

GOKHALE & CO

Chartered Accountants

3-6-322, Off No 306, Mahavir House, Basheerbagh, Hyderabad 500 029

Ph No 2322 1167 2322 8874 email: gokhaleandco@vsnl.net

The Members

MOSCHIP SEMICONDUCTOR TECHNOLOGY LIMITED

Hyderabad

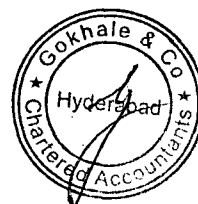
Audit Report on the Consolidated Financial Statements

We have examined the attached Consolidated Balance Sheet of MosChip Semiconductor Technology Limited and its wholly owned subsidiary MosChip Semiconductor Technology, USA as at 31 March 2009 and the Profit and Loss Account as well as the Cash Flow statement for the year ended on that date.

These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit. We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. The company has made a total investment of Rs. 375,579,087/- in its wholly owned unlisted subsidiary company MosChip Semiconductor Technology, USA (formerly NetMos Technology Inc, USA). The investment is being carried at cost. The difference between the investment amount of Rs. 375,579,087/- and the Networth amount of Rs 55,257,399/- of MosChip Semiconductor Technology, USA, at book value, as on 31 March 2009 has not been charged to the Profit & Loss Account.

We report that the Consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21 on Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of MosChip Semiconductor Technology Limited and the wholly owned subsidiary MosChip Semiconductor Technology, USA



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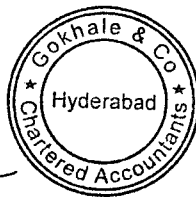
On the basis of the information and explanations given to us and on the consideration of the audited financial statements of MosChip Semiconductor Technology Limited and its wholly owned subsidiary, we are of the opinion that:

- a) the Consolidated Balance Sheet gives a true and fair view of the consolidated state of affairs of MosChip semiconductor Technology Limited and its wholly owned subsidiary MosChip Semiconductor Technology, USA as at 31 March 2009 ;
- b) the Consolidated Profit & Loss Account for the year ended 31 March 2009 gives a true and fair view of the Consolidated results of operations of the company and
- c) the Consolidated Cash Flow Statement shows a true and fair view of the Consolidated Cash Flows for the year ended on 31 March 2009.

For Gokhale & Co
Chartered Accountants



Chandrashekhar Gokhale
Partner
Membership No 23839



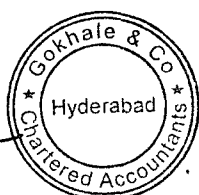
30 JUN 2009

MOSCHIP SEMICONDUCTOR TECHNOLOGY LIMITED**CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2009**

	Schedule No.	As at 31 MARCH 2009		As at 31 MARCH 2008	
		Rs.	Rs.	Rs.	Rs.
SOURCES OF FUNDS:					
SHAREHOLDERS' FUNDS:					
Share Capital	1		433,855,170		433,855,170
Share Application Money			115,123		129,415
Reserves and Surplus	2		672,426,562		650,879,147
Secured Loans	3		71,399,207		0
Unsecured Loans	4		50,710,000		0
Total			1,228,506,062		1,084,863,732
APPLICATION OF FUNDS:					
FIXED ASSETS:					
Gross Block	5		274,524,171		229,731,556
Less: Depreciation			191,731,873		132,397,394
Net Block			82,792,297		97,334,162
Capital work in progress			88,586,519		13,905,150
Goodwill			235,817,338		235,817,338
INVESTMENTS	6		151,582		58,764,550
NET CURRENT ASSETS:					
CURRENT ASSETS, LOANS AND ADVANCES:					
Inventories	7		55,965,794		19,708,486
Sundry Debtors	8		49,568,087		42,736,662
Cash and Bank Balances	9		12,476,277		23,331,792
Loans and Advances	10		16,321,221		17,063,338
Interest accrued on Deposits			127,182		57,973
GROSS CURRENT ASSETS			134,458,561		102,898,251
Less: Current Liabilities and provisions	11		76,021,759	58,436,802	36,196,349
NET CURRENT ASSETS					66,701,902
MISCELLANEOUS EXPENDITURE	12		2,818,095		5,636,163
PROFIT AND LOSS ACCOUNT			759,903,429		606,704,467
NOTES TO ACCOUNTS	17				
Total			1,228,506,062		1,084,863,732

The Schedules referred to above and the notes to accounts form an integral part of the Balance Sheet.

Per and subject to our report of even date

For Gokhale & Co.,
Chartered AccountantsChandrashekhar Gokhale
Partner
Membership No- 23839

For and on behalf of the Board of Directors

K. Ramachandra Reddy
Chairman & CEOC. Dayakar Reddy
Managing DirectorPlace : Hyderabad
Date : 30 June 2009Sathya Kalyanasundaram
Chief Financial OfficerRajkumar Singh
Company Secretary

MOSCHIP SEMICONDUCTOR TECHNOLOGY LIMITED**CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2009**

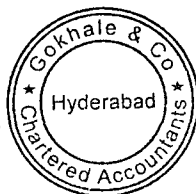
	Schedule No.	For the year ended 31 March 2009	For the year ended 31 March 2008
		Rs.	Rs.
I INCOME:			
Sales Revenue	13	271,598,463	236,164,257
Other Income	14	3,471,592	7,641,478
		275,070,055	243,805,735
II EXPENDITURE:			
Material Cost, Software and Administrative Expenses	15	377,479,776	317,090,924
Financial Charges	16	6,577,943	62,754
Depreciation	5	43,837,280	34,093,876
		427,894,999	351,247,554
III Profit/(Loss) Before Tax		(152,824,944)	(107,441,819)
Less: Fringe Benefit Tax		379,845	433,996
Profit/(Loss) After Tax Before Exceptional Item		(153,204,789)	(107,875,815)
Less: Exceptional Item		0	2,465,114
Profit/(Loss) After Tax and Exceptional Item Before Extraordinary and Prior Period Item		(153,204,789)	(110,340,929)
Less: Extra Ordinary and Prior Period Items		(5,827)	(3,887,437)
Profit/(Loss) After Tax and After Extraordinary and Prior Period Item		(153,198,962)	(106,453,492)
Add: Balance brought forward from previous year		(606,704,467)	(500,250,975)
Balance carried to Balance Sheet		(759,903,429)	(606,704,467)
IV Earnings Per Share (EPS)			
Equity Share of face value Rs.10/-each			
Before Extraordinary and Prior Period Items			
Basic		(3.53)	(2.54)
Diluted		(3.53)	(2.54)
After Extraordinary and Prior Period Items			
Basic		(3.53)	(2.45)
Diluted		(3.53)	(2.45)
Number of shares used in computing EPS			
Basic		43,385,517	43,383,856
Diluted		43,385,517	43,383,856

The Schedules referred to above and the notes to accounts form an integral part of the Profit and Loss Account.

Per and subject to our report of even date

For Gokhale & Co.,
Chartered Accountants

Chandrasekhar Gokhale
Partner
Membership No- 23839



For and on behalf of the Board of Directors

K.Ramachandra Reddy
Chairman & CEO

C. Dayakar Reddy
Managing Director

Sathya Kalyanasundaram
Chief Financial Officer

Rajkumar Singh
Company Secretary

Place : Hyderabad
Date : 30 June 2009

MOSCHIP SEMICONDUCTOR TECHNOLOGY LIMITED

SCHEDULES	As At 31 March 2009 Rs.	As At 31 March 2008 Rs.
SCHEDULE 1		
SHARE CAPITAL:		
Authorised:		
55,000,000 (Previous Year 55,000,000) equity shares of Rs.10/- each	550,000,000	550,000,000
Issued:		
45,100,589 (Previous Year 45,100,589) equity shares of Rs.10/- each	451,005,890	451,005,890
Subscribed and Paid – up:		
43,385,517 (Previous Year 43,385,517) equity shares of Rs.10/- each	433,855,170	433,855,170
(Of the above 8,325,770 shares of Rs.10 each have been allotted for consideration other than cash pursuant to the acquisition of 100% equity in MosChip Semiconductor Technology, USA)		
(Of the above 6,177,778 shares of Rs.10 each have been allotted for consideration other than cash pursuant to the Scheme of Amalgamation of Veracity Technologies, Inc with the Company)		
SCHEDULE 2		
RESERVES AND SURPLUS:		
Foreign Currency Translation Reserve	6,517,642	(15,029,773)
Capital Reserve	1,250,000	1,250,000
Forfeited Share Warrants	4,650,000	0
Convertible Warrants	0	4,650,000
Securities Premium		
Opening Balance	660,008,920	659,975,420
Additions	0	33,500
	660,008,920	660,008,920
	672,426,562	650,879,147
SCHEDULE 3		
SECURED LOANS		
Packing Credit	71,399,207	0
	71,399,207	0
SCHEDULE 4		
UNSECURED LOANS		
Unsecured loans	50,710,000	0
	50,710,000	0

