Consolidated financial statements of

EVERTZ TECHNOLOGIES LIMITED

As at April 30, 2014 and April 30, 2013

EVERTZ TECHNOLOGIES LIMITED
Index to Financial Statements

Consolidated Financial Statements
Years ended April 30, 2014 and 2013

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Independent Auditor’s Report

To the Shareholders of
Evertz Technologies Limited

We have audited the accompanying consolidated financial statements of Evertz Technologies Limited, which comprise the consolidated statements of financial position as at April 30, 2014 and April 30, 2013, and the consolidated statements of changes in equity, consolidated statements of earnings, consolidated statements of comprehensive earnings, and consolidated statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Evertz Technologies Limited as at April 30, 2014 and April 30, 2013, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Deloitte LLP

Chartered Professional Accountants, Chartered Accountants
Licensed Public Accountants
June 11, 2014
Burlington, Ontario

EVERTZ TECHNOLOGIES LIMITED

Consolidated Statements of Financial Position

Years ended April 30
(In thousands of Canadian dollars)

	April 30, 2014	April 30, 2013
Assets		
Current assets		
Cash and cash equivalents	$ 101,956	$ 208,658
Instruments held for trading	-	12,010
Trade and other receivables (note 4)	87,981	53,813
Prepaid expenses	4,704	3,274
Inventories (note 5)	134,561	111,619
Income tax receivable	1,735	7,233
	330,937	396,607
Assets held for sale (note 24)	-	3,781
Property, plant and equipment (note 6)	51,831	46,637
Goodwill (note 7)	18,269	17,724
Intangible assets (note 8)	243	558
	$ 401,280	$ 465,307
Liabilities		
Current liabilities		
Trade and other payables	$ 44,888	$ 36,237
Provisions (note 9)	1,624	1,104
Deferred revenue	10,096	6,712
Current portion of long term debt (note 10)	415	390
	57,023	44,443
Long term debt (note 10)	1,372	1,539
Deferred taxes (note 23)	6,468	9,590
	64,863	55,572
Equity		
Capital stock (note 11)	92,931	81,453
Share based payment reserve	10,217	10,727
Accumulated other comprehensive earnings (loss)	2,966	(1,063)
Retained earnings	227,364	315,680
	230,330	314,617
Total equity attributable to shareholders	333,478	406,797
Non-controlling interest (note 20)	2,939	2,938
	336,417	409,735
	$ 401,280	$ 465,307

See accompanying notes to the consolidated financial statements.

EVERTZ TECHNOLOGIES LIMITED

Consolidated Statements of Changes in Equity

Years ended April 30
(In thousands of Canadian dollars)

	Capital stock	Share-based payment reserve	Accumulated other comprehensive earnings (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 year	-	-	-	64,590	64,590	573	65,163
Foreign currency translation					-		
adjustment	-	-	(157)		(157)	8	(149)
Total comprehensive earnings for the year	$ -	$ -	$ (157)	$ 64,590	$ 64,433	$ 581	$ 65,014
Dividends declared	-	-	-	(42,501)	(42,501)	(400)	(42,901)
Business acquisitions	-	-	-	-	-	1,220	1,220
Share based compensation expense	-	2,681	-	-	2,681	-	2,681
Exercise of employee stock options	8,013	-	-	-	8,013	-	8,013
Transfer on stock option exercise	6,274	(6,274)	-	-	-	-	-
Repurchase of common shares	(292)	-	-	(3,954)	(4,246)	-	(4,246)
Balance at April 30, 2013	**$ 81,453**	**$ 10,727**	**$ (1,063)**	**$ 315,680**	**$ 406,797**	**$ 2,938**	**$ 409,735**
Net earnings for the year	-	-	-	63,135	63,135	404	63,539
Foreign currency translation							
adjustment	-	-	4,029	-	4,029	197	4,226
Total comprehensive earnings for the year	$ -	$ -	$ 4,029	$ 63,135	$ 67,164	$ 601	$ 67,765
Dividends declared	-	-	-	(151,404)	(151,404)	(600)	(152,004)
Share based compensation expense	-	2,738	-	-	2,738	-	2,738
Exercise of employee stock options	8,234	-	-	-	8,234	-	8,234
Transfer on stock option exercise	3,248	(3,248)	-	-	-	-	-
Repurchase of common shares	(4)	-	-	(47)	(51)	-	(51)
Balance at April 30, 2014	**$ 92,931**	**$ 10,217**	**$ 2,966**	**$ 227,364**	**$ 333,478**	**$ 2,939**	**$ 336,417**

See accompanying notes to the consolidated financial statements.

EVERTZ TECHNOLOGIES LIMITED

Consolidated Statements of Earnings

Years ended April 30
(In thousands of Canadian dollars, except per share amounts)

		2014		2013
Revenue (note 12)	$	325,524	$	316,305
Cost of goods sold		139,338		134,439
Gross margin		186,186		181,866
Expenses				
Selling, administrative and general (note 13)		62,036		58,472
Research and development		60,196		52,851
Investment tax credits		(12,292)		(13,178)
Foreign exchange gain		(6,917)		(3,037)
		103,023		95,108
		83,163		86,758
Finance income		2,001		2,383
Finance costs		(398)		(559)
Other income and expenses		38		264
Earnings before income taxes		84,804		88,846
Provision for (recovery of) income taxes				
Current (note 23)		24,529		21,816
Deferred (note 23)		(3,264)		1,867
		21,265		23,683
Net earnings for the year	$	63,539	$	65,163
Net earnings attributable to non-controlling interest	$	404	$	573
Net earnings attributable to shareholders		63,135		64,590
Net earnings for the year	$	63,539	$	65,163
Earnings per share (note 22)				
Basic	$	0.85	$	0.88
Diluted	$	0.85	$	0.88

See accompanying notes to the consolidated financial statements.

EVERTZ TECHNOLOGIES LIMITED

Consolidated Statements of Comprehensive Earnings

Years ended April 30
(In thousands of Canadian dollars)

		2014		2013
Net earnings for the year	$	63,539	$	65,163
Items that may be reclassified to net earnings:				
Foreign currency translation adjustment		4,226		(149)
Comprehensive earnings	$	67,765	$	65,014
Comprehensive earnings attributable to non-controlling interest	$	601	$	581
Comprehensive earnings attributable to shareholders		67,164		64,433
Comprehensive earnings	$	67,765	$	65,014

See accompanying notes to the consolidated financial statements.

EVERTZ TECHNOLOGIES LIMITED

Consolidated Statements of Cash Flows

Years ended April 30
(In thousands of Canadian dollars)

		2014		2013
Operating activities				
Net earnings for the year	$	63,539	$	65,163
Add: Items not involving cash				
Depreciation of property, plant and equipment		10,535		7,851
Amortization of intangible assets		383		428
Gain on instruments held for trading		(152)		(149)
Loss on disposal of property, plant and equipment		297		550
Share-based compensation		2,738		2,681
Interest expense		163		207
Deferred income tax expense		(3,264)		1,867
		74,239		78,598
Current tax expenses, net of investment tax credits		12,227		8,638
Income taxes paid		(6,309)		(4,100)
Changes in non-cash working capital items (note 14)		(44,672)		6,474
Cash provided by operating activities		35,485		89,610
Investing activities				
Acquisition of instruments held for trading		-		(12,000)
Proceeds from disposal of instruments held for trading		12,162		12,143
Acquisition of property, plant and equipment		(10,821)		(11,030)
Proceeds from disposal of property, plant and equipment		187		111
Business acquisitions net of cash acquired (note 3)		-		(3,774)
Cash provided by (used in) investing activities		1,528		(14,550)
Financing activities				
Repayment of long term debt		(257)		(806)
Interest paid		(163)		(207)
Dividends paid		(151,404)		(42,501)
Dividends paid by subsidiaries to non-controlling interests		(600)		(400)
Capital stock repurchase (note 11)		(51)		(4,246)
Capital stock issued		8,234		8,014
Cash used in financing activities		(144,241)		(40,146)
Effect of exchange rates on cash and cash equivalents		526		79
(Decrease) increase in cash and cash equivalents		(106,702)		34,993
Cash and cash equivalents beginning of year		208,658		173,665
Cash and cash equivalents end of year	$	101,956	$	208,658

See accompanying notes to the consolidated financial statements.

Years ended April 30, 2014 and 2013
(in thousands of Canadian dollars, except for “number of common shares”, “number of options” and “per share” information)

Evertz Technologies Limited (“Evertz” or the “Company”) is incorporated under the *Canada Business Corporations Act*. The Company is incorporated and domiciled in Canada and the registered head office is located at 5292 John Lucas Drive, Burlington, Ontario, Canada. The Company is a leading 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 consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board ("IASB").

These consolidated financial statements were authorized for issue by the Board of Directors on June 11, 2014.

2. SIGNIFICANT ACCOUNTING POLICIES

Outlined below are those policies considered particularly significant:

Basis of Measurement

These financial statements have been prepared on the historical cost basis except for certain financial assets and liabilities which are stated at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Functional and Presentation Currency

These financial statements are presented in Canadian dollars, which is the Company’s functional currency. All financial information presented in Canadian dollars has been rounded to the nearest thousand, except per share amounts.

Basis of Consolidation

These financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has power over an entity, has exposure or rights to variable returns from its involvement with the entity and has the ability to use its power over the entity to affect the amount of the investor’s returns.

The results of subsidiaries acquired or disposed of are included in the consolidated statements of earnings and comprehensive earnings from the effective date of acquisition of control and up to the effective date of disposal of control, as appropriate. Total comprehensive earnings of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

All intra-Company transactions, balances, income and expenses are eliminated in full on consolidation.

Note #2 continued …

Business Combinations

Business combinations are accounted for using the acquisition method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of acquisition, of assets transferred, liabilities incurred or assumed, and equity instruments issued by the Company. The acquiree's identifiable assets and liabilities assumed are recognized at their fair value at the acquisition date. Acquisition-related costs are recognized in earnings as incurred. Any contingent consideration is measured at fair value on date of the acquisition and is included as part of the consideration transferred. The fair value of the contingent consideration liability is re-measured at each reporting date with corresponding gain/loss recognized in earnings. The excess of the consideration over the fair value of the net identifiable assets and liabilities acquired is recorded as goodwill.

On an acquisition by acquisition basis, any non-controlling interest is measured either at the fair value of the non-controlling interest or at the fair value of the proportionate share of the net identifiable assets acquired. Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

Revenue Recognition

Revenue is measured at the fair value of consideration received or receivable, net of discounts and after eliminating intercompany sales.

Where revenue arrangements have separately identifiable components, the consideration received or receivable is allocated to each identifiable component and the applicable revenue recognition criteria are applied to each of the components.

Revenue is derived from the sale of hardware and software solutions including related services, training and commissioning. Revenue from sales of hardware and software are recognized upon shipment, provided that the significant risks and rewards of ownership have been transferred to the customer, the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, revenue can be reliably measured and its probable that the economic benefits will flow to the Company. Service revenue is recognized as services are performed

Certain of the Company's contracts are long-term in nature. When the outcome of the contract can be assessed reliably, the Company recognizes revenue on long-term contracts using the percentage of completion method, based on costs incurred relative to the estimated total contract costs. When the outcome of the contract cannot be assessed reliably contract costs incurred are immediately expensed and revenue is recognized only to the extent that costs are considered likely to be recovered.

Finance Income

Interest revenue is recognized when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and in the bank, net of outstanding bank overdrafts.

Inventories

Inventories consist of raw materials and supplies, work in progress and finished goods. Inventories are stated at the lower of cost and net realizable value. Cost is determined on a weighted average basis and includes raw materials, the cost of direct labour applied to the product and the overhead expense.

Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any recognized impairment loss. Where the costs of certain components of an item of property, plant and equipment are significant in relation to the total cost of the item, they are accounted for and depreciated separately. Depreciation expense is calculated based on depreciable amounts which is the cost of an asset less residual value and is recognized in earnings on a straight-line basis over the estimated useful life of the related asset. Borrowing costs are capitalized to the cost of qualifying assets that take a substantial period of time to be ready for their intended use.

The estimated useful lives are as follows:

Asset	**Basis**	**Rate**
Office furniture and equipment	Straight-line	10 years
Research and development equipment	Straight-line	5 years
Machinery and equipment	Straight-line	5 - 15 years
Leaseholds	Straight-line	5 years
Building	Straight-line	10 - 40 years
Airplanes	Straight-line	10 - 20 years

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in earnings.

The Company reviews the residual value, estimated useful life and the depreciation method annually.

Impairment of Non-Financial Assets

Goodwill is tested for impairment annually, or whenever events or changes in circumstances indicate that the carrying amount may be more than its recoverable amount. At each reporting period, the Company reviews the carrying amounts of its other non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash inflows that are largely independent from other assets, the Company estimates the recoverable amount of the cash-generating unit (“CGU”) to which the asset belongs. Goodwill is allocated to a group of CGU’s based on the level at which it is monitored for internal reporting purposes.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment loss relating to a CGU to which goodwill has been allocated, is allocated to the carrying amount of the goodwill first. An impairment loss is recognized immediately in earnings.

An impairment loss in respect of goodwill is not reversed. Where an impairment loss subsequently reverses for other non-financial assets, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or CGU in prior years. A reversal of an impairment loss is recognized immediately in earnings.

Intangible Assets

Intangible Assets
Intangible assets represent intellectual property acquired through business acquisitions and are recorded at cost less any impairment loss and are amortized using the straight–line method over a four–year period. The estimated useful life and amortization method are reviewed at the end of each reporting period.

Research and Development
All research and development expenditures are expensed as incurred unless a development project meets the criteria for capitalization. Development expenditures are capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Company intends to and has sufficient resources to complete development and to use or sell the asset. No internally generated intangible assets have been recognized to date.

Research and development expenditures are recorded gross of investment tax credits and related government grants. Investment tax credits for scientific research and experimental development are recognized in the period the qualifying expenditures are incurred if there is reasonable assurance that they will be realized.

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets of the Company at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Rentals payable under operating leases are charged to earnings on a straight-line basis over the term of the relevant lease.

Foreign Currency Translation

The individual financial statements of each subsidiary entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each group entity are presented in Canadian dollars (“CDN”), which is the functional currency of the parent Company and the presentation currency for the financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences are recognized in earnings in the period in which they arise. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Company's foreign operations are expressed in Canadian dollars using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period. Foreign currency gains and losses are recognized in other comprehensive earnings. The relevant amount in cumulative foreign currency translation adjustment is reclassified into earnings upon disposition or partial disposition of a foreign operation and attributed to non-controlling interests as appropriate.

Income Taxes

Current Tax
The tax currently payable is based on taxable profit for the year. Taxable profit differs from net earnings as reported in the statement of earnings because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the statement of financial position date.

Deferred Tax
Deferred tax is the tax expected to be payable or recoverable on unused tax losses and credits, as well as differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which unused tax losses, credits and other deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realized. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is charged or credited to earnings, except when it relates to items charged or credited directly to other comprehensive earnings or equity, in which case the deferred tax is also dealt with in other comprehensive earnings or equity.

Share Based Compensation

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 15.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period of the option based on the Company's estimate of the number of equity instruments that will eventually vest. At each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in earnings such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share based payment reserve.

Note #2 continued …

Earnings Per Share

The Company presents basic and diluted earnings per share ("EPS") data for its common shares. Basic EPS is calculated by dividing the net earnings attributable to shareholders by the weighted average number of common shares outstanding during the period. Diluted EPS is determined by adjusting the net earnings attributable to shareholders and the weighted average number of common shares outstanding for the effects of all potentially dilutive common shares, which is comprised of share options granted to employees with an exercise price below the average market price.

Finance Costs

Finance costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other finance costs are recognized in earnings in the period in which they are incurred.

Investment Tax Credits

The Company is entitled to investment tax credits, which are earned as a percentage of eligible research and development expenditures incurred in each taxation year. Investment tax credits relate entirely to the Company's research and development expenses in the consolidated statement of earnings but are presented separately in the consolidated statement of earnings for information purposes. Investment tax credits are recognized and recorded within income tax receivable when there is reasonable assurance they will be received.

Financial Instruments

The Company's financial assets and liabilities which are initially recorded at fair value and subsequently measured based on their assigned classifications as follows:

Asset/Liability	**Category**	**Measurement**
Cash and cash equivalents	Loans and receivables	Amortized cost
Instruments held for trading	Fair value through profit or loss	Fair value
Trade and other receivables	Loans and receivables	Amortized cost
Trade and other payables	Other liabilities	Amortized cost
Long term debt	Other liabilities	Amortized cost

Financial Assets

All financial assets are initially measured at fair value, plus transaction costs, except for those financial assets classified as fair value through profit or loss, which are initially measured at fair value. Transaction costs in respect of financial instruments that are classified as fair value through profit or loss are recognized in earnings immediately. Transaction costs in respect of other financial instruments are included in the initial measurement of the financial instrument.

Financial assets are classified into the following specific categories: financial assets "at fair value through profit or loss" ("FVTPL"), "held-to-maturity" investments, "available-for-sale" ("AFS") financial assets and "loans and receivables". The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognized in earnings.

Impairment of Financial Assets
Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected. For certain categories of financial assets, such as trade and other receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment of a financial asset can include a significant or prolonged decline in the fair value of an asset, default or delinquency by a debtor, indication that a debtor will enter bankruptcy or financial re-organization or the disappearance of an active market for a security.

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in earnings.

Financial Liabilities and Equity Instruments Issued by the Company
Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognized in earnings. The net gain or loss recognized in earnings incorporates any interest paid on the financial liability and is included in the "other income and expenses" line item in the consolidated statements of earnings.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

Other financial liabilities, including long term debt, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

Use of Estimates and Judgments

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Consequently, actual results could differ from those estimates. Those estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. Significant estimates include the determination of the allowance for doubtful accounts for trade receivables, provision for inventory obsolescence, the useful life of property, plant and equipment for depreciation, amortization and valuation of net recoverable amount of property, plant and equipment, determination of fair value for share-based compensation, evaluating deferred income tax assets and liabilities, the determination of fair value of financial instruments and the likelihood of recoverability, and the determination of implied fair value of goodwill and implied fair value of assets and liabilities for purchase price allocation purposes and goodwill impairment test purposes.

Note #2 continued …

Significant items requiring the use of judgment in application of accounting policies and assumptions include the determination of functional currencies, classification of financial instruments, classification of leases, application of the percentage of completion method on long-term contracts, degree of componentization applied when calculating amortization of property, plant and equipment, and identification of cash generating units for impairment testing purposes.

Operating Segments

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. 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 revenue from the sale of hardware and software solutions including related services, training and commissioning.

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 and are not depreciated. 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.

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 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 has resulted in additional disclosures within Note 20 of the Consolidated Financial Statements.

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 resulted in minor changes in disclosure within Note 17, but did not have a significant impact on the Consolidated Financial Statements.

Note #2 continued …

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 earnings 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 resulted in minor changes to presentation in the Company’s statement of comprehensive earnings but did not have a significant impact on the 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 Consolidated Financial Statements.

<u>New and Revised IFRSs Issued but Not Yet Effective</u>

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 does not have a current effective date.

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 periods beginning on or after January 1, 2014.

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.

Levies

IFRIC 21, Levies (“IFRIC 21”) was issued by the IASB in May 2013. IFRIC 21 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 is effective for annual periods beginning on or after January 1, 2014.

3. BUSINESS ACQUISITIONS

On December 13, 2012 the Company completed the investment of 80% in the share capital of Antenna Technology Communications Incorporated ("ATCI"), a global communication provider of synergistic services and a complementary product portfolio, 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)
	$	3,774

The non-controlling interest has been valued at its proportionate share of net assets in the acquired company. The goodwill is largely attributable to synergies expected to be achieved from integrating the Company into the group. Fair value of trade and other receivables was determined by netting $1,091 in gross receivables with $37 in receivables deemed uncollectable.

4. TRADE AND OTHER RECEIVABLES

		2014		2013
Trade receivables	$	81,165	$	51,035
Receivables on construction contracts, net of progress billings		3,659		2,670
Other receivables		3,157		108
	$	87,981	$	53,813

5. INVENTORIES

		2014		2013
Finished goods	$	59,958	$	47,052
Raw material and supplies		48,409		47,247
Work in progress		26,194		17,320
	$	134,561	$	111,619

Cost of sales for the year ended April 30, 2014 was comprised of $130,371 of inventory (2013 - $121,139) and $5,326 of inventory write-offs (2013 - $3,987).

6. PROPERTY, PLANT AND EQUIPMENT

	April 30, 2014			April 30, 2013		
	Cost	Accumulated Depreciation	Carrying Amount	Cost	Accumulated Depreciation	Carrying Amount
Office furniture and equipment	$ 2,507	$ 1,413	$ 1,094	$ 1,726	$ 957	$ 769
Research and development equipment	25,839	12,410	13,429	18,483	8,608	9,875
Airplanes	19,727	7,966	11,761	12,639	1,956	10,683
Machinery and equipment	45,258	31,872	13,386	42,339	28,018	14,321
Leaseholds	5,165	3,423	1,742	4,290	2,705	1,585
Land	2,330	-	2,330	2,060	-	2,060
Buildings	9,973	1,884	8,089	8,816	1,472	7,344
	$ 110,799	$ 58,968	$ 51,831	$ 90,353	$ 43,716	$ 46,637

	Office furniture and equipment	Research and development equipment	Airplanes	Machinery and equipment	Leaseholds	Land	Buildings	Total
Cost								
Balance as at April 30, 2012	$ 1,680	$ 10,952	$ 12,639	$ 40,507	$ 3,598	$ 1,640	$ 7,418	$ 78,434
Additions	100	7,560	-	2,742	628	-	-	11,030
Acquisition of subsidiary	240	31	-	900	68	396	1,359	2,994
Foreign exchange adjustments	(79)	(60)	-	43	(4)	24	39	(37)
Disposals	(215)	-	-	(1,853)	-	-	-	(2,068)
Balance as at April 30, 2013	**$ 1,726**	**$ 18,483**	**$ 12,639**	**$ 42,339**	**$ 4,290**	**$ 2,060**	**$ 8,816**	**$ 90,353**
Additions	238	6,768	-	2,940	875	-	-	10,821
Transfer from held for sale	-	-	7,088	-	-	-	-	7,088
Foreign exchange adjustments	543	588	-	246	-	270	1,157	2,804
Disposals	-	-	-	(267)	-	-	-	(267)
Balance as at April 30, 2014	**$ 2,507**	**$ 25,839**	**$ 19,727**	**$ 45,258**	**$ 5,165**	**$ 2,330**	**$ 9,973**	**$110,799**
Accumulated Depreciation								
Balance as at April 30, 2012	$ 1,068	$ 6,365	$ 809	$ 25,481	$ 2,225	$ -	$ 1,296	37,244
Depreciation for the year	103	2,235	1,147	3,712	483	-	171	7,851
Foreign exchange adjustments	-	8	-	2	(3)	-	5	12
Disposals	(214)	-	-	(1,177)	-	-	-	(1,391)
Balance as at April 30, 2013	**$ 957**	**$ 8,608**	**$ 1,956**	**$ 28,018**	**$ 2,705**	**$ -**	**$ 1,472**	**43,716**
Depreciation for the year	103	3,289	2,188	4,047	718	-	190	10,535
Transfer from held for sale	-	-	3,822	-	-	-	-	3,822
Foreign exchange adjustments	353	513	-	67	-	-	222	1,155
Disposals	-	-	-	(260)	-	-	-	(260)
Balance as at April 30, 2014	**$ 1,413**	**$ 12,410**	**$ 7,966**	**$ 31,872**	**$ 3,423**	**$ -**	**$ 1,884**	**$ 58,968**
Carrying amounts								
At April 30, 2013	$ 769	$ 9,875	$ 10,683	$ 14,321	$ 1,585	$ 2,060	$ 7,344	$ 46,637
At April 30, 2014	**$ 1,094**	**$ 13,429**	**$ 11,761**	**$ 13,386**	**$ 1,742**	**$ 2,330**	**$ 8,089**	**$ 51,831**

7. GOODWILL

The changes in carrying amounts of goodwill are as follows:

		Cost
Balance as at April 30, 2012	**$**	**17,507**
Business acquisitions (note 3)		286
Foreign exchange differences		(69)
Balance as at April 30, 2013	**$**	**17,724**
Foreign exchange differences		545
Balance as at April 30, 2014	**$**	**18,269**

The Company performs an impairment test annually on April 30th or whenever there is an indication of impairment. For purposes of testing for impairment, goodwill has been allocated to the following cash-generating units as follows:

		April 30,		
		2014		**2013**
Evertz Microsystems Ltd.	$	12,610	$	9,238
Evertz UK		-		2,852
Holdtech Kft		5,346		5,346
ATCI		313		288
	$	18,269	$	17,724

During the year a change in classification of a CGU has resulted in goodwill being reallocated from Evertz UK to Evertz Microsystems Ltd.

The key assumptions used in performing the impairment tests as at April 30, 2014 are as follows:

Method of determining recoverable amount:	Value in use
Discount Rate:	8%
Perpetual growth rate:	2-4%

Recoverable Amount
Management's past experience and future expectations of the business performance is used to make a best estimate of the expected revenue, earnings before interest, taxes, depreciation and amortization (" EBITDA") and operating cash flows for a five year period. Subsequent to the fifth year period the present value of the fifth year cash flows is calculated in perpetuity.

Discount Rate
The discount rate applied is a pretax rate that reflects the time value of money and risk associated with the business.

Perpetual Growth Rate
The perpetual growth rate is management's current assessment of the long-term growth prospect of the Company in the jurisdictions in which it operates.

Sensitivity Analysis
Management performs a sensitivity analysis on the key assumptions. The sensitivity analysis indicates reasonable changes to key assumptions will not result in an impairment loss.

8. INTANGIBLE ASSETS

		Intellectual property
Cost		
Balance as at April 30, 2012	$	7,866
Foreign exchange differences		(35)
Balance as at April 30, 2013	**$**	**7,831**
Foreign exchange differences		257
Balance as at April 30, 2014	**$**	**8,088**
Accumulated Depreciation		
Balance as at April 30, 2012	$	(6,861)
Amortization for the year		(428)
Foreign exchange differences		16
Balance as at April 30, 2013	**$**	**(7,273)**
Amortization for the year		(383)
Foreign exchange differences		(189)
Balance as at April 30, 2014	**$**	**(7,845)**
Carrying amounts		
At April 30, 2013	$	558
At April 30, 2014	**$**	**243**

9. PROVISIONS

		Warranty and Returns		Lease/Retirement Obligations		Total
Balance as at April 30, 2012	$	762	$	47	$	809
Net additions (provisions used)		236		59		295
Foreign exchange differences		2		(2)		-
Balance as at April 30, 2013	**$**	**1,000**	**$**	**104**	**$**	**1,104**
Net additions (provisions used)		610		(103)		507
Foreign exchange differences		5		8		13
Balance as at April 30, 2014	**$**	**1,615**	**$**	**9**	**$**	**1,624**

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

Lease/Retirement Obligations
The provision relates to estimate restoration costs expected to be incurred upon the conclusion of company leases.

10. LONG TERM DEBT

a) Credit Facilities

The Company has the following credit facilities available:

1. Credit facility of $15,000 and a treasury risk management facility up to $10,000 available, bearing interest at prime, subject to certain covenants and secured by all Canadian based assets. Advances under these facilities bear interest at prime. There were no borrowings against either of these facilities as at April 30, 2014 or 2013.
2. Credit facility available of 484 Euros bearing interest at WIBOR plus 1.6% per annum. There were no borrowings outstanding under this facility as at April 30, 2014 or 2013.

b) Long Term Debt

			April 30, 2014		April 30, 2013
1.	Mortgage payable denominated in Euros, secured by buildings, bearing interest at LIBOR EUR three months fixed rate plus 1%, payable monthly, maturing in March 2021 with an option to end the contract prior to maturity upon payment of a penalty fee.	$	1,489	$	1,456
2.	Loans payable denominated in Euros, secured by land and buildings, payable monthly, bearing interest at WIBOR plus 1% per annum, maturing on July 31, 2015.		275		431
3.	Other		23		42
		$	1,787	$	1,929
	Less current portion		415		390
		$	1,372	$	1,539

11. 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, 2012	73,225,786	$	67,458
Issued on exercise of stock options	724,400		8,013
Cancelled pursuant to NCIB	(317,620)		(292)
Transferred on stock option exercise	-		6,274
Balance as at April 30, 2013	**73,632,566**	**$**	**81,453**
Issued on exercise of stock options	681,200		8,234
Cancelled pursuant to NCIB	(3,620)		(4)
Transferred on stock option exercise	-		3,248
Balance as at April 30, 2014	**74,310,146**	**$**	**92,931**

Note 11 continued …

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 year, $2.04 in dividends per share were declared, including a special dividend of $1.40 per share (2013 - $0.58).

12. REVENUE

		2014		2013
Hardware, software including related services, training and commissioning	$	309,087	$	299,950
Long term contract revenue		16,437		16,355
	$	325,524	$	316,305

13. SELLING, ADMINISTRATIVE AND GENERAL EXPENSES

		2014		2013
Selling and administrative	$	55,162	$	53,106
Share-based compensation (note 15)		2,738		2,681
Depreciation of property, plant and equipment (non-production)		3,753		2,257
Amortization of intangible assets		383		428
	$	62,036	$	58,472

14. STATEMENT OF CASH FLOWS

Changes in non–cash working capital items

		2014		2013
Trade and other receivables	$	(32,867)	$	6,603
Inventories		(20,923)		(714)
Prepaid expenses		(1,200)		(739)
Trade and other payables		6,414		(1,100)
Deferred revenue		3,384		2,129
Provisions		520		295
	$	(44,672)	$	6,474

15. 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, 2012	**4,678,300**	**$**	**12.60**
Granted	983,000		14.81
Exercised	(724,400)		11.06
Forfeited	(113,000)		11.96
Expired	(209,500)		18.04
Balance as at April 30, 2013	**4,614,400**	**$**	**13.09**
Granted	1,830,500		16.94
Exercised	(681,200)		12.09
Forfeited	(390,000)		13.05
Expired	(170,000)		18.10
Balance as at April 30, 2014	**5,203,700**	**$**	**14.41**

Stock options outstanding as at April 30, 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**
$11.88	$	11.88	1,909,500	2.2	-	$	-
$12.23 - $14.24	$	13.45	820,500	2.8	3,000	$	13.14
$14.61 - $16.29	$	15.61	698,700	2.8	101,300	$	14.61
$17.03 - $19.34	$	17.11	1,775,000	4.8	-	$	-
Totals	$	14.41	5,203,700	3.3	104,300	$	14.57

Note 15 continued …

Compensation expense

The share–based compensation expense that has been charged against earnings over the fiscal period is $2,738 (2013 - $2,681). Compensation expense on grants during the year was calculated using the Black–Scholes option pricing model with the following weighted average assumptions:

	April 30, 2014	**April 30, 2013**
Risk-free interest rate	1.66%	1.27%
Dividend yield	3.78%	3.81%
Expected life	5 years	5 years
Expected volatility	27%	42%
Weighted average grant-date fair value:		
Where the exercise price equaled the market price	$2.85	$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 19% (2013 - 19%).

16. COMMITMENTS AND CONTINGENCIES

The Company is committed under long term debt agreements and certain operating leases with minimum annual lease payments as follows:

		Long Term Debt		Operating Leases		Total
2015	$	415	$	3,657	$	4,072
2016		246		3,581		3,827
2017		180		3,450		3,630
2018		188		3,282		3,470
2019		197		2,458		2,655
Thereafter		561		1,639		2,200
Balance as at April 30, 2014	**$**	**1,787**	**$**	**18,067**	**$**	**19,854**

Total operating lease expense during the year was $3,607 (2013 - $3,560).

The Company has obtained documentary and standby letters of credit aggregating to a total of $2,442 (2013 - $3,446).

17. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's financial instruments consist of cash and cash equivalents, instruments held for trading, 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.

(a) *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, instruments held for trading, trade and other receivables, trade and other payables, and fair value disclosures have been determined using level II fair values.
III. Inputs for the asset or liability that are not based on observable market data.

(b) *Financial risk management:*

The Company, through its financial assets and liabilities, is exposed to various risks. The following analysis provides a measurement of risks as at April 30, 2014:

Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist of cash and cash equivalents, instruments held for trading and trade and other receivables the total of which is the maximum exposure to credit risk. The Company performs evaluations of the financial situations of its customers. Management does not believe that there is significant credit concentration or risk.

The Company sets up an allowance for doubtful accounts based on the credit risks of the individual customer and the customer history. Approximately 72% (2013 – 76%) of trade and other receivables are outstanding for less than 90 days as at April 30, 2014. The amounts owing over 90 days are individually evaluated and provided for where appropriate in the allowance for doubtful accounts. The trade and other receivables are presented as follows net of the allowance for doubtful accounts:

Note 17 continued …

		April 30, 2014		April 30, 2013
Trade and other receivables	$	92,216	$	57,247
Allowance for doubtful accounts		(4,235)		(3,434)
	$	87,981	$	53,813

The change in the allowance for doubtful accounts was as follows:

		April 30, 2014		April 30, 2013
Balance at beginning of year	$	3,434	$	1,808
Increase in allowance		687		2,317
Bad debt recaptured and write-offs		(151)		(717)
Impact of variation in exchange rates		265		26
Balance at end of year	$	4,235	$	3,434

Exchange Rate Risk

The Company transacts a significant portion of its business in U.S. dollars and is therefore exposed to currency fluctuations.

U.S. dollar financial instruments are as follows:

		April 30, 2014		April 30, 2013
Cash and cash equivalents	$	29,671	$	36,326
Trade and other receivables		55,499		34,083
Trade and other payables		(4,834)		(5,922)
	$	80,336	$	64,487

Based on the financial instruments as at April 30, 2014, a 5% change in the value of the U.S. dollar would result in a gain or loss of $4,017 in earnings before tax.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities. The Company's primary source of liquidity is its cash reserves. The Company also maintains certain credit facilities to support short term funding of operations and trade finance. The Company believes it has sufficient available funds to meet current and foreseeable financial requirements. The Company expects to settle all current financial liabilities within the next year. Maturity of long term debt is disclosed in Note 16.

18. 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		2014		2013
United States	$	150,765	$	146,918
International		153,244		143,061
Canada		21,515		26,326
	$	325,524	$	316,305

	April 30, 2014			April 30, 2013		
	Property, Plant and Equipment	Goodwill	Intangible Assets	Property, Plant and Equipment	Goodwill	Intangible Assets
United States	$ 13,415	$ 313	$ -	$ 12,367	$ 288	$ -
International	11,751	17,956	243	10,481	17,436	558
Canada	26,665	-	-	23,789	-	-
	$ 51,831	$ 18,269	$ 243	$ 46,637	$ 17,724	$ 558

19. 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 $4,155 committed over the remaining term. During the year, rent paid for the leased principal premises amounted to $823 (2013 – $819) with no outstanding amounts due as at April 30, 2014.

The Company also leases property where two shareholders indirectly own 100% interest. This lease expires in 2016 with a total of $615 committed over the remaining term. During the year, rent paid was $246 (2013 – $246) with no outstanding amounts due as at April 30, 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 $3,712 committed over the remaining term. During the year, rent paid for the leased principal premises amounted to $756 (2013 - $736) with no outstanding amounts due as at April 30, 2014.

On December 15, 2013 the Company renewed a property lease agreement with a director who indirectly owns 100% interest. The lease expires in 2018 with a total of $659 committed over the remaining term. During the year, rent paid was $137 (2013 - $136) with no outstanding amounts due as at April 30, 2014.

On May 1, 2009 the Company entered into a property lease agreement with two shareholders who each indirectly hold a 35% interest. This lease expires in 2019 with a total of $2,332 committed over the remaining term. During the year, rent paid was $439 (2013 - $419) with no outstanding amounts due as at April 30, 2014.

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

Note #19 continued …

The remuneration of directors and other members of key management personnel for the years ended April 30, 2014 and April 30, 2013 are as follows:

		2014		2013
Short-term salaries and benefits	$	4,152	$	3,948
Share-based payments		143		1,301
	$	4,295	$	5,249

The total employee benefit expense was $97,190 (2013 - $89,462).

Subsidiaries:
The Company has the following significant subsidiaries:

Company	% Ownership	Location
Evertz Microsystems Ltd.	100%	Canada
Evertz USA	100%	United States
Evertz UK	100%	United Kingdom
Holdtech Kft.	100%	Hungary
Tech Digital Manufacturing Limited	100%	Canada
Truform Metal Fabrication Ltd.	75%	Canada

20. NON-CONTROLLING INTERESTS

The Company has non-controlling interests of 25% with Truform Metal Fabrication Ltd., located within Canada, 10% with Studiotech Poland located within Poland and 20% with ATCI, located within the USA. The table below summarizes the aggregate financial information relating to subsidiaries before eliminating entries, as no such subsidiary is individually significant.

		April 30,		
		2014		2013
Current assets	$	12,731	$	13,346
Non-current assets		9,132		8,491
Current liabilities		4,230		4,597
Non-current liabilities		472		852
Equity attributable to shareholders		14,233		13,325
Non-controlling interest		2,939		2,938

		April 30,		
		2014		2013
Revenue	$	31,347	$	22,755
Net earnings attributable to:				
Shareholders		1,524		1,887
Non-controlling interest		418		557

21. CAPITAL DISCLOSURES

The Company's capital is composed of shareholders' equity which totals $333,478 (2013 - $406,797) as at April 30. The Company's objective in managing capital is to ensure sufficient liquidity to finance increases in non-cash working capital, capital expenditures for capacity expansions, pursuit of selective acquisitions and the payment of quarterly dividends.

The Company takes a conservative approach towards financial leverage and management of financial risk and the Company currently satisfies their internal requirements.

The Company is not subject to any capital requirements imposed by a regulator.

22. EARNINGS PER SHARE

	2014	2013
Weighted average common shares outstanding	74,064,205	73,300,647
Dilutive-effect of stock options	421,256	515,691
Diluted weighted average common shares outstanding	74,485,461	73,816,338

The weighted average number of diluted common shares excludes 2,150,000 options because they were anti-dilutive during the year (2013 – 662,500).

23. INCOME TAXES

The Company's effective income tax rate differs from the statutory combined Canadian income tax rate as follows:

		2014		2013
Expected income tax expense using statutory rates (25%, 2013 - 25%)	$	21,201	$	22,212
Difference in foreign tax rates		(322)		(219)
Benefit arising from a previously unrecognized tax loss		(264)		-
Non-deductible stock based compensation		726		670
Other		(76)		1,020
	$	21,265	$	23,683

Benefit arising from a previously unrecognized tax loss has been recognized in the year as a result of new business opportunities expected to result in taxable income in future years.

Components of deferred income taxes are summarized as follows:

		April 30, 2014		April 30, 2013
Deferred income tax liabilities:				
Tax loss carried forward	$	(3,347)	$	(1,427)
Research and development tax credits		2,445		2,654
Equipment tax vs accounting basis		8,339		8,466
Intangible assets		68		156
Non-deductible reserves		(750)		-
Other		(287)		(259)
	$	6,468	$	9,590

As at April 30, 2014 the Company had $7,167 (2013 - $8,285) in tax losses for which no deferred tax asset has been recognized in the statement of financial position.

24. 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 year, 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 statements of earnings.

25. SUBSEQUENT EVENT

On June 11, 2014 the Company declared a dividend of $0.16 with a record date of June 20, 2014 and a payment date of June 27, 2014.