

# **MetaPower International, Inc.**

## **2008 Fourth Quarter Financial Report**

### *A message from the President*

#### ***Business Summary***

We are pleased to report successful Q4 and 2008 year operations at MetaPower International. Our performance has met our plan for 2008 financial goals. We continued to grow our revenues in the quarter, but our profitability has been affected by world financial markets and the collapse of the Canadian dollar and oil prices.

#### ***Financial Performance***

Revenue for Q4 was \$2,240,303 bringing our YTD revenues to \$9,035,123. Our forecast for 2008 was \$6 million, which we significantly exceeded. Q4 earnings (EBITDA) were a loss of \$143,583 bringing YTD final 2008 earnings to \$999,411. The Q4 loss was primarily due to a write-off of \$252,000 of receivables as bad debt. This is a one time occurrence. On an on-going operations basis, EBITDA for the quarter was \$108, 417. This result is also well below previous quarters. This reduction in performance is due to the collapse of the Canadian Dollar relative to the US Dollar. This has significantly increased the costs of US resources committed to our Canadian projects.

Our outstanding common stock is 10 million shares as of December 31, 2008. Our final earnings report is \$999,411 yielding 2008 earnings per share of \$0.10.

#### ***Operational Performance***

During Q4 we continued the development of UCoDA 4.0. We have been fortunate to fund this development as a client project. This will continue through the first quarter of 2009. This client funded project contributes to our technology development without the need to use internally generated funds.

We also continued to work on the VPP product during the quarter. This has included developing the product roll out plan, and marketing strategies. This important aspect of our 2008 business plan has been affected by the turmoil in the financial markets. We have slowed the development of our VPP product offering to be consistent with our ability to internally generate the required investment funds. We are continuing to work this development plan as aggressively as our resources allow.

#### ***Business Outlook***

As we reported in our Q3 Report, MetaPower has been significantly affected by the turmoil in the world economic markets. We are affected on three separate fronts; the exchange rate reduction of the Canadian Dollar has significantly impacted the profitability of our Canadian operations. Second, the collapse of oil prices has caused the Oil Sands development in Canada to be significantly curtailed, with many of the planned projects being cancelled or put on hold. This has greatly affected the demand for contract services in this sector. Third, the overall slowdown in world industrial markets has generally reduced the demand for contract services and technology products in all industrial sectors.

These are major challenges for MetaPower as we face an uncertain 2009. We have taken action. We are renegotiating contracts with our US contractors to improve our profit margins. We have clamped down on expenses and will continue to operate with an eye to building cash reserves. Finally, we have ramped

up our marketing and sales activities, redeploying resources from product development to sales of services.

Through these changing times we are not abandoning the VPP Product and the UCoDA 4.0 Upgrade, but we are slowing them down. We will only spend time on this work as we have uncommitted technical resources available. Our primary focus will be to sell services and to retain our core technical resources.

In these trying times, we appreciate the support of our shareholders, and continue in our commitment to make your investment in MetaPower a rewarding experience.

Sincerely,

A handwritten signature in cursive script that reads "Kenneth R. Allen".

Kenneth R. Allen  
President  
MetaPower International, Inc.

## ***2008 Q4 Financial Statements***

The following financial statements are for the Q4 2008 operations of MetaPower, Inc. an Oregon corporation. MetaPower, Inc. is the sole operating subsidiary of MetaPower International, Inc.

These financial statements have been produced by management and have not been passed on by a certified public accountant.

# 2008 Q3 Profit and Loss Statement

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07/15/07  
Accrual Basis

## MetaPower Consolidated Profit Loss January through December 2008

	Jan - Mar 08	Apr - Jun 08	Jul - Sept 08	Oct - Dec 08	YTD
<b>Ordinary Income/Expense</b>					
<b>Income</b>					
Total Consulting Income	1,902,815	2,028,763	2,395,259	2,591,953	8,918,790
Total Product Income	12,750	67,542	12,583	16,667	109,542
Total Other Income	(11,968)	5,819	4,862	8,746	7,459
Discounts Taken	(83)	(83)	(252)	(250)	(668)
<b>Total Income</b>	<b>1,903,514</b>	<b>2,102,041</b>	<b>2,412,452</b>	<b>2,617,116</b>	<b>9,035,123</b>
<b>Cost of Goods Sold</b>					
<b>DIRECT EXPENSES</b>					
Employees - Direct	144,665	162,603	109,394	127,212	543,874
Total Billable Expenses	27,446	16,624	15,309	15,609	74,988
Total Non-bill Expenses	29,277	35,667	29,712	29,769	124,425
Total Product Expense Group	9,676	(3,983)	0	(23,250)	(17,557)
Total Direct Contractor Expense	1,042,881	1,256,966	1,590,032	2,090,963	5,980,842
<b>Total DIRECTS</b>	<b>1,253,945</b>	<b>1,467,877</b>	<b>1,744,447</b>	<b>2,240,303</b>	<b>6,706,572</b>
<b>Gross Profit</b>	<b>649,569</b>	<b>634,164</b>	<b>668,005</b>	<b>376,813</b>	<b>2,328,551</b>
<b>Expense</b>					
<b>G &amp; A</b>					
Total Labor Expenses	26,344	37,318	34,610	42,888	141,160
Total Travel Expenses	1,110	1,392	647	0	3,149
Total Communication Expenses	8,450	9,324	7,849	7,963	33,586
Total Service Charges	6,280	4,109	7,541	2,636	20,566
Total Facility Expenses	1,196	1,681	1,622	1,979	6,478
Total Computer & Equipment Expenses	8,782	3,678	5,934	4,581	22,975
Total Postage & Shipping Expense	1,470	518	1,420	671	4,079
Total Office Expenses	1,896	935	2,133	1,243	6,207
Total Professional Fees	98,537	69,261	105,570	62,915	336,283
Total Other G&A Expenses	10,608	21,240	(32,108)	249,359	249,099
<b>Total G &amp; A</b>	<b>164,673</b>	<b>149,456</b>	<b>135,218</b>	<b>374,235</b>	<b>823,582</b>
<b>Total Human Resources</b>	<b>90,936</b>	<b>90,737</b>	<b>86,617</b>	<b>96,124</b>	<b>364,414</b>
<b>Total Marketing</b>	<b>881</b>	<b>20,018</b>	<b>22,816</b>	<b>21,802</b>	<b>65,517</b>
<b>Total Research &amp; Development</b>	<b>16,699</b>	<b>10,885</b>	<b>19,808</b>	<b>28,235</b>	<b>75,627</b>
<b>Total Expense</b>	<b>273,189</b>	<b>271,096</b>	<b>264,459</b>	<b>520,396</b>	<b>1,329,140</b>
<b>Net Ordinary Income</b>	<b>376,380</b>	<b>363,068</b>	<b>403,546</b>	<b>(143,583)</b>	<b>999,411</b>
<b>Other Income/Expense</b>					
<b>Other Expense</b>					
<b>EBITDA</b>					
Interest Expense	36,983	42,890	34,189	31,912	145,974
Taxes	86,433	59,762	74,740	99,277	320,212
<b>Total EBITDA</b>	<b>123,416</b>	<b>102,652</b>	<b>108,929</b>	<b>131,189</b>	<b>466,186</b>
<b>Total Other Expense</b>	<b>123,416</b>	<b>102,652</b>	<b>108,929</b>	<b>131,189</b>	<b>466,186</b>
<b>Net Income</b>	<b>252,964</b>	<b>260,416</b>	<b>294,617</b>	<b>(274,772)</b>	<b>533,225</b>

# 2008 Q4 Balance Sheet

11:04 PM  
08/12/07  
Accrual Basis

**MetaPower, Inc.**  
**Balance Sheet**  
As of December 31, 2008

		Consolidated Dec 31 2008
<b>ASSETS</b>		
Current Assets		
	Checking/Savings	
	Total Checking/Savings	788,015
	Total Accounts Receivable	505,482
Other Current Assets		
	Total Company Close Out Assets	0
	Total MPC Other Current Assets	385,767
	Total Other Current Assets	\$385,767
	Total Current Assets	1,679,264
	Total Fixed Assets	105,341
	Total Other Assets	7,275,037
<b>TOTAL ASSETS</b>		<b>\$9,059,642</b>
<b>LIABILITIES &amp; EQUITY</b>		
Liabilities		
Current Liabilities		
	Total Accounts Payable	584,566
	Total Credit Cards	24,351
	Total Other Current Liabilities	646,374
	Total Current Liabilities	1,255,291
Long Term Liabilities		
LONG TERM LIABILITY		
	Total Third Party Notes Payable	\$410,005
	Total Deferred Compensation	\$1,520,802
	Total Employee Notes Payable	\$371,413
	Total Other Long Term Liabilities	\$76,000
	Total Long Term Liabilities	\$2,378,220
<b>Total Liabilities</b>		<b>\$3,633,511</b>
Equity		
EQUITY		
	3001 - Opening Bal Equity	0
	3002 - Capital Stock - Common	4,990,000
	3003 - Employee Stock Purchases	20,000
	3004 - Paid in Capital	180,000
	Total EQUITY	\$5,190,000
	Retained Earnings	(\$297,089)
	Net Income	\$533,222
	Total Equity	\$5,426,133
<b>TOTAL LIABILITIES &amp; EQUITY</b>		<b>\$9,059,644</b>

## Management Discussion and Analysis

- Revenues for the quarter increased over the third quarter of 2008. This is due to the continuing expansion of the Suncor Energy contract through the MetaPower Canada 75% owned subsidiary.
- Maintenance Contract revenue is from the Yucca Mountain Project (YMP) and includes the monthly maintenance for the UCoDA software system that was purchased and installed in 2003. Monthly revenues of approximately \$4,000 are expected to continue throughout the year and into the future.
- Annual Maintenance Contract revenue was received from Wolf Creek Nuclear Operating Company. This is an annual contract and is expected to occur each year in the second quarter.
- General administrative significantly increased in Q4 due to the write-off of the United Space Alliance \$252,000 receivable as a bad debt. This clears the books of any old or questionable receivables.
- Finance costs were generally the same quarter to quarter.
- Cash balances increased dramatically in the quarter due to the change in payment terms with our Suncor client. This has also reduced Accounts Receivable.