

Interim condensed consolidated financial statements of

EVERTZ TECHNOLOGIES LIMITED

Three months ended July 31, 2019 and 2018
(Unaudited)

MANAGEMENT REPORT

The management of Evertz Technologies Limited (“Evertz” or the “Company”) is responsible for the preparation of the accompanying interim condensed consolidated financial statements. The interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards and are considered by management to present fairly the consolidated financial position, operating results and cash flows of the Company.

These interim condensed consolidated financial statements have not been reviewed by the auditor. These interim condensed consolidated financial statements are unaudited and include all adjustments, consisting of normal and recurring items, that management considers necessary for the fair presentation of the consolidated financial position, results of operations and cash flows.

EVERTZ TECHNOLOGIES LIMITED

Index to Financial Statements
(Unaudited)

Interim condensed consolidated financial statements
Three months ended July 31, 2019 and 2018

Interim Condensed Consolidated Statements of Financial Position	4
Interim Condensed Consolidated Statements of Changes in Equity	5
Interim Condensed Consolidated Statements of Earnings	6
Interim Condensed Consolidated Statements of Comprehensive Earnings	7
Interim Condensed Consolidated Statements of Cash Flows	8
Notes to the Interim Condensed Consolidated Financial Statements	9-17

EVERTZ TECHNOLOGIES LIMITED

Interim Condensed Consolidated Statements of Financial Position
(Unaudited)

As at July 31, 2019 and April 30, 2019
(In thousands of Canadian dollars)

	July 31, 2019	April 30, 2019
Assets		
Current assets		
Cash and cash equivalents	\$ 96,321	\$ 104,583
Marketable securities	4,047	4,023
Trade and other receivables	85,176	81,498
Contract assets	16,129	22,348
Prepaid expenses	8,662	9,045
Inventories	175,705	171,271
Income tax receivable	2,817	708
	388,857	393,476
Property, plant and equipment (note 3)	47,415	48,887
Right-of-use assets (note 13)	32,481	-
Goodwill	20,418	20,716
Intangibles	1,806	1,952
Deferred income taxes	-	1,566
	\$ 490,977	\$ 466,597
Liabilities		
Current liabilities		
Trade and other payables	\$ 60,398	\$ 63,647
Provisions (note 4)	3,999	4,171
Deferred revenue	39,884	42,843
Current portion of long term debt	280	294
Current portion of lease obligations (note 13)	4,188	-
	108,749	110,955
Long-term lease obligations (note 13)	28,541	-
Long-term debt	170	239
Deferred income taxes	701	-
	138,161	111,194
Equity		
Capital stock (note 5)	140,866	139,865
Share based payment reserve	8,255	8,245
Accumulated other comprehensive earnings	(1,262)	1,729
Retained earnings	202,580	203,284
	201,318	205,013
Total equity attributable to shareholders	350,439	353,123
Non-controlling interest	2,377	2,280
	352,816	355,403
	\$ 490,977	\$ 466,597

See accompanying notes to the interim condensed consolidated financial statements.

EVERTZ TECHNOLOGIES LIMITED

Interim Condensed Consolidated Statements of Changes in Equity
(Unaudited)

Three month periods ended July 31, 2019 and 2018
(In thousands of Canadian dollars)

	Capital stock	Share-based payment reserve	Accumulated other comprehensive earnings	Retained earnings	Total equity attributable to shareholders	Non- controlling interest	Total Equity
Balance at April 30, 2018	\$ 138,675	\$ 7,885	\$ 2,149	\$ 180,518	\$ 329,227	\$ 2,056	\$ 331,283
Net earnings for the period	-	-	-	17,273	17,273	88	17,361
Foreign currency translation adjustment	-	-	(1,107)	-	(1,107)	(18)	(1,125)
Total comprehensive earnings for the period	\$ -	\$ -	\$ (1,107)	\$ 17,273	\$ 16,166	\$ 70	\$ 16,236
Dividends declared	-	-	-	(13,770)	(13,770)	-	(13,770)
Impact of change in accounting policy	-	-	-	(21)	(21)	-	(21)
Share based compensation expense	-	80	-	-	80	-	80
Exercise of employee stock options	252	-	-	-	252	-	252
Transfer on stock option exercise	49	(49)	-	-	-	-	-
Balance at July 31, 2018	\$ 138,976	\$ 7,916	\$ 1,042	\$ 184,000	\$ 331,934	\$ 2,126	\$ 334,060
Balance at April 30, 2019	\$ 139,865	\$ 8,245	\$ 1,729	\$ 203,284	\$ 353,123	\$ 2,280	\$ 355,403
Net earnings for the period	-	-	-	13,077	13,077	130	13,207
Foreign currency translation adjustment	-	-	(2,991)	-	(2,991)	(33)	(3,024)
Total comprehensive earnings for the period	\$ -	\$ -	\$ (2,991)	\$ 13,077	\$ 10,086	\$ 97	\$ 10,183
Dividends declared	-	-	-	(13,781)	(13,781)	-	(13,781)
Share based compensation expense	-	80	-	-	80	-	80
Exercise of employee stock options	931	-	-	-	931	-	931
Transfer on stock option exercise	70	(70)	-	-	-	-	-
Balance at July 31, 2019	\$ 140,866	\$ 8,255	\$ (1,262)	\$ 202,580	\$ 350,439	\$ 2,377	\$ 352,816

See accompanying notes to the interim condensed consolidated financial statements.

EVERTZ TECHNOLOGIES LIMITED

Interim Condensed Consolidated Statements of Earnings
(Unaudited)

Three month periods ended July 31, 2019 and 2018
(In thousands of Canadian dollars, except per share amounts)

	Three months July 31, 2019	Three months July 31, 2018
Revenue (note 9 and 10)	\$ 103,411	\$ 103,089
Cost of goods sold	44,259	44,311
Gross margin	59,152	58,778
Expenses		
Selling, administrative and general (note 6)	18,955	17,244
Research and development	22,694	21,320
Investment tax credits	(2,003)	(2,003)
Foreign exchange loss (gain)	1,777	(1,072)
	41,423	35,489
	17,729	23,289
Finance income	451	359
Finance costs	(463)	(426)
Other income and expenses	41	135
Earnings before income taxes	17,758	23,357
Provision for income taxes		
Current	3,567	5,618
Deferred	984	378
	4,551	5,996
Net earnings for the period	13,207	17,361
Net earnings attributable to non-controlling interest	130	88
Net earnings attributable to shareholders	13,077	17,273
Net earnings for the period	\$ 13,207	\$ 17,361
Earnings per share (note 12)		
Basic	\$ 0.17	\$ 0.23
Diluted	\$ 0.17	\$ 0.23

See accompanying notes to the interim condensed consolidated financial statements.

EVERTZ TECHNOLOGIES LIMITED

Interim Condensed Consolidated Statements of Comprehensive Earnings
(Unaudited)

Three months ended July 31, 2019 and 2018
(In thousands of Canadian dollars)

	Three months ended July 31, 2019	Three months ended July 31, 2018
Net earnings for the period	\$ 13,207	\$ 17,361
Items that may be reclassified to net earnings:		
Foreign currency translation adjustment	(3,024)	(1,125)
Comprehensive earnings	\$ 10,183	\$ 16,236
Comprehensive earnings attributable to non-controlling interest	\$ 97	\$ 70
Comprehensive earnings attributable to shareholders	10,086	16,166
Comprehensive earnings	\$ 10,183	\$ 16,236

See accompanying notes to the interim condensed consolidated financial statements.

EVERTZ TECHNOLOGIES LIMITED

Interim Condensed Consolidated Statements of Cash Flows
(Unaudited)

Three months ended July 31, 2019 and 2018
(In thousands of Canadian dollars)

	Three months ended July 31, 2019	Three months ended July 31, 2018
Operating activities		
Net earnings for the period	\$ 13,207	\$ 17,361
Add: Items not involving cash		
Depreciation of property, plant and equipment	2,597	2,663
Amortization of right-of-use assets (note 13)	1,286	-
Amortization of intangibles	102	-
Gain on disposal of property, plant and equipment	(56)	(53)
Unrealized gain on marketable securities	(24)	(103)
Share based compensation (note 8)	80	80
Interest expense	332	3
Deferred income tax expense	984	378
	18,508	20,329
Current tax expenses, net of investment tax credits	1,564	3,615
Income taxes paid	(3,230)	(2,467)
Changes in non-cash working capital items (note 7)	(8,946)	2,760
Cash provided by operating activities	7,896	24,237
Investing activities		
Acquisition of property, plant and equipment	(1,660)	(2,266)
Proceeds from disposal of property, plant and equipment	60	106
Acquisition of marketable securities	-	(10,839)
Cash used in investing activities	(1,600)	(12,999)
Financing activities		
Repayment of long-term debt	(70)	35
Interest paid	(332)	(3)
Principle payment of lease liabilities	(1,035)	-
Dividends paid	(13,781)	(13,770)
Capital stock issued	931	252
Cash used in financing activities	(14,287)	(13,486)
Effect of exchange rates on cash and cash equivalents	(271)	(216)
Decrease in cash and cash equivalents	(8,262)	(2,464)
Cash and cash equivalents beginning of period	104,583	94,184
Cash and cash equivalents end of period	\$ 96,321	\$ 91,720

See accompanying notes to the interim condensed consolidated financial statements.

EVERTZ TECHNOLOGIES LIMITED

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Three months ended July 31, 2019 and 2018
(in thousands of Canadian dollars, except for “number of common shares”, “number of options” and “per share” information)

Evertz Technologies Limited (“Evertz” or the “Company”) is incorporated under the *Canada Business Corporations Act*. The Company is incorporated and domiciled in Canada and the registered head office is located at 5292 John Lucas Drive, Burlington, Ontario, Canada. The Company is a leading supplier of software, equipment and technology solutions to content creators, broadcasters, specialty channels and television service providers. The Company designs, manufactures and distributes video and audio infrastructure solutions for the production, post-production, broadcast and telecommunications markets.

1. STATEMENT OF COMPLIANCE

These interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and under International Accounting Standard (“IAS”) 34 “Interim Financial Reporting” using the same accounting policies as described in the Company’s consolidated financial statements for the year ended April 30, 2019, except for new accounting policies that were adopted on May 1, 2019 as described in Note 2.

These interim condensed consolidated financial statements do not include all information and note disclosures required by IFRS for annual financial statements, and therefore; should be read in conjunction with the April 30, 2019 annual consolidated financial statements.

These interim condensed consolidated financial statements were authorized for issue by the Board of Directors on September 5, 2019.

2. SIGNIFICANT ACCOUNTING POLICIES

Changes in Accounting Policies

IFRS 16, *Leases* (“IFRS 16”) was issued by the IASB in January 2016 to replace IAS 17, *Leases* and *IFRIC 4, Determining whether an arrangement contains a lease*. IFRS 16 introduced a single accounting model for lessees to bring leases on-balance sheet, while leaving lessor accounting largely unchanged. The Company adopted IFRS 16 on May 1, 2019 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 *Leases* and *IFRIC 4 Determining whether an arrangement contains a lease*. The impact resulting from adoption of IFRS 16 is disclosed in Note 13.

3. PROPERTY, PLANT AND EQUIPMENT

	July 31, 2019			April 30, 2019		
	Cost	Accumulated Depreciation	Carrying Amount	Cost	Accumulated Depreciation	Carrying Amount
Office furniture and equipment	\$ 4,113	\$ 2,528	\$ 1,585	\$ 4,252	\$ 2,586	\$ 1,666
Research and development equipment	34,749	22,515	12,234	34,549	22,029	12,520
Airplanes	11,525	8,137	3,388	11,348	7,992	3,356
Machinery and equipment	65,193	49,335	15,858	64,858	48,266	16,592
Leaseholds	8,829	5,192	3,637	8,770	5,078	3,692
Land	2,314	-	2,314	2,379	-	2,379
Buildings	11,168	2,769	8,399	11,488	2,806	8,682
	\$ 137,891	\$ 90,476	\$ 47,415	\$ 137,644	\$ 88,757	\$ 48,887

4. PROVISIONS

	Warranty and Returns	Lease/Retirement Obligations	Total
Balance as at April 30, 2019	\$ 3,629	\$ 542	\$ 4,171
Net additions	(111)	26	(85)
Foreign exchange differences	(50)	(37)	(87)
Balance as at July 31, 2019	\$ 3,468	\$ 531	\$ 3,999

Warranty and Returns

The provision relates to estimated future costs associated with standard warranty repairs and returns on hardware solutions. The provision is based on historical data associated with similar products. The warranty and returns are expected to be incurred within the next twelve months.

Lease/Retirement Obligations

The provision relates to estimated restoration costs expected to be incurred upon the conclusion of Company leases.

5. CAPITAL STOCK

Authorized capital stock consists of:
 Unlimited number of preferred shares
 Unlimited number of common shares

	Number of Common Shares	Amount
Balance as at April 30, 2019	76,545,246	\$ 139,865
Issued on exercise of stock options	60,000	70
Transferred on stock option exercise	-	931
Balance as at July 31, 2019	76,605,246	\$ 140,866

Dividends Per Share

During the quarter, \$0.18 in dividends per share was declared (2019 - \$0.18).

6. SELLING, ADMINISTRATIVE AND GENERAL EXPENSES

	Three month period ended July 31, 2019	Three month period ended July 31, 2018
Selling and administrative	\$ 16,330	\$ 15,905
General:		
Share based compensation	1,731	601
Amortization of intangibles	102	-
Depreciation - selling and administration	792	738
	\$ 18,955	\$ 17,244

7. STATEMENT OF CASH FLOWS

Changes in non-cash working capital items

	Three month period ended July 31, 2019	Three month period ended July 31, 2018
Trade and other receivables	\$ (5,137)	\$ (10,633)
Contract assets	6,219	5,814
Inventories	(5,222)	640
Prepaid expenses	118	(1,418)
Trade and other payables	(1,793)	8,950
Deferred revenue	(2,959)	(642)
Provisions	(172)	49
	\$ (8,946)	\$ 2,760

8. SHARE BASED PAYMENTS

Stock Option Plan

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 changes in the number of outstanding share options are as follows:

	Number of Options	Weighted Average Exercise Price
Balance as at April 30, 2019	1,413,500	\$ 16.13
Granted	65,000	17.65
Exercised	(60,000)	15.52
Forfeited	(45,500)	15.76
Expired	(10,000)	17.19
Balance as at July 31, 2019	1,363,000	\$ 16.23

Stock options outstanding as at July 31, 2019 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
\$15.20 - \$15.37	\$ 15.36	327,000	0.9	244,000	\$ 15.36
\$15.61 - \$15.80	\$ 15.69	463,000	4.5	-	\$ -
\$16.08 - \$17.38	\$ 16.72	295,000	3.3	-	\$ -
\$17.39 - \$18.63	\$ 17.63	278,000	2.8	79,600	\$ 17.80
Totals	\$ 16.23	1,363,000	3.0	323,600	\$ 15.96

Note #8 continued ...

Restricted Share Unit Plan

The Company established, in March 2016, a restricted share unit (“RSU”) plan to provide an incentive to participants; including key executives of the Company, by rewarding such participants with equity-based compensation. Under the terms of the plan, RSU’s are issued to the participant with a vesting period of three years. On the vesting date, all RSU’s will be redeemed in cash at the fair market value at the date of vest plus any accrued dividends. The changes in the number of outstanding RSUs are as follows:

	Number of RSUs
Balance as at April 30, 2019	812,500
Granted	110,500
Exercised	(301,000)
Balance as at July 31, 2019	622,000

As at July 31, 2019, the average remaining contractual life for outstanding RSUs is 2.37 years (2018 –1.1 years).

Compensation expense

Stock Option Plan

The share based compensation expense that has been charged against earnings over the three month period is \$80 (2018 - \$80). Compensation expense on grants during the period was calculated using the Black-Scholes option pricing model with the following weighted average assumptions:

	July 31, 2019
Risk-free interest rate	1.33%
Dividend yield	4.08%
Expected life	5.0 years
Expected volatility	14%
Weighted average grant-date fair value:	
Where the exercise price equaled the market price	\$1.06

Expected volatility is based on historical share price volatility over the past five years of the Company. Share based compensation expense was calculated using a weighted average forfeiture rate of 18% (2018 – 21%).

Restricted Share Unit Plan

The share based compensation expense that has been charged against earnings over the three month period is \$1,651 (2018 - \$521). Share based compensation expense was calculated using a weighted average forfeiture rate of 8% (2018 - 5%). As at July 31, 2019, the total liability included within trade and other payables is \$2,608 (2018 - \$8,056).

9. 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.

	Three month period ended	
Revenue	July 31, 2019	
	Three month period ended	
	July 31, 2018	
United States	\$ 71,243	\$ 69,935
International	29,367	27,893
Canada	2,801	5,261
	\$ 103,411	\$ 103,089

	July 31, 2019			April 30, 2019		
	Property, Plant and Equipment	Goodwill	Intangible Assets	Property, Plant and Equipment	Goodwill	Intangible Assets
United States	\$ 5,638	\$ 1,328	\$ 1,806	\$ 5,713	\$ 1,361	\$ 1,952
International	11,019	17,507	-	11,590	17,772	-
Canada	30,758	1,583	-	31,584	1,583	-
	\$ 47,415	\$ 20,418	\$ 1,806	\$ 48,887	\$ 20,716	\$ 1,952

10. REVENUE

	Three month period ended	
	July 31, 2019	
	Three month period ended	
	July 31, 2018	
Hardware, software including related services, training and commissioning	\$ 91,092	\$ 99,027
Long term contract revenue	12,319	4,062
	\$ 103,411	\$ 103,089

11. RELATED PARTY TRANSACTIONS

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Company and other related parties are disclosed below.

Related Party Transactions

Two shareholders each indirectly hold a 16% interest in the Company's leased premises in Ontario. This lease expires in 2029 with a total of \$10,381 committed over the remaining term. During the period, rent paid for the leased principal premises amounted to \$255 (2018 – \$221) with no outstanding amounts due as at July 31, 2019.

The Company also leases property where two shareholders indirectly own 100% interest. This lease expires in 2021 with a total of \$553 committed over the remaining term. During the period, rent paid for the leased principal premises amounted to \$66 (2018 – \$66) with no outstanding amounts due as at July 31, 2019.

On December 1, 2008 the Company entered into a property lease agreement where two shareholders each indirectly hold a 20% interest in the Company's leased premises in Ontario. This lease expires in 2028 with a total of \$8,366 committed over the remaining term. During the period, rent paid for the leased principal premises amounted to \$211 (2018 – \$209) with no outstanding amounts due as at July 31, 2019.

Note #11 continued ...

On May 1, 2009 the Company entered into a property lease agreement where two shareholders each indirectly hold a 35% interest. This lease expires in 2029 with a total of \$5,308 committed over the remaining term. During the period, rent paid for the leased principal premises amounted to \$127 (2018 – \$121) with no outstanding amounts due as at April 30, 2019.

The Company also leases a property where two shareholders indirectly own 100% interest. The lease expires in 2023 with a total of \$521 committed over the remaining term. During the period, rent paid for the leased principal premises amounted to \$38 (2018 – \$35) with no outstanding amounts due as at April 30, 2019.

On May 1, 2016 the Company entered into a property lease agreement where two shareholders each hold a 46.6% interest. This lease expires in 2026 with a total of \$6,885 committed over the remaining term. During the period, rent paid for the leased principal premises amounted to \$245 (2018 – \$245) with no outstanding amounts due as at April 30, 2019.

On August 1, 2016 the Company entered into a property lease agreement where two shareholders indirectly own 100% interest. This lease expires in 2026 with a total of \$1,894 committed over the remaining term. During the period, rent paid for the leased principal premises amounted to \$63 (2018 – \$61) with no outstanding amounts due as at April 30, 2019.

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

12. EARNINGS PER SHARE

	Three month period ended July 31, 2019	Three month period ended July 31, 2018
Weighted average common shares outstanding	76,558,898	76,488,876
Dilutive effect of stock options	114,269	25,632
Diluted weighted average common shares outstanding	76,673,167	76,514,508

The weighted average number of diluted common shares excludes 47,500 options because they were anti-dilutive during the period (2018 – 1,832,000).

13. EXPLANATION OF ADOPTION OF IFRS 16, LEASES

IFRS 16, *Leases* (“IFRS 16”) was issued by the IASB in January 2016 to replace IAS 17, *Leases* and *IFRIC 4, Determining whether an arrangement contains a lease*. IFRS 16 introduced a single accounting model for lessees to bring leases on-balance sheet, while leaving lessor accounting largely unchanged. The details of the primary changes on adoption of IFRS 16 are set out below.

A lessee is now required to recognize, on its statement of financial position, a right-of-use asset, representing its right to use the underlying leased asset, and a lease liability, representing its obligation to make lease payments.

Note #13 continued ...

The Company has adopted IFRS 16, effective May 1, 2019, using the modified retrospective approach. Under this approach, the Company has applied IFRS 16 to all contracts that are not complete on the date of initial application, without restatement of comparative figures as previously reported for 2019. Therefore, the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4. At transition, the Company applied the practical expedient available to us as lessee that allows the Company to maintain its lease assessments made under IAS 17 and IFRIC 4 for existing contracts. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed after May 1, 2019.

When applying IFRS 16 to leases previously classified as operating leases, the Company has followed practical expedients that allow a single discount rate to a portfolio of leases with similar characteristics; allow the exclusion of initial direct costs from measuring the right-of-use asset as at May 1, 2019; allow the use of hindsight in determining the lease term where the lease contract contains purchase, extension, or termination options; and reliance upon the Company's assessment of whether leases are onerous under the requirements of IAS 37, *Provisions, contingent liabilities and contingent assets* as at May 1, 2019 as an alternative to reviewing the Company's right-of-use assets for impairment. The Company has also elected to account for all short-term leases and all leases for which the underlying asset is of low value as expenses on either a straight-line basis over the lease term or another systematic basis, and thus not recognize a lease liability and a right-of-use asset at the date of initial application.

For remaining leases previously classified as operating leases under IAS 17, the lease liability has been measured at the present value of the remaining lease payments, discounted using the related incremental borrowing rate as at May 1, 2019. The weighted average discount rate applied to the total lease liabilities recognized on transition was 3.95%. The associated right-of-use asset has been measured at an amount equal to the lease liability, adjusted by the amount of any lease retirement obligations, lease incentives previously received, and prepaid or accrued lease payments recognized in the statement of financial position immediately before the date of initial application.

As a result of adopting IFRS 16, the Company has recognized a significant increase to both right-of-use assets and lease liabilities on the Consolidated Statements of Financial Position, with no net impact on retained earnings. The impact on the Consolidated Income Statement is a decrease in operating lease expenses and an increase in amortization of the right-of-use asset and interest costs on the lease liability. Amortization of right-of-use assets and operating lease expenses are recorded in the same line items within the Consolidated Income Statement.

Prior to adopting IFRS 16, the Company had a total amount of future lease commitments as at May 1, 2019 of \$39,197. The difference between the total lease liabilities recognized on transition of \$33,621 and future lease commitments of \$39,197 as disclosed in the Company's 2019 Annual Consolidated Financial Statements, was mainly a result of discounting on the minimum lease payments and the exclusion of short-term leases and leases for which the underlying asset is of low value from the total lease liability recognized upon transition.

The Company had no leases previously classified as finance leases under IAS 17, as at May 1, 2019. There was no significant impact for contracts in which the Company is the lessor.

Below is the effect of transition to IFRS 16 on our condensed consolidated statement of financial position as at May 1, 2019:

Note #13 continued ...

(In thousands of Canadian dollars)

	As reported as at April 30, 2019	Effect of IFRS 16 transition	Subsequent to transition as at May 1, 2019
Assets			
Current assets			
Cash and cash equivalents	\$ 104,583	\$ -	\$ 104,583
Marketable securities	4,023	-	4,023
Trade and other receivables	81,498	-	81,498
Contract assets	22,348	-	22,348
Prepaid expenses	9,045	-	9,045
Inventories	171,271	-	171,271
Income tax receivable	708	-	708
	393,476	-	393,476
Property, plant and equipment	48,887	-	48,887
Right of use assets	-	33,621	33,621
Goodwill	20,716	-	20,716
Intangibles	1,952	-	1,952
Deferred income taxes	1,566	-	1,566
	\$ 466,597	\$ 33,621	\$ 500,218
Liabilities			
Current liabilities			
Trade and other payables	\$ 63,647	\$ -	\$ 63,647
Provisions	4,171	-	4,171
Deferred revenue	42,843	-	42,843
Current portion of long term debt	294	-	294
Current portion of lease obligations	-	4,117	4,117
	110,955	4,117	115,072
Long-term lease obligations	-	29,504	29,504
Long term debt	239	-	239
	111,194	33,621	144,815
Equity			
Capital stock	139,865	-	139,865
Share based payment reserve	8,245	-	8,245
Accumulated other comprehensive earnings	1,729	-	1,729
Retained earnings	203,284	-	203,284
	205,013	-	205,013
Total equity attributable to shareholders	353,123	-	353,123
Non-controlling interest	2,280	-	2,280
	355,403	-	355,403
	\$ 466,597	\$ 33,621	\$ 500,218

During the three months ended July 31, 2019, the Company recognized amortization of right-of-use assets of \$1,286 and finance costs on lease liabilities of \$326. In the Consolidated Statement of Cash Flows, additional line items were added that related to the amortization of the right-of-use assets and principle payments of lease liabilities.

14. SUBSEQUENT EVENT

On September 5, 2019 the Company declared a quarterly dividend of \$0.18 with a record date of September 13, 2019 and a payment date of September 20, 2019.

On September 5, 2019 the Company declared a special dividend of \$0.90 with a record date of September 13, 2019 and a payment date of September 20, 2019.