EVERTZ TECHNOLOGIES LIMITED
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Third Quarter ended January 31, 2016

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 March 2, 2016.

OVERVIEW

Evertz is a leading equipment provider to the television broadcast, telecommunications and new-media industries. Founded in 1966, Evertz is a leading supplier of software, equipment and technology solutions to content creators, broadcasters, specialty channels and television service providers. 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

Outlined below are those policies considered particularly significant:

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. The Company has not yet determined the impact of the adoption of the following standards.

Financial Instruments

IFRS 9, *Financial instruments* ("IFRS 9") was issued by the IASB in July 2014 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, 2018.

Revenue

IFRS 15, *Revenue from contracts with customers* ("IFRS 15") was issued by the IASB in May 2014 and will replace IAS 11, *Construction Contracts* and IAS 18 *Revenue*. IFRS 15 specifies how and when revenue will be recognized. IFRS 15 is effective for annual periods beginning on or after January 1, 2018.

QUARTER END HIGHLIGHTS

Revenue increased to $99.8 million for the third quarter ended January 31, 2016 as compared to $90.7 million for the third quarter ended January 31, 2015.

For the third quarter ended January 31, 2016, net earnings were $24.4 million as compared to $21.2 million for the third quarter ended January 31, 2015 and fully diluted earnings per share were $0.32 as compared to $0.28 for the third quarter ended January 31, 2015.

Gross margin during the third quarter ended January 31, 2016 was 57.1% as compared to 56.2% for the third quarter ended January 31, 2015.

Selling and administrative expenses for the third quarter ended January 31, 2016 was $15.1 million compared to the third quarter ended January 31, 2015 of $14.8 million. As a percentage of revenue, selling and administrative expenses totaled 15.2% for the third quarter ended January 31, 2016 as opposed to 16.3% for the third quarter ended January 31, 2015.

Research and development ("R&D") expenses were $17.2 million for the third quarter ended January 31, 2016 as compared to $15.8 million for the third quarter ended January 31, 2015.

Cash and cash equivalents were $129.9 million and working capital was $319.9 million as at January 31, 2016 as compared to cash and cash equivalents of $100.7 million and working capital of $294.9 million as at April 30, 2015.

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

	Three month period ended January 31,				Nine month period ended January 31,			
		2016		2015		2016		2015
Revenue	$	99,754	$	90,726	$	285,183	$	271,629
Cost of goods sold		42,763		39,709		122,829		118,226
Gross margin		56,991		51,017		162,354		153,403
Expenses								
Selling and administrative		15,121		14,805		44,750		43,307
General		1,502		1,635		4,740		4,768
Research and development		17,229		15,768		49,608		46,709
Investment tax credits		(2,519)		(2,325)		(7,414)		(7,178)
Foreign exchange gain		(7,373)		(6,744)		(14,452)		(8,124)
		23,960		23,139		77,232		79,482
Earnings before undernoted		33,031		27,878		85,122		73,921
Finance income		117		209		455		603
Finance costs		(128)		(33)		(450)		(176)
Other income and expenses		211		138		361		165
Earnings before income taxes		33,231		28,192		85,488		74,513
Provision for (recovery of) income taxes								
Current		7,344		5,777		23,312		20,337
Deferred		1,497		1,208		(431)		(1,080)
		8,841		6,985		22,881		19,257
Net earnings for the period	$	24,390	$	21,207	$	62,607	$	55,256
Net earnings attributable to non-controlling interest		165		193		485		682
Net earnings attributable to shareholders		24,225		21,014		62,122		54,574
Net earnings for the period	$	24,390	$	21,207	$	62,607	$	55,256
Earnings per share								
Basic	$	0.33	$	0.28	$	0.83	$	0.73
Diluted	$	0.32	$	0.28	$	0.83	$	0.73

Consolidated Balance Sheet Data		As at January 31, 2016		As at April 30, 2015
Cash and cash equivalents	$	129,924	$	100,681
Inventory	$	158,308	$	154,259
Working capital	$	319,879	$	294,895
Total assets	$	454,449	$	426,162
Shareholders' equity	$	374,574	$	353,471
Number of common shares outstanding:				
Basic		74,173,746		74,459,346
Fully-diluted		78,715,246		79,195,846
Weighted average number of shares outstanding:				
Basic		74,418,199		74,399,096
Fully-diluted		74,871,783		75,033,398

Consolidated Statement of Operations Data

	Three month period ended January 31,		Nine month period ended January 31,	
	2016	**2015**	**2016**	**2015**
Revenue	100.0%	100.0%	100.0%	100.0%
Cost of goods sold	42.9%	43.8%	43.1%	43.5%
Gross margin	57.1%	56.2%	56.9%	56.5%
Expenses				
Selling and administrative	15.2%	16.3%	15.7%	15.9%
General	1.5%	1.8%	1.7%	1.8%
Research and development	17.3%	17.4%	17.4%	17.2%
Investment tax credits	(2.5%)	(2.6%)	(2.6%)	(2.6%)
Foreign exchange gain	(7.4%)	(7.4%)	(5.1%)	(3.0%)
	24.1%	25.5%	27.1%	29.3%
Earnings before undernoted	33.0%	30.7%	29.8%	27.2%
Finance income	0.1%	0.2%	0.2%	0.2%
Finance costs	(0.1%)	(0.0%)	(0.2%)	(0.1%)
Other income and expenses	0.2%	0.2%	0.1%	0.1%
Earnings before income taxes	33.2%	31.1%	29.9%	27.4%
Provision for (recovery) of income taxes				
Current	7.3%	6.4%	8.2%	7.5%
Deferred	1.5%	1.3%	(0.2%)	(0.4%)
	8.8%	7.7%	8.0%	7.1%
Net earnings for the period	24.4%	23.4%	21.9%	20.3%
Net earnings attributable to non-controlling interest	0.2%	0.2%	0.2%	0.2%
Net earnings attributable to shareholders	24.2%	23.2%	21.7%	20.1%
Net earnings for the period	24.4%	23.4%	21.9%	20.3%
Earnings per share:				
Basic	$ 0.33	$ 0.28	$ 0.83	$ 0.73
Diluted	$ 0.32	$ 0.28	$ 0.83	$ 0.73

REVENUE AND EXPENSES

Revenue

The Company generates revenue principally from the sale of software, equipment, and technology 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, except for percentages)	Three month period ended January 31,		% increase (decrease)	Nine month period ended January 31,		% increase (decrease)
	2016	2015		2016	2015	
United States/Canada	$ 53,573	$ 53,552	0%	$ 164,764	$ 154,425	7%
International	46,181	37,174	24%	120,419	117,204	3%
	$ 99,754	$ 90,726	10%	$ 285,183	$ 271,629	5%

Total revenue for the third quarter ended January 31, 2016 was $99.8 million, an increase of $9.1 million or 10% as compared to revenue of $90.7 million for the third quarter ended January 31, 2015.

Total revenue for the nine month period ended January 31, 2016 was $285.2, an increase of 5% or $13.6 million, as compared to revenue of $271.6 million for the nine month period ended January 31, 2015.

Revenue in the United States/Canada region was $53.6 million for the third quarter ended January 31, 2016, consistent when compared to revenue of $53.6 million for the third quarter ended January 31, 2015.

Revenue in the United States/Canada region was $164.8 million for the nine month period ended January 31, 2016, an increase of 7% or $10.4 million, as compared to revenue of $154.4 million for the nine month period ended January 31, 2015. The increase was predominantly driven by the adoption of Evertz newly released technologies and products.

Revenue in the International region was $46.2 million for the third quarter ended January 31, 2016, an increase of $9.0 million or 24%, as compared to revenue of $37.2 million for the third quarter ended January 31, 2015.

Revenue in the International region was $120.4 million for the nine month period ended January 31, 2016, an increase of 3% or $3.2 million, as compared to revenue of $117.2 million for the nine month period ended January 31, 2015.

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, except for percentages)	Three month period ended January 31,		% increase (decrease)	Nine month period ended January 31,		% increase (decrease)
	2016	**2015**		**2016**	**2015**	
Gross margin	$ 56,991	$ 51,017	12%	$ 162,354	$ 153,403	6%
Gross margin % of sales	57.1%	56.2%		56.9%	56.5%	

Gross margin for the third quarter ended January 31, 2016 was $57.0 million, compared to $51.0 million for the third quarter ended January 31, 2015. As a percentage of revenue, the gross margin was 57.1% for the third quarter ended January 31, 2016, as compared to 56.2% for the third quarter ended January 31, 2015.

Gross margin for the nine month period ended January 31, 2016 was $162.4 million, compared to $153.4 million for the nine month period ended January 31, 2015. As a percentage of revenue, the gross margin was 56.9% for the nine month period ended January 31, 2016, as compared to 56.5% for the nine month period ended January 31, 2015.

Gross margins vary depending on the product mix, geographic distribution and competitive pricing pressures and currency fluctuations. For the third quarter ended January 31, 2016 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, except for percentages)	Three month period ended January 31,				% increase (decrease)	Nine month period ended January 31,				% increase (decrease)
		2016		**2015**			**2016**		**2015**	
Selling and administrative	$	15,121	$	14,805	2%	$	44,750	$	43,307	3%
Selling and administrative % of sales		15.2%		16.3%			15.7%		15.9%	

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, 2016 were $15.1 million or 15.2% of revenue, as compared to selling and administrative expenses of $14.8 million or 16.3% of revenue for the third quarter ended January 31, 2015.

Selling and administrative expenses for the nine month period ended January 31, 2016 were $44.8 million or 15.7% of revenue, as compared to selling and administrative expenses of $43.3 million or 15.9% or revenue for the nine month period ended January 31, 2015.

The increase of $1.5 million was largely a result of the increased translation costs of the US dollar and UK Sterling denominated expenses, partially offset by a decrease in selling expenses in the International region.

Research and Development (R&D)

(In thousands of Canadian dollars, except for percentages)	Three month period ended January 31,				% increase (decrease)	Nine month period ended January 31,				% increase (decrease)
		2016		**2015**			**2016**		**2015**	
Research and development expenses	$	17,229	$	15,768	9%	$	49,608	$	46,709	6%
Research and development % of sales		17.3%		17.4%			17.4%		17.2%	

For the third quarter ended January 31, 2016, gross R&D expenses increased to $17.2 million, an increase of 9% or $1.4 million as compared to an expense of $15.8 million for the third quarter ended January 31, 2015.

The year over year increase of $1.4 million was a result of planned growth of R&D personnel during fiscal 2015 and the increased translation costs of UK Sterling denominated expenses.

For the nine month period ended January 31, 2016, gross R&D expenses increased to $49.6 million, an increase of 6% or $2.9 million as compared to an expense of $46.7 million for the nine month period ended January 31, 2015.

The increase of $2.9 million was predominantly a result of planned growth of R&D personnel during fiscal 2015 as well as increased translation costs associated with UK Sterling denominated expenses.

Foreign Exchange

For the third quarter ended January 31, 2016, the foreign exchange gain was $7.4 million, as compared to a foreign exchange gain for the third quarter ended January 31, 2015 of $6.7 million.

The current year gain was predominantly driven by the increase in the value of the US dollar against the Canadian dollar since October 31, 2015.

For the nine month period ended January 31, 2016, the foreign exchange gain was $14.5 million, as compared to a foreign exchange gain for the same period ended January 31, 2015 of $8.1 million.

The current year gain was predominantly driven by the increase in the value of the US dollar against the Canadian dollar since April 30, 2015.

Finance Income, Finance Costs, Other Income and Expenses

For the third quarter ended January 31, 2016, finance income, finance costs, other income and expenses netted to a gain of $0.2 million.

For the nine month period ended January 31, 2016, finance income, finance costs, other income and expenses netted to a gain of $0.4 million.

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, 2016**		**Aprl 30, 2015**
Cash and cash equivalents	$	129,924	$	100,681
Working capital	$	319,879	$	294,895
Long-term assets	$	63,842	$	67,393
Long-term debt	$	977	$	996
Days sales outstanding in accounts receivable		93		96

Statement of Cash Flow Summary	**Three month period ended January 31,**				**Nine month period ended January 31,**			
		2016		**2015**		**2016**		**2015**
Operating activities	$	49,632	$	27,511	$	81,081	$	42,096
Investing activities	$	(956)	$	(2,149)	$	(3,015)	$	(6,590)
Financing activities	$	(14,388)	$	(13,439)	$	(46,281)	$	(35,823)
Net increase in cash	$	32,433	$	12,919	$	29,243	$	1,347

Operating Activities

For the third quarter ended January 31, 2016, the Company generated cash for operations of $49.6 million, compared to cash used of $27.5 million for the third quarter ended January 31, 2015. Excluding the effects of the changes in non-cash working capital and current taxes, the Company generated cash from operations of $29.8 million for the third quarter ended January 31, 2016 compared to $25.9 million for the third quarter ended January 31, 2015.

For the nine month period ended January 31, 2016, the Company generated cash from operations of $81.1 million, compared to $42.1 million for the nine month period ended January 31, 2015. Excluding the effects of the changes in non-cash working capital and current taxes, the Company generated cash from operations of $72.9 million for the nine month period ended January 31, 2016 compared to $64.6 million for the nine month period ended January 31, 2015.

Investing Activities

The Company used cash for investing activities of $1.0 million for the third quarter ended January 31, 2016 which was predominantly from for the acquisition of capital assets.

The Company used cash from investing activities of $3.0 million for the nine month period ended January 31, 2016 which was predominantly from the acquisition of capital assets.

Financing Activities

For the third quarter ended January 31, 2016, the Company used cash from financing activities of $14.4 million, which was principally driven by dividends paid of $13.4 million and the repurchase of Capital Stock costing $1.0 million.

For the nine month period ended January 31, 2016, the Company used cash from financing activities of $46.3 million, which was principally driven by dividends paid of $40.8 million, the repurchase of Capital Stock costing $9.4 million, partially offset by the issuance of capital stock pursuant to the Company's Stock Option Plan of $4.1 million.

WORKING CAPITAL

As at January 31, 2016, the Company had cash and cash equivalents of $129.9 million, compared to $100.7 million at April 30, 2015.

The Company had working capital of $319.9 million as at January 31, 2016 compared to $294.9 million as at April 30, 2015.

The Company believes that the current balance in cash and 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 93 days at January 31, 2016 as compared to 96 for April 30, 2015.

SHARE CAPITAL STRUCTURE

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

	As at January 31, 2016	**As at April 30, 2015**
Common shares	74,173,746	74,459,346
Stock options granted and outstanding	4,541,500	4,736,500

FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash and cash equivalents, 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 the fair value of these instruments approximates the carrying values as listed below.

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. Quoted prices (unadjusted) in active markets for identical assets or liabilities.
II. Inputs other than quoted prices included in level I that are observable for the asset or liability, either directly or indirectly. Cash and cash equivalents, trade and other receivables, trade and other payables, and long-term debt fair value measurements have been measured within level II.
III. Inputs for the asset or liability that are not based on observable market data.

CONTRACTUAL OBLIGATIONS

The following table sets forth the Company's contractual obligations as at January 31, 2016:

	Payments Due by Period				
(In thousands)	Total	Less than 1 Year	2-3 Years	4-5 Years	Thereafter
Operating leases	$ 13,404	$ 4,030	$ 7,325	$ 1,504	$ 545
Other long-term debt	1,240	263	379	386	212
	$ 14,644	$ 4,293	$ 7,704	$ 1,890	$ 757

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, 2016. 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)	2016	2015				2014		
(Unaudited)	Jan 31	Oct 31	July 31	Apr 30	Jan 31	Oct 31	July 31	Apr 30
Revenue	$ 99,754	$ 100,560	$ 84,869	$ 91,977	$ 90,726	$ 82,889	$ 98,014	$ 87,237
Cost of goods sold	42,763	43,026	37,040	39,249	39,709	36,324	42,193	38,154
Gross margin	$ 56,991	$ 57,534	$ 47,829	$ 52,728	$ 51,017	$ 46,565	$ 55,821	$ 49,083
Operating expenses	23,960	30,819	22,453	38,145	23,139	27,037	29,306	30,545
Earnings from operations	$ 33,031	$ 26,715	$ 25,376	$ 14,583	$ 27,878	$ 19,528	$ 26,515	$ 18,538
Non-operating income	200	168	(2)	323	314	12	266	234
Earnings before taxes	$ 33,231	$ 26,883	$ 25,374	$ 14,906	$ 28,192	$ 19,540	$ 26,781	$ 18,772
Net earnings	$ 24,225	$ 19,486	$ 18,411	$ 10,926	$ 21,014	$ 14,149	$ 19,411	$ 14,699
Net earnings per share:								
Basic	$ 0.33	$ 0.26	$ 0.25	$ 0.15	$ 0.28	$ 0.19	$ 0.26	$ 0.20
Diluted	$ 0.32	$ 0.26	$ 0.25	$ 0.15	$ 0.28	$ 0.19	$ 0.26	$ 0.20
Dividends per share:	$ 0.18	$ 0.18	$ 0.18	$ 0.18	$ 0.18	$ 0.16	$ 0.16	$ 0.16

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 National Instrument 52-109 of the Canadian Securities Administrators) as of January 31, 2016.

Management has concluded that, as of January 31, 2016, 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, 2016, 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, 2016 that have materially affected, or reasonably likely to materially affect, its internal controls over financial reporting.

On May 15, 2013 the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") released *Internal Control-Integrated Framework: 2013*, which is an update to the internal control framework previously issued in 1992. Management is currently operating under the 1992 Framework and is transitioning to the updated Framework. While no significant changes to the Company's internal control system are expected to result from the transition, any modifications to such expectation will be reported by the Company within the following MD&A.

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.