



Second Quarter
For the quarter ended
October 31, 2008





MOSAID Technologies Incorporated

MOSAID Reports Results for Second Quarter Fiscal 2009 and Dividend

*Quarterly dividend of \$0.25 per share payable on January 22, 2009
MOSAID raises annual revenue guidance for fiscal 2009*

OTTAWA, Ontario – November 20, 2008 – MOSAID Technologies Incorporated (TSX:MSD) today announced financial results for the second quarter of fiscal 2009, ended October 31, 2008.

- Q2 revenues of \$13.8 million, compared to \$11.5 million in Q2 fiscal 2008
- Q2 pro forma income of \$4.1 million or \$0.40 per diluted share, compared to \$3.8 million or \$0.34 per diluted share in Q2 fiscal 2008
- Q2 GAAP net loss of \$3.4 million or \$0.33 per diluted share, compared to net income of \$4.7 million or \$0.43 per diluted share in Q2 fiscal 2008. The loss resulted primarily from the revaluation of U.S. dollar denominated liabilities related to acquired patents, resulting in an unrealized foreign exchange loss of \$6.0 million
- Fiscal 2009 revenue guidance now in the range of \$61.0 million to \$63.0 million, exceeding previous full year revenue guidance of \$59.0 million to \$61.0 million

“Based on our growing deal pipeline and the solid financial and operational performance we delivered in the first half of the year, I am confident that the Company will meet its new revenue target for fiscal 2009,” said John Lindgren, President and CEO, MOSAID. “We are increasingly seeing the benefits of our business model and growth strategy, which is based on licensing patents into multiple technology markets.”

“In the second quarter, we achieved a key objective for fiscal 2009 by signing Panasonic Corporation as the first licensee to a portfolio of microcomponent patents that is opening up significant new licensing opportunities,” Lindgren noted. “We also made excellent progress toward signing additional license agreements based on our wireless patents. In addition, we settled our patent infringement litigation with Powerchip Semiconductor Corporation and signed a five year patent license agreement with them, recording yet another success in licensing MOSAID’s semiconductor memory patents to global producers of Dynamic Random Access Memory (DRAM) chips.”

MOSAID had cash and marketable securities of \$59.8 million at the end of the second quarter of fiscal 2009, compared to \$59.0 million at the end of the first quarter of fiscal 2009.

In Q2 fiscal 2009, MOSAID returned \$2.5 million to shareholders in quarterly dividend payments. The Company also expended \$4.6 million to re-purchase and cancel 296,808 shares under the normal course issuer bid (NCIB) that began on September 13, 2007 and that ended on September 12, 2008. MOSAID has now repurchased and cancelled 1,118,731 common shares, representing the full permitted 10% of the public float of common shares issued and outstanding when the NCIB was announced.

On November 20, 2008, MOSAID declared a quarterly dividend of \$0.25 per share. The dividend, which is an eligible dividend, is payable on January 22, 2009 to shareholders of record as of January 5, 2009.

A reconciliation of pro forma income to Canadian generally accepted accounting principles (GAAP) net income is included in the Notes to the Financial Statements accompanying this press release.

Q2 Operational Highlights

First microcomponent patent portfolio license: MOSAID announced that Panasonic Corporation became the first company to license a valuable portfolio of microcomponent patents to which MOSAID has exclusive licensing rights. Panasonic was granted a 10-year license for all application specific and microcomponent semiconductor products sold globally under Panasonic's brand name.

Semiconductor licensing: MOSAID announced the settlement of patent infringement litigation, and the signing of a patent license agreement, with Powerchip Semiconductor Corporation. Under the terms of the license agreement, Powerchip was granted a five year, running royalty license under MOSAID's patents for all of its non-foundry DRAM and Pseudo-Static RAM (PSRAM) products. Since January 1, 2008, MOSAID has settled with three of the four companies involved in the patent infringement litigation initiated in mid-2006.

Patent portfolio: At the end of the second quarter, MOSAID's portfolio comprised 954 patents and applications, compared with 850 patents and applications one year ago.

Q3 and Fiscal 2009 Guidance

The Company offers the following guidance for the third quarter of fiscal 2009:

- Q3 revenues of \$16.0 million to \$17.0 million
- Q3 pro forma income of \$3.8 million to \$4.2 million, or \$0.37 to \$0.41 per diluted share

The Company is changing its annual guidance for fiscal 2009, as follows:

- Fiscal 2009 revenues are now expected to be in the range of \$61.0 million to \$63.0 million, up from the previous guidance of \$59.0 million to \$61.0 million
- For fiscal 2009, licensing and litigation expense is now expected to be in the range of \$19.0 million to \$20.0 million, up from the previous guidance of \$15.0 million to \$18.0 million
- As a result of the above, guidance for fiscal 2009 pro forma income is expected to remain in the range of \$20.0 million to \$21.0 million, or \$1.90 to \$2.00 per diluted share

MOSAID's revenues result primarily from intellectual property agreements, which by their nature may actually close on dates other than those projected. MOSAID's priority and focus is on obtaining the best terms possible under its agreements, rather than on the particular timing of agreement closure.

Conference Call and Webcast

*Management will hold a conference call and webcast on **Thursday, November 20, 2008 at 5:00 p.m. EDT**. The webcast will be live at www.mosaid.com and may also be accessed by dialing 1-800-264-7882. The webcast will be available on MOSAID's web site for 90 days following the event.*

About MOSAID

MOSAID Technologies Inc. is one of the world's leading intellectual property companies. MOSAID develops semiconductor memory technology and licenses patented intellectual property in the areas of semiconductors, and wired and wireless communications systems. MOSAID counts many of the world's largest semiconductor companies among its licensees. Founded in 1975, MOSAID is based in Ottawa, Ontario.

Pro forma income, a non-GAAP measure, is GAAP net income adjusted for stock-based compensation, patent amortization and imputed interest, foreign exchange gains and losses on "Other long-term liabilities," and any other non-recurring items. The Company uses pro forma measures internally to evaluate and manage operating performance as well as to forecast and plan. Non-GAAP measures do not have any standardized meaning prescribed by GAAP and are therefore unlikely to be comparable to similar measures presented by other issuers.

For more information, visit www.mosaid.com.

Forward Looking Information

This document and certain other public documents incorporated by reference in this document, contain forward-looking statements to the extent they relate to MOSAID or its management, including those identified by the expressions "anticipate," "believe," "foresee," "estimate," "expect," "intend," "could," "may," "plan," "will," "would" and similar expressions. Similarly, statements in this document that describe MOSAID's business strategy, outlook, objectives, plans, intentions or goals also are forward-looking statements. These forward-looking statements are not historical facts, but rather reflect MOSAID's current expectations regarding future events. These forward-looking statements are subject to a number of risks and uncertainties that could cause actual results, performance or achievements to differ materially from those in such forward-looking statements. Assumptions made in preparing forward-looking statements and financial guidance include, but are not limited to, the following: MOSAID's continued expansion of its patent portfolio and of its opportunities for future patent licensing revenue as a result of MOSAID's acquisition of patents from third parties and from development of new inventions; DRAM manufacturers continuing to infringe MOSAID's patents; the timing and amount of MOSAID's litigation expenses; MOSAID's ability to sign new patent licensees; current assumptions as to the identification of products that are unlicensed to MOSAID's wireless patents; and the timing and amount of MOSAID's Research & Development expenses.

Factors that could cause actual results to differ materially from expected results include, but are not limited to, the following: the extent of embedded DRAM proliferation in the System-on-a-Chip markets; legal rulings and/or regulatory investigations or complaints having an adverse impact on the validity, enforceability, potential royalty rates, and strength or breadth of coverage of MOSAID's essential and/or nonessential patents (including, but not limited to, adverse results from litigation or proceedings in patent offices and government regulatory agencies in various countries around the world); judicial, legislative or regulatory changes that impair the ability of patent holders to earn licensing revenues; economic, social, and political conditions in the countries in which MOSAID or patent licensees operate, including security risks, health conditions, possible disruptions in transportation networks and fluctuations in foreign currency exchange rates; non-payment or delays in payment by, or insolvency of, licensees or other debtors; variability in patent licensees' sales of licensed products, failure to maintain and enforce MOSAID's existing patent portfolio, or failure to obtain valuable patents as a result of research and development activities, or failure to acquire valuable patents from third parties; MOSAID's ability to recruit and retain skilled personnel; change in MOSAID's financial position; consolidation of MOSAID's licensees; natural events, such as severe weather and earthquakes in the locations in which MOSAID or patent licensees operate; and changes in the tax rate applicable to MOSAID as the result of changes in the tax law in the jurisdictions in which profits are determined to be earned and taxed, the outcome of tax audits and the ability to realize deferred tax assets.

MOSAID assumes no obligation to update or revise any forward-looking statements. Additional information identifying risks and uncertainties affecting MOSAID's business and other factors that could cause MOSAID's financial results to fluctuate are contained in MOSAID's Annual Information Form, under the section entitled "Risk Factors," and in MOSAID's other public filings available online at www.sedar.com.

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FINANCIAL STATEMENTS AND NOTES TO FOLLOW

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION

This discussion and analysis is dated November 19, 2008. It should be read in conjunction with the unaudited Consolidated Financial Statements of MOSAID Technologies Incorporated ("MOSAID" or "the Company") for the quarter ended October 31, 2008. It should also be read in conjunction with the audited Consolidated Financial Statements and notes thereto for MOSAID for the year ended April 30, 2008, as well as with - Management's Discussion and Analysis (MD&A) included in the Company's most recent Annual Report for the fiscal year ended April 30, 2008. Unless otherwise stated, all amounts are in Canadian dollars.

Management is responsible for establishing appropriate information systems, procedures and controls to ensure that all financial information disclosed externally, including this MD&A, and used internally by management, is complete and reliable. These procedures include the review and approval of the financial statements and associated information, including this MD&A, first by the Disclosure Committee, a committee of the management team, the Audit Committee of the Board of Directors and subsequently by the Board.

Forward-looking Information Statements

This document and certain other public documents incorporated by reference in this document contain forward-looking statements to the extent they relate to MOSAID or its management, including those identified by the expressions "anticipate," "believe," "could," "estimate," "expect," "intend," "may," "plan," "will," "would" and similar expressions. These forward-looking statements are not historical facts, but rather reflect MOSAID's current expectations regarding future events. These forward-looking statements are subject to a number of risks and uncertainties that could cause actual results, performance or achievements to differ materially from current expectations. Assumptions made in preparing forward-looking statements and financial guidance include, but are not limited to, the following:

- MOSAID's continued expansion of its patent portfolio and of its opportunities for future patent licensing revenue as a result of MOSAID's acquisition of patents from third parties and from development of new inventions;
- semiconductor and wireless product vendors continuing to infringe MOSAID's patents;
- the timing and amount of MOSAID's litigation expenses;
- MOSAID's ability to sign new licensees;
- current assumptions as to the identification of products that are unlicensed to MOSAID's patents; and
- the timing and amount of MOSAID's Research and Development expenses.

Factors that could cause actual results to differ materially from expected results include, but are not limited to, the following:

- MOSAID's ability to negotiate settlements with licensees;
- legal rulings and/or regulatory investigations or complaints having an adverse impact on the validity, enforceability, potential royalty rates, and strength or breadth of coverage of MOSAID's essential and/or nonessential patents (including, but not limited to, adverse results from litigation or proceedings in patent offices and government regulatory agencies in various countries around the world);
- judicial, legislative or regulatory changes that impair the ability of patent holders to earn licensing revenues;
- economic, social, and political conditions in the countries in which MOSAID or patent licensees operate, including security risks, health conditions, possible disruptions in transportation networks and fluctuations in foreign currency exchange rates;
- non-payment or delays in payment by, or insolvency of, licensees or other debtors;

- variability in patent licensees' sales of licensed products, failure to maintain and enforce MOSAID's existing patent portfolio, or failure to obtain valuable patents as a result of research and development activities, or failure to acquire valuable patents from third parties;
- MOSAID's ability to recruit and retain skilled personnel;
- change in MOSAID's financial position;
- consolidation of MOSAID's licensees;
- natural events, such as severe weather and earthquakes in the locations in which MOSAID or patent licensees operate; and
- changes in the tax rate applicable to MOSAID as the result of changes in the tax law in the jurisdictions in which profits are determined to be earned and taxed, the outcome of tax audits and the ability to realize deferred tax assets.

In this current volatile and uncertain economic environment the Company has maintained or instituted practices to assist it to mitigate financial risk. These practices include but are not limited to the following.

The Company licenses its patents worldwide, providing geographic diversification for its revenue sources.

The Company utilizes a variety of payment structures, such as fixed payment and running royalty, with its licensees in order to provide the Company with a relatively predictable base of regular cash flow and allow for upside revenue potential as market conditions improve.

The Company typically utilizes term-based multi-year arrangements, which provide the Company with known licensing terms and conditions for the duration of the agreement as well as an opportunity to adjust these terms and conditions as arrangements come up for renewal.

The Company has added patent portfolios that address the non-DRAM semiconductor and telecommunications industries. The addition of these portfolios has provided the Company with a many-fold increase in potential licensees operating in multi-billion dollar markets over what previously existed for the Company.

While many of the Company's existing and potential licensees are large multinational companies, nonetheless, the Company monitors their financial position and operational results both prior to and during the term of the licensing agreements.

The Company utilizes credit insurance to protect certain of its assets when deemed appropriate by the Company and when available.

The Company cautiously invests its surplus cash with the primary objective of protecting the capital. The Company does not invest in asset-based commercial paper and only invests in highly rated investment grade securities with maturities of 12 months or less, in order to reduce credit and interest rate risk.

When the Company acquires large dollar assets, primarily acquired intangibles, it attempts to negotiate payment terms spanning several years in order to better match the asset's expected cash inflows with the payments.

In some instances, the Company will not acquire the actual ownership of the intangible but will acquire all the benefits of ownership through an exclusive sublicensing arrangement. Often, these arrangements require relatively little cash outflow by the Company at the time of entering the arrangement. Further, the cost of sharing revenues with the owner of the patents occurs only at the time of monetization by the Company. Again, this allows the Company to better match the inflows and outflows and reduces the Company's need for financing.

As many of the Company's revenues and expenses are denominated in currencies other than its reporting currency, for both economic and reporting purposes, the Company utilizes forward exchange contracts with highly credit worthy counter-parties to help mitigate its foreign exchange risk. The Company does not use such instruments for speculative purposes.

Management believes the Company is sufficiently capitalized to weather these uncertain economic times and that, if required, could obtain access to additional financing.

MOSAID assumes no obligation to update or revise any forward-looking statements. Additional information identifying risks and uncertainties affecting MOSAID's business and other factors that could cause MOSAID's financial results to fluctuate are contained in MOSAID's Annual Information Form, under the section entitled "Risk Factors," and in MOSAID's other public filings available online at www.sedar.com.

Pro forma income, which is not a generally accepted accounting principle (GAAP) measure, is GAAP net income adjusted for stock-based compensation, patent amortization and imputed interest, foreign exchange gains and losses on "Other long-term liabilities," and other non-recurring items. The Company uses pro forma measures internally to evaluate and manage operating performance as well as to forecast and plan. Non-GAAP measures do not have any standardized meaning prescribed by GAAP and are therefore unlikely to be comparable to similar measures presented by other issuers.

It should also be noted that the Certification by MOSAID's CEO and CFO of Interim Filings, as prescribed by Form 52-109F2, is required in conjunction with the reporting of these quarterly results and is filed accordingly with SEDAR.

Overview

The Company reported revenues of \$13.8 million for the quarter ended October 31, 2008 ("Q2 fiscal 2009"), representing an increase of 19.7% from revenues of \$11.5 million for the quarter ended October 31, 2007 ("Q2 fiscal 2008"). GAAP loss before discontinued operations for Q2 fiscal 2009 was \$4.0 million or \$0.39 per diluted share, compared to income of \$4.5 million or \$0.40 per diluted share for the same period in the prior year. GAAP net loss for Q2 fiscal 2009 was \$3.4 million or \$0.33 per diluted share, compared to net income of \$4.7 million, or \$0.43 per diluted share for the same quarter last year. The GAAP loss before discontinued operations and GAAP net loss for Q2 fiscal 2009 were driven primarily by the unrealized loss on foreign exchange as a result of revaluing the other long-term liabilities to reflect changes in foreign rates. Pro forma income was \$4.1 million or \$0.40 per diluted share in Q2 fiscal 2009, as compared to \$3.8 million or \$0.34 per diluted share for Q2 fiscal 2008.

Comparison of Actual Quarterly Results to Guidance

The Company's reported revenues of \$13.8 million for Q2 fiscal 2009 met the guidance of \$13.0 million to \$14.0 million for the quarter. Patent portfolio management, research and development, and general and administration expenses for Q2 fiscal 2009 were within the guidance ranges provided by management on August 27, 2008. Patent licensing and litigation expense exceeded the guidance range primarily due to litigation costs. On a pro forma basis, the Company recorded a foreign exchange gain due to the appreciation of the U.S. dollar. As a result of all of the above, actual pro forma income of \$4.1 million exceeded the guidance for Q2 fiscal 2009 of \$3.0 million to \$3.5 million.

Results of Operations

The following table shows the percentage of revenues represented by certain items in the Company's GAAP consolidated statement of earnings for the fiscal quarters indicated.

	Quarter Ended October 31,		Six Months Ended October 31,	
	2008	2007	2008	2007
	%	%	%	%
Revenues	100	100	100	100
Expenses				
Patent portfolio management	9	12	9	10
Patent licensing and litigation	47	24	41	21
Research and development	4	5	4	5
General and administration	6	8	8	9
Foreign exchange loss (gain)	44	(37)	25	(24)
Other	1	2	1	1
Patent amortization and imputed interest	24	30	25	28
Operating expenses	135	44	113	50
Income from operations	(35)	56	(13)	50
Net interest income	5	5	4	4
Income tax expense	(1)	22	2	19
Income before discontinued operations	(29)	39	(11)	34
Discontinued operations (net of tax)	4	2	3	25
Net income	(25)	41	(8)	59

The following table shows the percentage of revenues represented by certain items in the Company's pro forma consolidated statement of earnings for the fiscal quarters indicated.

	Quarter Ended October 31,		Six Months Ended October 31,	
	2008	2007	2008	2007
	%	%	%	%
Revenues	100	100	100	100
Expenses				
Patent portfolio management	9	12	9	10
Patent licensing and litigation	47	24	41	21
Research and development	4	5	4	5
General and administration	6	8	8	9
Foreign exchange (gain) loss	(6)	4	(4)	3
Special committee	-	1	-	-
Operating expenses	60	54	58	48
Pro forma income from operations	40	46	42	52
Net interest income	5	5	4	4
Income tax expense	15	18	15	20
Pro forma income	30	33	31	36

Pro forma income is reconciled to GAAP net income as follows:

(Dollar amounts in thousands)	Quarter Ended October 31,		Six Months Ended October 31,	
	2008	2007	2008	2007
	\$	\$	\$	\$
GAAP net income	(3,427)	4,734	(2,067)	14,269
Add (deduct):				
Stock-based compensation	168	137	315	235
Patent amortization and imputed interest	3,301	3,436	6,561	6,836
Restructuring	-	-	-	19
Foreign exchange loss (gain)	6,876	(4,740)	7,455	(6,418)
Income tax expense – for the above items	(2,223)	465	(3,395)	(199)
Discontinued operations (net of tax)	(569)	(236)	(737)	(6,036)
Pro forma income	4,126	3,796	8,132	8,706

MOSAID operates through one segment and division, the Intellectual Property Division.

REVENUES

(Dollar amounts in thousands)	Quarter Ended October 31,		Six Months Ended October 31,	
	2008	2007	2008	2007
	Revenues	\$13,795	\$11,526	\$26,447

Revenues in Q2 fiscal 2009 increased by 19.7% as compared to Q2 fiscal 2008. The increase for both the Q2 fiscal 2009 and the six months ended October 31, 2008 is due to the timing of license agreements and foreign currency fluctuations.

Revenues can vary significantly from quarter to quarter depending upon contractually determined timing of royalty reporting by licensees, the cyclical nature of the semiconductor and telecommunications industries, and foreign currency fluctuations.

The approximate geographic breakdown of operating revenues is as follows:

	Quarter Ended October 31,		Six Months Ended October 31,	
	2008	2007	2008	2007
	%	%	%	%
Asia Pacific	80	77	72	77
North America	-	-	8	-
Europe	20	23	20	23

The Company licenses its patents globally. Due to the nature of the patent licenses, the geographic distribution of revenues can significantly vary from quarter to quarter. The Company is economically dependent upon relatively few licensees. In Q2 fiscal 2009, one licensee accounted for 28% of revenues; other licensees accounted for 25%, 20% and 12%, respectively. In Q2 fiscal 2008, one licensee accounted for 36%; other licensees accounted for 31 % and 23%, respectively.

EXPENSES

Patent portfolio management

(Dollar amounts in thousands)	Quarter Ended October 31,		Six Months Ended October 31,	
	2008	2007	2008	2007
Patent portfolio management	\$1,203	\$1,356	\$2,326	\$2,318
As a percentage of total revenues	9%	12%	9%	10%
(Decrease) increase from same period last year	(11%)		0%	

For the quarter ended October 31, 2008, the decrease in patent portfolio management expense in absolute dollar terms and as a percentage of revenues, as compared to the same period last year, is due to the timing of costs associated with patent applications. At the end of Q2 fiscal 2009, the Company had 954 patents and patent applications, as compared to 850 at the end of Q2 fiscal 2008.

Patent portfolio management expense for the six months ended October 31, 2008, as a percentage of revenues and in absolute dollar terms, is consistent with the same period in the prior year.

Patent licensing and litigation

(Dollar amounts in thousands)	Quarter Ended October 31,		Six Months Ended October 31,	
	2008	2007	2008	2007
Patent licensing and litigation	\$6,528	\$2,711	\$10,945	\$5,149
As a percentage of total revenues	47%	24%	41%	21%
Increase from same period last year	141%		112%	

The increase in patent licensing and litigation expense for both the quarter and the six months ended October 31, 2008, as a percentage of revenues and in absolute terms, as compared to the prior year, is due primarily to increased litigation costs as the litigation against Micron Technology, Inc. (Micron) progressed, and increased revenue sharing expense related to acquired patent licensing rights.

Management expects that litigation expense for subsequent quarters in fiscal 2009 will be at or less than the level recorded during Q2 fiscal 2009. Due to the nature of the expense, these costs may vary significantly from quarter-to-quarter.

Research and Development (R&D)

(Dollar amounts in thousands)	Quarter Ended October 31,		Six Months Ended October 31,	
	2008	2007	2008	2007
Research and development	\$508	\$599	\$1,075	\$1,091
As a percentage of total revenues	4%	5%	4%	5%
(Decrease) from same period last year	(15%)		(1%)	

R&D, as a percentage of revenues and in absolute dollar terms, decreased in Q2 fiscal 2009 compared to Q2 fiscal 2008, due primarily to the timing of subcontract expenses. R&D expense for the six months ended October 31, 2008, as a percentage of revenues and in absolute dollar terms, is consistent with the same period in the prior year. MOSAID continues to provide resources towards the development of its HyperLink NAND (HLNAND™) technology.

General and Administration (G&A)

(Dollar amounts in thousands)	Quarter Ended October 31,		Six Months Ended October 31,	
	2008	2007	2008	2007
General and administration	\$885	\$945	\$2,034	\$2,158
As a percentage of total revenues	6%	8%	8%	9%
(Decrease) from same period last year	(6%)		(6%)	

The decrease in G&A expense, as a percentage of revenues and in absolute dollars, is due to the timing of expenses. As a percentage of revenues, the amount is essentially the same for the six months ended October 31, 2008 as compared to the same period in the prior year.

Foreign exchange loss (gain) (FX)

(Dollar amounts in thousands)	Quarter Ended October 31,		Six Months Ended October 31,	
	2008	2007	2008	2007
FX loss (gain)	\$6,002	(\$4,253)	\$6,520	(\$5,743)
As a percentage of total revenues	44%	(37%)	25%	(24%)
Increase from same period last year	nm		nm	

The FX loss of \$6.0 million during Q2 fiscal 2009 and \$6.5 million during the six months ended October 31, 2008, is primarily due to the revaluation of the Company's U.S. dollar denominated liabilities related to acquired patents. Without this revaluation, the Company incurred an FX gain of \$874,000 or 6.3 % of revenues during Q2 fiscal 2009 and \$935,000 or 3.5% of revenues during the first six months ended October 31, 2008, due to the appreciation of the U.S. dollar.

Patent amortization and imputed interest

(Dollar amounts in thousands)	Quarter Ended October 31,		Six Months Ended October 31,	
	2008	2007	2008	2007
Patent amortization and imputed interest	\$3,301	\$3,436	\$6,561	\$6,836
As a percentage of total revenues	24%	30%	25%	28%
(Decrease) increase from the same period last year	(4%)		(4%)	

The decrease in patent amortization and imputed interest cost for the quarter and six months ended October 31, 2008, as a percentage of revenues and in absolute dollar terms, is primarily due to the repayment of other long-term liabilities, resulting in lower imputed interest expense.

Income Taxes

An income tax recovery of \$191,000 was recorded for Q2 fiscal 2009, compared to income tax expense of \$2.6 million for Q2 fiscal 2008. The Company expects the GAAP effective tax rate to be approximately 36% - 37% for the remainder of fiscal 2009. The Company expects the effective pro forma tax rate to be approximately 31% - 33% for the remainder of fiscal 2009.

Discontinued operations

Discontinued operations (net of tax) for Q2 fiscal 2009 generated a profit of \$569,000, compared to a profit of \$236,000 for the same period in the prior year. Discontinued operations for Q2 fiscal 2009 consisted of a pre-tax gain of \$542,000 related to the deferred gain on sale-leaseback and increased accrual of the provision

related to the leaseback of the Company's headquarters, and reversal of accrual related to the sale of Semiconductor IP product assets, offset by tax recovery of \$27,000. Discontinued operations (net of tax) for Q2 fiscal 2008 generated a profit of \$236,000.

Liquidity and Capital Resources

In Q2 fiscal 2009, the Company generated a positive cashflow from operations of \$4.7 million, as compared to a positive cashflow of \$3.7 million in Q2 fiscal 2008. Changes in non-cash working capital decreased cashflow by \$1.6 million in Q2 fiscal 2009, compared to a decrease in cashflow of \$1.8 million in Q2 fiscal 2008. In Q2 fiscal 2009 and Q2 fiscal 2008, the Company declared and paid a dividend of \$0.25 per common share or \$2.5 million and \$2.8 million, respectively. During Q2 fiscal 2009, the Company expended \$4.6 million to repurchase and cancel 296,808 common shares of the Company through a normal course issuer bid program. The Company expended \$4.5 million to repurchase and cancel 224,000 common shares in the same quarter in the prior year.

In terms of other cashflow items:

Cash and marketable securities

At the end of Q2 fiscal 2009, the Company had cash and marketable securities of \$59.8 million, compared to \$58.4 million at the end of fiscal 2008. Working capital decreased to \$56.0 million at the end of Q2 fiscal 2009 from \$67.3 million at the end of fiscal 2008. The decrease was due primarily to the return of cash to shareholders through dividend payments and the normal course issuer bid program. Management believes that the Company is well capitalized with sufficient working capital to fund current ongoing operations.

The Company continues to have a \$10.0 million bank credit facility available to cover the fluctuations in cash requirements. The Company had no borrowings against this facility throughout the quarter. The available operating line within this credit facility is calculated using a formula based on accounts receivable.

Accounts receivable

Accounts receivable decreased by \$7.3 million during Q2 fiscal 2009, from \$12.3 million at the end of fiscal 2008 to \$5.0 million at the end of Q2 fiscal 2009, primarily due to the collection of amounts that were in escrow as part of discontinued operations transactions. Due to the nature of the Company's business, accounts receivable can vary significantly from quarter to quarter.

Acquired Intangibles

The net book value of acquired intangibles decreased by \$3.4 million during Q2 fiscal 2009. The decrease was due to patent amortization of \$4.8 million, partially offset by acquisitions in Q1 fiscal 2009 of \$1.3 million.

Future income taxes recoverable

At the end of Q2 fiscal 2009, the balance for future income taxes recoverable was \$30.3 million, compared with \$28.0 million at the end of fiscal 2008. Adding to the balance during Q2 fiscal 2009 were \$36,000 of investment tax credits recorded as an offset to R&D expense, \$905,000 of withholding taxes on international royalty income, and a Canadian tax recovery of \$219,000 (\$191,000 to continuing operations and a \$28,000 tax recovery to discontinued operations). These amounts were partially offset by a \$356,000 reclassification from income taxes payable.

Other long-term liabilities

As a result of the purchase of patents from Infineon Technologies AG (Infineon), Agere Systems Inc. (Agere) and the exclusive licensing arrangement with LSI Corporation (LSI), the Company has recorded a liability of \$43.8 million. Of this amount, \$8.1 million is due within 12 months. The debts are denominated in U.S. dollars and can vary significantly from quarter to quarter due to fluctuations in foreign exchange markets.

Summary of Quarterly Results

The following table shows selected quarterly results for the Company for the past two fiscal years.

(in thousands of dollars, except per share amounts)	Q209	Q109	Q408	Q308	Q208	Q108	Q407	Q307
Net sales	\$13,795	\$12,652	\$16,959	\$13,992	\$11,526	\$12,595	\$12,204	\$13,830
Earnings (loss) before discontinued operations	(\$3,996)	\$1,192	\$3,913	(\$1,291)	\$4,498	\$3,735	\$1,271	\$4,950
Per share	(\$0.39)	\$0.11	\$0.36	(\$0.12)	\$0.40	\$0.34	\$0.12	\$0.45
Per diluted share	(\$0.39)	\$0.11	\$0.36	(\$0.12)	\$0.40	\$0.33	\$0.11	\$0.44
Net (loss) earnings	(\$3,427)	\$1,360	\$5,425	(\$1,220)	\$4,734	\$9,535	\$9,043	\$4,294
Per share	(\$0.33)	\$0.13	\$0.51	(\$0.11)	\$0.43	\$0.86	\$0.82	\$0.39
Per diluted share	(\$0.33)	\$0.13	\$0.50	(\$0.11)	\$0.43	\$0.85	\$0.81	\$0.38

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	\$ 2,504	\$948	\$ 729	\$496	\$331
Other long-term obligations	\$57,784	\$9,124	\$17,031	\$13,382	\$18,247
Total contractual obligations	\$60,288	\$10,072	\$17,760	\$13,878	\$18,578

The contractual obligations are other long-term obligations representing the amounts due to Infineon, Agere and LSI as a result of patent purchases by the Company.

The Company entered into a seven year operating lease expiring in March 2015. As part of the sale and leaseback transaction, the Company expects to recover \$565,000 in fiscal 2009 from sublet payments.

Off Balance Sheet Arrangements

Off balance sheet arrangements are described in the notes to the annual financial statements. Note 24 to the annual financial statements discloses the Company's guarantees and contingencies.

Critical Accounting Estimates

The consolidated financial statements are prepared in accordance with Canadian generally accepted accounting principles, which require management estimates and assumptions that affect the amounts reported in the Company's consolidated financial statements. The policies described in the Company's fiscal 2008

annual MD&A are considered critical to the Company's business operations and the understanding of its results of operations. The application of these and other accounting policies are described in Note 1 to the annual consolidated financial statements. The preparation of these financial statements requires estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the statements, and the reported amounts of revenue and expenses during the reporting period. There can be no assurance that actual results will not differ from those estimates.

Critical Accounting Policies

The accounting policies used in preparing these interim financial statements are consistent with those used in preparing the fiscal 2008 annual financial statements except as noted in Note 2 to the interim financial statements for the period ended October 31, 2008.

Outstanding Share Data

The Company is authorized to issue an unlimited number of common shares. At the end of Q2 fiscal 2009, there were 10,177,031 common shares issued and outstanding. At October 31, 2008, the Company may grant up to 797,068 options, under the Employee and Director Stock Option Plan, of which 570,808 have been granted and are outstanding.

International Financial Reporting Standards (IFRS)

On February 13, 2008, the Accounting Standards Board announced that publicly accountable entities will be required to prepare financial statements in accordance with International Financial Reporting Standards ("IFRS") for interim and annual financial statements for fiscal years beginning on or after January 1, 2011. 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.

Updated Guidance

Updated guidance provided by Management may be found in the Company's press release entitled "MOSAID Announces Second Quarter Results for Fiscal 2009 and Dividend" dated November 20, 2008.

Other MD&A Requirements

Additional information relating to the Company, including its Annual Information Form, is filed with SEDAR (available for review at www.sedar.com).

Business Risks and Uncertainties

As described in the "Risk Factors" section included in the Company's annual MD&A for the year ended April 30, 2008, numerous factors could cause the Company's results to differ materially from those in forward-looking statements. These factors did not change significantly in the second quarter of fiscal 2009.

Dated this 19th day of November 2008.

MOSAID Technologies Incorporated
Unaudited Consolidated Financial Statements
For the Quarter Ended October 31, 2008

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 October 31,		Six Months Ended October 31,	
	2008	2007	2008	2007
Revenues	\$13,795	\$11,526	\$26,447	\$24,121
Operating expenses				
Patent portfolio management	1,203	1,356	2,326	2,318
Patent licensing and litigation	6,528	2,711	10,945	5,149
Research and development	508	599	1,075	1,091
General and administration	885	945	2,034	2,158
Foreign exchange (gain) loss	(874)	487	(935)	675
Special committee	-	101	-	112
	8,250	6,199	15,445	11,503
Pro forma income from operations	5,545	5,327	11,002	12,618
Net interest income	613	565	1,135	963
Pro forma income before income tax	6,158	5,892	12,137	13,581
Income tax expense	2,032	2,096	4,005	4,875
Pro forma income (Note 6)	\$ 4,126	\$ 3,796	\$ 8,132	\$ 8,706
Pro forma earnings per share				
Basic	\$0.40	\$0.34	\$0.78	\$0.78
Diluted	\$0.40	\$0.34	\$0.77	\$0.76
Weighted average number of shares				
Basic	10,242,692	11,125,423	10,465,510	11,118,138
Diluted	10,261,537	11,125,423	10,494,342	11,489,775

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		Six Months Ended	
	October 31,		October 31,	
	2008	2007	2008	2007
Revenues	\$13,795	\$11,526	\$26,447	\$24,121
Operating expenses				
Patent portfolio management	1,203	1,356	2,326	2,318
Patent licensing and litigation	6,528	2,711	10,945	5,149
Research and development	508	599	1,075	1,091
General and administration	885	945	2,034	2,158
Foreign exchange loss (gain)	6,002	(4,253)	6,520	(5,743)
Other	168	238	315	366
Patent amortization and imputed interest	3,301	3,436	6,561	6,836
	18,595	5,032	29,776	12,175
(Loss) income from operations	(4,800)	6,494	(3,329)	11,946
Net interest income	613	565	1,135	963
(Loss) income before income tax expense and discontinued operations	(4,187)	7,059	(2,194)	12,909
Income tax (recovery) expense	(191)	2,561	610	4,676
(Loss) income before discontinued operations	(3,996)	4,498	(2,804)	8,233
Discontinued operations income (net of tax) (Note 5)	569	236	737	6,036
Net (loss) income	(3,427)	4,734	(2,067)	14,269
Dividends	2,544	2,779	5,228	5,558
Normal course issuer bid	1,837	2,418	3,215	2,418
Retained earnings, beginning of period	16,595	23,657	19,297	16,901
Retained earnings, end of period	\$ 8,787	\$23,194	\$ 8,787	\$23,194
Earnings per share (Note 4)				
Basic – before discontinued operations	(\$0.39)	\$0.40	(\$0.27)	\$0.74
Diluted – before discontinued operations	(\$0.39)	\$0.40	(\$0.27)	\$0.72
Basic – net earnings	(\$0.33)	\$0.43	(\$0.20)	\$1.28
Diluted – net earnings	(\$0.33)	\$0.43	(\$0.20)	\$1.24
Weighted average number of shares				
Basic	10,242,692	11,125,423	10,465,510	11,118,138
Diluted	10,261,537	11,125,423	10,494,342	11,489,775

See accompanying Notes to the Consolidated Financial Statements

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

	As at October 31, 2008 (unaudited)	As at April 30, 2008 (audited)
Current Assets		
Cash and cash equivalents	\$ 25,390	\$ 22,133
Marketable securities	34,362	36,246
Accounts receivable	4,951	12,304
Prepaid expenses	732	486
Future income taxes recoverable	11,015	11,015
	76,540	82,184
Capital assets	852	957
Acquired intangibles	66,699	70,130
Future income taxes recoverable	19,331	16,988
	\$163,332	\$170,259
Current Liabilities		
Accounts payable and accrued liabilities	\$ 9,052	\$ 7,723
Income tax payable	1,432	356
Deferred revenue	843	1,146
Other liability	1,116	318
Current portion of other long-term liabilities	8,063	5,345
	20,506	14,888
Deferred gain on sale-leaseback	1,393	1,797
Other long-term liabilities	35,768	31,195
	57,667	47,880
Shareholders' Equity		
Share capital (Note 3)	94,745	100,403
Contributed surplus	3,249	2,997
Retained earnings	8,787	19,297
Accumulated other comprehensive income	(1,116)	(318)
	105,665	122,379
	\$163,332	\$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 October 31,		Six Months Ended October 31,	
	2008	2007	2008	2007
Operating				
(Loss) income before discontinued operations	(\$ 3,996)	\$ 4,498	(\$ 2,804)	\$ 8,233
Items not affecting cash				
Amortization	2,473	2,431	4,930	4,750
Stock-based compensation	168	137	315	235
Unrealized foreign exchange loss (gain) on other long-term liabilities	6,876	(4,740)	7,455	(6,418)
Future income tax recoverable	(832)	1,366	(2,343)	3,267
	4,689	3,692	7,553	10,067
Change in non-cash working capital items from continuing operations	(1,614)	(1,823)	4,509	(6,018)
	3,075	1,869	12,062	4,049
Investing				
Acquisition of capital assets and acquired intangibles	(57)	(3)	(1,394)	(2,667)
Acquisition of short-term marketable securities	(14,408)	(34,506)	(47,114)	(81,407)
Proceeds on disposal/maturity of short-term marketable securities	21,860	34,108	48,998	70,555
	7,395	(401)	490	(13,519)
Financing				
Repayment of mortgage	-	(65)	-	(130)
Long-term liabilities	169	249	(164)	1,614
Repurchase of shares	(4,597)	(4,501)	(8,415)	(4,501)
Dividends	(2,544)	(2,779)	(5,228)	(5,558)
Funding of RSU plan	(718)	-	(718)	-
Issue of common shares	24	176	167	1,926
	(7,666)	(6,920)	(14,358)	(6,649)
Net cash inflow (outflow) from continuing operations	2,804	(5,452)	(1,806)	(16,119)
Net cash inflow (outflow) from discontinued operations	5,371	(662)	5,063	11,773
Net cash inflow (outflow)	8,175	(6,114)	3,257	(4,346)
Cash and cash equivalents , beginning of period	17,215	25,164	22,133	23,396
Cash and cash equivalents , end of period	\$25,390	\$19,050	\$25,390	\$19,050

See accompanying Notes to the Consolidated Financial Statements

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

	Quarter Ended		Six Months Ended	
	October 31,		October 31,	
	2008	2007	2008	2007
Net (loss) income	(\$3,427)	\$4,734	(\$2,067)	\$14,269
Other comprehensive income, net of tax:				
Gains and losses on derivatives designated as cash flow hedges	(1,212)	871	(1,387)	1,657
Gains and losses on derivatives designated as cash flow hedges in prior periods transferred to revenue in the current period	423	(276)	589	(442)
Other comprehensive (loss) income	(789)	595	(798)	1,215
Comprehensive (loss) income	(\$4,216)	\$5,329	(\$2,865)	\$15,484

See accompanying Notes to the Consolidated Financial Statements

MOSAID TECHNOLOGIES INCORPORATED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Quarter ended October 31, 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, 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 six months ended October 31, 2008:

	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,	
	2008	2007	2008	2007
(Loss) income before discontinued operations	(\$3,996)	\$4,498	(\$2,804)	\$ 8,233
Discontinued operations (net of tax)	569	236	737	6,036
Net (loss) income	(\$3,427)	\$4,734	(\$2,067)	\$14,269
Weighted average number of common shares outstanding	10,242,692	11,125,425	10,465,510	11,118,138
Net effect of stock options	18,845	-	28,832	371,637
Weighted average diluted number of common shares outstanding	10,261,537	11,125,423	10,494,342	11,489,775
Earnings per share				
Basic – before discontinued operations	(\$0.39)	\$0.40	(\$0.27)	\$0.74
Diluted – before discontinued operations	(\$0.39)	\$0.40	(\$0.27)	\$0.72
Basic - net income	(\$0.33)	\$0.43	(\$0.20)	\$1.28
Diluted - net income	(\$0.33)	\$0.43	(\$0.20)	\$1.24

For the quarters ended October 31, 2008 and October 31, 2007, 269,606 and 289,456 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, 2008 and October 31, 2007, 269,606 and 17,000 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 570,808 and 503,369 options issued and outstanding as at October 31, 2008 and October 31, 2007, respectively.

5. Discontinued operations

	Quarter Ended October 31,		Six Months Ended October 31,	
	2008	2007	2008	2007
Revenues	\$134	(\$42)	\$156	\$ 340
Expenses				
Research and development	8	(46)	8	1,400
Selling and marketing	5	(2)	5	1,006
Restructuring	-	12	-	166
	13	(36)	13	2,572
Gain (loss) from operations	121	(6)	143	(2,232)
Gain on sale of assets	421	(9)	623	9,295
Earnings before tax	542	(15)	766	7,063
Income tax (recovery) expense	(27)	(251)	29	1,027
Discontinued operations (net of tax)	\$569	\$236	\$737	\$6,036

6. Reconciliation of pro forma income with GAAP net income

	Quarter Ended October 31,		Six Months Ended October 31,	
	2008	2007	2008	2007
GAAP net (loss) income	(\$3,427)	\$4,734	(\$2,067)	\$14,269
Add (deduct):				
Stock-based compensation	168	137	315	235
Patent amortization and imputed interest	3,301	3,436	6,561	6,836
Restructuring	-	-	-	19
Foreign exchange loss (gain)	6,876	(4,740)	7,455	(6,418)
Income tax expense - for the above items	(2,223)	465	(3,395)	(199)
Discontinued operations (net of tax)	(569)	(236)	(737)	(6,036)
Pro forma income	\$4,126	\$3,796	\$8,132	\$ 8,706

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 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 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:

	Quarter Ended October 31,	
	2008	2007
Risk free interest rate	2.71%	4.25%
Expected life in years	5.5	5.5
Expected dividend yield	8.58%	4.95%
Volatility	42.90%	58.37%

For the quarter ended October 31, 2008, the Company issued 34,109 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 the quarter, 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 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. At this time, Management does not believe there is a need for significant allowance for doubtful accounts.

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:

	<u>October 31, 2008</u>	<u>April 30, 2008</u>
Cash	\$25,390	\$22,133
Marketable securities	34,362	36,246
Accounts receivable	4,951	12,304
Other liability	(1,116)	(318)
	<u>\$63,587</u>	<u>\$70,365</u>

The aging of accounts receivable at the reporting date was:

	<u>October 31, 2008</u>	<u>April 30, 2008</u>
Current	\$4,548	\$ 6,297
Past due (61 – 120 days)	-	-
Greater than 120 days	403	6,007
	<u>\$4,951</u>	<u>\$12,304</u>

Based upon historical default rates, the Company believes there are minimal requirements for an allowance for doubtful accounts.

Marketable securities comprise the following:

	<u>October 31, 2008</u>	<u>April 30, 2008</u>
Bonds & debentures	\$20,671	\$18,980
Greater than 90 days	13,691	17,266
	<u>\$34,362</u>	<u>\$36,246</u>

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, 2008 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 long-term other 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, 2008	
Type	Notional	Currency	Maturity	Equivalent to CDN dollars	Fair Value	
Sell	\$7,050	USD	< 3 months	\$7,568	(\$ 609)	
Buy	-	USD	< 3 months	-	-	
Sell	\$3,750	USD	3-12 months	\$3,744	(\$ 507)	
					(\$1,116)	

(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 \$220,000; Pro forma income would have increased (decreased) by approximately \$21,000.

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 \$112,000 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 October 31, 2008, the Company had \$59.8 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 premise 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	\$ 2,504	\$ 948	\$ 729	\$ 496	\$ 331
Other long-term obligations	\$57,784	\$ 9,124	\$17,031	\$13,382	\$18,247
Total contractual obligations	\$60,288	\$10,072	\$17,760	\$13,878	\$18,578

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. Comparative Figures

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