

## Matrikon releases Q4 and fiscal year 2009 results and declares quarterly dividend

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### Highlights

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- Revenue of \$17.62 million in Q4-09; \$73.24 million for FY-09
  - Net income of \$0.49 million in Q4-09; \$2.31 million for FY-09
  - Gross margin of 54% in Q4-09; 56% for FY-09
  - Cash generated from operating activities was \$1.18 million in Q4-09; cash used for operating activities was \$0.09 million for FY-09
  - Board of directors declares quarterly dividend of \$0.03 per common share
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*Edmonton, Alberta – November 9, 2009*

Matrikon Inc. (TSX:MTK), a leading provider of solutions for industrial intelligence, today reported financial results for the fourth quarter and fiscal year ended August 31, 2009. Matrikon's president & CEO Nizar J. Somji commented, "Our fiscal year 2009 results are reflective of a delayed reaction to the global economic downturn, which affected us particularly in Q3-09. The economic slowdown caused our sales cycle to lengthen as many of our clients required additional time and due diligence to obtain approval for contracts. After a disappointing third quarter, sales activity started to pick up late in the fourth quarter, particularly in oil & gas and mining.

"Late in the fourth quarter, we had a record project win for cyber security in the power and utilities industry. We anticipate even more opportunities in this industry given the timeline for compliance and Matrikon's expertise in this area.

"Following Q3-09, we made investments in R&D and staffing levels and made the adjustments needed to bring cost structures into alignment with revenue levels. With this realignment and the positive indications that more of the opportunities in our pipeline will proceed in the near term, we are well positioned as the economy recovers. Given the business closed in Q4-09 as well as the strong pipeline, we anticipate to continue to improve from our fourth quarter performance fiscal year 2010."

Based on projects underway and expected improvements to Q1-10 results, Matrikon's board of directors also declared a dividend of \$0.03 per common share for the fourth quarter of fiscal year 2009. This dividend is payable December 21, 2009 to all shareholders of record on November 19, 2009. The dividend is an eligible dividend for Canadian tax purposes.

For FY-09, Matrikon posted revenue of \$73.24 million, a decrease of 8% from FY-08. Net income decreased to \$2.31 million from \$9.10 million in FY-08. Earnings per share for FY-09 were \$0.07, decreasing from \$0.30 per share in FY-08.

Fourth quarter revenue was \$17.62 million, down from \$20.16 million in Q4-08, and net income was \$0.49 million, down from \$2.58 million in Q4-08. Earnings per share in Q4-09 were \$0.02, compared to earnings of \$0.09 per share in Q4-08.

### Quarter Highlights:

- Revenue improved by 8% compared to Q3-09 as Solutions (consulting and equipment) revenue increased by 9%. The primary contributor to this improvement was an increase of 86% in equipment revenue.
- Software license revenue increased by 12% in Q4-09 compared to Q3-09 as off-the-shelf products sales increased 18% and OPC sales increased 10%.
- Gross margin was up 4 basis points to 54% on higher revenue and flat cost of sales in the quarter compared to Q3-09.

- Total expenses declined by 10% and represented 51% of revenue, compared to 60% in Q3-09. Q3-09 expenses were elevated due to restructuring costs incurred at the end of quarter.
- Net income recovered from a loss of \$2.96 million in Q3-09 to income of \$0.49 million in Q4-09 as a result of increased gross profit and a reversal in foreign currency translation rates. We realized a foreign currency translation gain of \$0.005 million in Q4-09 compared to a loss of \$2.13 million in the previous quarter.
- Cash provided by operating activities increased from \$0.52 million in Q3-09 to \$1.18 million in Q4-09 as we continued to focus on accounts receivable collections.
- MatrikonOPC™ announced a global partnership with Shell for OPC Connectivity.
- Matrikon announced a US\$1.94 million contract to provide a power generation company in Illinois with a comprehensive asset management solution.
- Matrikon announced a significant project for a major US power company worth a record value of US\$13.5 million towards the end of the quarter. This strategic win capitalizes on Matrikon's core strength of real-time monitoring and reporting to protect critical assets and processes and achieve compliance under new North American Electric Reliability Council (NERC) Critical Infrastructure Protection regulations.

### Outlook

We remain committed to our strategy of transitioning to a Solutions oriented company and will continue to build upon it in 2010. Our main objective for FY-2010 is to return to top line growth while improving our profit margin.

A key element of our strategy is to continue development of new industry applications based on our Intuition framework, particularly for the power industry. At the same time, we will continue to grow the market share of our existing applications (such as Well Performance Monitor™ and Mobile Equipment Monitor™) as the sectors that these applications serve begin to recover from the recession.

### Annual Results

Complete financial statements, notes to the financial statements and management's discussion and analysis will be filed on SEDAR ([www.sedar.com](http://www.sedar.com)) by November 16, 2009 and will be available to download from the investor relations section of our website at [www.matrikon.com/investors](http://www.matrikon.com/investors) as soon as they are filed.

Our information circular and other annual materials will be mailed on or about November 22, 2009.

### Conference Call November 18, 2009 at 8:30 am EST

A conference call will be held on Wednesday, November 18, 2009 at 8:30 am EST (6:30 a.m. MST). To participate live, call 416-644-3421 in the Toronto area and 1-877-974-0446 for all other areas.

A replay will be available until midnight MST on Monday, December 14, 2009. To access the playback service, please dial 416-640-1917 in the Toronto area or 1-877-289-8525 in all other areas, reservation number 4179134 followed by the pound sign.

The conference call will also be webcast and podcast at:

<http://www.newswire.ca/en/webcast/viewEvent.cgi?eventID=2865280>

### Annual General Meeting

We invite you to join us at Matrikon's 2009 annual shareholders meeting on January 11, 2010 at 2:00 pm MST (4:00 pm EST). The meeting will be held at our head office in Edmonton, Alberta: Suite 1800, 10405 Jasper Avenue.

### About Matrikon

Matrikon ([www.matrikon.com](http://www.matrikon.com)) provides industrial software solutions to process control industries, empowering their clients to achieve operational excellence. Matrikon products transform production data into knowledge

and action that enable users to maximize performance while managing risk. With offices throughout North America, Australia, Europe and the Middle East and a client base that includes industry leaders in a wide range of process industries, Matrikon's reach is global. Empowering excellence since 1988, Matrikon is traded on the Toronto Stock Exchange under the symbol MTK.

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*Matrikon, Matrikon Well Performance Monitor and Matrikon Mobile Equipment Monitor are trademarks or registered trademarks of Matrikon Inc.*

**Forward Looking Statements**

In order to provide our investors with an understanding of our current results and future prospects, our communications often include written or oral forward-looking statements. This news release and other materials filed with the Canadian securities regulators contain statements that are forward-looking. These statements are made pursuant to the "safe harbor" provisions of applicable Canadian securities legislation. These statements represent Matrikon's intentions, plans, expectations and beliefs and are based on our experience and our assessment of historical and future trends and the application of key assumptions relating to future events and circumstances. These statements may include, but are not limited to, comments about: our objectives and priorities for 2010 and beyond, our strategies, expectations for our financial condition, the outlook for our operations, and external factors that may impact results, including global economies and industry trends.

Forward-looking statements require assumptions and involve risks and uncertainties related to our business and the general economic environment, many beyond our control. There is significant risk that the predictions, forecasts, conclusions or projections we make will not prove to be accurate and that our actual results will be materially different from the targets, expectations, estimates or intentions expressed in the forward-looking statements. We caution readers of this news release not to place undue reliance on our forward-looking statements.

The future outcomes that relate to forward-looking statements may be influenced by many factors, including but not limited to: general economic conditions in the countries in which we operate; currency fluctuations; market demand for our products and services; our ability to execute projects and deliver solutions; our ability to execute our strategic plans and to complete and integrate acquisitions; the degree of competition in the geographic and business areas in which we operate; our ability to attract and retain qualified employees and contain payroll costs; our ability to contain expenses; technological changes and research and development; the length of the sales cycle required to close larger solution contracts; availability of financial resources to carry out our strategy; our ability to protect our intellectual and intangible properties; legal claims; critical accounting estimates; the possible effects on our business of war or terrorist activities; disease or illness that affects local, national or international economies; and disruptions to public infrastructure, such as transportation, communications, power or water supply. We caution that this list is not exhaustive of all possible factors.

Other factors could adversely affect our results. For more information, please see the discussion on the principal risks that could affect our results, beginning on page 52 of Matrikon's 2008 annual report.

The assumptions behind our outlook for fiscal 2010 include the following: that business opportunities will remain strong and the opportunities in our pipeline will materialize as contracts; that significant projects will continue as scheduled; that the global political climate will remain stable; that the global economy, particularly with respect to the markets we serve, will recover gradually with a full recovery expected by the third quarter of FY2010; that our clients will have adequate access to capital and will continue to invest in initiatives that support efficiency and reduce costs; that foreign exchange rates will not fluctuate excessively; that we will continue to be able to inspire, motivate and maintain our employee base at a sufficient level to deliver on our objectives; and that our effective tax rate will be in the range of 26% to 30%

When relying on forward-looking statements to make decisions with respect to Matrikon, investors should carefully consider these factors, as well as other uncertainties and potential events, and the inherent uncertainty of forward-looking statements. Unless required by law, we do not undertake to update any forward-looking statement, whether written or oral, that may be made from time to time by the company or on its behalf.

## Condensed Balance Sheets

(thousands of Canadian dollars)

*Unaudited*

*As at August 31*

2009

2008

### Assets

#### Current assets:

Cash & cash equivalents	\$ 8,734	\$ 15,721
Accounts receivable	23,456	22,782
Contracts in progress	6,894	6,246
Future income taxes	492	400
Prepaid expenses	1,286	1,529

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40,862 46,678

Future income taxes	525	762
Property & equipment	4,253	3,374
Intangible assets	672	1,103
Goodwill	15,807	15,851

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\$ 62,119 \$ 67,768

### Liabilities & Shareholders' Equity

#### Current liabilities:

Accounts payable and accrued liabilities	\$ 8,603	\$ 10,065
Deferred revenue	8,292	8,909
Income taxes payable	462	1,249
Future income taxes	971	2,046

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18,328 22,269

Future income taxes		
Non-controlling interest	89	316

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129 316

#### Shareholders' equity:

Share capital	31,735	30,633
Contributed surplus	2,502	2,195
Accumulated other comprehensive income	(107)	129
Retained earnings	9,532	12,226

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43,662 45,183

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\$ 62,119 \$ 67,768

## Condensed Statements of Income

(thousands of Canadian dollars except per share amounts)

	<i>Unaudited</i> 3 months ended August 31		<i>Unaudited</i> Year ended August 31	
	2009	2008	2009	2008
<b>Revenue:</b>				
Consulting	\$ 10,866	\$ 11,503	\$ 43,254	\$ 46,497
Software licenses	3,041	5,006	14,147	17,879
Support	2,653	2,471	10,295	8,923
Equipment sales	993	1,142	4,887	5,947
Interest income	69	40	655	785
	17,622	20,162	73,238	80,031
Cost of sales	8,176	8,259	32,183	34,862
	9,446	11,903	41,055	45,169
<b>Expenses:</b>				
Consulting	1,653	1,492	7,408	6,094
Sales and marketing	2,007	1,632	7,632	5,855
Research and development	1,235	1,668	6,362	6,701
General and administrative	3,359	3,639	13,773	12,297
Amortization	295	340	1,229	1,276
Stock-based compensation	369	290	1,407	1,004
	8,918	9,061	37,811	33,227
Income before the undernoted	528	2,842	3,244	11,942
Foreign currency translation gain (loss)	5	768	(509)	310
Other income	123	627	420	1,236
	128	1,395	(89)	1,546
Income (loss) before income taxes	656	4,237	3,155	13,488
<b>Income taxes expense (recovery):</b>				
Current	1,045	(1,131)	1,924	1,011
Future	(893)	2,785	(1,109)	3,379
	152	1,654	815	4,390
Non-controlling interest	(15)	-	(26)	-
Net income	\$ 489	\$ 2,583	\$ 2,314	\$ 9,098
<b>Earnings per share:</b>				
Basic earnings per share	\$0.02	\$0.09	\$0.07	\$0.30
Diluted earnings per share	\$0.02	\$0.08	\$0.07	\$0.29
<b>Weighted average shares outstanding (000s):</b>				
Basic	30,936	30,636	30,946	30,511
Diluted	31,029	31,370	31,037	31,370

