EVERTZ TECHNOLOGIES LIMITED
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Third Quarter ended January 31, 2012

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 for the nine months ended January 31, 2012, the year ended April 30, 2011 and three months ended July 31, 2011 as contained on SEDAR. The consolidated financial statements of the Company are prepared in accordance with International Financial Reporting Standards ("IFRS") and are presented in Canadian dollars. The fiscal year of the Company ends on April 30 of each year. Certain information contained herein is forward-looking and based upon assumptions and anticipated results that are subject to risks, uncertainties and other factors. Should one or more of these uncertainties materialize or should the underlying assumptions prove incorrect, actual results may vary significantly from those expected.

FORWARD-LOOKING STATEMENTS

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

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

The report is based on information available to management on March 2, 2012.

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.

INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Canadian Accounting Standards Board requires Canadian publicly accountable enterprises to adopt IFRS in 2011 to replace Canadian Generally Accepted Accounting Principles ("GAAP"). Accordingly, the interim financial statements have been prepared in accordance with IFRS, with a transition date of May 1, 2010 to allow for comparative financial information. Financial information disclosed in this MD&A for periods ending prior to May 1, 2010 has not been restated.

The Company's IFRS conversion plan was comprehensive and addressed matters including staff training, changes in accounting policies, restatement of comparative periods, internal controls and procedures, disclosure controls, and business activities in general. The changeover to IFRS did not result in a material impact to the Company's business functions and activities including internal controls and procedures.

Although IFRS employs a conceptual framework that is similar to Canadian GAAP, there are differences in recognition, measurement and disclosure. The "First Time Adoption of IFRS" section of this MD&A provides a summary of the transitional exemptions and elections taken by the Company, as well as relevant differences in accounting policies between Canadian GAAP and IFRS.

The note also provides reconciliations of assets, liabilities, shareholders' equity and net earnings for specified periods previously prepared under Canadian GAAP to that under IFRS. The information provided in this MD&A and in the interim financial statements with respect to the transition to IFRS reflects current views, assumptions and expectations. Circumstances may arise such as changes in IFRS standards or interpretation of existing IFRS standards before the consolidated financial statements as at April 30, 2012 are prepared. Consequently, final accounting policy decisions for all standards and exemptions in effect at the date of transition will be made during the preparation of the consolidated financial statements as at April 30, 2012.

SIGNIFICANT ACCOUNTING POLICIES

New accounting policies which were not previously applicable in prior periods:

Non-current assets held for sale

Non-current assets that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale. Immediately before classification as held for sale, the assets are remeasured in accordance with the Company's accounting policies. The assets are measured at the lower of their carrying amount and fair value less cost to sell. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognized in profit or loss. Gains are not recognized in excess of any cumulative impairment loss.

New and Revised IFRSs Issued but Not Yet Effective

Following is a listing of amendments, revisions and new International Financial Reporting Standards (IFRSs) issued but not effective until annual periods beginning after May 1, 2012. 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 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2013. The Company has not yet determined the impact of IFRS 9 on its financial statements.

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.* The Company has not yet determined the impact of IFRS 10 on its financial statements.

Joint Arrangements

IFRS 11, *Joint Arrangements* ("IFRS 11") provides a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form as is currently the case. IFRS 11 replaces SIC-13, *Jointly Controlled Entities – Non-Monetary Contribution by Venturers* and IAS 31, *Interests in Joint Ventures.* The Company has not yet determined the impact of IFRS 11 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. 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. The Company has not yet determined the impact of IFRS 13 on its financial statements.

Income Taxes

The amendments to IAS 12, *Income Taxes* ("IAS 12") relate to the measurement of deferred taxes for investment property carried at fair value. The Company has not yet determined the impact of the changes to IAS 12 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.

QUARTER END HIGHLIGHTS

Revenue decreased by 15% for the third quarter ended January 31, 2012 when compared to the same period ended January 31, 2011.

Net earnings for the third quarter ended January 31, 2012 were $12.7 million as compared to $24.4 million for the third quarter ended January 31, 2011, a decrease of 48%. Fully-diluted earnings per share were $0.17 for the third quarter ended January 31, 2012 as compared to $0.32 for the third quarter ended January 31, 2011.

Gross margin during the third quarter ended January 31, 2012 was 56.2% as compared to 57.9% for the third quarter ended January 31, 2011.

Selling and administrative expenses for the third quarter ended January 31, 2012 was $12.7 million compared to the third quarter ended January 31, 2011 of $10.0 million. As a percentage of revenue, selling and administrative expenses totaled 17.7% for the third quarter ended January 31, 2012 as opposed to 11.9% for the third quarter ended January 31, 2011.

Research and development ("R&D") expenses increased in the third quarter ended January 31, 2012 by $1.4 million or approximately 15% compared to the third quarter ended January 31, 2011.

Cash and instruments held for trading were $190.5 million and working capital was $320.5 million as at January 31, 2012 as compared to cash and instruments held for trading of $192.0 million and working capital of $326.0 million as at April 30, 2011.

Selected Consolidated Financial Information

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

	Three month period ended January 31,		Nine month period ended January 31,	
	2012	2011	2012	2011
Revenue	$ 71,445	$ 84,073	$ 217,060	$ 240,216
Cost of goods sold	31,283	35,389	93,675	100,895
Gross margin	40,162	48,684	123,385	139,321
Expenses				
Selling and administrative	12,677	9,985	34,798	27,194
General	1,580	1,827	4,678	4,770
Research and development	11,058	9,620	31,418	25,863
Investment tax credits	(2,574)	(2,258)	(7,310)	(6,139)
Foreign exchange gain	64	465	(3,001)	(478)
	22,805	19,639	60,583	51,210
Earnings before undernoted	17,357	29,045	62,802	88,111
Finance income	551	204	1,427	733
Finance costs	(45)	(43)	(142)	(120)
Other income and expenses	(332)	3,935	(557)	2,428
Earnings before income taxes	17,531	33,141	63,530	91,152
Provision for (recovery of) income taxes				
Current	4,323	7,970	17,804	24,848
Deferred	463	808	(740)	463
	4,786	8,778	17,064	25,311
Net earnings for the period	$ 12,745	$ 24,363	$ 46,466	$ 65,841
Net earnings attributable to non-controlling interest	108	125	306	461
Net earnings attributable to shareholders	12,637	24,238	46,160	65,380
Net earnings for the period	$ 12,745	$ 24,363	$ 46,466	$ 65,841
Earnings per share				
Basic	$ 0.17	$ 0.32	$ 0.63	$ 0.88
Diluted	$ 0.17	$ 0.32	$ 0.62	$ 0.88

Consolidated Balance Sheet Data	As at January 31, 2012	As at April 30, 2011
Cash and instruments held for trading	$ 190,514	$ 192,025
Inventory	$ 104,353	$ 106,422
Working capital	$ 320,540	$ 326,029
Total assets	$ 418,358	$ 410,511
Shareholders' equity	$ 375,278	$ 372,209
Number of common shares outstanding:		
Basic	73,260,486	74,470,606
Fully-diluted	77,973,286	78,577,206
Weighted average number of shares outstanding:		
Basic	73,746,646	73,989,997
Fully-diluted	73,937,254	74,879,139

Consolidated Statement of Operations Data (in thousands of dollars except earnings per share and share data)				
	Three month period ended January 31,		**Nine month period ended January 31,**	
	2012	**2011**	**2012**	**2011**
Revenue	100.0%	100.0%	100.0%	100.0%
Cost of goods sold	43.8%	42.1%	43.2%	42.0%
Gross margin	56.2%	57.9%	56.8%	58.0%
Expenses				
Selling and administrative	17.7%	11.9%	16.0%	11.3%
General	2.2%	2.2%	2.2%	2.0%
Research and development	15.5%	11.4%	14.5%	10.8%
Investment tax credits	(3.6%)	(2.7%)	(3.4%)	(2.6%)
Foreign exchange gain	0.1%	0.6%	(1.4%)	(0.2%)
	31.9%	23.4%	27.9%	21.3%
Earnings before undernoted	24.3%	34.6%	28.9%	36.7%
Finance income	0.8%	0.2%	0.7%	0.3%
Finance costs	(0.1%)	(0.1%)	(0.1%)	(0.1%)
Other income and expenses	(0.5%)	4.7%	(0.3%)	1.0%
Earnings before income taxes	24.5%	39.4%	29.3%	38.0%
Provision for (recovery) of income taxes				
Current	6.1%	11.2%	8.2%	11.5%
Deferred	0.6%	1.1%	(0.3%)	0.2%
	6.7%	12.3%	7.9%	11.7%
Net earnings for the period	17.8%	29.0%	21.4%	27.4%
Net earnings attributable to non-controlling interest	0.1%	0.2%	0.1%	0.2%
Net earnings attributable to shareholders	17.7%	28.8%	21.3%	27.2%
Net earnings for the period	17.8%	29.0%	21.4%	27.4%
Earnings per share:				
Basic	$ 0.17	$ 0.32	$ 0.63	$ 0.88
Diluted	$ 0.17	$ 0.32	$ 0.62	$ 0.88

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 45% to 55% 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 60-70% of the Company's revenues are denominated in US dollars.

Revenue

(In thousands of Canadian dollars)	Three month period ended January 31,		% Increase (Decrease)	Nine month period ended January 31,		% Increase (Decrease)
	2012	**2011**		**2012**	**2011**	
United States/Canada	$ 31,951	$ 48,495	(34%)	$ 113,193	$ 131,057	(14%)
International	39,494	35,578	11%	103,867	109,159	(5%)
	$ 71,445	$ 84,073	(15%)	$ 217,060	$ 240,216	(10%)

Total revenue for the third quarter ended January 31, 2012 was $71.4 million, a decrease of 15% or $12.6 million as compared to revenue of $84.1 million for the third quarter ended January 31, 2011.

Total revenue for the nine month period ended January 31, 2012 was $217.1 million, a decrease of 10% or $23.2 as compared to revenue of $240.2 million for the nine month period ended January 31, 2011.

Revenue in the United States/Canada region decreased to $32.0 million for the third quarter ended January 31, 2012, a decrease of 34% or $16.5 million as compared to revenue of $48.5 million for the third quarter ended January 31, 2011.

Revenue in the United States/Canada region decreased to $113.2 million for the nine month period ended January 31, 2012, a decrease of 14% or $17.9 million as compared to revenue of $131.1 million for the nine month period ended January 31, 2011.

Revenue in the International region increased to $39.5 million for the third quarter ended January 31, 2012, an increase of 11% or $3.9 million as compared to revenue of $35.6 million for the third quarter ended January 31, 2011.

Revenue in the International region decreased to $103.9 million for the nine month period ended January 31, 2012, a decrease of 5% or $5.3 million as compared to revenue of $109.2 million for the nine month period ended January 31, 2011.

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)	Three month period ended January 31,		% Increase (Decrease)	Nine month period ended January 31,		% Increase (Decrease)
	2012	2011		2012	2011	
Gross margin	$ 40,162	$ 48,684	(17%)	$ 123,385	$ 139,321	(11%)
Gross margin % of sales	56.2%	57.9%		56.8%	58.0%	

Gross margin for the third quarter ended January 31, 2012 was $40.2 million, compared to $48.7 million for the third quarter ended January 31, 2011. As a percentage of revenue, the gross margin was 56.2% for the third quarter ended January 31, 2012, as compared to 57.9% for the third quarter ended January 31, 2011.

Gross margin for the nine month period ended January 31, 2012 was $123.4 million, compared to $139.3 million for the nine month period ended January 31, 2011. As a percentage of revenue, the gross margin was 56.8% for the nine month period ended January 31, 2012 as compared to 58.0% for the nine month period ended January 31, 2011.

Gross margins vary depending on the product mix, geographic distribution and competitive pricing pressures. For the third quarter ended January 31, 2012 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)	Three month period ended January 31,		% Increase (Decrease)	Nine month period ended January 31,		% Increase (Decrease)
	2012	**2011**		**2012**	**2011**	
Selling and administrative	$ 12,677	$ 9,985	27%	$ 34,798	$ 27,194	28%
Selling and administrative % of sales	17.7%	11.9%		16.0%	11.3%	

Selling and administrative expenses excludes stock based compensation, operation of non-production property, plant and equipment, and amortization of intangibles. Selling and administrative expenses for the third quarter ended January 31, 2012 were $12.7 million or 17.7% of revenue as compared to selling and administrative expenses of $10.0 million or 11.9% of revenue for the third quarter ended January 31, 2011.

The increase for the period was the result of general increases to selling expenses and general overhead increases.

Selling and administrative expenses for the nine month period ended January 31, 2012 were $34.8 million or 16.0% of revenue as compared to administrative and selling expenses of $27.2 million or 11.3% of revenue for the nine month period ended January 31, 2011.

Research and Development (R&D)

(In thousands of Canadian dollars)	Three month period ended January 31,		% Increase (Decrease)	Nine month period ended January 31,		% Increase (Decrease)
	2012	**2011**		**2012**	**2011**	
Research and development expenses	$ 11,058	$ 9,620	15%	$ 31,418	$ 25,863	21%
Research and development % of sales	15.5%	11.4%		14.5%	10.8%	

For the third quarter ended January 31, 2012, gross R&D expenses increased to $11.1 million, an increase of 15% or $1.4 million as compared to an expense of $9.6 million for the third quarter ended January 31, 2011.

The increase for the period ended January 31, 2012 was predominantly a result of planned growth of R&D personnel and corresponding increases in materials and prototypes.

For the nine month period ended January 31, 2012, gross R&D expenses increased to $31.4 million, an increase of 21% or $5.6 million as compared to an expense of $25.9 million for the nine month period ended January 31, 2011.

Foreign Exchange

For the third quarter ended January 31, 2012, the foreign exchange loss was $0.1 million as compared to a foreign exchange loss for the same period ended January 31, 2011 of $0.5 million.

For the nine month period ended January 31, 2011, the foreign exchange gain was $3.0 million as compared to a foreign exchange gain for the same period ended January 31, 2011 of $0.5 million.

Finance Income, Costs and Other Income

For the third quarter ended January 31, 2012, finance income, costs and other income netted to a gain of $0.2 million.

For the nine month period ended January 31, 2012, finance income, costs and other income was a gain of $0.7 million of which largely relates to interest income.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity and Capital Resources (in thousands of Canadian dollars except ratios) Key Balance Sheet Amounts and Ratios:		**As at January 31, 2012**		**As at April 30, 2011**
Cash and instruments held for trading	$	190,514	$	192,025
Working capital	$	320,540	$	326,029
Long-term assets	$	60,538	$	57,318
Long-term debt	$	1,967	$	2,493
Days sales outstanding in accounts receivable		65		62

Statement of Cash Flow Summary	**Three month period ended January 31,**				**Nine month period ended January 31,**			
		2012		**2011**		**2012**		**2011**
Operating activities	$	23,777	$	28,991	$	58,594	$	50,334
Investing activities	$	(10,865)	$	(2,517)	$	(10,642)	$	(3,003)
Financing activities	$	(8,749)	$	(3,868)	$	(45,171)	$	(15,883)
Net increase (decrease) in cash	$	4,162	$	23,218	$	2,567	$	31,554

Operating Activities

For the third quarter ended January 31, 2012, the Company generated cash from operations of $23.8 million, compared to $29.0 million for the third quarter ended January 31, 2011. Excluding the effects of the changes in non-cash working capital, the Company generated cash from operations of $16.7 million for the third quarter ended January 31, 2012, compared to $23.5 million for the third quarter ended January 31, 2011.

For the nine month period ended January 31, 2012, the Company generated cash from operations of $58.6 million, compared to $50.3 million for the nine month period ended January 31, 2011. Excluding the effects of the changes in non-cash working capital, the Company generated cash from operations of $54.8 million for the nine month period ended January 31, 2012, compared to $72.9 million for the nine month period ended January 31, 2011.

Investing Activities

The Company used cash from investing activities of $10.9 million for the third quarter ended January 31, 2012 which was predominantly the acquisition of capital assets of $10.9 million, compared to cash used of $2.5 million for the third quarter ended January 31, 2011.

The Company used cash from investing activities of $10.6 million for the nine month period ended January 31, 2012, compared to cash used of $3.0 million for the nine month period ended January 31, 2011.

Financing Activities

For the third quarter ended January 31, 2012, the Company used cash from financing activities of $8.7 million, which was principally driven by a repurchase of capital stock costing $1.8 million, dividends paid of $8.8 million and offset by the issuance of capital stock pursuant to the Company Stock Option Plan of $2.0 million.

For the nine month period ended January 31, 2012, the Company used cash from financing activities of $45.2 million, which was principally a result of the repurchase of capital stock costing $25.2 million, the payment of dividends of $26.6 million offset by the issuance of capital stock pursuant to the Company Stock Option Plan of $7.5 million.

WORKING CAPITAL

As at January 31, 2012, the Company had cash and instruments held for trading of $190.5 million, compared to $192.0 million at April 30, 2011.

The Company had working capital of $320.5 million as at January 31, 2012 compared to $326.0 million as at April 30, 2011.

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 65 days at January 31, 2012 as compared to 69 for January 31, 2011.

SHARE CAPITAL STRUCTURE

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

	As at January 31, 2012	**As at April 30, 2011**
Common shares	73,260,486	74,470,606
Stock options granted and outstanding	4,712,800	4,106,600

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 January 31, 2012:

	Payments Due by Period									
(In thousands)		Total		Less than 1 Year		2-3 Years		4-5 Years		Thereafter
Operating leases	$	22,635	$	3,563	$	6,195	$	5,849	$	7,028
Other long-term debt	$	2,377	$	410	$	711	$	421	$	835
	$	25,012	$	3,973	$	6,906	$	6,270	$	7,863

OFF-BALANCE SHEET FINANCING

The Company does not have any off-balance sheet arrangements.

RELATED PARTY TRANSACTIONS

In the normal course of business, we may enter into transactions with related parties. These transactions occur under market terms consistent with the terms of transactions with unrelated arms-length third parties. The Company continues to lease a premise from a company in which two shareholders' each indirectly hold a 10% interest, continues to lease a facility from a company in which two shareholders each indirectly hold a 20% interest, continues to lease a facility for manufacturing where two shareholders indirectly own 100% interest, continues to lease a facility from a company in which two shareholders each indirectly own a 35% interest and continues to lease a facility with a director who indirectly owns 100%.

SELECTED CONSOLIDATED QUARTERLY FINANCIAL INFORMATION

The following table sets out selected consolidated financial information for each of the eight quarters ended January 31, 2012. 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)	2012	2011				2010		
	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	CDN GAAP
(Unaudited)	Jan 31	Oct 31	July 31	Apr 30	Jan 31	Oct 31	July 31	Apr 30
Sales	$ 71,445	$ 70,487	$ 75,128	$ 69,043	$ 84,073	$ 82,327	$ 73,816	$ 75,285
Cost of goods sold	31,283	30,111	32,281	30,055	35,389	34,688	30,818	31,860
Gross margin	$ 40,162	$ 40,376	$ 42,847	$ 38,988	$ 48,684	$ 47,639	$ 42,998	$ 43,425
Operating expenses	22,805	18,393	19,385	22,955	19,639	16,515	15,056	20,597
Earnings from operations	$ 17,357	$ 21,983	$ 23,462	$ 16,033	$ 29,045	$ 31,124	$ 27,942	$ 22,828
Non-operating income (exp)	174	165	389	1,159	4,096	(1,975)	920	1,441
Earnings before taxes	$ 17,531	$ 22,148	$ 23,851	$ 17,192	$ 33,141	$ 29,149	$ 28,862	$ 24,269
Net earnings	$ 12,745	$ 15,996	$ 17,527	$ 12,335	$ 24,238	$ 20,735	$ 20,408	$ 15,253
Net earnings per share:								
Basic	$ 0.17	$ 0.22	$ 0.23	$ 0.17	$ 0.33	$ 0.28	$ 0.28	$ 0.21
Diluted	$ 0.17	$ 0.22	$ 0.23	$ 0.16	$ 0.33	$ 0.28	$ 0.28	$ 0.21
Dividends per share:	$ 0.12	$ 0.12	$ 0.12	$ 0.10	$ 0.10	$ 0.10	$ 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 January 31, 2012.

Management has concluded that, as of January 31, 2012, the Company's disclosure controls and procedures were effective to provide reasonable assurance that material information relating to the Company would be made known to them by others within the Company, particularly during the period in which this report was being prepared.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

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

CHANGES IN INTERNAL CONTROLS OVER FINANCIAL REPORTING

There have been no changes to the Company's internal controls over financial reporting during the period ended January 31, 2012 that have materially affected, or reasonably likely to materially affect, its internal controls over financial reporting.

FIRST-TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

For all periods up to and including the year ended April 30, 2011, the Company prepared its financial statements in accordance with Canadian GAAP. These financial statements, for the three and nine months ended January 31, 2012, are the third which the Company has prepared in accordance with IFRS.

Accordingly, the Company has prepared financial statements which comply with IFRS applicable for periods beginning on or after May 1, 2010 (the date of transition) as described in the significant accounting policies in Note 2 and Note 16 of the Companies interim condensed consolidated financial statements for the three months ended July 31, 2011. The principal adjustments made by the Company in its reconciling from Canadian GAAP balance sheet as at May 1, 2010 and its previously published Canadian GAAP financial statements for the year ended April 30, 2011 to IFRS are included within Note 16 of the Companies interim condensed consolidated financial statements for the three months ended July 31, 2011.

This note provides reconciliation of Canadian GAAP and IFRS for periods presented within this statement.

Exemptions applied and mandatory exceptions

IFRS 1, First-Time Adoption of International Financial Reporting Standards, allows first-time adopters certain exemptions from the general requirement to apply IFRS as effective for April 2012 year ends retrospectively. IFRS 1 also includes mandatory exceptions to the retrospective application of IFRSs.

The Company has applied the following exemptions:

IFRS 2 - Share-based payment transactions
IFRS 1 does not require first-time adopters to apply IFRS 2, Share Based Payment, to equity instruments that were granted on or before November 7, 2002, or equity instruments that were granted subsequent to November 7, 2002 and vested before the date of transition to IFRS. The Company has elected not to apply IFRS 2 to awards that vested prior to May 1, 2010, which had been accounted for in accordance with Canadian GAAP.

IFRS 3 - Business Combinations
IFRS 1 indicates that a first-time adopter may elect not to apply IFRS 3, Business Combinations, retrospectively to business combinations that occurred before the date of transition to IFRS. The Company has taken advantage of this election and has applied IFRS 3 to business combinations that occurred on or after May 1, 2010. In accordance with the IFRS 1 exemption the Company has also elected to not retroactively apply IAS 21, The Effects of Changes in Foreign Exchange Rates, on fair value adjustments and goodwill arising in business combinations that occurred before May 1, 2010.

IAS 21 - Cumulative translation differences
IFRS 1 provides the option to reset the balance of the cumulative foreign currency translation adjustment to zero on the date of transition. The Company has chosen to apply this election and has eliminated the cumulative translation difference and has adjusted retained earnings by the same amount at the date of transition to IFRS. If, subsequent to adoption, a foreign operation is disposed of, the translation differences that arose before the date of transition to IFRS will not affect the gain or loss on disposal.

The Company has applied the following mandatory exceptions:

IAS 1 - Estimates

In accordance with IFRS 1, an entity's estimates under IFRS at the date of transition to IFRS must be consistent with estimates made for the same date under previous GAAP, unless there is objective evidence that those estimates were in error. The Company's IFRS estimates as of May 1, 2010 are consistent with its Canadian GAAP estimates for the same date.

Other exceptions

The three remaining mandatory exceptions to the retrospective application of IFRSs relate to the de-recognition of financial assets and liabilities, hedge accounting and assets classified as held for sale and discontinued operations. The Company has determined that these mandatory exceptions have not had a material impact on the condensed consolidated financial statements.

IFRS employs a conceptual framework that is similar to Canadian GAAP. However, significant differences exist in certain matters of recognition, measurement and disclosure. While adoption of IFRS has not changed the Company's actual cash flows, it has resulted in changes to the Company's reported financial position and results of operations. In order to allow the users of the financial statements to better understand these changes, the Company's Canadian GAAP statement of earnings, statement of comprehensive income, statement of financial position and statement of cash flows for the year ended April 30, 2011 have been reconciled to IFRS, with the resulting differences explained.

Reconciliation of equity as at April 30, 2011 and January 31, 2011:

	NOTES	April 30, 2011	January 31, 2011
Total equity under Canadian GAAP		$ 371,704	$ 365,739
Adjustments			
Property, plant and equipment	**1**	887	1,113
Provisions	**2**	(320)	(262)
Long-term projects	**3**	928	866
Business combinations	**4**	(172)	(172)
Translation of income tax	**5**	-	-
Non-controlling interest	**6**	1,550	1,457
Functional currency	**8, 9**	(219)	(105)
		2,654	2,897
Tax effect of the above adjustments		(599)	(674)
Total adjustment to equity		2,055	2,223
Total equity under IFRSs		$ 373,759	$ 367,962

Reconciliation of comprehensive income for nine months and three months ended January 31, 2011:

	NOTES	Nine month period ended January 31, 2011	Three month period ended January 31, 2011
Total comprehensive income under Canadian GAAP		$ 65,553	$ 23,419
Adjustments			
Property, plant and equipment	**1**	(448)	(149)
Provisions	**2**	(9)	(2)
Long-term projects	**3**	866	866
Business combinations	**4**	(172)	(172)
Translation of income tax	**5**	-	-
Share based payments	**7**	189	63
Functional currency	**8, 9**	(105)	150
		321	756
Tax effect of the above adjustments		31	27
Total adjustment to comprehensive income		352	783
Total comprehensive income under IFRSs		$ 65,905	$ 24,202

Notes to the financial statement reconciliations

(1) The Company has retroactively applied IAS 16, Property, Plant and Equipment, which requires the Company to identify the significant components of its property, plant and equipment and depreciate these parts separately over their respective useful lives. The impact of the retroactive application of the increased componentization has resulted in an increase in the net book value of capital assets and retained earnings at the date of transition and an increase in subsequent amortization expense.

(2) IAS 37, Provisions, Contingent Liabilities and Contingent Assets, requires separate disclosure of provisions on the face of the statement of financial position. This was not required under previous Canadian GAAP; therefore, all provisions were reclassified from accounts payable and accrued liabilities upon transition. Additionally, provisions as at May 1, 2010, as reported under Canadian GAAP, were re-assessed in accordance with the provisions of IAS 37. As a result of measurement differences between Canadian GAAP and IFRS, the Company increased its provision for site restoration costs.

(3) IAS 11, Construction Contracts, requires revenues on projects which meet the definition of a construction contract to be measured using the percentage of completion method. The Company has identified certain long-term contracts which meet the definition of constructions contracts for which no revenues were previously recognized until shipment and transfer of title to customers were completed. The recognition method relating to these contracts has been restated to reflect the percentage of completion method.

(4) The Company has elected under IFRS 1 not to apply IFRS 3 retrospectively to business combinations that occurred prior to May 1, 2010. Accordingly, the Company has continued with the same accounting treatment for business combinations completed before that time under Canadian GAAP. For all business combinations that occurred on and subsequent to May 1, 2010 all business acquisitions were accounted for in accordance with IFRS 3. Under IFRS 3 all acquisition related transaction costs are expensed as incurred, as opposed to Canadian GAAP where the costs are capitalized during the purchase price allocation.

(5) IAS 12, Income Taxes, requires net deferred income tax assets and liabilities to be adjusted for the tax effects of revaluating foreign currency denominated non-monetary balances held by entities where the functional currency is different than the local tax currency. As this was not a requirement under Canadian GAAP, an adjustment is required upon transition.

(6) Under IFRS, any liabilities or assets relating to a non-controlling interest are required to be classified as equity and presented separately from the equity attributable to shareholders of the Company. As such, the liabilities associated with the non-controlling interest have been reclassified within the statement of financial position.

(7) Under IFRS future forfeiture rates relating to the percentage of options that will not vest must be estimated and used as a reduction in stock compensation expense. Under CDN GAAP forfeitures are recognized and used as a reduction in the expense as incurred. As such, the Company has retroactively estimated forfeiture rates for all options vesting subsequent to the translation date and retroactively adjusted cumulative stock compensation expense.

(8) Under the requirements of IAS 21, the Company is required to assess the functional currency of all subsidiary entities no matter where the entity resides. Upon the review upon transition it was concluded an entity previously concluded as an integrated options has a functional currency different from the parent. The impact of the adjustment has resulted to the reclassification of prior year foreign exchange adjustments from foreign exchange expense to the cumulative transition adjustment within comprehensive income.

(9) Under the requirements of IAS 21, the Company is required to assess the functional currency of all subsidiary entities no matter where the entity resides. Upon the review upon transition it was concluded an entity previously concluded as a self-sustaining operation has a functional currency consistent with the parent. As noted under discussions related to IFRS 3, the Company has taken the IFRS 3 exemption to maintain goodwill at its historical cost. The impact of the adjustment has resulted to adjustment of goodwill ensuring it is maintained at its historical translation rate as opposed to the spot rate used under CDN GAAP.

Reconciliation of interim condensed consolidated cash flows

There are no material differences between the statement of cash flows presented under IFRS and the statement of cash flows under Canadian GAAP.

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.