

**MOSCHIP SEMICONDUCTOR TECHNOLOGY LIMITED**  
**AUDITED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED 31ST MARCH 2006**

(Rs. in lakhs)

		Standalone					Consolidated	
		Nine Months ended 31.12.05	Quarter ended 31.03.06	Quarter ended 31.03.05	Year ended 31.03.06	Year ended 31.03.05	Quarter ended 31.03.06	Year ended 31.03.06
		Audited	Audited	Audited	Audited	Audited	Audited	Audited
1	Net Sales/Income from Operations.	418.29	80.69	126.92	498.98	232.90	462.95	2,286.94
2	Other Income	154.91	33.59	8.24	184.26	31.27	35.63	172.84
3	Total Income	573.20	114.28	135.16	683.24	264.17	498.58	2,459.78
4	Total Expenditure							
	a) Increase/decrease in stock in trade	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	b) Cost of Sales	0.00	0.00	0.00	0.00	0.00	236.07	1,065.49
	c) Staff Cost	451.86	166.08	126.08	617.94	531.92	235.30	890.83
	d) Other expenditure	299.04	144.79	86.16	439.59	453.40	237.79	765.40
5	Interest	0.00	0.00	0.00	0.00	9.03	0.00	0.00
6	Profit Before Depreciation and Tax	(177.70)	(196.59)	(77.08)	(374.29)	(730.18)	(210.58)	(261.94)
7	Depreciation	204.14	74.59	60.93	278.73	240.06	96.07	372.39
8	Profit /Loss before tax	(381.84)	(271.18)	(138.01)	(653.02)	(970.24)	(306.65)	(634.33)
9	Provision for taxation	1.92	1.22	0.00	3.14	0.00	1.22	3.14
10	Net Profit / Loss	(383.76)	(272.40)	(138.01)	(656.16)	(970.24)	(307.87)	(637.47)
11	Paid-up equity share Capital (Face value Rs.10 per share for MosChip India)	4,336.09	4,337.00	3,404.31	4,337.00	3,404.31	4,337.00	4,337.00
12	Reserves excluding revaluation reserves	NA	NA	NA	6,609.51	4,288.04	NA	NA
13	Basic and diluted EPS (Rs.)							
	Basic	(0.91)	(0.63)	(0.41)	(1.54)	(2.95)	(0.71)	(1.50)
	Diluted	(0.91)	(0.63)	(0.41)	(1.54)	(2.95)	(0.71)	(1.50)
14	Aggregate of non promoters shareholding							
	No. of Shares	32,275,783	32,381,683	22,254,788	32,381,683	22,254,788	NA	NA
	% of Shareholding	74.44%	74.66%	65.37%	74.66%	65.37%	NA	NA

**Notes:**

a) MosChip Semiconductor Technology, USA (MosChip USA) is a wholly owned subsidiary of the company.

b) The Company's business activity falls within a single primary business segment i.e., software development and hence furnishing of segment wise revenue, results and capital employed is not applicable.

c) Qualification in audit report for the year ended 31 March 2006 and Board's opinion

The company has made an investment of Rs. 375,579,087/- in its wholly owned unlisted subsidiary company MosChip Semiconductor Technology, USA (formerly NetMosTechnology 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. 98,504,982/- of MosChip Semiconductor Technology, USA, at book value, as on 31 March 2006 has not been charged to the Profit and loss account.

The Board is of the opinion that the difference between the investment amount and the networth amount of MosChip Semiconductor Technology, USA, at book value, as on 31 March 2006 is not a reflection in the diminution of the value of the investment. The fair market value of MosChip USA, which is based on expected future cash flows over several years and other intangible assets (intellectual property developed and owned by it, the international distribution network, customer base, foundry relationships, etc.), is much higher than its networth at book value. The book value does not capture the real intrinsic worth of an investment. The decline in fair market value of investment in MosChip USA, if any, is temporary in nature and hence no provision has been made in the books of accounts.

d) If the company were to write off the difference as indicated in the audit qualification referred to in para (c) above the net loss would have been higher by Rs. 277,074,105/-

e) During this period the Company allotted 6,600 equity shares of Rs.10 each at a premium of Rs. 16.75 per share, 1,500 equity shares of Rs.10 each at a premium of Rs.20.50 per share and 1000 equity shares of Rs.10 each at a premium of Rs.32.85 per share upon exercise of options by the employees.

f) The Company has accumulated losses of Rs.430,985,766/- as on 31 March, 2006.

g) Details of investor's complaints/requests for the quarter ended 31 March 2006: Pending as on January 01 2006: Nil; Received during the quarter: 1; Disposed off during the quarter: 1; Pending at the end of the quarter: Nil.

h) The above accounts were taken on record by the Board of Directors in their meeting held on 28 June 2006.

i) The statutory auditors have audited the results of the Company for the quarter ended March 31, 2006 and the year ended on that date. The results of the subsidiary for the year ended 31 March 2006 have been audited by Forney Accountancy Corporation, USA.