

Matrikon Inc.

Consolidated Balance Sheets

(Thousands of Dollars)

As at	May 31, 2001 <i>(Unaudited)</i>	August 31, 2000 <i>(Audited)</i>
ASSETS		
Current		
Cash and short-term investments	\$ 312	\$ 270
Accounts receivable	6,337	6,892
Contracts in progress	67	976
Prepaid expenses	269	29
Investment tax credit		66
Current portion of future income taxes	2	15
	6,987	8,248
Future income taxes	3,265	-
Deferred charges and other assets	731	150
Goodwill (note 1)	3,238	8
Capital assets	1,830	1,089
Long term investments	564	564
	-	-
	\$ 16,615	\$ 10,059
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Bank indebtedness	\$ 1,714	\$ 2,082
Accounts payable and accrued liabilities	2,334	2,504
Management compensation payable	-	1,805
Deferred revenue	1,031	693
	5,079	7,084
Future income taxes	-	16
	5,079	7,100
Shareholders' equity		
Share capital (note 2)	10,222	2,187
Retained earnings	1,314	772
	11,536	2,959
	\$ 16,615	\$ 10,059

See accompanying notes

Matrikon Inc.Consolidated Statements of Income and Retained Earnings
(Thousands of Dollars)

For the period ended	9 Months	
	May 31, 2001 (Unaudited)	May 31, 2000 (Unaudited)
Revenue		
Implementation fees and Consulting fees	\$ 16,589	\$ 10,450
Software license fees	1,271	-
Equipment	649	1,097
Extended support	683	582
	19,192	12,129
Cost of sales	11,565	8,110
Gross margin	7,627	4,019
Consulting	1,092	1,150
Sales and marketing	1,279	414
Research and development	1,303	816
General and administration	1,930	1,572
Amortization	461	302
	1,562	(235)
Management compensation	(700)	(300)
Other income (expenses)	50	(109)
Income (loss) before income taxes	912	(644)
Income tax expense (recovery)		
Current	370	63
Future	-	(65)
	370	(2)
Net income (loss)	\$ 542	\$ (642)
Retained earnings, beginning of period	\$ 772	\$ 1,221
Net income (loss)	542	(642)
Retained earnings, end of period	\$ 1,314	\$ 579
Weighted average number of shares outstanding (thousands)	19,263	18,271
Earnings (loss) per share	\$ 0.03	\$ (0.04)

See accompanying notes

Matrikon Inc.

Consolidated Statements of Cash Flows

(Thousands of Dollars)

For the period ended	9 Months	
	May 31, 2001 (Unaudited)	May 31, 2000 (Unaudited)
Operating activities:		
Net income (loss)	\$ 542	\$ (642)
Items not affecting cash:		
Amortization of assets	367	302
Amortization of other assets	13	-
Amortization of goodwill	81	-
Future income taxes	-	(65)
	1,003	(405)
Change in non-cash working capital items:		
Accounts receivable	703	(256)
Prepaid expenses	(119)	-
Contracts in process	325	155
Income taxes recoverable	(15)	(11)
Accounts payable and accrued liabilities	(2,373)	(1,113)
Deferred revenue	148	(163)
Cash provided by (used in) operating activities	(328)	(1,793)
Investing activities:		
Deferred charges	(236)	-
Purchase of capital assets	(542)	(813)
Purchase of other assets	(1)	(1)
Cash acquired on purchase of company	589	-
Purchase of long-term investment	-	(376)
Cash used in investing activities	(190)	(1,190)
Financing activities:		
Proceeds from line of credit	(368)	2,355
Repayment of loan payable	-	(112)
Advances from related parties	883	(74)
Issuance of shares	45	-
Proceeds from share issue	-	300
Cash provided from financing activities	560	2,469
Cash increase (decrease)	42	(514)
Cash and short-term investments, beginning of period	270	514
Cash and short-term investments, end of period	\$ 312	\$ -

See accompanying notes

Matrikon Inc.

Notes to Financial Statements

Nine months ended May 31, 2001

1. Reverse takeover of TigrSoft

These interim consolidated financial statements reflect the acquisition of Matrikon shares by TigrSoft Inc. as at March 31, 2001. Under the terms of the acquisition agreement TigrSoft Inc. issued 91,355,520 common shares for all of the issued and outstanding shares of Matrikon Inc., on the basis of 1.728 TigrSoft shares for each Matrikon share. The acquisition is accounted for as a reverse take-over utilizing the purchase method whereby Matrikon is treated as the acquirer and TigrSoft the acquiree. The results of TigrSoft are included in these interim financial statements for the period since the reverse take over.

Total purchase consideration and the associated goodwill are calculated as follows:

Pre-acquisition common shares of TigrSoft outstanding (000's)	22,193
Market price of common shares, per share	\$ 0.36
Total purchase consideration (000's of \$)	\$ 7,989
Fair value of net assets acquired (see below) (000's of \$)	4,679
Value ascribed to goodwill (000's of \$)	\$ 3,310

This goodwill is amortized on a straight-line basis over 7 years.

During the period from November 1, 2000 to March 31, 2001 TigrSoft recorded revenue of \$1,660,000, a loss from operations of \$153,000 and a net loss of \$295,000. TigrSoft's financial position as at March 31, 2001 was as follows: (the carrying values were equivalent to fair values)

	March 2001 (Unaudited) 000's
Current assets	\$ 1,530
Intangible assets	3,581
Capital Assets	600
	\$ 5,711
Current liabilities	1,032
Net Assets of TigrSoft Inc.	\$ 4,679

2. Share capital

	Number of Shares	\$	000's
Matrikon shares outstanding at September 1, 2000			2,187
TigrSoft balance at October 31, 2000	22,193,855		--
Issued for shares of Matrikon*	91,355,520		7,989
	113,549,375	\$	7,989
Share consolidation (1 for 5)	22,709,875		10,177
Shares issued during the 2 months ended May 31, 2001	25,000		45
Issued and outstanding at May 31, 2001	22,734,875	\$	10,222

*The number of shares issued for Matrikon is represented by the legal number of shares issued by TigrSoft Inc. to the date of the reverse takeover and thereafter by the amalgamated company.