

## MANAGEMENT'S RESPONSIBILITY

Matrikon's management has prepared and is responsible for the annual consolidated financial statements, management's discussion and analysis and all other information in this annual report. The accompanying consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles.

We are responsible for ensuring that these financial statements, which include amounts based on estimates and judgments, are consistent with other information and operating data contained in the annual report and reflect our true business transactions and financial position.

We are also responsible for the information disclosed in the management's discussion and analysis section, including responsibility for the development of appropriate information systems, procedures and internal controls to ensure that the information used internally by management and disclosed externally is complete, relevant and reliable in all material respects.

The integrity and reliability of Matrikon's reporting systems are achieved through the use of formal policies and procedures, the careful selection of employees and the appropriate delegation of authority and division of responsibilities. We maintain a system of internal controls to provide management with a reasonable assurance that assets are safeguarded and that reliable financial records are maintained.

Matrikon's business code of conduct, which is communicated to all levels in the organization, requires employees to maintain high standards in their conduct of the corporation's affairs.

The independent auditors, KPMG LLP, whose report on their examination follows, have audited the consolidated financial statements in accordance with Canadian generally accepted auditing standards. The auditors' report outlines the nature of their examination and their opinion on Matrikon's consolidated financial statements.

The board of directors appoints an audit committee annually. The audit committee is comprised of independent, financially literate and unrelated directors. This committee meets regularly with management and the shareholders' auditors to review significant accounting, reporting and internal control matters. KPMG LLP have unrestricted access to the audit committee. The audit committee reviews the financial statements, the auditors' report, and management's discussion and analysis and submits its report to the board of directors for formal approval. The audit committee is responsible for recommending external auditors for appointment by the shareholders annually.

The board of directors is responsible for review and final approval of the consolidated financial statements and for ensuring that management fulfills its financial reporting responsibilities.



Nizar J. Somji  
President & CEO



Jonathan Chia  
Chief Financial Officer

Edmonton, Alberta  
November 5, 2008

## AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the consolidated balance sheets of Matrikon Inc. as at August 31, 2008 and 2007 and the consolidated statements of income (loss), comprehensive income (loss), accumulated other comprehensive income, retained earnings and cash flows for the years then ended. 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 audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. 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.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at August 31, 2008 and 2007 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

A handwritten signature in blue ink that reads "KPMG LLP". The letters are stylized and slanted to the right.

KPMG LLP  
Chartered Accountants  
Edmonton, Alberta  
November 5, 2008

# CONSOLIDATED BALANCE SHEETS

(thousands of Canadian dollars)

As at August 31

	2008	2007
<b>Assets</b>		
Current assets:		
Cash and cash equivalents (note 4)	\$ 15,721	\$ 12,923
Accounts receivable	22,782	19,991
Contracts in progress	6,246	6,015
Future income taxes (note 5(a))	400	2,271
Prepaid expenses	1,529	1,386
	<b>46,678</b>	42,586
Future income taxes (note 5(a))	762	1,206
Capital assets (note 6)	3,374	3,179
Intangible assets (note 7)	1,103	1,480
Goodwill	15,851	16,212
	<b>\$ 67,768</b>	\$ 64,663
<b>Liabilities and Shareholders' Equity</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 10,065	\$ 7,443
Deferred revenue	8,909	9,578
Income taxes payable	1,249	242
Future income taxes (note 5(a))	2,046	1,124
	<b>22,269</b>	18,387
Future income taxes (note 5(a))	316	569
Shareholders' equity:		
Share capital (note 9(a))	30,633	29,003
Contributed surplus (note 9(a))	2,195	2,458
Accumulated other comprehensive income	129	-
Retained earnings	12,226	14,246
	<b>45,183</b>	45,707
Commitments (note 11)		
Contingencies (notes 13 and 15)		
Subsequent Event (note 16)		
	<b>\$ 67,768</b>	\$ 64,663

See accompanying notes to the consolidated financial statements.

Approved on behalf of the board:

  
Hugh J. Bolton, FCA  
Chair

  
Janice G. Rennie, FCA  
Chair, Audit Committee

# CONSOLIDATED STATEMENTS OF INCOME (LOSS)

(thousands of Canadian dollars except per share amounts)

Years ended August 31

	2008	2007
<b>Revenue:</b>		
Consulting	\$ 46,497	\$ 48,146
Software licenses	17,879	13,369
Support	8,923	7,384
Equipment sales	5,947	4,599
Interest income (note 2(k)(i))	785	-
	80,031	73,498
Cost of sales (note 2(k)(i))	34,862	33,302
	45,169	40,196
<b>Expenses:</b>		
Consulting general and administrative	6,094	8,107
Sales and marketing	5,855	9,416
Research and development (note 5(d))	6,701	6,660
General and administrative	12,297	13,120
Amortization	1,276	1,528
Stock-based compensation (note 9(b)-9(d))	1,004	1,409
	33,227	40,240
Income (loss) before the undernoted	11,942	(44)
Foreign currency translation gain (loss)	310	(508)
Other income (note 10)	1,236	537
	1,546	29
Income (loss) before income taxes	13,488	(15)
Income taxes expense (recovery) (note 5):		
Current	1,011	1,605
Future	3,379	(1,400)
	4,390	205
Net income (loss)	\$ 9,098	\$ (220)
<b>Earnings (loss) per share:</b>		
Basic earnings (loss) per share	\$0.30	\$(0.01)
Diluted earnings (loss) per share	\$0.29	\$(0.01)
Weighted average number of shares outstanding (000s) (note 9(g)):		
Basic	30,511	30,364
Diluted	31,370	31,630

See accompanying notes to the consolidated financial statements.

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(thousands of Canadian dollars)

Years ended August 31

	2008	2007
Net income (loss)	\$ 9,098	\$ (220)
Other comprehensive income net of income taxes:		
Unrealized gains on translation of self-sustaining foreign operations	129	-
Comprehensive income (loss)	\$ 9,227	\$ (220)

See accompanying notes to the consolidated financial statements.

## CONSOLIDATED STATEMENTS OF ACCUMULATED OTHER COMPREHENSIVE INCOME

(thousands of Canadian dollars)

Years ended August 31

	2008	2007
Accumulated other comprehensive income, beginning of year	\$ -	\$ -
Other comprehensive income for the year	129	-
Accumulated other comprehensive income, end of year	\$ 129	\$ -

See accompanying notes to the consolidated financial statements.

## CONSOLIDATED STATEMENTS OF RETAINED EARNINGS

(thousands of Canadian dollars)

Years ended August 31

	2008	2007
Retained earnings, beginning of year	\$ 14,246	\$ 17,109
Net income (loss)	9,098	(220)
Transition adjustment - financial instruments (note 2(k)(i))	(106)	-
Purchase of common shares in excess of stated capital (note 9(f))	-	(2,643)
Dividends (note 9(e))	(11,012)	-
Retained earnings, end of year	\$ 12,226	\$ 14,246

See accompanying notes to the consolidated financial statements.

# CONSOLIDATED STATEMENTS OF CASH FLOWS

(thousands of Canadian dollars except per share amounts)

Years ended August 31

	2008	2007
<b>Operating activities:</b>		
Net income (loss)	\$ 9,098	\$ (220)
Items not affecting cash:		
Future income taxes	3,379	(1,400)
Unrealized foreign exchange loss (gain)	(1,242)	443
Amortization	1,276	1,528
Stock-based compensation	1,004	1,409
Interest income relating to the accretion of accounts receivable & contracts in progress (note 2(k)(i))	(785)	-
Interest expense relating to the accretion of accounts payable & accrued liabilities (note 2(k)(i))	357	-
Loss (gain) on disposal of assets and business (note 10)	(472)	229
Change in non-cash operating working capital	1,538	1,443
Cash provided by operating activities	14,153	3,432
<b>Investing activities:</b>		
Business acquisition net of cash acquired (note 3)	-	(3,507)
Proceeds from the sale of business net of expenses	668	-
Purchase of capital assets	(1,290)	(1,880)
Cash provided by (used in) investing activities	(622)	(5,387)
<b>Financing activities:</b>		
Redemption of common shares (note 9(f))	-	(3,753)
Dividends paid in cash on common shares (note 9(e))	(11,012)	-
Proceeds of share issue, net of share issue costs	363	312
Cash provided by (used in) financing activities	(10,649)	(3,441)
Effect of exchange rate changes on cash and cash equivalents	(84)	3
Change in cash and cash equivalents	2,798	(5,393)
Cash and cash equivalents, beginning of year	12,923	18,316
Cash and cash equivalents, end of year	\$ 15,721	\$ 12,923
<b>Supplementary cash flow disclosure:</b>		
Income taxes paid	\$ 42	\$ 2,463
Interest recovered (note 10)	\$ 658	\$ 663

See accompanying notes to the consolidated financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(thousands of Canadian dollars)

Years ended August 31, 2008 and 2007

## 1. Nature of Operations

Matrikon Inc. was incorporated on May 27, 1999 under the Alberta Business Corporations Act. It is the continuing operation of Matrikon Consulting Inc., a private company that was incorporated on September 21, 1988. We sell software and provide professional services to industrial clients in the continuous process industries (which include oil and gas, power, refining and petrochemicals, mining, and pulp and paper). The software and the professional services we provide are intended to enable our industrial clients to operate their plants more efficiently by optimizing performance and improving reliability. Our head office is located in Edmonton, Alberta, Canada. We have sales and services offices worldwide.

## 2. Significant Accounting Policies

We prepare our consolidated financial statements in accordance with Canadian generally accepted accounting principles (GAAP). The following significant accounting policies impact our results:

### (a) Basis of Consolidation

Our consolidated financial statements include the accounts of Matrikon Inc., and our wholly owned subsidiaries:

- Matrikon International, Inc.
- Matrikon Asia-Pacific PTY Limited
- Matrikon UK Limited
- Matrikon Deutschland AG
- Matrikon Middle East Co. W.L.L.
- Axonwave Software Inc.
- Matrikon Business Systems Inc.
- TigrSoft (India) Private Ltd., a 99.7% owned subsidiary.

### (b) Use of Estimates

Canadian GAAP requires that we make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of certain contingent assets and liabilities at the financial statement date, and reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates. Significant estimates used in our financial statements include:

- percentage-of-completion estimates for contracts in progress and deferred revenue
- allowances for doubtful accounts receivable
- tax provisions
- the fair value of the intangible assets acquired in business acquisitions
- future cash flows used to estimate the fair value of reporting units for goodwill impairment purposes
- the fair value of financial instruments
- the useful lives of intangible assets and capital assets

### (c) Revenue Recognition

We earn revenue from four primary sources: consulting fees, software license fees, support fees, and equipment (third party hardware or software sales).

Consulting contracts are either fixed fee or time and materials arrangements.

Fixed fee project revenue is recognized using the percentage-of-completion method based on the ratio of contract costs incurred to the total estimated costs. Provisions for estimated losses on incomplete contracts are recorded in the period in which the losses are determined. Time and materials revenue is recognized as costs are incurred. Revenue is calculated based on billing rates for the services performed.

Software licenses revenues are recorded when persuasive evidence of an arrangement exists, the software product has been shipped, there are no significant remaining obligations under the contract, the fees are fixed and determinable and collection is considered probable.

If we have significant obligations under the contract, we only recognize the software license revenue after these obligations have been satisfied.

Support revenues are deferred and recognized on a straight line basis over the term of the support period, which is usually one year.

Equipment revenues relate to the resale of third party equipment and software. Equipment revenue is recognized when the equipment is delivered to the customer.

If an arrangement involves multiple elements (for example, a project including software licenses, support fees and consulting), revenue for each element is recognized according to the methods described above once the following conditions are met:

- we have evidence that an arrangement exists (a contract or a purchase order)
- we have delivered all or some of the elements of the contract
- the fees are fixed and determinable
- collectibility is probable.

We use the residual method to recognize revenue on delivered elements when a license agreement includes one or more elements to be delivered at a future date if evidence of the fair value of all undelivered elements exists. If an undelivered element for the arrangement exists under the license arrangement, revenue related to the undelivered element is deferred based on vendor-specific objective evidence (VSOE) of the fair value of the undelivered element.

Occasionally, an arrangement does not qualify for separate accounting of the software license and consulting contracts. In these situations, software license revenue is recognized together with consulting contracts based on contract accounting using either the percentage-of-completion method or completed-contract method. Contract accounting is applied to arrangements:

- where services include significant modification or customization of the software;
- where significant consulting services are provided for in the software license contract without additional charge or are substantially discounted; and

- where the software license payment is tied to the performance of consulting services.

Contracts in progress represent work in progress that has been recognized as revenue but not yet invoiced to clients. Deferred revenue includes amounts that have been invoiced to clients but not yet recognized as revenue.

#### (d) Capital Assets

We record our capital assets at cost less accumulated amortization. Amortization commences once the assets are placed into service. We depreciate each asset over its useful life using the following methods and annual rates:

Asset	Amortization Method	Rate
Furniture & equipment	Declining balance	20%
Automotive	Declining balance	30%
Computer hardware	Declining balance	30%
Computer software	Declining balance	100%
Leasehold improvements	Straight-line	15%-33%

#### (e) Goodwill and Intangible Assets

Goodwill is the residual amount that results when the purchase price of an acquired business exceeds the sum of the amounts allocated to the assets acquired, less liabilities assumed, based on their fair values. We allocate goodwill to the reporting unit(s) that is(are) expected to benefit from the acquisition. We do not amortize goodwill. We test goodwill annually, or more frequently if events or changes in circumstances indicate that the asset might be impaired. Goodwill would be reduced with an impairment loss if the carrying value of the goodwill exceeded its fair value. Our annual goodwill impairment test is completed in the fourth quarter.

We record our intangible assets at cost. Intangible assets related to acquisitions are recorded at their fair value at the acquisition date.

We expense the costs associated with maintaining intangible assets as these expenses arise.

We depreciate intangible assets that have a fixed lifespan using the following methods and annual rates:

Asset	Amortization Method	Rate (years)
Customer lists	Straight-line	3 to 10
Trade names	Straight-line	3
Drivers & software technology	Straight-line	3 to 10

#### (f) Research and Development

We incur research and development costs to develop our software. Research costs are expensed in the period they occur. Development costs are expensed in the period they occur unless they meet the criteria for deferral under Canadian GAAP. In this case, the development costs are deferred and amortized over its useful life.

We receive Scientific Research and Experimental Development (SR&ED) tax credits to offset our research and development (R&D) costs. We estimate the SR&ED credits that will be received each year and apply this amount against R&D expenses equally over the year. If our estimate of the amount of SR&ED tax credits for prior periods changes, the change is applied to R&D expenses.

#### (g) Translation of Foreign Currencies

We conduct business in a variety of foreign currencies and report our consolidated financial statements in Canadian dollars. Transactions denominated in a foreign currency and the financial statements of our integrated foreign subsidiaries are translated using the temporal method (excluding Asia-Pacific). Accordingly, monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the exchange rate in effect at the balance sheet date. Non-monetary assets and liabilities are translated at historical exchange rates. Revenue and expenses denominated in a foreign currency are translated at the monthly average exchange rate (except for amortization, which is translated at historical exchange rates).

Exchange gains and losses arising from translating monetary assets and liabilities into Canadian dollars are included in the determination of net income.

During the year ended August 31, 2008, we re-evaluated the functional currency of our wholly owned Australian subsidiary, Matrikon Asia-Pacific PTY Limited (MAPL). Due to changes in economic circumstances, we have determined the functional currency of MAPL is Australian dollars. Accordingly these operations are being translated prospectively using the current rate method wherein assets and liabilities are translated into Canadian dollars at the exchange rate in effect at the balance sheet date. Revenue and expenses are translated at the monthly average exchange. The resulting gains and losses are accumulated as a component of shareholders' equity within Accumulated Other Comprehensive Income. There have been no changes in the assessment of functional currency for our other foreign subsidiaries at August 31, 2008.

#### (h) Income Taxes

We recognize income taxes for each jurisdiction where we operate when preparing our consolidated financial statements.

We use the asset and liability method of accounting for income taxes. Under this method, future income tax assets and liabilities are determined based on differences between the financial reporting and the tax basis of assets and liabilities using the substantively enacted tax rates and laws that will be in effect when these differences are expected to reverse. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the date of enactment or substantive enactment.

Future tax assets, if any, are recognized only to the extent that, in the opinion of management, it is more likely than not that the future income tax assets will be realized.

#### (i) Stock-Based Compensation

On September 1, 2002, we changed our accounting policy for all stock-based payments granted on or after that date. We determine the fair value of the stock-based payment on its grant date and record this amount as compensation expense over the period that the stock-based payment vests, with a corresponding increase to contributed surplus.

When stock options or warrants are exercised, we record the amount of the proceeds, together with the amount recorded to contributed surplus, in share capital. Previously recognized compensation cost is not reversed if a vested employee stock option expires unexercised. Cancellations by individual employees are estimated at the grant date.

For stock based-compensation that vests at the end of the period, compensation cost is recognized on a straight line basis.

Forfeitures associated with stock-based compensation that vests at the end of the period are recorded in the year that they occur as a reduction to compensation expense. The reduction is based on the expense that has been recognized to date.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(thousands of Canadian dollars)

Years ended August 31, 2008 and 2007

## (j) Earnings (Loss) Per Share

Our basic earnings per share are calculated by dividing our net income by the weighted average number of common shares outstanding throughout the year.

Diluted earnings per share is calculated using the treasury stock method, which assumes that the cash that would be received on the exercise of stock options or warrants is applied to purchase shares at the average price during the year. The difference between the shares issued on the exercise of the stock options or warrants and the number of shares obtainable under this computation, on a weighted average basis, is added to the number of shares outstanding. The impact of outstanding restricted share units, on a weighted average basis, is also added to the number of shares outstanding. Antidilutive stock options are not considered in computing diluted earnings per share.

## (k) Recently Adopted Canadian Accounting Pronouncements

### (i) Financial Instruments

Canadian Institute of Chartered Accountants (CICA) Handbook Section 3855 "Financial Instruments - Recognition and Measurement", provides guidance on the recognition and measurement of financial assets, financial liabilities and derivative financial instruments. This new standard requires that all financial assets and liabilities be classified as either: held-to-maturity, held-for-trading, loans and receivables, available-for-sale, or other financial liabilities. The initial and subsequent recognition depends on their initial classification.

Held-to-maturity financial instruments are initially recognized at their fair values and subsequently measured at amortized cost using the effective interest method. Impairment losses are charged to net earnings in the period in which they arise.

Held-for-trading financial instruments are carried at fair value with changes in the fair value charged or credited to net earnings in the period in which they arise.

Loans and receivables are initially recognized at their fair values, with any resulting premium or discount from the face value being amortized to income or expense using the effective interest method. Impairment losses are charged to net earnings in the period in which they arise.

Available-for-sale financial instruments are carried at fair value with changes in the fair value charged or credited to Other Comprehensive Income. Impairment losses are charged to net earnings in the period in which they arise.

Other financial liabilities are initially measured at cost or at amortized cost, depending upon the nature of the instrument, with any resulting premium or discount from the face value being amortized to income or expense using the effective interest method.

All derivative financial instruments meeting certain recognition criteria are carried at fair value, with changes in fair value credited to income or charged to expense in the period in which they arise.

The standard requires us to make certain elections, including upon initial adoption of the new rules, regarding the classification to be used to account for each financial instrument. This new section also requires that transaction costs incurred in connection with the issuance of financial instruments either be capitalized and presented as a reduction of the carrying value of the related financial instrument or expensed as incurred. If capitalized, transaction costs

must be amortized to income using the effective interest method upon adoption. Upon adoption, this section does not permit the restatement of financial statements of prior periods.

The following is a summary of the classifications that we have elected to apply to each of our significant categories of financial instruments outstanding as of September 1, 2007:

Cash and cash equivalents	Held-for-trading
Accounts receivable	Loans and receivables
Contracts in progress	Loans and receivables
Accounts payable and accrued liabilities	Other financial liabilities

We have not classified any assets or liabilities as held-to-maturity or as available-for-sale.

The transition adjustment attributable to the remeasurement of accounts receivable, contracts in progress and accounts payable and accrued liabilities were recognized in opening retained earnings as at September 1, 2007. We recorded a net transition adjustment of \$106 to opening retained earnings. This is comprised of an adjustment of \$128, net of taxes, representing the reduction of accounts receivable to amortized cost; an adjustment of \$57, net of taxes, representing a reduction of contracts in progress to amortized cost; and an adjustment of \$79, net of taxes, representing a reduction of accounts payable and accrued liabilities to amortized cost. There were no transition adjustments for our other financial assets and liabilities as their carrying values approximate fair value due to their short-term nature, and our derivative financial instruments were carried at fair value in the prior year. As at August 31, 2008 and 2007 the carrying value of our financial assets and liabilities approximate fair value.

Interest income relating to the accretion of accounts receivable and contracts in progress using the effective interest rate method included in interest income during the year ended August 31, 2008 is \$785 (2007 - \$Nil). Interest expense relating to the accretion of accounts payable and accrued liabilities using the effective interest rate method included in cost of sales during the year ended August 31, 2008 is \$357 (2007 - \$Nil).

CICA Handbook Section 3855 requires that non-financial derivatives be recorded as assets or liabilities at their fair value unless exempted from derivative treatment as normal purchase or sale. The Section also requires identification of embedded derivatives that need to be separated from the related host contract and to measure those embedded derivatives at fair value. Subsequent change in fair value of embedded derivatives is recognized in the consolidated statement of income in the period the change occurs. We have elected to apply this accounting treatment for all embedded derivatives in host contracts entered into on or after September 1, 2003. We have determined there are no material outstanding contracts or financial instruments with material embedded derivatives that must be separated from the host contract and accounted for separately and there are no material non-financial derivative instruments.

The trade date will be used to account for regular way purchase or sale contracts.

Transaction costs that are directly attributable to the acquisition or issuance or disposal of financial assets or liabilities are expensed at the time of occurrence.

CICA Handbook Section 3861 “Financial Instruments - Disclosure and Presentation” establishes standards for presentation of financial instruments and non-financial derivatives, and identifies information that should be disclosed. There was no material effect on our financial statements when we adopted Section 3861 on September 1, 2007.

#### **(ii) Hedges**

CICA Handbook Section 3865 “Hedges”, allows optional treatment providing that hedges be designated as either fair value hedges, cash flow hedges or hedges of a self-sustaining foreign operation. This standard did not have an impact on our consolidated financial statements as at September 1, 2007 and August 31, 2008.

#### **(iii) Comprehensive Income**

CICA Handbook Section 1530 “Comprehensive Income”, along with CICA Handbook Section 3251 “Equity”, which amends CICA Handbook Section 3250 “Surplus”, requires enterprises to separately disclose comprehensive income and its components in the financial statements. Further, enterprises are required to present changes in equity during the period as well as components of equity at the end of the period, including comprehensive income. Major components of Other Comprehensive Income include changes in fair value of financial assets classified as available-for-sale, changes in fair value of effective cash flow hedging items, and exchange gains and losses arising from the translation of the financial statements of self-sustaining foreign operations. See the Consolidated Statement of Comprehensive Income for transactions impacting Other Comprehensive Income (Loss) during the year.

#### **(iv) Accounting Changes**

CICA Handbook Section 1506 - “Accounting Changes,” establishes criteria for changing accounting policies, together with the accounting treatment and disclosure of changes in accounting policies, changes in accounting estimates, and the correction of errors. The disclosure is to include, on an interim and annual basis, a description of the impact on the enterprise of any new primary source of GAAP that has been issued but is not yet effective. There was no material effect on our financial statements when we adopted Section 1506 on September 1, 2007.

### **(I) Recent Accounting Pronouncements Issued and Not Yet Applied**

#### **Capital Disclosures**

In December 2006, the CICA issued the new handbook Section 1535, “Capital Disclosures,” effective for annual and interim periods beginning on or after October 1, 2007. This section establishes standards for disclosing information about a company’s capital and how it is managed in order that a user of the financial statements may evaluate the company’s objectives, policies, and processes for managing capital. This new standard has no material effect on our financial position or results of operations. This standard applies to our interim and annual financial statements beginning September 1, 2008.

#### **Financial Instruments**

In March 2007, the CICA also issued Handbook Section 3863 “Financial Instruments - Presentation” to enhance financial statement users’ understanding of the significance of financial instruments to the company’s financial position, performance and cash flows. This Section establishes standards for presentation of financial instruments and non financial derivatives. It deals with the classification of financial instruments from the perspective of the

issuer, between liabilities and equity, the classification of related interest, dividends, gains and losses, and the circumstances in which financial assets and financial liabilities are offset. This standard harmonizes disclosures with International Financial Reporting Standards (IFRS). We are in the process of assessing the impact of adopting this new standard. This standard applies to our interim and annual financial statements beginning September 1, 2008.

In March 2007, the CICA issued Handbook Section 3862 “Financial Instruments - Disclosures”, which complements CICA 3861 and provides expanded disclosure requirements that provide additional detail by financial assets and liability categories. This standard harmonizes disclosures with IFRS. We are in the process of assessing the impact of adopting these new standards. This standard applies to our interim and annual financial statements beginning September 1, 2008.

#### **Goodwill and Intangible Assets**

In February 2008, the CICA issued Handbook Section 3064 “Goodwill and Intangible Assets” which will replace Handbook Section 3062 “Goodwill and Other Intangible Assets” and Section 3450 “Research and Development Costs”. This revision harmonizes Canadian GAAP with IFRS and establishes standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets. This section applies to fiscal years beginning on or after October 1, 2008. We are currently in the process of determining the impact of adopting this new standard. This standard applies to our interim and annual financial statements beginning September 1, 2009.

#### **General Standards of Financial Statement Presentation**

An amended Canadian standard requires an assessment of an entity’s ability to continue as a going concern and requires disclosure of any material uncertainties that cast doubt on its ability to continue as a going concern. In assessing the appropriateness of the going concern assumptions, the standard requires us to consider all available information about the future, which is at least, but not limited to twelve months from the balance sheet date. The new standard applies to interim and annual financial statements related to fiscal year on or after January 1, 2008, specifically September 1, 2008. We do not expect the adoption of this standard to have a material impact on our consolidated financial statements.

#### **Convergence with IFRS**

Canada’s Accounting Standards Board ratified a strategic plan that will result in GAAP, as used by Canadian public companies, being evolved and converged with IFRS over a transitional period to be completed by 2011. The official changeover date to IFRS is for interim and annual financial statements related to fiscal years on or after January 1, 2011. For Matrikon this will be the period started September 1, 2011. We have not yet assessed the impact of the ultimate adoption of IFRS on our future financial reporting.

### **3. Business Acquisitions**

We account for acquisitions using the purchase method. Under this method, we allocate the price paid for a business to the assets acquired, including identifiable intangible assets and the liabilities assumed, based on their fair values at the date of acquisition. The financial results of acquired businesses are included in our consolidated results since the acquisition date.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(thousands of Canadian dollars)

Years ended August 31, 2008 and 2007

## Fiscal 2007 Acquisitions

### (i) Industrial Control Software Limited

On December 15, 2006, we acquired 100% of the shares of Industrial Control Software Limited (ICS) for an aggregate purchase price of \$4,183 (£1,840 GBP) comprised entirely of cash of \$4,015 (£1,767 GBP) and associated acquisition costs of \$168 (£73 GBP). ICS is a private company established in 1989 in Matlock, England that provides process control software, alarm monitoring and analysis solutions. ICS's operating results have been included in our consolidated financial results since that date.

We have completed our valuation of the net assets acquired, including goodwill and intangible assets. The following table summarizes the total purchase price consideration and the estimated fair values of the assets and liabilities assumed as at the date of acquisition. Balances include future income tax liabilities acquired.

Cash	\$1,540
Other current assets	513
Intangible asset - Customer lists	484
Intangible asset - Trade names	39
Intangible asset - Technology	130
Non-current assets	34
Goodwill	2,119
Current liabilities	(490)
Non-current liabilities	(186)
Fair value of net assets acquired	\$4,183

Intangible assets will be amortized over 3 to 7 years. We anticipate that the intangible assets and goodwill will not be deductible for income tax purposes. Goodwill related to this acquisition has been allocated to the EMEA segment.

### (ii) Axonwave Software Inc.

On February 20, 2007, we acquired 100% of the shares of Axonwave Software Inc (ASI) for an aggregate purchase price of \$4,554 comprised entirely of cash of \$4,479 plus associated acquisition costs of \$75. ASI was a private company established in Vancouver, BC in 1999. ASI was engaged in developing a natural language processing technology (patented and patent pending) for the retrieval and analysis of unstructured data. ASI's operating results are included in our consolidated financial statements since that date.

We have completed our valuation of the net assets acquired, including goodwill and intangible assets. The following table summarizes the total purchase price consideration and the estimated fair values of the assets and liabilities assumed as at the date of acquisition. Balances include future income tax liabilities acquired:

Cash	\$3,690
Other current assets	14
Intangible assets - Technology	705
Non-current assets	15
Goodwill	359
Current liabilities	(46)
Non-current liabilities	(183)
Fair value of net assets acquired	\$4,554

Intangible assets will be amortized over 5 years. We anticipate that the intangible assets and goodwill will not be deductible for income tax purposes. Goodwill related to this acquisition has been allocated to the Product segment.

## 4. Cash and Cash Equivalents

Cash and cash equivalents may include deposits held in banks, certificates of deposit and unrestricted investments with initial maturities of three months or less. The major components of our cash and cash equivalents are as follows:

	2008	2007
Cash on deposit	\$15,721	\$12,923

## 5. Income Taxes

### (a) Future Income Taxes

The tax effects of temporary differences between the accounting and tax values of our assets and liabilities are presented in the following table:

	2008	2007
<b>Future Tax Assets</b>		
Non-capital loss carry forward	\$668	\$3,010
Capital assets, principally due to differences in cost and amortization	35	59
Intangible assets, principally due to differences in cost and amortization	178	201
Deferred charges	-	38
Unrealized foreign exchange losses	-	196
Other payables	589	378
	\$1,470	\$3,882
Less: Valuation allowance	(45)	(405)
Total gross future tax assets	\$1,425	\$3,477

	2008	2007
<b>Future Tax Liabilities</b>		
Capital assets, principally due to differences in cost and amortization	\$-	\$(2)
Intangible assets, principally due to differences in cost and amortization	(348)	(566)
Contracts in progress	(399)	(408)
Income tax credits	(1,458)	(711)
Unrealized foreign exchange gains	(335)	-
Deferred charges	(75)	-
Other payables	(10)	(6)
Total gross future tax liabilities	\$(2,625)	\$(1,693)
Net future tax asset (liability)	\$(1,200)	\$1,784

Presented in the consolidated balance sheet as follows:

	2008	2007
Current assets	\$400	\$2,271
Non-current assets	762	1,206
Current liabilities	(2,046)	(1,124)
Non-current liabilities	(316)	(569)
	\$(1,200)	\$1,784

### (b) Income Tax Provision

The following table reconciles our combined statutory income tax rate of 31.08% (2007 - 32.9%) to the effective income tax rates as recorded in our consolidated income statement:

	2008	2007
Income (loss) before income taxes	\$13,488	\$(15)
Computed "expected" tax expense (recovery)	4,191	(5)
Increase (decrease) in income taxes, resulting from:		
Foreign exchange gain (loss)	16	(235)
Permanent differences and other	183	445
Recorded tax expense	\$4,390	\$205

### (c) Losses Carried Forward

At August 31, 2008 we have unused tax loss carry forwards in Canada of \$Nil (2007 - \$5,481) expiring in year 2015, which are available to reduce taxable income in future years.

At August 31, 2008, we have unused tax loss carry forwards in the United States of approximately \$1,793 (2007 - \$2,272) expiring between the years 2019 and 2025, which are available to reduce taxable income in future years. Losses incurred in the United States are subject to the restrictions in Section 382 of the Internal Revenue Code.

At August 31, 2008, we have unused tax loss carry forwards in Germany of approximately \$300 (2007 - \$1,267), which are available to reduce taxable income in future years. The benefits of these losses have not been recorded in these financial statements. They have been offset by a valuation allowance.

### (d) Scientific Research and Experimental Development Tax Credits (SR&ED)

We accrue SR&ED tax credits for our research and development expenses. These credits reduced our research and development expense on our consolidated statements of income (loss) by \$1,047 (2007 - \$910). Accounts receivable on our consolidated balance sheets include investment tax credits of \$4,820 (2007 - \$2,301) relating to SR&ED tax credits.

### 6. Capital Assets

2008	Cost	Accumulated amortization	Net book value
Furniture and equipment	\$ 3,641	\$ 1,651	\$ 1,990
Automotive	106	76	30
Computer hardware	1,763	593	1,170
Computer software	202	162	40
Leasehold improvements	240	96	144
	\$ 5,952	\$ 2,578	\$ 3,374

2007	Cost	Accumulated amortization	Net book value
Furniture and equipment	\$ 3,099	\$ 1,248	\$ 1,851
Automotive	98	63	35
Computer hardware	1,770	720	1,050
Computer software	334	293	41
Leasehold improvements	441	239	202
	\$ 5,742	\$ 2,563	\$ 3,179

In the current year, computer hardware includes assets under construction totaling \$504 (2007 - \$Nil), which have not yet been amortized.

Amortization expense for capital assets is \$899 (2007 - \$1,036) and is based on our estimate of the useful life of the assets.

### 7. Intangible Assets

2008	Cost	Accumulated amortization	Net book value
Customer lists	\$926	\$381	\$545
Software technology	988	446	542
Trade names	39	23	16
	\$1,953	\$850	\$1,103

2007	Cost	Accumulated amortization	Net book value
Customer lists	\$1,051	\$338	\$713
Software technology	926	188	738
Trade names	39	10	29
	\$2,016	\$536	\$1,480

Amortization expense for intangible assets is \$377 (2007 - \$492) and is based on our estimate of the useful life of the assets.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(thousands of Canadian dollars)

Years ended August 31, 2008 and 2007

## 8. Bank Indebtedness

We have an authorized line of credit of \$7,000 with a Canadian chartered bank. The line of credit has a floating interest rate of 0.25% above the bank's prime lending rate. We have provided a general security agreement covering all of our assets as security for the facility. The line of credit was unused as at August 31, 2008 and August 31, 2007.

## 9. Share Capital

### (a) Issued shares

	Share Capital		Contributed Surplus
	# of shares	\$ 000's	\$ 000's
<b>2008</b>			
Authorized in unlimited numbers:			
Common shares issued:			
Balance, beginning of period	30,187,379	\$29,003	\$2,458
Stock options exercised	159,684	476	(112)
Employee stock ownership plan	68,403	211	(68)
Restricted share units	271,451	943	(83)
Balance, end of period	30,686,917	\$30,633	\$2,195

	Share Capital		Contributed Surplus
	# of shares	\$ 000's	\$ 000's
<b>2007</b>			
Authorized in unlimited numbers:			
Common shares issued:			
Balance, beginning of period	31,092,718	\$29,248	\$1,602
Stock options exercised	157,680	324	(12)
Employee stock ownership plan	81,881	415	(141)
Restricted share units	31,500	126	1,009
Normal course issuer bid	(1,176,400)	(1,110)	-
Balance, end of period	30,187,379	\$29,003	\$2,458

### (b) Stock Options

We maintain a stock option plan for directors and employees. Options are granted at an exercise price equal to the closing price of our common shares on the date of granting. We discontinued grants of stock options under this plan during fiscal 2006. Options granted between 2002 and 2006 expired five years after the vesting date. Prior to 2002, options were valid for 10 year periods. 3,500,000 common shares were reserved for the exercise of these options.

The following stock options, with expiry dates up to January 2013, remain outstanding:

	Number of Options	Weighted Average Exercise Price
Balance, August 31, 2006	844,865	\$2.56
Granted	-	\$-
Exercised	(157,680)	\$1.98
Expired	(4,926)	\$1.93
Cancelled	(95,525)	\$3.10
Balance, August 31, 2007	586,734	\$2.64
Granted	-	\$-
Exercised	(159,684)	\$2.27
Expired	-	\$-
Cancelled	(43,500)	\$3.59
Balance, August 31, 2008	383,550	\$2.68

The following table summarizes information about stock options outstanding at August 31, 2008:

Range of Exercise Prices	Weighted Average Remaining Contractual Life (Years)	Options Outstanding		Options Exercisable	
		Number Outstanding	Weighted Average Exercise Price	Number Outstanding	Weighted Average Exercise Price
\$1.36 - 1.69	0.26	23,500	\$1.64	23,500	\$1.64
\$1.70 - 1.99	0.50	139,500	\$1.85	139,500	\$1.85
\$2.00 - 2.49	0.18	30,500	\$2.09	30,500	\$2.09
\$2.88 - 3.60	1.59	104,550	\$2.99	104,550	\$2.99
\$4.11 - 4.15	3.25	85,500	\$4.14	85,500	\$4.14
	1.37	383,550	\$2.68	383,550	\$2.68

The following table summarizes information about stock options outstanding at August 31, 2007:

Range of Exercise Prices	Weighted Average Remaining Contractual Life (Years)	Options Outstanding		Options Exercisable	
		Number Outstanding	Weighted Average Exercise Price	Number Outstanding	Weighted Average Exercise Price
\$1.36 - 1.69	1.27	29,500	\$1.64	29,500	\$1.64
\$1.70 - 1.99	1.50	193,684	\$1.85	193,684	\$1.85
\$2.00 - 2.49	1.09	79,000	\$2.05	79,000	\$2.05
\$2.88 - 3.60	2.59	174,050	\$2.99	174,050	\$2.99
\$4.11 - 4.15	4.41	110,500	\$4.14	110,500	\$4.14
	2.31	586,734	\$2.64	586,734	\$2.64

We did not grant any stock options during fiscal 2008 and have not recorded any stock-based compensation during this fiscal year (2007 -

\$Nil). We have reclassified \$112 (2007 - \$12) from contributed surplus to share capital in relation to the exercise of share capital.

### (c) Employee Stock Ownership Program

We also have an Employee Share Ownership Program (ESOP). Under the ESOP, we issue one common share from treasury at no cost for every two shares that an employee purchased and held for 16 months. Employees could register common shares valued to a maximum of 10% of their earnings in the prior calendar year in the program, with registration periods at the end of every calendar quarter. We discontinued registrations of common shares under the ESOP during fiscal 2007.

During fiscal 2008, we recorded compensation expense of \$168 (2007 - \$323) with a corresponding credit to contributed surplus for the employee stock ownership plan. In addition, \$211 (2007 - \$415) has been reclassified from contributed surplus to share capital for the matching shares issued in the year. At August 31, 2008, there were no common shares eligible for issuance under the ESOP:

Forfeitures of previously registered ESOP shares reduced compensation expense by \$25 in fiscal 2008 (2007 - \$50).

### (d) Restricted Share Units

We have a Restricted Share Unit (RSU) plan. Under the RSU plan, participants are eligible to receive common shares issued from treasury at a future date. The only performance condition under the RSU plan is that the employee, officer or director remains employed with Matrikon during the vesting period. The cost of the RSU is equal to fair market value at the date of grant. Compensation expense is recognized on a straight line basis over the RSU vesting period of three years. The maximum number of RSUs available under the RSU plan is currently 1,611,968.

The following table summarizes the RSUs outstanding:

	Number of RSUs	Weighted average fair value per unit
Balance, August 31, 2006	1,363,500	\$3.48
Granted	60,000	\$3.00
Vested	(31,500)	\$4.00
Forfeited	(326,000)	\$3.44
Balance, August 31, 2007	1,066,000	\$3.45
Granted	155,166	\$3.93
Vested	(271,453)	\$3.40
Forfeited	(181,506)	\$3.22
Balance, August 31, 2008	768,207	\$3.53

During fiscal 2008, we recorded compensation expense of \$1,182 (2007 - \$1,453) with a corresponding credit to contributed surplus relating to RSUs. In addition, \$943 (2007 - \$126) has been reclassified from contributed surplus to share capital for RSUs vested in the year. Compensation expense was reduced by \$321 (2007 - \$317) due to the forfeiture of RSUs.

### (e) Dividends

On April 10, 2008, the Board of Directors declared a quarterly dividend of \$0.03 per common share to all shareholders of record on April 25, 2008. On May 9, 2008, \$917 was paid.

On June 9, 2008, the Board of Directors declared a special dividend of \$0.30 per common share to all shareholders of record on June 24,

2008, which is payable on July 8, 2008. The Board of Directors also declared a quarterly dividend of \$0.03 per common share with the same record and payable dates. On July 8, 2008, \$10,095 was paid.

### (f) Normal Course Issuer Bid

On May 17, 2006, we commenced a normal course issuer bid (NCIB) which was effective for one year. Under this bid, we were able to repurchase and cancel up to 1,559,248 common shares. This bid commenced May 17, 2006 and expired on May 17, 2007. The excess of the purchase price over the average stated value of shares purchased for cancellation was charged to retained earnings.

During fiscal 2007, we purchased 1,176,400 shares for cancellation under NCIB at a weighted average cost of \$3.19 per share for total consideration of \$3,753. The excess of \$2,643 over the average stated value of shares purchased was charged to retained earnings.

There was no NCIB in effect during fiscal 2008.

### (g) Earnings (Loss) Per Share

For fiscal 2008, the weighted average number of shares outstanding used to calculate basic earnings per share was 30,511,080 (2007 - 30,363,519).

In determining diluted earnings per share, the weighted average number of shares outstanding was increased by 88,376 (2007 - 121,760) for stock options eligible for exercise where the average market price of the common shares for the year exceeds the exercise price, by 1,974 (2007 - 79,143) in for matching shares under ESOP, and by 768,207 (2007 - 1,066,000) for RSUs outstanding. The diluted weighted average number of shares outstanding was 31,369,637 (2007 - 31,630,422). In both fiscal 2008 and 2007, no adjustments were made to net income to calculate diluted earnings per share.

## 10. Other Income

	2008	2007
Interest income, other than accretion	\$ 658	\$ 663
Gain (loss) on disposal of assets and business	472	(229)
Sundry expense recoveries	106	103
	\$ 1,236	\$ 537

## 11. Commitments

We have entered into a number of lease commitments for office space and equipment. In addition to minimum lease payments, our office facility leases require payment of our proportionate share of real estate taxes and building operating expenses. We are also party to research funding arrangements with educational institutions in Canada and Australia. The commitments for each of the next five years for these arrangements are as follows:

	Amount
2009	\$2,094
2010	1,828
2011	1,535
2012	959
2013	202
Subsequent years	40
	\$6,658

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(thousands of Canadian dollars)

Years ended August 31, 2008 and 2007

## 12. Financial Instruments

### (a) Fair value of financial instruments

The fair value of our financial instruments are described in note 2(k).

### (b) Credit risk

We are primarily exposed to credit risk through accounts receivable. Accounts receivable result from the sale of our products and services to diverse clients in various industries and sectors of the economy. Our credit risk is not concentrated in any particular client entity, industry, economic or geographic sector. We manage our credit risk through review and collection procedures. In addition, we maintain provisions for potential credit losses.

### (c) Liquidity risk

We have sufficient funds at August 31, 2008 to settle current liabilities.

### (d) Market risk

#### (i) Interest rate risk

We are exposed to interest rate risk on our cash and cash equivalents. Our current policy is to invest excess cash in investment-grade short-term deposit certificates, guaranteed investment certificates, and bankers' acceptances. We periodically monitor the investments made and are satisfied with the return of the investments and credit ratings of our banks.

We are not exposed to interest rate risk on our financial liabilities as we do not have any interest bearing liabilities.

#### (ii) Foreign currency risk

We operate internationally and are exposed to risk from changes in foreign currency rates. While we attempt, wherever possible, to match cash outlays with cash inflows in the same currency, fluctuations in the respective exchange rates relative to the Canadian dollar will create volatility in our cash flows and reported amounts for revenues and expenses on a period-to-period basis.

Additional volatility arises from the translation of monetary assets and liabilities denominated in currencies other than Canadian dollars at the rates of exchange at each balance sheet date, the impact of which is reported as a foreign exchange gain (loss) on our statement of income or statement of other comprehensive income.

With respect to the Canadian operations, the majority of revenues are billed and invoiced in US dollars, while the majority of expenses are incurred in Canadian dollars. We use forward contracts to sell US dollars in order to meet future Canadian dollar expense requirements thereby reducing, but not eliminating, the impact of changes in exchange rates. The fair value of these forward exchange contracts using market rates resulted in an unrealized loss of \$73 at August 31, 2008 (2007 - \$Nil). The liability has been recorded to accounts payable and accrued liabilities. At August 31, 2008, we were committed to the following forward exchange contracts to sell United States dollars:

Expiry date	Amount contracted (US\$)	Rate
September 2008	\$1,000	1.02
October 2008	\$1,000	1.03

## 13. Legal Claims

We are subject to various legal claims that arise in the normal course of business. We believe that the aggregate unrecorded liability arising from these claims is immaterial.

## 14. Segmented Information

We sell software and provide professional services in the area of continuous process industries throughout North America and internationally. We have five business segments that are primarily segmented based on geographic areas, which is how we monitor and assess performance as well as make operating decisions. Operating segments are defined as components of Matrikon for which separate financial information is available that is evaluated regularly by the chief operating decision maker in allocating resources and assessing performance. In fiscal 2008, the Canada and United States segments were combined to reflect the reorganization of our business. Our reportable segments are North America, Asia-Pacific, EMEA (Europe, Middle East and Africa), Products, and Corporate. We have restated prior period information to reflect this new financial statement disclosure.

<i>12 months ended August 31, 2008</i>	North America	Asia-Pacific	EMEA	Products	Corporate	Total
Revenue	\$29,336	\$19,469	\$16,699	\$14,527	\$-	\$80,031
Cost of sales	15,365	9,947	7,233	2,317	-	34,862
	13,971	9,522	9,466	12,210	-	45,169
Expenses	(6,033)	(5,959)	(3,969)	(6,909)	(10,357)	(33,227)
Other income and foreign exchange gain	41	187	341	-	977	1,546
Net income (loss) before tax	\$7,979	\$3,750	\$5,838	\$5,301	\$(9,380)	\$13,488
Goodwill	2,961	1,097	5,535	6,258	-	15,851
Capital Assets	1,533	1,238	603	-	-	3,374

<i>12 months ended August 31, 2007 (Restated)</i>	North America	Asia-Pacific	EMEA	Products	Corporate	Total
Revenue	\$27,784	\$16,331	\$14,834	\$14,549	\$-	\$73,498
Cost of sales	14,801	9,517	6,045	2,939	-	33,302
	12,983	6,814	8,789	11,610	-	40,196
Expenses	(9,067)	(5,155)	(3,978)	(9,401)	(12,639)	(40,240)
Other income and foreign exchange gain (loss)	(8)	81	281	-	(325)	29
Net income (loss) before tax	\$3,908	\$1,740	\$5,092	\$2,209	\$(12,964)	\$(15)
Goodwill	2,961	1,098	5,895	6,258	-	16,212
Capital Assets	1,419	1,259	501	-	-	3,179

## Customers

We have a large number of clients in various industries and sectors of the economy. Revenue within the segments is not concentrated in any particular client with the exception of the 3 entities who make up approximately 13% of Asia-Pacific revenue (2007 - Nil), 30% of EMEA revenue (2007 - 13%) and 12% of North America revenue (2007 -18%).

## 15. Customer Indemnification

Our software license agreements generally include certain provisions for indemnifying customers against liabilities if our software products infringe a third party's intellectual property rights. To date, we have not incurred any costs as there have been no claims for indemnification. Accordingly, we have not accrued any liabilities related to such obligations in our consolidated financial statements.

## 16. Subsequent Event

Subsequent to year end, our Board of Directors declared a special dividend of \$0.07 per common share and a quarterly dividend of \$0.03 per common share payable on October 31, 2008 to shareholders of record on October 17, 2008.

## 17. Comparative Figures

We have reclassified certain figures for fiscal 2007 to reflect the financial presentation adopted for fiscal 2008.

# ASPIRATION



Our aspiration is to be THE best. Not just a good company, but a great company:

- to **work** for
- to do **business** with
- to **invest** in

# VISION



Our vision is to be the recognized market leader in operations performance management, which enables our process industry clients to achieve Operational Excellence. We will achieve this by delivering technology and solutions that enable our customers to **anticipate** - to take advantage of opportunities, reduce risk and resolve issues before they become problems.

# VALUES



- **passion & drive:** we play to win and strive to be the best
- **innovation & creativity:** we imagine and employ innovation in our technology and in finding solutions to problems
- **care & respect:** we share responsibility for ensuring that Matrikon is a great place to work
- **ownership & integrity:** we conduct business in a manner that safeguards our reputation and we share responsibility for Matrikon's success
- **persistence & commitment:** we see things through and seek quality in all that we do

# INFORMATION FOR SHAREHOLDERS

## Head Office

Matrikon Inc.  
Suite 1800, 10405 Jasper Avenue  
Edmonton, AB T5J 3N4

Phone: 780-448-1010  
Fax: 780-448-9191  
Toll Free: 1-877-MATRIKON  
Web site: [www.matrikon.com](http://www.matrikon.com)

## Investor Relations Contact

Email: [ir@matrikon.com](mailto:ir@matrikon.com)  
Phone: 780-945-4010  
Toll Free: 1877-628-7456 x 4010

## Email Alerts

Subscribe to our email alerts to receive timely information about what's happening at Matrikon. Register online at [www.matrikon.com/investors](http://www.matrikon.com/investors) or email [ir@matrikon.com](mailto:ir@matrikon.com) with Email Alert Signup in the subject line.

## Key Dates for 2009

Q1 Earnings Announcement ..... January 14  
Q2 Earnings Announcement ..... April 9  
Q3 Earnings Announcement ..... July 7  
Q4 Earnings Announcement ..... October 30  
Annual Shareholders Meeting ... December 11

*NOTE: These dates may change without prior notice.*

## Exchange Listing

Toronto Stock Exchange ..... MTK

## Historic Share Price

	2008	High	Low	Volume
Q4	\$5.00	\$4.00	2,089,915	
Q3	\$4.20	\$2.91	2,096,912	
Q2	\$4.00	\$2.22	3,702,010	
Q1	\$2.81	\$2.05	1,245,427	

  

	2007	High	Low	Volume
Q4	\$3.48	\$2.63	1,325,628	
Q3	\$3.47	\$3.00	3,649,007	
Q2	\$3.75	\$3.03	2,250,149	
Q1	\$3.29	\$2.55	2,215,257	

## Shareholder Services

Contact Valiant Trust for shareholder related services, including:

- Account status inquiries for registered shareholders
- Change of address for registered shareholders
- Stock transfers
- Issues related to share certificates and dividend payments

Email: [inquiries@valianttrust.com](mailto:inquiries@valianttrust.com)  
Online: [www.valianttrust.com](http://www.valianttrust.com)  
Phone: 1-866-313-1872  
Fax: 403-233-2857

## Professional Services

**Legal Counsel** ... Fraser Milner Casgrain LLP

**Auditors** ..... KPMG LLP

**Bank** ..... HSBC Bank of Canada

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## ANNUAL MEETING OF SHAREHOLDERS

We invite you to join us at our annual shareholders meeting:

Thursday, December 11, 2008  
1:00 pm Mountain Time

Matrikon's Head Office  
Suite 1800, 10405 Jasper Avenue  
Edmonton, Alberta

# IN FOCUS