



ANNUAL REPORT 2015





2015 HIGHLIGHTS

GROWTH

Record Annual Revenue

\$364M

INNOVATION

Re-investment of Sales in R&D

17.7%

ENDURANCE

"\$1 Billion Market Value"
Net Cash & Equivalents

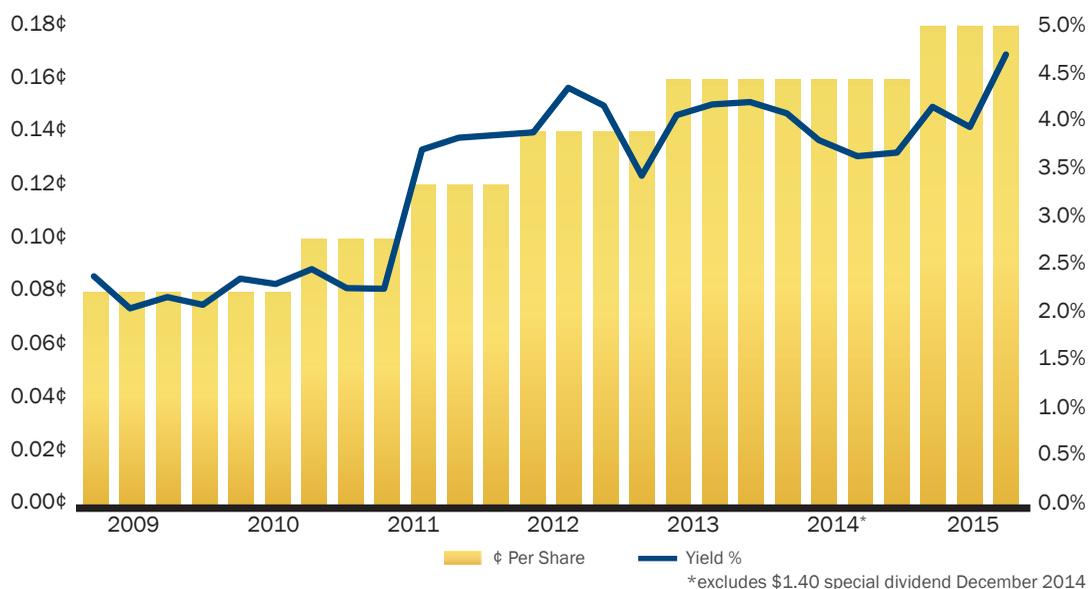
\$101M

PROFITABILITY

"44 Consecutive Profitable Quarters"
Industry Leading Pre-Tax Profit

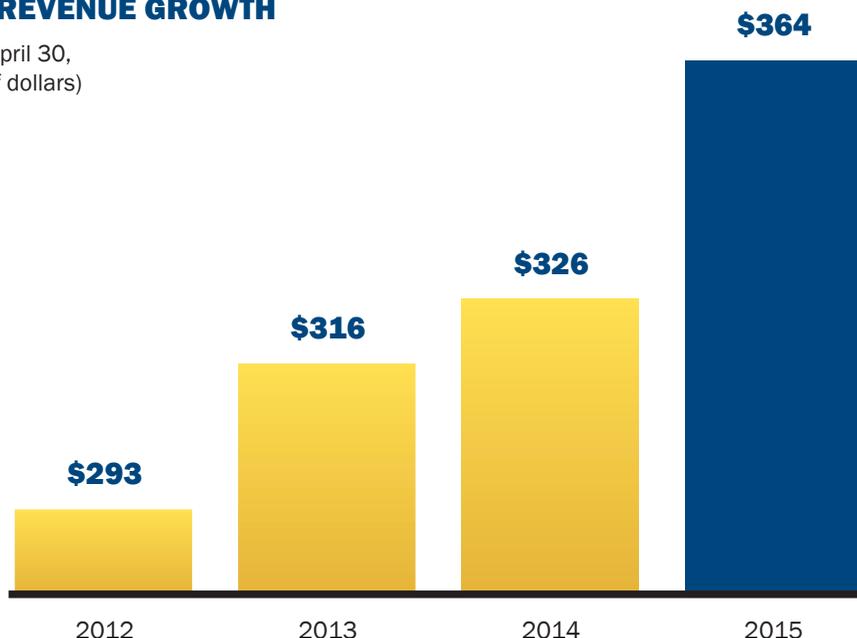
25%

QUARTERLY DIVIDEND HISTORY



ANNUAL REVENUE GROWTH

Year ended April 30,
(in millions of dollars)



A LETTER TO FELLOW SHAREHOLDERS

Evertz is a world leader in the video technology sector. We have proven again through market leading product innovations and state of the art project completions that Evertz is able to help its customers navigate and benefit from technology transitions and challenges in the market. Through our extensive proactive strategy of research, investment, and design, we have brought new technologies to product and to market, leading the industry with the solutions which our existing customers and new customers require to be successful. Via this market and engineering vision, Evertz has developed software defined networking, virtualized “Cloud” and IP based infrastructure solutions to continue to be the leader in video “the workhorse of the future” for the ensuing years ahead.

During Fiscal 2015 Evertz succeeded in generating record annual revenues, driven to a large extent by strength in the US/Canada region, and despite challenging economic and political environments internationally. Further, we continued to deliver industry leading profitability and significant value to shareholders while expanding our market through growth of our product portfolio and the launch of evertzAV. Highlights from the year include:

- Record annual revenues of \$364 million;
- Earnings before taxes of \$89 million;
- Annual investment in research and development increased 7% to \$64 million;
- Our dedicated staff grew to 1,400;
- Year-end net cash and cash equivalents of \$101 million;
- Distribution of excess cash flow through quarterly dividends totaling \$0.68 per share during the year.

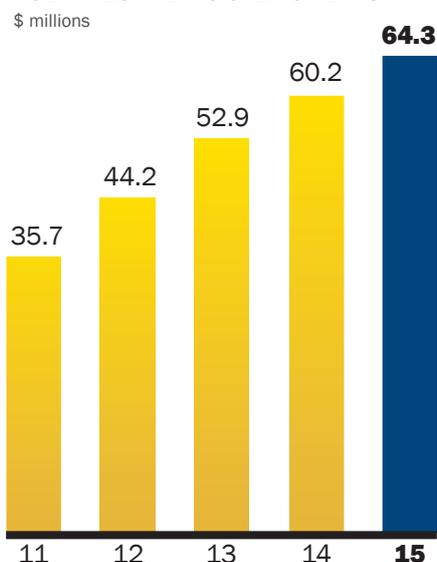
DEMAND FOR HD CONTENT, TV ANYWHERE/ANYTIME & NEXT GENERATION IP VIDEO

Today our customers’ evolving needs are driven by an unsatiated global demand for more high-definition television channels and by an increasing consumer appetite for high quality video delivered anywhere, anytime across a broad array of devices. Evertz solutions provide compelling advantages which enable our broadcast, cable, telco, IPTV, satellite, content creator and new media customers to address this increasingly complex video landscape.

IP & IT BASED VIDEO TECHNOLOGY INNOVATION EXPANDS MARKET

Evertz heritage of unsurpassed video domain knowledge coupled with our long standing commitment to the internal development of new leading edge technologies is a unique competitive advantage. In the past year alone, Evertz has increased our annual investment in R&D by 7% to \$64 million with over \$250 million invested in the past five years. The annual investments fueled our high paced development activities within our core product portfolio and have funded intensive longer term R&D initiatives, such as: high performance low latency IP networking technologies; our IT based architecture; Evertz award winning DreamCatcher the next generation of live slow motion replay for sports broadcast and studio production; and Evertz Compression and Media Transport Solutions. These initiatives are enabling our customers to cost-effectively migrate to IP and IT based solutions, while establishing new benchmarks for performance, agility and operational efficiency. We believe the hyper-scale EXE together with our modular open switching Software Defined Video Networking (SDVN) platforms; DreamCatcher replay and production suite; and the introduction of SDVN based AV distribution solutions through the launch of evertzAV, will significantly expand our addressable market and have a long-term benefit to Evertz customers and our shareholders.

R&D INVESTMENTS OVER 5 YEARS



EVERTZ IP SOLUTIONS - DESIGNED, DELIVERED AND DEPLOYED

Evertz is at the forefront of the IP revolution for the broadcast and new media industry with an extensive 10/100 Gigabit Ethernet product portfolio leveraging Evertz Software Defined Video Networking solution with MAGNUM - the industry's leading SDVN orchestration and control tool. Over the past year, Evertz SDVN technology has been deployed in industry leading facilities across the world. The SDVN solution is built around high capacity packet switches, a wide range of media gateways and the MAGNUM advanced SDVN controller with over five hundred installations worldwide. MAGNUM is Evertz' orchestration and control application that bridges the major components in a hybrid or all IP based facility including Evertz high capacity switch fabrics, media IP gateways, and traditional broadcast products. Evertz is designing, delivering and deploying the most advanced and innovative solutions to help broadcast and new media customers future-proof their facilities for the evolving and growing landscape of television and high quality video anywhere, anytime on any device.

AWARDS & ACHIEVEMENTS

Recognition for Evertz leadership commitment and innovation was exemplified this past year through several awards including:



TV Technology Europe - award to **EXE 46Tb/s** open switching platform. The video/data switching platform is the world's largest deployed solution which features up to 46Tb/s of switching capacity and supports 2,304 10 Gigabit Ethernet ports per single chassis. The EXE is at the core of Evertz revolutionary SDVN - Software Defined Video Networking solution for broadcast and new media.



TV Technology - award to **DreamCatcher Replay System** which is a robust, scalable, and modern IP-based replay system and production suite. Two North American professional sports leagues have adopted the DreamCatcher for their official replay review. DreamCatcher's new editing tools streamline workflow for publishing content to the web.



TV Technology - award to **EXE 23Tb/s** open switch platform featuring over 23Tb/s of switching capacity and 1,152 ports of 10 Gigabit Ethernet signal processing per single "half height" chassis. With its hyper-scale compact design and ability to handle the demands of live HD and Ultra HD (4K and 8K) video, it is ideally suited for remote production outside broadcast and new media applications.



TV Technology - award to the **Integrated Receiver/Decoder** which is Evertz next generation professional high density modular platform for receiving and decoding satellite, broadcast and IP signals. With its universal inputs and IP, compressed and baseband outputs, the IRD is an ideal solution for turnaround, transcoding, monitoring and other applications where the received signal remains in the compressed domain. Its “future proof” capability ensures versatility where signals are received over multiple transport media or may change over time.



Sound and Video Contractor - award to **MMA10G-HUB**, the in-room audio and video switcher for the corporate/education/government/medical audiovisual (AV) market. The product leverages Evertz’ award winning SDVN technology utilizing 10/100 Gigabit Ethernet infrastructure to offer unprecedented scalability and reliability. The MMA10G-HUB can easily connect a single room to a facility, thereby unleashing a world of possibilities for collaboration, resource sharing and connectivity.

FOUNDATION FOR GROWTH

As a market leader, we are working even harder to continue to widen the gap as the competitive leader by providing our customers with clean, technologically superior solutions. We are well positioned with exciting opportunities, as a company built upon a long term vision of generating value and sustainable success through continuous investment in our comprehensive technology portfolio and maintaining a vigilant focus on operating discipline.

We generate significant cash from operations and have built a solid balance sheet, with total assets of \$426 million at the end of fiscal 2015, including approximately \$101 million in cash and cash equivalents. We view these strengths as a competitive advantage, providing financial flexibility and allowing us to provide significant value to our shareholders through the continued payment of dividends, while adhering to our strategy of investment into new technologies.

EVOLVING & TRANSITIONING MARKET

Our 2016 plan is to advance the high profile industry leading installations and gain broader adoption of the new technologies. Evertz will build upon its ever expanding and leading key customer deployments of:

- Software Defined Video Networking platforms;
- Media Asset Management, IT based workflow solutions including “faster than real-time” and virtualized “Cloud” applications;
- Evertz Compression & Media Transport solutions;
- DreamCatcher - sports replay revolutionized; and
- evertzAV – network based high quality audio visual solutions.

These technologies provide superior solutions enabling our broadcast, cable, telco, satellite, content creator and new media customers to address and implement the complex multi-screen TV Everywhere services of the future and to cost effectively transition to evolving IP infrastructure and IT based workflows.

We are excited to enter fiscal 2016 with significant momentum of Evertz IP Solutions Designed, Delivered and Deployed with several of the most influential industry leaders across the world. As one of the largest pure players in our technology sector and as an innovator of Software Defined Video Networks, we believe Evertz is uniquely positioned to deliver the benefits to our customers promised by the transition to IP and IT based software defined networking architectures.

We would like to take this opportunity to thank our employees, channel partners, customers and shareholders for their continued support and we look forward to an exciting, successful future.



Douglas A. DeBruin
Executive Chairman

Romolo Magarelli
Director, President and Chief Executive Officer

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year ended April 30, 2015

THE FOLLOWING MANAGEMENT'S DISCUSSION AND ANALYSIS IS A REVIEW OF RESULTS OF THE OPERATIONS AND THE LIQUIDITY AND CAPITAL RESOURCES OF THE COMPANY. IT SHOULD BE READ IN CONJUNCTION WITH THE SELECTED CONSOLIDATED FINANCIAL INFORMATION AND OTHER DATA AND THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS AND THE ACCOMPANYING NOTES CONTAINED ON SEDAR. THE CONSOLIDATED FINANCIAL STATEMENTS OF THE COMPANY ARE PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS") AND ARE PRESENTED IN CANADIAN DOLLARS. THE FISCAL YEAR OF THE COMPANY ENDS ON APRIL 30 OF EACH YEAR. CERTAIN INFORMATION CONTAINED HEREIN IS FORWARD-LOOKING AND BASED UPON ASSUMPTIONS AND ANTICIPATED RESULTS THAT ARE SUBJECT TO RISKS, UNCERTAINTIES AND OTHER FACTORS. SHOULD ONE OR MORE OF THESE UNCERTAINTIES MATERIALIZE OR SHOULD THE UNDERLYING ASSUMPTIONS PROVE INCORRECT, ACTUAL RESULTS MAY VARY SIGNIFICANTLY FROM THOSE EXPECTED.

FORWARD-LOOKING STATEMENTS

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

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

The report is based on information available to management on June 5, 2015.

OVERVIEW

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

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

Our plan is to bring to market the new technologies that we have invested heavily in for the past several years. These technologically superior solutions help to enable our broadcast, cable, telco, satellite, content creator and new media customers to address and implement their video infrastructure requirements.

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

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

SIGNIFICANT ACCOUNTING POLICIES

Outlined below are those policies considered particularly significant:

Basis of Measurement

The 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

The 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

The 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.

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 14 of the Consolidated Financial Statements.

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.

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
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.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)

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.

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.

CHANGES IN ACCOUNTING POLICIES

Financial Instruments

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

Levies

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

NEW AND REVISED IFRSs ISSUED BUT NOT YET EFFECTIVE

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

Financial Instruments

IFRS 9, *Financial instruments* (“IFRS 9”) was issued by the IASB in July 2014 and will replace IAS 39, *Financial Instruments: Recognition and Measurement* (“IAS 39”). IFRS 9 introduces new requirements for the financial reporting of financial assets and financial liabilities. IFRS 9 is effective for annual periods beginning on or after January 1, 2018.

Revenue

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

YEAR END HIGHLIGHTS

Revenue increased to \$363.6 million for the year ended April 30, 2015 as compared to \$325.5 million for the year ended April 30, 2014.

For the year ended April 30, 2015, net earnings were \$66.4 million as compared to \$63.5 million for the year ended April 30, 2014 and fully diluted earnings per share were \$0.87 as compared to \$0.85 for the year ended April 30, 2014.

Gross margin during the year ended April 30, 2015 was 56.7% as compared to 57.2% for the year ended April 30, 2014.

Selling and administrative expenses for the year ended April 30, 2015 was \$58.8 million compared to the year ended April 30, 2014 of \$55.2 million. As a percentage of revenue, selling and administrative expenses totaled 16.2% for the year ended April 30, 2015 as opposed to 16.9% for the year ended April 30, 2014.

Research and development (“R&D”) expenses were \$64.3 million for the year ended April 30, 2015 as compared to \$60.2 million for the year ended April 30, 2014.

Cash and cash equivalents were \$100.7 million and working capital was \$294.9 million as at April 30, 2015 as compared to cash and cash equivalents of \$102.0 million and working capital of \$273.9 million as at April 30, 2014.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

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

	Year Ended April 30,		
	2015	2014	2013
Revenue	\$ 363,606	\$ 325,524	\$ 316,305
Cost of goods sold	157,475	139,338	134,439
Gross margin	206,131	186,186	181,866
Expenses			
Selling and administrative	58,833	55,162	53,106
General	6,136	6,874	5,366
Research and development	64,332	60,196	52,851
Investment tax credits	(10,263)	(12,292)	(13,178)
Foreign exchange gain	(1,411)	(6,917)	(3,037)
	117,627	103,023	95,108
Earnings before undernoted	88,504	83,163	86,758
Finance income	830	2,001	2,383
Finance costs	(240)	(398)	(559)
Other income and expenses	325	38	264
Earnings before income taxes	89,419	84,804	88,846
Provision for (recovery of) income taxes			
Current	25,154	24,529	21,816
Deferred	(2,145)	(3,264)	1,867
	23,009	21,265	23,683
Net earnings for the year	\$ 66,410	\$ 63,539	\$ 65,163
Net earnings attributable to non-controlling interest	\$ 910	\$ 404	\$ 573
Net earnings attributable to shareholders	65,500	63,135	64,590
Net earnings for the year	\$ 66,410	\$ 63,539	\$ 65,163
Earnings per share			
Basic	\$ 0.88	\$ 0.85	\$ 0.88
Diluted	\$ 0.87	\$ 0.85	\$ 0.88

SELECTED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)**CONSOLIDATED BALANCE SHEET DATA**

	As at April 30,		
	2015	2014	2013
Cash and cash equivalents	\$ 100,681	\$ 101,956	\$ 220,668
Inventory	\$ 154,259	\$ 134,561	\$ 111,619
Working capital	\$ 294,895	\$ 273,914	\$ 352,164
Total assets	\$ 426,162	\$ 401,280	\$ 465,307
Shareholders' equity	\$ 353,471	\$ 333,478	\$ 406,797
Number of common shares outstanding:			
Basic	74,459,346	74,310,146	73,632,566
Fully-diluted	79,195,846	79,513,846	78,246,966
Weighted average number of shares outstanding:			
Basic	74,399,096	74,064,205	73,300,647
Fully-diluted	75,033,398	74,485,461	73,816,338

SELECTED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)**CONSOLIDATED STATEMENT OF OPERATIONS DATA**

	2015	2014	2013
Revenue	100.0%	100.0%	100.0%
Cost of goods sold	43.3%	42.8%	42.5%
Gross margin	56.7%	57.2%	57.5%
Expenses			
Selling and administrative	16.2%	16.9%	16.8%
General	1.6%	2.1%	1.6%
Research and development	17.7%	18.5%	16.7%
Investment tax credits	(2.8%)	(3.8%)	(4.2%)
Foreign exchange gain	(0.4%)	(2.1%)	(1.0%)
	32.3%	31.6%	30.1%
Earnings before undernoted	24.4%	25.6%	27.4%
Finance income	0.2%	0.6%	0.8%
Finance costs	(0.1%)	(0.1%)	(0.2%)
Other income and expenses	0.1%	0.0%	0.1%
Earnings before income taxes	24.6%	26.1%	28.1%
Provision for (recovery of) income taxes			
Current	6.9%	7.6%	6.9%
Deferred	(0.6%)	(1.0%)	0.6%
	6.3%	6.6%	7.5%
Net earnings for the year	18.3%	19.5%	20.6%
Net earnings attributable to non-controlling interest	0.3%	0.1%	0.2%
Net earnings attributable to shareholders	18.0%	19.4%	20.4%
Net earnings for the year	18.3%	19.5%	20.6%
Earnings per share:			
Basic	\$ 0.88	\$ 0.85	\$ 0.88
Diluted	\$ 0.87	\$ 0.85	\$ 0.88

REVENUE AND EXPENSES**REVENUE**

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

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

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

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

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

REVENUE

(In thousands of Canadian dollars)	Year Ended April 30,		
	2015	2014	2013
United States/Canada	\$ 204,453	\$ 172,280	\$ 173,244
International	159,153	153,244	143,061
	\$ 363,606	\$ 325,524	\$ 316,305

Total revenue for the year ended April 30, 2015 was \$363.6 million, an increase of \$38.1 million or 12%, as compared to revenue of \$325.5 million for the year ended April 30, 2014.

Revenue in the United States/Canada region was \$204.5 million for the year ended April 30, 2015, an increase of \$32.2 million or 19% as compared to revenue of \$172.3 million for the year ended April 30, 2014.

Revenue in the International region was \$159.2 million for the year ended April 30, 2015, an increase of \$5.9 million, as compared to revenue of \$153.2 million for the year ended April 30, 2014.

Cost of Sales

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

GROSS MARGIN

(In thousands of Canadian dollars, except for percentages)	Year Ended April 30,		
	2015	2014	2013
Gross margin	\$ 206,131	\$ 186,186	\$ 181,866
Gross margin % of sales	56.7%	57.2%	57.5%

Gross margin for the year ended April 30, 2015 was \$206.1 million, compared to \$186.2 million for the year ended April 30, 2014. As a percentage of revenue, the gross margin was 56.7% for the year ended April 30, 2015, as compared to 57.2% for the year ended April 30, 2014.

Gross margins vary depending on the product mix, geographic distribution and competitive pricing pressures and currency fluctuations. For the year ended April 30, 2015 the gross margin, as a percentage of revenue, was in the Company's projected range. The pricing environment continues to be very competitive with substantial discounting by our competition.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)

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

Operating Expenses

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

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

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

SELLING AND ADMINISTRATIVE

	Year Ended April 30,		
(In thousands of Canadian dollars, except for percentages)	2015	2014	2013
Selling and administrative	\$ 58,833	\$ 55,162	\$ 53,106
Selling and administrative % of sales	16.2%	16.9%	16.8%

Selling and administrative expenses excludes stock based compensation, operation of non-production property, plant and equipment, and amortization of intangibles. Selling and administrative expenses for the year ended April 30, 2015 were \$58.8 million or 16.2% of revenue, as compared to selling and administrative expenses of \$55.2 million or 16.9% of revenue for the year ended April 30, 2014.

The increase of \$3.6 million was a result of additional selling expenses in the International region, and the increased translation costs of the US dollar and UK Sterling.

RESEARCH AND DEVELOPMENT (R&D)

	Year Ended April 30,		
(In thousands of Canadian dollars, except for percentages)	2015	2014	2013
Research and development expenses	\$ 64,332	\$ 60,196	\$ 52,851
Research and development % of sales	17.7%	18.5%	16.7%

For the year ended April 30, 2015, gross R&D expenses increased to \$64.3 million, an increase of 7.0% or \$4.1 million as compared to an expense of \$60.2 million for the year ended April 30, 2014.

The increase of \$4.1 million was a result of planned growth of R&D personnel as well as increased translation costs associated with the UK Sterling denominated expenses.

Foreign Exchange

For the year ended April 30, 2015, the foreign exchange gain was \$1.4 million, as compared to a foreign exchange gain for the year ended April 30, 2014 of \$6.9 million. The current year gain was predominantly driven by the increase in the value of the US dollar against the Canadian dollar since April 30, 2014.

Finance Income, Finance Costs, Other Income and Expenses

For the year ended April 30, 2015, finance income and expenses netted to a gain of \$0.9 million.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity and Capital Resources

(In thousands of dollars except ratios)	Year Ended April 30,	
	2015	2014
Key Balance Sheet Amounts and Ratios:		
Cash and cash equivalents	\$ 100,681	\$ 101,956
Working capital	\$ 294,895	\$ 273,914
Long-term assets	\$ 67,393	\$ 70,343
Long-term debt	\$ 996	\$ 1,372
Days sales outstanding in accounts receivable	96	99

Statement of Cash Flow Summary

	Year Ended April 30,	
	2015	2014
Operating activities	\$ 54,357	\$ 35,485
Investing activities	\$ (8,148)	\$ 1,528
Financing activities	\$ (49,522)	\$ (144,241)
Net decrease in cash	\$ (1,275)	\$ (106,702)

Operating Activities

For the year ended April 30, 2015, the Company generated cash for operations of \$54.4 million, compared to \$35.5 million generated for the year ended April 30, 2014. Excluding the effects of the changes in non-cash working capital and current taxes, the Company generated cash from operations of \$78.7 million for the year ended April 30, 2015 compared to \$74.2 million for the year ended April 30, 2014.

Investing Activities

The Company used cash for investing activities of \$8.1 million for the year ended April 30, 2015 which was predominantly from for the acquisition of capital assets of \$8.3 million.

Financing Activities

For the year ended April 30, 2015, the Company used cash from financing activities of \$49.5 million, which was principally driven by dividends paid of \$51.1 million.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)

WORKING CAPITAL

As at April 30, 2015, the Company had cash and cash equivalents of \$100.7 million, compared to \$102.0 million at April 30, 2014.

The Company had working capital of \$294.9 million as at April 30, 2015 compared to \$273.9 million as at April 30, 2014.

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

Day sales outstanding in accounts receivable were 96 days at April 30, 2015 as compared to 99 for April 30, 2014.

SHARE CAPITAL STRUCTURE

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

	Year Ended April 30,	
	2015	2014
Common shares	74,459,346	74,310,146
Stock options granted and outstanding	4,736,500	5,203,700

FINANCIAL INSTRUMENTS

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

Fair Values and Classification of Financial Instruments:

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

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

CONTRACTUAL OBLIGATIONS

The following table sets forth the Company's contractual obligations as at April 30, 2015:

(In thousands)	Payments Due by Period				
	Total	Less than 1 year	2-3 Years	4-5 Years	Thereafter
Operating leases	\$ 15,021	\$ 3,899	\$ 6,978	\$ 3,181	\$ 963
Other long-term debt	1,250	254	330	342	324
	\$ 16,271	\$ 4,153	\$ 7,308	\$ 3,523	\$ 1,287

OFF-BALANCE SHEET FINANCING

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

RELATED PARTY TRANSACTIONS

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

SELECTED CONSOLIDATED QUARTERLY FINANCIAL INFORMATION

The following table sets out selected consolidated financial information for each of the eight quarters ended April 30, 2015. In the opinion of management, this information has been prepared on the same basis as the audited consolidated financial statements. The operating results for any quarter should not be relied upon as any indication of results for any future period.

(In thousands) (Unaudited)	Quarter Ending							
	2015		2014				2013	
	Apr 30	Jan 31	Oct 31	July 31	Apr 30	Jan 31	Oct 31	July 31
Revenue	\$ 91,977	\$ 90,726	\$ 82,889	\$ 98,014	\$ 87,237	\$ 93,185	\$ 81,244	\$ 63,858
Cost of goods sold	39,249	39,709	36,324	42,193	38,154	39,448	34,592	27,144
Gross margin	\$ 52,728	\$ 51,017	\$ 46,565	\$ 55,821	\$ 49,083	\$ 53,737	\$ 46,652	\$ 36,714
Operating expenses	38,145	23,139	27,037	29,306	30,545	25,514	25,797	21,167
Earnings from operations	\$ 14,583	\$ 27,878	\$ 19,528	\$ 26,515	\$ 18,538	\$ 28,223	\$ 20,855	\$ 15,547
Non-operating income	323	314	12	266	234	482	399	526
Earnings before taxes	\$ 14,906	\$ 28,192	\$ 19,540	\$ 26,781	\$ 18,772	\$ 28,705	\$ 21,254	\$ 16,073
Net earnings	\$ 10,926	\$ 21,014	\$ 14,149	\$ 19,411	\$ 14,699	\$ 21,281	\$ 15,422	\$ 11,733
Net earnings per share:								
Basic	\$ 0.15	\$ 0.28	\$ 0.19	\$ 0.26	\$ 0.20	\$ 0.29	\$ 0.21	\$ 0.16
Diluted	\$ 0.15	\$ 0.28	\$ 0.19	\$ 0.26	\$ 0.20	\$ 0.29	\$ 0.21	\$ 0.16
Dividends per share	\$ 0.18	\$ 0.18	\$ 0.16	\$ 0.16	\$ 0.16	\$ 1.56	\$ 0.16	\$ 0.16

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

DISCLOSURE CONTROLS AND PROCEDURES

Management, including the Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company's disclosure controls and procedures (as defined in National Instrument 52-109 of the Canadian Securities Administrators) as of April 30, 2015.

Management has concluded that, as of April 30, 2015, the Company's disclosure controls and procedures were effective to provide reasonable assurance that material information relating to the Company would be made known to them by others within the Company, particularly during the period in which this report was being prepared.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

Management is responsible for and has designed internal controls over financial reporting, or caused it to be designed under management's supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Management has concluded that, as of April 30, 2015, the Company's internal controls over financial reporting were effective to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

CHANGES IN INTERNAL CONTROLS OVER FINANCIAL REPORTING

There have been no changes to the Company's internal controls over financial reporting during the period ended April 30, 2015 that have materially affected, or reasonably likely to materially affect, its internal controls over financial reporting.

On May 15, 2013 the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") released *Internal Control-Integrated Framework: 2013*, which is an update to the internal control framework previously issued in 1992. Management is currently operating under the 1992 Framework and is transitioning to the updated Framework. While no significant changes to the Company's internal control system are expected to result from the transition, any modifications to such expectation will be reported by the Company within the following MD&A.

HIGHLIGHTS FROM THE FOURTH QUARTER

Revenue increased by \$4.7 million or 5% for the three months ended April 30, 2015 when compared to the same period ended April 30, 2014. Revenue increased in the United States/Canada region by 16%. Revenue decreased in the International region by 5%.

Fully diluted EPS was \$0.15 for the three months ended April 30, 2015 as compared to \$0.20 for the period ended April 30, 2014.

Foreign exchange loss during the quarter was \$6.7 million, predominately driven by the decrease in value of the US dollar against the Canadian dollar since January 31, 2015.

Selling and administrative expenses increased by \$0.6 million for the three months ended April 30, 2015 when compared to the same period ended April 30, 2014. Selling and administrative expenses were approximately 16.9% of revenue for the three months ended April 30, 2015 as compared to approximately 17.2% of revenue for the same period ended April 30, 2014.

Research and development expenses increased by \$0.6 million for the three months ended April 30, 2015 when compared to the same period ended April 30, 2014. Research and development expenses represented approximately 19.2% of revenue for the three months ended April 30, 2015 as compared to approximately 19.6% for the same period ended April 30, 2014.

OUTLOOK

Management expects on an annual basis that the Company's revenues will continue to outpace the industry growth. Gross margin percentages may vary depending on the mix of products sold, the Company's success in winning more complete projects, utilization of manufacturing capacity and the competitiveness of the pricing environment. R&D will continue to be a key focus as the Company invests in new product development.

RISKS AND UNCERTAINTIES

The Company risk factors are outlined in our AIF filed on SEDAR.

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, 2015 and April 30, 2014, 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, 2015 and April 30, 2014, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.



**CHARTERED PROFESSIONAL ACCOUNTANTS, CHARTERED ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS**

June 10, 2015
Burlington, Ontario

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at April 30, 2015 and April 30, 2014

(In thousands of Canadian dollars)	April 30, 2015	April 30, 2014
ASSETS		
Current assets		
Cash and cash equivalents	\$ 100,681	\$ 101,956
Trade and other receivables (note 3)	95,403	87,981
Prepaid expenses	8,426	4,704
Inventories (note 4)	154,259	134,561
Income tax receivable	-	1,735
	358,769	330,937
Property, plant and equipment (note 5)	49,080	51,831
Goodwill (note 6)	18,313	18,269
Intangible assets (note 7)	-	243
	\$ 426,162	\$ 401,280
LIABILITIES		
Current liabilities		
Trade and other payables	\$ 44,265	\$ 44,888
Provisions (note 8)	2,229	1,624
Deferred revenue	15,427	10,096
Current portion of long term debt (note 9)	254	415
Income tax payable	1,699	-
	63,874	57,023
Long term debt (note 9)	996	1,372
Deferred taxes (note 22)	4,432	6,468
	69,302	64,863
EQUITY		
Capital stock (note 10)	95,708	92,931
Share based payment reserve	12,418	10,217
Accumulated other comprehensive earnings	3,077	2,966
Retained earnings	242,268	227,364
	245,345	230,330
Total equity attributable to shareholders	353,471	333,478
Non-controlling interest (note 19)	3,389	2,939
	356,860	336,417
	\$ 426,162	\$ 401,280

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Years ended April 30

(In thousands of Canadian dollars)	Capital stock	Share- based payment reserve	Accumulated other comprehen- sive earnings (loss)	Retained earnings	Total equity attributable to share- holders	Non- control- ling interest	Total Equity
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
Net earnings for the year	-	-	-	65,500	65,500	910	66,410
Foreign currency translation adjustment	-	-	111	-	111	40	151
Total comprehensive earnings for the year	\$ -	\$ -	\$ 111	\$ 65,500	\$ 65,611	\$ 950	\$ 66,561
Dividends declared	-	-	-	(50,596)	(50,596)	(500)	(51,096)
Share based compensation expense	-	2,807	-	-	2,807	-	2,807
Exercise of employee stock options	2,171	-	-	-	2,171	-	2,171
Transfer on stock option exercise	606	(606)	-	-	-	-	-
Balance at April 30, 2015	\$ 95,708	\$ 12,418	\$ 3,077	\$ 242,268	\$ 353,471	\$ 3,389	\$ 356,860

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF EARNINGS

Years ended April 30

(In thousands of Canadian dollars, except per share amounts)	2015		2014	
Revenue (note 11)	\$	363,606	\$	325,524
Cost of goods sold		157,475		139,338
Gross margin		206,131		186,186
Expenses				
Selling, administrative and general (note 12)		64,969		62,036
Research and development		64,332		60,196
Investment tax credits		(10,263)		(12,292)
Foreign exchange gain		(1,411)		(6,917)
		117,627		103,023
		88,504		83,163
Finance income		830		2,001
Finance costs		(240)		(398)
Other income and expenses		325		38
Earnings before income taxes		89,419		84,804
Provision for (recovery of) income taxes				
Current (note 22)		25,154		24,529
Deferred (note 22)		(2,145)		(3,264)
		23,009		21,265
Net earnings for the year	\$	66,410	\$	63,539
Net earnings attributable to non-controlling interest	\$	910	\$	404
Net earnings attributable to shareholders		65,500		63,135
Net earnings for the year	\$	66,410	\$	63,539
Earnings per share (note 21)				
Basic	\$	0.88	\$	0.85
Diluted	\$	0.87	\$	0.85

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE EARNINGS

Years ended April 30

(In thousands of Canadian dollars)	2015	2014
Net earnings for the year	\$ 66,410	\$ 63,539
Items that may be reclassified to net earnings:		
Foreign currency translation adjustment	151	4,226
Comprehensive earnings	\$ 66,561	\$ 67,765
Comprehensive earnings attributable to non-controlling interest	\$ 950	\$ 601
Comprehensive earnings attributable to shareholders	65,611	67,164
Comprehensive earnings	\$ 66,561	\$ 67,765

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended April 30

(In thousands of Canadian dollars)	2015	2014
Operating activities		
Net earnings for the year	\$ 66,410	\$ 63,539
Add: Items not involving cash		
Depreciation of property, plant and equipment	10,949	10,535
Amortization of intangible assets	238	383
Gain on instruments held for trading	-	(152)
Loss on disposal of property, plant and equipment	217	297
Share-based compensation	2,807	2,738
Interest expense	240	163
Deferred income tax expense	(2,145)	(3,264)
	78,716	74,239
Current tax expenses, net of investment tax credits	14,891	12,227
Income taxes paid	(11,673)	(6,309)
Changes in non-cash working capital items (note 13)	(27,577)	(44,672)
Cash provided by operating activities	54,357	35,485
Investing activities		
Proceeds from disposal of instruments held for trading	-	12,162
Acquisition of property, plant and equipment	(8,335)	(10,821)
Proceeds from disposal of property, plant and equipment	187	187
Cash (used in) provided by investing activities	(8,148)	1,528
Financing activities		
Repayment of long term debt	(357)	(257)
Interest paid	(240)	(163)
Dividends paid	(50,596)	(151,404)
Dividends paid by subsidiaries to non-controlling interests	(500)	(600)
Capital stock repurchase (note 10)	-	(51)
Capital stock issued	2,171	8,234
Cash used in financing activities	(49,522)	(144,241)
Effect of exchange rates on cash and cash equivalents	2,038	526
Decrease in cash and cash equivalents	(1,275)	(106,702)
Cash and cash equivalents beginning of year	101,956	208,658
Cash and cash equivalents end of year	\$ 100,681	\$ 101,956

See accompanying notes to the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Years ended April 30, 2015 and 2014

(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 10, 2015.

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

Years ended April 30, 2015 and 2014 (In thousands of Canadian dollars, except for "number of common shares", "number of options" and "per share" information)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 it is 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 at least 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

Years ended April 30, 2015 and 2014 (In thousands of Canadian dollars, except for "number of common shares", "number of options" and "per share" information)

2. SIGNIFICANT ACCOUNT POLICIES (CONTINUED)

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 recognized 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.

2. SIGNIFICANT ACCOUNT POLICIES (CONTINUED)

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 14.

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

Years ended April 30, 2015 and 2014 (In thousands of Canadian dollars, except for "number of common shares", "number of options" and "per share" information)

2. SIGNIFICANT ACCOUNT POLICIES (CONTINUED)

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 statements of earnings but are presented separately in the consolidated statements of earnings for information purposes. Investment tax credits are recognized and recorded within income tax receivable or as a reduction of income tax payable, 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
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.

2. SIGNIFICANT ACCOUNT POLICIES (CONTINUED)

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

Years ended April 30, 2015 and 2014 (In thousands of Canadian dollars, except for "number of common shares", "number of options" and "per share" information)

2. SIGNIFICANT ACCOUNT POLICIES (CONTINUED)

CHANGES IN ACCOUNTING POLICIES

Financial Instruments

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

Levies

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

NEW AND REVISED IFRSs ISSUED BUT NOT YET EFFECTIVE

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

Financial Instruments

IFRS 9, *Financial instruments* ("IFRS 9") was issued by the IASB in July 2014 and will replace IAS 39, *Financial Instruments: Recognition and Measurement* ("IAS 39"). IFRS 9 introduces new requirements for the financial reporting of financial assets and financial liabilities. IFRS 9 is effective for annual periods beginning on or after January 1, 2018.

Revenue

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

3. TRADE AND OTHER RECEIVABLES

	2015	2014
Trade receivables	\$ 87,003	\$ 81,165
Receivables on construction contracts, net of progress billings	6,019	3,659
Other receivables	2,381	3,157
	\$ 95,403	\$ 87,981

4. INVENTORIES

	2015	2014
Finished goods	\$ 71,315	\$ 59,958
Raw material and supplies	54,174	48,409
Work in progress	28,770	26,194
	\$ 154,259	\$ 134,561

Cost of sales for the year ended April 30, 2015 was comprised of \$151,729 of inventory (2014 - \$130,371) and \$6,465 of inventory write-offs (2014 - \$5,326).

5. PROPERTY, PLANT AND EQUIPMENT

	April 30, 2015			April 30, 2014		
	Cost	Accumulated Depreciation	Carrying Amount	Cost	Accumulated Depreciation	Carrying Amount
Office furniture and equipment	\$ 2,862	\$ 1,707	\$ 1,155	\$ 2,507	\$ 1,413	\$ 1,094
Research and development equipment	29,046	16,764	12,282	25,839	12,410	13,429
Airplanes	19,727	9,274	10,453	19,727	7,966	11,761
Machinery and equipment	48,970	35,599	13,371	45,258	31,872	13,386
Leaseholds	5,981	4,088	1,893	5,165	3,423	1,742
Land	2,215	-	2,215	2,330	-	2,330
Buildings	9,574	1,863	7,711	9,973	1,884	8,089
	\$ 118,375	\$ 69,295	\$ 49,080	\$ 110,799	\$ 58,968	\$ 51,831

	Office furniture and equipment	Research and development equipment	Airplanes	Machinery and equipment	Leaseholds	Land	Buildings	Total
Cost								
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
Additions	382	3,252	-	3,892	809	-	-	8,335
Foreign exchange adjustments	(27)	14	-	104	7	(115)	(399)	(416)
Disposals	-	(59)	-	(284)	-	-	-	(343)
Balance as at April 30, 2015	\$ 2,862	\$ 29,046	\$ 19,727	\$ 48,970	\$ 5,981	\$ 2,215	\$ 9,574	\$ 118,375

Accumulated Depreciation

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)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

Years ended April 30, 2015 and 2014 (In thousands of Canadian dollars, except for "number of common shares", "number of options" and "per share" information)

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Balance as at April 30, 2014	\$ 1,413	\$ 12,410	\$ 7,966	\$ 31,872	\$ 3,423	\$ -	\$ 1,884	\$ 58,968
Depreciation for the year	338	4,391	1,308	4,049	665	-	198	10,949
Foreign exchange adjustments	(44)	22	-	(108)	-	-	(219)	(349)
Disposals	-	(59)	-	(214)	-	-	-	(273)
Balance as at April 30, 2015	\$ 1,707	\$ 16,764	\$ 9,274	\$ 35,599	\$ 4,088	\$ -	\$ 1,863	\$ 69,295

Carrying amounts

At April 30, 2014	\$ 1,094	\$ 13,429	\$ 11,761	\$ 13,386	\$ 1,742	\$ 2,330	\$ 8,089	\$ 51,831
At April 30, 2015	\$ 1,155	\$ 12,282	\$ 10,453	\$ 13,371	\$ 1,893	\$ 2,215	\$ 7,711	\$ 49,080

6. GOODWILL

The changes in carrying amounts of goodwill are as follows:

	Cost
Balance as at April 30, 2013	\$ 17,724
Foreign exchange differences	545
Balance as at April 30, 2014	\$ 18,269
Foreign exchange differences	44
Balance as at April 30, 2015	\$ 18,313

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,	
	2015	2014
Evertz Microsystems Ltd.	\$ 12,622	\$ 12,610
Holdtech Kft	5,346	5,346
ATCI	345	313
	\$ 18,313	\$ 18,269

The key assumptions used in performing the impairment tests as at April 30, 2015 are as follows:

Method of determining recoverable amount:	Value in use
Discount Rate:	9.5%
Perpetual growth rate:	1 - 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.

6. GOODWILL (CONTINUED)

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.

7. INTANGIBLE ASSETS

	Intellectual property	
Cost		
Balance as at April 30, 2013	\$	7,831
Foreign exchange differences		257
Balance as at April 30, 2014	\$	8,088
Foreign exchange differences		6
Balance as at April 30, 2015	\$	8,094
Accumulated Depreciation		
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)
Amortization for the year		(238)
Foreign exchange differences		(11)
Balance as at April 30, 2015	\$	(8,094)
Carrying amounts		
At April 30, 2014	\$	243
At April 30, 2015	\$	-

8. PROVISIONS

	Warranty and Returns		Lease/ Retirement Obligations		Total
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
Net additions (provisions used)		485		108	593
Foreign exchange differences		11		1	12
Balance as at April 30, 2015	\$	2,111	\$	118	\$ 2,229

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

Years ended April 30, 2015 and 2014 (In thousands of Canadian dollars, except for "number of common shares", "number of options" and "per share" information)

8. PROVISIONS (CONTINUED)

Warranty and Returns

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

Lease/Retirement Obligations

The provision relates to estimated restoration costs expected to be incurred upon the conclusion of Company leases.

9. 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, 2015 or 2014.
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, 2015 or 2014.

b) Long Term Debt

	April 30, 2015	April 30, 2014
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.	\$ 1,158	\$ 1,489
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.	55	275
3. Other	37	23
	\$ 1,250	\$ 1,787
Less current portion	254	415
	\$ 996	\$ 1,372

10. 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	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
Issued on exercise of stock options	149,200		2,171
Transferred on stock option exercise	-		606
Balance as at April 30, 2015	74,459,346	\$	95,708

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. The Company did not purchase and cancel any shares during the fiscal 2015 (2014 - 3,620 common shares at a weighted average price of \$14.12).

Dividends Per Share

During the year, \$0.68 in dividends per share was declared (2014 - \$2.04).

11. REVENUE

	2015		2014
Hardware, software including related services, training and commissioning	\$ 343,609	\$	309,087
Long term contract revenue	19,997		16,437
	\$ 363,606	\$	325,524

12. SELLING, ADMINISTRATIVE AND GENERAL EXPENSES

	2015		2014
Selling and administrative	\$ 58,833	\$	55,162
Share-based compensation (note 14)	2,807		2,738
Depreciation of property, plant and equipment (non-production)	3,091		3,753
Amortization of intangible assets	238		383
	\$ 64,969	\$	62,036

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

Years ended April 30, 2015 and 2014 (In thousands of Canadian dollars, except for "number of common shares", "number of options" and "per share" information)

13. STATEMENT OF CASH FLOWS

Changes in non-cash working capital items

	2015	2014
Trade and other receivables	\$ (9,571)	\$ (32,867)
Inventories	(21,042)	(20,923)
Prepaid expenses	(3,943)	(1,200)
Trade and other payables	1,043	6,414
Deferred revenue	5,331	3,384
Provisions	605	520
	\$ (27,577)	\$ (44,672)

14. 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 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	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
Granted	132,500	17.73
Exercised	(149,200)	14.55
Forfeited	(414,000)	13.57
Expired	(36,500)	14.61
Balance as at April 30, 2015	4,736,500	\$ 14.57

14. SHARE BASED PAYMENTS (CONTINUED)

Stock options outstanding as at April 30, 2015 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	1,659,500	1.2	-	\$ -
\$ 12.23 - \$13.84	\$ 13.30	669,500	1.2	-	\$ -
\$ 14.14 - \$16.29	\$ 15.65	597,500	2.4	-	\$ -
\$ 17.03 - \$19.34	\$ 17.15	1,810,000	3.9	-	\$ -
Totals	\$ 14.57	4,736,500	2.4	-	\$ -

Compensation expense

The share based compensation expense that has been charged against earnings over the fiscal period is \$2,807 (2014 - \$2,738). Compensation expense on grants during the year was calculated using the Black-Scholes option pricing model with the following weighted average assumptions:

	April 30, 2015	April 30, 2014
Risk-free interest rate	1.36%	1.66%
Dividend yield	3.84%	3.78%
Expected life	5 years	5 years
Expected volatility	23%	27%
Weighted average grant-date fair value: Where the exercise price equaled the market price	\$ 2.27	\$ 2.85

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 21% (2014 - 19%).

15. 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	\$ 254	\$ 3,899	\$ 4,153
2016	170	3,592	3,762
2017	160	3,386	3,546
2018	167	2,378	2,545
2019	175	803	978
Thereafter	324	963	1,287
Balance as at April 30, 2015	\$ 1,250	\$ 15,021	\$ 16,271

Total operating lease expense during the year was \$3,657 (2014 - \$3,607).

The Company has obtained documentary and standby letters of credit aggregating to a total of \$12,495 (2014 - \$2,442).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

Years ended April 30, 2015 and 2014 (In thousands of Canadian dollars, except for "number of common shares", "number of options" and "per share" information)

16. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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

(a) Fair values and classification of financial instruments:

The Company estimates that the fair value of financial instruments approximates their carrying values. The following summarizes the significant methods and assumptions used in estimating the fair values of financial instruments:

- I. Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- II. Inputs other than quoted prices included in level I that are observable for the asset or liability, either directly or indirectly. Cash and cash equivalents, trade and other receivables, trade and other payables, long term debt, 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, 2015:

Credit risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist of cash and cash equivalents, 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 76% (2014 - 72%) of trade and other receivables are outstanding for less than 90 days as at April 30, 2015. 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:

	April 30, 2015	April 30, 2014
Trade and other receivables	\$ 100,236	\$ 92,216
Allowance for doubtful accounts	(4,833)	(4,235)
	\$ 95,403	\$ 87,981

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

	April 30, 2015	April 30, 2014
Balance at beginning of year	\$ 4,235	\$ 3,434
Increase in allowance	322	687
Bad debt recaptured and write-offs	(50)	(151)
Impact of variation in exchange rates	326	265
Balance at end of year	\$ 4,833	\$ 4,235

16. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

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, 2015	April 30, 2014
Cash and cash equivalents	\$ 38,169	\$ 29,671
Trade and other receivables	42,124	55,499
Trade and other payables	(4,817)	(4,834)
	\$ 75,476	\$ 80,336

Based on the financial instruments as at April 30, 2015, a 5% change in the value of the U.S. dollar would result in a gain or loss of \$3,774 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 15.

17. 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	2015	2014
United States	\$ 179,343	\$ 150,765
International	159,153	153,244
Canada	25,110	21,515
	\$ 363,606	\$ 325,524

	April 30, 2015			April 30, 2014		
	Property, Plant and Equipment	Goodwill	Intangible Assets	Property, Plant and Equipment	Goodwill	Intangible Assets
United States	\$ 13,206	\$ 345	\$ -	\$ 13,415	\$ 313	\$ -
International	10,476	17,968	-	11,751	17,956	243
Canada	25,398	-	-	26,665	-	-
	\$ 49,080	\$ 18,313	\$ -	\$ 51,831	\$ 18,269	\$ 243

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

Years ended April 30, 2015 and 2014 (In thousands of Canadian dollars, except for "number of common shares", "number of options" and "per share" information)

18. 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 \$3,314 committed over the remaining term. During the year, rent paid for the leased principal premises amounted to \$841 (2014 - \$823) with no outstanding amounts due as at April 30, 2015 (April 30, 2014 - Nil).

The Company also leases property where two shareholders indirectly own 100% interest. This lease expires in 2016 with a total of \$369 committed over the remaining term. During the year, rent paid was \$246 (2014 - \$246) with no outstanding amounts due as at April 30, 2015 (April 30, 2014 - Nil).

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 \$2,930 committed over the remaining term. During the year, rent paid for the leased principal premises amounted to \$782 (2014 - \$756) with no outstanding amounts due as at April 30, 2015 (April 30, 2014 - Nil).

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 \$518 committed over the remaining term. During the year, rent paid was \$141 (2014 - \$137) with no outstanding amounts due as at April 30, 2015 (April 30, 2014 - Nil).

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 \$1,893 committed over the remaining term. During the year, rent paid was \$439 (2014 - \$439) with no outstanding amounts due as at April 30, 2015 (April 30, 2014 - Nil).

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

The remuneration of directors and other members of key management personnel for the years ended April 30, 2015 and April 30, 2014 are as follows:

	2015		2014	
Short-term salaries and benefits	\$	4,396	\$	4,152
Share-based payments		-		143
	\$	4,396	\$	4,295

The total employee benefit expense was \$105,731 (2014 - \$97,190).

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

19. 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, 2015	April 30, 2014
Current assets	\$ 18,618	\$ 12,731
Non-current assets	10,382	9,132
Current liabilities	8,654	4,230
Non-current liabilities	713	472
Equity attributable to shareholders	16,333	14,233
Non-controlling interest	3,389	2,939

	April 30, 2015	April 30, 2014
Revenue	\$ 42,134	\$ 31,347
Net earnings attributable to:		
Shareholders	3,503	1,524
Non-controlling interest	910	418

20. CAPITAL DISCLOSURES

The Company's capital is composed of total equity attributable to shareholders which totals \$353,471 (2014 - \$333,478) 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.

21. EARNINGS PER SHARE

	2015	2014
Weighted average common shares outstanding	74,399,096	74,064,205
Dilutive-effect of stock options	634,302	421,256
Diluted weighted average common shares outstanding	75,033,398	74,485,461

The weighted average number of diluted common shares excludes 223,500 options because they were anti-dilutive during the period (2014 - 2,150,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

Years ended April 30, 2015 and 2014 (In thousands of Canadian dollars, except for "number of common shares", "number of options" and "per share" information)

22. INCOME TAXES

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

	2015		2014
Expected income tax expense using statutory rates (25%, 2014 - 25%)	\$ 22,355	\$	21,201
Difference in foreign tax rates	140		(322)
Benefit arising from a previously unrecognized tax loss	(168)		(264)
Non-deductible stock based compensation	744		726
Other	(62)		(76)
	\$ 23,009	\$	21,265

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, 2015		April 30, 2014
Deferred income tax liabilities:			
Tax loss carried forward	\$ (2,452)	\$	(3,347)
Research and development tax credits	1,849		2,445
Equipment tax vs accounting basis	7,239		8,339
Intangible assets	-		68
Non-deductible reserves	(1,740)		(750)
Other	(464)		(287)
	\$ 4,432	\$	6,468

As at April 30, 2015, the Company had \$3,405 (2014 - \$7,167) in tax losses for which no deferred tax asset has been recognized in the statement of financial position.

23. SUBSEQUENT EVENT

On June 10, 2015 the Company declared a dividend of \$0.18 with a record date of June 19, 2015 and a payment date of June 26, 2015.

5-YEAR FINANCIAL HIGHLIGHTS

(all amounts in thousands, except EPS and share amounts)

Consolidated Statement of Earnings Data

	Year Ended April 30,				
	2015	2014	2013	2012	2011
Sales	\$ 363,606	\$ 325,524	\$ 316,305	\$ 293,400	\$ 309,259
Selling and administrative expenses	58,833	55,162	53,106	47,118	37,583
Research and development expenses	64,332	60,196	52,851	44,200	35,719
Earnings before income taxes	89,419	84,804	88,846	81,840	108,346
Net earnings	66,410	63,539	65,163	59,956	78,259
Fully diluted EPS	0.87	0.85	0.88	0.81	1.04

Consolidated Balance Sheet Data

	Year Ended April 30,				
	2015	2014	2013	2012	2011
Cash and instruments held for trading	\$ 100,681	\$ 101,956	\$ 220,668	\$ 185,669	\$ 192,025
Total assets	426,162	401,280	465,307	431,864	410,511
Shareholder's equity	353,471	333,478	406,797	378,417	372,209
Number of common shares outstanding					
Basic	74,459,346	74,310,146	73,632,566	73,225,786	74,470,606
Fully-diluted	79,195,846	79,513,846	78,246,966	77,904,086	78,577,206

CORPORATE AND SHAREHOLDER INFORMATION

DIRECTORS AND EXECUTIVE OFFICERS

Romolo Magarelli
Director, President and Chief Executive Officer

Douglas DeBruin
Executive Chairman



Christopher Colclough ^{1,2}
Director



Dr. Thomas Pistor ¹
Director



Dr. Ian McWalter ^{1,2}
Director



Brian Campbell
Executive Vice-President,
Business Development



Rakesh Patel
Chief Technology Officer



Anthony Gridley
Chief Financial Officer



Eric Fankhauser
Vice-President, Advanced Product
Development



Joe Cirincione
Vice-President of Sales - Central
and Western, USA



Robert Peter
Vice-President
International Operations



Vince Silvestri
Vice-President of Software
Systems



Kevin Hellam
Vice-President of Global Delivery
& Support



Jeff Marks
Vice-President
of Manufacturing



Dan Turow
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¹ Member of the Audit Committee.

² Member of the Compensation Committee.

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EXCHANGE LISTING

The common shares of the Company are listed on the Toronto Stock Exchange under the symbol ET

INVESTOR RELATIONS

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ANNUAL SHAREHOLDERS MEETING

12:30 p.m. Wednesday, September 9, 2015
The Fairmont Royal York
100 Front Street West
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