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Matrikon sets revenue and earnings records in fourth quarter, sees solid potential for fiscal year 2005

HIGHLIGHTS	
<ul style="list-style-type: none"> • Number of clients adopting Matrikon technology as their corporate standard increased by 63% in 2004 with 13 new corporate agreements • Sales and marketing investment increased by 55% in 2004, establishing a strong foundation for the company moving forward 	<ul style="list-style-type: none"> • Fourth quarter revenue growth of 35% and net income growth of 84% over comparable 2003 period • Europe performs well with \$1.51 million revenue in the quarter • Efforts to improve efficiency have begun to pay off with improved utilization, up by 5% over the third quarter to 77% • 55% gross margin achieved in the quarter due to strong product sales

Edmonton, AB –October 22, 2004 — Matrikon Inc. (TSX: MTK), a leading industrial IT solutions provider, today reported consolidated financial highlights for the fourth quarter and year ended August 31, 2004.

"We capitalized on the momentum generated towards the end of the third quarter and achieved an all around record fourth quarter, with the highest ever software sales, support revenue, total revenue and earnings," stated Nizar J. Somji, president and chief executive officer of Matrikon. "This quarter reflects an increasing market acceptance and new excitement about the potential of our products for industrial plant intelligence, and the continuing realization of the value our products bring to industrial facilities."

"In addition, our acquisition of PI Automation late in the third quarter has paid off with strong performance by this group. We will continue to build on this momentum into 2005."

"Recent business wins, such as the \$3.3 million Syncrude asset management solution and the corporate rollout of ProcessDoctor at Sasol are early indicators of our growth potential for the coming years. With the recent changes and additions to our management team, we are positioned to take advantage of these opportunities."

Fiscal year revenue grew by 11% to \$54.40 million from \$48.88 million in 2003. Net income for the year grew to \$2.68 million or \$0.09 per share from \$2.63 million or \$0.11 per share in the prior year. Revenue for the fourth quarter grew 35% to a record \$16.57 million compared to revenue of \$12.32 million for the fourth quarter of 2003. Net income for the three-month period grew 84% to a record \$1.55 million or \$0.05 per share versus \$0.85 million or \$0.03 per share during the same period in fiscal 2003. Fourth quarter net income was reduced by \$0.36 million or \$0.01 net of tax due to foreign currency translation.

Outlook

Matrikon is committed to sustainable long-term growth and is well-positioned to capitalize on its market potential. Matrikon's solutions represents new technology in the industrial market and thus to date have been adopted primarily by technology innovators. With wide-spread realization of the need for and benefits of Matrikon's solutions, management expects adoption rates of certain products to increase rapidly.

As one of the top 50 control companies in North America, Matrikon continues to move up the ranks (currently at #42 based on 2002 revenue). Despite this historic growth, considerable potential exists to increase market share. To achieve this growth

Matrikon has made a significant investment in sales and marketing, which increased by 55% over 2003.

Based on the present economic environment, current contracts underway and assuming Matrikon's ability to win new business continues at the current pace, management expects the company to achieve revenue in the range of \$62-\$67 million (14-23% growth) and net income of \$4-\$5 million (49-87% growth), or \$0.14-\$0.17 per share based on current shares outstanding during fiscal year 2005.

This forecast is based on the following currency exchange rate assumptions in comparison to the Canadian dollar: US dollar at \$1.25, British pound at £2.25 and Australian dollar at \$0.90. Management further anticipates that a one cent appreciation of US currency would have a positive after tax impact of CDN\$0.13 million on this forecast, a one pence appreciation of the British pound would have a positive after tax impact of CDN\$0.02 million and a one cent appreciation of the Australian dollar would have a positive after tax impact of CDN\$0.09 million.

Matrikon has processes in place to handle gradual changes in currency exchange rates as well as a built in hedge due to the diversity of the currencies it operates in. However, if a currency moves very rapidly or if all currencies move in the same direction in comparison to the Canadian dollar, there is likely to be an impact to net income. In general, it is Matrikon's policy not to convert currency unless required, thus minimizing the long term impact.

Quarter Highlights:

- Meridian Energy selected Matrikon for a \$1.0 million plant asset management system.
- Syncrude selected Matrikon to deliver a \$3.3 million Equipment Asset Management System.
- Sasol's Secunda site, one of the largest stand-alone manufacturing facilities in the world with 19 plants, selected Matrikon's ProcessDoctor as the site standard for monitoring and optimizing plant control assets.
- Matrikon's distributor in Germany (best solutions AG) licensed the Matrikon name and now exclusively distributes Matrikon products.
- Matrikon and OSIsoft, Inc. finalized a settlement agreement and have discontinued their respective law suits against each other.
- Subsequent to the quarter, Matrikon announced several changes to the executive team:
 - Shafin U. Kanji, currently chief financial officer of Matrikon, has been promoted to the newly created position of executive vice president of operations, effective November 1, 2004.
 - Nimal Rodrigo has joined Matrikon and will become chief financial officer on November 1, 2004, pending board approval.
 - Floyd Bjorgan, formerly managing director of Australia, has returned to Matrikon's head office in the new role of vice president human resources and administration.
 - Sam Crisafulli, formerly a senior executive in Matrikon Australia, has assumed the role of managing director in Australia.

Conference Call Monday, October 25 at 8:30 am Eastern

Matrikon President and CEO Nizar J. Somji and CFO Shafin U. Kanji will hold a conference call to discuss fourth quarter results on Monday, October 25 at 8:30 am Eastern (6:30 am Mountain). To participate live, call 416-640-4127 in the Toronto area and 1-800-814-4857 for all other areas.

A replay will be available until midnight on Monday, November 1. To access the playback service, please dial 416-640-1917 in Toronto or 1-877-289-8525 elsewhere, reservation number 21098436#.

The conference call will also be web cast at
<http://www.newswire.ca/en/webcast/viewEvent.cgi?eventID=940280>

For more information, contact:

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Operations Review

The following Operations Review should be read in conjunction with the interim financial highlights for the quarter ended August 31, 2004 and Management's Discussion and Analysis and notes to the consolidated financial statements appearing in the Annual Report for the fiscal year ended August 31, 2003.

The following review accompanies Matrikon's voluntary fourth quarter financial disclosure and is not intended to be Management's Discussion and Analysis of the company's results for the fiscal year ended August 31, 2004 which will be provided when Matrikon publishes consolidated financial statements with its 2004 Annual Report to be distributed by December 16, 2004.

Company Overview

Matrikon is a growing international provider of industrial plant intelligence solutions that enable plants to produce their goods more efficiently. Solutions include data acquisition and storage, data analysis for plant optimization, decision support systems, data connectivity and web-delivered data presentation for improved collaboration. Matrikon is one of the largest industrial solution integrators in North America with a client base diversified across a number of vertical industries, including oil and gas, energy and utilities, forestry, petrochemicals and refining, and mining.

Matrikon is listed on the Toronto Stock Exchange under the trading symbol "MTK". As at October 20, 2004 there were 29,442,405 common shares of the corporation issued and outstanding and 1,923,382 options outstanding.

At August 31, 2004, Matrikon had 465 employees, including 52 in administrative services, 64 in sales and marketing, 67 in product development and support, and 282 in services.

Progress on Growth Strategy

Matrikon's long-term strategy is to become the market leader in industrial plant intelligence solutions that solve the three primary issues faced by industrial facilities: performance, reliability and compliance – each of which has a direct impact on our customers' profitability. Management believes that the company's innovative products and depth of expertise are well-suited to accomplishing this strategy. The size and scope of customer projects that use both Matrikon's proprietary products and professional services continue to grow. In 2004, the average value of projects over \$100,000 was \$384,000, a 34% increase over 2003. In addition, the number of projects over \$100,000 increased by 44% in the same period.

Scorecard: stated targets to actual results

	Target	Actual	Note
Revenue Growth	0-10%	11%	Original target 20-40% growth (Q403 announcement) Revised target 0-10% growth (Q204 announcement) Organic revenue growth (excluding European acquisition) of 8%
Net Income	0-10%	2%	Original target 20-40% (0.11 – 0.13 EPS) growth (Q403) Revised target 0-10% (0.09 – 0.10 EPS) growth (Q204)
Software licenses and related support	25-30% of revenue	26%	2003 Annual Report
Increase average project value		34%	2003 Annual Report Average project value for projects over \$100k increased by 34% to \$384k compared to 2003
Increase service revenue from integrating MTK products		17%	2003 Annual Report
4 th Quarter gross margin	50-55%	55%	Q304 announcement

Matrikon's growth strategy focuses on four fundamentals: technological advancement and innovation; complementary professional services; geographic expansion; and vertical industry expansion. These growth strategies are achieved through both organic growth and strategic acquisitions. The following table outlines the progress made on objectives for 2004 set at the beginning of the year.

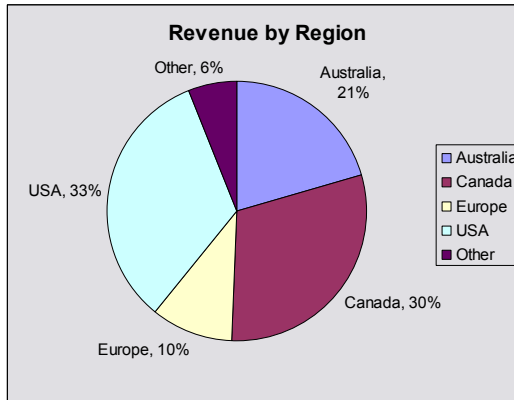
Growth Strategy

Geographic Expansion

2004 Objectives

- Continue development of distributor program
- Expand into Europe
- Continue expansion in Australia

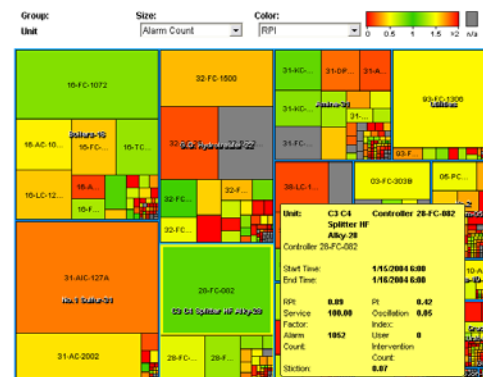
2004 Results



- Increased international revenue (outside North America) from 29% of revenue in 2003 to 37% of revenue in 2004 (Asia 2%, Australia 21%, Canada 30%, Europe 10%, Middle East 2%, USA 33%, Other 2%)
- 2 distributors (Korea & Germany) have licensed the Matrikon name and are exclusively selling Matrikon solutions
- Acquired PI Automation in Scotland in May, for our first European office.
- Australian operations expanded into 2 new regions and increased employee base by 10%

Technical Innovation

- Ongoing product development based on industry feedback
- Additional research chairs with leading industrial computing universities



Screenshot of Matrikon's tree map technology makes it possible to instantly pick out key issues visually (based on block size and color) instead of sorting through 1000s of files to find important information. This functionality is a direct result of client requests for a method of sorting through information.

- New versions of all products released, some with significant technological innovations. All new features and enhancements are the result of client input into our product direction.
 - ProcessDoctor Tai Ji automates the previously complex, manual process of retuning a plant's automation system. This results in a significant reduction in the time required to ensure a plant is running optimally, reducing it from approximately

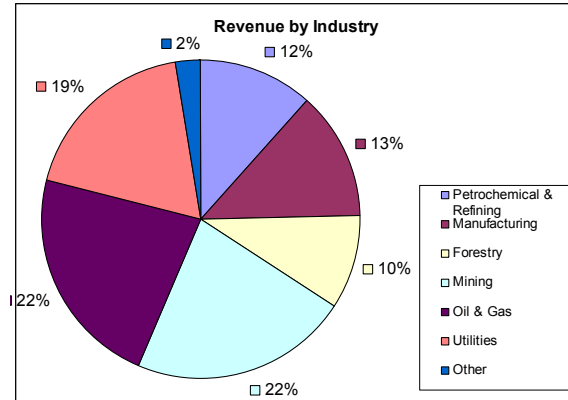
two months to about one week.

- Matrikon also introduced tree mapping technology, which enables users to visually see critical plant issues at a glance instead of looking through volumes of reports.

- 3 new research chairs were established (2 at the University of Alberta, 1 at the University of Newcastle), all in partnership with a major client

Vertical Market Expansion

- Continue focus on increasing presence in discrete manufacturing industries and on developing products that meet industry specific needs



- 2004 revenue by industry is as follows: Petrochemical & Refining 12%, Manufacturing 13%, Forestry 10%, Mining 22%, Oil & Gas 22%, Utilities 19%, Other 2%
- While progress has been made in the discrete industry, Matrikon's vertical market strategy has shifted to emphasize specific solutions for Matrikon's traditional process markets. The main industry focus areas are: Oil & Gas, Refining & Petrochemicals, Power & Utilities, and Mining.

People Expertise

- Continue to develop service expertise in asset management disciplines, such as asset monitoring, expert analysis and automatic maintenance scheduling for condition-based maintenance

- Matrikon employs 17 Certified Enterprise Asset Management product consultants (9 in North America), an increase of 113% over 2003.
- Significant new asset management projects, including \$3.3 million Syncrude project

Revenue growth 35% in Q4

3 Months Ended August 31 (in thousands of Canadian dollars)	2004		Reclassified 2003		2004 vs 2003 % Change
		%		%	
Total Revenue	\$16,570	100	\$12,316	100	35
Consulting fees	10,683	64	7,927	64	35
Equipment sales	1,120	7	1,340	11	(16)
Total services and related	11,803	71	9,267	75	27
Software license fees	3,428	21	2,210	18	55
Extended support	1,339	8	839	7	60
Total product and related	4,767	29	3,049	25	56

12 Months Ended August 31 (in thousands of Canadian dollars)	2004		Reclassified 2003		2004 vs 2003 % Change
		%		%	
Total Revenue	\$54,396	100	\$48,880	100	11
Consulting fees	34,556	64	33,353	68	4
Equipment sales	5,508	10	3,816	8	44
Total services and related	40,064	74	37,169	76	8
Software license fees	9,804	18	8,753	18	12
Extended support	4,528	8	2,958	6	53
Total product and related	14,332	26	11,711	24	22

Matrikon achieved record revenue in both the quarter period and for fiscal year 2004. Software license fees and related support continue to drive revenue growth, and increased by 56% in the quarter period and 22% for the year ended August 31.

Software license fees and related support totaled 29% of revenue in the quarter and 26% of revenue for the year. Management believes that the potential to grow software license revenue and extended support in 2005 and beyond is significant and will be the future cornerstone of company. Product momentum continues to build as next generation versions of each product are released. Industry feedback on new product innovations has been very positive. Management believes that specific products are gaining rapid acceptance in concept and have the potential to grow dramatically over the next few years. To date, license revenue has been unpredictable and has fluctuated period by period. This volatility is expected to continue.

Support revenue increased by 53% in fiscal year 2004 compared to 2003 and by 60% over the fourth quarter of 2003. The baseline of \$1.00 million in support revenue established at the beginning of 2004 continues to grow, following strong product sales. Management expects continued growth in support revenue as software licenses continue to grow.

Equipment sales, which include third party software and hardware, increased by 44% over fiscal year 2003. Equipment sales are ancillary to consulting engagements and will continue to fluctuate each period. In the fiscal year period, \$3.00 million of the equipment sales were related to projects in Australia.

Fourth quarter consulting fees grew by 35% compared to the fourth quarter of 2003 and by 4% in the fiscal year. Management expects consulting to grow at 20% in the future, driven by asset management projects, higher end consulting services and integration related to Matrikon's proprietary solutions.

Management has noted the following seasonal trends in sales over the past several years. The first quarter is typically strong, followed by a weaker second quarter due to a company-wide week-long shutdown in December. Sales begin to pick up in the third quarter, with this increase being offset by increased hiring activity. The fourth quarter is historically Matrikon's strongest quarter.

Year-to-date revenue from product licensing, support and related training was 27% of revenue; revenue from the implementation of Matrikon products was 17%, and consulting revenue (related to third party products or general consulting) was 56%. Matrikon's long-term goal is to achieve a balance of one-third revenue for each of these aspects of our business.

Segment Revenues

Starting with the second quarter of 2004, management modified the company's business segments to align with current business management practices. Matrikon evaluates each business unit's performance and reports segmented information according to this structure. In the third quarter a new segment – Europe – was added to reflect our new European business unit following the acquisition of PI Automation. This segment includes Matrikon Europe's results from May 19, 2004 to August 31, 2004.

3 Months Ended August 31						
<i>(in thousands of Canadian dollars)</i>	Eastern Canada / USA	Western Canada	Australia	Europe	Products	Total
Revenue	1,517	5,948	2,708	1,511	4,886	16,570
Cost of Sales	956	3,081	1,652	849	931	7,469
Gross Margin	561	2,867	1,056	662	3,955	9,101
Expenses	444	1,922	841	377	2,368	5,952
Other income (expenses) and foreign currency translation	103	(1,103)	86	262	-	(652)
Income before income taxes	220	(158)	301	547	1,587	2,497
12 Months Ended August 31						
<i>(in thousands of Canadian dollars)</i>	Eastern Canada / USA	Western Canada	Australia	Europe	Products	Total
Revenue	7,591	19,677	10,176	1,609	15,343	54,396
Cost of Sales	4,499	12,494	7,001	881	2,310	27,185
Gross Margin	3,092	7,183	3,175	728	13,033	27,211
Expenses	2,504	8,307	3,180	403	9,131	23,525
Other income (expenses) and foreign currency translation	277	71	11	243	-	602
Income before income taxes	865	(1,053)	6	568	3,902	4,288

Eastern Canada/USA: The Eastern Canada/US region performed as expected throughout 2004 and delivered healthy profit margins. This group continues to make significant headway in the power industry and is expected to grow as initiatives to increase penetration in the power industry progress.

Western Canada: This segment includes the bulk of Matrikon's corporate infrastructure, including non-revenue generating administrative personnel. For FY04, Western Canada expenses include \$1.59 million in corporate expenses.

In addition, Western Canada is the segment that is hardest hit by currency fluctuations as the majority of expenses are in Canadian dollars while revenue is primarily in foreign currencies, thereby reducing the effective charge rate for services. The continued strength of the Canadian dollar in 2004 reduced income before taxes for this segment by \$0.98 million in the fourth quarter and by \$0.49 million for the year.

Australia: For 2004, Australia underperformed in the second and third quarters as a result of increasing staff for several large projects that were subsequently delayed. These projects are now underway and Australia posted a profit of \$0.30 million in the fourth quarter. These projects should positively impact Australia's results for the next few quarters. In addition, Australia continued to be impacted by the large percentage of lower margin equipment sales in the fourth quarter (\$0.63 million or 23% of revenue) and for the fiscal year (\$3.00 million or 30% of revenue). Going forward, Australia is placing emphasis on higher margin projects which may result in a reduction of equipment sales and the subsequent impact to margins.

Europe: Europe delivered solid results with 36% margin on income before taxes in the fourth quarter as synergies from the acquisition continue to be realized.

Products: The product segment includes product development, training, sales and marketing and support. Fiscal year product revenue by suite was as follows:

- o Process Suite 59%
- o Connectivity (OPC) Suite 34%
- o MxSuite 7%

Enhancements to existing products introduced in 2004 have been well received by clients and as the value and benefit of the products are recognized by clients, they are increasingly being selected as the corporate standard for multi-plant enterprises. Corporate licenses increased to 13 new agreements in 2004 compared to eight agreements in 2003.

Gross Margin improves to 55% in fourth quarter

3 Months Ended August 31 <i>(in thousands of Canadian dollars)</i>	<i>Reclassified</i>			
	2004	2003	Change	% Change
Gross margin	\$ 9,101	\$ 6,036	\$ 3,065	51
% of revenue	55	49	6	

12 Months Ended August 31 <i>(in thousands of Canadian dollars)</i>	<i>Reclassified</i>			
	2004	2003	Change	% Change
Gross margin	\$ 27,211	\$ 25,179	\$ 2,032	8
% of revenue	50	52	(2)	

Fourth quarter gross margin was 55% versus 49% in the comparable period. This improvement is primarily a result of strong product sales and growing support revenue in the fourth quarter. Gross margin for the full year was 50% compared to 52% in fiscal 2003. Full year gross margin was negatively impacted by second and third quarter results.

As the cost of sales is relatively fixed (predominantly personnel related), gross margin will be driven by product sales and related support. Product sales continue to fluctuate quarter by quarter, therefore gross margin will also. Management expects the quarterly range to be 50% – 55%.

Operating Expenses

3 Months Ended August 31

<i>(in thousands of Canadian dollars)</i>	2004	2003	Change	% Change
Consulting G&A	\$ 1,415	\$ 2,309	\$ (894)	(39)
% of revenue	9	19	(10)	
Sales & marketing	\$ 1,795	\$ 1,673	\$ 122	7
% of revenue	11	14	(3)	
Research & development	\$ 878	\$ 331	\$ 547	165
% of revenue	5	3	2	
General & administrative	\$ 1,356	\$ 602	\$ 754	125
% of revenue	8	5	3	

12 Months Ended August 31

<i>(in thousands of Canadian dollars)</i>	2004	2003	Change	% Change
Consulting G&A	\$ 6,448	\$ 7,537	\$ (1,089)	(14)
% of revenue	12	15	(3)	
Sales & marketing	\$ 7,428	\$ 4,800	\$ 2,628	55
% of revenue	14	10	4	
Research & development	\$ 2,991	\$ 2,465	\$ 526	21
% of revenue	5	5	-	
General & administrative	\$ 5,160	\$ 4,442	\$ 718	16
% of revenue	9	9	-	

Combined operating expenses were \$23.53 million (43% of revenue) for fiscal year 2004 compared to \$20.61 million (42% of revenue) in fiscal year 2003. Operating expenses remain in line with management's expectations.

Consulting general and administrative (consulting G&A) expense represents the non-billable portion of project expenses, including all related infrastructure costs. Consulting G&A decreased to 9% of revenue in the fourth quarter compared to 19% in the comparable period of 2003. For the fiscal year, consulting G&A decreased to 12% of revenue from 15% in 2003. This decrease is a result of improved operating efficiency and some project management initiatives introduced subsequent to the second quarter, which have resulted in improved utilization.

Sales and marketing expenses were 11% in the fourth quarter following two quarters of elevated expenses due to Matrikon's annual sales meeting and user group conference in May. For the fiscal year, sales and marketing expenses were 14% compared to 10% in fiscal year 2003, again reflecting the expense of holding the annual sales meeting with a growing and geographically dispersed sales forces as well as Matrikon's first annual users conference. Sales and marketing has been a significant investment over the past few years, increasing by 55% to \$7.43 million in 2004 over \$4.80 million in 2003. Sales and marketing is critical to achieving our objective of accelerating customer adoption rates and revenue growth for Matrikon's proprietary solutions.

Research and development remained constant at 5% of revenue (31% of software revenue) for the fiscal year. Matrikon controls R&D expenses through an efficient development process and partnership with leading research institutions (3 new research chairs were established in 2004). New versions of each product in the Process Suite were released in 2004 and product development is ongoing. The next stage of product development will be true suite integration, where all products in the Process Suite line interact seamlessly through ProcessNet to deliver increased performance, reliability and compliance to industrial clients.

Matrikon's product advisory board continues to meet bi-annually. The product advisory board is comprised of major clients who provide input into Matrikon's product technology and future needs. The results of the product advisory meetings are funneled directly into product development to ensure that Matrikon's products are aligned with the current and future needs of our clients.

Record earnings in fourth quarter

3 Months Ended August 31

<i>(in thousands of Canadian dollars)</i>	2004	2003	Change	% Change
Net income	\$ 1,551	\$ 845	\$ 706	84
% of revenue	9	7	2	
Earnings per share	0.05	0.03	0.02	67

12 Months Ended August 31

<i>(in thousands of Canadian dollars)</i>	2004	2003	Change	% Change
Net income	\$ 2,678	\$ 2,625	\$ 53	2
% of revenue	5	5	-	
Earnings per share	0.09	0.11	(0.02)	(18)

Net income as a percentage of revenue increased to 9% in the quarter from 3% in the third quarter of 2004 and 7% in the comparable period of 2003. Net income as a percentage of revenue remained constant for the fiscal year at 5%. Management expects that profitability will continue to improve as revenue from higher margin software licenses increases. Net income in the fourth quarter was \$1.55 million, a record for a quarter period.

Liquidity and Capital Resources

At August 31, 2004, accounts receivable were \$19.20 million compared to \$13.90 million at August 31, 2003, and \$17.68 million at May 31, 2003. Fourth quarter 2004 accounts receivable includes SR&ED tax credits of \$1.54 million and \$1.47 million in accounts receivable for the European operations. The average collection period in the fourth quarter was 95 days compared to 90 days as at August 31, 2003 and 91 days at the end of the third quarter of 2004. Matrikon's client base consists primarily of Fortune 500 companies with strong credit ratings; hence bad debt expense has been minimal at less than 0.6% per annum.

Current liabilities increased from \$8.42 million at the end of the third quarter to \$10.45 million in the fourth quarter. The increase in current liabilities includes an increase of \$1.41 million in deferred revenue and \$0.43 million in income tax accruals due to record income in the fourth quarter.

Cash provided by operating activities was \$3.47 million for fiscal year 2004, an increase of 18% compared to \$2.94 million in fiscal year 2003.

Matrikon has a \$7.00 million operating line of credit at a variable interest rate of the bank's prime plus 25 basis points. At August 31, 2004, Matrikon had \$nil outstanding on the line of credit.

Matrikon had cash on hand of \$6.31 million at the end of the fourth quarter compared to \$3.03 million at May 31, 2004 and \$0.30 million at August 31, 2003.

Management believes that the financial position of the company is adequate to carry out current growth strategies.

As at				Q4-Q3	Q4-Q3 %
<i>(in thousands of Canadian dollars)</i>	31-Aug-04	31-May-04	31-Aug-03	Change	Change
Cash and equivalents	\$ 6,311	\$ 3,025	\$ 295	\$ 3,286	109
Trade receivables	16,771	15,439	13,083	1,332	9
Other receivables	2,432	2,238	814	194	9
Average collection period (trade receivables)	95 days	90 days	91 days	-	-
Contracts in progress	1,830	2,536	3,457	(706)	(28)
Current liabilities	10,446	8,424	8,512	2,022	24

Normal Course Issuer Bid – no shares repurchased, bid expired

Matrikon announced a normal course issuer bid which commenced June 9, 2003 and ended June 8, 2004. No shares were repurchased under the bid.

Forward-Looking Statements

This Management's Discussion and Analysis contains forward-looking statements. The words "anticipates", "designed to", "plans", "believes", "expects", "will", "are confident that" and similar expressions are intended to identify such forward looking statements. These forward looking statements are made in light of the company's experience, its perception and assessment of historical and future trends, and the application of key assumptions relating to future events and circumstances. The material assumptions which underlie management's expectations for revenue and earnings per share include, but are not limited to, continued ability to close business at the same rate achieved in the past, continued market demand for Matrikon's products and service solutions, continued ability to retain and attract qualified employees, and continued availability of its existing line of credit. Readers should note that some assumptions, although considered reasonable at the date of the preparation of the forward-looking statement, might not materialize.

These forward looking statements are not guarantees of future performance and actual results could differ materially as a result of changes to Matrikon's plans and the impact of factors, risks and uncertainties, known and unknown, to which Matrikon's business is subject. The forward-looking statements in this press release speak only as of the date hereof. The factors which could cause actual results to differ materially from this level of revenue and earnings include, but are not limited to, changes to intensity of competition and a change in payroll costs (due to the service nature of the company, payroll is a significant component of costs). Readers are also referred to risk factors described in filings made by Matrikon from time to time with the securities regulators.

Financial Highlights

Stated in thousands of Canadian dollars except per share amounts.

Condensed Consolidated Operational Data	3 months ended August 31		Year ended August 31	
	2004	2003	2004	2003
Revenue				
Consulting fees	\$ 10,683	\$ 7,927	\$ 34,556	\$ 33,353
Software license fees	3,428	2,210	9,804	8,753
Equipment sales	1,120	1,340	5,508	3,816
Extended support	1,339	839	4,528	2,958
<i>Total revenue</i>	<i>16,570</i>	<i>12,316</i>	<i>54,396</i>	<i>48,880</i>
Cost of sales	7,469	6,280	27,185	23,701
<i>Gross profit</i>	<i>9,101</i>	<i>6,036</i>	<i>27,211</i>	<i>25,179</i>
Expenses				
Consulting	1,415	2,309	6,448	7,537
Sales and marketing	1,795	1,673	7,428	4,800
Research and development	878	331	2,991	2,465
General and administrative	1,356	602	5,160	4,442
Amortization	508	328	1,498	1,368
<i>Total expenses</i>	<i>5,952</i>	<i>5,243</i>	<i>23,525</i>	<i>20,612</i>
Foreign currency translation gain (loss)	(584)	134	(177)	(1,102)
Other income (expense)	(68)	451	779	829
Income tax expense (recovery)				
Current	756	563	794	576
Future	190	(30)	816	1,183
<i>Net income</i>	<i>\$ 1,551</i>	<i>\$ 845</i>	<i>\$ 2,678</i>	<i>\$ 2,625</i>
Earnings per share	0.05	0.03	0.09	0.11
Weighted average shares outstanding	29,321	24,224	28,729	24,221
As at August 31				
Condensed Consolidated Balance Sheet	2004		2003	
Assets				
Cash		\$ 6,311	\$ 295	
Accounts receivable		19,203	13,897	
Other current assets		2,572	4,053	
Capital Assets		2,168	1,682	
Goodwill		10,667	5,442	
Future taxes		1,212	1,354	
Intangible assets		911	665	
		\$ 43,044	\$ 27,388	
Liabilities & shareholders' equity				
Bank indebtedness		-	-	
Other liabilities		10,868	8,512	
Shareholders' equity		32,176	18,876	
		\$ 43,044	\$ 27,388	