

MOSAID Technologies Incorporated
Unaudited Consolidated Financial Statements
For the Quarter Ended January 31, 2009

The attached consolidated financial statements have been prepared by Management of MOSAID Technologies Incorporated and have not been reviewed by an auditor.

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		Nine Months Ended	
	2009	January 31, 2008	2009	January 31, 2008
Revenues	\$18,055	\$13,992	\$44,502	\$38,113
Operating expenses				
Patent portfolio management	1,246	1,270	3,572	3,588
Patent licensing and litigation	7,484	3,233	18,429	8,382
Research and development	539	657	1,614	1,748
General and administration	1,261	1,118	3,295	3,276
Foreign exchange (gain) loss	(142)	(160)	(1,077)	515
Other	-	35	-	147
	10,388	6,153	25,833	17,656
Pro forma income from operations	7,667	7,839	18,669	20,457
Net interest income	313	605	1,448	1,568
Pro forma income before income tax	7,980	8,444	20,117	22,025
Income tax expense	2,633	3,004	6,639	7,879
Pro forma income (Note 6)	\$ 5,347	\$ 5,440	\$13,478	\$14,146
Pro forma earnings per share				
Basic	\$0.53	\$0.50	\$1.30	\$1.28
Diluted	\$0.53	\$0.50	\$1.30	\$1.27
Weighted average number of shares				
Basic	10,180,831	10,892,593	10,370,617	11,042,957
Diluted	10,180,831	10,963,060	10,386,739	11,154,782

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 January 31,		Nine Months Ended January 31,	
	2009	2008	2009	2008
Revenues	\$18,055	\$13,992	\$44,502	\$38,113
Operating expenses				
Patent portfolio management	1,246	1,270	3,572	3,588
Patent licensing and litigation	7,484	3,233	18,429	8,382
Research and development	539	657	1,614	1,748
General and administration	1,261	1,118	3,295	3,276
Foreign exchange loss (gain)	648	1,983	7,168	(3,760)
Other	235	197	550	563
Patent amortization and imputed interest	3,439	3,133	10,000	9,969
	14,852	11,591	44,628	23,766
Income (loss) from operations	3,203	2,401	(126)	14,347
Net interest income	313	605	1,448	1,568
Income before income tax expense and discontinued operations	3,516	3,006	1,322	15,915
Income tax expense	1,371	4,297	1,981	8,973
Income (loss) before discontinued operations	2,145	(1,291)	(659)	6,942
Discontinued operations income (net of tax) (Note 5)	146	71	883	6,107
Net income (loss)	2,291	(1,220)	224	13,049
Dividends	2,546	2,720	7,774	8,278
Normal course issuer bid	-	2,529	3,215	4,947
Retained earnings, beginning of period	8,787	23,194	19,297	16,901
Retained earnings, end of period	\$ 8,532	\$16,725	\$ 8,532	\$16,725
Earnings (loss) per share (Note 4)				
Basic – before discontinued operations	\$0.21	(\$0.12)	(\$0.06)	\$0.63
Diluted – before discontinued operations	\$0.21	(\$0.12)	(\$0.06)	\$0.62
Basic – net earnings (loss)	\$0.23	(\$0.11)	\$0.02	\$1.18
Diluted – net earnings (loss)	\$0.23	(\$0.11)	\$0.02	\$1.17
Weighted average number of shares				
Basic	10,180,831	10,892,593	10,370,617	11,042,957
Diluted	10,180,831	10,963,060	10,386,739	11,154,782

See accompanying Notes to the Consolidated Financial Statements

MOSAID TECHNOLOGIES INCORPORATED
CONSOLIDATED BALANCE SHEETS
(In thousands of Canadian Dollars)

	As at January 31, 2009 (unaudited)	As at April 30, 2008 (audited)
Current Assets		
Cash and cash equivalents	\$ 43,444	\$ 22,133
Marketable securities	18,788	36,246
Accounts receivable	5,892	12,304
Prepaid expenses	638	486
Future income taxes recoverable	11,015	11,015
	79,777	82,184
Capital assets	675	957
Acquired intangibles	73,476	70,130
Future income taxes recoverable	19,613	16,988
	\$173,541	\$170,259
Current Liabilities		
Accounts payable and accrued liabilities	\$ 9,586	\$ 7,723
Income tax payable	1,432	356
Deferred revenue	2,153	1,146
Other liability	459	318
Current portion of other long-term liabilities	15,974	5,345
	29,604	14,888
Deferred gain on sale-leaseback	1,191	1,797
Other long-term liabilities	36,354	31,195
	67,149	47,880
Shareholders' Equity		
Share capital (Note 3)	94,822	100,403
Contributed surplus	3,497	2,997
Retained earnings	8,532	19,297
Accumulated other comprehensive income	(459)	(318)
	106,392	122,379
	\$173,541	\$170,259

See accompanying Notes to the Consolidated Financial Statements

MOSAID TECHNOLOGIES INCORPORATED
CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands of Canadian Dollars)

(Unaudited)

	Quarter Ended		Nine Months Ended	
	January 31,		January 31,	
	2009	2008	2009	2008
Operating				
Income (loss) before discontinued operations	\$ 2,145	(\$1,291)	(\$659)	\$6,942
Items not affecting cash				
Amortization	2,474	2,431	7,404	7,181
Stock option expense	235	162	550	398
Loss on disposal of capital assets	76	-	76	-
Unrealized foreign exchange loss (gain) on other long-term liabilities	790	2,143	8,245	(4,275)
Future income tax recoverable	(282)	1,785	(2,625)	5,052
	5,438	5,230	12,991	15,298
Change in non-cash working capital items from continuing operations	1,110	(240)	5,619	(6,259)
	6,548	4,990	18,610	9,039
Investing				
Acquisition of capital assets and acquired intangibles	(9,184)	(77)	(10,578)	(2,744)
Acquisition of short-term marketable securities	(13,021)	(35,147)	(60,135)	(116,554)
Proceeds on disposal/maturity of short-term marketable securities	28,595	39,458	77,593	110,013
	6,390	4,234	6,880	(9,285)
Financing				
Repayment of mortgage	-	(4,216)	-	(4,346)
Long-term liabilities	7,707	212	7,543	1,826
Repurchase of shares	-	(5,459)	(8,415)	(9,960)
Dividends	(2,546)	(2,720)	(7,774)	(8,278)
Funding of RSU plan	-	-	(718)	-
Issue of common shares	75	713	242	2,639
	5,236	(11,470)	(9,122)	(18,119)
Net cash inflow (outflow) from continuing operations	18,174	(2,246)	16,368	(18,365)
Net cash (outflow) inflow from discontinued operations	(120)	608	4,943	12,381
Net cash inflow (outflow)	18,054	(1,638)	21,311	(5,984)
Cash and cash equivalents, beginning of period	25,390	19,050	22,133	23,396
Cash and cash equivalents, end of period	\$43,444	\$17,412	\$43,444	\$17,412

See accompanying Notes to the Consolidated Financial Statements

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

	Quarter Ended		Nine Months Ended	
	January 31,		January 31,	
	2009	2008	2009	2008
Net income (loss)	\$2,291	(\$1,220)	\$224	\$13,049
Other Comprehensive income, net of tax:				
Gains and losses on derivatives designated as cash flow hedges	(437)	(757)	(1,824)	900
Gains and losses on derivatives designated as cash flow hedges in prior periods transferred to net income in the current period	1,094	(420)	1,683	(862)
Other comprehensive income (loss)	657	(1,177)	(141)	38
Comprehensive income (loss)	\$2,948	(\$2,397)	\$ 83	\$13,087

See accompanying Notes to the Consolidated Financial Statements

MOSAID TECHNOLOGIES INCORPORATED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Quarter ended January 31, 2009

(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 accepted 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, 2009.

2. Adoption of New Accounting Standards

Effective January 1, 2008 the Company adopted the following new accounting standards issued by the Canadian Institute of Chartered Accountants.

Capital Management

Section 1535, Capital disclosures, requires the Company to disclose information about the Company's objectives, policies and procedures for the management of its capital.

Financial Instruments - Disclosures and Presentation

Section 3862, Financial Instruments - Disclosures, and Section 3863, Financial Instruments - Presentation replace section 3861, Financial Instruments - Disclosure and Presentation. These sections require the disclosure of information with regards to the significance of financial instruments for the Company's financial position and performance and the nature and extent of risks arising from financial instruments to which the Company is exposed during the period and at the balance sheet date, and how the Company manages those risks.

Financial instrument classification is as follows:

Cash and marketable securities	Held-for-trading
Accounts receivable	Loans and receivables
Derivative assets and liabilities	Held-for-trading
Accounts payable and accrued liabilities	Held-for-trading
Income taxes payable	Held-for-trading
Long-term liabilities	Other liabilities

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

3. Shareholders' equity and other comprehensive income

The following are the changes in shareholders' equity for the nine months ended January 31, 2009:

	Common shares (number)	Common shares (\$)	Contributed surplus (\$)	Retained earnings (\$)	Accumulated other comprehensive income (\$)	Total (\$)
Balance at April 30, 2008	10,719,807	\$100,403	\$2,997	\$19,297	(\$318)	\$122,379
Net income				224		224
Dividends				(7,774)		(7,774)
Employee Stock Option Program	14,713	222	(95)			127
Employee Share Purchase Program	8,951	115	21			136
Stock-based compensation		(718)	574			(144)
Normal course issuer bid	(559,148)	(5,200)		(3,215)		(8,415)
Unrealized derivative gains on cash flow hedges – net					(141)	(141)
Balance at January 31, 2009	10,184,323	\$94,822	\$3,497	\$8,532	(\$459)	\$106,392

4. Earnings per Share

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

	Quarter Ended January 31,		Nine Months Ended January 31,	
	2009	2008	2009	2008
Income (loss) before discontinued operations	\$2,145	(\$1,291)	(\$659)	\$ 6,942
Discontinued operations (net of tax)	146	71	883	6,107
Net income (loss)	\$2,291	(\$1,220)	\$224	\$13,049
Weighted average number of common shares outstanding	10,180,831	10,892,593	10,370,617	11,042,957
Net effect of stock options	-	70,467	16,122	111,825
Weighted average diluted number of common shares outstanding	10,180,831	10,963,060	10,386,739	11,154,782
Earnings (loss) per share				
Basic – before discontinued operations	\$0.21	(\$0.12)	(\$0.06)	\$0.63
Diluted – before discontinued operations	\$0.21	(\$0.12)	(\$0.06)	\$0.62
Basic - net income (loss)	\$0.23	(\$0.11)	\$0.02	\$1.18
Diluted - net income (loss)	\$0.23	(\$0.11)	\$0.02	\$1.17

For the quarters ended January 31, 2009 and January 31, 2008, 563,095 and 267,031 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 nine months ended January 31, 2009 and January 31, 2008, 259,606 and 86,128 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 563,095 and 407,319 options issued and outstanding as at January 31, 2009 and January 31, 2008, respectively.

5. Discontinued operations

	Quarter Ended January 31,		Nine Months Ended January 31,	
	2009	2008	2009	2008
Revenues	\$ -	\$423	\$156	\$ 763
Expenses				
Research and development	28	87	36	1,487
Selling and marketing	-	24	5	1,030
Restructuring	-	-	-	166
	28	111	41	2,683
(Loss) gain from operations	(28)	312	115	(1,920)
Gain on sale of assets	243	-	866	9,295
Earnings before tax	215	312	981	7,375
Income tax expense	69	241	98	1,268
Discontinued operations (net of tax)	\$146	\$71	\$883	\$6,107

6. Reconciliation of pro forma income with GAAP net income

	Quarter Ended January 31,		Nine Months Ended January 31,	
	2009	2008	2009	2008
GAAP net income (loss)	\$2,291	(\$1,220)	\$ 224	\$13,049
Add (deduct):				
Stock-based compensation	235	162	550	398
Patent amortization and imputed interest	3,439	3,133	10,000	9,969
Restructuring	-	-	-	19
Foreign exchange loss (gain)	790	2,143	8,245	(4,275)
Income tax expense - for the above items	(1,262)	(1,876)	(4,658)	(2,076)
Future income tax revaluation	-	3,169	-	3,169
Discontinued operations (net of tax)	(146)	(71)	(883)	(6,107)
Pro forma income	\$5,347	\$5,440	\$13,478	\$14,146

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. Directors are also eligible to participate in the Stock Purchase Plan.

Also, the Company has an Employee and Director Stock Option Plan. The exercise price is no lower than the closing market price on the trading day immediately preceding 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 and 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:

	Quarter Ended January 31,	
	2009	2008
Risk free interest rate	1.92%	3.70%
Expected life in years	5.5	5.5
Expected dividend yield	11.92%	6.13%
Volatility	43.14%	57.25%

For the quarter ended January 31, 2009, the Company issued nil Deferred Share Units in lieu of options to directors and officers of the Company under its Deferred Share Unit Plan. Those 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.

The Company implemented a restricted share unit plan (“RSU Plan”) for certain employees in October 2008, and has granted 62,700 RSUs under the RSU Plan. The RSUs vest over three years. Under the RSU Plan, units are settled using common shares of the Company. During fiscal year 2009, the Company funded an independent trustee to purchase the required shares and to provide custodial services. The Company recognizes compensation expense, as measured by the purchase price of the shares, over the vesting period.

8. Financial Instruments

The Company has exposure to the following risks from its use of financial instruments: credit risk, market risk and liquidity risk.

Credit Risk

Credit risk is the risk of financial loss to the Company if a licensee or counter-party to a financial instrument fails to meet its contractual obligations, and arises principally from the Company’s accounts receivable and its foreign exchange contracts.

The Company provides credit to some licensees in the normal course of its operations. The Company’s credit risk review includes performing periodic credit evaluations of its most significant licensees. In certain circumstances, the Company may utilize letters of guarantee or credit insurance to mitigate certain credit risks. The Company’s licensees are, for the most part, large national and international public companies. Due to the nature of the Company’s operations, provisions for doubtful accounts are made on a licensee-by-licensee basis, based upon on-going review of licensee financial status.

Many of the Company's current licensees' operations are focused in the semiconductor industry. The semiconductor industry, particularly the DRAM memory segment, has been suffering, for some time, from economic difficulties due to pricing pressure as a result of an oversupply of memory devices.

During Q3 fiscal 2009, Qimonda AG (Qimonda), a company representing more than 10% of the Company's consolidated revenues, filed for insolvency protection in Germany and defaulted on a payment due to the Company. The Company has in place a credit insurance policy which covers 90% of such payment and 90% of each of the subsequent 3 payments. As a result, the Company has recorded, as revenue, 90% of the current amount due from Qimonda, which is expected to be recovered via insurance. There is a risk that amounts due in future from Qimonda to the Company, that are not covered by credit insurance, may become uncollectible, resulting in a materially adverse impact to the Company.

Further, during Q3 fiscal 2009, another licensee defaulted on a fixed payment of U.S. \$1.0 million due during the quarter. The Company has recorded the amount as accounts receivable but has deferred recognition of the amount as revenue due to the uncertainty regarding ultimate collection.

Due to the long-term nature of many of the Company's licensing arrangements and the prolonged downturn in the semiconductor industry, in certain circumstances, the Company may not be able to obtain at reasonable cost credit insurance or other forms of credit risk mitigation instruments. A default of the remaining payments by one of the Company's licensees could have a materially adverse impact on the Company's future revenues, earnings, cash flow and financial position.

The Company limits its exposure to credit risk from counter-parties to derivative instruments by dealing only with major financial institutions. Management does not expect any counter-parties to fail to meet their obligations.

The Company invests its excess cash in investment grade securities with a maturity date not exceeding 12 months. The Company relies upon the credit rating of the counter-party to limit its credit risk. The Company does not invest in asset-backed commercial paper.

The carrying amount of financial assets represents the maximum credit exposure. The maximum credit exposure to credit risk at the reporting date was:

	January 31, 2009	April 30, 2008
Cash	\$43,444	\$22,133
Marketable securities	18,788	36,246
Accounts receivable	5,892	12,304
Other liability	(459)	(318)
	\$67,665	\$70,365

The aging of accounts receivable at the reporting date was:

	January 31, 2009	April 30, 2008
Current	\$1,789	\$12,101
Past due	4,103	203
	\$5,892	\$12,304

Of the amount past due, a portion has been recognized as revenue as the Company expects to collect the amount under a credit insurance policy, and a portion has been recorded as deferred revenue as there is uncertainty regarding ultimate collection.

Marketable securities comprise the following:

	January 31, 2009	April 30, 2008
Bonds & debentures	\$ 5,738	\$18,980
Discount notes	13,050	17,266
	\$18,788	\$36,246

Carrying values of bonds and debentures and discount notes include accrued interest and approximate market value. Investments in bonds and debentures and discount notes represent holdings in corporate and government short-term marketable securities as at January 31, 2009 and have a maturity date of one year or less.

Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Company's income or the value of its holding of financial instruments.

Foreign Exchange Risk

The Company's revenues are denominated primarily in U.S. dollars, giving rise to exposure to market risks from changes in foreign exchange rates. The Company is exposed to foreign currency fluctuations on its accounts receivable and future cash flows related to licensing arrangements denominated in U.S. dollars, as well as certain operating expenses and its other long-term liabilities obligations.

The Company's foreign exchange risk management includes the use of foreign exchange forward contracts to fix the exchange rates on certain foreign currency exposures. The Company's objective is to manage and control exposures and secure the Company's profitability on existing contracts and anticipated future cash flows. The Company does not utilize derivative instruments for trading or speculative purposes. The Company formally documents all relationships between derivative instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. This process includes linking all derivatives to specific firm contractually related commitments or anticipated transactions.

The Company also formally assesses, both at the inception and on an on-going basis, whether the derivatives that are used in hedging transactions are highly effective in off-setting changes in fair values or cash flows of hedged items. Hedge ineffectiveness is insignificant.

The forward foreign exchange contracts primarily require the Company to sell U.S. dollars for Canadian dollars at contractual rates. The Company had the following forward exchange contracts.

(In thousands of dollars)					January 31, 2009
Type	Notional	Currency	Maturity	Equivalent to CDN dollars	Fair Value
Sell	\$5,750	USD	< 3 months	\$6,315	(\$486)
Sell	\$4,700	USD	3-12 months	\$5,797	\$27
					(\$459)

(In thousands of dollars)					April 30, 2008
Type	Notional	Currency	Maturity	Equivalent to CDN dollars	Fair Value
Sell	\$ 6,400	USD	< 3 months	\$ 6,222	(\$141)
Sell	\$18,700	USD	3-12 months	\$18,656	(\$123)
Buy	\$ 4,000	USD	3-12 months	\$ 4,117	(\$ 54)
					(\$318)

A one cent strengthening (weakening) of the U.S. dollar against the Canadian dollar would have decreased (increased) other comprehensive income by approximately \$265,000; pro forma income would have increased (decreased) by approximately \$18,000.

Interest Rate Risk

The Company is exposed to interest rate risk due to its holdings of interest-bearing marketable securities. It is the Company's policy to invest in securities with a maturity date of 12 months or less and Company practice to hold such securities, when possible, until maturity. A 1% increase (decrease) to the interest rate would result in an approximate \$113,000 decrease (increase) in the fair value of the investments held as at the reporting date.

The Company is also exposed to interest rate risk due to its imputed interest on other long-term liabilities.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet liabilities when due. At January 31, 2009, the Company had \$62.2 million of cash and marketable securities and has a secured bank credit facility of \$10.0 million, less off balance sheet arrangements as described in Note 24 to the fiscal 2008 Consolidated Financial Statements to meet liabilities when due. The credit facility is collateralized by a general security agreement and contains no covenants.

All of the Company's financial liabilities, except for its "other long-term liabilities" and operating lease for its premises, have contractual maturities of less than 30 days.

The following chart indicates the contractual obligations to which the Company is bound over the following five years.

Payments Due by Period (in thousands of dollars)

Contractual Obligations	Total	Less than	1-3 years	4-5 years	After 5 years
		1 year			
Operation leases	\$ 2,267	\$ 948	\$ 554	\$ 496	\$ 269
Other long-term obligations	\$65,684	\$16,228	\$17,310	\$13,600	\$18,546
Total contractual obligations	\$67,951	\$17,176	\$17,864	\$14,096	\$18,815

Fair Value

The fair values of cash, marketable securities, accounts receivable, accounts payable and accrued liabilities approximates their carrying values due to their short-term maturity. The recorded amounts of long-term monetary liabilities approximate fair value, estimated by discounting expected cash flows at rates currently offered to the Company for debts of the same remaining maturities and conditions.

Fair value of the forward exchange contracts reflects the cash flow due to or from the Company if settlement had taken place on the reporting date.

The fair value of employee and director deferred stock units is determined using the market price of the Company's common stock on the reporting date.

9. Capital Management

The Company's objective is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management defines capital as the Company's shareholder's equity excluding accumulated other comprehensive income.

The Company has certain credit facilities with a Canadian chartered bank, which consist of an operating line, a foreign exchange forward contract facility and standby letters of credit. The Board of Directors does not establish quantitative return on capital criteria for management, but rather promotes year over year sustainable profitable growth. The Board of Directors also reviews on a quarterly basis the level of dividends paid to the Company's shareholders and monitors the share repurchase program activities. There were no changes in the Company's approach to capital management during the period. Neither the Company nor any of its subsidiaries is subject to externally imposed capital requirements.

10. Business Segment Information

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

11. International Financial Reporting Standards

The Accounting Standards Board of Canada ("AcSB") plans to converge Canadian GAAP for publicly accountable enterprises with International Financial Reporting Standards ("IFRS") over a transition period that will end effective January 1, 2011 with the adoption of IFRS. The AcSB announced on February 13, 2008 that IFRS will be required in 2011 for publicly accountable profit-oriented enterprises. The changeover date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The Company will convert to these new standards according to the timetable set with these new rules. The Company is currently in the process of developing a conversion implementation plan and assessing the impacts of the conversion on the consolidated financial statements and disclosures of the Company.

12. Subsequent Event

Subsequent to the quarter-end, the Company entered into a transaction whereby the Company purchased 300 patents related to wired and wireless communications from SercoNet Ltd. for an undisclosed amount. The amount will be paid over the next four months. The Company will also pay SercoNet Ltd. a percentage of net royalties earned from licensing these patents to third parties.

13. Comparative Figures

Certain comparative figures have been reclassified to conform to the financial statement presentation adopted in the current year.