

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

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

FORWARD-LOOKING STATEMENTS

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

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

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

OVERVIEW

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

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

Our plan is to bring to market the new technologies that we have invested heavily in for the past several years. These technologically superior solutions help to enable our broadcast, cable, telco, satellite,

content creator and new media customers to address and implement their video infrastructure requirements.

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

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

SIGNIFICANT ACCOUNTING POLICIES

Changes in Accounting Policies

Financial Instruments

Effective May 1, 2014, the Company adopted amendments to IAS 32, Financial Instruments: Presentations (“IAS 32”), which clarified certain aspects of the requirements to offset. The amendments focus on the criterion that an entity currently has a legally enforceable right to set off the recognized amounts and the criterion that an entity intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. The adoption of the amendments did not have a material impact on the Interim Condensed Consolidated Financial Statements.

Levies

Effective May 1, 2014, the Company adopted IFRIC 21, Levies (“IFRIC 21”) which provides guidance on accounting for levies in accordance with IAS 37, Provisions, Contingent Liabilities and Contingent Assets. IFRIC 21 defines a levy as an outflow from an entity imposed by a government in accordance with legislation and confirms that an entity recognizes a liability for a levy only when the triggering event specified in the legislation occurs. IFRIC 21 did not have a material impact on the Interim Condensed Consolidated Financial Statements.

New and Revised IFRSs Issued but Not Yet Effective

Following is a listing of amendments, revisions and new International Financial Reporting Standards issued but not yet effective. Unless otherwise indicated, earlier application is permitted. The Company has not yet determined the impact of the changes to the adoption of the following standards.

Financial Instruments

IFRS 9, Financial instruments (“IFRS 9”) was issued by the IASB on November 12, 2009 and October 2010, and will replace IAS 39, *Financial Instruments: Recognition and Measurement* (“IAS 39”). IFRS 9 introduces new requirements for the financial reporting of financial assets and financial liabilities. IFRS 9 is effective for annual periods beginning on or after January 1, 2018.

Revenue

IFRS 15, Revenue from contracts with customers (“IFRS 15”) was issued by the IASB in May 2014 and will replace IAS 11, Construction Contracts and IAS 18 Revenue. IFRS 15 specifies how and when revenue will be recognized. IFRS 15 is effective for annual periods beginning on or after January 1, 2017.

QUARTER END HIGHLIGHTS

Revenue increased to \$82.9 million for the second quarter ended October 31, 2014 as compared to \$81.2 million for the second quarter ended October 31, 2013.

For the second quarter ended October 31, 2014, net earnings were \$14.3 million as compared to \$15.6 million for the second quarter ended October 31, 2013 and fully diluted earnings per share were \$0.19 as compared to \$0.21 for the second quarter ended October 31, 2013.

Gross margin during the second quarter ended October 31, 2014 was 56.2% as compared to 57.4% for the second quarter ended October 31, 2013.

Selling and administrative expenses for the second quarter ended October 31, 2014 was \$15.1 million compared to the second quarter ended October 31, 2013 of \$13.7 million. As a percentage of revenue, selling and administrative expenses totaled 18.2% for the second quarter ended October 31, 2014 as opposed to 16.8% for the second quarter ended October 31, 2013.

Research and development (“R&D”) expenses were \$15.1 million for the second quarter ended October 31, 2014 as compared to \$14.6 million for the second quarter ended October 31, 2013.

Cash and cash equivalents were \$90.4 million and working capital was \$285.3 million as at October 31, 2014 as compared to cash and cash equivalents of \$102.0 million and working capital of \$273.9 million as at April 30, 2014.

Selected Consolidated Financial Information

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

	Three month period ended		Six month period ended	
	October 31,		October 31,	
	2014	2013	2014	2013
Revenue	\$ 82,889	\$ 81,244	\$ 180,903	\$ 145,102
Cost of goods sold	36,324	34,592	78,517	61,736
Gross margin	46,565	46,652	102,386	83,366
Expenses				
Selling and administrative	15,103	13,671	28,502	25,283
General	1,323	1,465	3,133	2,927
Research and development	15,121	14,625	30,941	28,084
Investment tax credits	(2,387)	(3,008)	(4,853)	(5,865)
Foreign exchange gain	(2,123)	(956)	(1,380)	(3,465)
	27,037	25,797	56,343	46,964
Earnings before undernoted	19,528	20,855	46,043	36,402
Finance income	201	603	394	1,224
Finance costs	(76)	(112)	(143)	(214)
Other income and expenses	(113)	(92)	27	(85)
Earnings before income taxes	19,540	21,254	46,321	37,327
Provision for (recovery of) income taxes				
Current	5,249	5,345	14,560	11,715
Deferred	(52)	289	(2,288)	(1,824)
	5,197	5,634	12,272	9,891
Net earnings for the period	\$ 14,343	\$ 15,620	\$ 34,049	\$ 27,436
Net earnings attributable to non-controlling interest	194	198	489	281
Net earnings attributable to shareholders	14,149	15,422	33,560	27,155
Net earnings for the period	\$ 14,343	\$ 15,620	\$ 34,049	\$ 27,436
Earnings per share				
Basic	\$ 0.19	\$ 0.21	\$ 0.45	\$ 0.37
Diluted	\$ 0.19	\$ 0.21	\$ 0.45	\$ 0.37
Consolidated Balance Sheet Data				
		As at		As at
		October 31, 2014		April 30, 2014
Cash and cash equivalents	\$	90,384	\$	101,956
Inventory	\$	150,105	\$	134,561
Working capital	\$	285,253	\$	273,914
Total assets	\$	398,949	\$	401,280
Shareholders' equity	\$	345,575	\$	333,478
Number of common shares outstanding:				
Basic		74,454,346		74,310,146
Fully-diluted		79,299,846		79,513,846
Weighted average number of shares outstanding:				
Basic		74,341,160		74,064,205
Fully-diluted		74,895,569		74,485,461

Consolidated Statement of Operations Data

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

	Three month period ended		Six month period ended	
	October 31,		October 31,	
	2014	2013	2014	2013
Revenue	100.0%	100.0%	100.0%	100.0%
Cost of goods sold	43.8%	42.6%	43.4%	42.5%
Gross margin	56.2%	57.4%	56.6%	57.5%
Expenses				
Selling and administrative	18.2%	16.8%	15.8%	17.4%
General	1.6%	1.8%	1.7%	2.0%
Research and development	18.2%	18.0%	17.1%	19.4%
Investment tax credits	(2.9%)	(3.7%)	(2.7%)	(4.0%)
Foreign exchange gain	(2.5%)	(1.2%)	(0.8%)	(2.4%)
	32.6%	31.7%	31.1%	32.4%
Earnings before undernoted	23.6%	25.7%	25.5%	25.1%
Finance income	0.2%	0.7%	0.2%	0.8%
Finance costs	(0.1%)	(0.1%)	(0.1%)	(0.1%)
Other income and expenses	(0.1%)	(0.1%)	(0.0%)	(0.1%)
Earnings before income taxes	23.6%	26.2%	25.6%	25.7%
Provision for (recovery) of income taxes				
Current	6.4%	6.6%	8.1%	8.1%
Deferred	(0.1%)	0.4%	(1.3%)	(1.3%)
	6.3%	7.0%	6.8%	6.8%
Net earnings for the period	17.3%	19.2%	18.8%	18.9%
Net earnings attributable to non-controlling interest	0.2%	0.2%	0.3%	0.2%
Net earnings attributable to shareholders	17.1%	19.0%	18.5%	18.7%
Net earnings for the period	17.3%	19.2%	18.8%	18.9%
Earnings per share:				
Basic	\$ 0.19	\$ 0.21	\$ 0.45	\$ 0.37
Diluted	\$ 0.19	\$ 0.21	\$ 0.45	\$ 0.37

REVENUE AND EXPENSES***Revenue***

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

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

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

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

While a significant portion of the Company's expenses are denominated in Canadian dollars, the Company collects substantially all of its revenues in currencies other than the Canadian dollar and therefore has significant exposure to fluctuations in foreign currencies, in particular the US dollar. Approximately 65% to 75% of the Company's revenues are denominated in US dollars.

Revenue

(In thousands of Canadian dollars, except for percentages)	Three month period ended		% increase (decrease)	Six month period ended		% increase (decrease)
	October 31,			October 31,		
	2014	2013	2014	2013		
United States/Canada	\$ 45,367	\$ 38,142	19%	\$ 100,873	\$ 74,069	36%
International	37,522	43,102	(13%)	80,030	71,033	13%
	\$ 82,889	\$ 81,244	2%	\$ 180,903	\$ 145,102	25%

Total revenue for the second quarter ended October 31, 2014 was \$82.9 million, an increase of \$1.7 million, as compared to revenue of \$81.2 million for the second quarter ended October 31, 2013.

Total revenue for the six month period ended October 31, 2014 was \$180.9, an increase of 25% or \$35.8 million, as compared to revenue of \$145.1 million for the six month period ended October 31, 2013. Positive reception of recently released products was one of the key drivers in the 25% increase in revenue.

Revenue in the United States/Canada region was \$45.4 million for the second quarter ended October 31, 2014, an increase of \$7.3 million or 19%, as compared to revenue of \$38.1 million for the second quarter ended October 31, 2013.

Revenue in the United States/Canada region was \$100.9 million for the six month period ended October 31, 2014, an increase of 36% or \$26.8 million, as compared to revenue of \$74.1 million for the six month period ended October 31, 2013.

Revenue in the International region was \$37.5 million for the second quarter ended October 31, 2014, a decrease of \$5.6 million, as compared to revenue of \$43.1 million for the second quarter ended October 31, 2013.

Revenue in the International region was \$80.0 million for the six month period ended October 31, 2014, an increase of 13% or \$9.0 million, as compared to revenue of \$71.0 million for the six month quarter ended October 31, 2013.

Cost of Sales

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

Gross Margin

(In thousands of Canadian dollars, except for percentages)	Three month period ended		% increase (decrease)	Six month period ended		% increase (decrease)
	October 31,			October 31,		
	2014	2013	2014	2013		
Gross margin	\$ 46,565	\$ 46,652	(0%)	\$ 102,386	\$ 83,366	23%
Gross margin % of sales	56.2%	57.4%		56.6%	57.5%	

Gross margin for the second quarter ended October 31, 2014 was \$46.6 million, compared to \$46.7 million for the second quarter ended October 31, 2013. As a percentage of revenue, the gross margin was 56.2% for the second quarter ended October 31, 2014, as compared to 57.4% for the second quarter ended October 31, 2013.

Gross margin for the six month period ended October 31, 2014 was \$102.4 million, compared to \$83.4 million for the six month period ended October 31, 2013. As a percentage of revenue, the gross margin was 56.6% for the six month period ended ended October 31, 2014, as compared to 57.5% for the six month period ended October 31, 2013.

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

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

Operating Expenses

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

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

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

Selling and Administrative

(In thousands of Canadian dollars, except for percentages)	Three month period ended			% increase (decrease)	Six month period ended			% increase (decrease)		
	October 31,				October 31,					
	2014	2013			2014	2013				
Selling and administrative	\$	15,103	\$	13,671	10%	\$	28,502	\$	25,283	13%
Selling and administrative % of sales		18.2%		16.8%			15.8%		17.4%	

Selling and administrative expenses excludes stock based compensation, operation of non-production property, plant and equipment, and amortization of intangibles. Selling and administrative expenses for the second quarter ended October 31, 2014 were \$15.1 million or 18.2% of revenue, as compared to selling and administrative expenses of \$13.7 million or 16.8% of revenue for the second quarter ended October 31, 2013.

The increase of \$1.4 million was a result of a general increase in selling costs and an increase in translation costs of US dollar, UK Sterling and Euro denominated expenses.

Selling and administrative expenses for the six month period ended October 31, 2014 were \$28.5 million or 15.8% of revenue, as compared to selling and administrative expenses of \$25.3 million or 17.4% of revenue for the six month period ended October 31, 2013.

The increase of \$3.2 million was a result of lower salaries expense in the first quarter of the prior year, additional selling expenses, and the increased translation costs of US dollar, UK Sterling and Euro denominated expenses.

Research and Development (R&D)

(In thousands of Canadian dollars, except for percentages)	Three month period ended			% increase (decrease)	Six month period ended			% increase (decrease)		
	October 31,				October 31,					
	2014	2013			2014	2013				
Research and development expenses	\$	15,121	\$	14,625	3%	\$	30,941	\$	28,084	10%
Research and development % of sales		18.2%		18.0%			17.1%		19.4%	

For the second quarter ended October 31, 2014, gross R&D expenses increased to \$15.1 million, an increase of 3% or \$0.5 million as compared to an expense of \$14.6 million for the second quarter ended October 31, 2013.

For the six month quarter ended October 31, 2014, gross R&D expenses increased to \$30.9 million, an increase of 10% or \$2.8 million as compared to an expense of \$28.1 million for the six month period ended October 31, 2013.

The increase of \$2.8 million was predominantly a result of planned growth of R&D personnel and corresponding increases in materials as well as increased translation costs associated with UK Sterling denominated expenses.

Foreign Exchange

For the second quarter ended October 31, 2014, the foreign exchange gain was \$2.1 million, as compared to a foreign exchange gain for the same period ended October 31, 2013 of \$1.0 million.

For the six month period ended October 31, 2014, the foreign exchange gain was \$1.4 million, as compared to a foreign exchange gain for the same period ended October 31, 2013 of \$3.5 million.

The current year gain was predominantly driven by the increase in the value of the US dollar against the Canadian dollar since April 30, 2014.

Finance Income, Finance Costs, Other Income and Expenses

For the second quarter ended October 31, 2014, finance income of \$0.2 million was offset by finance costs and other income and expenses of \$0.2 million.

For the six month period ended October 31, 2014, finance income, finance costs, other income and expenses netted to a gain of \$0.3 million.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity and Capital Resources			
(in thousands of dollars except ratios)			
		As at	As at
Key Balance Sheet Amounts and Ratios:		October 31, 2014	April 30, 2014
Cash and cash equivalents	\$	90,384	\$ 101,956
Working capital	\$	285,253	\$ 273,914
Long-term assets	\$	68,514	\$ 70,343
Long-term debt	\$	1,096	\$ 1,372
Days sales outstanding in accounts receivable		95	99

Statement of Cash Flow Summary	Three month period ended		Six month period ended	
	October 31,		October 31,	
	2014	2013	2014	2013
Operating activities	\$ (704)	\$ 9,690	\$ 14,585	\$ 12,395
Investing activities	\$ (1,968)	\$ (1,449)	\$ (4,441)	\$ (4,968)
Financing activities	\$ (10,454)	\$ (11,795)	\$ (22,384)	\$ (20,261)
Net increase (decrease) in cash	\$ (12,984)	\$ (2,847)	\$ (11,572)	\$ (12,559)

Operating Activities

For the second quarter ended October 31, 2014, the Company used cash in operations of \$0.7 million, compared to \$9.7 million generated for the second quarter ended October 31, 2013. Excluding the effects of the changes in non-cash working capital and current taxes, the Company generated cash from operations of \$17.5 million for the second quarter ended October 31, 2014 compared to \$19.4 million for the second quarter ended October 31, 2013.

For the six month period ended October 31, 2014, the Company generated cash from operations of \$14.6 million, compared to \$12.4 million for the six month period ended October 31, 2013. Excluding the effects of the changes in non-cash working capital and current taxes, the Company generated cash from operations of \$38.7 million for the six month period ended October 31, 2014 compared to \$32.3 million for the six month period ended October 31, 2013.

Investing Activities

The Company used cash for investing activities of \$2.0 million for the second quarter ended October 31, 2014 which was predominantly from for the acquisition of capital assets of \$2.0 million.

The Company used cash for investing activities of \$4.4 million for the six month period ended October 31, 2014 which was predominantly from for the acquisition of capital assets of \$4.5 million.

Financing Activities

For the second quarter ended October 31, 2014, the Company used cash from financing activities of \$10.5 million, which was principally driven by dividends paid of \$12.4 million, partially offset by the issuance of capital stock pursuant to the Company's Stock Option Plan of \$2.1 million.

For the six month period ended October 31, 2014, the Company used cash from financing activities of \$22.4 million, which was principally driven by dividends paid of \$24.3 million, partially offset by the issuance of capital stock pursuant to the Company's Stock Option Plan of \$2.1 million.

WORKING CAPITAL

As at October 31, 2014, the Company had cash and cash equivalents of \$90.4 million, compared to \$102.0 million at April 30, 2014.

The Company had working capital of \$285.3 million as at October 31, 2014 compared to \$273.9 million as at April 30, 2014.

The Company believes that the current balance in cash and plus future cash flow from operations will be sufficient to finance growth and related investment and financing activities in the foreseeable future.

Day sales outstanding in accounts receivable were 95 days at October 31, 2014 as compared to 99 for April 30, 2014.

SHARE CAPITAL STRUCTURE

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

	As at October 31, 2014	As at April 30, 2014
Common shares	74,454,346	74,310,146
Stock options granted and outstanding	4,845,500	5,203,700

FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash and cash equivalents, trade and other receivables, trade and other payables and long term debt. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest or credit risks arising from these financial instruments. The Company estimates the fair value of these instruments approximates the carrying values as listed below.

Fair Values and Classification of Financial Instruments:

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

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

CONTRACTUAL OBLIGATIONS

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

(In thousands)	Payments Due by Period				
	Total	Less than 1 Year	2-3 Years	4-5 Years	Thereafter
Operating leases	\$ 1,496	\$ 400	\$ 352	\$ 358	\$ 386
Other long-term debt	16,311	3,624	6,985	4,471	1,231
	\$ 17,807	\$ 4,024	\$ 7,337	\$ 4,829	\$ 1,617

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 October 31, 2014. In the opinion of management, this information has been prepared on the same basis as the audited consolidated financial statements. The operating results for any quarter should not be relied upon as any indication of results for any future period.

(In thousands)	Quarter Ending							
	2014				2013			
	Oct 31	July 31	Apr 30	Jan 31	Oct 31	July 31	Apr 30	Jan 31
Sales	\$ 82,889	\$ 98,014	\$ 87,237	\$ 93,185	\$ 81,244	\$ 63,858	\$ 65,415	\$ 71,771
Cost of goods sold	36,324	42,193	38,154	39,448	34,592	27,144	28,336	31,499
Gross margin	\$ 46,565	\$ 55,821	\$ 49,083	\$ 53,737	\$ 46,652	\$ 36,714	\$ 37,079	\$ 40,272
Operating expenses	27,037	29,306	30,545	25,514	25,797	21,167	26,557	23,164
Earnings from operations	\$ 19,528	\$ 26,515	\$ 18,538	\$ 28,223	\$ 20,855	\$ 15,547	\$ 10,522	\$ 17,108
Non-operating income	12	266	234	482	399	526	509	872
Earnings before taxes	\$ 19,540	\$ 26,781	\$ 18,772	\$ 28,705	\$ 21,254	\$ 16,073	\$ 11,031	\$ 17,980
Net earnings	\$ 14,149	\$ 19,411	\$ 14,699	\$ 21,281	\$ 15,422	\$ 11,733	\$ 8,110	\$ 12,984
Net earnings per share:								
Basic	\$ 0.19	\$ 0.26	\$ 0.20	\$ 0.29	\$ 0.21	\$ 0.16	\$ 0.11	\$ 0.18
Diluted	\$ 0.19	\$ 0.26	\$ 0.20	\$ 0.29	\$ 0.21	\$ 0.16	\$ 0.11	\$ 0.18
Dividends per share:	\$ 0.16	\$ 0.16	\$ 0.16	\$ 1.56	\$ 0.16	\$ 0.16	\$ 0.16	\$ 0.14

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

DISCLOSURE CONTROLS AND PROCEDURES

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

Management has concluded that, as of October 31, 2014, the Company's disclosure controls and procedures were effective to provide reasonable assurance that material information relating to the Company would be made known to them by others within the Company, particularly during the period in which this report was being prepared.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

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

CHANGES IN INTERNAL CONTROLS OVER FINANCIAL REPORTING

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

On May 15, 2013 the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") released *Internal Control-Integrated Framework: 2013*, which is an update to the internal control framework previously issued in 1992. The Company will transition to the updated Framework during the transition period which extends to December 15, 2014, after which the 1992 Framework will be considered superseded by the 2013 Framework. Management is currently assessing the impact of this transition and will report any significant changes to the Company's internal control over financial reporting that may result.

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.