FIRAN TECHNOLOGY GROUP CORPORATION

2015 AUDITED ANNUAL REPORT

CEO Message

FTG achieved record sales and earnings in 2015. These achievements are the result of strategies and investments undertaken in previous years. We also benefitted from some external factors, such as the weakening of the Canadian dollar that increases our competitiveness against US and other suppliers as well as increases our profitability. We ended the year a stronger company, well positioned for the future.

For the past number of years, we had a strategic goal of expanding our operations for both our businesses so we had a footprint in Canada, in the United States, and in Asia. In 2015, the benefits of this strategy was evident. In our printed circuit board business where we have FTG Circuits – Toronto, FTG Circuits – Chatsworth and FTG Printronics Circuit Ltd, our joint venture in China, many of our customers now look at FTG as an important part of their global sourcing plans and this has led to huge growth in the business. In our cockpit product business where we have FTG Aerospace – Toronto, FTG Aerospace – Chatsworth and FTG Aerospace – Tianjin, we have seen similar positive reactions from customers and again this is leading to increased opportunities. With these facilities in place, we have completed some key strategic goals for FTG including expanding our presence in the large US aerospace and defense market, penetrating the rapidly growing Asian aerospace market, and becoming a more strategic supplier to many of our customers.

During 2015, we renewed our credit facilities with our current lender, expanding our borrowing and our currency hedging facilities, and we used some of the facility to repay our AMIS loan with the Ontario Government as the interest free period had come to an end. These new facilities gives us great flexibility to invest in key growth initiatives in 2016 and beyond.

In 2015, FTG invested $1.7M in capital expenditures, $1.6M in deferred development and $5.1M in net research and development. The capital investments included advanced plating and other equipment in our Circuits business and improved engineering tools and computer equipment in our Aerospace business. The deferred development relates to our development effort for Control Panel Assemblies for the Chinese C919 program as well as work on a new program won at the start of the year. The R&D is for both the Circuits and Aerospace business enabling FTG to offer solutions required by our customers for improved performance on new programs.

Again in 2015 all FTG sites were subjected to numerous external quality audits by certifying organizations and customers. FTG has a robust quality system across the company and the results of the various audits demonstrated this. Most importantly FTG is focused on obtaining customer approvals for our new aerospace facilities in Tianjin and Chatsworth and our circuit board joint venture in Tianjin. During the year we added certifications in our Circuits Toronto facility for military rigid flex product, and in our circuit board Joint Venture in China, where we now have both the AS9100C certification as well as Nadcap. At our Aerospace Toronto facility we completed certification to build a range of lighting technologies for US military applications.

A key element of FTG's strategy is our focus on Operational Excellence. We performed well across the company in 2015, but we will continue to improve going forward.

As we look forward into 2016, we have some exciting plans to grow our business through our global offering, investments in new development programs, and acquisitions if they are aligned with our business focus and objectives.

Sincerely,

Brad Bourne
President and CEO

February 1, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

(dollar amounts stated in Canadian dollars 000's unless otherwise specified)

This Management's Discussion and Analysis ("MD&A") for the year ended November 30, 2015 (fiscal 2015) is as of February 1, 2016 and provides information on the operating activities, performance and financial position of Firan Technology Group Corporation ("FTG" or the "Corporation") and should be read in conjunction with the audited consolidated financial statements of the Corporation for fiscal 2015 which have been prepared in accordance with International Financial Reporting Standards ("IFRS") and are reported in Canadian dollars. Additional information is contained in the Corporation's filings with Canadian securities regulators, including its Annual Information Form dated February 1, 2016, found on SEDAR at www.sedar.com and on the Corporation's website at www.ftgcorp.com.

Caution Regarding Forward-Looking Statements

Certain statements in this MD&A other than statements of historical fact, are forward-looking statements based on certain assumptions and reflect the current expectations of FTG. These statements include without limitation, statements regarding the operations, business, financial condition, expected financial results, performance, prospects, opportunities, priorities, targets, goals, ongoing objectives, strategies and outlook of FTG, as well as the outlook for North American and international economies, for the current fiscal year and subsequent periods. Forward-looking statements include statements that are predictive in nature, depend upon or refer to future events or conditions, or include words such as "expects", "anticipates", "plans", "believes", "estimates", "seeks", "considers", "intends", "targets", "projects", "forecasts" or negative versions thereof and other similar expressions, or future or conditional verbs such as "may", "will", "should", "would" and "could". Forward-looking statements are provided for the purpose of conveying information about management's current expectations and plans relating to the future and readers are cautioned that such statements may not be appropriate for other purposes.

Forward-looking information is based upon certain material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection as reflected in the forward-looking statements, including FTG's perception of historical trends, current conditions and expected future developments as well as other factors FTG believes are appropriate in the circumstances.

By its nature, forward-looking information is subject to inherent risks and uncertainties that may be general or specific and which give rise to the possibility that expectations, forecasts, predictions, projections or conclusions will not prove to be accurate, that assumptions may not be correct and that objectives, strategic goals and priorities will not be achieved. A variety of material factors, many of which are beyond FTG's control, affect the operations, performance and results of FTG and its business, and could cause actual results to differ materially from current expectations of estimated or anticipated events or results. These factors include, but are not limited to: impact or unanticipated impact of general economic, political and market factors in North America and internationally; intense business competition and uncertain demand for products; technological change; customer concentration; foreign currency exchange rates; dependence on key personnel; ability to retain and develop sufficient labour and management resources; ability to complete strategic transactions, integrate acquisitions and implement other growth strategies; litigation and product liability proceedings; increased demand from competitors with lower production costs; reliance on suppliers; credit risk of customers; compliance with environmental laws; possibility of damage to manufacturing facilities as a result of unforeseeable events, such as natural disasters or fires; fluctuations in operating results; possibility of intellectual property infringement claims; demand for the products of FTG's customers; ability to obtain continued debt and equity financing on acceptable terms; ability of a significant shareholder to influence matters requiring shareholder approval; historic volatility in the market price of the Corporation's common shares and risk of price decreases; production warranty and casualty claim losses; conducting business in foreign jurisdictions; income and other taxes; and government regulation and legislation and FTG's ability to successfully anticipate and manage the foregoing risks.

The reader is cautioned that the foregoing list of factors is not exhaustive of the factors that may affect any of FTG's forward-looking statements. The reader is also cautioned to consider these and other factors, uncertainties and potential events carefully and not to put undue reliance on forward-looking statements.

Other than as specifically required by law, FTG undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made, or to reflect the occurrence of unanticipated events, whether as a result of new information, future events or results otherwise.

The MD&A presents certain non-IFRS financial measures to assist readers in understanding the Corporation's performance. Non-IFRS financial measures are measures that either exclude or include amounts that are not excluded or included in the most directly comparable measures calculated and presented in accordance with Generally Accepted Accounting Principles ("GAAP"). Throughout this discussion, reference is made to gross margin which represents net sales less cost of sales and expenses. Not included in the calculation of gross margin are administrative and general expenses, research and development costs and recoveries, foreign exchange, gains or losses on the sale of assets, interest and income taxes. Gross margin is not generally accepted earnings measures and should not be considered as an alternative to net earnings or cash flows as determined in accordance with IFRS. As there is no standardized method of calculating these measures, the Corporation's gross margin may not be directly comparable with similarly titled measures used by other companies. Management believes the gross margin measure is important to many of the Corporation's shareholders, creditors and other stakeholders.

The risks, uncertainties and other factors that could influence actual results are described in this MD&A based on information available as of February 1, 2016 and the Corporation's Annual Information Form (including documents incorporated by reference) dated February 1, 2016 which is available on SEDAR at www.sedar.com.

CORE BUSINESS AND STRATEGY

FTG is a leading global supplier of aerospace and defence electronic products and subsystems, with facilities in Canada, the United States and China. It is a publicly traded corporation on the Toronto Stock Exchange listed under the trading symbol “FTG”.

FTG has two operating segments: FTG Circuits and FTG Aerospace.

FTG Circuits is a leading manufacturer of high technology/high reliability printed circuit boards within the Global marketplace. FTG Circuits has manufacturing operations in Toronto, Ontario and Chatsworth, California, U.S.A. and a joint venture and sourcing arrangements with operating facilities in China. Its customers are technological and market leaders in the aviation, defence and other high technology industries.

FTG Aerospace designs and manufactures illuminated cockpit panels, keyboards, bezels, sub-assemblies and assemblies for original equipment manufacturers (“OEMs”) of avionics products as well as for airframe manufacturers. FTG Aerospace has manufacturing operations in Toronto, Ontario, Canada, Chatsworth, California, U.S.A. and Tianjin, China. These products are interactive devices that display information and contain buttons and switches that can be used to input signals into an avionics box or aircraft.

For the past number of years, FTG has had a strategic goal of expanding its operations for both operating segments. In FTG’s printed circuit board business represented by the FTG Circuits operating segment, many of its customers now look at FTG as an important part of their global sourcing plans and this has led to huge growth in the business. In FTG’s cockpit product business represented by the FTG Aerospace operating segment, FTG has seen similar positive reactions from customers and again this is leading to increased opportunities.

With these facilities in place in North America and China, FTG has completed some key strategic goals for FTG including expanding its presence in the large US aerospace and defense market, penetrating the rapidly growing Asian aerospace market, reducing its exposure to the ever changing value of the Canadian dollar, and becoming a more strategic supplier to many of its customers. FTG has become a truly global company with revenues coming from all geographic regions of the world.

A key element of FTG’s strategy is its continued focus on Operational Excellence. FTG has performed well across the company in recent years, with its biggest challenge being how to maintain its on time delivery performance in the face of rapidly growing demand. Finally, FTG continues to increase its technical skills in both businesses to support the demands from customers for more complex, challenging solutions on new programs and opportunities.

By weaving ***Operational Excellence*** into its day-to-day operations, FTG is creating a corporate culture where quality products, on time delivery and customer service are the paramount forces driving the Corporation forward.

The FTG management team is focused and committed to running a healthy business, offering stability to its customers, suppliers and employees while delivering long-term value to all of its stakeholders.

OVERVIEW OF HISTORICAL QUARTERLY RESULTS
(thousands of dollars except per share amounts and exchange rates)

	Q1-14	Q2-14	Q3-14	Q4-14	Q1-15	Q2-15	Q3-15	**Q4-15**
	International Financial Reporting Standards							
Circuit Segment Sales	$10,453	$11,896	$10,634	$12,072	$12,759	$13,738	$13,919	**$13,899**
Aerospace Segment Sales	3,536	3,506	4,184	4,418	3,548	5,031	4,308	**4,843**
Total Net Sales	13,989	15,402	14,818	16,490	16,307	18,769	18,227	**18,742**
Net Earnings	145	640	219	1,189	422	1,057	1,636	**6,422**
Net Earnings per share-Basic	$0.01	$0.04	$0.01	$0.06	$0.02	$0.06	$0.09	**$0.36**
- Diluted	$0.01	$0.03	$0.01	$0.06	$0.02	$0.05	$0.08	**$0.32**
Quarterly Average U.S.$ Exchange Rates	$1.0861	$1.1002	$1.0819	$1.1172	$1.1988	$1.2398	$1.2749	**$1.3198**

The Corporation's net sales over the last eight quarters continue to be derived from major technological and market leaders in the aviation, defence and other high technology industries, each following their own cycles. The principal markets served over the last eight quarters continue to be the commercial aerospace and military markets primarily in Canada and the United States but with increasing activity in Europe and Asia.

The Corporation is exposed to foreign exchange fluctuations as the vast majority of sales are earned in U.S. dollars, while a significant amount of operating expenses are incurred in Canadian dollars. The Corporation regularly enters into forward exchange contracts to sell excess U.S. dollars generated from its Canadian operations. The weakness in the Canadian dollar has positively impacted the operating results during every quarter of fiscal 2014 and 2015 offset by the negative impact of the realized loss of the foreign exchange forward contracts.

The Corporation was profitable during the last eight quarters in fiscal 2014 and 2015.

FTG has strived and will continue to try to balance its sales between commercial aerospace and defence customers. This should help maintain a stable revenue stream as each market goes through its normal cycles.

FTG remains clearly positioned as an aerospace and defence electronics company. FTG is now engaged with most of the top aerospace and defence prime contractors in North America and it is making significant progress penetrating markets beyond this continent. FTG's focus on this market is based on a belief that it can provide a unique solution to its customers and attain a sustainable competitive advantage.

RESULTS OF OPERATIONS FOR THE 2015 FISCAL YEAR
(thousands of dollars except per share amounts)

	2015	2014
Sales	**$ 72,045**	$ 60,699
Net earnings	**9,537**	2,193
Common and preferred shares, in aggregate (in thousands)	**20,373**	19,578
Net earnings per share – basic	**$0.53**	$0.12
Net earnings per share –diluted	**$0.47**	$0.11
Total assets	**44,222**	33,107
Total debt, net of cash	**$ 2,132**	$ 5,400

Consolidated Net Sales

The following table compares net sales by reportable segment for fiscal 2015 and 2014.

	2015	2014
Circuits	**$ 54,315**	$ 45,055
Aerospace	**17,730**	15,644
Net sales	**$ 72,045**	$ 60,699

Net sales for fiscal 2015 were $72,045, an increase of $11,346 or 18.7% from last year. Net sales in the Circuits Segment increased by $9,260 or 20.6% and sales in the Aerospace Segment increased by $2,086 or 13.3% during fiscal 2015 as compared to last year sales.

The weakness in the Canadian dollar in combination with increase in product shipments contributed to the year over year increase in sales which was partially offset by net realized loss of $2,297 on foreign exchange forward contracts ("f/x forward contracts") designed as cash flow hedges during the year ended November 30, 2015 (2014 - $763), which reduced the sales and profitability in fiscal 2015 and 2014.

The Corporation has f/x forward contracts in place over the next 12 months, at increasing rates but will continue to see similar impacts as just mentioned throughout 2016 if the exchange rate remains steady. Therefore the additional benefit of the weakening dollar will be seen more noticeably in the latter half of 2016 and early 2017.

The Corporation's consolidated net sales by location of its customers are as follows:

	2015	**%**	2014	%
Canada	**$ 8,733**	**12.1**	$ 8,956	14.8
United States	**48,132**	**66.9**	40,839	67.3
Asia	**9,902**	**13.7**	6,431	10.6
Europe	**5,262**	**7.3**	4,467	7.3
Other	**16**	**-**	6	0.0
Total	**$ 72,045**	**100.0**	$ 60,699	100.0

Net sales in Canada are lower by $223 or 2.5% for fiscal 2015 as compared to last year as a result of decreased production rates at some key customers. Net sales in the United States are up by $7,293 or 17.9% for fiscal 2015 as compared to last year as a result of increased production rates at several key customers. Net sales to Asia increased by $3,471 or 54.0% for fiscal 2015 as compared to last year as a result of increased production rates at some key customers. Net sales to Europe increased by $795 or 17.8% for fiscal 2015 as compared to last year.

The Corporation's top five customers represent 53.2% of net sales for fiscal 2015 as compared to 49.9% in 2014. The Corporation's two largest customers accounted for 17.8% (15.0% in 2014) and 11.1% (14.4% in 2014) of net sales for fiscal 2015.

The Corporation continues to believe that the long-term fundamental market demand for its products remains strong and will continue to focus its efforts in these niche military and aerospace markets. With its enhanced global footprint and the ability to offer a low cost Asian content, the Corporation is in a strong position to continue to serve its customer base and focus on the key worldwide opportunities.

Bookings in the fourth quarter of 2015 were $18,223, up $194 or 1.1% from the same period last year.

Net Segment Sales

FTG Circuits Segment

Net sales for the FTG Circuits segment during fiscal 2015 were $54,315, which were higher by $9,260 or 20.6% over last year. The increase came from the positive impact of the weakness in the Canadian dollar in combination with the increase in product shipments to several key customers. Sales activity was higher, year over year in all three operating facilities within this segment during fiscal 2015 as compared to fiscal 2014.

On a technology level, year over year sales of 10 or more layers were 54% in 2015 compared to 50% in 2014, advanced and exotic materials were 36% compared to 37% and flex and rigid flex opportunities were 28% compared to 27%.

Net sales to the top five customers represented 57.1% of the FTG Circuits net segment sales for fiscal 2015 as compared to 53.3% for fiscal 2014.

FTG Aerospace Segment

Net sales for the FTG Aerospace segment for fiscal 2015 were $17,730, an increase of $2,086 or 13.3% over last year. Sales activity was higher year over year in all three operating facilities within this segment during fiscal 2015 as compared to fiscal 2014 due to higher sales of military panels and keyboards, and commercial assemblies.

On a technology level, sales of panels were 36% compared to 35% in 2014, keyboards were 35% compared to 39% and assembly and other products were 29% compared to 26% in 2014.

Net sales to the top five customers represented 63.0% of the FTG Aerospace net segment sales for fiscal 2015 as compared to 65.3% for fiscal 2014.

__Gross Margin__

The table below includes the effect of the net realized loss on foreign exchange ("f/x") forward contracts on net sales, thereby reducing gross margin and ultimately net income during fiscal 2015 and last year. The table also includes the effect of one-time costs related to a cancelled customer order and inventory adjustment in fiscal 2015, thereby reducing gross margin and ultimately net income.

	2015	2014
Sales before adjustment for net realized loss on f/x forward contracts designed as cash flow hedges	**$ 74,342**	$ 61,462
Less: adjustment for net realized loss on hedged f/x forward contracts designed as cash flow hedges	**(2,297)**	(763)
Net sales	**72,045**	60,699
Cost of sales before one-time costs	**51,648**	43,867
Add: one-time costs for order cancellation and inventory adjustment	**400**	-
Costs of sales	**52,048**	43,867
Depreciation of plant and equipment	**1,963**	1,646
Total cost of sales	**54,011**	45,513
Gross margin	**18,034**	15,186
Gross margin %	**25.1%**	25.0%
Gross margin before one-time costs	**18,434**	15,186
Gross margin % before one-time costs	**25.6%**	25.0%
Gross margin before one-time costs, f/x losses	**$ 20,731**	$ 15,949
Gross margin % before one-time costs, f/x losses	**28.8%**	26.3%

Gross margin on a consolidated basis increased by $2,848 or 18.8% for fiscal 2015 to $18,034 or 25.0% of net sales compared to $15,186 or 25.0% of net sales for last year. During fiscal 2015, the Circuits segment accounted for $2,857 of the gross margin increase offset by decrease of $9 in the Aerospace segment.

The Circuits segment is a high fixed-cost, volume driven business where the operational leverage materializes on higher volumes and throughput. The positive impact of the weakness in the Canadian dollar and the increases in the underlying activity resulted in a higher gross margin for fiscal 2015 of $15,105 as compared to $12,248 over last year.

The Aerospace segment gross margin decreased in fiscal 2015 to $2,929 as compared to $2,938 during last year.

The Corporation's focus and initiatives will continue to revolve around controlling the Corporation's infrastructure, material and labour costs.

Selling, General and Administrative Expenses

Selling, general and administrative expenses ("SG&A") increased by $588 or 6.2% during fiscal 2015 to $10,018 or 13.9% of net sales as compared to $9,430 or 15.5% of net sales last year. SG&A expenses increased for fiscal 2015 as compared to last year mainly due to:

- higher bonus expense accruals of $154,
- foreign exchange on US based sales & marketing activities of $266,
- increased sales and marketing activities of $168.

Research and Development Costs

Research and development ("R&D") costs include the cost of direct labour, materials and an allocation of overheads specifically incurred in activities regarding technical uncertainties in production processes, product development and upgrading. Generally, these costs represent specific activities regarding the technical uncertainty of production processes and exotic materials.

R&D costs for fiscal 2015 were $5,558 or 7.7% of net sales as compared to $3,777 or 6.2% of net sales for last year. R&D costs increased during fiscal 2015 due to increase in number of new product and technology development programs as compared to last year.

In fiscal 2015, R&D costs also included product development costs of $455 under the Industrial Research Assistance Program ("IRAP") which were not present during last year. The IRAP participation supports the design and development of a new common controller for aircraft cockpit control panels. The Corporation had entered into an agreement under IRAP in September, 2014 under which the Corporation received contributions of $350 in total during fiscal 2014 and 2015, and completed the program in March, 2015.

In addition, the Corporation capitalized $1,569 (2014 - $967) of product development costs which included $1,182 (2014 - $967) related to the development of the C919 cockpit assemblies and the remaining $387 related to a new program during fiscal 2015 (2014 - $nil).

Recovery of Research and Development Costs

Recoveries of research and development costs for fiscal 2015 were $492 (2014 – $418) which included $280 (2014 – $280) from the Ontario Innovation Tax Credit ("OITC") program and the remaining $212 (2014 – $138) as contributions from IRAP for product development.

Of the total $350 recoverable under the IRAP program, the Corporation received $350 during fiscal 2015.

Recovery of investment tax credits

The Corporation records the tax benefit of investment tax credits when there is reasonable assurance that such credits will be realized. During fiscal 2015, the Corporation was able to demonstrate the future utilization of its investment tax credits in Canada which was based on additional positive evidence including a recent history of positive earnings and projections of future Canadian taxable income.

The Corporation has, as at November 30, 2015, $6,736 (November 30, 2014 - $5,966) of Canadian investment tax credits available to be applied against future income taxes payable in Canada which are due to expire between 2022 and 2035. The tax benefit of $6,736 (2014 - $nil) of these investment tax credits have been recognized as a recovery during the year ended November 30, 2015 as a result of as a result of the change in the assessment of the future utilization of these credits.

Depreciation of Plant and Equipment

Depreciation of plant and equipment for fiscal 2015 was $2,070 compared to $1,765 for last year. The increase in depreciation was mainly to the negative impact of the weakness in the Canadian dollar on the US denominated depreciation of plant and equipment at Chatsworth, California facilities and also due to the timing of capital expenditures in prior years.

Interest Costs

Interest costs for fiscal 2015 were $1,003 as compared to $393 for last year.

Non-cash interest costs for fiscal 2015 charged to the consolidated statements of earnings were $891 (2014 - $313) which included interest accretion for AMIS loan of $335 (2014 - $313) and interest accretion due to early repayment of AMIS loan of $556 (2014 - $nil). This is a non-cash amount recognized as a government grant received as a result of receiving a below market interest rated loan.

Foreign Exchange (Gain)

The foreign exchange (gain) for fiscal 2015 was $2,054 compared to $610 for last year. The foreign exchange (gain) for fiscal 2015 was mainly as a result of (gain) of $1,795 (2014 - $554) on the re-valuation of the U.S. dollar assets and liabilities on the respective balance sheets and net realized (gain) of $259 (2014 - $56) on foreign exchange contracts. The foreign exchange (gain) for fiscal 2015 was higher than the gain for last year mainly due to average and year-end U.S. dollar versus Canadian dollar exchange rates. The year -end U.S. dollar versus Canadian dollar exchange rate increased by approximately 16.7% from 1.1440 as at November 30, 2014 to 1.3353 as at November 30, 2015 as compared to an increase of approximately 7.7% from 1.0620 as at November 30, 2013 to 1.1440 as at November 30, 2014.

In addition, net realized loss of $2,297 (2014 - $763) on foreign exchange forward contracts designed as cash flow hedges was offset against sales during the year ended November 30, 2015.

Income Tax Expense (Recovery)

In fiscal 2015, the current income tax expense of $9 (2014 - $48) included withholding taxes of $6 (2014 - $40) related to source deductions on remittances from FTG Aerospace Tianjin Inc. to the Corporation and $3 (2014 - $8) related to taxes for the U.S. subsidiaries.

In fiscal 2015, the Corporation recorded a net deferred income tax expense of $1,024, which included deferred income tax expense of $1,460 related to the tax effect of recovery of investment tax credits which were offset by net deferred income tax (recovery) of ($436) related to the movement in deferred income tax assets. The recognition of additional deferred income tax asset in Canada was based on additional positive evidence as envisioned by the accounting standard for deferred income taxes, including a recent history of positive earnings, long term carry-forward periods for the tax assets, and projections of future Canadian taxable income. In fiscal 2014, deferred income tax expense of $240 was recognised which was offset against the deferred income tax assets.

In addition, deferred income tax (recovery) of $295 was recognised in other comprehensive income (loss) during the year ended November 30, 2015 and included in the deferred income tax assets, which related to the tax impact of the net unrealized (loss) of $1,178 on derivative financial instruments designated as cash flow hedges.

For the year ended November 30, 2014, deferred income tax (recovery) of $nil (tax impact of $174 offset with a valuation reserve of $174) was recognised in other comprehensive income (loss), related to the tax impact of the net unrealized (loss) of $695 on derivative financial instruments designated as cash flow hedges.

The Corporation's tax expense is calculated by using the rates applicable in each of the tax jurisdictions that the Corporation operates in. The effective tax rate on Canadian earnings for the year ended November 30, 2015 was 25% (2014: 25%) which was based on projected annualized Manufacturing and Processing ("M &P") rates.

Net Earnings

The net earnings for fiscal 2015 were $9,548 which included net earnings of $9,537 attributable to equity holders of FTG and net earnings of $11 relating to non-controlling interests. The net earnings for fiscal 2015 attributable to equity holders of FTG translated into basic earnings per share of $0.53 and diluted earnings per share of $0.47.

The net earnings for fiscal 2014 was $2,158 which included net earnings of $2,193 attributable to equity holders of FTG offset by net loss of $35 relating to non-controlling interests. The net earnings for fiscal 2014 attributable to equity holders of FTG translated into basic earnings per share of $0.12 and diluted earnings per share of $0.11

LIQUIDITY AND CAPITAL RESOURCES

As at November 30, 2015, the Corporation's primary sources of liquidity totalled $27,500 ($24,607 as at November 30, 2014), made up of cash, accounts receivable, taxes receivable and inventory but excluding U.S. $6,000 of availability remaining on its revolving line of credit and U.S. $6,000 of availability remaining on its revolving term loan with its primary lender as at November 30, 2015. Working capital at November 30, 2015 was $15,041 as compared to $12,958 at November 30, 2014.

Accounts receivable days outstanding were 64 as at November 30, 2015 compared to 77 as of November 30, 2014; inventory turns were 4.7 compared to 4.2, and accounts payable days outstanding were 79 compared to 87 respectively.

All of the Corporation's credit facilities with its primary lender are secured by a first charge on all of the Corporation's assets.

The Corporation was in compliance with all of its financial loan covenants as at November 30, 2015 and 2014.

Management believes the Corporation has sufficient liquidity and capital resources to meet its obligations for the foreseeable future.

The following table outlines the contractual obligations of the Corporation as at November 30, 2015.

CONTRACTUAL OBLIGATIONS	PAYMENTS DUE IN $000'S					
	Total	**First Year**	**Second Year**	**Third Year**	**Fourth Year**	**Beyond Fourth Year**
Long term bank debt	5,341	1,068	1,068	1,068	1,068	1,069
Accounts payable and accrued liabilities, and provisions	11,336	11,336	-	-	-	-
Customer deposits, net of deferred development	1,044	1,044	-	-	-	-
Operating Leases	3,940	1,330	1,244	827	515	24

The Corporation does not have any off-balance sheet arrangements that have or reasonably are likely to have a material effect on its financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources. As a result, the Corporation is not exposed materially to any financing, liquidity, market or credit risk that could arise if it had engaged in these arrangements.

DERIVATIVE FINANCIAL INSTRUMENTS

The Corporation follows hedge accounting on its derivative financial instruments and as a result, has designated certain derivative financial instruments as cash flow hedges. The fair value of the derivative financial instruments as at November 30, 2015 had an unrealized loss of $1,178 (which included unrealized loss of $1,181 related to foreign exchange forward contracts offset by unrealized gain of $3 related to gold forward contracts) which is included in other comprehensive income (loss). The fair value of the derivative financial instruments as at November 30, 2014 had an unrealized loss of $695 (which included $646 related to foreign exchange forward contracts and the remaining $49 related to gold forward contracts) which is included in other comprehensive income (loss). Refer to Note 16.2 of the consolidated financial statements as at November 30, 2015 for further details.

CAPITAL EXPENDITURES (PLANT AND EQUIPMENT)

For fiscal 2015, the Corporation invested $1,750 in capital expenditures compared to $1,678 for fiscal 2014. Major additions for 2015 included automated plating line, di-ionization water system, imaging color meter, servers and back-up systems, various upgrades of plant and equipment and leasehold improvements at its facilities. Major additions for 2014 included CNC drilling machine, chiller, equipment, various upgrades to plant and equipment and leasehold improvements at its facilities.

CASH FLOW

Operating Activities

Cash provided by operating activities in fiscal 2015 amounted to $5,766 as compared to $3,100 in in 2014. The changes in 2015 were primarily driven by increase in net earnings offset by changes in operating working capital.

Investing Activities

Investing activities in fiscal 2015 resulted in the net use of cash of $2,137 which included $1,750 for capital expenditures and $387 for deferred development costs related to a new program as compared to net use of cash of $1,678 in 2014 for capital expenditures.

Financing Activities

Cash used by financing activities in fiscal 2015 resulted in a cash outflow of $1,151 which included repayments of subordinated loan of $5,110 and repayments of long-term bank debt of $1,687 offset by proceeds from long term bank debt of $5,341 and proceeds from issue of common shares on exercise of share options of $305. Cash used by financing activities in fiscal 2014 resulted in a cash outflow of $1,847 which included decrease in bank indebtedness of $1,113 and repayment of long-term bank debt of $734.

RELATED PARTY TRANSACTIONS

There were no related party transactions during fiscal 2015 and 2014.

FINANCIAL RISK MANAGEMENT

Disclosures regarding the nature and extent of the Corporation's exposure to risks arising from financial instruments, including credit risk, liquidity risk, foreign currency risk and interest rate risk and how the Corporation manages those risks can be found under the heading "Financial Instruments" in Note 16 to the consolidated financial statements as at November 30, 2015 and are designed to meet the requirements of the set out by the IASB in IFRS 7 *Financial Instruments: Disclosures.*

OUTSTANDING SHARES

The authorized capital of the Corporation consists of an unlimited number of common shares ("Common Shares") and an unlimited number of preference shares issuable in series, of which are outstanding a series of convertible preference shares, Series 1 (the "Preferred Shares"). As at November 30, 2015, the Corporation had outstanding 18,598,201 Common Shares and 1,775,000 Preferred Shares. The Preferred Shares are convertible into Common Shares on a one-for-one basis. Each Common Share and Preferred Share carries the right to one vote. Holders of Preferred Shares are entitled to a preference over holders of Common Shares in respect of any distribution of assets in connection with the liquidation, dissolution or winding up of the Corporation and shall be entitled to receive an amount equal to $2.50 per Preferred Share before any amount is paid or any assets of the Corporation are distributed to the holders of Common Shares.

During fiscal 2015, 795,000 (2014 – nil) share options were exercised which increased the outstanding Common shares to 18,598,201 as at November 30, 2015 from 17,803,201 as at November 30, 2014.

RISK FACTORS

FTG operates in a dynamic and rapidly changing environment and industry, which exposes the Corporation to numerous risk factors. During fiscal 2015, The Corporation's negotiated and ratified a new collective agreement with its hourly employees at its FTG Aerospace – Toronto facility. The agreement is for four years and has similar improvements in wages and benefits to the contract negotiated last year with the employees at its Circuits – Toronto facility. Additional information about the Corporation, including risks and uncertainties about FTG's business, is provided in the Corporation's Annual Information Form dated February 1, 2016 which is available on SEDAR at www.sedar.com.

CONTINGENCIES

The Corporation is, from time to time, involved in litigation in the ordinary course of its business. The Corporation maintains liability insurance that it considers adequate to insure claims related to usual risks associated with its business.

During the second quarter of 2012, a settlement was agreed to between the Corporation and two plaintiffs (Emmanuel Tannenbaum and June Realty Ltd.) who had commenced a legal claim against the Corporation in 2006, seeking damages for an alleged migration of chemicals onto their land from the Corporation's former Toronto factory. The settlement also included the current owner of the subject lands and the bankruptcy estate of Glendale International Corp., another former owner of the subject lands.

In February, 2014, the Corporation received the final release from the plaintiffs, the release amongst the defendants and the court dismissal order. The contribution of the Corporation to this settlement did not have a material effect on its financial situation and was fully paid in 2012 into a trust which was released in 2014.

FOURTH QUARTER

The following table provides the operating results for the fourth quarter of fiscal 2015 and 2014:

	Three months ended	
(in thousands of Canadian dollars, except per share amounts)	**November 30, 2015**	November 30, 2014
Sales	**$ 18,742**	$ 16,490
Cost of sales		
Cost of sales	**13,267**	11,775
Depreciation of plant and equipment	**522**	371
Total cost of sales	**13,789**	12,146
Gross margin	**4,953**	4,344
Expenses		
Selling, general and administrative	**2,525**	2,428
Research and development costs	**1,535**	1,271
Recovery of research and development costs	**(70)**	(208)
Recovery of investment tax credits	**(6,736)**	-
Depreciation of plant and equipment, amortization of intangible assets	**38**	38
Interest expense on short-term debt	**-**	8
Interest expense on long-term debt	**140**	88
Interest accretion due to early repayment of AMIS loan	**556**	-
Foreign exchange (gain)	**(277)**	(542)
Total expenses	**(2,289)**	3,083
Earnings before income taxes	**7,242**	1,261
Current income tax (recovery) expense	**(24)**	10
Deferred income tax expense	**844**	60
Net earnings	**$ 6,422**	$ 1,191
Attributable to:		
Non-controlling interest	**$ -**	$ 2
Equity holders of FTG	**$ 6,422**	$ 1,189

Sales

Sales for the fourth quarter of fiscal 2015 were $18,742, an increase of $2,252 or 13.7% from the fourth quarter of fiscal 2014. Sales in Circuits Segment were higher by $1,827 which came from all three operating facilities led by Circuits Toronto facility which was $1,341 higher period over period and sales in the Aerospace Segment were higher by $425 mainly driven by higher sales in two newer facilities in Tianjin, China and Chatsworth, California.

Net Earnings

The net earnings for the fourth quarter of fiscal 2015 were $6,422 which included net earnings of $6,422 attributable to equity holders of FTG and net earnings of $nil relating to the non-controlling interest. The net earnings for the fourth quarter of fiscal 2015 attributable to equity holders of FTG translated into basic earnings per share of $0.36 and diluted earnings per share of $0.32.

The net earnings for the fourth quarter of fiscal 2014 were $1,991 which included net earnings of $1,189 attributable to equity holders of FTG and net earnings of $2 relating to the non-controlling interest. The net earnings for the fourth quarter of fiscal 2014 attributable to equity holders of FTG translated into basic earnings per share of $0.06 and diluted earnings per share of $0.06

Cash Flow

Operating Activities

Cash provided by operating activities during the fourth quarter of fiscal 2015 amounted to $1,806 compared to cash provided of $327 for the fourth quarter of 2014. The change in 2015 was primarily driven by net earnings and working capital changes compared to the fourth quarter of 2014.

Investing Activities

Investing activities during the fourth quarter of fiscal 2015 resulted in the use of cash of $956 for capital expenditures of $805 and deferred development costs of $151 compared to net use of cash of $676 for the fourth quarter of fiscal 2014 for capital expenditures.

Financing Activities

Cash used by financing activities during the fourth quarter of fiscal 2015 amounted to $73 which included repayments of subordinated loan of $5,110 and repayments of long-term bank debt of $466 offset by proceeds from long term bank debt of $5,341 and proceeds from issue of common shares on exercise of share options of $162. Cash used by financing activities during the fourth quarter of 2014 amounted to $619 which included decrease in bank indebtedness of $550 and repayment of long term bank debt of $69.

ADOPTION OF NEW AND AMENDED IFRS PRONOUNCEMENTS

Refer to Note 3.18 of the Consolidated Financial Statements as at November 30, 2015 for details of New and amended IFRS pronouncements adopted in fiscal 2015.

CRITICAL ACCOUNTING ESTIMATES

Allowance for doubtful accounts

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. In particular, management estimates the amount and timing of the cash flows the Corporation expects to receive.

Allowance for inventory obsolescence

Management is required to make an assessment of the net realizable value of inventory at each reporting period. Management incorporates estimates and judgments that take into account current market prices, current economic trends and past experience in the measurement of net realizable value.

Valuation of financial instruments

The Corporation determines the fair value of financial instruments for which there is no observable market price using a variety of valuation techniques. The inputs to these models are derived from observable market data where possible, but where observable market data is not available, estimates are required to establish fair values. The estimates include consideration of liquidity and other risks affecting the specific instrument. Details of the basis on which fair value is estimated are provided in Note 16 of the Consolidated Financial Statements.

Taxes and deferred taxes

Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Corporation reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxation authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

Income taxes are determined based on estimates of the Corporation's current income taxes and estimates of deferred income taxes resulting from temporary differences. Deferred tax assets are assessed to determine the likelihood that they will be realized from future taxable income before they expire.

Useful lives of plant and equipment

The Corporation estimates the useful lives of plant and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of plant and equipment are reviewed at each reporting date and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the relevant assets. In addition, the estimation of the useful lives of plant and equipment are based on internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in the estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of the plant and equipment would increase the recorded expenses and decrease the non-current assets. An increase in the estimated useful lives of the plant and equipment would decrease the recorded expenses and increase the non-current assets.

Share-based payment transactions

The Corporation measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining and making assumptions about the most appropriate inputs to the valuation model including the expected life, volatility and dividend yield of the equity settled transactions.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or CGU exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm’s length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. If there is no binding sale agreement or active market for an asset, fair value less costs to sell is based on the best information available to reflect the amount that an entity could obtain, at the end of the reporting period, from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Corporation is not yet committed to or significant future investments that will enhance the asset’s performance of the CGU being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

RECENT ACCOUNTING PRONOUNCEMENTS

Refer to Note 4 of the Consolidated Financial Statements as at November 30, 2015 for details of the accounting pronouncements issued by the IASB which were not effective for the Corporation as of November 30, 2015 and therefore have not been applied in preparing the consolidated financial statements. The Corporation intends to adopt these standards, if applicable, when they become effective. Management is currently evaluating the potential impact the adoption of these accounting pronouncements will have on the Corporation’s consolidated financial statements.

ETHICAL BUSINESS CONDUCT

The Corporation has a written code of conduct for Directors, Officers and employees (the “Policy of Business Conduct”) and a “Whistle Blowing Policy”, which are each available on www.sedar.com. The Board monitors compliance with the Policy of Business Conduct through an annual review and sign off procedure from all of its Directors, Officers and employees.

CONTROLS AND PROCEDURES

The Chief Executive Officer (“CEO”) and the Chief Financial Officer (“CFO”) are responsible for establishing and maintaining disclosure controls and procedures and internal controls over financial reporting for the Corporation. The control framework used in the design of disclosure controls and procedures and internal control over financial reporting is the internal control integrated framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”) in 1992.

Disclosure controls and procedures

An evaluation of the design of and operating effectiveness of the Corporation's disclosure controls and procedures was conducted as of November 30, 2015 under the supervision of the CEO and CFO as required by CSA National Instrument 52-109 - Certification of Disclosure in Issuers' Annual and Interim Filings. The evaluation included documentation, review, enquiries and other procedures considered appropriate in the circumstances. Based on that evaluation, the CEO and the CFO have concluded that the Corporation's disclosure controls and procedures are effective to provide reasonable assurance that information relating to the Corporation and its consolidated subsidiaries that is required to be disclosed in reports filed under provincial and territorial securities legislation is recorded, processed, summarized and reported to senior management, including the CEO and the CFO, so that appropriate decisions can be made by them regarding required disclosure within the time periods specified in the provincial and territorial securities legislation.

Internal control over financial reporting

CSA National Instrument 52-109 requires the CEO and CFO to certify that they are responsible for establishing and maintaining internal control over financial reporting for the Corporation, that those internal controls have been designed and are effective in providing reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS.

Management, including the CEO and CFO, does not expect that the Corporation's disclosure controls or internal controls over financial reporting will prevent or detect all errors and all fraud or will be effective under all potential future conditions. A control system is subject to inherent limitations and, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control systems objectives will be met.

The CEO and CFO have, using the framework and criteria established by COSO, evaluated the design and operating effectiveness of the Corporation's internal controls over financial reporting and concluded that, as of November 30, 2015, internal controls over financial reporting were effective to provide reasonable assurance that information related to consolidated results and decisions to be made based on those results were appropriate.

During the year ended November 30, 2015, there have been no changes in the Corporation's internal controls over financial reporting that have materially affected, or are reasonably likely to materially affect, the Corporation's internal controls over financial reporting.

OUTLOOK

The aerospace and defence markets have a number of important segments, each of which can follow their own cycles.

Order backlog at the large air transport manufacturers, Boeing and Airbus, remained at record levels for both companies through 2015. This, combined with the new aircraft coming on line such as the Boeing 787 and the Airbus A350, as well as the updates and re-engineering of the Boeing 737 and Airbus A320 bodes well for this market in the coming years. The Corporation believes that both companies are driving to increase their annual production volumes across the full range of product lines. The Corporation also believes that there are new entrants into this market for single aisle aircraft which will potentially create new supply opportunities for lower tier suppliers. These new entrants include Bombardier's C-Series and China's C-919 aircraft, both of which are important for FTG.

The general aviation and business jet industry segment has seen production rates slowly recover since 2011, although in 2015 there were indications of a market slowdown with some manufacturers reducing production rates on some aircraft. Market share for key OEMs has also changed over the past number of years with Bombardier, a key customer of FTG, losing share in the turbo-prop and regional jet markets while maintaining a strong position in business jets.

Within all commercial aircraft markets, the end customer, or airline, geographic distribution is shifting with a higher percentage of customers in Asia and lower percentages from North America and Europe. This is driving a demand for higher Far East content on each aircraft and this push is being seen through the whole supply chain. This has implications for FTG as the push for Far East content intensifies. This is coming from airframe manufacturers in the west as well as new entrants from China and other Asian countries.

In the military market, defence spending remains somewhat suppressed in Western economies. The U.S. appears we have reached the bottom of their defense spending trough and growth could restart in the next few years. In Canada, defence spending remains stable with a number of significant equipment acquisition programs underway. Canadian spending creates opportunities both directly and via procurement offset agreements with the equipment suppliers.

For each market segment, there are positive and negative factors that could drive FTG's results going forward. These include overall demand, sourcing in Asia, FTG's capabilities, FTG's performance and increased competition to name a few. Overall, our global footprint is proving to be a valuable asset and as we continue to drive to improve our technical capabilities and our performance we should be able to grow our market share.

There are other economic factors, outside the aerospace and defence market, that can also impact the outlook for FTG. The relative strength, or weakness, of the Canadian dollar could also be a factor as about 72% of FTG's operations are located in Canada but FTG competes primarily in U.S. dollars. Strengthening of the Canadian dollar would hurt FTG's competitiveness whereas a weakening of the Canadian dollar, as seen in 2015, would enhance FTG's competitiveness. FTG is striving to mitigate this exchange rate risk by pursuing sales outside of the United States, to have more facilities outside of Canada and to increase supply chain outside of Canada.

The Corporation continues to focus on technologies necessary for the new programs and platforms. The Corporation does have content on most key new civil aviation programs such as the Boeing 787, the Airbus A350, the Canadair C-Series and the Chinese C919.

The Corporation has a very wide product and technology offering in printed circuit boards. This enables the pursuit of more opportunities which is aligned with customers' goals of reducing their supply base and focusing spending on fewer suppliers. With the joint venture in China, FTG can offer Aerospace quality circuit boards from an Asian source.

In display products, FTG Aerospace has expanded into higher level assemblies, and this is opening up new opportunities as well. To address the demand for higher Far East content, FTG has established a wholly owned operation in Tianjin, China for cockpit products.

Finally, FTG will continue to drive towards *Operational Excellence* in all operations. Most customers are actively measuring supplier performance and reward good results with increased opportunities. FTG is focused on exceeding customer expectations and competing on the basis of performance and technology.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of Firan Technology Group Corporation are the responsibility of management and have been reviewed by the Board of Directors of Firan Technology Group Corporation. The consolidated financial statements have been prepared by management in accordance with International Financial Reporting Standards and, where appropriate, reflect management's best estimates and judgments. Management has also prepared financial and all other information in the Annual Report and has ensured that this information is consistent with the consolidated financial statements.

The Corporation maintains appropriate systems of internal control, policies and procedures, which provide management with reasonable assurance that assets are safeguarded and the financial records are reliable and form a proper basis for preparation of consolidated financial statements.

The Board of Directors of Firan Technology Group Corporation ensure that management fulfills its responsibilities for financial reporting and internal control through an Audit Committee. This committee reviews the consolidated financial statements and reports to the Board of Directors. The committee meets with the auditors to discuss the results of the audit, the adequacy of internal accounting controls and financial reporting matters.

The consolidated financial statements have been independently audited by BDO Canada LLP in 2015 and 2014 in accordance with Canadian generally accepted auditing standards. Their report which follows expresses their opinion on the consolidated financial statements of the Corporation.

Bradley C. Bourne

President and Chief Executive Officer

February 1, 2016

Joseph R. Ricci

Vice President, Chief Financial Officer and Secretary

February 1, 2016

Tel: 416 865 0200
Fax: 416 865 0887
www.bdo.ca

BDO Canada LLP
TD Bank Tower
66 Wellington Street West
Suite 3600, PO Box 131
Toronto ON M5K 1H1 Canada

Independent Auditor's Report

To the Shareholders of
Firan Technology Group Corporation

We have audited the accompanying consolidated financial statements of Firan Technology Group Corporation, which comprise the consolidated balance sheet as at November 30, 2015 and 2014, and the consolidated statements of earnings, comprehensive income, changes in equity and 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 Firan Technology Group Corporation as at November 30, 2015 and 2014 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

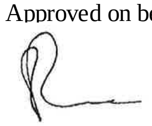
February 1, 2016
Toronto, Ontario

Consolidated Balance Sheets

(in thousands of Canadian dollars) As at		**November 30, 2015**		November 30, 2014
ASSETS				
Current assets				
Cash	**$**	**3,160**	$	641
Accounts receivable *(Note 16.2)*		**12,987**		13,289
Taxes receivable		**231**		251
Inventories *(Note 6)*		**11,122**		10,426
Prepaid expenses		**979**		564
		28,479		25,171
Non-current assets				
Plant and equipment, net *(Note 7)*		**5,644**		5,643
Deferred income tax assets *(Note 14.1)*		**2,876**		2,145
Investment tax credits receivable *(Note 13.2)*		**6,736**		-
Deferred development costs *(Note 9)*		**387**		-
Intangible assets, net *(Note 8)*		**100**		148
Total assets	**$**	**44,222**	$	33,107
LIABILITIES AND EQUITY				
Current liabilities				
Accounts payable and accrued liabilities *(Note 16.2)*	**$**	**10,970**	$	10,021
Provisions *(Note 11)*		**366**		410
Customer deposits, net of deferred development *(Note 9)*		**1,044**		1,531
Current portion of long-term bank debt *(Note 10.1)*		**1,058**		251
		13,438		12,213
Non-current liabilities				
Long-term bank debt *(Note 10.1)*		**4,234**		1,232
Subordinated loan *(Note 10.2)*		**-**		4,219
Government assistance *(Note 10.2)*		**-**		339
Deferred tax payable *(Note 14.1)*		**1,460**		-
Total liabilities		**19,132**		18,003
Equity				
Opening deficit	**$**	**(7,909)**	$	(10,102)
Net earnings during the year		**9,537**		2,193
Accumulated other comprehensive (loss)		**(233)**		(312)
		1,395		(8,221)
Share capital				
Common shares *(Note 12.1)*		**13,075**		12,681
Preferred shares *(Note 12.2)*		**2,218**		2,218
Contributed surplus *(Note 12.4)*		**8,373**		8,411
Total equity attributable to FTG's shareholders		**25,061**		15,089
Non-controlling interest *(Note 21)*		**29**		15
Total equity		**25,090**		15,104
Total liabilities and equity	**$**	**44,222**	$	33,107

See accompanying notes.

Approved on behalf of the board:



Director

Director

Consolidated Statements of Earnings

	Years ended	
(in thousands of Canadian dollars, except per share amounts)	**November 30, 2015**	November 30, 2014
Sales	**$ 72,045**	$ 60,699
Cost of sales		
Cost of sales *(Note 6, Note 10.2, Note 20)*	**52,048**	43,867
Depreciation of plant and equipment *(Note 7)*	**1,963**	1,646
Total cost of sales	**54,011**	45,513
Gross margin	**18,034**	15,186
Expenses		
Selling, general and administrative *(Note 20)*	**10,018**	9,430
Research and development costs *(Note 13.1)*	**5,558**	3,777
Recovery of research and development costs *(Note 13.1)*	**(492)**	(418)
Recovery of investment tax credits *(Note 13.2)*	**(6,736)**	-
Depreciation of plant and equipment, amortization of intangible assets *(Note 7, Note 8)*	**156**	168
Interest expense on short-term debt	**34**	29
Interest expense on long-term debt *(Note 10.2)*	**413**	364
Interest accretion due to early repayment of AMIS loan (Note 10.2)	**556**	-
Foreign exchange (gain) *(Note 16.2)*	**(2,054)**	(610)
Total expenses	**7,453**	12,740
Earnings before income taxes	**10,581**	2,446
Current income tax expense *(Note 14.2)*	**9**	48
Deferred income tax expense *(Note 14.1 and Note 14.2)*	**1,024**	240
Net earnings	**$ 9,548**	$ 2,158
Attributable to:		
Non-controlling interest *(Note 21)*	**11**	(35)
Equity holders of FTG	**9,537**	2,193
Earnings per share, attributable to the equity holders of FTG		
Basic *(Note 12.5)*	**$ 0.53**	$ 0.12
Diluted *(Note 12.5)*	**$ 0.47**	$ 0.11

See accompanying notes.

Consolidated Statements of Comprehensive Income

	Years ended			
(in thousands of Canadian dollars)		**November 30, 2015**		November 30, 2014
Net earnings	**$**	**9,548**	$	2,158
Other comprehensive income (loss) to be reclassified to net earnings in subsequent				
Foreign currency translation adjustments		**965**		634
Net unrealized (loss) on derivative financial instruments designated as cash flow hedges *(Note 16.1 and Note 16.2)*		**(1,178)**		(695)
Tax impact *(Note 14.2)*		**295**		-
		82		(61)
Total comprehensive income	**$**	**9,630**	$	2,097
Attributable to:				
Equity holders of FTG	**$**	**9,616**	$	2,130
Non-controlling interest *(Note 21)*	**$**	**14**	$	(33)

See accompanying notes.

Consolidated Statements of Changes in Shareholders' Equity

Years ended November 30, 2015 and 2014

(in thousands of Canadian dollars)	Common Shares	Preferred Shares	Deficit	Contributed Surplus	Accumulated Other Comprehensive (Loss)	Total	Non-controlling interest	Total equity
	Attributed to the equity holders of FTG							
Balance, November 30, 2013	$ 12,681	$ 2,218	$ (10,102)	$ 8,347	$ (249)	$ 12,895	$ 48	$ 12,943
Net earnings (loss)	-	-	2,193	-	-	2,193	(35)	2,158
Stock-based compensation *(Note 12.6)*	-	-	-	64	-	64	-	64
Foreign currency translation adjustments	-	-	-	-	632	632	2	634
Net unrealized loss on derivative financial instruments designated as cash flow hedges *(Note 16.1 and Note 16.2)*	-	-	-	-	(695)	(695)	-	(695)
Balance, November 30, 2014	**$ 12,681**	**$ 2,218**	**$ (7,909)**	**$ 8,411**	**$ (312)**	**$ 15,089**	**$ 15**	**$ 15,104**
Net earnings	**-**	**-**	**9,537**	**-**	**-**	**9,537**	**11**	**9,548**
Stock-based compensation *(Note 12.6)*	**-**	**-**	**-**	**51**	**-**	**51**	**-**	**51**
Common shares issued on exercise of share options *(Note 12.1)*	**394**			**(89)**		**305**		**305**
Foreign currency translation adjustments	**-**	**-**	**-**	**-**	**962**	**962**	**3**	**965**
Net unrealized loss on derivative financial instruments designated as cash flow hedges, net of tax impact *(Note 16.1, Note 16.2, Note 14.2)*	**-**	**-**	**-**	**-**	**(883)**	**(883)**	**-**	**(883)**
Balance, November 30, 2015	**$ 13,075**	**$ 2,218**	**$ 1,628**	**$ 8,373**	**$ (233)**	**$ 25,061**	**$ 29**	**$ 25,090**

See accompanying notes.

Consolidated Statements of Cash Flows

(in thousands of Canadian dollars)	Years ended November 30, 2015	November 30, 2014
Net inflow (outflow) of cash related to the following:		
Operating activities		
Net earnings	**$ 9,548**	$ 2,158
Items not affecting cash:		
Non-controlling interest share of net (earnings) loss *(Note 21)*	**(11)**	35
Stock-based compensation *(Note 12.6)*	**51**	64
Loss on disposal of plant and equipment	**-**	8
Effect of exchange rates on US dollar debt	**118**	181
Depreciation of plant and equipment *(Note 7)*	**2,070**	1,765
Amortization of intangible assets *(Note 8)*	**49**	49
Amortization of deferred financing costs	**37**	27
Deferred income tax expense *(Note 14.1 and Note 14.2)*	**729**	240
Investment tax credits (recovery) *(Note 13.2)*	**(6,736)**	-
AMIS interest accretion *(Note 10.2)*	**335**	313
Interest accretion due to early repayment of AMIS loan *(Note 10.2)*	**556**	-
Amortization of government assistance *(Note 10.2)*	**(339)**	(447)
Increase in net unrealized loss on derivative financial instruments designated as cash flow hedges *(Note 16.1, Note 16.2 and Note 14.2)*	**(188)**	(290)
Net change in non-cash operating working capital *(Note 15)*	**(453)**	(1,003)
	5,766	3,100
Investing activities		
Additions to plant and equipment *(Note 7)*	**(1,750)**	(1,678)
Additions to deferred development costs *(Note 9)*	**(387)**	-
	(2,137)	(1,678)
Net cash flow from operating and investing activities	**3,629**	1,422
Financing activities		
Decrease in bank indebtedness	**-**	(1,113)
Proceeds from long-term bank debt *(Note 10.1)*	**5,341**	-
Repayments of long-term bank debt	**(1,687)**	(734)
Repayments of subordinated loan *(Note 10.2)*	**(5,110)**	-
Proceeds from issue of Common shares *(Note 12.1)*	**305**	-
	(1,151)	(1,847)
Effects of foreign exchange rate changes on cash flow	**41**	70
Net increase (decrease) in cash flow	**2,519**	(355)
Cash, beginning of the year	**641**	996
Cash, end of year	**3,160**	$ 641
Disclosure of cash payments		
Payment for interest	**$ 113**	$ 87
Payments for income taxes	**$ 6**	$ 25

See accompanying notes.

1. NATURE OF OPERATIONS

Firan Technology Group Corporation (“FTG”) was formed as a result of the amalgamation between Circuit World Corporation and Firan Technology Group Inc. on August 30, 2003 pursuant to articles of amalgamation under the *Canada Business Corporations Act*. Prior to this, FTG was established as Helix Circuits Inc. on April 18, 1983 by articles of amalgamation pursuant to the provisions of the *Canada Business Corporations Act*. FTG and its subsidiaries (together referred to as the “Corporation” or the “Group”) are primarily suppliers of aerospace and defence electronic products and sub-systems.

The address of the Corporation’s registered office is 250 Finchdene Square, Toronto, Ontario, M1X 1A5.

The Corporation has two wholly owned subsidiaries: Firan Technology Group (USA) Corporation, which in turn owns 100% of the voting securities of FTG Circuits Inc. and FTG Aerospace Inc., and Firan Technology Group (Barbados) 1 Corporation, which in turn owns 100% of the voting securities of Firan Technology Group (Barbados) 2 Corporation, which in turn owns 100% of the voting securities of FTG Aerospace Tianjin Inc. FTG Aerospace Inc. was incorporate in January, 2014.

The subsidiaries were incorporated as follows:

- Firan Technology Group (USA) Corporation was incorporated in the State of California, U.S.A.
- FTG Circuits Inc. was incorporated in the State of California, U.S.A.
- FTG Aerospace Inc. was incorporated in the State of California, U.S.A.
- Firan Technology Group (Barbados) 1 Corporation was incorporated in Barbados.
- Firan Technology Group (Barbados) 2 Corporation was incorporated in Barbados.
- FTG Aerospace Tianjin Inc. was incorporated in the Province of Tianjin, People’s Republic of China

In May 2013, the Corporation entered into a joint venture agreement with Tianjin Printronics Circuit Corp. (“TPC”), a Chinese printed circuit board manufacturing company, pursuant to which a joint venture entity, FTG Printronics Circuit Ltd (“JV”), was incorporated in the Province of Tianjin, the People’s Republic of China. The Corporation holds a 60% equity interest in the JV. The joint venture agreement did not constitute a joint arrangement for accounting purposes.

The consolidated financial statements of the Corporation as at and for the years ended November 30, 2015 and 2014 comprise FTG, its subsidiaries and its JV.

These consolidated financial statements were approved for issuance by the Board of Directors on February 1, 2016.

2. BASIS OF PRESENTATION

2.1 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").

2.2 Basis of measurement

These consolidated financial statements have been prepared on the historical cost basis except for derivative financial instruments, which are measured at their fair value through net earnings and other comprehensive income (loss). In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

2.3 Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars, which is the Corporation's functional currency. Each of the Corporation's wholly owned subsidiaries determines its own functional currency and translates into the Corporation's presentation currency in accordance with the Corporation's foreign currency translation policy.

- Firan Technology Group (USA) Corporation's functional currency is the United States dollar.
- FTG Aerospace Tianjin Inc.'s functional currency is the Canadian dollar.

All financial information is presented in Canadian dollars and has been rounded to the nearest thousands except where noted and per share amounts.

2.4 Use of estimates, judgements and assumptions

The preparation of consolidated financial statements in accordance with IFRS requires the use of certain critical accounting estimates, judgements and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and the disclosure of contingent assets and liabilities at the end of the reporting year. It also requires management to exercise judgement in applying the Corporation's accounting policies. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future years. Estimates and judgements are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

The Corporation based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Corporation.

The areas involving a higher degree of judgement or complexity, and or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below are applied consistently to the years presented in these consolidated financial statements and have been applied consistently by the Group.

3.1 Basis of consolidation

The consolidated financial statements comprise the financial statements of FTG, its subsidiaries and its JV as at November 30, 2015 and 2014. The Corporation controls the JV and its results were consolidated in the consolidated financial statements. Control is achieved when the Corporation is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Corporation controls an investee if and only if the Corporation has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

When the Corporation has less than a majority of the voting or similar rights of an investee, the Corporation considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Corporation's voting rights and potential voting rights

The Corporation re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Corporation obtains control over the subsidiary and ceases when the Corporation loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date the Corporation gains control until the date the Corporation ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Corporation and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Corporation's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Corporation are eliminated in full on consolidation.

A change in the ownership interest in a subsidiary, without a loss of control, is accounted for as an equity transaction.

3.2 Foreign currency translation

Transactions denominated in foreign currencies are translated into the appropriate functional currency at exchange rates prevailing at the transaction dates. Monetary assets and liabilities are translated at the exchange rates at the balance sheet date. Exchange gains and losses on translation or settlement are recognized in earnings or loss for the current year.

The financial results of the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency. The presentation currency of the Corporation is Canadian dollars. Income and expenditure transactions of foreign operations are translated at the average rate of exchange for each month except for significant individual transactions, which are translated at the rate of exchange in effect at the transaction dates. All assets and liabilities, including fair value adjustments and goodwill arising on acquisition, are translated at the rate of exchange prevalent at the reporting dates. Differences arising on translation of transactions are recognized as other comprehensive income (loss) and are included in the foreign currency translation adjustments ("FCTA").

On disposal of part or all of the foreign operations, the proportionate share of the related cumulative gains and losses previously recognized in the FCTA through the consolidated statement of earnings are included in determining the profit or loss on disposal of those operations recognized in earnings or loss.

3.3 Revenue recognition

The Corporation derives its revenue from the sale of manufactured printed circuit boards, illuminated cockpit display panels and keyboards, and research and development related engineering services to customers.

For manufacturing, the Corporation uses customer supplied engineering, specifications and design plans, whereas for engineering services, the Corporation develops engineering and design plans to customers' specification. The sales cycle can vary between a few days to a few months. Sales are recognized and revenues recorded when:

- the Corporation has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Corporation retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Corporation; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

In the Aerospace segment, revenue for engineering services associated with the design and development of electronic equipment, which is deliverable over a longer period of time is recognized on the percentage-of-completion accounting method. Under this method, revenue is recognized based on the extent of progress towards completion of the contract. The Corporation uses the cost-to-cost measure of progress based on the ratio of costs incurred-to-date to the estimated costs at completion of the contract. Revenues, including estimated earned profit, are recorded as costs are incurred. When estimates of total costs to be incurred on a contract exceed total estimates of revenue to be earned, a provision for the entire loss on the contract is recorded in the period the loss is determined. Advances received from customers in excess of estimated costs are recognized as customer deposits. Unbilled receivables, if any, represent revenue that has been recognized in the consolidated financial statements in advance of contractual invoicing to the customer.

The Corporation enters into transactions that represent multiple-element arrangements. These multiple-element arrangements are assessed to determine whether they can be separated into more than one unit of accounting or element for the purpose of revenue recognition. When the appropriate criteria for separating revenue into more than one unit of accounting is met and there is vendor-specific objective evidence of fair value for all units of accounting or elements in an arrangement, the arrangement consideration is allocated to the separate units of accounting or elements based on each unit's relative fair value. This vendor-specific evidence of fair value is established through prices charged for each revenue element when that element is sold separately. The revenue recognition policies described above are then applied to each unit of accounting.

The Corporation provides its customers with limited right of return for defective products and the returns must be authorized by the Corporation prior to their acceptance at its facilities. The standard quoted warranty period is one year from the date of shipment and the Corporation accrues warranty provisions at the time of sale based on historical information.

3.4 Government assistance/grant

Government assistance is recorded as either a reduction of the cost of the applicable assets or credited in the consolidated statement of earnings as determined by the terms and conditions of the agreement under which the assistance is provided.

Government grants are recognized at their fair value in the year when there is reasonable assurance that the conditions attached to the grant will be met and that the grant will be received. Grants are recognized as income over the year necessary to match them with the related costs that they are intended to compensate. Grants related to expenditure on plant and equipment and on intangible assets are deducted from the carrying amount of the asset. The grant is therefore recognized as income over the life of the depreciable asset. Repayable grants are treated as a source of financing and are recognized as borrowings on the consolidated balance sheet.

3.5 Inventories

Inventories are measured at the lower of cost and net realizable value ("NRV"). Cost is determined on the first-in, first-out basis. Direct labour and an allocation of fixed and variable overheads are included in the determination of work-in-progress and finished goods amounts. NRV is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs to make the sale. Inventories are written down to NRV at the time carrying value exceeds the NRV. Reversals of previous write-downs to NRV are recognized when there is a subsequent increase in the value of inventories.

3.6 Plant and equipment

Plant and equipment are stated at historical cost less accumulated depreciation and impairment losses, net of related government grants, where applicable. All assets having limited useful lives are depreciated using the straight-line method over their estimated useful lives. Assets are depreciated from the date that assets are available for use as intended by management. Leasehold improvements are depreciated over the shorter of the term of the related lease or their remaining useful life on a straight-line basis.

The useful lives applicable to each class of asset during the current and comparative year are as follows:

Machinery and equipment	3 to 10 years
Furniture and fixtures	5 years
Leasehold improvements	Term of the lease

3.7 Intangible assets

An intangible asset is recognized only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to the asset will flow to the Corporation. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses.

The Corporation's intangible assets comprise strategic customer relationships acquired in business combinations and the cost of registering trademarks. These relationships and trademarks are considered to have finite useful lives and are amortized on a straight-line basis over their useful life of 10 years. The amortization period and the amortization method are reviewed at least annually. Changes in the expected useful life are accounted for by changing the amortization period, as appropriate, and treated as changes in accounting estimates. Amortization expense is included in other operating expenses in the consolidated statement of earnings.

The Corporation assesses, at each reporting period date, whether there is an indication that an intangible asset may be impaired. If any indication of impairment exists, the Corporation performs an impairment test to determine whether an impairment loss is required to be recognized. The impairment tests are performed in accordance with the steps discussed in the accounting policy note below titled, "Impairment of long-lived assets".

3.8 Impairment of long-lived assets

The Corporation assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, the Corporation estimates the asset's recoverable amount. If it is not possible to determine the recoverable amount of the individual asset, the Corporation determines the recoverable amount of the cash-generating units ("CGU") to which the asset belongs. The recoverable amount of an asset or a CGU is the higher of its fair value less costs to sell and its value in use, where value in use is the present value of the future cash flows expected to be derived from the asset or the CGU. Where the carrying amount of the asset or the CGU exceeds its recoverable amount, the asset is considered impaired and written down to its recoverable amount. The Corporation evaluates impairment losses for potential reversals when events or changes in circumstances warrant such consideration.

3.9 Income taxes

Taxation charge for the year comprises of current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that they relate to a business combination, or items recognized directly in equity or in other comprehensive income (loss).

Current tax is the expected tax payable or receivable on the taxable income or loss for the year using tax rates enacted or substantively enacted at the reporting date and any adjustment to tax payable in respect of previous years.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realization, provided they are enacted or substantially enacted by the end of the reporting period. Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that they will be able to be utilized against future taxable income. Deferred tax assets are reviewed at each balance sheet date and adjusted to the extent the related tax benefit will be realized.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Corporation has both the right and the intention to settle its assets and liabilities on a net or simultaneous basis.

Deferred tax on temporary differences related to investments in subsidiaries is not provided if reversal of these temporary differences can be controlled by the Corporation and it is probable that reversal will not occur in the foreseeable future.

3.10 Research and development

All research costs are recognized in profit and loss as they are incurred. Development costs are expensed as incurred unless they meet the criteria to be recognized as internally generated intangible assets in accordance with the guidance in IAS 38, *Intangible Assets*. Development expenditures, on an individual project, are recognized as an intangible asset only when the following conditions are demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the Corporation's intention to complete and its ability to use or sell the asset;
- how the asset will generate future economic benefits;
- the availability of resources to complete the asset; and
- the ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. The asset is amortized over the period of expected future benefit. Amortization is recorded in cost of sales. In the event that a program for which costs have been deferred is modified or cancelled, the Corporation will assess the recoverability of the deferred costs and, if considered unrecoverable, will expense the costs in the period the assessment is made.

3.11 Financial instruments

The Corporation recognizes financial assets and financial liabilities (including derivatives) when the Corporation becomes a party to a contract. Financial assets and financial liabilities, with the exception of financial assets or liabilities classified or designated as fair value through profit or loss (“FVTPL”), are measured at fair value plus transaction costs on initial recognition. Financial assets or liabilities classified as FVTPL are measured at fair value on initial recognition and transaction costs are expensed when incurred. Measurement in subsequent years depends on the classification of the financial instrument.

The Corporation assesses impairment of all its financial assets except those classified as FVTPL. Management considers whether the issuer is having significant financial difficulty, whether there has been a breach in contract, such as a default or delinquency in interest or principal payments, and other applicable criteria in determining whether objective evidence of impairment exists. Impairment is measured as the difference between the asset’s carrying value and its fair value. Any impairment, which is not considered temporary, is included in current year earnings.

The Corporation reverses impairment losses on debt instruments classified as available-for-sale when an increase in fair value can be objectively related to an event occurring after the impairment loss was recognized. In addition, the Corporation reverses impairment losses on financial assets carried at amortized cost when the decrease in impairment can be objectively related to an event occurring after the impairment loss was recognized.

Financial assets

Financial assets are classified as FVTPL when acquired principally for the purpose of trading, if so designated by management (fair value option), or if they are derivative assets that are not part of an effective and designated hedging relationship. Financial assets classified as FVTPL are measured at fair value, with changes recognized in the consolidated statement of earnings.

Financial assets classified as FVTPL include cash and derivative instruments that are not part of an effective and designated hedging relationship.

Available-for-sale financial assets
Available-for-sale financial assets are non-derivative financial assets that are either designated as such by management or not classified in any of the other categories. Available-for-sale financial assets are measured at fair value with changes recognized in other comprehensive income (loss). Upon sale or impairment, the accumulated fair value adjustments recognized in other comprehensive income (loss) are recorded in the consolidated statement of earnings.

The Corporation currently holds no available-for-sale financial assets.

Receivables
Receivables (accounts receivable) are non-derivative financial assets that have fixed or determinable payments and are not quoted in an active market.

Financial liabilities

Financial liabilities are classified as FVTPL if they are designated as such by management, or they are derivative liabilities that are not part of an effective and designated hedging relationship. Financial liabilities classified as FVTPL are measured at fair value, with changes recognized in the consolidated statement of earnings.

Financial liabilities that are not classified as FVTPL include bank indebtedness, long-term bank debt, subordinated loan, Government assistance, accounts payable and accrued liabilities. Subsequent to initial recognition, these financial liabilities that are not subject to hedge accounting are measured at amortized cost using the effective interest rate method. Material transaction costs related to these financial liabilities are recorded as a reduction in the carrying value of the debt and included in the amortized cost measurement. After initial recognition, these financial liabilities are carried at amortized cost with any difference between the proceeds (net of transaction costs) and the redemption value recognized in the consolidated statement of earnings over the period of these financial liabilities using the effective interest method.

3.12 Leases

The economic ownership of a leased asset is transferred to the lessee if the lessee bears substantially all of the risks and rewards related to the ownership of the leased asset. The related asset is then recognized at the inception of the lease at the fair value of the leased asset or, if lower, the present value of the lease payments plus incidental payments, if any. A corresponding amount is recognized as a finance leasing liability, irrespective of whether some of these lease payments are payable up-front at the date of inception of the lease. Leases of land and building are classified separately and the minimum lease payments are allocated between the land and building elements in proportion to the relative fair values of the leasehold interests at the inception of the lease.

All existing leases are accounted for as operating leases. Associated costs, such as maintenance and insurance, are expensed as incurred.

3.13 Provisions

A provision is recognized if, as a result of a past event, the Corporation has a legal or constructive obligation that can be estimated reliably and it is probable that a future outflow of economic benefits will be required to settle the obligation. The timing or amount of the outflow may still be uncertain.

Provisions are measured by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and specific risks of the obligation, where appropriate. Where there are a number of obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. All provisions are reviewed at each reporting date and adjusted accordingly to reflect the current best estimate.

3.14 Share based payments – common share options

The Corporation accounts for share-based payments as equity settled transactions where the fair value of options granted is charged to expense over the option vesting period, with the offsetting amount recognized in contributed surplus. For awards with graded vesting, each tranche of an award is considered a separate grant with a different vesting date and fair value. The fair value of each tranche is recognized over its respective vesting period. The fair value of each tranche is estimated at the date of grant using the Black-Scholes option pricing model incorporating assumptions regarding risk-free interest rates, dividend yield, expected volatility of the Corporation's stock, and a weighted average expected life of options. For each reporting period, the Corporation reassesses its estimates of the number of awards that are expected to vest and recognizes the impact of any revision in the consolidated statement of earnings with a corresponding adjustment to equity.

3.15 Share based payments – new share unit plan adopted by the Corporation

In April 2013, the shareholders of the Corporation approved the new Share Unit Plan (the "Share Unit Plan").

The Corporation's current stock option plan (the "Option Plan") was last amended by shareholders of the Corporation in 2003. The Corporation cancelled the Option Plan and adopted the Share Unit Plan in order to modernize the Corporation's long-term incentive compensation structure. Notwithstanding the cancellation of the Option Plan, all outstanding options granted under the Option Plan will remain outstanding and effective under the terms of the Option Plan.

The Share Unit Plan provides that the Corporate Governance / Compensation Committee may, in its sole and absolute discretion, award grants of performance share units ("PSUs") and restricted share units ("RSUs" and referred together with PSUs, as "Share Units") to any individual employed by the Corporation or any of the Corporation's subsidiaries, partnerships, trusts or other controlled entities, (which individuals may include officers, employees and consultants of the Corporation) (the "Participants").

A PSU is a right granted to a Participant in accordance with the Share Unit Plan to receive a Common Share that generally becomes vested subject to the attainment of certain performance conditions (including financial, personal, operational or transaction based performance criteria as may be determined by the Corporate Governance / Compensation Committee) ("Performance Conditions") and satisfaction of such other conditions to vesting, if any, as may be determined by the Corporate Governance / Compensation Committee. An RSU is a right granted to a Participant in accordance with the Share Unit Plan to receive a Common Share that generally becomes vested following a period of continuous employment of the Participant with the Corporation.

The vesting period of any grant shall be not later than December 15 of the third year following the year in which the Participant performed the services to which the grant relates, unless otherwise determined by the Corporate Governance / Compensation Committee.

The maximum number of Common Shares that may be issued pursuant to the Share Unit Plan is 1,780,320. No one Participant may receive any grant which, together with all grants then held by such Participant, would permit such Participant to be issued a number of Common Shares that is greater than 5% of the total outstanding Common Shares. The number of Common Shares issued to insiders of the Corporation within any one year period, under all security based compensation arrangements of the Corporation, shall not exceed 10% of the total outstanding Common Shares.

The cost recorded for equity-settled Share Units is based on the market value of the Corporation's Common Shares at the time of grant. The cost recorded for Share Units that vest based on a non-market performance condition is based on an estimate of the outcome of such performance condition. The cost of these Share Units would be adjusted as new facts and circumstances arise; the timing of these adjustments is subject to judgment. The adjustments to the cost of Share Units would generally be recorded during the last year of the three-year term based on management's estimate of the achievement of the performance conditions. The cost of Share Units is amortized to the compensation expense in the consolidated statement of earnings, with a corresponding charge to contributed surplus in the consolidated balance sheet, over the vesting period. These awards would be generally settled with issuing Common Shares from treasury.

3.16 Earnings per share ("EPS")

The Corporation presents basic and diluted earnings per share data for its common shares. Basic EPS is calculated by dividing the profit or loss attributable to common shareholders of the Corporation by the weighted average number of common shares outstanding during the year. Diluted EPS is determined by dividing the profit or loss attributable to common shareholders and the weighted average number of common shares outstanding and adjusting for the effects of all dilutive potential common shares.

3.17 Derivative financial instruments

The Corporation utilizes forward foreign exchange contracts to manage its foreign currency exposure on anticipated sales. The Corporation also utilizes gold forward contracts to manage its exposure on anticipated cost of sales. Derivative financial instruments are initially recognized at fair value (forward value at transaction date) on the date on which a derivative contract is entered into and are subsequently re-measured at fair value (forward current value). Derivatives are carried as financial assets (prepaid expenses) when the fair value is positive and as financial liabilities (accounts payable and accrued liabilities) when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are recorded directly in the consolidated statements of earnings except for the effective portion of cash flow hedges, which are recognized in other comprehensive income (loss).

The Corporation designates certain derivative financial instruments as cash flow hedges. The application of hedge accounting enables the recording of gains, losses, revenue and expenses from hedging items in the same period as those related to the hedged item. At the inception of a hedge relationship, the Corporation formally designates and documents the hedge relationship to which the Corporation wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess and measure the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine whether they have actually been highly effective throughout the financial reporting periods for which they were designated.

Hedges that meet the strict criteria for hedge accounting are accounted for as follows:

Amounts recognized as other comprehensive income (loss) are transferred to the consolidated statements of earnings when the hedged transaction affects net earnings.

If the forecasted transaction or firm commitment is no longer expected to occur, the cumulative gain or loss previously recognized in equity is transferred to the consolidated statements of earnings. Hedge accounting is discontinued prospectively when it is determined that the derivative is not effective as a hedge or the derivative is terminated or sold, or upon sale or early termination of the hedged item.

3.18 Adoption of new and amended IFRS pronouncements

New and amended IFRS pronouncements adopted in fiscal 2015

The Corporation has adopted the following new and amended IFRS pronouncements listed below in fiscal 2015 effective from December 1, 2014, in accordance with the transitional provisions outlined in the respective standards.

Amendments to IAS 36 Impairment of Assets

In May 2013, the IASB issued the amendments to IAS 36, *Impairment of Assets*. The amendments align the disclosures required for the recoverable amount of an asset or cash generating unit ("CGU") when this has been determined on the basis of fair value less costs of disposal with those required where the recoverable amount has been determined on the basis of value in use, and require an entity to disclose the recoverable amount of an asset or CGU only in periods in which impairment has been recorded or reversed in respect of that asset or CGU; disclose the discount rate when an asset or CGU has been impaired (or impairment reversed) where the recoverable amount has been determined based on fair value less costs of disposal using a present value technique; and to expand and clarify the disclosure requirements when an asset's or CGU's recoverable amount has been determined on the basis of fair value less disposal to be consistent with IFRS 13, *Fair Value Measurement*. The amendments became effective for annual periods beginning on or after 1 January 2014 and did not have any impact on the disclosures of the Corporation.

IFRIC 21, Levies

IFRIC 21 *Levies* ("IFRIC 21") clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. IFRIC 21 became effective for annual periods beginning on or after 1 January 2014 and did not have any impact on the disclosures of the Corporation.

Amendments to IAS 39 Financial instruments: recognition and measurement

In June 2013, the IASB issued the amendments to IAS 39, *Financial instruments: recognition and measurement*. The amendment allows the continuation of hedge accounting (subject to meeting certain criteria) in instances where a derivative is required by law or regulation to be novated to a central counterparty (CCP) or an entity acting in a similar capacity. The amendments became effective for annual periods beginning on or after 1 January 2014 and did not have any impact on the disclosures of the Corporation.

Amendments to IAS 24, Related Party Disclosures

In December 2013, the IASB issued the amendments to IAS 24, *Related Party Disclosures* ("IAS 24") that clarifies that an entity which provides key management personnel services ('management entity') to a reporting entity (or to the parent of the reporting entity), is a related party of the reporting entity, and would require separate disclosure of amounts recognized as an expense for key management personnel services provided by a separate management entity; and would not require disaggregated disclosures by the categories set out in IAS 24.17. The amendments were to be applied prospectively and became effective for annual periods beginning on or after January 1, 2014 and did not have any impact on the disclosures of the Corporation.

Amendments to IAS 19, Employee Benefits

In November 2013, Defined Benefit Plans: Employee Contributions was issued to amend IAS 19, *Employee Benefits*. These narrow scope amendments simplify the accounting for contributions to defined benefit plans. These amendments became effective for annual periods beginning on or after July 1, 2014, with earlier application permitted and did not have any impact on the disclosures of the Corporation.

Amendments to IFRS 2 Share-based payment

In December 2013, the IASB issued amendments to IFRS 2 *Share-based payment*. The amendments clarify vesting conditions by separately defining a performance condition and a service condition, both of which were previously incorporated within the definition of a vesting condition. The amendments became effective for annual periods beginning on or after July 1, 2014 and interim periods within those annual periods and did not have any impact on the disclosures of the Corporation.

Amendments to IFRS 8 Operating Segments

In December 2013, the IASB issued amendments to IFRS 2 *Operating Segments* which related to the aggregation of operating segments and the reconciliation of the total of a reportable segment's assets to the entity's assets. The amendments require additional disclosures regarding management's judgments when operating segments have been aggregated in determining reportable segments, including a description of the operating segments that have been aggregated; and the economic indicators considered in determining that the aggregated operating segments share similar economic characteristics. The amendment clarifies that a reconciliation of the total of reportable segments assets to the entity's assets is only required if a measure of segment assets is regularly provided to the chief operating decision maker. The amendments became effective for annual periods beginning on or after July 1, 2014, with earlier application permitted and did not have any impact on the disclosures of the Corporation.

Amendments to IFRS 13 Fair Value Measurements

In December 2013, the IASB issued amendments to IFRS 13 *Fair Value Measurements*, which relate to the measurement of short-term receivables and the scope of paragraph 52 (portfolio exemption). Short-term receivables and payables with no stated interest rate can still be measured at the invoice amount without discounting, if the effect of discounting is immaterial. IFRS 13.52 defines the scope of the exception that permits an entity to measure the fair value of a group of financial assets and financial liabilities on a net basis. This is referred to as the portfolio exception. The amendment clarifies that the portfolio exception applies to all contracts within the scope of IAS 39 *Financial Instruments: Recognition and Measurement* (or IFRS 9 *Financial Instruments* if this has been adopted early), regardless of whether they meet the definition of financial assets or financial liabilities in IAS 32 *Financial Instruments: Presentation*. The amendments became effective for annual periods beginning on or after July 1, 2014, with earlier application permitted and did not have any impact on the disclosures of the Corporation.

Amendments to IAS 16, Property, Plant and Equipment and IAS 38, Intangible Assets

In December 2013, the IASB issued amendments to IAS 16, *Property, Plant and Equipment* ("IAS 16") and IAS 38, *Intangible Assets* ("IAS 38"). The amendment clarifies the computation of accumulated depreciation when items of property, plant and equipment or intangible assets are subsequently measured using the revaluation model. The net carrying amount of the asset is adjusted to the revalued amount, and either: (i) the gross carrying amount is adjusted in a manner consistent with the net carrying amount (e.g. proportionately to the change in the [net] carrying value, or with reference to observable market data). Accumulated depreciation is then adjusted to equal the difference between the gross and net carrying amounts; and (ii) accumulated depreciation is eliminated against the gross carrying amount. The amendments became effective for annual periods beginning on or after July 1, 2014, with earlier application permitted and did not have any impact on the disclosures of the Corporation.

4. RECENT ACCOUNTING PRONOUNCEMENTS

The following accounting pronouncements issued by the IASB were not effective for the Corporation as of November 30, 2015 and therefore have not been applied in preparing these consolidated financial statements. The Corporation intends to adopt these standards, if applicable, when they become effective. Management is currently evaluating the potential impact the adoption of these accounting pronouncements will have on the Corporation's consolidated financial statements.

4.1 Amendments to IFRS 7 Financial instruments: disclosures

This amendment aligns with the deferral of the effective date of IFRS 9 *Financial Instruments* ("IFRS 9"). Instead of requiring restatement of comparative financial statements, entities are either permitted or required to provide modified disclosures on transition from IAS 39 *Financial instruments: recognition and measurement* to IFRS 9 on the basis of the entity's date of adoption and if the entity chooses to restate prior periods. The amendments are effective for annual periods beginning on or after 1 January 2015.

4.2 Amendments to IFRS 11, Joint Arrangements

In May 2014, the IASB issued amendments to IFRS 11, *Joint Arrangements* ("IFRS 11") to address the accounting for acquisitions of interests in joint operations. The amendments address how a joint operator should account for the acquisition of an interest in a joint operation in which the activity of the joint operation constitutes a business. IFRS 11, as amended, now requires that such transactions shall be accounted for using the principles related to business combinations accounting as outlined in IFRS 3, *Business Combinations*. The amendments are to be applied prospectively and are effective for annual periods beginning on or after January 1, 2016, with earlier application permitted.

4.3 Amendments to IAS 16, Property, Plant and Equipment and IAS 38, Intangible Assets

In May 2014, the IASB issued amendments to IAS 16, and IAS 38 to clarify acceptable methods of depreciation and amortization. The amended IAS 16 eliminates the use of a revenue-based depreciation method for items of property, plant and equipment. Similarly, amendments to IAS 38 eliminate the use of a revenue-based amortization model for intangible assets except in certain specific circumstances. The amendments are to be applied prospectively and are effective for annual periods beginning on or after January 1, 2016, with earlier application permitted.

4.4 Amendments to IAS 27, Separate Financial Statements

In August 2014, the IASB issued amendments to IAS 27, *Separate Financial Statements* (“IAS 27”). The amendments allow an entity to account for investments in subsidiaries, joint ventures and associates in its separate financial statements at cost, in accordance with IFRS 9 *Financial Instruments* (“IFRS 9”) (or IAS 39 *Financial Instruments: Recognition and Measurement* for entities that have not yet adopted IFRS 9), or using the equity method as described in IAS 28 *Investments in Associates and Joint Ventures*. The amendments are effective for annual periods beginning on or after January 1, 2016.

4.5 Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures

In September 2014, the IASB issued amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures*. The amendments clarifies that gains or losses on the sale of a subsidiary to an associate or joint venture are recognized in profit or loss only to the extent of the unrelated investors’ interests in the associate or joint venture. The amendments are effective for annual periods beginning on or after January 1, 2016.

4.6 IFRS 15, Revenue from Contracts with Customers

IFRS 15, *Revenue from Contracts with Customers* (“IFRS 15”), supersedes IAS 18, *Revenue,* IAS 11, *Construction Contracts* and other interpretive guidance associated with revenue recognition. IFRS 15 provides a single, principle based five-step model to be applied to all contracts with customers, except insurance contracts, financial instruments and lease contracts, which fall in the scope of other IFRSs. In addition to the five-step model, the standard specifies how to account for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. The incremental costs of obtaining a contract must be recognized as an asset if the entity expects to recover these costs. The standard’s requirements will also apply to the recognition and measurement of gains and losses on the sale of some nonfinancial assets that are not an output of the entity’s ordinary activities. IFRS 15 is to be applied on either a full or modified retrospective approach and is effective for annual periods beginning on or after January 1, 2018, with earlier application permitted.

4.7 Amendments to IFRS 9, Financial Instruments

IFRS 9, *Financial Instruments* ("IFRS 9") provides guidance on the classification and measurement of financial assets and liabilities, impairment of financial assets, and general hedge accounting. The classification and measurement portion of the standard determines how financial assets and financial liabilities are accounted for in financial statements and, in particular, how they are measured on an ongoing basis. The amended IFRS 9 introduced a new, expected-loss impairment model that will require more timely recognition of expected credit losses. In addition, the amended IFRS 9 includes a substantially-reformed model for hedge accounting, with enhanced disclosures about risk management activity. The new standard is effective for annual periods beginning on or after January 1, 2018, with earlier adoption permitted.

5. USE OF SIGNIFICANT ESTIMATES AND JUDGEMENTS

Allowance for doubtful accounts

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. In particular, management estimates the amount and timing of the cash flows the Corporation expects to receive.

Allowance for inventory obsolescence

Management is required to make an assessment of the net realizable value of inventory at each reporting period. Management incorporates estimates and judgments that take into account current market prices, current economic trends and past experience in the measurement of net realizable value.

Valuation of financial instruments

The Corporation determines the fair value of financial instruments for which there is no observable market price using a variety of valuation techniques. The inputs to these models are derived from observable market data where possible, but where observable market data is not available, estimates are required to establish fair values. The estimates include consideration of liquidity and other risks affecting the specific instrument. Details of the basis on which fair value is estimated are provided in Note 16.

Taxes and deferred taxes

Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Corporation reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxation authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

Income taxes are determined based on estimates of the Corporation's current income taxes and estimates of deferred income taxes resulting from temporary differences. Deferred tax assets are assessed to determine the likelihood that they will be realized from future taxable income before they expire.

(in thousands of Canadian dollars except where noted and per share amounts)

Useful lives of plant and equipment

The Corporation estimates the useful lives of plant and equipment based on the period over which the assets are expected to be available for use. In addition, the estimation of the useful lives of plant and equipment are based on internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in the estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of the plant and equipment would increase the recorded expenses and decrease the non-current assets. An increase in the estimated useful lives of the plant and equipment would decrease the recorded expenses and increase the non-current assets.

Share-based payment transactions

The Corporation measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining and making assumptions about the most appropriate inputs to the valuation model including the expected life, volatility and dividend yield of the equity settled transactions.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or CGU exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm’s length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. If there is no binding sale agreement or active market for an asset, fair value less costs to sell is based on the best information available to reflect the amount that an entity could obtain, at the end of the reporting period, from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Corporation is not yet committed to or significant future investments that will enhance the asset’s performance of the CGU being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

6. INVENTORIES

	November 30, 2015	November 30, 2014
	$	$
Raw materials and spare parts	**2,974**	3,063
Work-in-progress	**4,017**	3,444
Finished goods	**4,131**	3,919
	11,122	10,426

The cost of inventories recognized as an expense during the year ended November 30, 2015 was $52,387 which includes cost of sales of $52,048 and deemed Government assistance netted against cost of sales of $339 (2014 - $44,314 which included cost of sales of $43,867 and deemed Government assistance netted against cost of sales of $447). This amount also included $1,476 during the year ended November 30, 2015 (2014 – $1,073) as cost of inventories written down due to obsolescence.

(in thousands of Canadian dollars except where noted and per share amounts)

7. PLANT AND EQUIPMENT

	Machinery and equipment	**Furniture and fixtures**	**Leasehold improvements**	**Total**
	$	**$**	**$**	**$**
Cost				
November 30, 2014	**31,949**	**256**	**2,658**	**34,863**
Additions during the year	**1,515**	**9**	**226**	**1,750**
Disposals during the year	**(41)**	**-**	**-**	**(41)**
Foreign exchange impact	**1,201**	**34**	**235**	**1,470**
November 30, 2015	**34,624**	**299**	**3,119**	**38,042**
Accumulated depreciation				
November 30, 2014	**27,634**	**201**	**1,385**	**29,220**
Depreciation during the year	**1,741**	**23**	**306**	**2,070**
Disposals during the year	**(41)**	**-**	**-**	**(41)**
Foreign exchange impact	**1,004**	**29**	**116**	**1,149**
November 30, 2015	**30,338**	**253**	**1,807**	**32,398**
Net book value				
November 30, 2014	**4,315**	**55**	**1,273**	**5,643**
November 30, 2015	**4,286**	**46**	**1,312**	**5,644**

	Machinery and equipment	Furniture and fixtures	Leasehold improvements	Total
	$	$	$	$
Cost				
November 30, 2013	33,642	139	3,224	37,005
Additions during the year	1,356	11	311	1,678
Disposals during the year	(16)	-	-	(16)
Write-offs during the year	(3,606)	-	(816)	(4,422)
Foreign exchange impact, other	573	106	(61)	618
November 30, 2014	31,949	256	2,658	34,863
Accumulated depreciation				
November 30, 2013	29,392	74	1,952	31,418
Depreciation during the year	1,543	19	203	1,765
Disposals during the year	(8)	-	-	(8)
Write-offs during the year	(3,606)	-	(816)	(4,422)
Foreign exchange impact, other	313	108	46	467
November 30, 2014	27,634	201	1,385	29,220
Net book value				
November 30, 2013	4,250	65	1,272	5,587
November 30, 2014	4,315	55	1,273	5,643

(in thousands of Canadian dollars except where noted and per share amounts)

Included in leasehold improvements as at November 30, 2015 are $12 (November 30, 2014 – $nil) and included in machinery and equipment as at November 30, 2015 are $522 (November 30, 2014 – $22) of assets under construction which are not yet available for use. Accordingly, these assets are not being depreciated.

The corporation wrote off gross assets of $nil which were fully amortized as at November 30, 2015 (2014 - $4,422) relating to assets not physically present, which did not impact the earnings and, also were no longer contributing to the cash flows.

All of the Corporation’s credit facilities with its primary lender are secured by a first charge on all of the Corporation’s assets.

8. INTANGIBLE ASSETS

Intangible assets relate to the strategic customer relationships acquired and the cost of registering trademarks.

	Customer relationships $	**Trademarks $**	**Total $**
Cost			
November 30, 2014	**479**	**5**	**484**
November 30, 2015	**479**	**5**	**484**
Accumulated amortization			
November 30, 2014	**335**	**1**	**336**
Amortization during the year	**48**	**1**	**49**
Foreign exchange impact	**-**	**(1)**	**(1)**
November 30, 2015	**383**	**1**	**384**
Net book value			
November 30, 2014	**144**	**4**	**148**
November 30, 2015	**96**	**4**	**100**

	Customer relationships $	Trademarks $	Total $
Cost			
November 30, 2013	479	5	484
November 30, 2014	479	5	484
Accumulated amortization			
November 30, 2013	287	1	288
Amortization during the year	48	1	49
Foreign exchange impact	-	(1)	(1)
November 30, 2014	335	1	336
Net book value			
November 30, 2013	192	4	196
November 30, 2014	144	4	148

Customer relationships intangible assets have an unamortized remaining period of approximately two years as at November 30, 2015 (approximately three years as at November 30, 2014).

(in thousands of Canadian dollars except where noted and per share amounts)

9. CUSTOMER DEPOSITS, NET OF DEFERRED DEVELOPMENT

As described in the tables below, the customer deposits net of deferred development as at November 30, 2015 included $649 received by the Corporation from a customer to be utilized towards deferred development in future periods (November 30, 2014 – $1,013), and $395 received by the Corporation from customers for orders not yet delivered (November 30, 2014 - $518).

Customer Deposits:	**November 30, 2015 $**	November 30, 2014 $
US $500 or Cdn. $505 advance received from a customer in May 2012 that represented a portion of the initial funding from the customer towards the design and development of control panel assemblies	**505**	505
US $1,376 or Cdn. $1,467 advance received from a customer in August 2013 towards additional funding for the program	**1,467**	1,467
US $1,100 or Cdn. $1,370 advance received from a customer in March 2014 towards additional funding for the program	**1,370**	1,248
US $524 or Cdn. $696 advance received from a customer in March 2015 towards additional funding for the program	**696**	-
Total	**4,038**	3,220
Offset with deferred development (see table below)	**(3,389)**	(2,207)
Customer deposits, net of deferred development	**649**	1,013
Deposits from customers for orders not delivered	**395**	518
	1,044	1,531

Deferred development:	**November 30, 2015 $**	November 30, 2014 $
Opening balance	**2,207**	1,240
Deferred development during the year	**1,182**	967
Total deferred development, closing balance	**3,389**	2,207
Offset with customer advance	**(3,389)**	(2,207)
Net balance	**-**	-

In addition, during the year ended November 30, 2015, the Corporation incurred $387 (2014 - $nil) of product development costs related to a new program which has been shown as deferred development costs (non-current assets) on the consolidated balance sheets.

10. LONG-TERM BANK DEBT AND SUBORDINATED LOAN AND GOVERNMENT ASSISTANCE

The Corporation renewed its commercial lending facility with a financial institution in November 2015 which included the following terms:

- US $6,000 five-year committed operating facility (“Operating Facility”) by way of a combination of current account overdraft/bank loans, London Interbank Offered Rate loans (“LIBOR”) or Banker’s Acceptances (“BA”) or letters of guarantee (”LG”) subject to an overall maximum of US $6,000 or the Canadian dollar equivalent.
- US $6,000 five-year revolving loan (“Term Loan”) to refinance plant and equipment purchased during the previous twelve months and to finance capital expenditures on future equipment purchases up to 90% of the invoice cost by way of a combination of bank loans, LIBOR’s and or BA’s.
- US $4,000 five-year non-revolving term loan to refinance AMIS loan and finance capital expenditures on future equipment purchases up to 90% of the invoice cost by way of a combination of LIBOR’s and/or BA’s. *(Note 10.1)*
- US $36,000 foreign exchange forward contracts for the purchase of contracts with a maximum contract terms of US $15,000 or the Canadian dollar equivalent for up to twelve months, US $12,000 or the Canadian dollar equivalent for up to twenty four months and US $9,000 or the Canadian dollar equivalent for up to thirty six months, available to hedge foreign currency exposure.
- US $1,000 precious metal forward contracts for the purchase of contracts with a maximum aggregate face value of US $1,000 or the equivalent in major currencies with a maximum contract term of twelve months, available to hedge risk on raw materials.
- US $400 or the Canadian dollar equivalent MasterCard limit available to issue corporate business expense cards for employees of the Corporation.
- US $10,000 swap line for the utilization of interest rate swaps with a maximum aggregate face value of US $10,000, with a maximum term equal to the remaining term on the Term Loan and the AMIS loan. *(Note 10.1)*

The operating and term facilities are made available by way of prime rate / US Base Rate (“USBR”) loans, BA rate loans, LIBOR loans or LG’s plus an applicable margin. Applicable margins under the terms of the operating and term facility for prime rate / USBR loans are plus 90 to 115 basis points, BA rate loans are plus 200 to 240 basis points, LIBOR loans are plus 200 to 240 basis points and LG’s are plus 90 to 115 basis points.

BA’s, LIBOR’s, LG’s, foreign exchange forward contracts, precious metal forward contracts, and interest rate swaps shall be repayable at their respective maturity dates. In any event, all the advances under the lending facility still outstanding at the end of the five years from the closing date of November 2015. The lending facility is secured by a first charge on all assets of the Corporation.

(in thousands of Canadian dollars except where noted and per share amounts)

The financing charges for the new lending facility were $49, which consisted of commitment fees of $45 and legal fees of $4, and would be amortized over the term of the new facility of five years. The unamortized deferred financing charges of $49 as at November 30, 2015 (November 30, 2014 - $37) have been offset against long-term bank debt in the consolidated balance sheet *(Note 10.1).* As a result of the new facility, the financing charges of $10 that were remaining to be unamortized for the previous lending facility were written of in November 2015.

10.1 Long-term bank debt

Long-term bank debt consists of the following:	**November 30, 2015 $**	November 30, 2014 $
3.2 year US $700 term loan, amortized over 7 years, repayable in equal monthly principal payments of US $8 plus interest at BA rate plus 250 basis points and the balance fully repayable in April 2016. In February 2015, the outstanding principal of US $508 or Cdn. $636 (November 30, 2014 – US $525 or Cdn. $601) was repaid. The term loan was secured by a first charge over all of the property and assets of the Corporation.	**-**	601
2.9 year US $500 term loan, amortized over 7 years, repayable in equal monthly principal payments of US $6 plus interest at BA rate plus 250 basis points and the balance fully repayable in April 2016. In July 2015, the outstanding principal of US $351 or Cdn. $449 (November 30, 2014 – US $393 or Cdn. $449) was repaid. The term loan was secured by a first charge over all of the property and assets of the Corporation.	**-**	449
2.6 year US $500 term loan, amortized over 7 years, repayable in equal monthly principal payments of US $6 plus interest at BA rate plus 250 basis points and the balance fully repayable in April 2016. In November 2015, the outstanding principal of US $339 or Cdn. $450 (November 30, 2014 – US $411 or Cdn. $470) was repaid. The term loan was secured by a first charge over all of the property and assets of the Corporation.	**-**	470
5.0 year US $4,000 term loan, amortized over 5 years, repayable in equal monthly principal payments of approximately US $67 plus interest at LIBOR rate plus 200 basis points. The term loan is secured by a first charge over all of the property and assets of the Corporation. Principal as at November 30, 2015 was US $4,000 or Cdn. $5,341 (November 30, 2014 – $nil).	**5,341**	-
	5,341	1,520
Less: deferred financing charges	**(49)**	(37)
	5,292	1,483
Less: current portion (amounts due within one year)	**(1,058)**	(251)
	4,234	1,232

Subsequent to the year ended November 30, 2015, the Corporation entered into an interest rate swap in December 2015 to hedge the USD interest payments of the term loan of USD 4,000 or Cdn. $5,341 over the five year term at a fixed rate of 1.44% plus applicable margin of 200 basis points for an aggregate fixed interest rate of 3.44%.

(in thousands of Canadian dollars except where noted and per share amounts)

The Corporation's credit facilities as described above are subject to certain covenants with which it was in full compliance as at November 30, 2015.

10.2 Subordinated loan and Government assistance

The Corporation had entered into a non-revolving term loan agreement with the Government of Ontario, Ministry of Economic Development and Trade under the Advanced Manufacturing Investment Strategy ("AMIS") program. This agreement offered a term loan of up to $5,110 to assist the Corporation to undertake a range of projects that focus on upgrading its products, processes, waste reduction, energy conservation and job creation at its Toronto Circuits facility. These projects called for an agreed expenditure of up to $17,029 by the Corporation by November 30, 2013 which was later amended to $17,700 during the fiscal year ended November 30, 2014. As at November 30, 2014, the Corporation met the amended expenditure target.

Interest on the outstanding loan principal amount accrued at the rate of 4.22% per annum starting on the first day following the five-year interest-free period, which ended August 31, 2015. To reflect the benefit of the interest-free period, the funds received had been discounted to their estimated fair value upon receipt of proceeds, with the discount shown as government assistance. The discount was being amortized over the interest-free portion of the term of the loan using the effective interest rate method, with the amount credited to cost of sales.

The Corporation had received the full amount under the loan agreement. The loan repayment was to commence in September 2016 in five equal annual instalments plus accrued interest; each instalment was to be based on the total loan extended during the incentive period, which ended on August 31, 2015.

Provided there was no event of default under this agreement, accrued interest due and payable within the incentive period could be fully or partially forgiven depending on the Corporation achieving the cumulative job creation target. The accrued interest due and payable within the incentive period was fully forgiven in November 2015 as no event of default under this agreement and the Corporation achieving the cumulative job creation targets under this agreement.

The Corporation has repaid the full amount of $5,110 under the loan agreement in November 2015 and as a result of the early repayment of the loan, interest accretion of $556 was recorded in the consolidated statements of earnings during the year ended November 30, 2015 as per the table below:

Subordinated loan:	**November 30, 2015 $**	November 30, 2014 $
Subordinated loan, opening balance	**4,219**	3,906
Accretion of interest during the year	**335**	313
Accretion of interest due to early repayment of loan	**556**	-
	5,110	4,219
Less: loan repayment in November 2015	**(5,110)**	-
Subordinated loan, ending balance	**-**	4,219

(in thousands of Canadian dollars except where noted and per share amounts)

Government assistance:	**November 30, 2015**	November 30, 2014
	$	$
Government assistance, opening balance	**339**	786
Deemed Government assistance credited against cost of sales	**(339)**	(447)
Government assistance, ending balance	**-**	339

The loan was secured and was subordinated to the security provided to the Corporation's commercial bank. The Corporation has a financial covenant to maintain certain levels of accounts receivable, inventories and plant and equipment, at any time before the full repayment of the loan, to be no less than the outstanding portion of the loan. As at November 30, 2015, the Corporation was in compliance with this covenant.

11. PROVISIONS

	Years ended	
	November 30, 2015	November 30, 2014
	$	$
Opening balance (product warranties)	**410**	612
Arising during the year	**284**	218
Utilized during the year	**(328)**	(420)
Closing balance (product warranties)	**366**	410

Product warranties
A provision is recognised for expected warranty claims on products generally sold during the last two years, based on past experience of the level of repairs and returns. It is expected that most of these costs will be incurred in the next financial year and all will have been incurred within two years after the reporting date. Assumptions used to calculate the provision for warranties were based on current sales levels and current information available about returns based on the one to two year warranty period for all products sold.

(in thousands of Canadian dollars except where noted and per share amounts)

12. SHARE CAPITAL

12.1 Authorized

Authorized share capital consists of an unlimited number of Common Shares with no par value and an unlimited number of Preferred Shares, issuable in series, with the attributes of each series to be fixed by the Board of Directors. Each Common and Preferred Share carries the right to one vote.

The following is a continuity of the changes in the number of Common shares for the years ended November 30, 2015 and November 30, 2014:

	November 30, 2015		November 30, 2014	
	Number of Common shares	**Amount $**	Number of Common shares	Amount $
Outstanding, beginning of the year	**17,803,201**	**12,681**	17,803,201	12,681
Exercise of share options during the year	**795,000**	**305**	-	-
Transfer from contributed surplus to share capital for share options exercised	**-**	**89**	-	-
Outstanding, end of the year	**18,598,201**	**13,075**	17,803,201	12,681

12.2 Preferred shares issued and outstanding

The Corporation has 1,775,000 voting convertible Series 1 Preferred Shares outstanding as at November 30, 2015 (November 30, 2014 – 1,775,000). These Series 1 Preferred Shares have nil nominal value, are convertible into Common Shares on a one-for-one basis at the option of the preferred shareholder. Holders of Series 1 Preferred Shares are entitled to a preference over holders of Common Shares in respect of any distribution of assets in connection with the liquidation, dissolution or winding up of the Corporation and shall be entitled to receive an amount equal to $2.50 per Series 1 Preferred Share before any amount is paid or any assets of the Corporation are distributed to the holders of Common Shares.

12.3 Common share options

The following is a continuity of the changes in the number of share options outstanding for the years ended November 30, 2015 and November 30, 2014:

	November 30, 2015		November 30, 2014	
	Number of share options	**Weighted average exercise price**	Number of share options	Weighted average exercise price
Outstanding, beginning of year	**1,278,000**	**$ 0.41**	1,514,000	$ 0.41
Exercised	**(795,000)**	**0.38**	-	-
Forfeited	**(5,000)**	**0.42**	-	-
Expired	**(5,000)**	**0.42**	(236,000)	1.00
Outstanding, end of year	**473,000**	**$ 0.45**	1,278,000	$ 0.41

(in thousands of Canadian dollars except where noted and per share amounts)

There were no share options granted during the year ended November 30, 2015 and November 30, 2014. Share options outstanding and exercisable as at November 30, 2015 and November 30, 2014 are as below:

November 30, 2015						
Number of share options	**Exercise price per share option $**	**Vesting**	**Expiry date**	**Weighted-average remaining contractual life**	**Weighted-average exercise price per share option $**	**Number exercisable**
133,000	**0.34**	**Vested**	**2017**	**1.3 years**	**0.34**	**133,000**
245,000	**0.47**	**Vested**	**2018**	**2.3 years**	**0.47**	**245,000**
10,000	**0.55**	**Vested**	**2018**	**2.3 years**	**0.55**	**10,000**
40,000	**0.62**	**Vested**	**2018**	**2.8 years**	**0.62**	**40,000**
45,000	**0.53**	**2/3 vested, 1/3 2016**	**2019**	**3.2 years**	**0.53**	**25,000**
473,000						**453,000**

November 30, 2014						
Number of share options	Exercise price per share option $	Vesting	Expiry date	Weighted-average remaining contractual life	Weighted-average exercise price per share option $	Number exercisable
300,000	0.42	Vested	2015	0.7 years	0.42	300,000
558,000	0.34	Vested	2017	2.3 years	0.34	558,000
300,000	0.47	2/3 vested, 1/3 2015	2018	3.3 years	0.47	200,000
10,000	0.55	2/3 vested, 1/3 2015	2018	3.3 years	0.55	6,667
40,000	0.62	2/3 vested, 1/3 2015	2018	3.8 years	0.62	26,667
70,000	0.53	1/3 vested, 2/3 2015 to 2016	2019	4.2 years	0.53	23,333
1,278,000						1,114,667

12.4 Contributed surplus

	Years ended	
	November 30, 2015 $	November 30, 2014 $
Balance, beginning of the year	**8,411**	8,347
Stock-based compensation during the year	**51**	64
Transfer to share capital for share options exercised	**(89)**	-
Balance, end of the year	**8,373**	8,411

(in thousands of Canadian dollars except where noted and per share amounts)

12.5 Earnings per share

	Years ended	
	November 30, 2015	November 30, 2014
Numerator		
Net earnings	**$ 9,548**	$ 2,158
Net earnings (loss) attributable to non-controlling interests	**11**	(35)
Net earnings attributable to equity holders of FTG	**$ 9,537**	$ 2,193
Numerator for basic earnings per share - net earnings applicable to Common Shares	**$ 9,537**	$ 2,193
Numerator for diluted earnings per share - net earnings applicable to Common Shares	**$ 9,537**	$ 2,193
Denominator		
Denominator for basic earnings per share - weighted average number of Common Shares outstanding	**17,985,735**	17,803,201
Effect of dilutive securities		
Number of Preferred Shares	**1,775,000**	1,775,000
Number of Stock options	**361,406**	372,089
Denominator for diluted earnings per share - weighted average number of Common Shares outstanding and assumed conversions	**20,122,141**	19,950,290
Earnings per share data attributable to the equity holders of FTG		
Basic earnings per share	**$ 0.53**	$ 0.12
Diluted earnings per share	**$ 0.47**	$ 0.11

The Corporation has 1,775,000 voting convertible Series 1 Preferred Shares outstanding. These convertible Series 1 Preferred Shares were included in calculating diluted earnings per share for the year ended November 30, 2015 and November 30, 2014 as the Corporation had net earnings.

The Corporation has options outstanding in 2015 and 2014. These options were included in the diluted earnings per share calculations as they were dilutive for the year ended November 30, 2015 and November 30, 2014.

12.6 Stock-based compensation to employees

The Corporation recognized stock-based compensation expense in the consolidated statement of earnings of $51 during the year ended November 30, 2015 (2014 – $64). Of this amount, $nil relates to options granted during the year ended November 30, 2015 (2014 – $nil) and $nil relates to PSU's granted during the year ended November 30, 2015 (2014 – $47).

Common stock options

The Corporation determines the fair value of stock options on their grant date and records this amount as compensation expense over the period that the stock options vest, with a corresponding increase to contributed surplus. When these stock options are exercised, the Corporation records the amount of proceeds, together with the amount recorded in contributed surplus, in share capital.

(in thousands of Canadian dollars except where noted and per share amounts)

The fair value of options granted is calculated using the Black-Scholes option pricing model. The Black-Scholes option pricing model was developed for use in estimating the fair value of traded options which were fully transferable with no vesting restrictions. This option valuation model requires the input of highly subjective assumptions including the expected stock price volatility, expected lives of the options, expected dividends to be paid by the Corporation and risk-free interest rates. Because changes in the input assumptions can materially affect the fair value estimate, such value is subject to measurement uncertainty.

No stock options were granted during the year ended November 30, 2015 and November 30, 2014.

Share units – PSUs

The following table outlines the PSU transactions. As at November 30, 2015 and November 30, 2014, none of the outstanding PSUs had vested.

	PSUs
Outstanding as at November 30, 2013	-
Granted during the year	200,000
Outstanding as at November 30, 2014	200,000
Granted during the year	-
Outstanding as at November 30, 2015	200,000

During 2014, the Corporation granted 200,000 PSUs, of which 100% vest based on the achievement of a non-market performance condition. PSUs vest at the end of their respective terms, generally three years, to the extent that the applicable performance conditions have been met. The fair value of the non-market performance based PSUs is determined by the market value of the Corporation’s Common Shares at the time of grant and may be adjusted in subsequent years to reflect the estimated level of achievement related to the applicable performance condition. The Corporation expects to settle these awards with Common Shares issued from the treasury.

No PSUs were granted during the year ended November 30, 2015. The weighted average grant date fair value of PSUs awarded in 2014 was $0.70 per unit.

12.7 Management of capital

The Corporation’s objective in managing capital is to ensure sufficient liquidity to pursue its organic growth strategy and undertake selective acquisitions, while at the same time taking a conservative approach towards financial leverage and management of financial risk.

For the purpose of the Corporation’s capital management, capital includes bank debt, subordinated loan and Government assistance and total equity attributable to FTG’s shareholders. The Corporation’s primary uses of capital are to finance increases in non-cash working capital, capital expenditures and acquisitions. The Corporation currently funds these requirements from internally generated cash flows, cash, bank indebtedness and non-current liabilities.

(in thousands of Canadian dollars except where noted and per share amounts)

The primary measure used by the Corporation to monitor its financial leverage is its ratio of net debt to total capital employed which it aims to maintain at a maximum of 0.3:1. Net debt and total capital employed, computed as at November 30, 2015 and November 30, 2014, are as follows:

	November 30, 2015 **$**	November 30, 2014 $
Long-term bank debt	**5,292**	1,483
Subordinated loan and Government assistance	**-**	4,558
Less: cash	**(3,160)**	(641)
Net debt	**2,132**	5,400
Net debt	**2,132**	5,400
Total equity attributable to FTG's shareholders	**25,061**	15,089
Total capital employed	**27,193**	20,489
Net debt to total capital employed	**0.08:1**	0.26:1

The Corporation does not currently pay a dividend.

The Corporation's credit facilities as described in Note 10 are subject to certain covenants which it was in full compliance as at November 30, 2015 and November 30, 2014.

13. RESEARCH AND DEVELOPMENT COSTS AND RECOVERIES

13.1 Research and Development Costs and Recoveries

Research and development costs include the cost of direct labour, materials and an allocation of overheads specifically incurred in activities regarding technical uncertainties in production processes, product development, product upgrading, waste reduction programs and energy reduction programs. The Corporation recorded $5,558 of research and development costs for the year ended November 30, 2015 (2014 – $3,777).

Recoveries of research and development costs for the year ended November 30, 2015 were $492 (2014 – $418) which included $280 (2014 – $280) from the Ontario Innovation Tax Credit and the remaining $212 (2014 – $138) as contributions from Industrial Research Assistance Program ("IRAP") for product development.

The IRAP participation supports the design and development of a new common controller for aircraft cockpit control panels. The Corporation entered into an agreement under IRAP in September, 2014 under which the Corporation received a contribution of $350 and was required to complete the project by March, 2015. During the year ended November 2015, the Corporation completed the project in March 2015 and received contributions of $350 (2014 – $nil).

13.2 Investment Tax Credits Receivable

The Corporation has, as at November 30, 2015, $6,736 (November 30, 2014 - $5,966) of Canadian investment tax credits available to be applied against future taxes payable in Canada which are due to expire between 2022 and 2035.

(in thousands of Canadian dollars except where noted and per share amounts)

The tax benefit of $6,736 (2014 - $nil) of these investment tax credits have been recognized in the consolidated balance sheets as at November 30, 2015 and 2014 and consolidated statements of earnings during the year ended November 30, 2015 and 2014, as per tables below:

	November 30, 2015 $	November 30, 2014 $
Investment tax credits receivable:		
Investment tax credits receivable	**6,736**	-
	6,736	-

	Years ended	
	November 30, 2015 $	November 30, 2014 $
Recovery of investment tax credits:		
Recovery of investment tax credits, in earnings during the year	**(6,736)**	-
	(6,736)	-

14. INCOME TAXES

14.1 Deferred Income Tax Assets

The consolidated rate reconciliation is as follows:	**November 30, 2015**	November 30, 2014
Accounting income before tax	**10,581**	2,435
Statutory tax rate	**25%**	25%
	2,645	609
Change in benefits not recognized	**(1,114)**	(642)
Foreign tax rate differences	**(250)**	(50)
Permanent differences and differences between Canadian and foreign tax rates	**(257)**	323
Withholding tax	**3**	40
State income taxes	**6**	8
Tax provision	**1,033**	288

The gross movement on the deferred income tax asset account is as follows:	**$**	$
Opening balance	**2,145**	2,385
Recovered (charged) to earnings during the year	**436**	(240)
Recovered in other comprehensive income (loss) during the year	**295**	-
Closing balance	**2,876**	2,145
Charged to earnings during the year	**(1,460)**	-
	1,416	2,145

(in thousands of Canadian dollars except where noted and per share amounts)

The movement in deferred income tax assets during the year ended November 30, 2015 is as follows:

	Balance as at December 1, 2014 $	**(Charged) recovered to Earnings $**	**Recovered in other comprehensive income(loss) $**	**Balance as at November 30, 2015 $**
Deferred income tax assets:				
Tax losses carried forward	**1,502**	**1,101**	**-**	**2,603**
SR&ED deductible expenditures	**3,471**	**(1,708)**	**-**	**1,763**
Tax attributes - R&D Credits	**279**	**169**	**-**	**448**
Other temporary differences	**787**	**(199)**	**295**	**883**
Excess of unamortized intangibles for tax purposes over net book value	**32**	**7**	**-**	**39**
Excess of undepreciated capital cost for tax purposes over net book value of capital assets	**550**	**(221)**	**-**	**329**
Deferred income tax assets not recognized	**(4,476)**	**1,287**	**-**	**(3,189)**
Deferred income tax assets	**2,145**	**436**	**295**	**2,876**
Deferred tax payable on investment tax credit receivable	**-**	**(1,460)**	**-**	**(1,460)**
	2,145	**(1,024)**	**295**	**1,416**

The movement in deferred income tax assets during the year ended November 30, 2014 is as follows:

	Balance as at December 1, 2013 $	(Charged) Recovered in Earnings $	Balance as at November 30, 2014 $
Deferred tax assets:			
Tax losses carried forward	1,378	124	1,502
SR&ED deductible expenditures	4,662	(1,191)	3,471
Tax attributes - R&D Credits	244	35	279
Other temporary differences	506	281	787
Excess of unamortized intangibles for tax purposes over net book value	30	2	32
Excess of undepreciated capital cost for tax purposes over net book value of capital assets	683	(133)	550
Deferred income tax assets not recognized	(5,118)	642	(4,476)
Deferred income tax assets	2,385	(240)	2,145

Deferred income tax assets are recognized for tax loss carry-forwards to the extent that the realization of the related tax benefit through future taxable profits is probable based on future estimated profits.

The Corporation has, as at November 30, 2015, U.S. gross tax loss carry-forwards of approximately $5,388 (November 30, 2014 - $2,808), which are due to expire between 2029 and 2035. No deferred income tax asset has been recorded in respect of these losses.

(in thousands of Canadian dollars except where noted and per share amounts)

In addition, the Corporation has, as at November 30, 2015, China gross tax loss carry-forwards of approximately $1,942 (November 30, 2014 - $1,595), which are due to expire between 2016 and 2020. No deferred income tax asset has been recorded in respect of these losses.

The Corporation has, as at November 30, 2015, SR&ED deductible expenditures of $7,051 (November 30, 2014 - $13,883), which do not expire.

The Corporation has, as at November 30, 2015, capital loss carry-forwards of approximately $14,145 (November 30, 2014 - $14,145), which do not expire. The capital losses can only be used to shelter income from capital gains. No deferred income tax asset has been recorded in respect of these losses.

14.2 Income tax expense/(recovery)

	Years ended	
	November 30, 2015 $	November 30, 2014 $
Income tax expense/(recovery):		
Current tax expense- charged to earnings during the year	**9**	48
Deferred tax (recovery) - in earnings during the year	**(436)**	240
Deferred tax expense – charged to earnings during the year	**1,460**	-
Deferred tax (recovery) - in other comprehensive income (loss) during the year	**(295)**	-
	738	288

Current income tax expense of $9 (2014 - $48) was recognised in the consolidated statement of earnings during the year ended November 30, 2015 includes withholding taxes of $6 (2014 - $40) related to source deductions on remittances from FTG Aerospace Tianjin Inc. to the Corporation and the remaining $3 (2014 - $8) related to taxes for a U.S. subsidiary.

Net deferred income tax expense of $1,024 was recognised in the consolidated statement of earnings during the year ended November 30, 2015 which included deferred income tax expense of $1,460 related to the tax effect of recovery of investment tax credits offset by deferred income tax (recovery) of $436 related to movement in deferred income tax assets. Deferred income tax expense of $240 was recognised during the year ended November 30, 2014 which was offset against the deferred income tax asset.

Deferred income tax (recovery) of $295 was recognised in other comprehensive income (loss) during the year ended November 30, 2015 and included in the deferred income tax asset, which related to the tax impact of the net unrealized (loss) of $1,178 on derivative financial instruments designated as cash flow hedges.

During the year ended November 30, 2014, deferred income tax (recovery) of $nil (tax impact of $174 offset with a valuation reserve of $174) was recognised in other comprehensive income (loss), related to the tax impact of the net unrealized (loss) of $695 on derivative financial instruments designated as cash flow hedges.

(in thousands of Canadian dollars except where noted and per share amounts)

The Corporation's tax expense is calculated by using the rates applicable in each of the tax jurisdictions that the Corporation operates in. The effective tax rate on Canadian earnings for the year ended November 30, 2015 was 25% (2014: 25%) which was based on projected annualized Manufacturing and Processing rates.

15. NET CHANGE IN NON-CASH OPERATING WORKING CAPITAL

Changes in non-cash operating working capital comprise of the following:

	Years ended	
	November 30, 2015 $	November 31, 2014 $
Accounts receivable	**269**	(1,058)
Taxes receivable	**20**	7
Inventories	**(762)**	(2,313)
Prepaid expenses	**(413)**	(14)
Customer deposits/customer advances	**(487)**	578
Accounts payable and accrued liabilities, and provisions	**920**	1,797
	(453)	(1,003)

16. FINANCIAL INSTRUMENTS

16.1 Fair value

The Corporation uses the following hierarchy for determining and disclosing the fair value of financial instruments carried at fair value:

Level 1: Quoted (Unadjusted) Prices in Active Markets for Identical Assets or Liabilities: This level includes equity securities traded on the Toronto Stock Exchange and quoted corporate and government-backed debt instruments. The Corporation did not have any Level 1 financial instruments carried at fair value as at November 30, 2015 and November 30, 2014.

Level 2: Valuation Techniques with Observable Parameters: This level includes loans, commitments, and certain corporate debt instruments. The financial instruments held by the Corporation in this level included bank indebtedness, long-term bank debt, subordinated loan and Government assistance, foreign exchange forward contracts and gold forward contracts.

Level 3: Valuation Techniques with Significant Unobservable Parameters: Instruments classified in this category have a parameter input or inputs that are unobservable and have more than insignificant impact on either the fair value of the instrument or the profit or loss of the instrument. The Corporation did not have any Level 3 financial instruments carried at fair value as at November 30, 2015 and November 30, 2014.

The estimated fair value amounts approximate the amounts at which financial instruments could be exchanged in a current transaction between willing parties who are under no compulsion to act. For financial instruments that lack an available trading market, the Corporation applies present value and valuation techniques that use observable or unobservable market inputs. Because of the estimation process and the need to use judgement, the aggregate fair value amounts should not be interpreted as being necessarily realizable in an immediate settlement of the instruments.

The methods and assumptions used to estimate the fair value of financial instruments are described as follows:

Cash, accounts receivable, accounts payable and accrued liabilities, and customer deposits:

The Corporation determined that the fair value of its short-term financial assets and liabilities approximates their respective carrying value as at the consolidated balance sheets dates because of the short-term maturity of those instruments.

Bank indebtedness and long-term bank debt:

The fair value of the bank indebtedness and long-term bank debt bearing interest at variable rates approximates its carrying value as interest rate charges fluctuate with changes in the bank's prime rate.

Subordinated loan and Government assistance:

The fair value of the Corporation's subordinated loan and Government assistance, calculated by discounting the expected future cash flows based on the current rates for debt with similar terms and maturities, approximates its carrying value.

Foreign exchange forward contracts and gold forward contracts:

The fair value of the Corporation's foreign exchange/gold forward contracts (per details in Note 16.2) is based on the current market values of similar contracts with similar remaining durations as if the contract had been entered into on November 30, 2015. The forward current value (fair value) of these financial instruments as at November 30, 2015 had an unrealized loss of $1,178 (foreign exchange forward contracts loss of $1,181 offset by gold forward contracts gain of $3) included in other comprehensive income (loss), and relates to derivatives designated as cash flow hedges. The forward current value (fair value) of these financial instruments as at November 30, 2014 had an unrealized loss of $695 (foreign exchange forward contracts loss of $646, and gold forward contracts loss of $49) included in other comprehensive income (loss), and related to derivatives designated as cash flow hedges.

16.2 Financial risks

Interest rate risk

Interest rate risk arises because of the fluctuation in interest rates. The Corporation's revolving credit facilities and the term loans are subject to rates varying with the lending institution's prime rates and are subject to cash flow risks.

The Corporation's interest rate and cash flow risks are primarily related to the Corporation's revolving credit facilities, for which amounts drawn are subject to varying rates at the time of borrowing. The interest rates on amounts currently drawn on the revolving facility and on any future borrowings will vary and are unpredictable. The Corporation monitors its exposure to interest rates and has not entered into any derivative contracts to mitigate this risk.

Based on the value of interest bearing financial instruments for the year ended November 30, 2015, an assumed 50 basis points increase in interest rates during such year would have decreased earnings before income taxes by $32 (year ended November 30, 2014 – decrease of $38), with an equal but opposite effect for an assumed 50 basis points decrease in interest rates.

Currency risk

Currency risk arises because of fluctuations in exchange rates. The Corporation conducts a significant portion of its business activities in foreign currencies, primarily in U.S. dollars. The assets, liabilities, revenue and expenses that are denominated in foreign currencies will be affected by changes in the exchange rate between the Canadian dollar and these foreign currencies. A portion of the Corporation's long-term debt and most of the manufacturing materials are sourced in U.S. dollars, providing a natural economic hedge for a portion of the Corporation's currency exposure. The foreign exchange gain for the reporting years is set out in the table below:

	Years ended	
	November 30, 2015 $	November 30, 2014 $
Realized gain relating to financial assets and liabilities, excluding foreign exchange forward contracts	**(1,795)**	**(554)**
Realized gain relating to forward exchange foreign contracts	**(259)**	**(56)**
Foreign exchange gain	**(2,054)**	**(610)**

In addition, net realized losses for foreign exchange forward contracts designated as cash flow hedges that were settled during the year ended November 30, 2015 of $2,297 (year ended November 30, 2014 - net realized loss of $763) was offset against sales in the consolidated statements of earnings.

The foreign exchange exposure for the reporting years, covering the year-end balances of financial assets during the years presented that were denominated in US dollars, is set out in the table below:

			November 30, 2015	November 30, 2014
(In thousands of US dollars)	**Canadian and other operations $**	**US operations $**	**Consolidated financial statements $**	Consolidated financial statements $
Cash	**1,101**	**651**	**1,752**	731
Accounts receivable	**6,520**	**2,335**	**8,855**	10,260
Accounts payable and accrued liabilities	**(1,628)**	**(1,654)**	**(3,282)**	(3,530)
Total bank borrowings	**(4,000)**	**-**	**(4,000)**	(1,329)
Balance sheet exposure, excluding financial derivatives	**1,993**	**1,332**	**3,325**	6,132
Reporting date US$:Cdn.$ exchange rate			**1.3353**	1.1440

(in thousands of Canadian dollars except where noted and per share amounts)

	Years ended			
			November 30, 2015	November 30, 2014
	Canadian and other operations $	**US operations $**	**Total $**	Total $
Net sales	**39,164**	**15,127**	**54,291**	50,324
Operating expenses	**(13,597)**	**(16,324)**	**(29,921)**	(25,094)
Net exposure	**25,567**	**(1,197)**	**24,370**	25,230

With all variables remaining constant, assuming a 1% strengthening of the Canadian dollar versus the US dollar, net earnings before tax for the years ended November 30, 2015 and November 30, 2014 would decrease as follows in the tables below. An assumed 1% weakening of the Canadian dollar versus the US dollar would have had an equal but opposite effect on the amounts shown below.

	Years ended			
			November 30, 2015	November 30, 2014
Source of net earnings/loss variability from changes in foreign exchange rates	**Canadian and other operations $**	**US operations $**	**Total $**	Total $
Balance sheet exposure, excluding financial derivatives	**(20)**	**(13)**	**(33)**	(307)
Net sales and operating expenses (net exposure)	**(256)**	**12**	**(244)**	(1,261)
Net exposure	**(276)**	**(1)**	**(275)**	(1,568)

The Corporation had some exposure to the Chinese Renminbi (“RMB”) arising from its Circuits and Aerospace facilities in the People’s Republic of China. Total balance sheet exposure as at November 30, 2015 was RMB 641,043 or Cdn. $134 (November 30, 2014 – RMB 606,201 or Cdn. $113).

Derivative Financial Instruments and Hedge Accounting

Foreign exchange forward contracts are transacted with a financial institution to hedge part of a foreign currency denominated anticipated sale of products. The following table summarizes the Corporation’s outstanding commitments to buy and sell foreign currency under foreign exchange forward contracts, all of which have a maturity date of less than one year as at November 30, 2015 and November 30, 2014:

Currency sold	**Currency bought**	**Notional value**	**Forward value at transaction date**	**Forward current value**	**Unrealized loss**
November 30, 2015					
US dollars	Canadian dollars	**$15,000**	**$18,841**	**$20,022**	**($1,181)**
November 30, 2014					
US dollars	Canadian dollars	$15,000	$16,577	$17,223	($646)

(in thousands of Canadian dollars except where noted and per share amounts)

As at November 30, 2015, the foreign exchange forward contracts (contracts to sell foreign currency) are designated as cash flow hedges and have an unrealized loss of $1,181 (forward current value (fair value) of $20,022 as compared to the forward value at transaction date of $18,841), all of which was recognized in other comprehensive income (loss) and accounts payable and accrued liabilities. This unrealized loss in other comprehensive income (loss) is expected to be reclassified to the consolidated statements of earnings over the next twelve months when the sales are recorded.

As at November 30, 2014, the foreign exchange forward contracts (contracts to sell foreign currency) were designated as cash flow hedges and had an unrealized loss of $646 (forward current value (fair value) of $17,223 as compared to the forward value at transaction date of $16,577), all of which was recognized in other comprehensive income (loss) and accounts payable and accrued liabilities.

As at November 30, 2015, in addition to the above, the Corporation also had outstanding commitments to buy 600 ounces of gold (November 30, 2014: 300 ounces of gold) under gold forward contracts at a contract price of approximately $1.5 per ounce with 150 ounces expiring quarterly from March 2016. These gold forward contracts qualify for hedge accounting. The table below summarizes the outstanding commitments under these gold forward contracts, all of which have a maturity date of less than one year:

Year ended	Nature of contract	Quantity	Forward value at transaction date	Forward current value	Unrealized gain (loss)
November 30, 2015	Gold forward contracts	**600 ounces**	**$852**	**$855**	**$3**
November 30, 2014	Gold forward contracts	300 ounces	$449	$400	($49)

As at November 30, 2015, the gold forward contracts are designated as cash flow hedges and have an unrealized gain of $3 (forward current value (fair value) of $855 as compared to the forward value at transaction date of $852), all of which was recognized in other comprehensive income (loss) and accounts payable and accrued liabilities. This unrealized loss in other comprehensive income (loss) is expected to be reclassified to the consolidated statements of earnings over the next twelve months when the cost of sales are recorded.

As at November 30, 2014, the gold forward contracts are designated as cash flow hedges and have an unrealized loss of $49 (forward current value (fair value) of $400 as compared to the forward value at transaction date of $449), all of which was recognized in other comprehensive income (loss) and accounts payable and accrued liabilities.

The terms of the foreign currency and gold forward contracts match the terms of the expected highly probable forecast transactions. As a result, no hedge ineffectiveness arises requiring recognition through earnings or loss. The amounts retained in other comprehensive income (loss) as at November 30, 2015 are expected to mature and affect the consolidated statement of earnings in 2015.

Credit risk

For the year ended November 30, 2015, the Corporation recorded bad debts expense of $166 (year ended November 30, 2014 - the corporation released bad debts provision of $20 by recording a credit to the bad debts expense account) against trade receivable in selling, general and administrative expenses in the consolidated statements of earnings.

(in thousands of Canadian dollars except where noted and per share amounts)

Credit risk arises from the potential that the counterparty will fail to fulfil its obligations. The Corporation is exposed to credit risk from its customers. However, the Corporation has a significant number of customers, which minimizes concentration of credit risk, and the majority of the Corporation's customers are large, multi-national, stable organizations. The Corporation's largest and second largest customer accounted for approximately 17.8% and 11.1% of sales (2014 – 15.0% and 14.4%), respectively during year ended November 30, 2015. The Corporation may also have credit risk relating to cash and foreign exchange forward contracts, which it manages by dealing with its current bank, a major financial institution that the Corporation anticipates will satisfy its obligations under the contracts.

Historically, losses under trade receivables have been insignificant. To minimize the risk of loss from trade receivables, extension of credit terms to customers requires review and approval by senior management even though the customers have generally been dealing with the Corporation for several years, and the losses have been historically minimal.

Although the Corporation's credit control processes have been effective in mitigating credit risk, these controls cannot eliminate credit risk and there can be no assurance that these controls will continue to be effective or that the Corporation's low credit loss experience will continue. Most sales are invoiced with payment terms in the range of 30 to 90 days in accordance with industry practice. Customers do not provide collateral in exchange for credit. The Corporation reviews its trade receivable accounts regularly and writes these accounts down to their expected realizable values by making an allowance for doubtful accounts, as soon as the account is determined not to be fully collectible. The allowance is charged against earnings. Shortfalls in collections are applied against this provision. Estimates for allowance for doubtful accounts are determined by a customer-by-customer evaluation of collectability at each consolidated balance sheet reporting date, taking into account the amounts that are past due and any available relevant information on the customers' liquidity and going concern problems.

The Corporation's exposure to credit risk for trade receivables as at November 30, 2015 and November 30, 2014 was as follows:

	November 30, 2015 $	November 30, 2014 $
By geographical area:		
Canada	**2,286**	1,807
United States	**8,025**	8,950
Asia	**1,718**	1,678
Europe	**940**	471
Trade receivables	**12,969**	12,906
Allowance for doubtful accounts ("AFDA")	**(296)**	(133)
Trade receivables, net of AFDA	**12,673**	12,773
Aging by due dates:		
Not past due	**10,956**	10,069
Past due 1 to 30 days	**1,275**	2,065
Past due 31 to 120 days	**715**	707
Past due 121 to 180 days	**14**	37
Past due over 181 days	**9**	28
Trade receivables	**12,969**	12,906
AFDA	**(296)**	(133)
Trade receivables, net of AFDA	**12,673**	12,773

(in thousands of Canadian dollars except where noted and per share amounts)

The movements in the AFDA were as follows:

	November 30, 2015	November 30, 2014
	$	$
Opening balance	**133**	217
Provision expensed (released) during the year	**166**	(20)
Doubtful accounts written off during the year	**(3)**	(64)
Closing balance	**296**	133

Accounts receivable of $12,987 as at November 30, 2015 include trade receivables of $12,673 and other receivables of $314. Accounts receivable of $13,289 as at November 30, 2014 include trade receivables of $12,773 and other receivables of $516.

Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they come due. The Corporation manages liquidity risk through the management of its capital structure and financial leverage, as outlined in Note 12.7. It also manages liquidity risk by continuously monitoring actual and projected cash flows, taking into account sales, receipts, expenditures and matching the maturity profile of financial assets and liabilities. The Board of Directors review and approve the Corporation's operating and capital budgets, as well as any material transactions out of the ordinary course of business, including proposals on mergers, acquisitions or other major investments or divestitures. The Corporation currently finances its operations through internally generated cash flows and the use of its credit facility.

The following is the summary of contractual maturities of financial liabilities and obligations, excluding future interest payments but including interest, accrued to November 30, 2015 and November 30, 2014:

					November 30, 2015	November 30, 2014
	Less than 1 year	**1 to 2 years**	**2 to 5 years**	**More than 5 years**	**Amount**	Amount
	$	**$**	**$**	**$**	**$**	$
Long-term bank debt *(Note 10.1)*	**1,068**	**1,068**	**3,205**	**-**	**5,341**	1,520
Subordinated loan and Government assistance *(Note 10.2)*	**-**	**-**	**-**	**-**	**-**	5,110
Accounts payable and accrued liabilities, and provisions	**11,336**	**-**	**-**	**-**	**11,336**	10,431
Customer deposits, net of deferred development *(Note 9)*	**1,044**	**-**	**-**	**-**	**1,044**	1,531
Operating leases	**1,330**	**1,244**	**1,366**	**-**	**3,940**	4,205
	14,778	**2,312**	**4,571**	**-**	**21,661**	22,797

Financial liabilities and obligations for future interest payments relating to long-term bank debt are $164 for less than 1 year, $127 for 1 to 2 years, $161 for 2 to 5 years and $nil for more than 5 years.

(in thousands of Canadian dollars except where noted and per share amounts)

17. RELATED PARTY TRANSACTIONS

17.1 Advances due to/from related parties

There were no related party transactions during the years ended November 30, 2015 and 2014.

17.2 Compensation of directors and key management personnel

The remuneration of directors and other members of key management personnel (which include the Chief Executive Officer, Chief Financial Officer and the Corporation's other three most highly compensated Executive Officers) were as follows:

	Years ended	
	November 30, 2015	November 30, 2014
	$	$
Short-term remuneration benefits	**1,850**	1,806
Stock-based payment benefits	**104**	51
	1,954	1,857

17.3 Key management personnel and director shareholdings

Key management and directors of the Corporation control 16.3% (2014 – 15.5%) of the voting shares of the Corporation.

18. COMMITMENTS AND CONTINGENCIES

18.1 Lease commitments

The Corporation has entered into commercial leases for plant, office premises, leased automobiles and office and maintenance equipment. Future minimum lease payments under non-cancellable operating leases are as follows:

	Amount
	$
2016	**1,330**
2017	**1,244**
2018	**827**
2019	**515**
2020	**24**
Thereafter	**-**
	3,940

Lease payments recognized as an expense in the consolidated statements of earnings for the years ended November 30, 2015 and November 30, 2014 amounted to $1,300 and $1,213, respectively.

(in thousands of Canadian dollars except where noted and per share amounts)

18.2 Contingencies

During the second quarter of 2012, a settlement was agreed to between the Corporation and two plaintiffs (Emmanuel Tannenbaum and June Realty Ltd.) who had commenced a legal claim against the Corporation in 2006, seeking damages for an alleged migration of chemicals onto their land from the Corporation's former Toronto factory. The settlement also included the current owner of the subject lands and the bankruptcy estate of Glendale International Corp., another former owner of the subject lands.

In February, 2014, the Corporation received the final release from the plaintiffs, the release amongst the defendants and the court dismissal order. The contribution of the Corporation to this settlement did not have a material effect on its financial situation and was fully paid in 2012 into a trust which was released in 2014.

19. SEGMENTED INFORMATION

Management has determined the operating segments based on the information regularly reviewed for the purposes of decision making, allocating resources and assessing performance by the Corporation's chief operating decision makers. The Corporation evaluates the financial performance of its operating segments primarily based on earnings (loss) before interest and income taxes.

The Corporation operates in two operating segments which operate within the Global marketplace, FTG Circuits ("Circuits") and FTG Aerospace ("Aerospace"). Circuits is a leading manufacturer of high technology/high reliability printed circuit boards. Aerospace is a manufacturer of illuminated cockpit panels, keyboard, bezels and sub-assemblies for original equipment manufacturers of avionic products and airframe manufacturers. Circuits and Aerospace financial information is shown below:

	Year ended November 30, 2015			
	Circuits $	**Aerospace** $	**Corporate Office** $	**Total** $
Sales	**56,880**	**21,196**	**-**	**78,076**
Inter-company sales	**(2,565)**	**(3,466)**	**-**	**(6,031)**
Net sales	**54,315**	**17,730**	**-**	**72,045**
Cost of sales and selling, general and administrative expenses	**42,803**	**16,722**	**2,541**	**62,066**
Research and development costs	**4,603**	**955**	**-**	**5,558**
Recovery of research and development costs	**(92)**	**(400)**	**-**	**(492)**
Recovery of investment tax credits	**-**	**-**	**(6,736)**	**(6,736)**
Depreciation of plant and equipment	**1,505**	**565**	**-**	**2,070**
Amortization of intangible assets	**48**	**1**	**-**	**49**
Foreign exchange (gain) on conversion of balance sheet assets and liabilities	**(443)**	**(736)**	**(875)**	**(2,054)**
Earnings before interest and income taxes	**5,891**	**623**	**5,070**	**11,584**
Interest expense on long-term and short-term debt	**-**	**-**	**1,003**	**1,003**
Current income tax expense	**-**	**-**	**9**	**9**
Deferred income tax expense	**-**	**-**	**1,024**	**1,024**
Net earnings	**5,891**	**623**	**3,034**	**9,548**

(in thousands of Canadian dollars except where noted and per share amounts)

	Year ended November 30, 2014			
	Circuits $	Aerospace $	Corporate Office $	Total $
Sales	47,233	18,828	-	66,061
Inter-company sales	(2,178)	(3,184)	-	(5,362)
Net sales	45,055	15,644	-	60,699
Cost of sales and selling, general and administrative expenses	35,979	14,749	2,569	53,297
Research and development costs	2,911	866	-	3,777
Recovery of research and development costs	(92)	(326)	-	(418)
Depreciation of plant and equipment	1,307	458	-	1,765
Amortization of intangible assets	48	1	-	49
Foreign exchange (gain) on conversion of balance sheet assets and liabilities	(358)	(157)	(95)	(610)
Earnings (loss) before interest and income taxes	5,260	53	(2,474)	2,839
Interest expense on long-term and short-term debt	-	-	393	393
Current income tax expense	-	-	288	288
Net earnings (loss)	5,260	53	(3,155)	2,158

The following table details the total assets, intangible assets, additions to plant and equipment and total liabilities of the Corporation by operating segments:

	As at November 30, 2015			As at November 30, 2014		
	Circuits $	**Aerospace $**	**Total $**	Circuits $	Aerospace $	Total $
Segment assets	**33,934**	**10,288**	**44,222**	23,622	9,485	33,107
Intangible assets	**96**	**4**	**100**	144	4	148
Additions to plant and equipment	**1,447**	**303**	**1,750**	1,420	258	1,678
Total liabilities	**15,528**	**3,604**	**19,132**	14,344	3,659	18,003

The following tables detail the financial information of the Corporation by geographic location:

	Canada $	**United States $**	**Asia $**	**Europe $**	**Other $**	**Total $**
Year ended November 30, 2015:						
Net sales (by location of customer)	**8,733**	**48,132**	**9,902**	**5,262**	**16**	**72,045**
Year ended November 30, 2014:						
Net sales (by location of customer)	8,956	40,839	6,431	4,467	6	60,699

(in thousands of Canadian dollars except where noted and per share amounts)

	November 30, 2015					
	Canada	**United States**	**Asia**	**Europe**	**Other**	**Total**
	$	**$**	**$**	**$**	**$**	**$**
Intangible assets (by location of division)	**96**	**-**	**4**	**-**	**-**	**100**
Plant and equipment (by location of division)	**3,085**	**2,106**	**453**	**-**	**-**	**5,644**

	November 30, 2014					
	Canada	United States	Asia	Europe	Other	Total
	$	$	$	$	$	$
Intangible assets (by location of division)	144	-	4	-	-	148
Plant and equipment (by location of division)	3,477	1,660	506	-	-	5,643

In 2015, there were two customers in the United States that accounted for in total $20,839 of net sales – the largest and the second customer accounted for $12,844 and $7,995 of net sales, respectively (of which 66.5% and 70.7% was in Circuits segment, respectively and the remaining 33.5% and 29.3% in the Aerospace segment, respectively) or approximately 17.8% and 11.1%of the total net sales, respectively during the year ended November 30, 2015.

In 2014, there were two customers in the United States that accounted for in total $17,863 of net sales - the largest and the second customer accounted for $9,110 and $8,753 of net sales, respectively (of which 63.2% and 68.9% was in Circuits segment, respectively and the remaining 36.8% and 31.1% in the Aerospace segment, respectively) or approximately 15.0% and 14.4% of the total net sales, respectively, during the year ended November 30, 2014.

20. EMPLOYEE COMPENSATION

Employee compensation expenses are included in cost of sales and selling, general and administrative expenses in the consolidated statements of earnings. For the year ended November 30, 2015, wages, salaries and related benefits were $28,865 (2014 – $26,312).

21. NON-CONTROLLING INTEREST

Non-controlling interest represents Tianjin Printronics Circuit Corp.'s ("TPC") share in the joint venture between the Corporation and TPC.

	November 30, 2015	November 30, 2014
	$	$
Opening balance	**15**	48
Share of net earnings (loss) for the year	**11**	(35)
Currency translation adjustment	**3**	2
Closing balance	**29**	15

CORPORATE DIRECTORY

DIRECTORS

Robert J. Beutel
Chairman, Firan Technology Group Corporation, and Executive Officer, Oakwest Corporation Limited

Bradley C. Bourne
President and Chief Executive Officer
Firan Technology Group Corporation

Edward C. Hanna
Corporate Director

Ray G. Harris
Corporate Director and Independent Consultant

David F. Masotti
Corporate Director and Business Consultant

David J. McLeish
Corporate Director

OFFICERS

Bradley C. Bourne
President and Chief Executive Officer
Firan Technology Group Corporation

Joseph R. Ricci
Vice-President, Chief Financial Officer and Secretary
Firan Technology Group Corporation

CORPORATE HEAD OFFICE

Firan Technology Group Corporation
250 Finchdene Square
Toronto, Ontario M1X 1A5
Canada
Tel: 416-299-4000
Fax: 416-299-1140
Toll free: 1-800-258-5396
Website: www.ftgcorp.com

GENERAL COUNSEL

Blake Cassels & Graydon LLP
P.O. Box 25
Commerce Court West
Toronto, Ontario M5L 1A9
Canada

TRANSFER AGENT

CST Trust Company
P.O. Box 700, Station B
Montreal, QC H3B 3K3
Canada
Toll free: 1-800-387-0825
Email: inquiries@canstockta.com

AUDITORS

BDO Canada LLP
TD Bank Tower
66 Wellington Street West
Suite 3600, PO Box 131
Toronto, Ontario M5K 1H1
Canada

STOCK LISTING

The Corporation's shares are traded on the Toronto Stock Exchange under the symbol FTG

ANNUAL GENERAL MEETING

All shareholders and other interested parties are cordially invited to attend the Annual General Meeting of Shareholders on:

April 20, 2016, 10:30am (Toronto Time)
at the Toronto Board of Trade
77 Adelaide St. W., First Canadian Place, 3rd Floor
Ridout Room
Toronto, Ontario

Partners in Performance

HEAD OFFICE:

Firan Technology Group Corporation
250 Finchdene Square
Toronto, Ontario M1X 1A5
Canada
Tel: 416-299-4000
Fax: 416-299-1140
Toll free: 1-800-258-5396
Website: www.ftgcorp.com

Circuits Facilities:

FTG Circuits – Toronto
250 Finchdene Square
Toronto, Ontario M1X 1A5
Canada
Tel: 416-299-4000
Fax: 416-299-1140
Toll Free: 1-800-258-5396

FTG Circuits – Chatsworth
20750 Marilla St.
Chatsworth, California
USA 91311
Tel: 818-407-4024
Fax: 818-407-4034

FTG Printronics Circuits Ltd.
Suite 209-210, Area A-1
No 53 Hanghai Rd.,
Airport Industrial Park,
Tianjin, P.R. China, 300308
Tel: 86-(0) 22-84918133

Aerospace Facilities:

FTG Aerospace – Toronto
10 Commander Blvd.
Toronto, Ontario M1S 3T2
Canada
Tel: 416-438-6076
Fax: 416-438-8065

FTG Aerospace – Chatsworth
20740 Marilla St.
Chatsworth, California
USA 91311
Tel: 818-407-4024
Fax: 818-407-4034

FTG Aerospace – Tianjin
225 Jinger Road
Aviation Industry Zone
Building 2 Block 1-B
Tianjin Airport Economic Area
Tianjin, P.R. China, 300308
Tel: 86-(0) 22-84476268