

MOSAID Technologies Incorporated  
Unaudited Consolidated Financial Statements  
For the Quarter Ended July 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 July 31, 2009	Quarter ended July 31, 2008
<b>Revenues</b>	<b>\$16,223</b>	\$12,652
<b>Operating expenses</b>		
Patent portfolio management	1,711	1,123
Patent licensing and litigation	1,944	4,417
Research and development	811	567
General and administration	1,549	1,149
Foreign exchange loss (gain)	409	(61)
	<b>6,424</b>	7,195
Pro forma income from operations	<b>9,799</b>	5,457
Net interest income	<b>119</b>	522
Pro forma income before income tax	<b>9,918</b>	5,979
Income tax expense	<b>3,273</b>	1,973
Pro forma net income (Note 6)	<b>\$6,645</b>	\$4,006
<b>Pro forma earnings per share</b>		
Basic	<b>\$0.65</b>	\$0.37
Diluted	<b>\$0.65</b>	\$0.37
<b>Weighted average number of shares</b>		
Basic	<b>10,215,130</b>	10,688,327
Diluted	<b>10,249,535</b>	10,725,212

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 July 31, 2009	Quarter ended July 31, 2008
<b>Revenues</b>	<b>\$16,223</b>	\$12,652
<b>Operating expenses</b>		
Patent portfolio management	1,711	1,123
Patent licensing and litigation	1,944	4,417
Research and development	811	567
General and administration	1,549	1,149
Foreign exchange (gain) loss	(2,469)	518
Other	238	147
Patent amortization and imputed interest	3,868	3,260
	<b>7,652</b>	11,181
Income from operations	8,571	1,471
Net interest income	119	522
Income before income tax expense and discontinued operations	8,690	1,993
Income tax expense	2,472	801
Income before discontinued operations	6,218	1,192
Discontinued operations income (net of tax) (Note 5)	236	168
<b>Net income</b>	<b>6,454</b>	1,360
Dividends	2,561	2,684
Normal course issuer bid	-	1,378
<b>Retained earnings, beginning of period</b>	<b>11,607</b>	19,297
<b>Retained earnings, end of period</b>	<b>\$15,500</b>	\$16,595
<b>Earnings per share</b> (Note 4)		
Basic – before discontinued operations	\$0.61	\$0.11
Diluted – before discontinued operations	\$0.61	\$0.11
Basic – net earnings	\$0.63	\$0.13
Diluted – net earnings	\$0.63	\$0.13
<b>Weighted average number of shares</b>		
Basic	10,215,130	10,688,327
Diluted	10,249,535	10,725,212

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

	As at July 31, 2009 (unaudited)	As at April 30, 2009 (audited)
<b>Current Assets</b>		
Cash and cash equivalents	\$51,702	\$32,899
Marketable securities	708	18,888
Accounts receivable	4,884	10,434
Prepaid expenses	826	759
Other asset	1,308	446
Future income taxes recoverable	11,519	11,519
	<b>70,947</b>	<b>74,945</b>
<b>Capital assets</b>	<b>577</b>	<b>563</b>
<b>Acquired intangibles</b>	<b>76,485</b>	<b>79,402</b>
<b>Future income taxes recoverable</b>	<b>17,492</b>	<b>17,549</b>
	<b>\$165,501</b>	<b>\$172,459</b>
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	\$5,768	\$6,341
Income tax payable	1,432	1,432
Deferred revenue	2,843	3,432
Current portion of other long-term liabilities	10,139	20,869
	<b>20,182</b>	<b>32,074</b>
Deferred gain on sale-leaseback	986	1,039
Other long-term liabilities	28,297	28,799
	<b>49,465</b>	<b>61,912</b>
<b>Shareholders' Equity</b>		
Share capital (Note 3)	95,577	94,741
Contributed surplus	3,651	3,753
Retained earnings	15,500	11,607
Accumulated other comprehensive income	1,308	446
	<b>116,036</b>	<b>110,547</b>
	<b>\$165,501</b>	<b>\$172,459</b>

See accompanying Notes to the Consolidated Financial Statements

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

	Quarter ended July 31, 2009	Quarter ended July 31, 2008
<b>Operating</b>		
Income before discontinued operations	\$6,218	\$1,192
Items not affecting cash		
Amortization	3,014	2,457
Stock-based compensation	238	147
Unrealized foreign exchange (loss) gain on other long-term liabilities	(2,877)	579
Future income tax recoverable	57	(1,511)
	<b>6,650</b>	<b>2,864</b>
Change in non-cash working capital items from continuing operations	<b>4,739</b>	<b>6,123</b>
	<b>11,389</b>	<b>8,987</b>
<b>Investing</b>		
Acquisition of capital assets and acquired intangibles	(112)	(1,337)
Acquisition of short-term marketable securities	(316)	(32,706)
Proceeds on disposal/maturity of short-term marketable securities	18,496	27,138
	<b>18,068</b>	<b>(6,905)</b>
<b>Financing</b>		
Long-term liabilities	(8,356)	(333)
Repurchase of shares	-	(3,818)
Dividends	(2,561)	(2,684)
Issue of common shares	503	143
	<b>(10,414)</b>	<b>(6,692)</b>
Net cash (outflow) from continuing operations	<b>19,043</b>	<b>(4,610)</b>
Net cash (outflow) inflow from discontinued operations	<b>(240)</b>	<b>(308)</b>
<b>Net cash (outflow) inflow</b>	<b>18,803</b>	<b>(4,918)</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>32,899</b>	<b>22,133</b>
<b>Cash and cash equivalents, end of period</b>	<b>\$51,702</b>	<b>\$17,215</b>
Supplementary Information:		
Cash on hand and bank balances	<b>\$ 9,966</b>	\$14,368
Short-term investments	<b>41,736</b>	2,847
<b>Total cash and cash equivalents</b>	<b>\$51,702</b>	<b>\$17,215</b>

See accompanying Notes to the Consolidated Financial Statements

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

	<b>Quarter ended July 31, 2009</b>	<b>Quarter ended July 31, 2008</b>
Net income	<b>\$6,454</b>	\$1,360
Other comprehensive income, net of tax:		
Gains and losses on derivatives designated as cash flow hedges	<b>1,248</b>	(175)
Gains and losses on derivatives designated as cash flow hedges in prior periods transferred to revenue in the current period	<b>(386)</b>	166
Other comprehensive loss	<b>862</b>	(9)
Comprehensive income	<b>\$7,316</b>	\$1,351

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