Interim condensed consolidated financial statements of

EVERTZ TECHNOLOGIES LIMITED

Three month and Nine month periods ended January 31, 2012 and 2011
(Unaudited)

MANAGEMENT REPORT

The management of Evertz Technologies Limited ("the Company") is responsible for the preparation of the accompanying interim condensed consolidated financial statements. The interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards and are considered by management to present fairly the consolidated financial position, operating results and cash flows of the Company.

These interim condensed consolidated financial statements have not been reviewed by the auditor. These interim condensed consolidated financial statements are unaudited and include all adjustments, consisting of normal and recurring items, that management considers necessary for the fair presentation of the consolidated financial position, results of operations and cash flows.

EVERTZ TECHNOLOGIES LIMITED

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(Unaudited)

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EVERTZ TECHNOLOGIES LIMITED

Interim Condensed Consolidated Statements of Financial Position
(unaudited)

As at January 31, 2012 and April 30, 2011
(In thousands of Canadian dollars)

	January 31, 2012	April 30, 2011
Assets		
Current assets		
Cash	$ 178,402	$ 175,835
Instruments held for trading	12,112	16,190
Trade and other receivables	51,204	52,732
Inventories	104,353	106,422
Income tax receivable	7,864	2,014
Non-current assets held for sale (note 13)	3,885	-
	$ 357,820	$ 353,193
Property, Plant and Equipment (note 4)	$ 41,778	$ 37,627
Goodwill	17,461	17,467
Intangible assets	1,299	2,224
	$ 418,358	$ 410,511
Liabilities		
Trade and other payables	$ 25,047	$ 21,814
Provisions (note 6)	809	1,235
Deferred revenue	7,129	3,664
Current portion of long term debt	410	451
	$ 33,395	$ 27,164
Long term debt	$ 1,967	$ 2,493
Deferred taxes	6,349	7,095
	$ 41,711	$ 36,752
Equity		
Capital stock (note 5)	$ 67,266	$ 58,882
Contributed surplus	13,546	13,762
Accumulated other comprehensive (loss) income	(563)	440
Retained earnings	295,029	299,125
	$ 294,466	$ 299,565
Total equity attributable to shareholders	375,278	372,209
Non-controlling Interest	1,369	1,550
	376,647	373,759
	$ 418,358	$ 410,511

See accompanying notes to the interim condensed consolidated financial statements.

EVERTZ TECHNOLOGIES LIMITED

Interim Condensed Consolidated Statements of Changes in Equity
(Unaudited)

Nine month periods ended January 31, 2012 and 2011
(In thousands of Canadian dollars)

	Capital stock	Contributed surplus	Foreign currency translation adjustment	Retained earnings	Total equity attributable to shareholders	Non-controlling interest	Total Equity
Balance at May 1, 2010	$ 51,035	$ 12,183	$ -	$ 249,554	$ 312,772	$ 1,408	$ 314,180
Net earnings for the period	-	-	-	65,380	65,380	461	65,841
Dividends declared	-	-	-	(20,696)	(20,696)	(400)	(21,096)
Compensation expense related to stock options	-	2,894	-	-	2,894	-	2,894
Exercise of employee stock options	5,630		-	-	5,630	-	5,630
Transfer of stock option exercise	2,217	(2,217)	-	-	-	-	-
Foreign currency translation adjustment	-	-	525	-	525	(12)	513
Balance at January 31, 2011	**$ 58,882**	**$ 12,860**	**$ 525**	**$ 294,238**	**$ 366,505**	**$ 1,457**	**$ 367,962**
Net earnings for the period	-	-	-	12,334	12,334	84	$ 12,418
Dividends declared	-	-	-	(7,447)	(7,447)	-	(7,447)
Compensation expense related to stock options	-	902	-	-	902	-	902
Exercise of employee stock options	-		-	-	-	-	-
Transfer of stock option exercise	-	-	-	-	-	-	-
Foreign currency translation adjustment	-	-	(85)	-	(85)	9	(76)
Balance at April 30, 2011	**$ 58,882**	**$ 13,762**	**$ 440**	**$ 299,125**	**$ 372,209**	**$ 1,550**	**$ 373,759**
Net earnings for the period	-	-	-	46,160	46,160	306	46,466
Dividends declared	-	-	-	(26,609)	(26,609)	(400)	(27,009)
Compensation expense related to stock options	-	2,293	-	-	2,293	-	2,293
Exercise of employee stock options	7,456	-	-	-	7,456	-	7,456
Transfer of stock option exercise	2,509	(2,509)	-	-	-	-	-
Repurchase of common shares	(1,581)	-	-	(23,647)	(25,228)	-	(25,228)
Foreign currency translation adjustment	-	-	(1,003)	-	(1,003)	(87)	(1,090)
Balance at January 31, 2012	**$ 67,266**	**$ 13,546**	**$ (563)**	**$ 295,029**	**$ 375,278**	**$ 1,369**	**$ 376,647**

See accompanying notes to the interim condensed consolidated financial statements.

EVERTZ TECHNOLOGIES LIMITED

Interim Condensed Consolidated Statements of Earnings
(Unaudited)

Three month and nine month periods ended January 31, 2012 and 2011
(In thousands of Canadian dollars, except per share amounts)

	Three month period ended January 31,		Nine month period ended January 31,	
	2012	2011	2012	2011
Revenue	$ 71,445	$ 84,073	$ 217,060	$ 240,216
Cost of goods sold	31,283	35,389	93,675	100,895
Gross margin	40,162	48,684	123,385	139,321
Expenses				
Selling, administrative and general (note 7)	14,257	11,812	39,476	31,964
Research and development	11,058	9,620	31,418	25,863
Investment tax credits	(2,574)	(2,258)	(7,310)	(6,139)
Foreign exchange loss (gain)	64	465	(3,001)	(478)
	22,805	19,639	60,583	51,210
Earnings before finance income, costs, other and taxes	17,357	29,045	62,802	88,111
Finance income	551	204	1,427	733
Finance costs	(45)	(43)	(142)	(120)
Other income (expenses)	(332)	3,935	(557)	2,428
Earnings before income taxes	17,531	33,141	63,530	91,152
Provision for (recovery of) income taxes				
Current	4,323	7,970	17,804	24,848
Deferred	463	808	(740)	463
	4,786	8,778	17,064	25,311
Net earnings for the period	$ 12,745	$ 24,363	$ 46,466	$ 65,841
Net earnings attributable to non-controlling interest	108	125	$ 306	461
Net earnings attributable to shareholders	12,637	24,238	$ 46,160	65,380
Net earnings for the period	$ 12,745	$ 24,363	$ 46,466	$ 65,841
Earnings per share (note 12)				
Basic	$ 0.17	$ 0.32	$ 0.63	$ 0.88
Diluted	$ 0.17	$ 0.32	$ 0.62	$ 0.88

See accompanying notes to the interim condensed consolidated financial statements.

EVERTZ TECHNOLOGIES LIMITED

Interim Condensed Consolidated Statements of Comprehensive Income
(Unaudited)

Three month and nine month periods ended January 31, 2012 and 2011
(In thousands of Canadian dollars)

	Three month period ended January 31,		Nine month period ended January 31,	
	2012	**2011**	**2012**	**2011**
Net earnings for the period	$ 12,745	$ 24,363	$ 46,466	$ 65,841
Translation of self-sustaining operations	(1,019)	(48)	(1,090)	513
Comprehensive income	$ 11,726	$ 24,315	$ 45,376	$ 66,354
Comprehensive income attributable to non-controlling interest	$ 68	$ 113	$ 219	$ 449
Comprehensive income attributable to shareholders	$ 11,658	$ 24,202	$ 45,157	$ 65,905
Comprehensive income	$ 11,726	$ 24,315	$ 45,376	$ 66,354

EVERTZ TECHNOLOGIES LIMITED

Interim Condensed Consolidated Statements of Cash Flows
(Unaudited)

Three month and nine month periods ended January 31, 2012 and 2011
(In thousands of Canadian dollars)

	Three month period ended January 31,		Nine month period ended January 31,	
	2012	2011	2012	2011
Operating activities				
Net earnings	$ 12,745	$ 24,363	$ 46,466	$ 65,841
Add: Items not involving cash				
Depreciation of property, plant and equipment	1,875	1,712	5,354	5,263
Amortization of intangible assets	308	277	924	715
Gain on instruments held for trading	(36)	(3,959)	(55)	(2,805)
Loss (gain) on disposal of property, plant and equipment	19	(37)	123	541
Impairment loss on property, plant and equipment	420	-	420	-
Share-based compensation	869	1,061	2,293	2,894
Deferred income tax expense (recovery)	463	808	(740)	463
	16,663	24,225	54,785	72,912
Changes in non-cash working capital items (note 8)	7,114	4,766	3,809	(22,578)
Cash provided by operating activities	23,777	28,991	58,594	50,334
Investing activities				
Proceeds from disposal of instruments held for trading	-	952	4,133	1,502
Acquisition of property, plant and equipment	(10,887)	(568)	(14,993)	(2,235)
Proceeds from disposal of property, plant and equipment	22	16	218	647
Business acquisitions net of cash acquired	-	(2,917)	-	(2,917)
Cash used in investing activities	(10,865)	(2,517)	(10,642)	(3,003)
Financing activities				
Repayment of long term debt	(141)	(147)	(389)	(417)
Dividends paid	(8,789)	(7,417)	(26,609)	(20,696)
Dividends paid by subsidiaries to non-controlling interests	-	-	(400)	(400)
Capital stock repurchase	(1,846)	-	(25,228)	-
Capital stock issued	2,027	3,696	7,455	5,630
Cash used in financing activities	(8,749)	(3,868)	(45,171)	(15,883)
Effect of exchange rates on cash	(1)	612	(214)	106
Increase in cash	4,162	23,218	2,567	31,554
Cash beginning of period	174,240	142,091	175,835	133,755
Cash end of period	$ 178,402	$ 165,309	$ 178,402	$ 165,309

	Three month period ended January 31,		Nine month period ended January 31,	
	2012	2011	2012	2011
Interest paid	$ 41	$ 26	$ 138	$ 103
Income taxes paid	$ 5,351	$ 4,715	$ 16,221	$ 23,622

EVERTZ TECHNOLOGIES LIMITED

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

Three month and nine month periods ended January 31, 2012 and 2011
(in thousands of Canadian dollars, except for "number of common shares" and "number of options")

Evertz Technologies Limited ("Evertz" or the "Company") is incorporated under the *Canada Business Corporations Act*. The Company is incorporated and domiciled in Canada and the registered head office is located at 5292 John Lucas Drive, Burlington, Ontario, Canada. The Company is a leading equipment provider to the television broadcast industry. The Company designs, manufactures and distributes video and audio infrastructure equipment for the production, post–production, broadcast and telecommunications markets.

1. STATEMENT OF COMPLIANCE

These interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IASB") and under the IAS 34 "Interim Financial Reporting" and IFRS 1 "First-time Adoption of International Financial Reporting Standards" using the same accounting policies as described in the Company's interim condensed consolidated financial statements for the three months ended July 31, 2011.

Prior to the adoption of IFRS, the Company prepared its interim and annual financial statements in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"). Subject to certain transition elections disclosed in note 14, the Company has consistently applied the same accounting policies in its opening IFRS statement of financial position at May 1, 2010 (the "transition date") and throughout all periods presented, as if these policies had always been in effect. Note 14 discloses the impact of the transition to IFRS on the Company's reported financial position, financial performance and cash flows, including the nature and effect of significant changes in accounting policies from those used in the Company's consolidated financial statements for the year ended April 30, 2011, reported in accordance with Canadian GAAP.

These interim condensed consolidated financial statements were authorized for issue by the Board of Directors on March 6, 2012.

2. SIGNIFICANT ACCOUNTING POLICIES

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

Non-current assets held for sale

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

Note #2 continued ...

New and Revised IFRSs Issued but Not Yet Effective

Following is a listing of amendments, revisions and new International Financial Reporting Standards (IFRSs) issued but not effective until annual periods beginning after May 1, 2012. Unless otherwise indicated, earlier application is permitted.

Financial Instruments

IFRS 9 Financial instruments ("IFRS 9") was issued by the IASB on November 12, 2009 and will replace IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2013. The Company has not yet determined the impact of IFRS 9 on its financial statements.

Consolidated Financial Statements

IFRS 10, *Consolidated Financial Statements* ("IFRS 10") establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. IFRS 10 replaces the consolidation requirements in SIC-12, *Consolidation – Special Purpose Entities* and IAS 27, *Consolidated and Separate Financial Statements.* The Company has not yet determined the impact of IFRS 10 on its financial statements.

Joint Arrangements

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

Disclosure of Interests in Other Entities

IFRS 12, *Disclosure of Interests in Other Entities* ("IFRS 12") is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including subsidiaries, joint arrangements, associates and unconsolidated structured entities. The Company has not yet determined the impact of IFRS 12 on its financial statements.

Fair Value Measurements

IFRS 13, *Fair Value Measurements* ("IFRS 13") provides new guidance on fair value measurement and disclosure requirements. The Company has not yet determined the impact of IFRS 13 on its financial statements.

Income Taxes

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

Note #2 continued …

Presentation of Financial Statements

Amendments to IAS 1, *Presentation of Financial Statements* ("IAS 1"), which are effective for annual periods beginning on or after July 1, 2012, are to be applied retroactively. The amendments require that an entity present separately the items of other comprehensive income that may be reclassified to profit or loss in the future from those that would never be reclassified to profit or loss. The Company has not yet determined the impact of the changes to IAS 1 on its financial statements.

3. BUSINESS ACQUISITIONS

On December 3, 2010 the Company completed the purchase of 100% of the share capital of an international technology-based company for cash consideration of $2,917, net of $1,483 in cash acquired. The acquisition price includes $1,600 in contingent consideration that the Company has determined beyond a reasonable doubt will be incurred. The acquisition was accounted for under the acquisition method and its operating results have been included in these financial statements since the date of acquisition. During fiscal 2011 the Company recognized $172 of transaction costs in earnings relating to the acquisition.

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

Trade and other receivables	$	2,203
Inventory		245
Income tax receivable		15
Trade and other payables		(1,109)
Deferred revenue		(2,526)
Property, plant and equipment		131
Intangibles - intellectual property		1,440
Deferred tax liability		(397)
Goodwill (not tax deductible)		2,915
	$	2,917

The fair value of trade and other receivables was determined by netting $2,579 in gross receivables with $376 in receivables deemed uncollectable.

4. PROPERTY, PLANT AND EQUIPMENT

	January 31, 2012			April 30, 2011		
	Cost	Accumulated Amortization	Carrying Amount	Cost	Accumulated Amortization	Carrying Amount
Office furniture and equipment	$ 1,942	$ 1,313	$ 629	$ 1,354	$ 974	$ 380
Research and development equipment	9,856	5,877	3,979	8,042	5,184	2,858
Airplanes	12,639	395	12,244	10,995	3,975	7,020
Machinery and equipment	39,961	24,238	15,723	38,157	21,400	16,757
Leaseholds	3,417	1,955	1,462	3,607	1,657	1,950
Land	1,628	-	1,628	1,557	-	1,557
Buildings	7,348	1,235	6,113	8,307	1,202	7,105
	$ 76,791	$ 35,013	$ 41,778	$ 72,019	$ 34,392	$ 37,627

5. 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 May 1, 2010	73,607,506	$	51,035
Issued on exercise of stock options	863,100		5,630
Transferred from contributed surplus	-		2,217
Balance as at April 30, 2011	**74,470,606**	**$**	**58,882**
Issued on exercise of stock options	789,980		7,456
Cancelled pursuant to NCIB	(2,000,100)		(1,581)
Transferred from contributed surplus	-		2,509
Balance as at January 31, 2012	**73,260,486**	**$**	**67,266**

Normal Course Issuer Bid

In June 2011, the Company filed a Normal Course Issuer Bid (NCIB) with the TSX to repurchase, at the Company's discretion, until June 28, 2012 up to 3,751,717 outstanding common shares on the open market or as otherwise permitted, subject to normal terms and limitations of such bids. During the first nine months of fiscal 2012, the Company purchased and cancelled 2,000,100 common shares at a weighted average price of $12.61 per share under the NCIB.

Dividends Per Share

During the quarter $0.12 in dividends per share were declared.

6. PROVISIONS

		Warranty & Returns		Lease/Retirement Obligations		Total
Balance as at April 30, 2011	**$**	**766**	**$**	**469**	**$**	**1,235**
Additions		-		6		6
Provisions used		-		(417)		(417)
Foreign exchange differences		(3)		(12)		(15)
Balance as at January 31, 2012	**$**	**763**	**$**	**46**	**$**	**809**

7. SELLING, ADMINISTRATIVE AND GENERAL EXPENSES

	Three month period ended January 31,				**Nine month period ended January 31,**			
		2012		**2011**		**2012**		**2011**
Selling and administrative	$	12,677	$	9,985	$	34,798	$	27,194
Share-based compensation (note 9)		869		1,061		2,293		2,894
Depreciation of property, plant and equipment (non-production)		403		489		1,461		1,161
Amortization of intangibles		308		277		924		715
	$	14,257	$	11,812	$	39,476	$	31,964

8. STATEMENT OF CASH FLOWS

Changes in non–cash working capital items

	Three month period ended January 31, 2012	2011	Nine month period ended January 31, 2012	2011
Trade and other receivables	$ 6,210	$ (719)	$ 1,235	$ (11,307)
Inventories	(612)	(864)	1,727	(15,814)
Income taxes receivable	(4,373)	2,855	(5,928)	5,381
Trade payable and accrued liabilities	5,519	6,843	3,736	2,677
Deferred revenue	805	(3,345)	3,465	(3,532)
Provisions	(435)	(4)	(426)	17
	$ 7,114	$ 4,766	$ 3,809	$ (22,578)

9. SHARE BASED PAYMENTS

The Company established, in June 2006, a stock option plan to attract, retain, motivate and compensate employees, officers and eligible directors who are integral to the growth and success of the Company. A number of shares equal to 10% of the Company's outstanding common shares are to be reserved for issuance under the stock option plan.

The Board of Directors administers the stock option plan and will determine the terms of any options granted. The exercise price of an option is to be set by the Board of Directors at the time of grant but shall not be lower than the market price as defined in the option plan at the time of grant. The term of the option cannot exceed 10 years. Stock options currently granted normally fully vest and expire by the end of the fifth year. The terms for all options prior to June 2006 were set by the Board of Directors at the grant date.

On September 6, 2011, the Company cancelled 630,000 options with a weighted average exercise price of $17.08 and approximate remaining vesting period of 4.2 years, and issued new options with an exercise price of $11.88 and a vesting period of 5.0 years. As a result of cancellation and issuance of these options, the fair value of the options, calculated using the Black-Scholes model, increased by $562 and will be amortized over the remaining vesting period of the options. For these options, $47 in incremental compensation cost was recognized during fiscal 2012.

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

	Number of Options	Weighted Average Exercise Price
Balance as at May 1, 2010	4,095,500	$ 10.82
Granted	1,055,000	15.77
Exercised	(863,100)	6.52
Cancelled	(180,800)	11.87
Balance as at April 30, 2011	**4,106,600**	**$ 12.95**
Granted	2,319,000	11.95
Exercised	(789,980)	9.44
Cancelled	(880,400)	15.30
Expired	(42,420)	11.52
Balance as at January 31, 2012	**4,712,800**	**12.62**

Note #9 continued …

Stock options outstanding as at January 31, 2012 are:

Exercise Price	Weighted Average Exercise Price	Number of Outstanding Options	Weighted Average Remaining Contractual Life	Number of Options Exercisable	Weighted Average Exercise Price of Exercisable Options
$9.93 - $11.00	$ 10.94	1,143,800	1.2	768,700	$ 10.95
$11.17 - $16.12	$ 12.42	3,154,000	4.2	-	$ -
$17.88 - $19.34	$ 18.15	405,000	1.4	250,000	$ 17.97
$29.58	$ 29.58	10,000	1.0	8,000	$ 29.58
Totals	$ 12.62	4,712,800	3.2	1,026,700	$ 12.81

Compensation expense

The share–based compensation expense that has been charged against earnings over the nine month period is $2,293 (2011 - $2,894). Compensation expense on grants during the period was calculated using the Black–Scholes option pricing model with the following weighted average assumptions:

	January 31, 2012	January 31, 2011
Risk-free interest rate	1.42%	2.50%
Dividend yield	4.01%	2.43%
Expected life	5 years	5 years
Expected volatility	40%	35%
Weighted average grant-date fair value:		
Where the exercise price equaled the market price	$3.00	$4.18

Expected volatility is based on a combination of historical share price volatility over the past 5 years of both the company and industry index averages. Share-based compensation expense was calculated using a weighted average forfeiture rate of 18%.

10. SEGMENTED INFORMATION

The Company reviewed its operations and determined that it operates a single reportable segment, the television broadcast equipment market. The single reportable operating segment derives its revenues from the sale of hardware and software solutions including related services, training and commissioning.

Revenue	Three month period ended January 31,		Nine month period ended January 31,	
	2012	2011	2012	2011
United States	$ 24,398	$ 39,211	$ 86,622	$ 108,503
International	39,494	35,578	103,867	109,159
Canada	7,553	9,284	26,571	22,554
	$ 71,445	$ 84,073	$ 217,060	$ 240,216

Note #10 continued …

	January 31, 2012			April 30, 2011		
	Capital Assets	**Goodwill**	**Intellectual Property**	**Capital Assets**	**Goodwill**	**Intellectual Property**
United States	$ 12,384	$ -	$ -	$ 7,207	$ -	$ -
International	9,939	17,461	1,299	9,844	17,467	2,224
Canada	19,455	-	-	20,576	-	-
	$ 41,778	$ 17,461	$ 1,299	$ 37,627	$ 17,467	$ 2,224

11. 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 $6,001 committed over the remaining term. During the nine and three month period respectively, rent paid for the leased principal premises amounted to $598 (2010 – $598) and $199 (2010 - $199) with no outstanding amounts due as at January 31, 2012.

The Company also leases property where two shareholders indirectly own 100% interest. This lease expires in 2016 with a total of $1,149 committed over the remaining term. During the nine and three month period respectively, rent paid was $182 (2010 – $180) and $61 (2010 - $60) with no outstanding amounts due as at January 31, 2012.

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 $5,385 committed over the remaining term. During the nine and three month period respectively, rent paid for the leased principal premises amounted to $540 (2010 - $520) and $180 (2010 - $177) with no outstanding amounts due as at January 31, 2012.

On December 15, 2008 the Company entered into a lease agreement with a director who indirectly owns 100% interest. The lease expires in 2013 with a total of $260 committed over the remaining term. During the nine and three month period respectively, rent paid was $98 (2010 - $97) and $33 (2010 - $32) with no outstanding amounts due as at January 31, 2012.

On May 1, 2009 the Company entered into an agreement with two shareholders who each indirectly hold a 35% interest. This lease expires in 2019 with a total of $3,295 committed over the remaining term. During the nine and three month period respectively, rent paid was $314 (2010 - $299) and $105 (2010 - $100) with no outstanding amounts due as at January 31, 2012.

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

12. EARNINGS PER SHARE

	Three month period ended January 31,		Nine month period ended January 31,	
	2012	2011	2012	2011
Weighted average common shares outstanding	73,222,526	74,121,954	73,746,646	73,794,552
Dilutive effect of stock options	68,737	101,874	190,608	255,609
Diluted weighted average common shares outstanding	73,291,263	74,223,828	73,937,254	74,050,161

The weighted average number of diluted common shares excludes 3,479,115 options because they were anti-dilutive during the period (2011 – 650,000).

13. NON-CURRENT ASSETS HELD FOR SALE

The Company has assets that have been classified as held for sale. Efforts to sell the assets have already commenced and are expected to be sold before the end of the year. An impairment loss of $420 has been recorded on the remeasurement of the assets to the lower of their carrying amount and their fair value less costs to sell, and was recorded within other income and expenses.

14. FIRST-TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

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

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

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

Exemptions applied and mandatory exceptions

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

The Company has applied the following exemptions:

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

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

Note #14 continued …

Foreign Exchange Rates, on fair value adjustments and goodwill arising in business combinations that occurred before May 1, 2010.

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

The Company has applied the following mandatory exceptions:

<u>IAS 1 - Estimates</u>

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

<u>Other exceptions</u>

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

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

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

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

Note #14 continued ...

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

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

Notes to the financial statement reconciliations

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

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

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

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

Note #14 continued ...

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

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

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

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

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

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

15. SUBSEQUENT EVENT

On March 6, 2012 the Company declared a dividend of $0.14 with a record date of March 16, 2012 and a payment date of March 23, 2012.