MOSAID Technologies Incorporated

Unaudited Consolidated Financial Statements

For the Quarter Ended October 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 INCOME
(In thousands of Canadian Dollars, except per share amounts)
(Unaudited)

	Quarter Ended October 31,		Six Months Ended October 31,	
	2009	2008	**2009**	2008
Revenues	**$17,313**	$13,795	**$33,536**	$26,447
Operating expenses				
Patent portfolio management	**1,822**	1,203	**3,533**	2,326
Patent licensing and litigation	**1,656**	6,528	**3,600**	10,945
Research and development	**705**	508	**1,516**	1,075
General and administration	**1,201**	885	**2,750**	2,034
Foreign exchange loss (gain)	**13**	(874)	**422**	(935)
	5,397	8,250	**11,821**	15,445
Pro forma income from operations	**11,916**	5,545	**21,715**	11,002
Net interest income	**96**	613	**215**	1,135
Pro forma income before income tax	**12,012**	6,158	**21,930**	12,137
Income tax expense	**3,963**	2,032	**7,236**	4,005
Pro forma net income (Note 6)	**$ 8,049**	$ 4,126	**$14,694**	$ 8,132
Pro forma earnings per share				
Basic	**$0.78**	$0.40	**$1.43**	$0.78
Diluted	**$0.78**	$0.40	**$1.43**	$0.77
Weighted average number of shares				
Basic	**10,278,862**	10,242,692	**10,246,996**	10,465,510
Diluted	**10,339,633**	10,261,537	**10,299,267**	10,494,342

See accompanying Notes to the Consolidated Financial Statements

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

	Quarter Ended October 31,		Six Months Ended October 31,	
	2009	2008	**2009**	2008
Revenues	**$17,313**	$13,795	**$33,536**	$26,447
Operating expenses				
Patent portfolio management	**1,822**	1,203	**3,533**	2,326
Patent licensing and litigation	**1,656**	6,528	**3,600**	10,945
Research and development	**705**	508	**1,516**	1,075
General and administration	**1,201**	885	**2,750**	2,034
Foreign exchange (gain) loss	**(39)**	6,002	**(2,508)**	6,520
Stock-based compensation (Note 7)	**220**	168	**458**	315
Special committee	**719**	-	**719**	-
Patent amortization and imputed interest	**3,828**	3,301	**7,696**	6,561
	10,112	18,595	**17,764**	29,776
Income (loss) from operations	**7,201**	(4,800)	**15,772**	(3,329)
Net interest income	**96**	613	**215**	1,135
Income (loss) before income tax expense and discontinued operations	**7,297**	(4,187)	**15,987**	(2,194)
Income tax expense (recovery)	**2,474**	(191)	**4,946**	610
Income (loss) before discontinued operations	**4,823**	(3,996)	**11,041**	(2,804)
Discontinued operations income (net of tax) (Note 5)	**198**	569	**434**	737
Net income (loss)	**5,021**	(3,427)	**11,475**	(2,067)
Dividends	**2,572**	2,544	**5,133**	5,228
Normal course issuer bid	**-**	1,837	**-**	3,215
Retained earnings, beginning of period	**15,500**	16,595	**11,607**	19,297
Retained earnings, end of period	**$17,949**	$ 8,787	**$17,949**	$ 8,787
Earnings (loss) per share (Note 4)				
Basic – before discontinued operations	**$0.47**	$(0.39)	**$1.08**	$(0.27)
Diluted – before discontinued operations	**$0.47**	$(0.39)	**$1.07**	$(0.27)
Basic – net earnings	**$0.49**	$(0.33)	**$1.12**	$(0.20)
Diluted – net earnings	**$0.49**	$(0.33)	**$1.11**	$(0.20)
Weighted average number of shares				
Basic	**10,278,862**	10,242,692	**10,246,996**	10,465,510
Diluted	**10,339,633**	10,261,537	**10,299,267**	10,494,342

See accompanying Notes to the Consolidated Financial Statements

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

	As at October 31, 2009 (unaudited)	As at April 30, 2009 (audited)
Current Assets		
Cash and cash equivalents	**$ 51,491**	$ 32,899
Marketable securities	**3,712**	18,888
Accounts receivable	**6,865**	10,434
Prepaid expenses	**715**	759
Other asset	**483**	446
Future income taxes recoverable	**11,519**	11,519
	74,785	74,945
Capital assets	**524**	563
Acquired intangibles	**74,028**	79,402
Future income taxes recoverable	**16,122**	17,549
	$165,459	$172,459
Current Liabilities		
Accounts payable and accrued liabilities	**$ 5,778**	$ 6,341
Income tax payable	**1,432**	1,432
Deferred revenue	**1,905**	3,432
Current portion of other long-term liabilities	**9,450**	20,869
	18,565	32,074
Deferred gain on sale-leaseback	**933**	1,039
Other long-term liabilities	**27,583**	28,799
	47,081	61,912
Shareholders' Equity		
Share capital (Note 3)	**96,656**	94,741
Contributed surplus	**3,290**	3,753
Retained earnings	**17,949**	11,607
Accumulated other comprehensive income	**483**	446
	118,378	110,547
	$165,459	$172,459

See accompanying Notes to the Consolidated Financial Statements

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

	Quarter Ended October 31,		Six Months Ended October 31,	
	2009	2008	**2009**	2008
Operating				
Income (loss) before discontinued operations	**$ 4,823**	$(3,996)	**$11,041**	$(2,804)
Items not affecting cash				
Amortization	**3,034**	2,473	**6,048**	4,930
Stock-based compensation	**220**	168	**458**	315
Unrealized foreign exchange (gain) loss on other long-term liabilities	**(52)**	6,876	**(2,929)**	7,455
Future income tax recoverable	**1,370**	(832)	**1,427**	(2,343)
	9,395	4,689	**16,045**	7,553
Change in non-cash working capital items from continuing operations	**(2,427)**	(1,614)	**2,312**	4,509
	6,968	3,075	**18,357**	12,062
Investing				
Acquisition of capital assets and acquired intangibles	**(523)**	(57)	**(635)**	(1,394)
Acquisition of short-term marketable securities	**(3,000)**	(14,408)	**(3,316)**	(47,114)
Proceeds on disposal/maturity of short-term marketable securities	**(4)**	21,860	**18,492**	48,998
	(3,527)	7,395	**14,541**	490
Financing				
Long-term liabilities	**(1,343)**	169	**(9,699)**	(164)
Repurchase of shares	**-**	(4,597)	**-**	(8,415)
Dividends	**(2,572)**	(2,544)	**(5,133)**	(5,228)
Funding of RSU plan	**-**	(718)	**-**	(718)
Issue of common shares	**486**	24	**989**	167
	(3,429)	(7,666)	**(13,843)**	(14,358)
Net cash inflow (outflow) from continuing operations	**12**	2,804	**19,055**	(1,806)
Net cash (outflow) inflow from discontinued operations	**(223)**	5,371	**(463)**	5,063
Net cash (outflow) inflow	**(211)**	8,175	**18,592**	3,257
Cash and cash equivalents, beginning of period	**51,702**	17,215	**32,899**	22,133
Cash and cash equivalents, end of period	**$51,491**	$25,390	**$51,491**	$25,390

See accompanying Notes to the Consolidated Financial Statements

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

	Quarter Ended October 31, 2009	Quarter Ended October 31, 2008	Six Months Ended October 31, 2009	Six Months Ended October 31, 2008
Net income (loss)	**$5,021**	$(3,427)	**$11,475**	$(2,067)
Other comprehensive income, net of tax:				
Gains and losses on derivatives designated as cash flow hedges	**98**	(1,212)	**1,346**	(1,387)
Gains and losses on derivatives designated as cash flow hedges in prior periods transferred to revenue in the current period	**(923)**	423	**(1,309)**	589
Other comprehensive (loss) income	**(825)**	(789)	**37**	(798)
Comprehensive income (loss)	**$4,196**	$(4,216)	**$11,512**	$(2,865)

See accompanying Notes to the Consolidated Financial Statements

MOSAID TECHNOLOGIES INCORPORATED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Quarters ended October 31, 2009 and 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 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, 2010.

2. Adoption of New Accounting Standards

Effective May 1, 2009 the Company adopted the following new accounting standard issued by the Canadian Institute of Chartered Accountants.

Goodwill and intangible assets
In February 2008, the CICA issued Section 3064, Goodwill and Intangible Assets, replacing Section 3062, Goodwill and Other Intangible Assets and Section 3450, Research and Development Costs. Various changes have been made to other sections of the CICA Handbook for consistency purposes. The new Section will be applicable to financial statements relating to fiscal years beginning on or after October 1, 2008. Accordingly, the Company adopted the new standards for its fiscal year beginning May 1, 2009. It establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets by profit-oriented companies. Standards concerning goodwill are unchanged from the standards included in the previous Section 3062.

As a result of adoption of the above policy, there was no material impact on the Consolidated Statement of Income.

3. Shareholders' equity and other comprehensive income

The following are the changes in shareholders' equity for the six months ended October 31, 2009 and October 31, 2008:

	Common shares (number)	Common shares ($)	Contributed surplus ($)	Retained earnings ($)	Accumulated other comprehensive income ($)	Total ($)
Balance at April 30, 2009	10,184,323	$94,741	$3,753	$11,607	$446	$110,547
Net income				11,475		11,475
Dividends				(5,133)		(5,133)
Employee Stock Option Program	89,600	1,794	(946)			848
Employee Share Purchase Program	17,964	121	25			146
Stock-based compensation			458			458
Unrealized derivative gains on cash flow hedges – net					37	37
Balance at October 31, 2009	10,291,887	$96,656	$3,290	$17,949	$483	$118,378

	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				(2,067)		(2,067)
Dividends				(5,228)		(5,228)
Employee Stock Option Program	14,250	218	(93)			125
Employee Share Purchase Program	2,122	42	12			54
Stock-based compensation		(718)	333			(385)
Normal course issuer bid	(559,148)	(5,200)		(3,215)		(8,415)
Unrealized derivative gains on cash flow hedges – net					(798)	(798)
Balance at October 31, 2008	10,177,031	$94,745	$3,249	$ 8,787	$(1,116)	$105,665

4. Earnings per Share

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

Quarter Ended October 31, Six Months Ended October 31,

	2009	2008	**2009**	2008
Income (loss) before discontinued operations	**$4,823**	$(3,996)	**$11,041**	$(2,804)
Discontinued operations (net of tax)	**198**	569	**434**	737
Net income (loss)	**$5,021**	$(3,427)	**$11,475**	$(2,067)
Weighted average number of common shares outstanding	**10,278,86 2**	10,242,69 2	**10,246,996**	10,465,510
Net effect of stock options	**60,771**	18,845	**52,271**	28,832
Weighted average diluted number of common shares outstanding	**10,339,63 3**	10,261,53 7	**10,299,267**	10,494,342
Earnings (loss) per share				
Basic – before discontinued operations	**$0.47**	$(0.39)	**$1.08**	$(0.27)
Diluted – before discontinued operations	**$0.47**	$(0.39)	**$1.07**	$(0.27)
Basic - net income	**$0.49**	$(0.33)	**$1.12**	$(0.20)
Diluted - net income	**$0.49**	$(0.33)	**$1.11**	$(0.20)

For the quarters ended October 31, 2009 and October 31, 2008, 247,731 and 269,606 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 six months ended October 31, 2009 and October 31, 2008, 256,106 and 269,606 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 474,995 and 570,808 options issued and outstanding as at October 31, 2009 and October 31, 2008, respectively.

5. Discontinued operations

	Quarter Ended October 31,		**Six Months Ended October 31,**	
	2009	2008	**2009**	2008
Revenues	**$ -**	$134	**$18**	$156
Expenses				
Research and development	-	8	-	8
Selling and marketing	-	5	-	5
Restructuring	-	-	-	-
	-	13	**18**	13
Gain from operations	-	121	**18**	143
Gain on sale of assets	**295**	421	**628**	623
Earnings before tax	**295**	542	**646**	766
Income tax expense (recovery)	**97**	(27)	**212**	29
Discontinued operations (net of tax)	**$198**	$569	**$434**	$737

6. Reconciliation of pro forma net income with GAAP net income

	Quarter Ended October 31,		Six Months Ended October 31,	
	2009	2008	**2009**	2008
GAAP net income (loss)	**$5,021**	$(3,427)	**$11,475**	$(2,067)
Add (deduct):				
Stock-based compensation	**220**	168	**458**	315
Patent amortization and imputed interest	**3,828**	3,301	**7,696**	6,561
Special committee	**719**	-	**719**	-
Foreign exchange (gain) loss	**(52)**	6,876	**(2,929)**	7,455
Income tax expense - for the above items	**(1,489)**	(2,223)	**(2,291)**	(3,395)
Discontinued operations (net of tax)	**(198)**	(569)	**(434)**	(737)
Pro forma net income	**$ 8,049**	$ 4,126	**$ 14,694**	$ 8,132

7. Stock-based Compensation

The Company has an employee stock purchase plan ("ESPP") 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 ESPP.

Also, the Company has an Employee and Director Stock Option Plan ("ESOP"). 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 ESOP 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 October 31,	
	2009	2008
Risk free interest rate	**0.31%**	2.71%
Expected life in years	**5.5**	5.5
Expected dividend yield	**6.08%**	8.58%
Volatility	**38.52%**	42.90%

For the quarter ended October 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. 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 72,700 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, tends to be cyclical and, from time to time, suffer from economic difficulties due to pricing pressure as a result of an oversupply of memory devices.

Due to the long-term nature of many of the Company's licensing arrangements, 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, each 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:

	October 31, 2009	April 30, 2009
Cash	**$51,491**	$32,899
Marketable securities	**3,712**	18,888
Accounts receivable	**6,865**	10,434
Other asset	**483**	446
	$62,551	$62,667

The aging of accounts receivable at the reporting date was:

	October 31, 2009	April 30, 2009
Current	**$ 675**	$2,676
Past due	**6,190**	7,758
	$ 6,865	$10,434

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:

	October 31, 2009	April 30, 2009
Bonds & debentures	**$ 708**	$13,099
Discount notes	**3,004**	5,789
	$ 3,712	$18,888

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 October 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)					**October 31, 2009**
Type	Notional	Currency	Maturity	Equivalent to CDN dollars	Fair Value
Sell	$9,500	USD	< 3 months	$11,518	$819
Sell	$16,775	USD	3-12 months	$18,952	$542
Sell	$5,750	USD	> 12 months	$6,280	$46
Buy	$5,000	USD	3-12 months	$(6,114)	$(466)
Buy	$5,000	USD	> 12 months	$(6,093)	$(458)
					$483

(In thousands of dollars)					April 30, 2009
Type	Notional	Currency	Maturity	Equivalent to CDN dollars	Fair Value
Sell	$ 8,500	USD	< 3 months	$10,576	$ 289
Sell	$18,600	USD	3-12 months	$23,099	$ 640
Buy	$ 5,000	USD	< 3 months	$(6,328)	$(240)
Buy	$ 5,000	USD	3-12 months	$(6,114)	$(117)
Buy	$ 5,000	USD	> 12 months	$(6,093)	$(126)
					$ 446

A one cent strengthening (weakening) of the U.S. dollar against the Canadian dollar would have decreased (increased) other comprehensive income by approximately $194,000; pro forma income would have increased (decreased) by approximately $27,000 for the quarter ended October 31, 2009.

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 nil 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 October 31, 2009, the Company had $55.2 million of cash and marketable securities and had a secured bank credit facility of $10.0 million, less off balance sheet arrangements as described in Note 17 to the fiscal 2009 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 year	1-3 years	4-5 years	After 5 years
Operation leases	$1,614	$540	$496	$496	$82
Other long-term obligations	$46,517	$10,402	$14,671	$10,722	$10,722
Total contractual obligations	$48,131	$10,942	$15,167	$11,218	$10,804

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 shareholders’ 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.