



Miranda Technologies Inc.

Management's Discussion and Analysis

For the Year ended December 31, 2009

INTRODUCTION

This report comments on the financial results and the financial situation of Miranda Technologies Inc. for the three-month periods and years ended December 31, 2009 and 2008. These comments should be read in conjunction with the selected consolidated financial information contained in this report and with our consolidated audited financial statements as at December 31, 2009 and the accompanying notes thereto. Additional information on Miranda Technologies Inc. can be obtained on SEDAR at www.sedar.com as well as the Company's web site at www.miranda.com.

In this report, the terms "we", "us", "our", "Miranda", "enterprise" and "Company" refer to Miranda Technologies Inc. and its subsidiaries. The consolidated financial statements for Miranda were prepared in accordance with Canadian Generally Accepted Accounting Principles ("GAAP"). The Company reports its results in Canadian dollars and all amounts stated in this report are in Canadian dollars, unless specified otherwise.

This report is based on information available to management on February 23, 2010.

FORWARD-LOOKING STATEMENTS

Certain comments and statements contained in this report constitute forward-looking statements that reflect Miranda's objectives, estimates and assumptions. These statements may include the use of terms such as "believe", "anticipate", "estimate", "looking ahead" and "expect", as well as the use of verbs in the conditional and future tenses. By their nature, these forward-looking statements involve certain risks and uncertainties. As a consequence, results could differ materially from the Company's expectations. This report, as well as our Annual Information Form under the heading Risk Factors – available on SEDAR at www.sedar.com – deals with risks which could cause significant differences between the results contained herein and Miranda's expectations. The forward-looking statements contained in this report reflect our current assumptions and, accordingly, are subject to change. However, we disclaim all intentions and assume no obligation to update or revise the forward-looking statements, whether based on new information, events or other factors, unless required to do so by applicable securities' laws.

NON-GAAP FINANCIAL MEASURES

We use EBITDA (earnings before interest, taxes, depreciation and amortization) to compare our operating results from one period to another. EBITDA is a non GAAP measure related to cash earnings and is defined as operating income plus amortization, depreciation, interest expenses less interest income. Our method for calculating EBITDA may differ from that used by other companies under the same designation. Readers are advised that EBITDA should not be substituted for net income as an indicator of operating results in line with GAAP, neither for cash flows from operating and investing activities as a measure of liquidity and cash flows. The financial indicator that conforms to GAAP and is the closest to EBITDA is net income.

BUSINESS OVERVIEW

Miranda develops manufactures and markets high-performance hardware and software for the television broadcast industry. Our products are used by professionals throughout the broadcast value chain, including content creators (production and post-production companies), content packagers (broadcasters and specialty channels) and television service providers ("TVSPs"): cable, satellite and telecommunication companies. A good number of our clients are industry leaders such as ABC/Disney/ESPN, BBC, Canal+, CBC/Radio-Canada, CBS, Discovery, Dish Network, Fox News, Gannett, Middle East Broadcast Center, NBC Universal, RAI, Sky, Telmex, Turner, Comcast and Time Warner.

Our solutions for the television broadcast industry include the following: i) infrastructure products that use digital technology to allow transmission signals to be converted to multiple standards, including high definition formats; ii) media playout products that allow television broadcasters to manage content and to generate live graphics to air (such as branding and dynamic text); iii) monitoring and control products that let users manage a large number of broadcast signals across geographically disparate infrastructures; and iv) routers that provide the core video and audio switching fabric within a broadcast facility so that any incoming signal can be delivered to any destination. Our products help our clients to generate additional revenue, while reducing their costs through more effective distribution and content management, as well as automating manual processes.

Miranda has in place a global distribution and sales network and is expanding its corporate presence with regional offices now in six countries outside North America. On December 31, 2009, the Company employed approximately 550 employees. Over 360 employees are located at the Head Office in Montreal, where we carry out research & development (R&D) and manufacturing. We also assemble, test and develop products in Grass Valley (California, USA), and have development centres in Wallingford (UK) and Paris (France). Currently Miranda has sales offices located in Wallingford (UK), Grass Valley (California, USA), Paris (France), Tokyo (Japan), Zaltbommel (The Netherlands), Dubai (United Arab Emirates), Beijing (China) and Hong Kong, in addition to a worldwide network of distributors and dealers.

2009 was a difficult year, with broadcast markets feeling the full impact of the economic downturn and tight credit markets. Our sales volumes were down considerably, although we saw improvements in business activity over the latter part of the year. The Company did manage to increase revenues over 2008 to \$131.8 million, largely due to the acquisition of NVISION, acquired in December 2008, largely offset by weaker North American sales. Growth was also supported by stronger sales to countries outside of Canada and the USA, where the impact of the global economic downturn was more muted. For the first time, International sales surpassed those to the United States, reflecting our strong global reach. For the year, sales to Other Countries grew by 16% over 2008 to \$68.3 million, while sales in Canada and United States decreased to \$6.6 million (down 35%) and \$56.9 million (down 7%) respectively.

A key focus for 2009 was the integration of NVISION, including the transfer of its electronic assembly manufacturing operations to Montreal. Located in Grass Valley, California, NVISION is a leading developer and manufacturer of high-performance, highly-reliable and scalable routers, router control and master control systems aimed at the broadcast industry. The acquisition strategically enhanced our product mix and technical expertise and strengthened our competitive stance. We are now able to offer broader solutions to our customers, which is allowing us to win a number of combined deals. In the later half of 2009, NVISION's revenue base grew consistently.

To mitigate the impact of the market downturn, we took a number of steps throughout the year to rationalize our cost structure. To further strengthen the business, we continued to make sound investments in R&D and made numerous product enhancements and introductions. As well, we completed the expansion of our Montreal headquarters, increasing its size by approximately 55% to over 94,000 square feet. This provided much needed space for R&D, manufacturing and general staffing requirements and also permitted the transfer of NVISION's electronic assembly operations to Montreal.

R&D investments for the year grew to \$21.8 million, an increase of 23% over 2008. At 17% of sales, the increase reflects the higher R&D expenses associated with the addition of NVISION, as well as, our intention to accelerate development of new products and platforms that should support future growth. At this time, the Company is prepared to maintain a higher level of investment in R&D, such that it is well positioned when broadcast markets improve.

A number of the new and enhanced products introduced throughout the year received awards at industry events. Some of the notable products for 2009 include the Kaleido-X16, a compact, 3Gbps, feature rich, multi-viewer; the Kaleido-Modular card-based multi-viewer, which offers outstanding space and energy efficiency and complements our Kaleido-X multiviewers; the ultra-resilient NVISION Enterprise Class routers; the XVP-3901 up, down and cross converter with advanced audio processing; the LGK-3901 modular channel branding processor; the addition of rich branding to the popular NV5100 master control switcher; a modular 3Gbps logo generator keyer; a 3Gbps cross-converter with advanced audio and control capabilities, and Xingest, a media ingest solution.

In the second quarter, the Company completed its normal course issuer bid ("NCIB") program, purchasing the maximum of 2,000,000 shares permitted for cancellation, at a total cost of \$13.5 million. A new NCIB program was subsequently announced in the third quarter permitting the Company to purchase up to 1,799,662 of the Company's common shares for cancellation. As at December 31, 2009, no shares had been purchased in connection with the NCIB, nor is the Company required to purchase any shares over the life of the program, which ends on August 25, 2010.

Market Trends

The television broadcast equipment industry serves clients at every step of the value chain in the television industry, from content creators and packagers to television service providers. Each of these groups has to cope with varying needs to store, convert, manage and deliver video and audio content.

The world market for broadcast equipment includes products and interdependent solutions that address the different elements of the broadcast workflow. The demand for some of these products has reached maturity, particularly in standard definition television, with the demand shifting to live graphics, high definition infrastructure and monitoring systems.

The key market drivers are:

- **Industry upgrading:** The complexity of the entire video production and delivery chain is increasing dramatically, which creates requirements for the industry to upgrade its capabilities for new services and devices.

New Services

- High definition television ("HDTV") on the rise: HD adoption in North America has now reached critical mass and its growing around the world, creating demand for more HD content and delivery.
- 3D services are being deployed for premium movies and live sports.
- Expansion of video on demand ("VOD") and interactive services and usage is growing rapidly, leading to increased infrastructure deployments

New Devices

- Multiplatform distribution: service providers are now repurposing their content they distribute on their core networks and delivering it to personal computers and portable devices connected to the Internet.
- **Expanding network monitoring requirements:** The proliferation of new services and devices has led to a dramatic expansion of technology needs in the area of video network monitoring to ensure adequate video quality is delivered across all delivery platforms.

- **Increased cost sensitivity:** Increased competition among broadcasters and TVSPs, along with the convergence of the video production and delivery chain, is resulting in a growing importance to manage costs. Investing in modern infrastructure and monitoring equipment offers the means to automate or simplify many of the processes in the value chain and significantly lower operating costs.
- **Emerging markets growing in importance:** Several emerging economies are in the early stages of development of their TV infrastructure and TV consumption model. Key drivers for emerging markets include: early stages of analog to digital conversion, HDTV deployment and modernization of production and broadcast facilities.

Based on a variety of sources, we believe there is a large market opportunity for the provision of leading edge broadcast equipment and that, the market will continue to grow over the long-term. Furthermore, we are in the opinion that the infrastructure and monitoring segments that Miranda addresses will grow faster than the industry overall.

Business Strategy

Our objective is to be a market leader in supplying key products that are in growing demand in the television broadcast industry. We will do this by strategically focusing on product innovation, broadening the range of our product line, expanding our global reach, growing our sales channels and increasing market penetration, all this through organic growth and selective acquisitions.

We have and will continue to carry out significant investments in R&D to position ourselves as an important supplier to television broadcasters, cable distributors, and telecommunication and satellite companies, during the industry's ongoing transition to digital and high definition technologies. A key focus is the development of products for HD, 3D and advanced network monitoring to meet the growing role new services and devices are playing in the broadcast industry. As well, we will continue to focus on developing new technologies and features which allow our customers to enhance operational efficiencies and better control costs.

To meet the growing demand for our products, we are increasing our direct presence in key markets throughout the world, including emerging markets which are becoming increasingly important. This allows us to have greater influence over end-users and systems integrators.

Our financial objectives are to maintain profitable growth dealing with both existing and new clients that are converting to HDTV, looking for optimal solutions to convert their conventional television installations, modernizing their networks, looking to reduce operating costs or integrating content with new broadcast platforms such as mobile telephones and other hand held video devices.

Key Performance Indicators

The Company measures its performance by using key performance indicators that include sales, gross margin, working capital, net income and earnings per share. We also consider that earnings before interest, taxes, depreciation and amortization ("EBITDA") constitutes a key measure of our performance.

CURRENT ECONOMIC CONDITIONS

Our operations have been affected by weak broadcast market conditions and the uncertainty over credit markets. Although sales activity improved steadily over the course of 2009, overall broadcast market activity still remains below historical levels.

The economic pressures being faced by many of our clients has resulted in projects being delayed or deferred, thus impacting our results. We expect these conditions to continue in the short-term and this could lead to greater delays and defaults in payments, which could have a negative impact on earnings.

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Therefore, additional emphasis has been put on credit reviews and collections in order to minimize our exposure to credit risk. Also inventories have been reduced to current operating levels to limit the risk of obsolescence.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

(In thousands of Canadian dollars, except share and per share data)	Years ended December 31,		
	2009	2008	2007
Sales	131,751	129,961	112,219
EBITDA	14,989	34,824	16,319
Net income	5,520	22,737	9,481
Net earnings per share:			
Basic	0.24	0.93	0.38
Diluted	0.24	0.92	0.38
Weighted average number of shares outstanding:			
Basic	22,956,441	24,369,312	24,746,867
Diluted	23,145,458	24,632,982	25,101,422
Total assets	170,365	202,193	141,095
Total long-term debt	145	24,540	-
Cash dividend	-	-	-
Key ratios (% of sales):			
Gross margin	57%	61%	56%
Selling, general and administrative	33%	28%	31%
Research and development (before tax credits)	17%	14%	14%
EBITDA	11%	27%	15%

Reconciliation of Net Income to EBITDA

(In thousands of Canadian dollars)	Years ended December 31,		
	2009	2008	2007
Net income	5,520	22,737	9,481
Interest expense (income)	438	(2,426)	(2,658)
Income taxes expense	1,164	10,160	5,603
Amortization of property, plant and equipment	3,592	2,427	2,105
Amortization of intangible assets	4,275	1,926	1,788
EBITDA	14,989	34,824	16,319

COMPARISON OF THE YEARS ENDED DECEMBER 31, 2009 AND 2008

The Company showed a slight growth in sales in 2009 increasing by 1%, while net income decreased by 76%. Gross margins decreased by 4 percentage points to 57% due to an inventory revaluation plus the unfavourable impacts of pricing and product and customer mix.

Profitability in 2009 was positively impacted by sales growth offset by lower gross margins, higher selling, general and administrative expenses, higher research and development expense and the negative impact of foreign exchange.

Net income was \$5.5 million for 2009, compared to \$22.7 million for 2008. This translated into fully diluted earnings per share ("EPS") of \$0.24, compared to \$0.92 for last year. EBITDA was \$15.0 million for 2009, compared to \$34.8 million for 2008.

When excluding 2009 restructuring charges of \$1.5 million and \$0.9 million for the increased cost of sales of NVISION products sold in the first quarter resulting from the fair value revaluation of finished goods inventories from cost at the acquisition date, net income for the year would have been \$7.0 million, translating into fully diluted EPS of \$0.30 and adjusted EBITDA of \$17.3 million.

OPERATING RESULTS

Sales

Segmented Geographic Information

Segmented sales by geographic locations for the last three years were as follows:

(In thousands of Canadian dollars)	Years ended December 31,		
	2009	2008	2007
Canada	6,575	10,109	8,940
United States	56,912	61,095	52,117
Other Countries	68,264	58,757	51,162
	131,751	129,961	112,219

Sales increased 1% over 2008 to \$131.8 million, driven largely by the acquisition of NVISION and by stronger revenues from Other Countries, where the impact of the economic downturn was more muted, largely offset by the weaker North American sales

For the first time, sales from Other Countries surpassed those from the United States. Compared to 2008, sales from Other Countries were up 16% to \$68.3 million. Sales in the United States were down 7% to \$56.9 million, while sales in Canada were down 35%, to \$6.6 million. The revenue decline in the United States and Canada was largely due to weaker broadcast market conditions.

The distribution of sales in 2009 was 43% in the United States, 5% in Canada and 52% in Other Countries.

Gross Margin

Gross margin is calculated by deducting the cost of sales from sales. Cost of sales consists primarily of costs incurred to manufacture and assemble products. It also includes related overheads, such as amortization of property, plant and equipment, certain costs related to final assembly, inventory management, sub-contractors, costs for servicing and commissioning.

The following table shows gross margin in dollars as well as a percentage of sales for the last three fiscal years:

(In thousands of Canadian dollars)	Years ended December 31,		
	2009	2008	2007
Gross margin	74,818	78,809	63,343
Gross margin as % of sales	57%	61%	56%

Gross margin as a percentage of sales was 57% in 2009 compared to 61% in 2008. 1.0 percentage point of the decrease is attributed to the fair value revaluation of the finished goods inventories acquired in the NVISION acquisition. The balance of the decrease is due to pricing and product and customer mix. In 2008, gross margin was positively impacted by foreign exchange, operating efficiencies and new products.

Selling, General and Administrative Expenses

SG&A for the last three years were as follows:

(In thousands of Canadian dollars)	Years ended December 31,		
	2009	2008	2007
Selling, general and administrative	43,368	36,654	34,408
Selling, general and administrative as % of sales	33%	28%	31%

Selling, General and Administrative ("SG&A") expenses amounted to \$43.4 million in 2009, an increase of \$6.7 million over 2008. The increase in SG&A expenses are mainly attributable to the costs associated with the addition of NVISION's operations, partially offset by lower provisions for incentive bonuses.

Research and Development

(In thousands of Canadian dollars)	Years ended December 31,		
	2009	2008	2007
Research & development (before tax credits)	21,799	17,758	15,624
Research and development as % of sales	17%	14%	14%

Investment in Research and Development ("R&D") reached \$21.8 million in 2009, an increase of 23% over 2008. Investment in R&D increased to 17% of sales for 2009 compared to 14% of sales for 2008. The increase in R&D reflects the higher R&D expenses associated with the addition of NVISION, as well as, our intention to accelerate development of new products and platforms which are expected to support future growth.

During 2009, the Company recorded \$4.1 million of R&D tax credits, compared with \$5.8 million in 2008. The decrease was mainly due to the revaluation of estimates previously recorded in 2008 and adjusted in 2009 (\$0.7 million) and the one-time adjustment in 2008 for revised estimates (\$1.3 million).

Additional R&D expenses incurred in 2009 related to NVISION do not qualify for R&D tax credits.

Other Expenses

Other expenses consist of interest, foreign exchange gains or losses, stock-based compensation, other stock-based compensation and amortization of intangible assets.

For the past three years, these expenses were as follows:

(In thousands of Canadian dollars)	Years ended December 31,		
	2009	2008	2007
Interest expense (income)	438	(2,426)	(2,658)
Foreign exchange loss (gain)	1,329	(3,896)	1,568
Stock-based compensation	665	1,361	1,249
Other stock-based compensation	362	347	-
Amortization of intangible assets	4,275	1,926	1,788
	7,069	(2,688)	1,947

Interest

Interest is the net result of interest expense and interest income. Interest expense totalled \$0.4 million in 2009 compared to \$2.4 million of income in 2008. The variation from interest income to interest expense was due to \$0.5 million of interest expense incurred on the long-term debt which was fully repaid in the second quarter of 2009 and by lower interest rates on lower cash balances and short-term investments on hand.

Foreign Exchange

Foreign exchange is the result of realized and unrealized gains or losses on transactions contracted in foreign currencies, unrealised gains or losses on derivative financial instruments held and the translation of integrated foreign operations. We recorded a \$1.3 million loss related to currency fluctuations in 2009 compared to a gain of \$3.9 in 2008. The foreign exchange loss is mainly due to the impact of the strengthened Canadian dollar during the year against the other currencies, in which we have monetary assets and liabilities offset by a gain of \$2.6 million on the repayment of the US dollar credit facility associated with the acquisition of NVISION.

Stock-Based Compensation

Canadian GAAP requires corporations to record a compensation expense for stock options awarded to employees and directors. The fair value of stock options is determined using the Black and Scholes model and a compensation expense is charged to income over the vesting period.

The decrease in stock based compensation expense from 2008 to 2009 is attributable to less costs being charged to expenses as some of the stock options became fully vested and the related expenses were recorded in previous periods.

Other Stock-Based Compensation

Canadian GAAP requires corporations to record other compensation expense for other stock-based payments awarded to employees and directors. The fair value of the non-dilutive restricted shares units plans ("RSUs") and non-dilutive deferred share units plan ("DSUs") are determined using the market price of the stock and a compensation expense is charged to income.

In 2009, the Company recorded other stock-based compensation expense of \$0.4 million compared to \$0.3 million in 2008.

Amortization of Intangible Assets

Amortization of intangible assets is the result of allocating the cost of intangible assets over the expected useful life of these assets. In 2009, the Company recorded an amortization of intangible assets of \$4.3 million compared to \$1.9 million for 2008. The increase in amortization expense is due to the amortization of technologies, brand names and customer relationships acquired in the NVISION's acquisition.

Income Taxes

(In thousands of Canadian dollars)	Years ended December 31,		
	2009	2008	2007
Current income taxes	1,122	10,730	3,700
Future income taxes	42	(570)	1,903
	1,164	10,160	5,603

A tax expense of \$1.2 million was recorded in 2009 compared to \$10.2 million in 2008, resulting in effective tax rates of 17% and 31% respectively. The effective tax rate of 2009 is lower than the statutory rate of 31% which is mostly due to the impacts of non taxable foreign exchange gains on the conversion of integrated foreign subsidiaries, differences in tax rates in subsidiaries and a non taxable tax credit.

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The following table reconciles the statutory taxes to the effective taxes for the last three fiscal periods.

(In thousands of Canadian dollars)	Years ended December 31,		
	2009	2008	2007
Income taxes based on the combined federal and provincial (Quebec) basic income tax rate of 30.9% in 2009 and 2008 and 32.0% in 2007	2,065	10,164	4,830
Changes due to the following items:			
Differences in tax rates in subsidiaries	(612)	(94)	87
Non-taxable tax credits	(179)	(183)	(309)
Non-taxable foreign exchange (gains) losses	(220)	445	754
Permanent differences, effect of changes in future tax rates and other	110	(172)	241
	1,164	10,160	5,603

Net Income

The table titled Selected Consolidated Financial Information, which appears on page 7, refers to the net income and net earnings per share.

LIQUIDITY AND CAPITAL RESOURCES

The Company's cash equivalents and temporary investments are held in R-1 Dominion Bond Rating Service ("DBRS") rated instruments or at financial institutions having A-1 short term Standard & Poor's ("S&P") credit ratings.

Operating Activities

Operating activities generated \$10.6 million of cash flows in 2009 compared to \$35.6 million of cash flows in 2008. In both 2008 and 2009, cash flows from operating activities were mainly derived from net income adjusted for non-cash items and changes in working capital.

Financing Activities

Financing activities consumed \$25.1 million of cash flows in 2009 compared to \$14.3 million of cash flows generated in 2008. In 2009, repayment of long-term debt consumed \$21.8 million and the purchase of shares through the Normal Course Issuer Bid Program ("NCIB") consumed an additional \$3.4 million of cash flows. In 2008, the Company borrowed \$24.4 million to partially finance the acquisition of NVISION and the purchase of shares through the NCIB consumed \$10.2 million.

Investing Activities

Investing activities consist of additions to capital and intangible assets, business acquisitions, divestitures and disposals of temporary investments. Investing activities consumed \$1.0 million of cash flows in 2009 compared to \$52.9 million of cash flows in 2008. In 2009, the release of restricted cash held as collateral against the US dollar credit facility generated \$25.0 million of cash flows offset by \$8.1 million used for the addition to property, plant and equipment and \$17.9 million used for the acquisition of short-term investments. In 2008, investing activities consumed \$52.9 million mostly made of \$49.2 million for the NVISION business acquisition, \$4.5 million for the purchase of capital assets and \$25.0 million of restricted cash held as collateral against funds borrowed from a credit facility used to partially finance the acquisition of NVISION offset by \$25.8 million generated from sales of short-term investments.

CONSOLIDATED BALANCE SHEET DATA

The following table shows the key balance sheet items and ratios.

(In millions of Canadian dollars, except for ratios and days)	December 31, 2009	December 31, 2008
Cash and cash equivalents and temporary investments	49.2	48.5
Working capital	77.1	71.7
<i>Working capital ratio</i>	4.9	3.2
Accounts receivable	25.0	24.1
<i>Days sales outstanding in accounts receivable</i>	48	53
Inventories	14.5	24.1
<i>Inventory turnover-average</i>	3.0	3.0
Long-term assets	73.4	98.2
Long-term debt (includes current portion)	0.1	24.5

Working Capital

As at December 31, 2009, the Company had working capital of \$77.1 million compared to \$71.7 million at the end of 2008. The increase in working capital was mainly due to the full repayment of the US dollar credit facility in the amount of \$21.8 million (US\$20.0 million) and the release of \$25.0 million of restricted cash held as collateral.

Accounts receivable increased by \$0.9 million in 2009 to \$25.0 million compared to \$24.1 million in 2008. The change was as a result of \$2.6 million of additional taxes receivable included in accounts receivable, otherwise, trade receivables decreased at the end of 2009 compared to the same period last year. The average days sales outstanding in accounts receivable was 48 days as at December 31, 2009, a reduction of 5 days from the 53 days shown at the end of 2008 due to improved collections during the year.

Inventories decreased by \$9.6 million in 2009 to close at \$14.5 million. Inventory levels decreased over 2008 as the Company adjusted purchases of raw materials to align with the lower production volumes. Inventory turnover remained the same at 3.0 for both December 31, 2008 and 2009. The Company constantly monitors inventory levels to ensure they are sufficient to respond to forecasted demand, without exposing the Company to undue obsolescence risks.

We believe that our cash and cash equivalents, temporary investments and anticipated cash flows from operations will be sufficient to meet the Company's working capital, capital expenditures and corporate development program requirements for the foreseeable future. In addition the Company has authorized but unused bank credit facilities of CDN\$15.0 million, US\$32.0 million and £600,000, subject to certain margin requirements.

Capital Assets

Property, plant and equipment increased by \$5.3 million in 2009 to reach \$30.7 million due to additions of \$8.9 million mainly related to the expansion of the Montreal facility that was completed during the third quarter of 2009 less amortization of \$3.6 million.

Share Capital Structure

The authorized share capital consists of an unlimited number of common shares without par value.

	December 31, 2009	December 31, 2008
Common shares	22,837,648	23,429,048
Stock options ¹		
Granted and outstanding	1,059,901	1,109,901
Underlying common shares	1,059,901	1,109,901

¹ Options granted under our employees' stock option plan.

Under the normal course issuer bid (NCIB) program announced in 2008, the Company reached the 2,000,000 common shares purchase limit on May 15, 2009 for a total consideration paid of \$13.5 million and an average cost of \$6.77 per common share.

On August 26, 2009, the Company commenced a new NCIB program, permitting it to purchase up to 1,799,662 common shares for cancellation. The new NCIB lasts for one year, ending on August 25, 2010 or on such earlier dates as the Company has purchased the maximum shares permissible. To date, no shares have been purchased for cancellation in connection with the program, nor is the Company required to purchase any shares over its life. Subsequent to December 31, 2009 and up to February 23, 2010 inclusively, there were no transactions affecting share capital.

Contractual Obligations

The Company's cash flow from operations is dependent on a number of factors, including fluctuations in operating results and management of working capital. As a result, the future impact of contractual obligations on liquidity and capital resources should be analyzed in conjunction with these factors.

Below is a summary of the Company's contractual obligations due during the next five years.

(In thousands of Canadian dollars)	Total	1 year	2-3 years	4-5 years	After 5 years
Operating leases	1,140	897	239	4	-
Other long-term debt	215	20	40	40	115
	1,355	917	279	44	115

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements, except for those disclosed under the Contractual Obligations and Financial Instruments sections of this report.

Transactions with Related Parties

There were no transactions with related parties in 2009.

Financial Instruments

The Company has access to numerous financial instruments, namely cash and cash equivalents, temporary investments, accounts receivable as well as accounts payable and accrued liabilities. The book value of these financial instruments approaches their fair value because of the short time to maturity.

We also have recourse to derivative financial instruments to manage the risks associated with fluctuations in the US dollar and the Euro. Our corporate policy is to avoid using such instruments for speculative purposes. These instruments have not been designated as a hedge against foreign currency fluctuations and, as a result, are marked to market. Gains and losses resulting from the changes in the fair values of the instruments are recorded to income. As at December 31, 2009, the Company did not enter into any derivative financial instruments. In 2008, the derivative financial instruments held as at December 31 had an unfavourable impact of \$0.7 million.

Critical Accounting Policies and Estimates

The financial statements are prepared in accordance with Canadian GAAP. The main policies and accounting methods used in preparing the financial statements are described in note 1 of the Company's consolidated financial statements for the year ended December 31, 2009. Certain policies have more importance than others. We consider them critical if their application entails a substantial degree of judgement or if they result from a choice between numerous accounting alternatives and the choice has a strong material impact on reported results or financial position. The critical accounting estimates identified by management according to this definition are described in detail in the Audited Financial Statements available on SEDAR and on Miranda's website.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the consolidated financial statements and the reported amounts of revenues and expenses during the years. Significant items subject to such estimates and assumptions include the determination of the provision for inventory obsolescence, the useful life of assets for depreciation, amortization and evaluation of net recoverable amount of property, plant and equipment, intangible assets, evaluating future income taxes and research and development tax credits and the likelihood of recoverability, and the determination of implied fair value of goodwill and implied fair value of assets and liabilities for purchase price allocation purposes and goodwill impairment tests purposes and the determination of fair value of financial instruments and derivative instruments. Consequently, actual results could differ from those estimates.

Revenue Recognition

Revenue is derived primarily from the sale of equipment and delivery of services. Revenue is recognized upon delivery of equipment, provided that titles to the goods are transferred to customers, there is persuasive evidence that purchase arrangements exist, there are no significant uncertainties surrounding product acceptance, sale prices are set or can be determined and collections are reasonably assured. Service revenues are recognized as services are performed. Amounts billed under contracts with customers for services not yet delivered are recognized as deferred revenue. We enter into arrangements with multiple deliverables which are separated into different accounting units. These deliverables include sales of hardware and software solutions, related services, training and commissioning.

Inventory Valuation

We value our raw material, work in progress and finished goods inventory at the lower of cost (moving-average cost) and net realizable value. Cost includes raw materials, the cost of direct labor applied to the product and the applicable share of overhead expense. We periodically carry out evaluations of our inventories taking numerous factors into account such as inventory aging, future demand, planned new product introductions, regulatory and recycling requirements, and the elimination of hazardous products. A change to any of the above factors can influence inventory valuations and have a direct impact on gross margins.

Research and Development Tax Credits

We are entitled to certain Canadian tax credits for qualifying research and development activities carried out in Canada. Management is required to use its best judgement to determine which R&D expenses qualify for R&D tax credits and in what amounts. Management recognizes the tax credits once it has reasonable assurance they will be realized. Recorded tax credits are subject to review and approval by tax authorities and therefore, could be different from the amounts recorded.

Stock-Based Compensation

We have an employee stock option plan. We apply the fair value method for stock-based compensation. According to this method, the fair value is determined using a fair value pricing model and a compensation expense is recorded during the vesting period. The determination of the fair value of stock options requires management to make assumptions on the estimated life of the options and the expected volatility of the stock. A change in any of these factors could impact the compensation expense recorded in the statement of income.

Income Taxes

We record income tax based on income and using the asset and liability method. According to this method, assets and liabilities on future income tax are calculated as a function of future income tax effects of the spreads between the book value in the financial statements and the tax value of the assets and liabilities. We record a valuation allowance against future income tax assets when management judges that it is more probable than less probable that a portion or all of the future income tax assets will not be realized. Management considers factors such as the reversal of future income tax liabilities, projected income tax in each territory and the nature of income tax assets. A variation in any of these factors could change the estimated valuation allowance and income tax expenses.

Long-Term Depreciation of Assets

We revise the book value of long-term assets by comparing the book value of the asset or group of assets with the forecast undiscounted future monetary cash flows that will be generated by the asset or group of assets when an event indicates that its book value will not be recoverable. The events that could bring about a depreciation test include the asset being out of commission, a reduced price for the asset in the marketplace, and operating or cash flow loss generated by this asset. An indicator of the loss in value exists when the book value of an asset or group of assets is greater than the sum of undiscounted cash flows that should come from the use and eventual disposal of the asset or group of assets. The loss in value is evaluated as the excess of book value of the asset or group of assets above the fair value.

Business Combinations

The acquisitions of businesses are recorded using the purchase method. This method allocates the cost of the acquisition to all of the assets acquired and liabilities are assumed at their fair value at the time of acquisition. The determination of fair value of the asset acquired and liabilities assumed requires judgement because fair values are based on hypotheses and estimates. These judgements, hypotheses and estimates impact the Company's consolidated statement of income and comprehensive income, because they determine amounts allocated to each assets and their expected life that are used to amortize such assets.

Recent Accounting Pronouncements

In February 2010, the Emerging Issues Committee of the CICA issued EIC-175, *Multiple Deliverable Revenue Arrangements* ("EIC-175"). EIC-175 provides additional guidance on how to determine whether an arrangement involving multiple deliverables contains more than one unit of accounting and addresses how arrangement consideration should be measured and allocated to the separate units of accounting in the arrangement. This Section applies to revenue arrangements with multiple deliverables entered into or materially modified in the first annual fiscal period beginning on or after January 1, 2011. The Company has not yet determined what the impact of adopting this standard will have on its consolidated financial statements.

Changes in Accounting Policies

Accounting policies and standards adopted in 2009

Effective at the beginning of its 2009 fiscal year, the Company has adopted the Canadian Institute of Chartered Accountants Handbook Section 3064, *Goodwill and Intangible Assets*. This standard provides guidance on the recognition of intangible assets in accordance with the definition of an asset and the criteria for asset recognition as well as clarifying the application of the concept of matching revenues and expenses, whether these assets are separately acquired or internally developed. This new standard supersedes Handbook Section 3062. The adoption of this standard did not have a significant impact on the consolidated financial statements.

On January 1, 2009, the Company adopted the amendments to CICA 3862, *Financial Instruments – Disclosures*. CICA 3862 establishes a three-tier hierarchy as a framework for disclosing fair value based on inputs used to fair value the Company's investment. The hierarchy of inputs is summarized below:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either direct (i.e., as prices) or indirectly (i.e., derived from prices) (Level 2);
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

Changes in valuation methods may result in transfers into or out of an investment's assigned level.

The following is a summary of the inputs used as at December 31, 2009 in valuing the Company's investments at fair values:

	Quoted prices in active markets for identical assets (Level 1)
Treasury bonds	2,391
Term deposits	17,513
	19,904

Accounting policies and standards to be adopted in 2010 and beyond

In December 2008, the CICA issued Section 1582, *Business Combinations* ("HB 1582"), Section 1601, *Consolidated Financial Statements* ("HB 1601") and Section 1602, *Non-controlling Interests* ("HB 1602").

HB 1582 will replace the former Section 1581, *Business Combinations*. HB 1582 provides guidance for the accounting for a business combination which is the Canadian equivalent to International Financial Reporting Standard IFRS 3, *Business Combinations*. This Section applies to interim and annual financial statements beginning on or after January 1, 2011. The adoption of this section will only have an impact on business combinations occurring after January 1, 2011.

HB 1601 and HB 1602 will replace former Section 1600, Consolidated Financial Statements. These Sections provide guidance for the preparation of consolidated financial statements and the accounting for non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. These Sections apply to interim and annual financial statements beginning on or after January 1, 2011. The Company does not expect the adoption of these standards to have a significant impact on its consolidated financial statements.

Transition to International Financial Reporting Standards

In 2005, the Accounting Standards Board of Canada ("AcSB") announced that accounting standards in Canada are to converge with International Financial Reporting Standards ("IFRS"). In February 2008, the AcSB confirmed the change over date from current Canadian GAAP to IFRS to be January 1, 2011. While IFRS uses a conceptual framework similar to Canadian GAAP, there are significant differences in accounting policies which must be addressed. IFRS on the date of adoption is also expected to differ from current IFRS due to new IFRS standards and pronouncements that are expected to be issued before the changeover date. The Company plans to prepare its financial statements in accordance with IFRS for periods commencing on January 1, 2011.

The Company's transition process from Canadian GAAP to IFRS commenced in the third quarter of 2008. To ensure adequate management of the process, the Company has established an IFRS Steering Committee, comprised of finance staff, senior management as well as representatives from various areas of the organization. Progress reporting to the Audit Committee on the status of the IFRS implementation will be provided on a quarterly basis.

We also developed a work plan whose phases are outlined in the following tables, with actions, timetable and progress.

Phase 1: Initial Assessment Phase

Actions	<p>High-level assessment to identify areas of accounting differences between Canadian GAAP and IFRS.</p> <p>Rank their impact (high, medium or low priority) that may arise from the transition to IFRS.</p> <p>Assessment of potential consequences on financial reporting, business processes, internal controls and information systems.</p>
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Timetable	End of third quarter of 2009.
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Progress	Completed.
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Phase 2: Detailed Assessment and Design Phase

Actions	<p>Each area of accounting differences between Canadian GAAP and IFRS identified in the initial phase will be further assessed in order of descending priority, with project teams established appropriately.</p> <p>Specification of changes required to existing accounting policies, information systems, and business processes, together with an analysis of policy alternatives allowed under IFRS and impacts on drafting of financial statements under IFRS.</p> <p>Analysis and decisions made, including the Company's selection of IFRS 1 exemptions at the date of transition, will be included in IFRS memos and approved by the External Auditors, which will then be submitted to the Audit Committee.</p> <p>Preparation of draft consolidated financial statements and notes.</p>
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Timetable	We have prepared a detailed timetable that contemplates the bulk of the analysis that will be completed by the end of fiscal 2010. We prioritized standards, based on their ranking in the diagnostic, the time needed to complete the analysis and implementation, working group members' availability, as well as the timing of discussion papers, exposure drafts and new standards to be issued by the International Accounting Standards Board (IASB).
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Progress	At the end of 2009, we began our analysis of certain IFRS standards and interpretations that may have an impact on our Company.
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Phase 3: Implementation and Testing Phase

Actions	<p>Execution of changes to information systems and business processes.</p> <p>Completing formal authorization processes to approve recommended accounting policies changes.</p> <p>Training programs for the Company's finance and other staff, as necessary.</p> <p>Culmination in the collection of financial information necessary to compile IFRS-compliant interim and annual consolidated financial statements, embedding IFRS in business processes, elimination of any unnecessary data collection processes and Audit Committee approval of IFRS consolidated financial statements.</p> <p>Implementation also involves further training to staff as revised systems begin to take effect.</p>
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Timetable	<p>By the end of third quarter of 2010, our opening balance sheet, comparative financial data under IFRS and changes regarding specification of changes required to existing accounting policies, information systems, and business processes will be completed.</p> <p>In fiscal 2011, we will produce our interim and annual consolidated financial statements and disclosure in accordance with IFRS.</p>
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Progress	Not yet commenced.
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Management is in the process of quantifying the expected material differences between IFRS and the current accounting treatment under Canadian GAAP. Differences with respect to recognition, measurement, presentation and disclosure of financial information are expected to be in the following key accounting areas:

Key accounting area	Differences with potential impact for the Company
Presentation of Financial Statements (IAS 1)	<ul style="list-style-type: none"> • Additional disclosures in the notes to financial statements.
Property, Plant and Equipment (IAS 16)	<ul style="list-style-type: none"> • Componentization of buildings for separate amortization over a shorter useful life. • Carrying values of property, plant and equipment subject to change due to amortization methods from declining to straight-line resulting in a shorter useful life.
Impairment of Assets (IAS 36)	<ul style="list-style-type: none"> • Grouping of assets in cash generating units (CGUs) on the basis of independent cash inflows for impairment testing purposes, using a discounted cash flow method (DCF) in a single-step approach. • Goodwill allocated to and tested in conjunction with its related CGU or group of CGUs that benefit from collective synergies. • Under certain circumstances, previous impairment taken (other than goodwill) to be reversed.
Income Taxes (IAS 12) (Subject to adoption at transition of a revised IAS 12 standard.)	<ul style="list-style-type: none"> • Recognition and measurement criteria for deferred income tax assets and liabilities may differ.

This is not an exhaustive list of all the significant impacts that could occur during the conversion to IFRS.

Additionally, the Company is in the process of preparing a preliminary IFRS financial statement format in accordance with IAS 1, *Presentation of Financial Statements*, and is analyzing the financial and business implications of the new policy choices. The effects of information technology, data systems, and internal controls are also being analyzed; the Company does not expect that significant modifications will be necessary on conversion.

At this time, the comprehensive impact of the changeover on the Company's future financial position and results of operations is not yet determinable. Management expects to complete this assessment in time for parallel recording of financial information in accordance with IFRS.

The Company continues to monitor and assess the impact of evolving differences between Canadian GAAP and IFRS, since the IASB is expected to continue issuing new accounting standards during the transition period. As a result, the final impact of IFRS on the Company's consolidated financial statements can only be measured once all applicable IFRS at the conversion date are known.

The Company's IFRS conversion project is progressing according to schedule. As the project advances, the Company could alter its intentions and the milestones communicated at the time of reporting as a result of changes to international standards currently in development, or in light of new information or other external factors that could arise between now and when the changeover is completed.

Disclosure Controls, Procedures and Internal Control over Financial Reporting

Management of Miranda, including the Chief Executive Officer and Chief Financial Officer, have designed disclosure controls and procedures (DC&P) to provide reasonable assurance that material information relating to the Company, including its consolidated subsidiaries, is made known to them by others within those entities, particularly during the period in which the annual filings are being prepared, and information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation. Also, management of Miranda, have designed internal control over financial reporting (ICFR) to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the Company's GAAP.

The control framework the management used to design the Company's ICFR is COSO.

During the year ended December 31, 2009, the Company completed the implementation of its new Enterprise Resource Planning system (ERP) that went live on February 1, 2008. Certain DC&P and ICFR were re-designed to accommodate the new system and additional controls were introduced to strengthen internal controls during the implementation phase.

The Company entered into a business combination with NVISION on December 22, 2008. The Company has designed and tested the DC&P and ICFR relating to NVISION during the year.

Management has evaluated the effectiveness of the Company's DC&P, including NVISION, as of December 31, 2009 and management has concluded that, the Company's DC&P were effective in providing reasonable assurance that material information relating to the Company would be made known to them by others within the Company, particularly during the period in which this report was prepared. Management has also evaluated the effectiveness of the Company's ICFR, including NVISION, as of December 31, 2009 and management has concluded that, the Company's ICFR were effective to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the Company's GAAP.

RISKS AND UNCERTAINTIES

The Company operates in industry segments subject to various risks and uncertainties that could have a material, adverse effect on the Company, its financial situation and its operating results. We provide detailed explanations of these risks and uncertainties in the Annual Information Form published on SEDAR at www.sedar.com.

OUTLOOK

Broadcast markets appear to have bottomed and sales activity has been increasing steadily during 2009, the pace and magnitude of any recovery remains uncertain, particularly in North America where sales have been hardest hit by the economic downturn. We are cautiously optimistic that we are in the early stages of a gradual recovery and there are a number of sporting and political events in 2010 which should help support sales and position us for growth. Furthermore, we will continue to launch new products, to maintain and increase our competitiveness. As we enter 2010, we are well positioned financially, operationally and competitively.

HIGHLIGHTS FROM THE FOURTH QUARTER 2009

During the fourth quarter of 2009, sales increased by 9% compared with the corresponding period in 2008. A gross margin of 53% was recorded during the fourth quarter of 2009 compared to 63% in the corresponding period last year. During the quarter, gross margin was negatively impacted by a total of 7.1 percentage points due to foreign exchange fluctuations. The remaining decrease in gross margin was due to pricing and product and customer mix.

SG&A expenses were \$10.4 million for the fourth quarter, an increase of 2% compared to the corresponding period a year earlier. The increase was mainly due to the inclusion of NVISION's costs offset by lower provisions for incentive bonuses. Investments in R&D were \$4.9 million in the fourth quarter of 2009 compared to \$4.6 million for the same quarter in 2008. R&D tax credits were \$1.2 million in the fourth quarter compared to \$2.6 million in the same period in 2008. The change in R&D tax credits during the fourth quarter of 2009 is a result of \$1.3 million one-time change in estimates recorded in the fourth quarter of 2008.

Other operating expenses amounted to \$1.7 million in the fourth quarter of 2009 compared to revenues of \$1.2 million in 2008. The change in costs is attributed to foreign exchange fluctuations which had a negative impact in the last quarter of 2009 compared to a positive impact in 2008, an increase in amortization of intangible assets in the fourth quarter of 2009 due to the amortization of technologies, brand names and customer relationships acquired in the NVISION's acquisition on December 22, 2008 and a decrease in interest income due to lower interest rates and lower cash balances and short-term investments on hand.

Net income for the fourth quarter was \$2.1 million compared to \$7.4 million in the same period last year, translating in fully diluted earnings per share (EPS) of \$0.09 compared to \$0.31 in 2008.

QUARTERLY CONSOLIDATED FINANCIAL INFORMATION

The Company's main financial information is presented in the following tables for each of the last eight quarters. Management believes that this information was prepared using the same method as the audited consolidated financial statements and related notes for the year ended December 31, 2009. The operating results for one quarter can in no way be used as an indication of results for future periods.

(In thousands of Canadian dollars, except per share data and ratios)	2009				2008			
	Dec 31,	Sept 30,	June 30,	March 31,	Dec 31,	Sept 30,	June 30,	March 31,
Sales	35,710	31,768	31,063	33,210	32,655	37,648	34,167	25,491
Gross margin	18,962	17,395	18,825	19,636	20,622	23,306	20,128	14,753
Selling, general and administrative	10,445	9,671	10,853	12,399	10,198	8,886	9,457	8,113
Research and development (before tax credits)	4,854	5,107	5,795	6,043	4,621	4,326	4,506	4,305
Research and development tax credits	(1,162)	(1,156)	(301)	(1,483)	(2,571)	(1,143)	(998)	(1,100)
Other expenses (revenues)	1,721	2,374	2,037	937	(1,185)	(390)	410	(1,525)
Income before income taxes	3,104	1,399	441	1,740	9,559	11,627	6,753	4,960
Income taxes (recovery) expense	1,012	329	(830)	653	2,141	3,881	2,635	1,504
Net income	2,092	1,070	1,271	1,087	7,418	7,746	4,118	3,456
Net earnings per share:								
Basic	0.09	0.05	0.06	0.05	0.31	0.32	0.17	0.14
Diluted	0.09	0.05	0.06	0.05	0.31	0.32	0.16	0.14
Key ratios (% of sales):								
Gross margin	53%	55%	61%	59%	63%	62%	59%	58%
Selling, general and administrative	29%	30%	35%	37%	31%	24%	28%	32%
Research and development (before tax credits)	14%	16%	19%	18%	14%	11%	13%	17%
EBITDA	15%	10%	9%	12%	31%	32%	21%	21%

Management's Discussion and Analysis
For the Year Ended December 31, 2009

Reconciliation of Net Income to EBITDA

(In thousands of Canadian dollars)	2009				2008			
	Dec 31,	Sept 30,	June 30,	March 31,	Dec 31,	Sept 30,	June 30,	March 31,
Net income	2,092	1,070	1,271	1,087	7,418	7,746	4,118	3,456
Interest (income) expense	(3)	(42)	362	121	(576)	(435)	(746)	(669)
Income taxes (recovery) expense	1,012	329	(830)	653	2,141	3,881	2,635	1,504
Amortization of property, plant and equipment	1,024	859	847	862	704	592	588	543
Amortization of intangible assets	1,073	1,069	1,022	1,111	584	448	447	447
EBITDA	5,198	3,285	2,672	3,834	10,271	12,232	7,042	5,281

Sales are subject to seasonal fluctuations and normally, first quarter sales are the weakest. Sales activities are spread more evenly over the remaining quarters.