

Interim condensed consolidated financial statements of

EVERTZ TECHNOLOGIES LIMITED

Three month and Nine month periods ended January 31, 2014 and 2013
(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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EVERTZ TECHNOLOGIES LIMITED

Interim Condensed Consolidated Statements of Financial Position
(Unaudited)

As at January 31, 2014 and April 30, 2013
(In thousands of Canadian dollars)

	January 31, 2014	April 30, 2013
Assets		
Current assets		
Cash and cash equivalents	\$ 106,650	\$ 208,658
Instruments held for trading	12,132	12,010
Trade and other receivables	70,726	53,813
Prepaid expenses	4,350	3,274
Inventories	125,324	111,619
Income tax receivable	-	7,233
	\$ 319,182	\$ 396,607
Assets held for sale (note 14)	\$ -	\$ 3,781
Property, plant and equipment (note 4)	\$ 51,038	\$ 46,637
Goodwill (note 5)	18,234	17,724
Intangible assets	343	558
	\$ 388,797	\$ 465,307
Liabilities		
Current liabilities		
Trade and other payables	\$ 37,093	\$ 36,237
Provisions (note 6)	1,637	1,104
Deferred revenue	7,237	6,712
Current portion of long term debt	421	390
Income tax payable	1,185	-
	\$ 47,573	\$ 44,443
Long term debt	\$ 1,455	\$ 1,539
Deferred taxes	7,655	9,590
	\$ 56,683	\$ 55,572
Equity		
Capital stock (note 7)	\$ 92,419	\$ 81,453
Share based payment reserve	9,646	10,727
Accumulated other comprehensive income (loss)	2,604	(1,063)
Retained earnings	224,553	315,680
	\$ 227,157	\$ 314,617
Total equity attributable to shareholders	329,222	406,797
Non-controlling interest	2,892	2,938
	332,114	409,735
	\$ 388,797	\$ 465,307

See accompanying notes to the interim condensed consolidated financial statements.

EVERTZ TECHNOLOGIES LIMITED

Interim Condensed Consolidated Statements of Changes in Equity
(Unaudited)

Nine month periods ended January 31, 2014 and 2013
(In thousands of Canadian dollars)

	Capital stock	Share-based payment reserve	Accumulated other comprehensive income (loss)	Retained earnings	Total equity attributable to shareholders	Non- controlling interest	Total equity
Balance at April 30, 2012	\$ 67,458	\$ 14,320	\$ (906)	\$ 297,545	\$ 378,417	\$ 1,537	\$ 379,954
Net earnings for the period	-	-	-	56,480	56,480	550	57,030
Foreign currency translation adjustment	-	-	213	-	213	(2)	211
Total comprehensive income for the period	\$ -	\$ -	\$ 213	\$ 56,480	\$ 56,693	\$ 548	\$ 57,241
Dividends declared	-	-	-	(30,729)	(30,729)	(400)	(31,129)
Business acquisitions	-	-	-	-	-	1,220	1,220
Share based compensation expense	-	2,178	-	-	2,178	-	2,178
Exercise of employee stock options	7,377	-	-	-	7,377	-	7,377
Transfer on stock option exercise	5,995	(5,995)	-	-	-	-	-
Repurchase of common shares	(292)	-	-	(3,954)	(4,246)	-	(4,246)
Balance at January 31, 2013	\$ 80,538	\$ 10,503	\$ (693)	\$ 319,342	\$ 409,690	\$ 2,905	\$ 412,595
Balance at April 30, 2013	\$ 81,453	\$ 10,727	\$ (1,063)	\$ 315,680	\$ 406,797	\$ 2,938	\$ 409,735
Net earnings for the period	-	-	-	48,436	48,436	349	48,785
Foreign currency translation adjustment	-	-	3,667	-	3,667	205	3,872
Total comprehensive income for the period	\$ -	\$ -	\$ 3,667	\$ 48,436	\$ 52,103	\$ 554	\$ 52,657
Dividends declared	-	-	-	(139,516)	(139,516)	(600)	(140,116)
Share based compensation expense	-	2,058	-	-	2,058	-	2,058
Exercise of employee stock options	7,831	-	-	-	7,831	-	7,831
Transfer on stock option exercise	3,139	(3,139)	-	-	-	-	-
Repurchase of common shares	(4)	-	-	(47)	(51)	-	(51)
Balance at January 31, 2014	\$ 92,419	\$ 9,646	\$ 2,604	\$ 224,553	\$ 329,222	\$ 2,892	\$ 332,114

See accompanying notes to the interim condensed consolidated financial statements.

EVERTZ TECHNOLOGIES LIMITED

Interim Condensed Consolidated Statements of Earnings
(Unaudited)

Three month and nine month periods ended January 31, 2014 and 2013
(In thousands of Canadian dollars, except per share amounts)

	Three month period ended		Nine month period ended	
	January 31,		January 31,	
	2014	2013	2014	2013
Revenue	\$ 93,185	\$ 71,771	\$ 238,287	\$ 250,890
Cost of goods sold	39,448	31,499	101,184	106,103
Gross margin	53,737	40,272	137,103	144,787
Expenses				
Selling, administrative and general (note 8)	17,351	15,052	45,561	43,408
Research and development	15,049	13,098	43,133	37,502
Investment tax credits	(3,168)	(3,519)	(9,033)	(9,569)
Foreign exchange gain	(3,718)	(1,467)	(7,183)	(2,790)
	25,514	23,164	72,478	68,551
	28,223	17,108	64,625	76,236
Finance income	496	699	1,720	1,576
Finance costs	(61)	(103)	(275)	(269)
Other income and expenses	47	276	(38)	272
Earnings before income taxes	28,705	17,980	66,032	77,815
Provision for (recovery of) income taxes				
Current	7,672	3,968	19,387	19,280
Deferred	(316)	833	(2,140)	1,505
	7,356	4,801	17,247	20,785
Net earnings for the period	\$ 21,349	\$ 13,179	\$ 48,785	\$ 57,030
Net earnings attributable to non-controlling interest	68	195	349	550
Net earnings attributable to shareholders	21,281	12,984	48,436	56,480
Net earnings for the period	\$ 21,349	\$ 13,179	\$ 48,785	\$ 57,030
Earnings per share (note 13)				
Basic	\$ 0.29	\$ 0.18	\$ 0.65	\$ 0.77
Diluted	\$ 0.29	\$ 0.18	\$ 0.65	\$ 0.77

See accompanying notes to the interim condensed consolidated financial statements.

EVERTZ TECHNOLOGIES LIMITED

Interim Condensed Consolidated Statements of Comprehensive Income
(Unaudited)

Three month and nine month periods ended January 31, 2014 and 2013
(In thousands of Canadian dollars)

	Three month period ended		Nine month period ended	
	January 31,		January 31,	
	2014	2013	2014	2013
Net earnings for the period	\$ 21,349	\$ 13,179	\$ 48,785	\$ 57,030
Items that may be classified as net earnings:				
Foreign currency translation adjustment	2,040	(289)	3,872	211
Comprehensive income	\$ 23,389	\$ 12,890	\$ 52,657	\$ 57,241
Comprehensive income attributable to non-controlling interest	\$ 189	\$ 193	\$ 554	\$ 548
Comprehensive income attributable to shareholders	\$ 23,200	\$ 12,697	\$ 52,103	\$ 56,693
Comprehensive income	\$ 23,389	\$ 12,890	\$ 52,657	\$ 57,241

See accompanying notes to the interim condensed consolidated financial statements.

EVERTZ TECHNOLOGIES LIMITED

Interim Condensed Consolidated Statements of Cash Flows
(Unaudited)

Three month and nine month periods ended January 31, 2014 and 2013
(In thousands of Canadian dollars)

	Three month period ended		Nine month period ended	
	January 31,		January 31,	
	2014	2013	2014	2013
Operating activities				
Net earnings for the period	\$ 21,349	\$ 13,179	\$ 48,785	\$ 57,030
Add: Items not involving cash				
Depreciation of property, plant and equipment	2,532	1,953	7,327	5,674
Amortization of intangible assets	98	90	279	341
Gain on instruments held for trading	(41)	(36)	(122)	(109)
Loss (gain) on disposal of property, plant and equipment	(1)	-	297	(19)
Share-based compensation	673	708	2,058	2,178
Interest expense	182	51	275	159
Deferred income tax (recovery) expense	(316)	816	(2,140)	1,505
	24,476	16,761	56,759	66,759
Current tax expenses, net of investment tax credits	4,504	449	10,354	9,711
Income taxes (received) paid	(556)	41	(1,572)	(363)
Changes in non-cash working capital items (note 9)	(4,070)	4,763	(28,792)	1,977
Cash provided by operating activities	24,354	22,014	36,749	78,084
Investing activities				
Business acquisitions, net of cash	-	(3,774)	-	(3,774)
Acquisition of property, plant and equipment	(2,575)	(2,427)	(7,730)	(6,917)
Proceeds from disposal of property, plant and equipment	-	-	187	54
Cash used in investing activities	(2,575)	(6,201)	(7,543)	(10,637)
Financing activities				
Repayment of long term debt	(21)	(522)	(233)	(708)
Interest paid	(182)	(51)	(275)	(159)
Dividends paid	(115,846)	(10,244)	(139,516)	(30,729)
Dividends paid by subsidiaries to non-controlling interests	-	-	(600)	(400)
Capital stock repurchased	(7)	(46)	(51)	(4,246)
Capital stock issued	3,473	4,500	7,831	7,377
Cash used in financing activities	(112,583)	(6,363)	(132,844)	(28,865)
Effect of exchange rates on cash and cash equivalents	1,355	(513)	1,630	(45)
(Decrease) increase in cash and cash equivalents	(89,449)	8,937	(102,008)	38,537
Cash and cash equivalents beginning of period	196,099	203,265	208,658	173,665
Cash and cash equivalents end of period	\$ 106,650	\$ 212,202	\$ 106,650	\$ 212,202

See accompanying notes to the interim condensed consolidated financial statements.

EVERTZ TECHNOLOGIES LIMITED

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

Three month and Nine month periods ended January 31, 2014 and 2013
(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 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, 2013, except as disclosed in Note 2.

These interim condensed consolidated financial statements do not include all information and note disclosures required by IFRS for annual financial statements, and therefore; should be read in conjunction with the April 30, 2013 annual consolidated financial statements.

These interim condensed consolidated financial statements were authorized for issue by the Board of Directors on March 4, 2014.

2. SIGNIFICANT ACCOUNTING POLICIES

Changes in Accounting Policies

Consolidated Financial Statements

Effective May 1, 2013, the Company adopted IFRS 10, *Consolidated Financial Statements* (“IFRS 10”). IFRS 10 establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. IFRS 10 replaced the consolidation requirements in SIC-12, *Consolidation – Special Purpose Entities* and IAS 27, *Consolidated and Separate Financial Statements*. The adoption of IFRS 10 did not have any impact on the Interim Condensed Consolidated Financial Statements.

Disclosure of Interests in Other Entities

Effective May 1, 2013, the Company adopted IFRS 12, *Disclosure of Interests in Other Entities* (“IFRS 12”). 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 adoption of IFRS 12 did not have any impact on the Interim Condensed Consolidated Financial Statements and we are currently evaluating the impact on the annual consolidated financial statements.

Note #2 continued ...

Fair Value Measurements

Effective May 1, 2013, the Company adopted IFRS 13, *Fair Value Measurements* (“IFRS 13”). IFRS 13 provides new guidance on fair value measurement and disclosure requirements. The adoption of IFRS 13 did not have any impact on the Interim Condensed Consolidated Financial Statements.

Presentation of Financial Statements

Effective May 1, 2013, the Company adopted Amendments to IAS 1, *Presentation of Financial Statements* (“Amendments to IAS 1”), which became effective for annual periods beginning on or after July 1, 2012, are 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 adoption of Amendments to IAS 1 did not have any impact on the Interim Condensed Consolidated Financial Statements.

Financial Instruments

Effective May 1, 2013, the Company adopted Amendments to IFRS 7, *Financial Instruments Disclosures* (“Amendments to IFRS 7”), which amend the disclosure requirements in IFRS 7 to require information about all recognized financial instruments that are offset in accordance with paragraph 42 of IAS 32 *Financial Instruments: Presentation*. The adoption of Amendments to IFRS 7 did not have any 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.

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.

IAS 32, *Financial instruments: Presentation* (“IAS 32”) was amended by the IASB in December 2011 to clarify certain aspects of the requirements on offsetting. 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 amendments to IAS 32 are effective for annual periods beginning on or after January 1, 2014. The Company has not yet determined the impact of IAS 32 on its financial statements.

3. BUSINESS ACQUISITIONS

On December 13, 2012 the Company completed the investment of 80% in the share capital of an international technology-based company for cash consideration of \$3,774, net of \$1,391 in cash acquired. The acquisition price includes \$250 in contingent consideration that the Company has valued at 100% of the potential liability. The acquisition was accounted for under the acquisition method and its operating results have been included in these financial statements since the date of acquisition. During fiscal 2013 the Company recognized \$140 of transaction costs in selling, administrative and general expenses relating to the acquisition.

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

Trade and other receivables	\$	1,054
Inventories		1,742
Income tax receivable		345
Trade and other payables		(546)
Deferred revenue		(123)
Property, plant and equipment		2,994
Long term debt		(440)
Deferred tax liability		(318)
Goodwill (not tax deductible)		286
Non-controlling interest		(1,220)
	<u>\$</u>	<u>3,774</u>

The non-controlling interest has been valued at its proportionate share of net assets in the acquired company. Fair value of trade and other receivables was determined by netting \$1,091 in gross receivables with \$37 in receivables deemed uncollectable.

4. PROPERTY, PLANT AND EQUIPMENT

	January 31, 2014			April 30, 2013		
	Cost	Accumulated Amortization	Carrying Amount	Cost	Accumulated Amortization	Carrying Amount
Office furniture and equipment	\$ 2,764	\$ 1,783	\$ 981	\$ 1,726	\$ 957	\$ 769
Research and development equipment	23,303	11,209	12,094	18,483	8,608	9,875
Airplanes	19,727	7,471	12,256	12,639	1,956	10,683
Machinery and equipment	44,840	31,119	13,721	42,339	28,018	14,321
Leaseholds	4,902	3,208	1,694	4,290	2,705	1,585
Land	2,291	-	2,291	2,060	-	2,060
Buildings	9,807	1,806	8,001	8,816	1,472	7,344
	<u>\$ 107,634</u>	<u>\$ 56,596</u>	<u>\$ 51,038</u>	<u>\$ 90,353</u>	<u>\$ 43,716</u>	<u>\$ 46,637</u>

5. GOODWILL

The changes in carrying amounts of goodwill are as follows:

	Cost
Balance as at April 30, 2013	\$ 17,724
Foreign exchange differences	510
Balance as at January 31, 2014	\$ 18,234

6. PROVISIONS

	Warranty and Returns	Lease/Retirement Obligations	Total
Balance as at April 30, 2013	\$ 1,000	\$ 104	\$ 1,104
Additions	500	13	513
Foreign exchange differences	-	20	20
Balance as at January 31, 2014	\$ 1,500	\$ 137	\$ 1,637

7. CAPITAL STOCK

Authorized capital stock consists of:

Unlimited number of preferred shares, Unlimited number of common shares

	Number of Common Shares	Amount
Balance as at April 30, 2013	73,632,566	\$ 81,453
Issued on exercise of stock options	650,800	7,831
Cancelled pursuant to NCIB	(3,620)	(4)
Transferred on stock option exercise	-	3,139
Balance as at January 31, 2014	74,279,746	\$ 92,419

Normal Course Issuer Bid

In August 2013, the Company filed a Normal Course Issuer Bid (NCIB) with the TSX to repurchase, at the Company's discretion, until September 2, 2014 up to 3,700,397 outstanding common shares on the open market or as otherwise permitted, subject to normal terms and limitations of such bids. During fiscal 2014 in combination with a prior NCIB that expired in July 2013, the Company purchased and cancelled 3,620 common shares at a weighted average price of \$14.12 per share under the NCIB.

Dividends Per Share

During the quarter, \$1.56 in dividends per share were declared, including a special dividend of \$1.40 per common share.

8. SELLING, ADMINISTRATIVE AND GENERAL EXPENSES

	Three month period ended January 31,		Nine month period ended January 31,	
	2014	2013	2014	2013
Selling and administrative	\$ 14,913	\$ 13,659	\$ 40,196	\$ 39,118
Share-based compensation (note 10)	673	708	2,058	2,178
Depreciation of property, plant and equipment (non-production)	1,667	595	3,028	1,771
Amortization of intangibles	98	90	279	341
	\$ 17,351	\$ 15,052	\$ 45,561	\$ 43,408

9. STATEMENT OF CASH FLOWS

Changes in non-cash working capital items

	Three month period ended		Nine month period ended	
	January 31,		January 31,	
	2014	2013	2014	2013
Trade and other receivables	\$ (7,162)	\$ 6,700	\$ (15,920)	\$ 11,071
Inventories	(5,189)	(4,845)	(12,071)	(3,732)
Prepaid expenses	(1,720)	(1,541)	(869)	(954)
Trade payable and accrued liabilities	11,693	4,067	(990)	(7,294)
Deferred revenue	(1,675)	346	525	2,595
Provisions	(17)	36	533	291
	\$ (4,070)	\$ 4,763	\$ (28,792)	\$ 1,977

10. 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.

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

	Number of Options	Weighted Average Exercise Price
Balance as at April 30, 2013	4,614,400	\$ 13.09
Granted	158,000	16.01
Exercised	(650,800)	12.03
Forfeited	(163,000)	12.45
Expired	(170,000)	18.10
Balance as at January 31, 2014	3,788,600	\$ 13.19

Stock options outstanding as at January 31, 2014 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 - \$11.17	\$ 11.17	12,000	0.2	-	\$ -
\$11.88 - \$13.14	\$ 12.02	2,327,500	2.4	3,000	\$ 13.14
\$13.84 - \$15.64	\$ 14.28	959,100	2.9	127,700	\$ 14.61
\$16.21 - \$19.34	\$ 16.69	490,000	3.7	-	\$ -
Totals	\$ 13.19	3,788,600	2.7	130,700	\$ 14.58

Note #10 continued ...

Compensation expense

The share-based compensation expense that has been charged against earnings over the nine and three month period is \$673 (2013 – \$708) and \$2,058 (2013 - \$2,178). Compensation expense on grants during the period was calculated using the Black–Scholes option pricing model with the following weighted average assumptions:

	Nine month period ended January 31, 2014	Nine month period ended January 31, 2013
Risk-free interest rate	1.70%	1.27%
Dividend yield	4.02%	3.81%
Expected life	5 years	5 years
Expected volatility	40%	42%
Weighted average grant-date fair value:		
Where the exercise price equaled the market price	\$4.07	\$3.99

Expected volatility is based on 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% (2013 – 18%).

11. 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 January 31,		Nine month period ended January 31,	
	2014	2013	2014	2013
United States	\$ 49,080	\$ 27,872	\$ 111,724	\$ 117,659
International	38,158	38,000	109,192	110,997
Canada	5,947	5,899	17,371	22,234
	\$ 93,185	\$ 71,771	\$ 238,287	\$ 250,890

	January 31, 2014			April 30, 2013		
	Property, Plant and Equipment	Goodwill	Intangible Assets	Property, Plant and Equipment	Goodwill	Intangible Assets
United States	\$ 13,782	\$ 317	\$ -	\$ 12,367	\$ 288	\$ -
International	11,387	17,917	343	10,481	17,436	558
Canada	25,869	-	-	23,789	-	-
	\$ 51,038	\$ 18,234	\$ 343	\$ 46,637	\$ 17,724	\$ 558

12. 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 \$4,364 committed over the remaining term. During the nine and three month period, rent paid for the leased principal premises amounted to \$614 (2013 – \$614) and \$205 (2013 - \$205) with no outstanding amounts due as at January 31, 2014.

The Company also leases property where two shareholders indirectly own 100% interest. This lease expires in 2016 with a total of \$677 committed over the remaining term. During the nine and three month period, rent paid was \$185 (2013 – \$185) and \$62 (2013 - \$62) with no outstanding amounts due as at January 31, 2014.

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 \$3,901 committed over the remaining term. During the nine and three month period, rent paid for the leased principal premises amounted to \$568 (2013 - \$546) and \$189 (2013 - \$186) with no outstanding amounts due as at January 31, 2014.

On December 15, 2013 the Company renewed a lease agreement with a director who indirectly owns 100% interest. The lease expires in 2018 with a total of \$694 committed over the remaining term. During the nine and three month period, rent paid was \$102 (2013 - \$102) and \$34 (2013 - \$34) with no outstanding amounts due as at January 31, 2014.

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 \$2,442 committed over the remaining term. During the nine and three month period, rent paid was \$329 (2013 - \$314) and \$110 (2013 - \$105) with no outstanding amounts due as at January 31, 2014.

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

13. EARNINGS PER SHARE

	Three month period ended January 31,		Nine month period ended January 31,	
	2014	2013	2014	2013
Weighted average common shares outstanding	74,122,109	73,293,931	73,994,700	73,190,057
Dilutive effect of stock options	427,993	617,749	404,058	517,748
Diluted weighted average common shares outstanding	74,550,102	73,911,680	74,398,758	73,707,805

The weighted average number of diluted common shares excludes 490,000 options because they were anti-dilutive during the period (2013 – 650,500).

14. NON-CURRENT ASSETS HELD FOR SALE

Due to poor market conditions, assets previously held for sale have been reclassified to property, plant and equipment. During the quarter, depreciation of \$828, which would have been previously recognized had the asset not been classified as held for sale, was recorded within selling, administrative and general expenses on the statement of earnings.

15. SUBSEQUENT EVENT

On March 4, 2014 the Company declared a dividend of \$0.16 per common share with a record date of March 14, 2014 and a payment date of March 21, 2014.