

Interim condensed consolidated financial statements of

**EVERTZ TECHNOLOGIES LIMITED**

Three month and Six month periods ended October 31, 2012 and 2011  
(Unaudited)

## **MANAGEMENT REPORT**

The management of Evertz Technologies Limited (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

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(Unaudited)

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Three month and Six month periods ended October 31, 2012 and 2011

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# EVERTZ TECHNOLOGIES LIMITED

Interim Condensed Consolidated Statements of Financial Position  
(Unaudited)

As at October 31, 2012 and April 30, 2012  
(In thousands of Canadian dollars)

	October 31, 2012	April 30, 2012
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 203,265	\$ 173,665
Instruments held for trading	12,077	12,004
Trade and other receivables	56,793	61,806
Inventories	107,927	109,211
Income tax receivable	2,770	11,695
	\$ 382,832	\$ 368,381
Assets held for sale (note 12)	\$ 3,781	\$ 3,781
Property, plant and equipment (note 3)	\$ 41,828	\$ 41,190
Goodwill	17,518	17,507
Intangible assets	755	1,005
	\$ 446,714	\$ 431,864
<b>Liabilities</b>		
Trade and other payables	\$ 25,381	\$ 37,034
Provisions (note 5)	1,064	809
Deferred revenue	6,709	4,460
Current portion of long term debt	397	401
	\$ 33,551	\$ 42,704
Long term debt	\$ 1,667	\$ 1,875
Deferred taxes	7,929	7,331
	\$ 43,147	\$ 51,910
<b>Equity</b>		
Capital stock (note 4)	\$ 72,179	\$ 67,458
Share based payment reserve	13,656	14,320
Accumulated other comprehensive loss	(406)	(906)
Retained earnings	316,646	297,545
	\$ 316,240	\$ 296,639
Total equity attributable to shareholders	402,075	378,417
Non-controlling interest	1,492	1,537
	403,567	379,954
	\$ 446,714	\$ 431,864

See accompanying notes to the interim condensed consolidated financial statements.

## EVERTZ TECHNOLOGIES LIMITED

Interim Condensed Consolidated Statements of Changes in Equity  
(Unaudited)

Six month period ended October 31, 2012 and 2011  
(In thousands of Canadian dollars)

	Capital stock	Share-based payment reserve	Accumulated other comprehensive (loss) income	Retained earnings	Total equity attributable to shareholders	Non- controlling interest	Total Equity
<b>Balance at April 30, 2011</b>	<b>\$ 58,882</b>	<b>\$ 13,762</b>	<b>\$ 440</b>	<b>\$ 299,125</b>	<b>\$ 372,209</b>	<b>\$ 1,550</b>	<b>\$ 373,759</b>
Net earnings for the period	-	-	-	33,523	33,523	198	\$ 33,721
Foreign currency translation adjustment	-	-	118	-	118	(47)	71
<b>Total comprehensive income for the period</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 118</b>	<b>\$ 33,523</b>	<b>\$ 33,641</b>	<b>\$ 151</b>	<b>\$ 33,792</b>
Dividends declared	-	-	-	(17,820)	(17,820)	(400)	(18,220)
Compensation expense related to stock options	-	1,424	-	-	1,424	-	1,424
Exercise of employee stock options	5,428	-	-	-	5,428	-	5,428
Transfer of stock option exercise	1,531	(1,531)	-	-	-	-	-
Repurchase of common shares	(1,464)	-	-	(21,918)	(23,382)	-	(23,382)
<b>Balance at October 31, 2011</b>	<b>\$ 64,377</b>	<b>\$ 13,655</b>	<b>\$ 558</b>	<b>\$ 292,910</b>	<b>\$ 371,500</b>	<b>\$ 1,301</b>	<b>\$ 372,801</b>
Net earnings for the period	-	-	-	26,017	26,017	218	\$ 26,235
Foreign currency translation adjustment	-	-	(1,464)	-	(1,464)	18	(1,446)
<b>Total comprehensive income for the period</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (1,464)</b>	<b>\$ 26,017</b>	<b>\$ 24,553</b>	<b>\$ 236</b>	<b>\$ 24,789</b>
Dividends declared	-	-	-	(19,042)	(19,042)	-	(19,042)
Compensation expense related to stock options	-	1,740	-	-	1,740	-	1,740
Exercise of employee stock options	2,160	-	-	-	2,160	-	2,160
Transfer of stock option exercise	1,075	(1,075)	-	-	-	-	-
Repurchase of common shares	(154)	-	-	(2,340)	(2,494)	-	(2,494)
<b>Balance at April 30, 2012</b>	<b>\$ 67,458</b>	<b>\$ 14,320</b>	<b>\$ (906)</b>	<b>\$ 297,545</b>	<b>\$ 378,417</b>	<b>\$ 1,537</b>	<b>\$ 379,954</b>
Net earnings for the period	-	-	-	43,496	43,496	355	43,851
Foreign currency translation adjustment	-	-	500	-	500	-	500
<b>Total comprehensive income for the period</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 500</b>	<b>\$ 43,496</b>	<b>\$ 43,996</b>	<b>\$ 355</b>	<b>\$ 44,351</b>
Dividends declared	-	-	-	(20,485)	(20,485)	(400)	(20,885)
Compensation expense related to stock options	-	1,470	-	-	1,470	-	1,470
Exercise of employee stock options	2,877	-	-	-	2,877	-	2,877
Transfer of stock option exercise	2,134	(2,134)	-	-	-	-	-
Repurchase of common shares	(290)	-	-	(3,910)	(4,200)	-	(4,200)
<b>Balance at October 31, 2012</b>	<b>\$ 72,179</b>	<b>\$ 13,656</b>	<b>\$ (406)</b>	<b>\$ 316,646</b>	<b>\$ 402,075</b>	<b>\$ 1,492</b>	<b>\$ 403,567</b>

See accompanying notes to the interim condensed consolidated financial statements.

# EVERTZ TECHNOLOGIES LIMITED

Interim Condensed Consolidated Statements of Earnings  
(Unaudited)

Three month and sixmonth periods ended October 31, 2012 and 2011  
(In thousands of Canadian dollars, except per share amounts)

	Three month period ended		Six month period ended	
	October 31,		October 31,	
	2012	2011	2012	2011
Revenue	\$ 83,158	\$ 70,487	\$ 179,119	\$ 145,615
Cost of goods sold	34,298	30,111	74,604	62,392
Gross margin	48,860	40,376	104,515	83,223
Expenses				
Selling, administrative and general (note 6)	14,539	13,528	28,356	25,219
Research and development	12,612	10,041	24,404	20,360
Investment tax credits	(2,864)	(2,454)	(6,050)	(4,736)
Foreign exchange gain	(1,321)	(2,722)	(1,323)	(3,065)
	22,966	18,393	45,387	37,778
	25,894	21,983	59,128	45,445
Finance income	428	453	877	876
Finance costs	(78)	(46)	(166)	(97)
Other income and expenses	(119)	(242)	(4)	(225)
Earnings before income taxes	26,125	22,148	59,835	45,999
Provision for (recovery of) income taxes				
Current	6,324	6,126	15,312	13,481
Deferred	709	(75)	672	(1,203)
	7,033	6,051	15,984	12,278
Net earnings for the period	\$ 19,092	\$ 16,097	\$ 43,851	\$ 33,721
Net earnings attributable to non-controlling interest	185	101	\$ 355	198
Net earnings attributable to shareholders	18,907	15,996	\$ 43,496	33,523
Net earnings for the period	\$ 19,092	\$ 16,097	\$ 43,851	\$ 33,721
Earnings per share (note 11)				
Basic	\$ 0.26	\$ 0.22	\$ 0.59	\$ 0.45
Diluted	\$ 0.26	\$ 0.22	\$ 0.59	\$ 0.45

See accompanying notes to the interim condensed consolidated financial statements.

## **EVERTZ TECHNOLOGIES LIMITED**

Interim Condensed Consolidated Statements of Comprehensive Income  
(Unaudited)

Three month and six month periods ended October 31, 2012 and 2011  
(In thousands of Canadian dollars)

	<b>Three month period ended</b>		<b>Six month period ended</b>	
	<b>October 31,</b>		<b>October 31,</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
Net earnings for the period	\$ 19,092	\$ 16,097	\$ 43,851	\$ 33,721
Foreign currency translation adjustment	879	452	500	71
<b>Comprehensive income</b>	<b>\$ 19,971</b>	<b>\$ 16,549</b>	<b>\$ 44,351</b>	<b>\$ 33,792</b>
Comprehensive income attributable to non-controlling interest	\$ 205	\$ 137	\$ 355	\$ 151
Comprehensive income attributable to shareholders	\$ 19,766	\$ 16,412	\$ 43,996	\$ 33,641
<b>Comprehensive income</b>	<b>\$ 19,971</b>	<b>\$ 16,549</b>	<b>\$ 44,351</b>	<b>\$ 33,792</b>

# EVERTZ TECHNOLOGIES LIMITED

Interim Condensed Consolidated Statements of Cash Flows  
(Unaudited)

Three month and six month periods ended October 31, 2012 and 2011  
(In thousands of Canadian dollars)

	Three month period ended		Six month period ended	
	October 31,		October 31,	
	2012	2011	2012	2011
<b>Operating activities</b>				
Net earnings	\$ 19,092	\$ 16,097	\$ 43,851	\$ 33,721
Add: Items not involving cash				
Depreciation of property, plant and equipment	1,927	1,762	3,721	3,479
Amortization of intangible assets	88	309	251	616
Gain on instruments held for trading	(37)	(36)	(73)	(19)
(Gain) loss on disposal of property, plant and equipment	(12)	121	(19)	104
Share-based compensation	728	791	1,470	1,424
Deferred income tax expense (recovery)	726	(75)	689	(1,203)
	22,512	18,969	49,890	38,122
Changes in non-cash working capital items (note 7)	23,918	3,298	6,072	(3,305)
Cash provided by operating activities	46,430	22,267	55,962	34,817
<b>Investing activities</b>				
Proceeds from disposal of instruments held for trading	-	-	-	4,133
Acquisition of property, plant and equipment	(1,369)	(3,447)	(4,490)	(4,106)
Proceeds from disposal of property, plant and equipment	24	179	54	196
Cash (used in) provided by investing activities	(1,345)	(3,268)	(4,436)	223
<b>Financing activities</b>				
Repayment of long term debt	(96)	(155)	(186)	(248)
Dividends paid	(10,243)	(8,816)	(20,485)	(17,820)
Dividends paid by subsidiaries to non-controlling interests	(400)	-	(400)	(400)
Capital stock repurchase	(1,082)	(3,701)	(4,200)	(23,382)
Capital stock issued	829	176	2,877	5,428
Cash used in financing activities	(10,992)	(12,496)	(22,394)	(36,422)
Effect of exchange rates on cash	(145)	(208)	468	(213)
Increase in cash	33,948	6,295	29,600	(1,595)
Cash beginning of period	169,317	167,945	173,665	175,835
Cash end of period	\$ 203,265	\$ 174,240	\$ 203,265	\$ 174,240
<b>Interest and income taxes</b>				
	Three month period ended		Six month period ended	
	October 31,		October 31,	
	2012	2011	2012	2011
Interest paid	\$ 53	\$ 46	\$ 108	\$ 97
Income taxes paid	\$ 646	\$ 5,251	\$ 404	\$ 10,870



# EVERTZ TECHNOLOGIES LIMITED

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

Three month and six month periods ended October 31, 2012 and 2011  
(in thousands of Canadian 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 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 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. 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 the 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, 2012.

These interim condensed consolidated financial statements do not include all information and note disclosures required by the IASB for annual financial statements, and therefore; should be read in conjunction with the April 30, 2012 annual consolidated financial statements.

These interim condensed consolidated financial statements were authorized for issue by the Board of Directors on December 4, 2012.

### 2. SIGNIFICANT ACCOUNTING POLICIES

#### New and Revised IFRSs Issued but Not Yet Effective

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

#### *Financial Instruments*

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

*Note #2 continued ...*

### ***Consolidated Financial Statements***

IFRS 10, *Consolidated Financial Statements* (“IFRS 10”) establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. IFRS 10 replaces the consolidation requirements in SIC-12, *Consolidation – Special Purpose Entities* and IAS 27, *Consolidated and Separate Financial Statements*. IFRS 10 is effective for annual periods beginning on or after January 1, 2013. The Company has not yet determined the impact of IFRS 10 on its financial statements.

### ***Disclosure of Interests in Other Entities***

IFRS 12, *Disclosure of Interests in Other Entities* (“IFRS 12”) is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including subsidiaries, joint arrangements, associates and unconsolidated structured entities. IFRS 12 is effective for annual periods beginning on or after January 1, 2013. The Company has not yet determined the impact of IFRS 12 on its financial statements.

### ***Fair Value Measurements***

IFRS 13, *Fair Value Measurements* (“IFRS 13”) provides new guidance on fair value measurement and disclosure requirements. IFRS 13 is effective for annual periods beginning on or after January 1, 2013. The Company has not yet determined the impact of IFRS 13 on its financial statements.

### ***Presentation of Financial Statements***

Amendments to IAS 1, *Presentation of Financial Statements* (“IAS 1”), which are effective for annual periods beginning on or after July 1, 2012, are to be applied retroactively. The amendments require that an entity present separately the items of other comprehensive income that may be reclassified to profit or loss in the future from those that would never be reclassified to profit or loss. The Company has not yet determined the impact of the changes to IAS 1 on its financial statements.

### 3. PROPERTY, PLANT AND EQUIPMENT

	October 31, 2012			April 30, 2012		
	Cost	Accumulated Amortization	Carrying Amount	Cost	Accumulated Amortization	Carrying Amount
Office furniture and equipment	\$ 1,537	\$ 892	\$ 645	\$ 1,680	\$ 1,068	\$ 612
Research and development equipment	14,335	7,308	7,027	10,952	6,365	4,587
Airplanes	12,639	1,451	11,188	12,639	809	11,830
Machinery and equipment	40,439	26,303	14,136	40,507	25,481	15,026
Leaseholds	3,654	2,410	1,244	3,598	2,225	1,373
Land	1,638	-	1,638	1,448	-	1,448
Buildings	7,394	1,444	5,950	7,610	1,296	6,314
	\$ 81,636	\$ 39,808	\$ 41,828	\$ 78,434	\$ 37,244	\$ 41,190

### 4. CAPITAL STOCK

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

	Number of Common Shares	Amount
<b>Balance as at April 30, 2012</b>	<b>73,225,786</b>	<b>\$ 67,458</b>
Issued on exercise of stock options	261,700	2,877
Cancelled pursuant to NCIB	(314,500)	(290)
Transferred from share based payment reserve	-	2,134
<b>Balance as at October 31, 2012</b>	<b>73,172,986</b>	<b>\$ 72,179</b>

#### *Normal Course Issuer Bid*

In July 2012, the Company filed a Normal Course Issuer Bid (NCIB) with the TSX to repurchase, at the Company's discretion, until July 16, 2013 up to 3,656,824 outstanding common shares on the open market or as otherwise permitted, subject to normal terms and limitations of such bids. During the first six months of fiscal 2013 in combination with a prior NCIB that expired in June 2012, the Company purchased and cancelled 314,500 common shares at a weighted average price of \$13.32 per share under the NCIB.

#### *Dividends Per Share*

During the quarter \$0.14 in dividends per share were declared.

### 5. PROVISIONS

	Warranty & Returns	Lease/Retirement Obligations	Total
<b>Balance as at April 30, 2012</b>	<b>\$ 762</b>	<b>\$ 47</b>	<b>\$ 809</b>
Additions	253	-	253
Foreign exchange differences	2	-	2
<b>Balance as at October 31, 2012</b>	<b>\$ 1,017</b>	<b>\$ 47</b>	<b>\$ 1,064</b>

## 6. SELLING, ADMINISTRATIVE AND GENERAL EXPENSES

	Three month period ended		Six month period ended	
	October 31,		October 31,	
	2012	2011	2012	2011
Selling and administrative	\$ 13,090	\$ 11,739	\$ 25,459	\$ 22,121
Share-based compensation (note 8)	729	791	1,470	1,424
Depreciation of property, plant and equipment (non-production)	631	689	1,176	1,058
Amortization of intangibles	89	309	251	616
	\$ 14,539	\$ 13,528	\$ 28,356	\$ 25,219

## 7. STATEMENT OF CASH FLOWS

### Changes in non-cash working capital items

	Three month period ended		Six month period ended	
	October 31,		October 31,	
	2012	2011	2012	2011
Trade and other receivables	\$ 18,692	\$ 7,514	\$ 4,958	\$ (4,975)
Inventories	(1,588)	1,450	1,113	2,339
Income taxes receivable	2,981	(977)	8,927	(1,555)
Trade payable and accrued liabilities	2,709	(5,362)	(11,430)	(1,783)
Deferred revenue	1,122	662	2,249	2,660
Provisions	2	11	255	9
	\$ 23,918	\$ 3,298	\$ 6,072	\$ (3,305)

## 8. SHARE BASED PAYMENTS

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.

Note #8 continued ...

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

	Number of Options	Weighted Average Exercise Price
<b>Balance as at April 30, 2012</b>	<b>4,678,300</b>	<b>\$ 12.60</b>
Granted	597,500	13.90
Exercised	(261,700)	10.99
Cancelled	(75,500)	12.05
Expired	(187,000)	17.81
<b>Balance as at October 31, 2012</b>	<b>4,751,600</b>	<b>\$ 12.66</b>

Stock options outstanding as at October 31, 2012 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
\$9.93 - \$11.00	\$ 10.93	860,100	0.5	631,000	\$ 10.94
\$11.17 - \$16.12	\$ 12.68	3,661,500	3.5	286,000	\$ 13.92
\$17.88 - \$19.34	\$ 18.38	220,000	1.4	136,000	\$ 18.10
\$29.58	\$ 29.58	10,000	0.3	8,000	\$ 29.58
Totals	\$ 12.66	4,751,600	2.9	1,061,000	\$ 12.81

### Compensation expense

The share-based compensation expense that has been charged against earnings over the six month period is \$1,470 (2011 - \$1,424). Compensation expense on grants during the period was calculated using the Black-Scholes option pricing model with the following weighted average assumptions:

	October 31, 2012	October 31, 2011
Risk-free interest rate	1.26%	1.41%
Dividend yield	4.03%	4.02%
Expected life	5 years	5 years
Expected volatility	44%	40%
Weighted average grant-date fair value: Where the exercise price equaled the market price	\$3.83	\$2.99

Expected volatility is based on a combination of historical share price volatility over the past 5 years of the company. Share-based compensation expense was calculated using a weighted average forfeiture rate of 18% (2011 - 18%).

## 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.

Revenue	Three month period ended		Six month period ended	
	October 31,		October 31,	
	2012	2011	2012	2011
United States	\$ 37,872	\$ 26,031	\$ 89,787	\$ 62,224
International	36,426	34,576	72,997	64,373
Canada	8,860	9,880	16,335	19,018
	\$ 83,158	\$ 70,487	\$ 179,119	\$ 145,615

	October 31, 2012			April 30, 2012		
	Capital Assets	Goodwill	Intellectual Property	Capital Assets	Goodwill	Intellectual Property
United States	\$ 10,459	\$ -	\$ -	\$ 11,956	\$ -	\$ -
International	9,878	17,518	755	10,200	17,507	1,005
Canada	21,491	-	-	19,034	-	-
	\$ 41,828	\$ 17,518	\$ 755	\$ 41,190	\$ 17,507	\$ 1,005

## 10. 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 10% interest in the Company's leased premises in Ontario. This lease expires in 2019 with a total of \$5,388 committed over the remaining term. During the six and three month period, rent paid for the leased principal premises amounted to \$410 (2011 - \$399) and \$205 (2011 - \$200) respectively with no outstanding amounts due as at October 31, 2012.

The Company also leases property where two shareholders indirectly own 100% interest. This lease expires in 2016 with a total of \$985 committed over the remaining term. During the six and three month period, rent paid was \$123 (2011 - \$121) and \$62 (2011 - \$60) respectively with no outstanding amounts due as at October 31, 2012.

On December 1, 2008 the Company entered into an agreement with two shareholders who each indirectly hold a 20% interest in the Company's leased premises in Ontario. This lease expires in 2018 with a total of \$4,844 committed over the remaining term. During the six and three month period, rent paid for the leased principal premises amounted to \$360 (2011 - \$360) and \$180 (2011 - \$180) respectively with no outstanding amounts due as at October 31, 2012.

On December 15, 2008 the Company entered into a lease agreement with a director who indirectly owns 100% interest. The lease expires in 2013 with a total of \$158 committed over the remaining term. During the six and three month period, rent paid was \$68 (2011 - \$65) and \$34 (2011 - \$33) respectively with no outstanding amounts due as at October 31, 2012.

On May 1, 2009 the Company entered into an agreement with two shareholders who each indirectly hold a 35% interest. This lease expires in 2019 with a total of \$2,980 committed over the remaining term. During the six and three month period, rent paid was \$209 (2011 - \$209) and \$104 (2011 - \$104) respectively with no outstanding amounts due as at October 31, 2012.

Note #10 continued ...

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

#### 11. EARNINGS PER SHARE

	Three month period ended		Six month period ended	
	October 31,		October 31,	
	2012	2011	2012	2011
Weighted average common shares outstanding	73,152,921	73,411,756	73,166,072	74,085,659
Dilutive effect of stock options	202,255	199,412	216,011	330,974
Diluted weighted average common shares outstanding	73,355,176	73,611,168	73,382,083	74,416,633

The weighted average number of diluted common shares excludes 867,500 options because they were anti-dilutive during the period (2011 – 1,428,470).

#### 12. NON-CURRENT ASSETS HELD FOR SALE

The Company has assets that have been classified as held for sale. Efforts to sell the assets have already commenced and are expected to be sold before the end of the year.

#### 13. SUBSEQUENT EVENT

On December 4, 2012 the Company declared a dividend of \$0.14 with a record date of December 14, 2012 and a payment date of December 21, 2012.