EVERTZ TECHNOLOGIES LIMITED
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Third Quarter ended January 31, 2014

The following management's discussion and analysis is a review of results of the operations and the liquidity and capital resources of the Company. It should be read in conjunction with the selected consolidated financial information and other data and the Company's consolidated financial statements and the accompanying notes contained on SEDAR. The consolidated financial statements of the Company are prepared in accordance with International Financial Reporting Standards ("IFRS") and are presented in Canadian dollars. The fiscal year of the Company ends on April 30 of each year. Certain information contained herein is forward-looking and based upon assumptions and anticipated results that are subject to risks, uncertainties and other factors. Should one or more of these uncertainties materialize or should the underlying assumptions prove incorrect, actual results may vary significantly from those expected.

FORWARD-LOOKING STATEMENTS

The report contains forward-looking statements reflecting Evertz's objectives, estimates and expectations. Such forward-looking statements use words such as "may", "will", "expect", "believe", "anticipate", "plan", "intend", "project", "continue" and other similar terminology of a forward-looking nature or negatives of those terms.

Although management of the Company believes that the expectations reflected in such forward-looking statements are reasonable, all forward-looking statements address matters that involve known and unknown risks, uncertainties and other factors. Accordingly, there are or will be a number of significant factors which could cause the Company's actual results, performance or achievements, or industry results to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

The report is based on information available to management on February 28, 2014.

OVERVIEW

Evertz is a leading equipment provider to the television broadcast telecommunications and new-media industries. Founded in 1966, Evertz is a leading equipment provider to the television broadcast industry. Evertz designs, manufactures and markets video and audio infrastructure equipment for the production, post-production and transmission of television content. The Company's solutions are purchased by content creators, broadcasters, specialty channels and television service providers to support their increasingly complex multi-channel digital and high definition television ("HDTV") and next generation high bandwidth low latency IP network environments and by telecommunications and new-media companies. The Company's products allow its customers to generate additional revenue while reducing costs through the more efficient signal routing, distribution, monitoring and management of content as well as the automation of previously manual processes.

The Company's growth strategy is based on capitalizing on its strong customer position and innovative integrated product line. The Company's financial objectives are to achieve profitable growth with our existing customers and with new customers who were converting to HDTV, building out IPTV infrastructures, or in need of advanced video solutions.

Our plan is to bring to market the new technologies that we have invested heavily in for the past several years. These technologically superior solutions help to enable our broadcast, cable, telco, satellite, content creator and new media customers to address and implement their video infrastructure requirements.

Our broadcast customers continue to operate in a challenging economic environment which impacts their ability to incur capital expenditures and often results in projects being scaled back or postponed to later periods.

While it does appear that industry conditions are showing some improvement in certain geographical areas, it is unclear what the time frame will be for our customers to convert this to equipment purchases.

SIGNIFICANT ACCOUNTING POLICIES

Changes in Accounting Policies

Consolidated Financial Statements

Effective May 1, 2013, the Company adopted IFRS 10, *Consolidated Financial Statements* ("IFRS 10"). IFRS 10 establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. IFRS 10 replaced the consolidation requirements in SIC-12, *Consolidation – Special Purpose Entities* and IAS 27, *Consolidated and Separate Financial Statements.* The adoption of IFRS 10 did not have any impact on the Interim Condensed Consolidated Financial Statements.

Disclosure of Interests in Other Entities

Effective May 1, 2013, the Company adopted IFRS 12, *Disclosure of Interests in Other Entities* ("IFRS 12"). IFRS 12 is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including subsidiaries, joint arrangements, associates and unconsolidated structured entities. The adoption of IFRS 12 did not have any impact on the Interim Condensed Consolidated Financial Statements and we are currently evaluating the impact on the annual consolidated financial statements.

Fair Value Measurements

Effective May 1, 2013, the Company adopted IFRS 13, *Fair Value Measurements* ("IFRS 13"). IFRS 13 provides new guidance on fair value measurement and disclosure requirements. The adoption of IFRS 13 did not have any impact on the Interim Condensed Consolidated Financial Statements.

Presentation of Financial Statements

Effective May 1, 2013, the Company adopted Amendments to IAS 1, *Presentation of Financial Statements* ("Amendments to IAS 1"), which became effective for annual periods beginning on or after July 1, 2012, are applied retroactively. The amendments require that an entity present separately the items of other comprehensive income that may be reclassified to profit or loss in the future from those that would never be reclassified to profit or loss. The adoption of Amendments to IAS 1 did not have any impact on the Interim Condensed Consolidated Financial Statements.

Financial Instruments

Effective May 1, 2013, the Company adopted Amendments to IFRS 7, Financial Instruments Disclosures ("Amendments to IFRS 7"), which amend the disclosure requirements in IFRS 7 to require information about all recognized financial instruments that are offset in accordance with paragraph 42 of IAS 32 Financial Instruments: Presentation. The adoption of Amendments to IFRS 7 did not have any impact on the Interim Condensed Consolidated Financial Statements.

New and Revised IFRSs Issued but Not Yet Effective

Following is a listing of amendments, revisions and new International Financial Reporting Standards issued but not yet effective. Unless otherwise indicated, earlier application is permitted.

Financial Instruments

IFRS 9 Financial instruments ("IFRS 9") was issued by the IASB on November 12, 2009 and will replace IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 introduces new requirements for the financial reporting of financial assets and financial liabilities. IFRS 9 is effective for annual periods beginning on or after January 1, 2015. The Company has not yet determined the impact of IFRS 9 on its financial statements.

IAS 32, Financial instruments: Presentation ("IAS 32") was amended by the IASB in December 2011 to clarify certain aspects of the requirements on offsetting. The amendments focus on the criterion that an entity currently has a legally enforceable right to set off the recognized amounts and the criterion that an entity intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. The amendments to IAS 32 are effective for annual periods beginning on or after January 1, 2014. The Company has not yet determined the impact of IAS 32 on its financial statements.

QUARTER END HIGHLIGHTS

Revenue was $93.2 million for the third quarter ended January 31, 2014 an increase of $21.4 million, compared to $71.8 million in the period ended January 31, 2013.

Net earnings for the third quarter ended January 31, 2014 were $21.3 million as compared to $13.2 million for the third quarter ended January 31, 2013. Fully-diluted earnings per share were $0.29 for the third quarter ended January 31, 2014 as compared to $0.18 for the third quarter ended January 31, 2013.

Gross margin during the third quarter ended January 31, 2014 was 57.7% as compared to 56.1% for the third quarter ended January 31, 2013.

Selling and administrative expenses for the third quarter ended January 31, 2014 was $14.9 million compared to the third quarter ended January 31, 2013 of $13.7 million. As a percentage of revenue, selling and administrative expenses totaled 16.0% for the third quarter ended January 31, 2014 as opposed to 19.0% for the third quarter ended January 31, 2013.

Research and development ("R&D") expenses increased by $1.9 million or approximately 15% compared to the third quarter ended January 31, 2013.

Cash and instruments held for trading were $118.8 million and working capital was $271.6 million as at January 31, 2014 after the payment of the special dividend of $104.0 million on December 11, 2013, as compared to cash and instruments held for trading of $220.7 million and working capital of $352.2 million as at April 30, 2013.

Selected Consolidated Financial Information
(in thousands of dollars except earnings per share and share data)

	Three month period ended January 31, 2014	Three month period ended January 31, 2013	Nine month period ended January 31, 2014	Nine month period ended January 31, 2013
Revenue	$ 93,185	$ 71,771	$ 238,287	$ 250,890
Cost of goods sold	39,448	31,499	101,184	106,103
Gross margin	53,737	40,272	137,103	144,787
Expenses				
Selling and administrative	14,913	13,659	40,196	39,118
General	2,438	1,393	5,365	4,290
Research and development	15,049	13,098	43,133	37,502
Investment tax credits	(3,168)	(3,519)	(9,033)	(9,569)
Foreign exchange gain	(3,718)	(1,467)	(7,183)	(2,790)
	25,514	23,164	72,478	68,551
Earnings before undernoted	28,223	17,108	64,625	76,236
Finance income	496	699	1,720	1,576
Finance costs	(61)	(103)	(275)	(269)
Other income and expenses	47	276	(38)	272
Earnings before income taxes	28,705	17,980	66,032	77,815
Provision for (recovery of) income taxes				
Current	7,672	3,968	19,387	19,280
Deferred	(316)	833	(2,140)	1,505
	7,356	4,801	17,247	20,785
Net earnings for the period	$ 21,349	$ 13,179	$ 48,785	$ 57,030
Net earnings attributable to non-controlling interest	68	195	349	550
Net earnings attributable to shareholders	21,281	12,984	48,436	56,480
Net earnings for the period	$ 21,349	$ 13,179	$ 48,785	$ 57,030
Earnings per share				
Basic	$ 0.29	$ 0.18	$ 0.65	$ 0.77
Diluted	$ 0.29	$ 0.18	$ 0.65	$ 0.77

Consolidated Balance Sheet Data	As at January 31, 2014	As at April 30, 2013
Cash and instruments held for trading	$ 118,782	$ 220,668
Inventory	125,324	111,619
Working capital	271,609	352,164
Total assets	388,797	465,307
Shareholders' equity	329,222	406,797
Number of common shares outstanding:		
Basic	74,279,746	73,632,566
Fully-diluted	78,068,346	78,246,966
Weighted average number of shares outstanding:		
Basic	73,994,700	73,300,647
Fully-diluted	74,398,758	73,816,338

Consolidated Statement of Operations Data (in thousands of dollars except earnings per share and share data)				
	Three month period ended January 31,		**Nine month period ended January 31,**	
	2014	**2013**	**2014**	**2013**
Revenue	100.0%	100.0%	100.0%	100.0%
Cost of goods sold	42.3%	43.9%	42.4%	42.3%
Gross margin	57.7%	56.1%	57.6%	57.7%
Expenses				
Selling and administrative	16.0%	19.0%	16.9%	15.6%
General	2.6%	1.9%	2.3%	1.7%
Research and development	16.2%	18.3%	18.1%	14.9%
Investment tax credits	(3.4%)	(4.9%)	(3.8%)	(3.8%)
Foreign exchange gain	(4.0%)	(2.0%)	(3.0%)	(1.1%)
	27.4%	32.3%	30.5%	27.3%
Earnings before undernoted	30.3%	23.8%	27.1%	30.4%
Finance income	0.5%	1.0%	0.7%	0.6%
Finance costs	(0.1%)	(0.1%)	(0.1%)	(0.1%)
Other income and expenses	0.1%	0.4%	(0.0%)	0.1%
Earnings before income taxes	30.8%	25.1%	27.7%	31.0%
Provision for (recovery) of income taxes				
Current	8.2%	5.5%	8.1%	7.7%
Deferred	(0.3%)	1.2%	(0.9%)	0.6%
	7.9%	6.7%	7.2%	8.3%
Net earnings for the period	22.9%	18.4%	20.5%	22.7%
Net earnings attributable to non-controlling interest	0.1%	0.3%	0.2%	0.2%
Net earnings attributable to shareholders	22.8%	18.1%	20.3%	22.5%
Net earnings for the period	22.9%	18.4%	20.5%	22.7%
Earnings per share:				
Basic	$ 0.29	$ 0.18	$ 0.65	$ 0.77
Diluted	$ 0.29	$ 0.18	$ 0.65	$ 0.77

REVENUE AND EXPENSES

Revenue

The Company generates revenue principally from the sale of its broadcast equipment solutions to content creators, broadcasters, specialty channels and television service providers.

The Company markets and sells its products and services through both direct and indirect sales strategies. The Company's direct sales efforts focus on large and complex end-user customers. These customers have long sales cycles typically ranging from four to eight months before an order may be received by the Company for fulfillment.

The Company monitors revenue performance in two main geographic regions: (i) United States/Canada and (ii) International.

The Company currently generates approximately 50% to 60% of its revenue in the United States/Canada. The Company recognizes the opportunity to more aggressively target markets in other geographic regions and intends to invest in personnel and infrastructure in those markets.

While a significant portion of the Company's expenses are denominated in Canadian dollars, the Company collects substantially all of its revenues in currencies other than the Canadian dollar and therefore has significant exposure to fluctuations in foreign currencies, in particular the US dollar. Approximately 70% to 80% of the Company's revenues are denominated in US dollars.

Revenue

(In thousands of Canadian dollars)	Three month period ended January 31,		% increase (decrease)	Nine month period ended January 31,		% increase (decrease)
	2014	**2013**		**2014**	**2013**	
United States/Canada	$ 55,026	$ 33,771	63%	$ 129,095	$ 139,893	(8%)
International	38,159	38,000	0%	109,192	110,997	(2%)
	$ 93,185	$ 71,771	30%	$ 238,287	$ 250,890	(5%)

Total revenue for the third quarter ended January 31, 2014 was $93.2 million, an increase of $21.4 million as compared to revenue of $71.8 million for the third quarter ended January 31, 2013.

Total revenue for the nine month period ended January 31, 2014 was $238.3 a decrease of 5% or $12.6 million as compared to revenue of $250.9 million for the nine month period ended January 31, 2013.

Revenue in the United States/Canada region increased to $55.0 million for the third quarter ended January 31, 2014, an increase of 63% or $21.2 million as compared to revenue of $33.8 million for the third quarter ended January 31, 2013.

Increase in third quarter United States/Canada revenue included over $15 million in total sales to two customers, a major sports league and a major network, based on recently released state-of-the-art technology in DreamCatcher replay and the EXE 46Tb/s Ethernet SDVN switching platform respectively.

Revenue in the United States/Canada region decreased to $129.1 million for the nine month period ended January 31, 2014, a decrease of 8% or $10.8 million as compared to revenue of $139.9 million for the nine month period ended January 31, 2013.

Revenue in the International region increased to $38.2 million for the third quarter ended January 31, 2014, an increase of $0.2 million as compared to revenue of $38.0 million for the third quarter ended January 31, 2013.

Revenue in the International region decreased to $109.2 million for the nine month period ended January 31, 2014, a decrease of 2% or $1.8 million as compared to revenue of $111.0 million for the nine month period ended January 31, 2013.

Cost of Sales

Cost of sales consists primarily of costs of manufacturing and assembly of products. A substantial portion of these costs is represented by components and compensation costs for the manufacture and assembly of products. Cost of sales also includes related overhead, certain depreciation, final assembly, quality assurance, inventory management and support costs. Cost of sales also includes the costs of providing services to clients, primarily the cost of service-related personnel.

Gross Margin

(In thousands of Canadian dollars)	Three month period ended January 31,		% increase (decrease)	Nine month period ended January 31,		% increase (decrease)
	2014	2013		2014	2013	
Gross margin	$ 53,737	$ 40,272	33%	$ 137,103	$ 144,787	(5%)
Gross margin % of sales	57.7%	56.1%		57.6%	57.7%	

Gross margin for the third quarter ended January 31, 2014 was $53.7 million, compared to $40.3 million for the third quarter ended January 31, 2013. As a percentage of revenue, the gross margin was 57.7% for the third quarter ended January 31, 2014, as compared to 56.1% for the third quarter ended January 31, 2013.

Gross margin for the nine month period ended January 31, 2014 was $137.1 million, compared to $144.8 million for the third quarter ended January 31, 2013. As a percentage of revenue, the gross margin was 57.6% for the nine month period ended January 31, 2014, as compared to 57.7% for the nine month period ended January 31, 2013.

Gross margins vary depending on the product mix, geographic distribution, competitive pricing pressures and currency fluctuations. For the third quarter ended January 31, 2014 the gross margin, as a percentage of revenue, was in the Company's projected range. The pricing environment continues to be very competitive with substantial discounting by our competition.

The Company expects that it will continue to experience competitive pricing pressures. The Company continually seeks to build its products more efficiently and enhance the value of its product and service offerings in order to reduce the risk of declining gross margin associated with the competitive environment.

Operating Expenses

The Company's operating expenses consist of: (i) selling, administrative and general; (ii) research and development and (iii) foreign exchange.

Selling expenses primarily relate to remuneration of sales and technical personnel. Other significant cost components include trade show costs, advertising and promotional activities, demonstration material and sales support. Selling and administrative expenses relate primarily to remuneration costs of related personnel, legal and professional fees, occupancy and other corporate and overhead costs. The Company also records certain depreciation amortization and share based compensation charges as general expenses. For the most part, selling, administrative and general expenses are fixed in nature and do not fluctuate directly with revenue. The Company's selling expenses tend to fluctuate in regards to the timing of trade shows, sales activity and sales personnel.

The Company invests in research and development to maintain its position in the markets it currently serves and to enhance its product portfolio with new functionality and efficiencies. Although the Company's research and development expenditures do not fluctuate directly with revenues, it monitors this spending in relation to revenues and adjusts expenditures when appropriate. Research and development expenditures consist primarily of personnel costs and material costs. Research and development expenses are presented on a gross basis (without deduction of research and development tax credits). Research and development tax credits associated with research and development expenditures are shown separately under research and development tax credits.

Selling and Administrative

(In thousands of Canadian dollars)	Three month period ended January 31,				% increase (decrease)	Nine month period ended January 31,				% increase (decrease)
		2014		2013			2014		2013	
Selling and administrative	$	14,913	$	13,659	9%	$	40,196	$	39,118	3%
Selling and administrative % of sales		16.0%		19.0%			16.9%		15.6%	

Selling and administrative expenses excludes stock based compensation, operation of non-production property, plant and equipment, and amortization of intangibles. Selling and administrative expenses for the third quarter ended January 31, 2014 were $14.9 million or 16.0% of revenue as compared to selling and administrative expenses of $13.7 million or 19.0% of revenue for the third quarter ended January 31, 2013.

The increase of $1.2 million was predominantly a result of the inclusion of a full quarter of selling and administrative expenses associated with the business acquired in December 2012, the increased translation costs associated with an increase in the value of the US dollar, UK Sterling and Euro as well as an increase in bad debt expense.

Selling and administrative expenses for the nine month period ended January 31, 2014 were $40.2 million or 16.9% of revenue as compared to selling and administrative expenses of $39.1 million or 15.6% of revenue for the nine month period ended January 31, 2013.

The increase of $1.1 million for the year was predominantly a result of the inclusion of selling and administrative expenses associated with the business acquired in December 2012, the increased translation costs associated with an increase in the value of the US dollar, UK Sterling and Euro, offset by the non-recurrence of a bad debt expense recorded in the prior year.

Research and Development (R&D)

(In thousands of Canadian dollars)	Three month period ended January 31,				% increase (decrease)	Nine month period ended January 31,				% increase (decrease)
		2014		2013			2014		2013	
Research and development expenses	$	15,049	$	13,098	15%	$	43,133	$	37,502	15%
Research and development % of sales		16.2%		18.3%			18.1%		14.9%	

For the third quarter ended January 31, 2014, gross R&D expenses increased to $15.0 million, an increase of 15% or $1.9 million as compared to an expense of $13.1 million for the third quarter ended January 31, 2013.

The increase was predominantly a result of planned growth of R&D personnel and corresponding increases in materials and prototypes.

For the nine month period ended January 31, 2014, gross R&D expenses increased to $43.1 million, an increase of 15% or $5.6 million as compared to an expense of $37.5 million for the nine month period ended January 31, 2013.

The increase of $5.6 million was predominantly a result of planned growth of R&D personnel and corresponding increases in materials and prototypes.

Foreign Exchange

For the third quarter ended January 31, 2014, the foreign exchange gain was $3.7 million as compared to a $1.5 million foreign exchange gain for the same period ended January 31, 2013. The current year gain was predominantly driven by the increase in value of the US dollar against the Canadian dollar since October 31, 2013.

For the nine month period ended January 31, 2014, the foreign exchange gain was $7.2 million as compared to a foreign exchange gain for the same period ended January 31, 2013 of $2.8 million. The current year gain was predominantly driven by the increase in value of the US dollar against the Canadian dollar since April 30, 2013.

Finance Income, Finance Costs, Other Income and Expenses

For the third quarter ended January 31, 2014, finance income, finance costs, other income and expenses netted to a gain of $0.5 million of which largely relates to interest income.

For the nine month period ended January 31, 2014, finance income, costs and other income was a gain of $1.4 million of which largely relates to interest income.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity and Capital Resources				
(in thousands of dollars except ratios)		**As at**		**As at**
Key Balance Sheet Amounts and Ratios:		**January 31, 2014**		**Aprl 30, 2013**
Cash and instruments held for trading	$	118,782	$	220,668
Working capital	$	271,609	$	352,164
Long-term assets	$	69,615	$	64,919
Long-term debt	$	1,455	$	1,539
Days sales outstanding in accounts receivable		85		62

Statement of Cash Flow Summary	**Three month period ended January 31,**				**Nine month period ended January 31,**			
		2014		**2013**		**2014**		**2013**
Operating activities	$	24,354	$	22,014	$	36,749	$	78,084
Investing activities	$	(2,575)	$	(6,201)	$	(7,543)	$	(10,637)
Financing activities	$	(112,583)	$	(6,363)	$	(132,844)	$	(28,865)
Net increase (decrease) in cash	$	(89,449)	$	8,937	$	(102,008)	$	38,537

Operating Activities

For the third quarter ended January 31, 2014, the Company generated cash from operations of $24.4 million, compared to $22.0 million for the third quarter ended January 31, 2013. Excluding the effects of the changes in non-cash working capital and current taxes, the Company generated cash from operations of $24.5 million for the third quarter ended January 31, 2014, an increase of $7.7 million compared to $16.8 million for the third quarter ended January 31, 2013.

For the nine month period ended January 31, 2014, the Company generated cash from operations of $36.7 million, compared to $78.1 million for the nine month period ended January 31, 2013. Excluding the effects of the changes in non-cash working capital and current taxes, the Company generated cash from operations of $56.8 million for the nine month period ended January 31, 2014, a decrease of $10.0 million compared to $66.8 million for the nine month period ended January 31, 2013.

Investing Activities

The Company used cash from investing activities of $2.6 million for the third quarter ended January 31, 2014 which was driven by the acquisition of capital assets of $2.6 million, compared to cash used of $6.2 million for the third quarter ended January 31, 2013.

The Company used cash from investing activities of $7.5 million for the nine month period ended January 31, 2014 which was driven by the acquisition of capital assets of $7.7 million, compared to cash used of $10.6 million for the nine month period ended January 31, 2013.

Financing Activities

For the third quarter ended January 31, 2014, the Company used cash from financing activities of $112.6 million, which was principally driven by dividends paid of $115.8 million which included a special dividend of $104.0 million, offset by the issuance of capital stock pursuant to the Company Stock Option Plan of $3.5 million.

For the nine month period ended January 31, 2014, the Company used cash from financing activities of $132.8 million, which was principally driven by dividends paid of $140.1 million, offset by the issuance of capital stock pursuant to the Company Stock Option Plan of $7.8 million.

WORKING CAPITAL

As at January 31, 2014, the Company had cash and instruments held for trading of $118.8 million, compared to $220.7 million at April 30, 2013.

The Company had working capital of $271.6 million as at January 31, 2014 compared to $352.2 million as at April 30, 2013.

The Company paid a special dividend of $1.40 per common share on December 11, 2013, in the amount of $104.0 million. The Company believes that the current balance in cash and instruments held for trading plus future cash flow from operations will be sufficient to finance growth and related investment and financing activities in the foreseeable future.

Day sales outstanding in accounts receivable were 85 days at January 31, 2014 as compared to 62 for April 30, 2013.

SHARE CAPITAL STRUCTURE

Authorized capital stock consists of an unlimited number of common and preferred shares.

	As at January 31, 2014	**As at April 30, 2013**
Common shares	74,279,746	73,632,566
Stock options granted and outstanding	3,788,600	4,614,400

FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, instruments held for trading, trade and other receivables, trade and other payables and long term debt. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest or credit risks arising from these financial instruments. The Company estimates that except for instruments held for trading, the fair value of these instruments approximates the carrying values due to their short-term nature.

Fair values and classification of financial instruments:

The following summarizes the significant methods and assumptions used in estimating the fair values of financial instruments:

I. The fair values of instruments held for trading is maintained level one hierarchy and are determined by the quoted market values for each of the investments in an active market at the reporting date. Gains and losses are included in interest and other income.
II. Contingent consideration is level three hierarchy. Liability has not changed since the acquisition.
III. The carrying amounts of cash, trade and other receivables, trade and other payables approximate their fair value due to the short-term nature of these financial instruments. The carrying amount of long term debt approximates its fair value as it incurs interest at a variable rate adjusted for changes in the market rate.

CONTRACTUAL OBLIGATIONS

The following table sets forth the Company's contractual obligations as at January 31, 2014:

	Payments Due by Period				
(In thousands)	Total	Less than 1 Year	2-3 Years	4-5 Years	Thereafter
Operating leases	$ 18,934	$ 3,716	$ 7,040	$ 6,286	$ 1,892
Other long-term debt	$ 1,876	$ 421	$ 474	$ 380	$ 601
	$ 20,810	$ 4,137	$ 7,514	$ 6,666	$ 2,493

OFF-BALANCE SHEET FINANCING

The Company does not have any off-balance sheet arrangements.

RELATED PARTY TRANSACTIONS

In the normal course of business, we may enter into transactions with related parties. These transactions occur under market terms consistent with the terms of transactions with unrelated arms-length third parties. The Company continues to lease a premise from a company in which two shareholders' each indirectly hold a 10% interest, continues to lease a facility from a company in which two shareholders each indirectly hold a 20% interest, continues to lease a facility for manufacturing where two shareholders indirectly own 100% interest, continues to lease a facility from a company in which two shareholders each indirectly own a 35% interest and continues to lease a facility with a director who indirectly owns 100%.

SELECTED CONSOLIDATED QUARTERLY FINANCIAL INFORMATION

The following table sets out selected consolidated financial information for each of the eight quarters ended January 31, 2014. In the opinion of management, this information has been prepared on the same basis as the audited consolidated financial statements. The operating results for any quarter should not be relied upon as any indication of results for any future period.

	Quarter Ending							
(In thousands)	2014	2013				2012		
(Unaudited)	Jan 31	Oct 31	July 31	Apr 30	Jan 31	Oct 31	July 31	Apr 30
Revenue	$ 93,185	$ 81,244	$ 63,858	$ 65,415	$ 71,771	$ 83,158	$ 95,961	$76,340
Cost of goods sold	39,448	34,592	27,144	28,336	31,499	34,298	40,306	33,557
Gross margin	$ 53,737	$ 46,652	$ 36,714	$ 37,079	$ 40,272	$ 48,860	$ 55,655	$42,783
Operating expenses	25,514	25,797	21,167	26,557	23,164	22,966	22,421	25,309
Earnings from operations	$ 28,223	$ 20,855	$ 15,547	$ 10,522	$ 17,108	$ 25,894	$ 33,234	$17,474
Non-operating income	482	399	526	509	872	231	476	836
Earnings before taxes	$ 28,705	$ 21,254	$ 16,073	$ 11,031	$ 17,980	$ 26,125	$ 33,710	$18,310
Net earnings	$ 21,281	$ 15,422	$ 11,733	$ 8,110	$ 12,984	$ 18,907	$ 24,589	$13,380
Net earnings per share:								
Basic	$ 0.29	$ 0.21	$ 0.16	$ 0.11	$ 0.18	$ 0.26	$ 0.34	$ 0.19
Diluted	$ 0.29	$ 0.21	$ 0.16	$ 0.11	$ 0.18	$ 0.26	$ 0.34	$ 0.18
Dividends per share:	$ 0.16	$ 0.16	$ 0.16	$ 0.16	$ 0.14	$ 0.14	$ 0.14	$ 0.14

The Companies revenue and corresponding earnings can vary from quarter to quarter depending on the delivery requirements of our customers. Our customers can be influenced by a variety of factors including upcoming sports or entertainment events as well as their access to capital. Net earnings represent net earnings attributable to shareholders.

DISCLOSURE CONTROLS AND PROCEDURES

Management, including the Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company's disclosure controls and procedures (as defined in Multilateral Instrument 52-109 of the Canadian Securities Administrators) as of January 31, 2014.

Management has concluded that, as of January 31, 2014, the Company's disclosure controls and procedures were effective to provide 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 being prepared.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

Management is responsible for and has designed internal controls over financial reporting, or caused it to be designed under management's supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Management has concluded that, as of January 31, 2014, the Company's internal controls over financial reporting were effective to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

CHANGES IN INTERNAL CONTROLS OVER FINANCIAL REPORTING

There have been no changes to the Company's internal controls over financial reporting during the period ended January 31, 2014 that have materially affected, or reasonably likely to materially affect, its internal controls over financial reporting.

OUTLOOK

Management expects on an annual basis that the Company's revenues will continue to outpace the industry growth. Gross margin percentages may vary depending on the mix of products sold, the Company's success in winning more complete projects, utilization of manufacturing capacity and the competitiveness of the pricing environment. R&D will continue to be a key focus as the Company invests in new product development.

RISKS AND UNCERTAINTIES

The Company risk factors are outlined in our AIF filed on SEDAR.