian Dollars, except per share amounts)
 (Unaudited)

	Quarter Ended April 30,		Year Ended April 30,	
	2008	2007	2008	2007
Revenues	\$16,959	\$12,204	\$55,072	\$59,981
Operating expenses				
Patent portfolio management	1,246	1,136	4,834	4,243
Patent licensing and litigation	5,261	2,071	13,643	7,768
Research and development	603	336	2,351	1,182
General and administration	870	1,891	4,146	7,043
Foreign exchange loss	91	590	606	461
Special committee	-	848	147	2,812
	8,071	6,872	25,727	23,509
Pro forma income from operations	8,888	5,332	29,345	36,472
Net interest income	562	559	2,130	2,399
Pro forma income before income tax	9,450	5,891	31,475	38,871
Income tax expense (Note 3)	3,362	2,055	11,242	13,558
Pro forma income (Note 6)	\$6,088	\$3,836	\$20,233	\$25,313
Pro forma earnings per share				
Basic	\$0.57	\$0.35	\$1.85	\$2.28
Diluted	\$0.57	\$0.34	\$1.83	\$2.24
Weighted average number of shares				
Basic	10,721,721	11,023,860	10,962,648	11,103,185
Diluted	10,770,415	11,216,133	11,057,861	11,321,298

See accompanying Notes to the Consolidated Financial Statements

MOSAID TECHNOLOGIES INCORPORATED
CONSOLIDATED STATEMENTS OF OPERATIONS AND RETAINED EARNINGS
(In thousands of Canadian Dollars, except per share amounts)
(Unaudited)

	Quarter Ended April 30,		Year Ended April 30,	
	2008	2007	2008	2007
Revenues	\$16,959	\$12,204	\$55,072	\$59,981
Operating expenses				
Patent portfolio management	1,246	1,136	4,834	4,243
Patent licensing and litigation	5,261	2,071	13,643	7,768
Research and development	603	336	2,351	1,182
General and administration	870	1,891	4,146	7,043
Foreign exchange loss (gain)	367	(1,040)	(3,393)	(1,169)
Restructuring	-	2,284	19	2,284
Special committee	-	848	147	2,812
Stock-based compensation	153	653	550	1,140
Patent amortization and imputed interest	3,254	2,312	13,223	3,363
	11,754	10,491	35,520	28,666
Income from operations	5,205	1,713	19,552	31,315
Net interest income (Note 3)	562	559	2,130	2,399
Income before income tax expense and discontinued operations	5,767	2,272	21,682	33,714
Income tax expense	1,854	1,001	10,827	13,189
Income before discontinued operations	3,913	1,271	10,855	20,525
Discontinued operations income (net of tax) (Note 5)	1,512	7,772	7,619	4,184
Net income	5,425	9,043	18,474	24,709
Dividends	2,680	2,757	10,958	11,102
Normal course issuer bid	173	-	5,120	6,582
Retained earnings, beginning of period	16,725	10,615	16,901	9,876
Retained earnings, end of period	\$19,297	\$16,901	\$19,297	\$16,901
Earnings per share (Note 4)				
Basic – before discontinued operations	\$0.36	\$0.12	\$0.99	\$1.85
Diluted – before discontinued operations	\$0.36	\$0.11	\$0.98	\$1.81
Basic – net earnings	\$0.51	\$0.82	\$1.69	\$2.23
Diluted – net earnings	\$0.50	\$0.81	\$1.67	\$2.18
Weighted average number of shares				
Basic	10,721,721	11,023,860	10,962,648	11,103,185
Diluted	10,770,415	11,216,133	11,057,861	11,321,298

See accompanying Notes to the Consolidated Financial Statements

MOSAID TECHNOLOGIES INCORPORATED

CONSOLIDATED BALANCE SHEETS

(In thousands of Canadian Dollars)

(Unaudited)

	As at April 30, 2008	As at April 30, 2007
Current Assets		
Cash and cash equivalents	\$22,133	\$23,396
Marketable securities	36,246	26,876
Accounts receivable	12,304	12,626
Prepaid expenses	486	618
Future income taxes recoverable	11,015	10,278
	82,184	73,794
Capital assets		
	957	1,067
Acquired intangibles	70,130	76,823
Long-term receivables	-	1,734
Goodwill	-	1,786
Long-term assets held for sale	-	7,028
Future income taxes recoverable	16,988	24,468
	\$170,259	\$186,700
Current Liabilities		
Accounts payable and accrued liabilities	\$7,723	\$16,091
Income tax payable	356	-
Deferred revenue	1,146	542
Mortgage payable	-	4,346
Other asset	318	-
Current portion of other long-term liabilities	5,345	5,239
	14,888	26,218
Deferred gain on sale-leaseback	1,797	-
Other long-term liabilities	31,195	38,313
	47,880	64,531
Shareholders' Equity (Note 2)		
Share capital	100,403	102,276
Contributed surplus	2,997	2,992
Retained earnings	19,297	16,901
Accumulated other comprehensive income	(318)	-
	122,379	122,169
	\$170,259	\$186,700

See accompanying Notes to the Consolidated Financial Statements

MOSAID TECHNOLOGIES INCORPORATED
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands of Canadian Dollars)
(Unaudited)

	Quarter Ended April 30,		Year Ended April 30,	
	2008	2007	2008	2007
Operating				
Income before discontinued operations	\$3,913	\$1,271	\$10,855	\$20,525
Items not affecting cash				
Amortization	2,472	1,772	9,653	3,025
Stock-based compensation	153	765	550	1,831
Loss on disposal of capital assets	95	1,652	95	1,794
Unrealized foreign exchange gain on other long-term investments	(3,999)	-	(3,999)	-
Future income tax recoverable	1,691	474	6,743	4,603
	4,325	5,934	23,897	31,778
Change in non-cash working capital items from continuing operations	(3,083)	13,434	(9,341)	(1,837)
	1,242	19,368	14,556	29,941
Investing				
Acquisition of capital assets and acquired intangibles	1,036	(18,976)	(1,708)	(36,175)
Acquisition of short-term marketable securities	(2,906)	(10,048)	(119,460)	(88,638)
Proceeds on disposal/maturity of short-term marketable securities	77	35,876	110,090	117,550
	(1,793)	6,244	(11,078)	(7,263)
Financing				
Repayment of mortgage	-	(62)	(4,346)	(244)
Long-term liabilities	(1,632)	(11,678)	(4,081)	-
Repurchase of shares	(364)	-	(10,324)	(9,996)
Dividends	(2,680)	(2,757)	(10,958)	(11,102)
Issue of common shares	63	575	2,702	1,745
	(4,613)	(13,922)	(27,007)	(19,597)
Net cash (outflow) inflow from continuing operations	(5,164)	11,690	(23,529)	3,081
Net cash inflow from discontinued operations	9,885	235	22,266	4,773
Net cash inflow (outflow)	4,721	11,925	(1,263)	7,854
Cash and cash equivalents , beginning of period	17,412	11,471	23,396	15,542
Cash and cash equivalents , end of period	\$22,133	\$23,396	\$22,133	\$23,396

See accompanying Notes to the Consolidated Financial Statements

MOSAID TECHNOLOGIES INCORPORATED
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In thousands of Canadian Dollars)
(Unaudited)

	Quarter Ended		Year Ended	
	April 30,		April 30,	
	2008	2007	2008	2007
Net income	\$5,425	\$9,043	\$18,474	\$24,709
Other comprehensive income, net of tax:				
Gains and losses on derivatives designated as cash flow hedges	(54)	-	846	-
Gains and losses on derivatives designated as cash flow hedges in prior periods transferred to net income in the current period	(302)	-	(1,164)	-
Other comprehensive income	(356)	-	(318)	-
Comprehensive income	\$5,069	\$9,043	\$18,156	\$24,709

See accompanying Notes to the Consolidated Financial Statements

MOSAID TECHNOLOGIES INCORPORATED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Quarter ended April 30, 2008

(tabular dollar amounts in thousands of Canadian Dollars, except per share amounts)

1. Basis of Presentation

The accompanying unaudited financial statements have been prepared in accordance with Canadian generally accounting principles (GAAP) for interim financial information. Accordingly, they do not include all of the information and notes required by GAAP for annual financial statements.

In the opinion of management, all adjustments consisting of normal recurring adjustments, considered necessary for a fair presentation of the Company's financial position, results of operations and cash flows have been included. Operating results for the interim period presented are not necessarily indicative of the results to be expected for any subsequent quarter or for the full fiscal year ending April 30, 2008.

The accounting policies used in preparing these interim financial statements are consistent with those used in preparing the annual financial statements, except as follows:

Comprehensive Income

The CICA issued section 1530 of the CICA Handbook, Comprehensive Income. The section is effective for fiscal years beginning on or after October 1, 2006. It describes how to report and disclose comprehensive income and its components.

Comprehensive income is the change in a company's net assets that results from transactions, events and circumstances from sources other than the company's shareholders. It includes items that would not normally be included in net earnings, such as:

- changes in the currency translation adjustment relating to self-sustaining foreign operations;
- unrealized gains or losses on available-for-sale investments; and
- gains and losses on cash flow hedges.

The CICA also made changes to section 3250 of the CICA Handbook, Surplus, and reissued it as section 3251, Equity. The section is also effective for fiscal years beginning on or after October 1, 2006. The changes in how to report and disclose equity and changes in equity are consistent with the new requirements of section 1530, Comprehensive Income.

Financial Instruments – Recognition and Measurement

The CICA issued section 3855 of the CICA Handbook, Financial Instruments – Recognition and Measurement. The section is effective for fiscal years beginning on or after October 1, 2006. It describes the standards for recognizing and measuring financial assets, financial liabilities and non-financial derivatives. This section requires that:

- all financial assets be measured at fair value, with some exceptions such as loans and investments that are classified as held to maturity;
- all financial liabilities be measured at fair value if they are derivatives or classified as held for trading purposes. Other financial liabilities are measured at their amortized cost; and

- all derivative financial instruments be measured at fair value, even when they are part of a hedging relationship.

The CICA has also reissued section 3860 of the CICA Handbook as section 3861, *Financial Instruments – Disclosure and Presentation*, which establishes standards for presentation of financial instruments and non-financial derivatives, and identifies the information that should be disclosed about them. These revisions come into effect for fiscal years beginning on or after October 1, 2006.

Hedges

The CICA issued section 3865 of the CICA Handbook, Hedges. The section is effective for fiscal years beginning on or after October 1, 2006, and describes when and how hedge accounting can be used. On May 1, 2007, the Company adopted section 3865 of the CICA Handbook, Hedges on a prospective basis.

Hedging is an activity used by a company to change an exposure to one or more risks by creating an offset between:

- changes in the fair value of a hedged item and a hedging item;
- changes in the cash flows attributable to a hedged item and a hedging item; or
- changes resulting from a risk exposure relating to a hedged item and a hedging item.

Hedge accounting makes sure that all gains, losses, revenues and expenses from the derivative and the item it hedges are recorded in the statement of operations in the same period.

As a result of adopting the above, the Company has:

- recorded its foreign exchange risk management derivatives at fair value as at the reporting date on the balance sheet as “Other liabilities;”
- recorded the effective portion of its derivatives on the balance sheet in “Accumulated other comprehensive income;”
- classified all of its cash equivalents and marketable securities as “Held-for-trading” and recorded those securities at their fair value as at the reporting date, with changes in fair value being recognized in income immediately;
- accounts receivable are classified as “Loans and receivables,” which are recorded at amortized cost using the effective interest method;
- mortgage payable is classified as “Other liabilities,” which is recorded at amortized cost using the effective interest method;
- accounts payable and accrued liabilities are classified as “Other liabilities,” which are recorded at amortized cost using the effective interest method;
- classified its long-term liabilities as “Other liabilities,” which are recorded at amortized cost using the effective interest method; and
- reported comprehensive income and its components and accumulated other comprehensive income and its components in the Notes to the consolidated financial statements.

As a result of adoption of the above policies, there was no material impact on the Statement of Operations.

2. Shareholders' equity and other comprehensive income

The following are the changes in shareholders' equity for the year ended April 30, 2008:

	Common shares (number)	Common shares (\$)	Contributed surplus (\$)	Retained earnings (\$)	Accumulated other comprehensive income (\$)	Total (\$)
Balance at April 30, 2007	11,055,376	\$102,276	\$2,992	\$16,901	\$ -	\$122,169
Net income	-	-	-	18,474	-	18,474
Dividends	-	-	-	(10,958)	-	(10,958)
Employee Stock Option Program	219,283	3,267	(627)	-	-	2,640
Employee Share Purchase Program	4,731	64	22	-	-	86
Stock-based compensation	-	-	610	-	-	610
Normal course issuer bid	(559,583)	(5,204)	-	(5,120)	-	(10,324)
Unrealized derivative gains on cash flow hedges – net	-	-	-	-	(318)	(318)
Balance at April 30, 2008	10,719,807	\$100,403	\$2,997	\$19,297	(\$318)	\$122,379

3. Net Interest Income

Net interest income comprises the following:

	Quarter Ended April 30,		Year Ended April 30,	
	2008	2007	2008	2007
Interest income	\$562	\$647	\$2,361	\$2,760
Interest expense	-	88	231	361
	\$562	\$559	\$2,130	\$2,399

4. Earnings per Share

The following is a reconciliation of the numerator and denominator of the basic and diluted per share computations:

	Quarter Ended April 30,		Year Ended April 30,	
	2008	2007	2008	2007
Income before discontinued operations	\$3,913	\$1,271	\$10,855	\$20,525
Discontinued operations (net of tax)	1,512	7,772	7,619	4,184
Net income	\$5,425	\$9,043	\$18,474	\$24,709
Weighted average number of common shares outstanding	10,721,721	11,023,860	10,962,648	11,103,185
Net effect of stock options	48,694	192,273	95,213	218,113
Weighted average diluted number of common shares outstanding	10,770,415	11,216,133	11,057,861	11,321,298

	Quarter Ended April 30,		Year Ended April 30,	
	2008	2007	2008	2007
Earnings per share				
Basic – before discontinued operations	\$0.36	\$0.12	\$0.99	\$1.85
Diluted – before discontinued operations	\$0.36	\$0.11	\$0.98	\$1.81
Basic - net income	\$0.51	\$0.82	\$1.69	\$2.23
Diluted - net income	\$0.50	\$0.81	\$1.67	\$2.18

For the quarter ended April 30, 2008 and April 30, 2007, 261,331 and 12,500 options respectively were excluded from the calculation of diluted earnings per share as the exercise price of these options exceeded the average market price of the Company's common stock during this period and were therefore anti-dilutive.

For the year ended April 30, 2008 and April 30, 2007, 258,331 and 12,500 options respectively were excluded from the calculation of diluted earnings per share as the exercise price of these options exceeded the average market price of the Company's common stock during this period and were therefore anti-dilutive.

There were 396,519 and 541,024 options issued and outstanding as at April 30, 2008 and April 30, 2007 respectively.

5. Discontinued operations

	Quarter Ended April 30,		Year Ended April 30,	
	2008	2007	2008	2007
Revenues	\$163	\$8,553	\$926	\$22,084
Expenses				
Labour and materials	-	2,073	-	5,736
Research and development	(268)	5,849	1,219	16,240
Selling and marketing	(4)	2,868	1,026	7,899
Bad debts	-	-	-	88
Restructuring	(135)	7,991	31	7,991
	(407)	18,781	2,276	37,954
Income (loss) from operations	570	(10,228)	(1,350)	(15,870)
Gain on sale of assets	903	17,806	10,198	17,806
Gain earnings before tax	1,473	7,578	8,848	1,936
Income tax (recovery) expense	(39)	(194)	1,229	(2,248)
Discontinued operations (net of tax)	\$1,512	\$7,772	\$7,619	\$4,184

6. Reconciliation of pro forma income with GAAP net income

	Quarter Ended April 30,		Year Ended April 30,	
	2008	2007	2008	2007
GAAP net income	\$5,425	\$9,043	\$18,474	\$24,709
Add (deduct):				
Stock-based compensation	153	653	550	1,140
Patent amortization and imputed interest	3,254	2,312	13,223	3,363
Restructuring	-	2,284	19	2,284
Foreign exchange loss (gain)	276	(1,630)	(3,999)	(1,630)
Income tax expense - for the above items	(1,508)	(1,749)	(3,584)	(1,064)
Future income tax revaluation	-	695	3,169	695
Discontinued operations (net of tax)	(1,512)	(7,772)	(7,619)	(4,184)
Pro forma income	\$6,088	\$3,836	\$20,233	\$25,313

7. Stock-based Compensation

The Company has an employee stock purchase plan program whereby employees may elect to designate up to 5% of their annual salary to purchase shares of the Company at a 10% discount from the fair market value. The purchase price is deducted over a six month period via payroll.

Also, the Company has an Employee and Director Stock Option Plan. The exercise price is no lower than the market price on the date of grant. Options granted under the Plan expire within a period of six years of granting, with vesting periods determined by the Human Resources Committee.

The Company employs a fair value method of accounting for all options issued to employees or directors on or after April 27, 2002. The fair value of options issued in the quarter was calculated using the Black-Scholes option pricing model and the following assumptions:

	Year Ended April 30,	
	2008	2007
Risk free interest rate	2.9%	4.4%
Expected life in years	5.5	5.5
Expected dividend yield	6.2%	4.3%
Volatility	53.81%	66.62%

For the quarter ended April 30, 2008, the Company did not issue deferred share units in lieu of options to directors and officers of the Company under its Deferred Share Unit Plan. Deferred share units vest evenly over a four year period. Deferred share units do not have an exercise price and can only be settled using cash consideration.

8. Business Segment Information

The Company operates in one business segment as a developer and licensor of semiconductor and communications technologies.