EVERTZ TECHNOLOGIES LIMITED

SMART CONTENT DELIVERY SOLUTIONS

2011 ANNUAL REPORT

OPERATING RESULTS

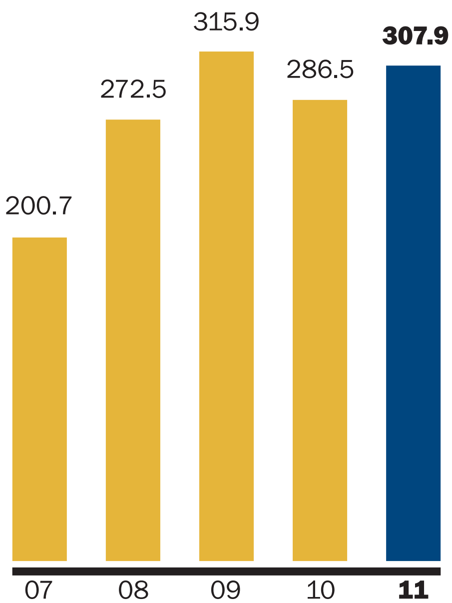
(in thousands of dollars except gross margin percentage)		2011		2010		2009
OPERATING RESULTS						
Sales	**$**	**307,882**	$	286,455	$	315,905
Gross Margins		**177,380**		166,973		194,019
% of Sales		**58%**		58%		61%
FINANCIAL POSITION						
Net Earnings	**$**	**77,393**	$	61,502	$	100,717
Working Capital		**324,244**		264,161		216,539
Inventory		**106,269**		91,745		86,518
Shareholders' Equity		**371,704**		312,169		268,376
SHAREHOLDERS' EQUITY						
Net Earnings:						
Basic		**1.05**		0.84		1.39
Fully Diluted		**1.03**		0.83		1.36

FINANCIAL HIGHLIGHTS

Year ended April 30, 2011

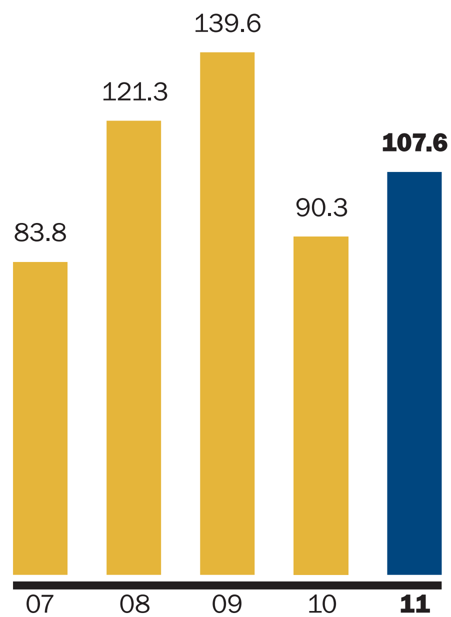
SALES

$ millions



EARNINGS BEFORE INCOME TAXES

$ millions



A LETTER TO FELLOW SHAREHOLDERS

Fiscal 2011 was an unsettled year for our industry, marked by a gradual recovery from the recession; European economic challenges that have produced an environment of intense competition; and political turmoil in the Middle East and North Africa; through which Evertz navigated successfully. We are pleased to report increased top and bottom line organic growth.

- Sales were $307 million;
- International market penetration increased with record sales of $136 million;
- Earnings before taxes of $107 million;
- Our dedicated staff grew to over 1,000 worldwide;
- Quarterly cash dividends increased by 20% to $0.12 per share; and
- Annual investment in research and development increased 12%

Revenue grew at 7%, net earnings 26% and cash flows from operations by 24%. We adhered to our long term vision to grow profitably through investment in our comprehensive technology portfolio and by maintaining the operating discipline which allowed us to build a solid balance sheet and return significant capital to shareholders through dividends.

RESEARCH AND DEVELOPMENT

Evertz forged ahead with the recruitment of talented individuals and with the introduction of new leading edge technologies. In fact, during the past three years spanning the recession, Evertz has nearly doubled our annual investment in R&D.

We continued our high paced development of new technologies and have taken on several more intensive longer term initiatives that require significant commitments of R&D resources, but are designed to set new standards for their markets.

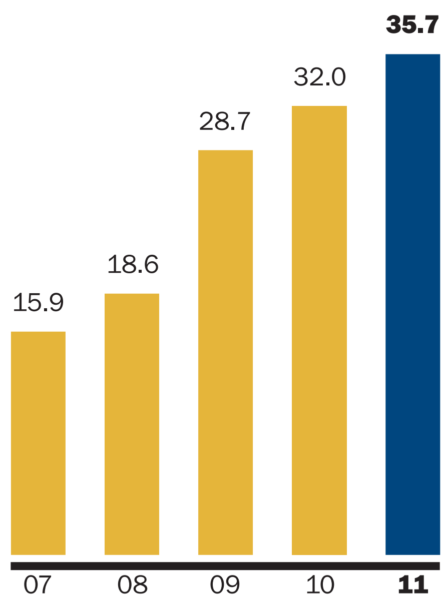
ADDED NEW TECHNOLOGIES WITH THE ACQUISITION OF PHAROS

We strengthened our solutions for workflow and enhanced our ability to more rapidly penetrate the IT-based market with the December 2010 acquisition of Pharos Communications, whose solutions handle millions of media assets across hundreds of television channels and new media distribution networks.

Pharos' Mediator offers an end-to-end workflow solution for content management and delivery which combined with Evertz recently launched EMS media server products and OvertureRT Live "Station/Channel-in-a-Box" playout, allows Evertz to provide optimized solutions for modern facilities that deliver content to television, video-on-demand, WebTV, IPTV and mobile devices.

R&D INVESTMENTS OVER 5 YEARS

$ millions



AWARDS & ACHIEVEMENTS

Recognition for Evertz leadership commitment to innovation was exemplified this past year through several awards including:

TV Technology – **2011 STAR Award** to **Mediator**, a workflow and asset management solution. Mediator offers broadcasters and service providers an end-to-end workflow solution for the management and delivery of content for today's multi-cast facility. Mediator is designed to provide a reliable and efficient solution for the on-going complexities of broadcasting content to multi-clients, multi-platforms, and multi-languages. Mediator is a comprehensive workflow and asset management solution for ingest, quality control, automated content analysis, broadcast playout, on-demand preparation and delivery, editing, multi-track audio and caption management.

Broadcast Engineering - 2011 Pick Hit Award to OvertureRT LIVE, Evertz "Channel-in-a-Box" solution. OvertureRT LIVE provides cost-effective, multi-channel playout with integrated master control and advanced channel branding features. With multiple video inputs, an internal video server, A/B mixing and advanced graphics capabilities, OvertureRT LIVE is unmatched as a Channel-in-a-Box solution.

technology fast 50™ | Deloitte.

Evertz was awarded the **Deloitte Technology Leadership Award** in the **Hardware** category. Evertz has received this particular award four times.

The Deloitte Technology Fast 50™ is considered Canada's premier technology awards program and is known for identifying companies noted for innovation and expansion. Leadership Awards, in particular, are reserved for those companies who are able "to create a distinct competitive advantage in a high growth market and quickly join the ranks of other Canadian global leaders".

Evertz was named one of **Canada's 50 Best Managed Companies**, which recognizes excellence in Canadian-owned and Canadian-managed companies. Canada's 50 Best Managed Companies identifies Canadian corporate success through companies focused on their core vision, creating stakeholder value and excelling in the global economy.

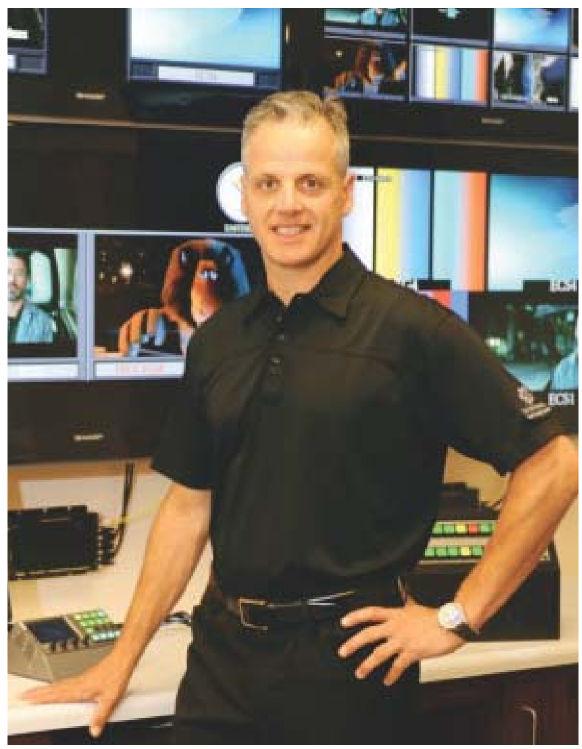
CONTINUOUS PATH OF INNOVATION AND VALUE

In June 2011 we announced an increase in our quarterly dividend of 20% and we initiated a shareholder buy-back program for fiscal 2012. These two announcements reflect our continued success in generating cash flow and our confidence in the strength of our company.

Our 2012 plan is to focus on bringing to the market the new technologies we have invested heavily in for the past 3 years. These technologies are ready for full launch into the market. They will provide technologically superior solutions to help enable our broadcast, cable, telco, satellite and content creator customers to address and start implementing the Multiscreen TV services of the future. We have a strong and deepening relationship with key customers and with this significant expansion to the scope of Evertz comprehensive product line, we will continue to deliver compelling value to our customers.

We are pleased with the results of our business over the last year and feel we are poised for great successes in the ensuing years.

We would like to take this opportunity to thank our employees, channel partners, customers and shareholders for their ongoing support and we look forward to an exciting, successful future.



Douglas A. DeBruin
Director, Chairman of the Board of Directors and
Executive Vice-President Admin

Romolo Magarelli
Director, President and Chief Executive Officer

COMMITTED TO R&D

Evertz Research and Development team is committed to designing innovative products and extending our industry-leading solutions for the broadcast and telecom industries.

Technology is always evolving and in order to remain on the cutting-edge, we have increased our investment in Research and Development. Evertz success is strongly related to our commitment to R&D and our ability to design a broad range of comprehensive, innovative and cost-effective products.

With the current consumer market driving the demand for more content to be rapidly delivered to more consumer devices, Evertz R&D has been focused on developing products that will enhance, simplify and improve workflow. Over the past year Evertz has released products for file-based workflow, compression systems, and efficient multichannel playout solutions.

Rakesh Patel
Chief Technology Officer

Our Research and Development department is focused on designing products for all aspects of the broadcast chain. Major focuses include:

Eric Fankhauser
Vice President-Advanced Product Development

- Signal ingest, processing and conversion products which are used in the content acquisition process.
- Infrastructure distribution and routing solutions which provide the backbone of signal distribution within the facility.
- Monitoring and control products which enable users to manage a large number of broadcast signals across a geographically disparate infrastructure.
- Digital infrastructure equipment which process and convert signals to multiple standards and formats.
- Master control and branding solutions enabling broadcasters to manage and switch content as well as generate live graphics to air (such as branding and dynamic text).
- More recently, with the rapidly growing sectors of video-on-demand, WebTV, IPTV, and mobile devices, Evertz has developed new workflow solutions and IP based products for the multi-format facility.

BUSINESS DEVELOPMENT AND FINANCE

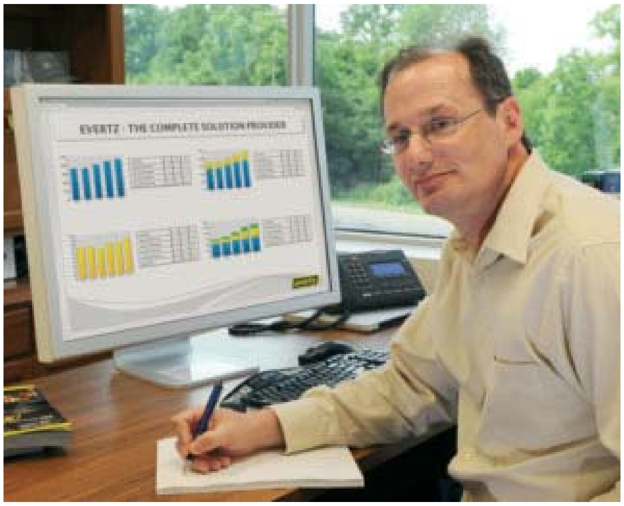
Evertz is first and foremost an engineering centric business, dedicated to innovation and customer support which guides business development direction and our path to profitable growth, sustainable market leadership and increased shareholder value.

Brian Campbell
Executive Vice-President, Business Development

The recent addition of Pharos Communications exemplifies Evertz multifaceted acquisition strategy. The acquisition enables Evertz to offer to our customers, a tight integration of Pharos award winning Mediator workflow and content management solution with Evertz comprehensive product portfolio, while also reinforcing the launch of Evertz media sever and "Station/Channel-in-a-Box". We have gained 65 talented and enthusiastic staff whose efforts have pioneered collaborative workflow and content management for broadcasters and new media.

Our broad approach to business development includes multiple strategies to:

- Acquire complementary product or technology that contributes to profitable growth
- Recruit or acquire technology teams to develop complementary products or to accelerate time to market of Evertz R&D initiatives
- Acquire companies/product lines with new or innovative technology, accelerating time to market
- Acquire companies/product lines with more mature product technology, increase distribution and enhance the technology to grow profitably
- Ensure we retain/grow the key talent and staff brought on board via the business development activities
- Implement strategic channel partner initiatives
- Establish supply relationships with select multinational equipment vendors, contractors and integrators to include Evertz solutions in their offerings
- Establish long term frame or strategic agreements with key customers to supply and support their expanding base of Evertz infrastructure solutions today and in the future



Anthony Gridley, C.A.
Chief Financial Officer

Evertz program of acquisition and opportunity review balances pragmatic market analysis with evaluations of alternative companies or products along with an assessment of Evertz internal resource requirements.

Over the last 6 years we have executed and integrated approximately 9 such acquisitions to add technological capabilities, to fuel long term profitable growth and to contribute to increased shareholder value and dividend distributions.

EVERTZ - COMPREHENSIVE SOLUTIONS

Evertz develops, manufactures and markets a broad range of high performance hardware and software products that help broadcasters and television service providers reduce costs, extend their services, generate new revenues as well as transition to and operate in the new digital broadcasting environment.

EVERTZ PROVIDES SOLUTIONS FOR:

- Multiviewing
- Master Control & Branding
- Master Sync generation
- 3D/3G
- Fiber Optics
- Media Asset Management
- Media Servers & Storage
- Workflow Optimization Tools
- Multi-Platform Playout
- Media Convergence & Transport
- Monitoring & Control
- Production & Post-Production
- L-Band & RF
- Routing systems
- MPEG-2, H.264, JPEG2000

Evertz is a designer and manufacturer of audio and video infrastructure equipment for the television broadcast and telco industries. Evertz provides professional video services and complete end-to-end broadcast solutions for all aspects of broadcast production including content creation, signal distribution and content delivery.

Evertz cutting-edge product offerings and dedication to our customers have earned Evertz a worldwide reputation as the complete end-to-end solutions provider for innovative, reliable and high performance broadcast equipment.

PROVIDING SOLUTIONS...

SEEING IS BELIEVING: EVERTZ MULTIVIEWERS

Evertz MVP is the industry's largest and most flexible multi-image display platform. It supports all formats of input content found in today's most advanced broadcast facilities from baseband composite analog video, SD-SDI, HD-SDI and 3Gb/s. Customers all around the world are using the MVP and now with the growing significance of IP delivery, Evertz IP based multiviewer solutions are getting a lot of attention.

Rogers Communications Signal Monitoring Facility

Rogers Communications Inc. currently uses the MVP infrastructure to monitor all their signals. Rogers is now implementing Evertz IP based multi-image display and monitoring solution which works through the existing MVP architecture. Evertz IP based solutions assisted Rogers in the transition from ASI and Sonet delivery to IP delivery. The integration of Evertz MViP and MVP-DEC32-4-IP hardware has produced a reliable facility that is fully capable of monitoring all Rogers' signals. Evertz multi-image display platforms have improved the customer and operator experience, as issues are instantly identified and immediately resolved. Seeing is believing with Evertz Mutli-Image Display Processors!

STREAMLINK...IPTV ON THE HIGH SEAS

Evertz StreamLINK encode technology provides HD/SD-SDI compression for audio and video signals so that they can be delivered over an IP data network. StreamLINK decoders offer the ability to subscribe to streams over the network for high-quality decode of MPEG-2 or H.264 encoded content. With the ever-growing demand for IP delivery of audio and video in many marketplaces, Evertz StreamLINK technology provides the tools necessary to solve this challenge.

StreamLINK has recently been used on a major cruise line to develop an IPTV system for the distribution of video/audio to cabin rooms aboard the ship. Evertz has partnered with an interactive television solutions provider to equip the cruise line with one of the most advanced interactive television systems in the industry. The IPTV system enables guests to quickly and easily access information, various services and entertainment, as well as book event reservations and shore excursion packages. StreamLINK technology has been implemented to manage the encoding for the ship's High Definition IPTV system. Evertz StreamLINK encoders provide exceptional HD and SD-SDI signal processing of audio and video over IP data networks throughout the ship.

Evertz StreamLINK technology and reliable, high quality encoders enable the quick transmission of signals across various venues. StreamLINK technology has expanded the Evertz offerings to more than just broadcast applications and continues to flourish in a variety of venues in addition to cruise ships, which include hotels, casinos, airports, digital signage and much more.

PROVIDING SOLUTIONS...

EXPERIENCE MORE WITH EVERTZ EFX VIDEO WALL

Evertz EFX is the ideal solution for displaying eye catching graphics on a very grand scale. EFX technology has been most commonly used in hotel lobbies and casino sports book applications. It is an effective and innovative tool for showcasing ads, art, sports, information and much more. The newest and most dramatic installation of the EFX is on the Vegas strip at the Cosmopolitan of Las Vegas. One of the main attractions at the Cosmopolitan is the magnificent hotel lobby which showcases eight giant video columns driven by the EFX.

All four sides of the massive columns are comprised of floor-to-ceiling displays. At the core of the EFX is Evertz Digital Video Tiler, which provides windowing and scaling operations to display the various video designs across the column walls. The Digital Video Tiler supports 3Gbps inputs and outputs, allowing the Cosmopolitan to display high resolution images and video. Due to the size of this project, approximately thirty Digital Video Tiler units were installed to run over 400 displays.

The Cosmopolitan Hotel Lobby

The Cosmopolitan project truly showcases the many functions of the EFX. This application identifies another important development in Evertz technology, demonstrating Evertz continual expansion into new markets in order to provide innovative solutions for a variety of diverse and unique projects.

NEXT GENERATION SOLUTIONS FOR OUTSIDE BROADCAST

A growing demand for HD and next generation 3G capable Outside Broadcast vehicles has enabled Evertz to provide complete solutions for OB vehicles around the world. Arena Television, an outside broadcast provider in the United Kingdom, has recently deployed a new HD Outside Broadcast truck using Evertz end-to-end solutions. This new single-sided expanding articulated OB was designed to optimize space and maximize accessibility.

Arena Television Outside Broadcast Vehicle (OB14)

"Evertz has certainly provided us with some great solutions for this latest OB; OB14 is outfitted with two Evertz EMR video router crates alongside the Evertz VIP-X multi-viewers, MAGNUM control system, and 5601 series master SPGs and automatic changeover, in addition to Evertz 500, 7700 & 7800 series digital glue." says Gareth Wildman, Head of Engineering at Arena Television.

Arena's new OB is equipped for large-scale 3G, HD and SD applications and has been used in a wide variety of UK events, including coverage of the Royal Wedding, numerous sporting events and live television programs for the BBC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year ended April 30, 2011

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 AUDITED FINANCIAL STATEMENTS AND THE ACCOMPANYING NOTES CONTAINED ON SEDAR. THE CONSOLIDATED FINANCIAL STATEMENTS OF THE COMPANY ARE PREPARED IN ACCORDANCE WITH CANADIAN GAAP. 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 June 10, 2011.

OVERVIEW

Evertz is a leading equipment provider to the television broadcast industry. Founded in 1966, Evertz designs, manufactures and distributes 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 enable and enhance the transition to a complex multi-channel digital and HDTV broadcast environment. The Company's equipment allows customers to generate additional revenue while reducing costs through the more efficient distribution 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 solutions for traditional broadcasting facilities.

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

The accounting policies of the Company are in accordance with Canadian generally accepted accounting principles. Outlined below are those policies considered particularly significant:

Revenue Recognition

Revenue is derived from the sale of hardware and software solutions including related services, training and commissioning. Revenue is recognized upon shipment, provided the title to the goods is transferred to customers, persuasive evidence of an arrangement exists, there are no significant uncertainties surrounding product acceptance and collectability is reasonably assured. Service revenue is recognized as services are performed.

Basis of Consolidation
The consolidated financial statements include the accounts of the Company and its wholly and partially owned subsidiaries and inter–company transactions and balances are eliminated on consolidation.

Inventories
Inventories consist of raw materials, work in progress and finished goods. Raw materials, work in progress and finished goods are stated at the lower of cost and net realizable value. Cost includes raw materials, the cost of direct labour applied to the product and the overhead expense. Cost is determined on a weighted average basis.

Capital Assets
Capital assets are recorded at acquisition cost. The Company provides for amortization at the following rates and methods that approximate the estimated useful lives of the related assets:

Office furniture and equipment	20% declining balance method
Research and development equipment	33% declining balance method
Airplanes	10% declining balance method
Machinery and equipment	20% and 30% declining balance method
Leaseholds	20% straight–line method
Buildings	3% to 6% declining balance method

Impairment of Long Lived Assets
Long–lived assets, which comprises of equipment and intellectual property with finite lives, must be tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Its carrying amount is not recoverable if it exceeds the sum of the undiscounted cash flows expected from its use and eventual disposal. An impairment loss should be measured as the amount by which the carrying amount of a long–lived asset exceeds its fair value.

Goodwill
Goodwill represents the excess of acquisition cost of acquired companies over the fair value of the identifiable net assets acquired. Goodwill is tested for impairment annually or more frequently if changes in circumstances indicate a potential impairment.

Intangible Assets
Intangibles represent intellectual property acquired through business acquisitions and are recorded at cost and are amortized using the straight–line method over a four–year period.

Foreign Currency Translation
At the Company level, prior to consolidation, monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate prevailing at the year–end. Non–monetary assets and liabilities denominated in foreign currencies are translated at historical exchange rates. Revenue and expenses denominated in foreign currencies are translated at average exchange rates. Translation differences arising from this policy are included in the statement of earnings in the current year.

For foreign operations the accounts are translated as follows:

For the self–sustaining foreign subsidiaries, the accounts are translated into Canadian dollars using the current rate method. Under this method, the assets and liabilities are converted into Canadian dollars using the exchange rates prevailing at the end of the reporting period and the revenue and expenses are translated at average exchange rates. The adjustment arising from the translation of these accounts is included in other comprehensive income. Other comprehensive income reflects the effect of foreign exchange rate variations during the year upon the translation of the net assets of the self–sustaining foreign subsidiaries.

For integrated foreign subsidiaries, the accounts are translated to Canadian dollars using the temporal method. Under this method, monetary balance sheet items are translated at the rates of exchange in effect at year–end and non–monetary items are translated at historical exchange rates. Revenue and expenses (other than amortization, which is translated at the same rates as the related assets) are translated at the rates in effect on the transaction date or at the average rates of exchange for the period. Translation gains or losses are included in the statement of earnings.

Income Taxes

The Company follows the asset and liability method of accounting for income taxes. Under this method, future income tax assets and liabilities are determined based on differences between the financial reporting and tax basis of assets and liabilities and are calculated using the substantively enacted tax rates and laws that will be in effect when the differences are expected to reverse. Future income tax assets, if any, are recognized only to the extent that, in the opinion of management, it is more likely than not that the assets will be realized.

Stock Based Compensation

The Company has a stock option plan for employees and directors. The Company has adopted the CICA Handbook Section 3870 entitled "Stock–based Compensation and Other Stock–based Payments", which requires that the fair value method of accounting be applied to all stock–based compensation and other stock–based payments to employees.

The fair value method consists of recognizing the fair value of the options as compensation costs to earnings over the vesting period of the options. Any consideration paid by employees on the exercise of stock options, and the related contributed surplus, is recorded as share capital. The Company accounts for forfeitures as they occur. All stock options issued under this plan have an exercise price equal to or greater than the fair market value of the underlying common shares on the date of the grant. The stock option plan and related disclosures are described further in note 12 in the financial statements.

Earnings per Share (EPS)

Basic EPS is calculated by dividing the net earnings available to common shareholders by the weighted average number of common shares outstanding during the year. Diluted EPS is calculated using the treasury stock method, which assumes that all outstanding stock options with an exercise price below the average market price are exercised and the assumed proceeds are used to purchase the Company's common shares at the average market price during the year.

Research and Development Expenses

All research and development expenses are expensed in the year in which they are incurred unless a development project meets generally accepted accounting criteria for deferral and amortization. No development costs have been deferred to date.

Investment Tax Credits

The Company is entitled to investment tax credits, which are earned as a percentage of eligible research and development expenditures incurred in each taxation year. Investment tax credits relate entirely to the Company's research and development expenses in the consolidated statement of earnings but are presented separately in the consolidated statement of earnings for information purposes.

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 date of the consolidated financial statements and the reported amounts of revenues and expenses during the year. Significant items subject to such estimates and assumptions include the determination of the allowance for doubtful accounts for accounts receivable, provision for inventory obsolescence, the useful life of capital and intangible assets for amortization, evaluation of net recoverable amount of

Use of Estimates (Continued)
capital assets, intangibles assets, stock-based compensation, evaluating future income tax assets and liabilities 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 test purposes and the determination of fair value of financial instruments. Consequently, actual results could differ from those estimates.

Financial Instruments
The Company's financial assets and liabilities are initially recorded at fair value and subsequently measured based on their assigned classifications as follows:

Asset/Liability	Category	Measurement
Cash	Held for trading	Fair value
Instruments held for trading	Held for trading	Fair value
Accounts receivable	Loans and receivable	Amortized cost
Accounts payable and accrued liabilities	Other liabilities	Amortized cost
Current portion of long term debt	Other liabilities	Amortized cost
Long term debt	Other liabilities	Amortized cost

A three-tier hierarchy based on inputs has been used as a framework for disclosing fair value of the Company's investments. 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 directly (ie, as prices) or indirectly (ie, derived from prices) (level 2);
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

Inputs used at April 30, 2011 in valuing the Company's instruments held for trading were quoted prices in active markets for identical assets (level 1).

Transaction costs related to financial assets and liabilities are recorded as an expense in the period incurred.

Future Accounting Changes
International Financial Reporting Standards
The Canadian Accounting Standards Board (AcSB) has announced that Canadian publicly accountable enterprises will adopt IFRS as issued by the International Accounting Standards Board effective for fiscal years beginning on or after January 1, 2011 and therefore will commence in the first quarter of the Company's 2012 fiscal year.

The Company will follow a four phase approach to ensure successful conversion to International Financial Reporting Standards. The four phases, described in more detail in this analysis are:

1. Awareness phase
2. Assessment phase
3. Design phase
4. Implementation phase

The Awareness and Assessment phases are now complete and the Design and Implementation phases are underway. The preliminary impact of the adoption of these standards on the Company's financial statements are discussed later in this analysis.

YEAR END HIGHLIGHTS

Sales increased by 7% for the year ended April 30, 2011 when compared to the same period ended April 30, 2010.

Net earnings for the year ended April 30, 2011 were $77.4 million as compared to $61.5 million for the year ended April 30, 2010, an increase of 26%. Fully-diluted earnings per share were $1.03 for the year ended April 30, 2011 as compared to $0.83 for the year ended April 30, 2010.

Gross margin during the year ended April 30, 2011 was 57.6% as compared to 58.3% for the year ended April 30, 2010.

Selling and administrative expenses for the year ended April 30, 2011 was $38.6 million compared to the year ended April 30, 2010 of $37.6 million. As a percentage of revenue, selling and administrative expenses totaled 12.5% for the year ended April 30, 2011 as opposed to 13.1% for the year ended April 30, 2010.

Research and development ("R&D") expenses increased in the year ended April 30, 2011 by $3.7 million or approximately 12% compared to the year ended April 30, 2010.

Cash and instruments held for trading were $192.0 million and working capital was $324.2 million as at April 30, 2011 as compared to cash and instruments held for trading of $145.0 million and working capital of $264.2 million as at April 30, 2010.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

(in thousands of dollars except earnings per share and share data)

CONSOLIDATED STATEMENT OF EARNINGS DATA

	Year Ended April 30,					
		2011		2010		2009
Sales	**$**	**307,882**	$	286,455	$	315,905
Cost of goods sold		**130,502**		119,482		121,886
Gross margin	**$**	**177,380**	$	166,973	$	194,019
Gross margin %		**57.6%**		58.3%		61.4%
Expenses						
Selling and administrative		**38,615**		37,550		35,907
Research and development		**35,719**		32,026		28,719
Investment tax credits		**(8,410)**		(8,270)		(8,377)
Foreign exchange loss (gain)		**2,534**		7,969		(4,802)
Amortization of intangibles		**1,023**		1,240		1,533
Stock-based compensation		**4,048**		6,525		3,781
		73,529		77,040		56,761
Earnings before undernoted	**$**	**103,851**	$	89,933	$	137,258
Interest and other income	**$**	**4,277**	$	342	$	2,889
Non-controlling interest		**(545)**		21		(523)
Earnings before income taxes	**$**	**107,583**	$	90,296	$	139,624
Net earnings	**$**	**77,393**	$	61,502	$	100,717
Net earnings per share:						
Basic	**$**	**1.05**	$	0.84	$	1.39
Fully-diluted	**$**	**1.03**	$	0.83	$	1.36

SELECTED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

CONSOLIDATED BALANCE SHEET DATA

	As at April 30,		
	2011	2010	2009
Cash and instruments held for trading	**$ 192,025**	$ 145,029	$ 114,020
Inventory	**$ 106,269**	$ 91,745	$ 86,518
Working capital	**$ 324,244**	$ 264,161	$ 216,539
Total assets	**$ 409,862**	$ 345,787	$ 316,446
Shareholders' equity	**$ 371,704**	$ 312,169	$ 268,376
Number of common shares outstanding:			
Basic	**74,470,606**	73,607,506	73,105,406
Fully-diluted	**78,577,206**	77,703,006	77,208,006
Weighted average number of shares outstanding:			
Basic	**73,989,997**	73,324,244	72,550,364
Fully-diluted [1]	**74,879,139**	74,223,642	74,269,089

Note:
(1) Based on weighted average number of Common Shares outstanding using the treasury stock method as per Canadian GAAP.

CONSOLIDATED STATEMENT OF OPERATIONS DATA

(in thousands of dollars except earnings per share and share data)

	April 30,		
	2011	2010	2009
Sales	**100.0%**	100.0%	100.0%
Cost of goods sold	**42.4%**	41.7%	38.6%
Gross margin	**57.6%**	58.3%	61.4%
Expenses			
Selling and administrative	**12.5%**	13.1%	11.4%
Research and development	**11.6%**	11.2%	9.1%
Investment tax credits	**(2.7%)**	(2.9%)	(2.7%)
Foreign exchange loss (gain)	**0.8%**	2.8%	(1.5%)
Amortization of intangibles	**0.3%**	0.4%	0.5%
Stock-based compensation	**1.3%**	2.3%	1.2%
Total operating expenses	**23.8%**	26.9%	18.0%
Earnings from operations	**33.8%**	31.4%	43.4%
Interest and other income	**1.4%**	0.1%	1.0%
Non-controlling interest	**(0.2%)**	0.0%	(0.2%)
Earnings before income taxes	**35.0%**	31.5%	44.2%
Net earnings	**25.2%**	21.5%	31.9%
Net earnings	**$ 77,393**	$ 61,502	$ 100,717
Net earnings per share:			
Basic earnings per share	**$ 1.05**	$ 0.84	$ 1.39
Fully-diluted earnings per share	**$ 1.03**	$ 0.83	$ 1.36

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 56% 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 65-75% of the Company's revenues are denominated in US dollars.

SALES

	Year Ended April 30,		
(In thousands of Canadian dollars)	**2011**	2010	2009
United States/Canada	**$ 172,110**	$ 154,000	$ 209,216
International	**135,772**	132,455	106,689
	$ 307,882	$ 286,455	$ 315,905

Total sales for the year ended April 30, 2011 were $307.9 million, an increase of 7% or $21.4 million as compared to sales of $286.5 million for the year ended April 30, 2010.

Sales in the United States/Canada region increased to $172.1 million for the year ended April 30, 2011, an increase of 12% or $18.1 million as compared to sales of $154.0 million for the year ended April 30, 2010.

Sales in the International region increased to $135.8 million for the year ended April 30, 2011, an increase of 2% or $3.3 million as compared to sales of $132.5 million for the year ended April 30, 2010.

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

	Year Ended April 30,		
(In thousands of Canadian dollars)	**2011**	2010	2009
Gross margin	**$ 177,380**	$ 166,973	$ 194,019
Gross margin % of sales	**57.6%**	58.3%	61.4%

GROSS MARGIN (CONTINUED)

Gross margin for the year ended April 30, 2011 was $177.4 million, compared to $167.0 million for the year ended April 30, 2010. As a percentage of sales, the gross margin was 57.6% for the year ended April 30, 2011, as compared to 58.3% for the year ended April 30, 2010.

Gross margins vary depending on the product mix, geographic distribution and competitive pricing pressures. For the year ended April 30, 2011 the gross margin, as a percentage of revenue, was slightly below the Company's historical range. The pricing environment also 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 and administrative; (ii) research and development, (iii) foreign exchange, (iv) stock based compensation and (v) amortization of intellectual property.

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 amortization and financial charges as administrative expenses. For the most part, selling and administrative 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.

Amortization of intangible assets pertains to intellectual property obtained through business acquisitions. Intellectual property is amortized using the straight-line method over a four-year period.

SELLING AND ADMINISTRATIVE

	Year Ended April 30,		
(In thousands of Canadian dollars)	**2011**	2010	2009
Selling and administrative	**$ 38,615**	$ 37,550	$ 35,907
Selling and administrative % of sales	**12.5%**	13.1%	11.4%

Selling and administrative expenses for the year ended April 30, 2011 were $38.6 million or 12.5% of sales as compared to selling and administrative expenses of $37.6 million or 13.1% of sales for the year ended April 30, 2010.

Annual selling and administrative expense increased by $1.0 million primarily attributable to increased sales staff, sales activities and general overhead increases.

RESEARCH AND DEVELOPMENT (R&D)

(In thousands of Canadian dollars)	Year Ended April 30, 2011	2010	2009
Research and development expenses	**$ 35,719**	$ 32,026	$ 28,719
Research and development % of sales	**11.6%**	11.2%	9.1%

For the year ended April 30, 2011, gross R&D expenses increased to $35.7 million, an increase of 12% or $3.7 million as compared to an expense of $32.0 million for the year ended April 30, 2010.

The increase for the year ended April 30, 2011 was predominantly a result of planned growth of R&D personnel.

Foreign Exchange

For the year ended April 30, 2011, the foreign exchange loss was $2.5 million as compared to a foreign exchange loss for the same period ended April 30, 2010 of $8.0 million.

Interest and Other Income

For the year ended April 30, 2011, interest and other income was a gain of $4.3 million which included a loss of $0.5 million on sale of redundant capital assets which was offset by interest income of $1.1 million with the balance being the revaluation of the instruments held for trading.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity and Capital Resources

(in thousands of dollars except ratios) Key Balance Sheet Amounts and Ratios:	Year Ended April 30, 2011	2010
Cash and instruments held for trading	**$ 192,025**	$ 145,029
Working capital	**$ 324,244**	$ 264,161
Long-term assets	**$ 56,822**	$ 56,175
Long-term debt	**$ 2,493**	$ 2,732
Days sales outstanding in accounts receivable	**63**	62

Statement of Cash Flow Summary

	Year Ended April 30, 2011	2010
Operating activities	**$ 73,773**	$ 59,735
Investing activities	**(7,658)**	15,314
Financing activities	**(23,214)**	(22,984)
Net increase in cash and instruments held for trading	**46,996**	31,009

Operating Activities

For the year ended April 30, 2011, the Company generated cash from operations of $73.8 million, compared to $59.7 million for the year ended April 30, 2010. Excluding the effects of the changes in non-cash working capital, the Company generated cash from operations of $87.4 million for the year ended April 30, 2011, compared to $81.9 million for the year ended April 30, 2010.

Investing Activities
The Company used cash in investing activities of $7.7 million for the year ended April 30, 2011, compared to cash generated of $15.3 million for the year ended April 30, 2010.

The cash used for the year ended April 30, 2011 was predominantly a result of a business acquisition of $3.1 million, acquisition of capital assets of $4.1 million offset by the proceeds from the sale of redundant capital assets of $0.8 million with the balance being the change in instruments held for trading.

Financing Activities
For the year ended April 30, 2011, the Company used cash from financing activities of $23.2 million, which was principally a result of the payment of dividends of $28.5 million repayment of debt of $0.3 million offset by the issuance of capital stock pursuant to the Company Stock Option Plan of $5.6 million.

WORKING CAPITAL

As at April 30, 2011, the Company had cash and instruments held for trading of $192.0 million, compared to $145.0 million at April 30, 2010.

The Company had working capital of $324.2 million as at April 30, 2011 compared to $264.2 million as at April 30, 2010.

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 63 days at April 30, 2011 as compared to 62 for April 30, 2010.

SHARE CAPITAL STRUCTURE

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

	Year Ended April 30,	
	2011	2010
Common shares	**74,470,606**	73,607,506
Stock options granted and outstanding	**4,106,600**	4,095,500

FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, instruments held for trading, accounts receivable and accounts payable and accrued liabilities 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 approximate 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 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. The carrying amounts of cash, accounts receivable, accounts payable and accrued liabilities approximate their fair value due to the short-term nature of these financial instruments.

The Company invests in marketable securities that are traded in an active market. Generally the investment is limited to no more than 15% of the total cash and instruments held for trading.

CONTRACTUAL OBLIGATIONS

The following table sets forth the Company's contractual obligations as at April 30, 2011:

	Payments Due by Period				
(In thousands)	Total	Less than 1 Year	2-3 Years	4-5 Years	Thereafter
Operating leases	$ 20,105	$ 3,231	$ 5,902	$ 4,761	$ 6,211
Other long-term debt	$ 2,944	$ 451	$ 843	$ 629	$ 1,021
	$ 23,049	$ 3,682	$ 6,745	$ 5,390	$ 7,232

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 April 30, 2011. 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)	**2011**		2010				2009	
(Unaudited)	**Apr. 30**	**Jan. 31**	**Oct. 31**	**July 31**	Apr. 30	Jan. 31	Oct. 31	July 31
Sales	**$ 68,532**	**$ 83,207**	**$ 82,327**	**$ 73,816**	$ 75,285	$ 66,165	$ 72,984	$ 72,021
Cost of goods sold	**29,607**	**35,389**	**34,688**	**30,818**	31,860	28,387	30,630	28,605
Gross margin	**$ 38,925**	**$ 47,818**	**$ 47,639**	**$ 42,998**	$ 43,425	$ 37,778	$ 42,354	$ 43,416
Operating expenses	**22,858**	**19,434**	**16,360**	**14,877**	20,597	19,063	17,414	19,966
Earnings from operations	**$ 16,067**	**$ 28,384**	**$ 31,279**	**$ 28,121**	$ 22,828	$ 18,715	$ 24,940	$ 23,450
Non-operating income (exp)	**1,152**	**3,971**	**(2,169)**	**778**	1,441	(1,622)	298	246
Earnings before taxes	**$ 17,219**	**$ 32,355**	**$ 29,110**	**$ 28,899**	$ 24,269	$ 17,093	$ 25,238	$ 23,696
Net earnings	**$ 12,370**	**$ 23,553**	**$ 20,908**	**$ 20,562**	$ 15,253	$ 11,660	$ 17,512	$ 17,077
Net earnings per share:								
Basic	**$ 0.17**	**$ 0.32**	**$ 0.28**	**$ 0.28**	$ 0.21	$ 0.16	$ 0.24	$ 0.23
Diluted	**$ 0.16**	**$ 0.32**	**$ 0.28**	**$ 0.28**	$ 0.21	$ 0.16	$ 0.23	$ 0.23
Dividends per share:	**$ 0.10**	**$ 0.10**	**$ 0.10**	**$ 0.08**	$ 0.08	$ 0.08	$ 0.08	$ 0.08

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.

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 April 30, 2011.

Management has concluded that, as of April 30, 2011, 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 Canadian GAAP. Management has concluded that, as of April 30, 2011, 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 GAAP.

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 April 30, 2011 that have materially affected, or reasonably likely to materially affect, its internal controls over financial reporting.

INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

The Canadian Accounting Standards Board (AcSB) has announced that Canadian publicly accountable enterprises will be required to adopt IFRS effective for fiscal years beginning on or after January 1, 2011. The Company will issue consolidated financial statements in accordance with IFRS as issued by the International Accounting Standards Board ("IASB") for the first quarter ended July 31, 2011, with comparative information.

The Company's transition process from Canadian GAAP to IFRS commenced in the first quarter of 2010. The Company's IFRS project plan comprises four stages: awareness, assessment, design and implementation.

Awareness Phase – This phase involved the assignment of a project leader to research the requirements of IFRS and complete a project plan. The project plan includes education of key stakeholders regarding the requirements of IFRS and building a timetable for roll out.

Status: This phase is complete. A project leader is in place and supporting IFRS team members have been assigned to specific areas according to a timetable rollout plan. External and in-house presentations have been provided to the financial area and executive levels in the organization.

Assessment Phase – This phase involved a high level review to identify differences between Canadian Generally Accepted Accounting Principles (GAAP) as adopted by the Company, and IFRS.

Status: This phase is complete. The findings of the diagnostic impact show several areas that may require a significant degree of effort to quantify the impact on the opening balance sheet and the implementation of procedures and controls to efficiently address the particular IFRS differences on an ongoing basis.

The key areas identified include the following:

- Property Plant and Equipment
- Impairment of Assets
- Share Based Payments
- Financial Statement Presentation
- Business Combinations

A general discussion on each area has been completed within the Implementation Phase.

Design Phase – This phase involves using the outputs from the assessment phase to design a master plan and complete a more comprehensive review of the identified accounting differences. This plan will include technical accounting position papers, planning schedules, resource requirements and output specifications.

Status: This phase is substantially complete. Technical position papers have been completed and internally reviewed for all key IFRS differences, including those identified within the assessment phase. Key accounting policies have been selected and disclosed within the Implementation phase, subject to approval from the board of directors. Position papers are in the process of being reviewed by external auditors.

Implementation Phase – This phase involves the implementation of the identified solutions in the design phase. This phase includes the quantification of all opening balance sheet and dual year reporting adjustments, the collection of all the financial information necessary to produce IFRS-compliant financial statements, the implementation of IFRS business processes and the reception of Audit Committee approval of IFRS financial statements.

INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) (CONTINUED)

Status: This phase is underway and on schedule. A general discussion regarding the implementation status on all key areas identified within the assessment phase are noted below. This list is not comprehensive and does not include all the standards that may have a financial impact to the Company's financial statements.

Property Plant and Equipment – Two key differences between Canadian GAAP and IFRS have been examined and are as follows:

a) Under IFRS companies have the option to value their tangible capital assets using either the currently applied historical cost less amortization method or by periodically revaluing capital asset values to match their fair market value. The Company has chosen to maintain the current historical cost method and no transitional adjustments are expected to result from this option.

b) Under IFRS, companies must breakdown their tangible capital assets into basic components and account for these component assets separately on the Balance Sheet. The Company has determined that this accounting policy under IFRS will have a significant impact on the useful lives applied in calculating amortization for a number of capital assets. The resulting transitional impact of this change as of May 1, 2010 is expected to result in an increase in capital assets in the amount of approximately $2,000 - $3,000, an increase in future tax liabilities by $600 - $900 and an increase in opening equity by $1,400 - $2,100.

Impairment of Assets – Impairment testing of property, plant and equipment under Canadian GAAP is based on a two-step approach when circumstances indicate the carrying value may not be recoverable. IFRS requires a one-step impairment test for identifying and measuring impairment. This test requires a comparison of the asset's carrying value to the higher of its value in use or fair value less costs to sell. This value-in-use calculation under IFRS requires management to estimate future cash flows and determine discount rates required to calculate the net present value of these cash flows.

IFRS tests asset groups for impairment at the independent cash generating unit (CGU"). "CGU" levels are based on the generation of cash inflows. IFRS has guidelines surrounding the highest asset group that goodwill can be allocated for impairment testing purposes.

The Company has identified its independent "CGU's", developed the model to assess impairment and conducted the analysis. Based on the Company analysis, no material impairments were deemed required upon transition.

Share Based Payments - Two key differences between Canadian GAAP and IFRS have been examined and are as follows:

a) Canadian GAAP allows for the use of either an accelerated or straight line method of amortization of the fair value of stock options issued under graded vesting. IFRS requires companies to follow the accelerated method of amortization with no option to amortize under a straight line method for this expense. The Company has historically applied the accelerated method of amortization under Canadian GAAP and no transitional adjustments are expected to result from this issue.

b) IFRS requires an estimate for forfeitures to be made when determining the compensation cost of share based payments, while under Canadian GAAP forfeitures can be recognized as they occur. The Company has estimated the impact resulting from the application of forfeiture rates to non-vested stock options issued and determined it will not have a material impact.

Financial Statement Presentation – IFRS requires significantly more disclosure for certain standards. The increased disclosure requirements will require the Company to implement new financial reporting processes to ensure the appropriate data is collected for disclosure purposes. The Company has the required resources to deal with changes regarding increased disclosure and has drafted mock IFRS financial statements to be used as a template during the completion of the July 31, 2011 financial statements.

INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) (CONTINUED)

Business Combinations – There are significant differences between Canadian GAAP and IFRS when accounting for business combinations. However, as discussed below, the Company has elected under IFRS 1 to apply the standard prospectively and no transitional adjustments are expected.

IFRS 1, “First-Time Adoption of International Financial Reporting Standards” – This IFRS standard provides entities adopting IFRS for the first time with a number of optional exemptions and mandatory exceptions, in certain areas, to the general requirement for full retrospective application of IFRS.

To date, the following IFRS 1 elections have been identified and selected by the Company:

a) Business Combinations – At the date of transition to IFRS the Company may elect to not apply IFRS 3 retrospectively to business combinations that occurred before May 1, 2010 and may carry forward its previous accounting for business combinations that occurred prior to that date. Preliminary analysis suggests that the Company will choose this election.

b) Share-based payment transactions – At the date of transition the Company need not apply the requirements of IFRS 2 to equity instruments that were granted after November 7th, 2002 and that had vested before the date of transition. The Company will be using this election for its current stock options while applying IFRS 2 to stock options vesting after May 1, 2010.

c) Cumulative Translation Differences – At the date of transition to IFRS the Company may elect to not retrospectively calculate its cumulative translation balances and reset all balances to zero. Preliminary analysis suggests that the Company will choose this election and record an increase in accumulated other comprehensive losses and decrease in retained earnings in the amount of $4,459.

Other IFRS Considerations - The Company has also completed an assessment of the accounting and reporting, IT systems and processes, and business implications of this conversion. While the Company is in the process of implementing the necessary changes the changes are not expected to have a material impact on operations.

As noted above, the above list should not be regarded as a fully comprehensive list. The disclosed impacts of conversion to IFRS reflect the most recent assumptions, estimates and expectations, including our assessment of the IFRS standards expected to be applicable at the time of conversion. However, the International Accounting Standards Board may issue new accounting standards during the period of conversion. Furthermore, all estimated adjustments are to be subject to changes in circumstances affecting the inherent uncertainty of the assumptions currently being applied. All adjustments are also subject to third party audit. Therefore, the final impact of IFRS on the Company’s consolidated financial statements will only be finalized once all applicable standards at the conversion date are known and are assumptions are reconfirmed on the date of transition.

HIGHLIGHTS FROM THE FOURTH QUARTER

Sales decreased by $6.8 million or 9% for the three months ended April 30, 2011 when compared to the same period ended April 30, 2010. Sales increased in the United States/Canada region by 16%. Sales decreased in the International region by 31%.

Fully diluted EPS was $0.16 for the three months ended April 30, 2011 as compared to $0.21 for the period ended April 30, 2010.

Selling and administrative expenses increased by $0.6 million for the three months ended April 30, 2011 when compared to the same period ended April 30, 2010. Selling and administrative expenses were approximately 16% of revenue for the three months ended April 30, 2011 as compared to approximately 14% of revenue for the same period ended April 30, 2010.

HIGHLIGHTS FROM THE FOURTH QUARTER (CONTINUED)

Research and development expenses increased by $2.1 million for the three months ended April 30, 2011 when compared to the same period ended April 30, 2010. Research and development expenses represented approximately 14% of revenue for the three months ended April 30, 2011 as compared to approximately 10% for the same period ended April 30, 2010.

The Company's scientific research tax credits were $2.3 million for the three months ended April 30, 2011 as compared to $2.2 million for the three months ended April 30, 2010.

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.

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Evertz Technologies Limited

We have audited the accompanying consolidated financial statements of Evertz Technologies Limited, which comprise the consolidated balance sheets as at April 30, 2011 and April 30, 2010, and the consolidated statements of retained earnings, comprehensive income, earnings, and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Evertz Technologies Limited as at April 30, 2011 and April 30, 2010 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Deloitte + Touche LLP

CHARTERED ACCOUNTANTS
Licenced Public Accountants
June 15, 2011
Burlington, Ontario, Canada

CONSOLIDATED BALANCE SHEETS

As at April 30,

(In thousands of dollars)	2011	2010
ASSETS		
Current assets		
Cash	$ 175,835	$ 133,755
Instruments held for trading	16,190	11,274
Accounts receivable	52,732	48,988
Inventories (note 3)	106,269	91,745
Income tax receivable (note 7)	2,014	3,850
	$ 353,040	$ 289,612
Capital assets (note 4)	$ 36,740	$ 39,768
Goodwill (notes 2 and 5)	17,858	14,584
Intangible assets (notes 2 and 6)	2,224	1,823
	$ 409,862	$ 345,787
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	$ 27,168	$ 23,899
Current portion of long term debt (note 8)	451	388
Future income taxes (note 7)	1,177	1,164
	$ 28,796	$ 25,451
Long term debt (note 8)	$ 2,493	$ 2,732
Future income taxes (note 7)	5,319	4,027
	$ 36,608	$ 32,210
Non-controlling interest	$ 1,550	$ 1,408
SHAREHOLDERS' EQUITY		
Capital stock (note 9)	$ 58,882	$ 51,035
Contributed surplus (note 9)	14,659	12,828
Accumulated other comprehensive loss (note 9)	(3,852)	(4,459)
Retained earnings	302,015	252,765
	$ 298,163	$ 248,306
	371,704	312,169
	$ 409,862	$ 345,787

See accompanying notes to the financial statements.

Director **Director**

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS

Year ended April 30,

(In thousands of dollars)		2011		2010
Balance, beginning of year	$	**252,765**	$	214,749
Net earnings		**77,393**		61,502
Dividends paid		**(28,143)**		(23,486)
Balance, end of year	$	**302,015**	$	252,765

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Year ended April 30,

(In thousands of dollars)		2011		2010
Net earnings for the year	$	**77,393**	$	61,502
Translation of self-sustaining operations		**607**		(3,056)
Comprehensive income	$	**78,000**	$	58,446

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF EARNINGS

Year ended April 30,

(In thousands of dollars, except per share amounts)		2011		2010
Sales	$	307,882	$	286,455
Cost of goods sold		130,502		119,482
Gross margin		177,380		166,973
Expenses				
Selling and administrative		38,615		37,550
Research and development		35,719		32,026
Investment tax credits		(8,410)		(8,270)
Foreign exchange loss		2,534		7,969
Amortization of intangibles		1,023		1,240
Stock-based compensation (note 12)		4,048		6,525
		73,529		77,040
Earnings before undernoted		103,851		89,933
Interest and other income		4,277		342
Non-controlling interest		(545)		21
Earnings before income taxes		107,583		90,296
Provision for income taxes				
Current		29,207		24,391
Future		983		4,403
		30,190		28,794
Net earnings for the year	$	77,393	$	61,502
Earnings per share (note 17)				
Basic	$	1.05	$	0.84
Diluted	$	1.03	$	0.83

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Year ended April 30,

(In thousands of dollars)		2011		2010
Operating activities				
Net earnings	$	**77,393**	$	61,502
Add: Items not involving cash				
Amortization of capital assets		**6,533**		7,508
Amortization of intangible assets		**1,023**		1,240
(Gain) loss on instruments held for trading		**(3,668)**		717
Loss on disposal of capital assets		**497**		6
Non-controlling interest		**545**		(21)
Stock-based compensation		**4,048**		6,525
Future income taxes		**983**		4,403
		87,354		81,880
Changes in non-cash working capital items (note 10)		**(13,581)**		(22,145)
Cash provided by operating activities		**73,773**		59,735
Investing activities				
Acquisition of instruments held for trading		**(12,003)**		(11,347)
Acquisition of capital assets		**(4,116)**		(5,384)
Proceeds from sales of instruments held for trading		**10,755**		32,000
Proceeds from disposal of capital assets		**795**		45
Business acquisitions net of cash acquired (note 2)		**(3,089)**		-
Cash (used in) provided by investing activities		**(7,658)**		15,314
Financing activities				
Repayment of long term debt		**(301)**		(1,306)
Dividends paid		**(28,143)**		(23,486)
Dividends paid by subsidiaries to non-controlling interests		**(400)**		(500)
Capital stock issued (note 9)		**5,630**		2,308
Cash used in financing activities		**(23,214)**		(22,984)
Effect of exchange rates on cash		**(821)**		314
Increase in cash		**42,080**		52,379
Cash beginning of year		**133,755**		81,376
Cash end of year	$	**175,835**	$	133,755

See accompanying notes to the consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years ended April 30, 2011 and 2010 (in thousands of dollars, except for "number of common shares" and "number of options")

EVERTZ TECHNOLOGIES LIMITED ("EVERTZ" OR THE "COMPANY") IS INCORPORATED UNDER THE *CANADA BUSINESS CORPORATIONS ACT.* THE COMPANY IS A LEADING EQUIPMENT PROVIDER TO THE TELEVISION BROADCAST INDUSTRY. THE COMPANY DESIGNS, MANUFACTURES AND DISTRIBUTES VIDEO AND AUDIO INFRASTRUCTURE EQUIPMENT FOR THE PRODUCTION, POST–PRODUCTION, BROADCAST AND TELECOMMUNICATIONS MARKETS.

1. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Company are in accordance with Canadian generally accepted accounting principles. Outlined below are those policies considered particularly significant:

Revenue Recognition

Revenue is derived from the sale of hardware and software solutions including related services, training and commissioning. Revenue is recognized upon shipment, provided the title to the goods is transferred to customers, persuasive evidence of an arrangement exists, there are no significant uncertainties surrounding product acceptance and collectability is reasonably assured. Service revenue is recognized as services are performed.

Basis of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly and partially owned subsidiaries and inter–company transactions and balances are eliminated on consolidation.

Inventories

Inventories consist of raw materials, work in progress and finished goods. Raw materials, work in progress and finished goods are stated at the lower of cost and net realizable value. Cost includes raw materials, the cost of direct labour applied to the product and the overhead expense. Cost is determined on a weighted average basis.

Capital Assets

Capital assets are recorded at acquisition cost. The Company provides for amortization at the following rates and methods that approximate the estimated useful lives of the related assets:

Office furniture and equipment	20% declining balance method
Research and development equipment	33% declining balance method
Airplanes	10% declining balance method
Machinery and equipment	20% and 30% declining balance method
Leaseholds	20% straight–line method
Buildings	3% to 6% declining balance method

Impairment of Long Lived Assets

Long–lived assets, which comprises of capital assets and intellectual property with finite lives, must be tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Its carrying amount is not recoverable if it exceeds the sum of the undiscounted cash flows expected from its use and eventual disposal. An impairment loss should be measured as the amount by which the carrying amount of a long–lived asset exceeds its fair value.

Goodwill

Goodwill represents the excess of acquisition cost of acquired companies over the fair value of the identifiable net assets acquired. Goodwill is tested for impairment annually or more frequently if changes in circumstances indicate a potential impairment.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Intangible Assets

Intangibles represent intellectual property acquired through business acquisitions and are recorded at cost and are amortized using the straight–line method over a four–year period.

Foreign Currency Translation

At the Company level, prior to consolidation, monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate prevailing at the year–end. Non–monetary assets and liabilities denominated in foreign currencies are translated at historical exchange rates. Revenue and expenses denominated in foreign currencies are translated at average exchange rates. Translation differences arising from this policy are included in the statement of earnings in the current year.

For foreign operations the accounts are translated as follows:

For the self–sustaining foreign subsidiaries, the accounts are translated into Canadian dollars using the current rate method. Under this method, the assets and liabilities are converted into Canadian dollars using the exchange rates prevailing at the end of the reporting period and the revenue and expenses are translated at average exchange rates. The adjustment arising from the translation of these accounts is included in other comprehensive income. Other comprehensive income reflects the effect of foreign exchange rate variations during the year upon the translation of the net assets of the self–sustaining foreign subsidiaries.

For integrated foreign subsidiaries, the accounts are translated to Canadian dollars using the temporal method. Under this method, monetary balance sheet items are translated at the rates of exchange in effect at year–end and non–monetary items are translated at historical exchange rates. Revenue and expenses (other than amortization, which is translated at the same rates as the related assets) are translated at the rates in effect on the transaction date or at the average rates of exchange for the period. Translation gains or losses are included in the statement of earnings.

Income Taxes

The Company follows the asset and liability method of accounting for income taxes. Under this method, future income tax assets and liabilities are determined based on differences between the financial reporting and tax basis of assets and liabilities and are calculated using the substantively enacted tax rates and laws that will be in effect when the differences are expected to reverse. Future income tax assets, if any, are recognized only to the extent that, in the opinion of management, it is more likely than not that the assets will be realized.

Stock Based Compensation

The Company has a stock option plan for employees and directors. The Company has adopted the CICA Handbook Section 3870 entitled “Stock–based Compensation and Other Stock–based Payments”, which requires that the fair value method of accounting be applied to all stock–based compensation and other stock–based payments to employees.

The fair value method consists of recognizing the fair value of the options as compensation costs to earnings over the vesting period of the options with a corresponding increase to contributed surplus. Any consideration paid by employees on the exercise of stock options, and the related contributed surplus, is recorded as share capital. The Company accounts for forfeitures as they occur. All stock options issued under this plan have an exercise price equal to or greater than the fair market value of the underlying common shares on the date of the grant. The stock option plan and related disclosures are described further in note 12.

Earnings per Share (EPS)

Basic EPS is calculated by dividing the net earnings available to common shareholders by the weighted average number of common shares outstanding during the year. Diluted EPS is calculated using the treasury stock method, which assumes that all outstanding stock options with an exercise price below the average market price are exercised and the assumed proceeds and unrecognized stock based compensation expense are used to purchase the Company’s common shares at the average market price during the year.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Research and Development Expenses

All research and development expenses are expensed in the year in which they are incurred unless a development project meets generally accepted accounting criteria for deferral and amortization. No development costs have been deferred to date.

Investment Tax Credits

The Company is entitled to investment tax credits, which are earned as a percentage of eligible research and development expenditures incurred in each taxation year. Investment tax credits relate entirely to the Company's research and development expenses in the consolidated statement of earnings but are presented separately in the consolidated statement of earnings for information purposes.

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 date of the consolidated financial statements and the reported amounts of revenues and expenses during the year. Significant items subject to such estimates and assumptions include the determination of the allowance for doubtful accounts for accounts receivable, provision for inventory obsolescence, the useful life of capital and intangible assets for amortization, evaluation of net recoverable amount of capital assets and intangibles assets, stock-based compensation, evaluating future income tax assets and liabilities 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 test purposes and the determination of fair value of financial instruments. Consequently, actual results could differ from those estimates.

Financial Instruments

The Company's financial assets and liabilities are initially recorded at fair value and subsequently measured based on their assigned classifications as follows:

Asset/Liability	Category	Measurement
Cash	Held for trading	Fair value
Instruments held for trading	Held for trading	Fair value
Accounts receivable	Loans and receivable	Amortized cost
Accounts payable and accrued liabilities	Other liabilities	Amortized cost
Current portion of long term debt	Other liabilities	Amortized cost
Long term debt	Other liabilities	Amortized cost

A three-tier hierarchy based on inputs has been used as a framework for disclosing fair value of the Company's investments. 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 directly (ie, as prices) or indirectly (ie, derived from prices) (level 2);
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

Inputs used at April 30, 2011 in valuing the Company's instruments held for trading were quoted prices in active markets for identical assets (level 1).

Transaction costs related to financial assets and liabilities are recorded as an expense in the period incurred.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FUTURE ACCOUNTING CHANGES

International Financial Reporting Standards

The Canadian Accounting Standards Board ("AcSB") has announced that Canadian publicly accountable enterprises will adopt International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board effective for fiscal years beginning on or after January 1, 2011 and therefore will commence in the first quarter of the Company's 2012 fiscal year.

The Company will follow a four phase approach to ensure successful conversion to IFRS. The four phases, described in more detail in the Management's Discussion and Analysis are:

1. Awareness phase
2. Assessment phase
3. Design phase
4. Implementation phase

The Awareness, Assessment and Design phases are now complete and the Implementation phase is underway. The preliminary impact of the adoption of these standards on the Company's financial statements has been discussed in great detail within Management's Discussion and Analysis.

2. BUSINESS ACQUISITIONS

On December 3, 2010 the Company completed the purchase of 100% of the share capital of an international technology-based company for cash consideration of $3,089, net of $1,483 in cash acquired. The acquisition price includes contingent consideration that the Company has determined beyond a reasonable doubt will be incurred. The acquisition was accounted for under the purchase method and its operating results have been included in these consolidated financial statements since the date of acquisition.

The allocation of the purchase price is based on management's estimate of the fair value of assets acquired and liabilities assumed. The allocation of the purchase price was as follows:

Working capital	**$**	**(1,171)**
Equipment		**131**
Intangibles - intellectual property		**1,440**
Future income tax liability		**(397)**
Goodwill (not tax deductible)		**3,086**
	$	**3,089**

3. INVENTORIES

		2011		2010
Finished goods	**$**	**36,143**	$	29,796
Raw material and supplies		**51,846**		46,258
Work in progress		**18,280**		15,691
	$	**106,269**	$	91,745

Cost of sales for the year ended April 30, 2011 was comprised of $94,128 of inventory (2010 - $81,978) and $2,818 of inventory write-offs (2010 - $962).

Years ended April 30, 2011 and 2010 (in thousands of dollars, except for "number of common shares" and "number of options")

4. CAPITAL ASSETS

	2011		
	Cost	Accumulated Amortization	Net Book Value
Office furniture and equipment	$ 1,354	$ 971	$ 383
Research and development equipment	8,042	5,346	2,696
Airplanes	10,995	5,148	5,847
Machinery and equipment	38,157	20,881	17,277
Leaseholds	3,607	1,657	1,950
Land	1,557	-	1,557
Buildings	8,307	1,276	7,030
	$ 72,019	$ 35,279	$ 36,740

	2010		
	Cost	Accumulated Amortization	Net Book Value
Office furniture and equipment	$ 1,300	$ 884	$ 416
Research and development equipment	7,100	4,272	2,828
Airplanes	11,119	4,942	6,177
Machinery and equipment	36,553	16,675	19,878
Leaseholds	3,456	1,292	2,164
Land	1,491	-	1,491
Buildings	7,795	981	6,814
	$ 68,814	$ 29,046	$ 39,768

5. GOODWILL

The changes in carrying amounts of goodwill are as follows:

	2011	2010
Balance, beginning of year	$ 14,584	$ 14,359
Business acquisitions (note 2)	3,086	-
Impact of variation in exchange rates	188	(903)
Finalization of purchase price allocation	-	1,128
	$ 17,858	$ 14,584

6. INTANGIBLE ASSETS

		2011		2010
Intellectual property:				
Cost				
Balance, beginning of year	$	6,423	$	6,423
Business acquisitions (note 2)		1,440		-
Impact of variance in exchange rates		(15)		-
Balance, end of year	$	7,848	$	6,423
Accumulated Amortization				
Balance, beginning of year	$	(4,600)	$	(3,360)
Amortization		(1,023)		(1,240)
Impact of variance in exchange rates		(1)		-
Balance, end of year	$	(5,624)	$	(4,600)
Net book value	$	2,224	$	1,823

7. INCOME TAXES

The Company's effective income tax rate differs from the statutory combined Canadian income tax rate as follows:

		2011		2010
Expected income tax expense using statutory rates	$	29,940	$	27,694
Difference in foreign tax rates		(462)		(919)
Non-deductible stock based compensation		1,208		2,132
Other		(496)		(113)
	$	30,190	$	28,794

Components of future income taxes are summaried as follows:

		2011		2010
Future income tax liabilities:				
Tax loss carried forward	$	(111)	$	(516)
Research and development tax credits		1,638		1,652
Equipment tax vs accounting basis		5,149		4,957
Intangible assets		642		547
Harmonization transition credit		(961)		(1,449)
Other		139		-
	$	6,496	$	5,191
Less: current portion		1,177		1,164
	$	5,319	$	4,027

For fiscal 2011, the Company recognized $8,410 as investment tax credits (2010 - $8,270) in the consolidated financial statements.

Years ended April 30, 2011 and 2010 (in thousands of dollars, except for "number of common shares" and "number of options")

8. LONG TERM DEBT

a) Credit Facilities

As at April 30, 2011, the Company had the following credit facilities available:

1. Credit facilities of $15,000 and a treasury risk management facility up to $10,000 available, bearing interest at prime, subject to certain covenants and secured by all Canadian based assets. Advances under these facilities bear interest at prime. There were no borrowings against either of these facilities as at April 30, 2011 and 2010.
2. Credit facility available of 509 Euros bearing interest at WIBOR plus 1.6% per annum. There were no borrowings outstanding under this facility as at April 30, 2011 or April 30, 2010.

b) Long Term Debt

		2011		2010
1. Mortgage payable denominated in Euros, secured by buildings, bearing interest at LIBOR EUR three months fixed rate plus 1%, payable monthly, maturing in March 2021 with an option to end the contract prior to maturity upon payment of a penalty fee.	$	1,854	$	1,914
2. Loans payable denominated in Euros, secured by land and buildings, payable monthly, bearing interest at WIBOR plus 1% per annum, maturing on July 31, 2015.		911		1,078
3. Other		179		128
	$	2,944	$	3,120
Less current portion		451		388
	$	2,493	$	2,732

Repayment schedule for long-term debt

2012	$	451
2013		433
2014		410
2015		389
2016		240
Thereafter		1,021
	$	2,944

9. CAPITAL STOCK, CONTRIBUTED SURPLUS AND ACCUMULATED OTHER COMPREHENSIVE LOSS

CAPITAL STOCK

Authorized capital stock consists of:

Unlimited number of preferred shares
Unlimited number of common shares

ISSUED

	April 30, 2011			April 30, 2010		
	Number of Common Shares		Amount	Number of Common Shares		Amount
Balance, beginning of year	73,607,506	$	51,035	73,105,406	$	48,261
Changes during the year:						
Issued on exercise of stock options	863,100		5,630	502,100		2,308
Transferred from contributed surplus	-		2,217	-		466
	74,470,606	$	58,882	73,607,506	$	51,035

CONTRIBUTED SURPLUS

	April 30, 2011		April 30, 2010	
		Amount		Amount
Balance, beginning of year	$	12,828	$	6,769
Changes during the year:				
Stock-based compensation expensed		4,048		6,525
Transferred to Capital Stock on exercise of stock options		(2,217)		(466)
Balance, end of year	$	14,659	$	12,828

ACCUMULATED OTHER COMPREHENSIVE LOSS

	April 30, 2011		April 30, 2010	
		Amount		Amount
Balance, beginning of year	$	(4,459)	$	(1,403)
Translation of self-sustaining operations		607		(3,056)
Balance, end of year	$	(3,852)	$	(4,459)

Years ended April 30, 2011 and 2010 (in thousands of dollars, except for "number of common shares" and "number of options")

10. STATEMENT OF CASH FLOWS

(a) Changes in non–cash working capital items

		2011		2010
Accounts receivable	$	(913)	$	1,837
Inventories		(13,613)		(7,744)
Income taxes receivable		1,680		(9,303)
Accounts payable and accrued liabilities		(735)		(6,935)
	$	(13,581)	$	(22,145)

(b) Supplemental cash flow information

		2011		2010
Interest paid	$	187	$	276
Income taxes paid	$	19,333	$	25,035

11. COMMITMENTS AND CONTINGENCIES

In the normal course of operations, the Company is party to a number of lawsuits, claims and contingencies. Accruals are made in instances where it is probably that liabilities have been incurred and where such liabilities can be reasonably estimated. Although it is possible that liabilities may be incurred in instances for which no accruals have been made, the Company does not believe that the ultimate outcome of these matters will have a material impact on its consolidated financial position.

The Company is committed under certain operating leases with minimum annual lease payments as follows:

2012	$	3,231
2013		3,151
2014		2,751
2015		2,429
2016		2,332
Thereafter		6,211
	$	20,105

The Company has obtained documentary and standby letters of credit aggregating to a total of $2,327 (2010 - $2,471).

12. STOCK OPTIONS

The Company established, in June 2006, a stock option plan to attract, retain, motivate and compensate employees, officers and eligible directors who are integral to the growth and success of the Company. A number of shares equal to 10% of the Company's outstanding common shares are to be reserved for issuance under the stock option plan.

The Board of Directors administers the stock option plan and will determine the terms of any options granted. The exercise price of an option is to be set by the Board of Directors at the time of grant but shall not be lower than the market price as defined in the option plan at the time of grant. The term of the option cannot exceed 10 years. Stock options currently granted normally fully vest and expire by the end of the fifth year. The terms for all options prior to June 2006 were set by the Board of Directors at the grant date.

12. STOCK OPTIONS (CONTINUED)

The changes in the number of outstanding share options are as follows.

	April 30, 2011		April 30, 2010	
	Number of Options	**Weighted Average Exercise Price**	Number of Options	Weighted Average Exercise Price
Balance, beginning of year	**4,095,500**	**$ 10.82**	4,102,600	$ 9.60
Granted	**1,055,000**	**15.77**	510,000	14.55
Exercised	**(863,100)**	**6.52**	(502,100)	4.60
Forfeited	**(180,800)**	**11.87**	(15,000)	11.11
Balance, end of year	**4,106,600**	**$ 12.95**	4,095,500	$ 10.82

Stock options outstanding as at April 30, 2011 are:

Exercise Price	Weighted Average Exercise Price	Number of Outstanding Options	Weighted Average Remaining Contractual Life	Number of Options Exercisable	Weighted Average Exercise Price of Exercisable Options
$ 8.50 - 11.00	$ 10.39	2,126,600	1.5	845,500	$ 10.10
$ 11.17 - 15.64	$ 14.09	1,240,000	3.8	8,000	$ 13.74
$ 17.88 - 19.34	$ 18.26	730,000	3.3	115,000	$ 17.88
$ 29.58	$ 29.58	10,000	1.8	6,000	$ 29.58
Totals	$ 12.95	4,106,600	2.5	974,500	$ 11.17

Compensation expense

The stock–based compensation cost that has been charged against earnings is $4,048 (2010 - $6,525). Compensation cost was calculated using the Black–Scholes option pricing model with the following weighted average assumptions:

	2011	2010
Risk-free interest rate	**2.52%**	2.60%
Dividend yield	**2.40%**	2.20%
Expected life	**5 years**	5 years
Expected volatility	**35%**	35%
Weighted average grant-date fair value	**$ 4.31**	$ 4.06

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's financial instruments consist of cash, instruments held for trading, accounts receivable and accounts payable and accrued liabilities 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.

(a) Fair values and classification of financial instruments:

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

Years ended April 30, 2011 and 2010 (in thousands of dollars, except for "number of common shares" and "number of options")

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

I. The fair values of instruments held for trading 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. The carrying amounts of cash, accounts receivable, accounts payable and accrued liabilities 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 holds a variable rate adjusted for changes in the market rate.

The fair value of financial assets and liabilities, together with the carrying amounts are as follows:

	April 30, 2011		April 30, 2010	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Financial Assets				
Held for trading:				
Cash	**$ 175,835**	**$ 175,835**	$ 133,755	$ 133,755
Instruments held for trading	**16,190**	**16,190**	11,991	11,274
Accounts receivable	**52,732**	**52,732**	48,988	48,988
Financial Liabilities				
Other liabilities:				
Accounts payable and accrued liabilities	**27,168**	**27,168**	23,899	23,899
Long term debt	**2,944**	**2,944**	3,120	3,120

(b) Financial risk management:

The Company, through its financial assets and liabilities, is exposed to various risks. The following analysis provides a measurement of risks as at April 30, 2011:

Credit risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist of cash, instruments held for trading and accounts receivable. The Company performs evaluations of the financial situations of its customers. Management does not believe that there is significant credit concentration or risk.

The Company sets up an allowance for doubtful accounts based on the credit risks of the individual customer and the customer history. Approximately 76% (2010 – 89%) of accounts receivable are outstanding for less than 90 days as at April 30, 2011. The amounts owing over 90 days are individually evaluated and provided for where appropriate in the allowance for doubtful accounts. The accounts receivable are presented as follows net of the allowance for doubtful accounts.

	April 30, 2011	April 30, 2010
Accounts receivable	**$ 53,519**	$ 49,684
Allowance for doubtful accounts	**(787)**	(696)
	$ 52,732	$ 48,988

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

The change in the allowance for doubtful accounts was as follows:

	April 30, 2011	April 30, 2010
Balance, beginning of year	$ 696	$ 536
Increase in allowance	278	215
Bad debt recaptured and write-offs	(161)	(2)
Impact of variation in exchange rates	(26)	(53)
Balance, end of year	$ 787	$ 696

Exchange rate risk

The Company transacts a significant portion of its business in U.S. dollars and is therefore exposed to currency fluctuations.

U.S. dollar financial instruments are as follows:

	April 30, 2011	April 30, 2010
Cash	$ 41,056	$ 13,961
Accounts receivable	32,009	31,490
Accounts payable and accrued liabilities	(2,731)	(3,818)
	$ 70,334	$ 41,633

Based on the financial instruments as at April 30, 2011, a 5% change in the value of the U.S. dollar would result in a gain or loss of $3,517 in net earnings before tax.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities. The Company's primary source of liquidity is its cash reserves. The Company also maintains certain credit facilities to support short term funding of operations and trade finance. The Company believes it has sufficient available funds to meet current and foreseeable financial requirements.

Investment Risk

The Company invests in marketable securities that are traded in an active market. Generally the investment is limited to no more than 15% of the total cash and instruments held for trading.

14. SEGMENTED INFORMATION

The Company reviewed its operations and determined that it operates a single reportable segment, the television broadcast equipment market. The single reportable operating segment derives its revenues from the sale of hardware and software solutions including related services, training and commissioning.

SALES

	2011	2010
United States	$ 139,991	$ 132,121
International	135,772	132,455
Canada	32,119	21,879
	$ 307,882	$ 286,455

Years Ended April 30, 2010 and 2009 (in thousands of dollars, except for "number of common shares" and "number of options")

14. SEGMENTED INFORMATION (CONTINUED)

	April 30, 2011			April 30, 2010		
	Capital Assets	Goodwill	Intellectual Property	Capital Assets	Goodwill	Intellectual Property
United States	$ 6,038	$ -	$ -	$ 6,315	$ -	$ -
International	9,769	17,858	2,224	9,206	14,584	1,823
Canada	20,933	-	-	24,247	-	-
	$ 36,740	$ 17,858	$ 2,224	$ 39,768	$ 14,584	$ 1,823

15. RELATED PARTY TRANSACTIONS

Two shareholders each indirectly hold a 10% interest in the Company's leased premises in Ontario. This lease expires in 2019. During the year, rent paid for the leased principal premises amounted to $797 (2010 – $779).

The Company also leases property where two shareholders indirectly own 100% interest. This lease expires in 2011. During the year, rent paid was $240 (2010 – $240).

On December 1, 2008 the Company entered into a lease agreement with two shareholders who each indirectly hold a 20% interest in the Company's leased premises in Ontario. This lease expires in 2018. During the year, rent paid for the leased principal premises amounted to $700 (2010 - $686).

On December 15, 2008 the Company entered into a lease agreement with a director who indirectly owns 100% interest. The lease expires in 2013. During the year, rent paid was $130 (2010 - $130).

On May 1, 2009 the Company entered into a lease agreement with two shareholders who each indirectly hold a 35% interest. This lease expires in 2019. During the year, rent paid was $399 (2010 - $399).

These transactions were in the normal course of business and recorded at an exchange value established and agreed upon by related parties.

16. CAPITAL DISCLOSURES

The Company's capital is composed of shareholders' equity. The Company's objective in managing capital is to ensure sufficient liquidity to finance increases in non-cash working capital, capital expenditures for capacity expansions, pursuit of selective acquisitions and the payment of quarterly dividends.

The Company takes a conservative approach towards financial leverage and management of financial risk and the Company currently satisfies their requirements out of its internally generated cash flows.

The Company is not subject to any capital requirements imposed by a regulator.

17. EARNINGS PER SHARE

	2011	2010
Weighted average common shares outstanding	73,989,997	73,324,244
Dilutive effect of stock options	889,142	899,398
Diluted weighted average common shares outstanding	74,879,139	74,223,642

The weighted average number of diluted common shares at April 30, 2011 excludes 740,000 (2010 – 365,000) options because they were anti-dilutive during the year.

18. SUBSEQUENT EVENT

On June 15, 2011 the Company declared a dividend of $0.12 with a record date of June 24, 2011 and a payment date of July 4, 2011.

5-YEAR FINANCIAL HIGHLIGHTS

(all amounts in thousands, except share amounts),

Consolidated Statement of Earnings Data

	Year Ended April 30,				
	2011	2010	2009	2008	2007
Sales	**$ 307,882**	$ 286,455	$ 315,905	$ 272,505	$ 200,681
Earnings before income taxes	**107,583**	90,296	139,624	121,316	83,811
Selling and Administrative Expenses	**38,615**	37,550	35,907	26,681	25,199
Research and Development Expenses	**35,719**	32,026	28,719	18,629	15,946

Consolidated Balance Sheet Data

	Year Ended April 30,				
	2011	2010	2009	2008	2007
Cash and short term investments	**$ 192,025**	$ 145,029	$ 114,020	$ 95,543	$ 34,544
Total assets	**409,862**	345,787	316,446	220,579	143,996
Shareholder's equity	**371,704**	312,169	268,376	188,220	112,444
Number of Common Shares Outstanding					
Basic	**74,470,606**	73,607,506	73,105,406	72,277,206	72,217,806
Fully-diluted	**78,577,206**	77,703,006	77,208,006	76,398,206	75,510,806

CORPORATE AND SHAREHOLDER INFORMATION

DIRECTORS AND EXECUTIVE OFFICERS

Romolo Magarelli
Director, President and Chief Executive Officer

Douglas DeBruin
Director, Chairman of the Board of Directors and Executive Vice-President Admin

Christopher Colclough [1, 2]
Director

Dr. Thomas Pistor [1]
Director

Dr. Ian McWalter [1, 2]
Director

Brian Campbell
Executive Vice-President, Business Development

Rakesh Patel
Chief Technology Officer

Anthony Gridley
Chief Financial Officer

[1] Member of the Audit Committee.
[2] Member of the Compensation Committee.

AUDITORS

Deloitte & Touche LLP
Chartered Accountants
1005 Skyview Drive
Suite 202
Burlington, ON
L7P 5B1
T: (905) 315-6770

LEGAL COUNSEL

Macleod Dixon LLP
Toronto-Dominion Centre
Canadian Pacific Tower
100 Wellington Street West, Suite 500
P.O. Box 128, Toronto, ON
Canada
M5K 1H1
T: (416) 203-4460

EXCHANGE LISTING

The common shares of the Company are listed on the Toronto Stock Exchange under the symbol ET

INVESTOR RELATIONS

Anthony Gridley
Chief Financial Officer
T: (905) 335-7580
email: ir@evertz.com

ANNUAL SHAREHOLDERS MEETING

12:30 p.m.
Wednesday, September 7, 2011
The Fairmont Royal York
100 Front Street West
Toronto, ON
M5J 1E3

REGISTRAR AND TRANSFER AGENT

Computershare Investor Services Inc.
9th floor, 100 University Ave.,
Toronto, Canada
M5J 2Y1
email: service@computershare.com
T: 1-800-564-6253
www.computershare.com

EVERTZ TECHNOLOGIES LIMITED CORPORATION OFFICES

CORPORATE HEAD OFFICE
Evertz Technologies Ltd.

5292 John Lucas Dr.
Burlington, ON
L7L 5Z9
T: (905) 335-3700

Evertz USA Inc. Offices

Manassas
10621 Gateway Blvd., Suite 206
Manassas, VA
20110
T: (703) 330-8600
F: (703) 330-5549

Burbank
212 N. Evergreen Street
Burbank, CA
91505
T: (818) 558-3910
F: (818) 558-3906

Evertz UK
59 Suttons Business Park
Reading, Berkshire
RG6 1AZ
T: 011-44-118-926-0871
F: 011-44-118-935-0202

Evertz Asia Ltd.
Nan Fung Tower
Room 601, 6/F
173 Des Voeux RD Central
Hong Kong
T: (852) 2850-7989
F: (852) 2850-7978

Sales Office

Burlington, ON

Huntsville, AL

Phoenix, AZ

Burbank, CA

New York City, NY

Manassas, VA

Reading, UK

Hong Kong

Singapore

Croatia

Beijing

Dubai, U.A.E

EVERTZ TECHNOLOGIES LIMITED
CORPORATE HEAD OFFICE

5292 John Lucas Drive
Burlington, Ontario
Canada • L7L 5Z9
905.335.3700
1.877.995.3700
www.evertz.com