



## Epic Data Announces Results for the Year and Quarter ended September 30, 2009

**VANCOUVER, BC** - December 18, 2009 - Epic Data International Inc. (TSX-V: EKD), a provider of manufacturing operations management and real-time data collection solutions, today announced the results of operations for its fourth quarter and fiscal year ended September 30, 2009.

### Results of Operations

Below is the selected financial information for the three months and year ended September 30, 2009.

**All amounts in 000's of dollars, except per share figures**

	Three months ended September 30,		Year ended September 30,	
	2009	2008	2009	2008
Revenue	\$ 1,323	\$ 3,839	\$ 6,142	\$ 11,166
Cost of sales	612	1,756	2,910	5,460
Gross Margin	711	2,083	3,232	5,706
Selling, general and administrative expenses	790	1,289	3,507	4,842
Income (loss) before undernoted items (EBITDA)	(79)	794	(275)	864
Other expenses (income)				
Amortization of property, plant and equipment	24	39	100	182
Net finance charges	24	25	84	99
Other	106	160	(318)	192
	154	224	(134)	473
Net (loss) income for the period	\$ (233)	\$ 570	\$ (141)	\$ 391
(Loss) earnings per share				
Basic	\$ (0.02)	\$ 0.04	\$ (0.01)	\$ 0.03
Diluted	\$ (0.02)	\$ 0.04	\$ (0.01)	\$ 0.03

EBITDA is not a term defined under generally accepted accounting principles ("GAAP") however, it is used by investors in assessing performance of the Company and its ability to generate sufficient cash flows to continue as a going concern. As this term is not defined under GAAP it may not be comparable to similar terms used in documents of other public entities. The Company defines EBITDA as earnings from operations before interest expense, interest income, income taxes, amortization of property, plant and equipment, compensation costs related to stock options, interest accretion, severance and other non-recurring expenses and income items.



## **Fiscal 2009 Results**

### *Revenue*

Total revenue for 2009 decreased \$5.0 million or 45% to \$6.1 million as compared with \$11.1 million in 2008. Maintenance revenue for 2009 increased \$326 thousand or 9% to \$4.0 million as compared with \$3.7 million in 2008. The increase was due to a number of factors which included: revenue of \$68 thousand on the signing of a maintenance agreement which covered a period in 2008, our continuing strong customer service allowing us to maintain high support contract renewal rates and revenue denominated in US dollars benefiting from a higher exchange rate in 2009 as compared with 2008.

Each of hardware, software and professional services decreased significantly primarily due to the fact that in 2008 a large contract with a defense contractor accounted for revenue of \$4.9 million. Overall 44% of total revenue in 2008 was derived from a single upgrade project for a major defense contractor customer.

### *Gross Margin*

While total gross margins for the year ended September 30, 2009 were down as compared with 2008, due to the decrease in revenue, fiscal 2009 showed an improved margin percentage compared to the same period in 2008, which is due to cost controls, improved staff efficiency and a higher percentage of maintenance revenue.

### *Selling, general and administration*

We maintain a direct sales force in the United States, Canada and Great Britain as well as centralized marketing, executive, product development and administrative support departments located in British Columbia.

Selling, general and administration expenses for 2009 decreased \$1.3 million or 28% to \$3.5 million compared with \$4.8 million in 2008. The decrease was due to cost reductions, including staff, the recovery of a receivable previously written off and certain other non-recurring recoveries totaling approximately \$400 thousand. In addition costs directly attributable to product development, which consist primarily of employee compensation costs as well as sub-contracted design and development services, decreased approximately \$100 thousand in 2009 due to the redeployment of most technical staff to revenue-generating customer projects.

### *EBITDA*

EBITDA for 2009 decreased by \$1.1 million or 132% to a loss of \$275 thousand compared with positive EBITDA of \$864 thousand for 2008. The lower EBITDA was due to the significant drop in revenue, offset somewhat by cost reductions under taken by management throughout the past two years.



*Other (income) expense*

**Years ended September 30,  
All amounts in 000's of dollars**

	<u>2009</u>	<u>2008</u>
Severance cost	\$ 84	\$ 642
Tax recovery	(485)	-
Foreign exchange	37	(124)
Stock based compensation	24	28
Interest accretion	22	29
Sale of TicketManager	-	(382)
Loss (gain) on sale of property, plant and equipment	-	(1)
<b>Other (income) expenses</b>	<b>\$ (318)</b>	<b>\$ 192</b>

The severance charges reflect the Company's restructuring efforts to better match its cost structure with the current revenue levels.

The Company has received written notice from Canada Revenue Agency that it had completed its review of the Company's Notice of Objection and will be issuing a refund of \$232 thousand in respect of scientific research tax credits relating to the Company's 1993 fiscal year. The tax recovery of \$485 thousand is comprised of the refund plus interest estimated at \$348 thousand less estimated costs of \$95 thousand.

The gain on the sale of TicketManager relates to the sale our parking enforcement business line. The agreement for the sale was executed in 2007 and a partial payment was received at that time. In 2008 certain additional conditions of closing were met and the Company received a further \$100 thousand and brought into income the balance of its deferred revenue accounts.

*Net income*

The net loss for 2009 was \$141 thousand as compared with net income of \$393 thousand in 2008. The decrease in 2009 compared with 2008 was due to the lower level of revenue, partially offset by cost reductions, non-recurring recoveries of approximately \$400 thousand and the net tax refund of \$485 thousand.



## **Fourth Quarter Results**

### *Revenue*

Revenue for the three months ended September 2009 decreased \$2.5 million or 66% to \$1.3 million compared with \$3.8 million in same period of the prior year. The decrease was due to a single upgrade project for a major defense contractor customer which accounted for revenue of \$2.4 million in 2008 and the balance is due to the general slow down in business in 2009.

### *Gross Margin*

Gross Margin for the three months ended September 30, 2009 were down to \$711 thousand compared with \$2.1 million in the same period of the prior year, a decrease of \$1.4 million due to the single contract in 2008, however as a percentage of revenue the gross margin in 2009 and 2008 was 54%.

### *Selling, general and administration*

Selling, general and administration expenses for the three months ended September 30, 2009 decreased by \$482 thousand or 38 to \$790 thousand compared with \$1.3 million in the same period of the prior year reflecting the ongoing efforts of management to control costs.

### *EBITDA*

EBITDA for the three months ended September 30, 2009 decreased by \$880 thousand to a loss of \$79 thousand compared with \$801 thousand in the prior period. The decrease was due to lower revenue and gross margin offset partially with effective cost control measures.

### *Net income for the period*

Net income for the three months ended September 30, 2009 decreased \$803 thousand to a loss of \$233 thousand compared with income of \$570 thousand for the prior period. The decrease was due to lower revenue and gross margin offset partially with effective cost control measures.

## **About Epic Data**

For over 30 years Epic Data has delivered real-time shop floor information to the world's most progressive discrete manufacturers through turnkey data collection, warehouse management and lean manufacturing operations management solutions. Defense contractors, aerospace, automotive, high technology and industrial equipment & machinery manufacturers, employ Epic Data solutions to optimize the ROI of their manufacturing IT infrastructure investments and operations by increasing plant productivity, materials visibility and production velocity. Customers include Lockheed Martin, Bell Helicopter, Komatsu, Learjet, CAE Inc., Kingfisher plc, Joy Mining Machinery, Cobham Defence Communications Ltd., GE Aircraft Engine, Contour Premium Aircraft Seating, McBride plc, Phoenix Contact, Rolls-Royce and Volvo.



More information about Epic Data is available at [www.epicdata.com](http://www.epicdata.com)

**Caution Regarding Forward-looking Statements**

*In this document and in other documents filed with Canadian regulatory authorities or in other communications, the Company may from time to time make written or oral forward-looking statements within the meaning of applicable securities legislation, including statements regarding the Company's business plans and financial objectives. These statements typically use words such as prospects, believe, estimate, forecast, project, expect, anticipate, plan, may, should, could and would, or the negative of these terms, variations thereof or similar terminology. By their very nature, forward-looking statements are based on assumptions and involve inherent risks and uncertainties, both general and specific in nature. It is therefore possible that the forecasts, projections and other forward-looking statements will not be achieved or will prove inaccurate. Although the Company believes that the expectations reflected in these forward-looking statements are reasonable, it provides no assurance that these expectations will prove to have been correct. The Company cautions readers against placing undue reliance on forward-looking statements when making decisions, as the actual results could differ considerably from the opinions, plans, objectives, expectations, forecasts, estimates and intentions expressed in such forward-looking statements due to various material factors. Among other things, these factors include fiscal and economic policies, changes in interest and foreign exchange rates, and general economic conditions, legislative and regulatory developments, competition and access to capital. The Company further cautions that the foregoing list of factors is not exhaustive. For more information on the risks, uncertainties and assumptions that would cause the Company's actual results to differ from current expectations, please also refer to the Company's public filings available at [www.sedar.com](http://www.sedar.com). The Company does not undertake to update any forward-looking statements, whether oral or written, made by itself or on its behalf, except to the extent required by securities regulations.*

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*The contents of this news release have neither been approved nor disapproved by any regulatory authority*

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