CARMANAH TECHNOLOGIES CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2016

May 5, 2016

About this MD&A

This Management Discussion and Analysis ("MD&A") discusses the consolidated financial condition and operating performance for Carmanah Technologies Corporation (the "Company") and should be read together with our condensed consolidated interim financial statements for the three months ended March 31, 2016, and our audited consolidated financial statements for the year ended December 31, 2015. References to the "Company", "Carmanah", "we", "us" or "our" are to be taken as references to Carmanah Technologies Corporation These documents, along with additional information about our Company, including the Annual Report, Annual Information Form, and so forth, are available at www.carmanah.com and www.sedar.com. This document contains forward-looking information qualified by reference to the forward-looking statements in the next section.

Unless otherwise indicated, all financial information presented in this MD&A is in our functional and presentation currency, United States of America ("US") dollars, and has been prepared in accordance with International Financial Reporting Standards ("IFRS"). Section 6.2 outlines any relevant recent or pending accounting policy developments that may impact our financials.

Our consolidated financial statements include our accounts and those of our wholly-owned subsidiaries, Carmanah Solar Power Corporation, Carmanah Technologies (US) Corporation, and Sol, Inc. ("Sol"). The statements also include the results from the Sabik Group of Companies ("Sabik", "Sabik Group", or the "Group") acquired on July 2, 2015. The Sabik Group includes Sabik Oy, Sabik Offshore GmbH, Sabik Pte Ltd, Sabik Limited and Sabik Offshore Limited.

Our disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported to our senior management on a timely basis so that appropriate decisions can be made regarding public disclosure. Our management determines whether or not information is material based on whether they believe a reasonable investor's decision to buy, sell or hold securities in our Company would likely be influenced or changed if the information were omitted or misstated. The MD&A and the consolidated financial statements were reviewed by our Audit Committee and approved by our Board of Directors. This MD&A is prepared as of May 5, 2016.

Our management reports on certain non-IFRS measures which are used to evaluate financial performance. As non-IFRS measures generally do not have a standardized meaning and therefore may not be comparable to similar measures presented by other issuers, securities regulations require non-IFRS measures to be clearly defined, qualified and reconciled with their nearest IFRS measure. See Section 8 for the definition, calculation and reconciliation of these figures.

Caution regarding forward-looking statements

Certain statements in this Management Discussion & Analysis ("MD&A") are forward-looking statements that involve risks and uncertainties. Forward statements are often, but not always, identified by words such as "may", "would", "could", "will", "intend", "should", "expect", "plan", "anticipate", "believe", "estimate", "predict", "potential", "continue" and similar expressions. Forward-looking statements in this MD&A include, but are not limited to:

- statements relating to the expected growth opportunities and commercial acceptance and demand for on-grid and off-grid LED (Light-emitting diode) lighting systems;
- continued government subsidies for solar grid-tie projects;
- the successful development of new and innovative products to help penetrate new geographic markets;
- the future success of our recent restructuring initiative and our ability to produce positive operating income;
- the outcome of claims and lawsuits;
- our belief that we are well-positioned to support the continued rapid development of the systems the Ontario Power Authority FIT Program facilitates and our continued monitoring of opportunities in other jurisdictions;
- our intention to be a leader or top contender in each of the market segments we operate within and our specific plan to achieve that goal;
- our belief that the signals industry is ready for consolidation;
- our plan to explore synergy opportunities that may exist in overlapping product lines, commercial efficiencies, R&D projects and potentially manufacturing competencies;
- our belief that the signals industry is ready for consolidation and that "connected" devices are likely to be data gateways that provide a variety of sensor data that will increase safety and further reduce operating costs;
- our expectation that the current installed base of signaling products will become obsolete and result in increases in growth rates for the signals industry;
- our expectation of growth in solar LED illumination;
- our expectation that manufacturing costs will continue to improve as solar becomes increasingly competitive with other forms of power generation and our positive outlook for solar power businesses
- our plan to continue to pursue several significant portfolios of FIT (defined below) 4.0 projects which we hope to secure in and begin build out in the latter half of 2016; and
- our expectation that a majority of the On-Grid receivables will be collected in 2016.

By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and a number of factors could cause actual results or events to differ materially from those anticipated in such forward looking statements. Although the forward-looking statements contained in this MD&A are based upon what we believe to be reasonable assumptions, prospective investors cannot be assured that actual results will be consistent with these forward-looking statements. In evaluating these statements, readers should specifically consider various factors, including, but not limited to, the risks discussed under the heading "Risk Factors" in our annual information form dated March 29, 2016. Additionally, factors that could cause or contribute to such differences include, but are not limited to, the following:

- actions of competitors, including competitors with greater name recognition and financial resources;
- our ability to keep pace with rapid changes in lighting technology and evolving industry standards;
- competition with other energy sources;
- slower than anticipated adoption of off-grid LED lighting technology;
- our ability to manage expansion effectively;
- fluctuation in foreign currency exchange rates;
- our reliance on third party manufacturers;
- our reliance on sales agents and third parties with whom we have developed strategic relationships to sell our products, particularly in niche markets and developing and emerging economies;
- our reliance on key employees;
- intellectual property risks;
- environmental and regulatory compliance;
- our reliance on government contracts and subsidies, such as the Ontario, Canada Feed-in Tariff ("FIT") program;
- problems with product quality or reliability;
- downturns in general economic and market conditions;
- our ability to maintain adequate liquidity or raise additional capital when needed;
- risk that we may become involved in disputes, litigation or arbitration proceedings; and
- geopolitical or other global or local events.

Except as otherwise indicated, forward-looking statements do not reflect the potential impact of any non-recurring or other unusual items or of any dispositions, mergers, acquisitions, other business combinations or other transactions that may be announced or that may occur after the date hereof. The financial impact of these transactions and non-recurring and other unusual items can be complex and depends on the facts particular to each of them. Carmanah therefore cannot describe the expected impact in a meaningful way or in the same way the Company presents known risks affecting its business.

Readers should not place undue reliance on forward-looking statements. The forward-looking statements in this MD&A are made as of the date hereof. We do not assume any obligation to update the forward-looking information contained in this MD&A other than as required by applicable laws (including without limitation Section 5.8(2) of National Instrument 51-102 Continuous Disclosure Obligations).

1. FINANCIAL HIGHLIGHTS

Financial Highlights for the Three Months Ended March 31, 2016 and 2015

(US$ thousands, unless noted otherwise)	Three months ended March 31, 2016	2015	Change
Consolidated statements of income			
Revenue	19,449	11,314	71.9%
Gross margin %	35.0%	35.1%	0.1%
Operating expenditures	(5,017)	(3,393)	47.9%
Other recoveries/(expenses)	465	(546)	NA
Net income	1,697	30	5,556%
Consolidated statement of cash flows			
Cash provided/(used) in operating activities	479	(16)	NA
Cash used in investing activities	(137)	(255)	(46.3%)
Cash provided in financing activities	519	-	NA
Other measures			
Adjusted EBITDA *	2,491	1,481	68.2%

**Adjusted EBTIDA is non-IFRS measures see section 8 for definition.*

Our first quarter 2016 revenues were $19.4 million, up 72% or $8.1 million from the first quarter of 2015. This revenue growth was the result of several factors including:

- The inclusion of revenues generated by the Sabik Group of Companies of $5.8 million in the first quarter. These revenues are now inclusive of the historic Carmanah marine aids-to-navigation business which is now fully integrated into Sabik Marine results;
- Organic growth of $0.7 million, or 23% on the balance of Carmanah Signals segment revenues;
- Organic growth of $4.4 million, or 72% in our Power segment; and
- A decline in Illumination Division revenues of $0.6 million, or 30%.

Overall, our gross margin for the three months ended March 31, 2016 was 35.0%, down slightly from 35.1% in the same period in 2015.

Operating costs in the first quarter of 2016 were $5.0 million, up 48% from $3.4 million in the same period in 2015. This increase is mainly due to the inclusion of $1.8 million of operating costs associated with the Sabik Group of Companies, which we acquired on July 2, 2015. Excluding the impact of Sabik, operating costs were down $0.2 million overall, with slightly higher development expenditures offset by lower sales, marketing and G&A costs.

Other income was $0.5 million for the three months ended March 31, 2016, up from a loss of $0.5 million in the same period of 2015. These amounts are primarily related to merger and due diligence costs, interest expense and foreign exchange gains or losses. In 2016, we recognized a foreign exchange gain of $0.7 million, compared to a foreign exchange loss of $0.4 million in the first quarter of 2015.

Overall, net income was $1.7 million in Q1 2016, compared to net income of $0.03 million in the same period in 2015. The increase is attributable to (1) the acquisition of Sabik, which contributed net income of $0.8 million in the quarter, and (2) the impact of foreign exchange gains and losses. Adjusted EBITDA for Q1 2016 was $2.5 million, up from $1.5 million, or 68%, over the same period in 2015. The effect of operating efficiencies and synergies are becoming evident by our strong Adjusted EBITDA. We expect additional operational leverage as we grow revenues.

2. OUR BUSINESS

Headquartered in Victoria, British Columbia, Carmanah produces a portfolio of products focused on energy optimized LED and solar technologies. We design, develop and distribute energy efficient LED solutions for infrastructure including: signaling systems for the marine aids to navigation, airfield ground lighting, offshore wind marking, aviation obstruction and traffic markets. Carmanah's product portfolio also includes industrial and commercial solar powered outdoor LED lighting systems, and solar on and off-grid power generation systems. Since 1996, we have earned a global reputation for delivering strong and effective products for industrial applications that perform reliably in some of the world's harshest environments. Our LED and solar power systems provide durable, dependable, efficient and cost-effective solutions which have been deployed in over 400,000 installations in 110 countries. The Carmanah brand portfolio includes Go Power! and recently acquired companies, Sol and Sabik.

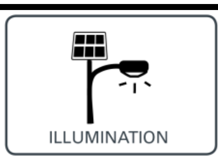
We manage our business within three reportable segments: "Signals", "Illumination", and "Power". The Signals segment includes results from our Airfield Ground Lighting, Aviation Obstruction, Offshore Wind Marine and Traffic verticals, including the results of our recent acquisition of Sabik. The Illumination segment refers to results from our Outdoor Lighting business and includes the results from the recent acquisition of Sol. The Power segment includes results from our On-Grid and Off-Grid verticals. The following provides an overview of these segments and their associated underlying verticals.

Signals

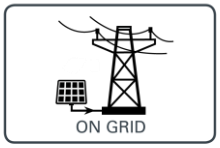
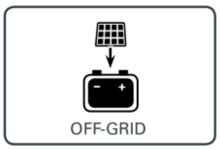
	Our Airfield Ground Lighting vertical specializes in solving the airfield lighting challenges encountered by clients in off-grid or weak-grid locations. Our self-contained solar airfield lights support daily flight operations at helipads and airstrips in demanding environments around the globe from South Africa to the Jordanian desert and northern Alaska. Our aviation customers include both military and civilian airports. Our main competitors in our airfield market include Avlite Systems Pty Ltd and Metalite Aviation Lighting, a trading division of Aeronautical & General Instruments Limited.
	Our Aviation Obstruction vertical provides practical and cost-effective solutions for ground hazard marking, fence and barricade lighting, way-finding, railway blue flag protection, equipment marking and more. Through rugged and wire-free designs our self-contained, solar powered obstruction lights and hazard markers are ideally suited to withstand the harsh environments typically encountered in oil and gas development projects, mining operations and other industrial development sites across all regions of the globe. Our main competitors in our Obstruction sector include Orga BV, Dialight PLC and Flash Technology LLC.
	Our Offshore Wind vertical, operating through our 100% owned Germany subsidiary, Sabik Offshore GmbH, specializes in providing marine aids to navigation solutions for offshore wind farms, providing both temporary (construction phase) and permanent marking. We provide high-quality systems and services that meet demanding safety and efficiency requirements which can stand up to the rigor of harsh environments, having been tested extensively in the Baltic and North Seas since 2008. Our NAi (Navigational Aids Interface) offers a unique and innovative marking and monitoring solution for all wind project types. Our main offshore wind competitors include Pintsch Aben BV, Sealite Pty Ltd, MSM Spain SLL, Mobilis SAS and Vega Industries Inc.
	Since initially working with the Canadian and US Coast Guards to create a new generation of aids-to navigation lanterns, the Carmanah Marine division has become an established supplier to Coast Guards, marine authorities, navies and ports around the globe. The purchase of the Sabik Group in 2015 cemented our vision to deliver one of the most comprehensive lines of short and long-range marine navigation aids on the market. Carmanah's main competitors in the Marine market include Sealite Pty Ltd, Vega Industries Inc, and Tideland Signals Corporation.
	Carmanah solar flashing beacons have been in use across North America for well over a decade, working as reliably in the harsh winter climates of Ohio as they do in the hot Florida sun. Departments of transport, traffic agencies, and active transportation groups continue to call on Carmanah beacons when they are looking for reliable, cost-effective products backed by a friendly and knowledgeable team of experts. Products include pedestrian crosswalk signals, school zone flashers and 24-hr roadway beacons. Our main competitors to our Traffic vertical include JS Foster Corporation and TAPCO (Traffic & Parking Control Company Inc).

The product offering across the Signals segment verticals are similar in nature and share common technology, form factor and components. These products are often used in a variety of applications with little or no modifications. They are also manufactured in a similar fashion and have common distribution channels and routes to markets.

Illumination

	Our Outdoor Lighting vertical, including the recent acquisition of Sol, has one of the largest solar outdoor lighting installation bases in the world. We have over 70,000 installations in more than 65 countries and 24 years of solar lighting experience and as a result have a significant amount of brand equity under both the Carmanah and Sol names. Products are used in general illumination applications for pathways, parking lots, and pedestrian areas, as well as highway/street lighting and perimeter lighting. Our outdoor lighting department serves local and federal government facilities, government ministries, departments of defense, private utilities (power and lighting), highway concession owners, national and multi-national commercial facilities and public institutions. Our main competitors in the North American market within outdoor lighting are Solar Electric Power Company (SEPCO) and Solar One Solutions Inc. Internationally we have variety of competitors operating in different areas of the world.

Power

	Our On-Grid vertical is focused on the development and construction of commercial solar grid-connected systems. It is operated through our Ontario, Canada based subsidiary, Carmanah Solar Power Corporation ("CSPC"). Over the past decade, we have installed utility connected systems with aggregate capacity of more than five megawatts across more than 70 installations, amassing the broadest range of installation type and complexity of any EPC provider in Canada. Currently this business is primarily focused on the Ontario market due to a Feed-in-Tariff ("FIT") program introduced there by the provincial government. As a leading Solar EPC Services provider, we believe we are well-positioned to support the continued rapid development of the systems the Ontario Power Authority FIT Program facilitates. We continue to monitor opportunities in other jurisdictions beyond the Ontario market. Our main competitors include Panasonic Eco Solutions Canada Inc., RESCo Energy Inc. and Deltro Electric Ltd.
	Marketed under the Go Power! brand, our Off-Grid vertical provides solar kits, solar panels, inverters, chargers, batteries and other power accessories for the RV, utility and fleet vehicles, and marine markets. Our sales are made through an established channel of dealers, distributors and agents throughout the US and Canadian markets, through Amazon.com and Amazon.ca, a large online retailer, and on an OEM basis to major new motorhome manufacturers. Operationally we utilize several 3rd party manufacturers and logistics warehouses to stock and distribute associated inventory. Some of our Off-Grid competitors are Xantrex Technologies a division of Schneider Electric SE and Samlex America Inc.

As we explore new opportunities in the Power segment, we have begun to classify these businesses as either "On-Grid" (systems that tie into the electrical grid) or "Off-Grid" (systems that are not generally tied to the electrical grid). The range and extent of product customization and services rendered for customers varies substantially in this segment.

Our long term growth plan is to become the global leader in solar LED signaling and lighting for infrastructure through the provision of lower cost and environmentally sensitive solutions. We will attain these leadership positions either through organic growth and/or acquisitions which will enable us to obtain appropriate economies of scale. In the near term we intend to:

- sustain organic growth by adding to our global distribution network leading the "Internet of Things" revolution in our signals and lighting product portfolio through connectivity and cloud-based data management and control; and
- solidifying our market position through strategic acquisitions that serve to broaden our product offering and extend distribution.

3. OPERATIONAL AND BUSINESS HIGHLIGHTS

Our 2016 operational and business highlights are discussed below.

In late April 2016, we were successful in settling our lawsuit against Royal & Sun Alliance Insurance Company of Canada ("RSA") and Integro (Canada) Ltd. ("Integro") operating as Integro Insurance Brokers. The lawsuit had been filed against RSA in an effort to obtain coverage of the claims brought in the US and indemnity of defence costs incurred in the US litigation described in section 5.5. The lawsuit against Integro was for negligence for failing to notify RSA of the above-noted US claims in a timely manner. The settlement was reached after mediation which resulted in an offer by the defendants to pay cover CAD $0.5 million for past defense costs and damages. Further RSA has agreed to cover 70% of future defense costs incurred on a go forward basis. However, in the event that the underlying action proceeds to trial and a verdict is rendered, a reallocation of the go forward defense costs may occur. We accepted this offer on April 29, 2016 and we expect to receive the funds and recognize the associated gain during the second quarter of 2016.

4. FINANCIAL RESULTS

As previously noted, the information presented in the sections below have been derived from, and should be read in conjunction with our condensed consolidated interim financial statements for the three months ended March 31, 2016.

4.1. Three months ended March 31, 2016 and 2015

Revenue and gross margin

	Three months ended March 31,		
(US$ thousands, unless noted otherwise)	2016	2015	Change
Revenues			
Signals	10,400	4,826	115.5%
Power	7,589	4,399	72.5%
Illumination	1,460	2,089	(30.1%)
Total revenue	**19,449**	**11,314**	**71.9%**
Gross margin %			
Signals	45.5%	43.4%	2.1%
Power	20.2%	28.8%	(8.6%)
Illumination	36.4%	29.0%	7.5%
Total Gross margin %	**35.0%**	**35.1%**	**(0.1%)**

Consolidated revenues for the three months ended March 31, 2016 were $19.4 million, up 72% or $8.1 million over the same period in 2015. Approximately $5.8 million of this revenue growth was due to the inclusion of revenues from Sabik, which was acquired July 2, 2015. Overall, our gross margin for the three months ended March 31, 2016 was 35.0%, down slightly from 35.1% in the same period in 2015. The following section summarizes the changes by segment.

- **Signals Segment**
  Revenues for the first quarter of 2016 were $10.4 million, up 116% from $4.8 million in the same period in 2015. This revenue growth was the result of (1) the inclusion of revenues generated by the Sabik Group of Companies of $5.8 million in the first quarter which are inclusive of the historic Carmanah marine aids to navigation business which is now fully integrated into Sabik Marine results, and (2) organic growth of $0.7 million, or 23% on the balance of Carmanah Signals segment revenues. Gross margin % within Signals for the first quarter of 2016 was 45.5%, up from 43.4% in the same period of 2015. Gross margins within Offshore, Marine (which includes Sabik Marine), and Airfield Ground Lighting have been trending upwards, due to increased focus on operational efficiencies and improved discipline on sales initiatives. Gross margin % in our Traffic and Obstruction markets have declined slightly due to our efforts to secure higher sales and a bigger share of the market. Future development and manufacturing initiatives are planned that should reduce manufacturing costs and improve margins in the medium term.

- **Power Segment**
  Revenues for the first quarter of 2016 were $7.6 million, up 73% from $4.4 million in the same period in 2015. This increase is due to higher sales in both On-Grid and Off-Grid segments. On-Grid project sales benefited from a large backlog of projects carried over from December 31, 2015, and we expect strong sales in the coming quarters as we continue to secure new contracts. Within our Off-Grid vertical, sales have continued to grow as a result of increased sales efforts, the introduction of new products and the development of new markets. Gross margin % within Power for the first quarter of 2016 was 20.2%, down 8.6% from the same period in 2015. This decrease was largely due to cost overruns on a number of projects within our On-Grid segment, as previously discussed in our 2015 year-end disclosures. Gross margins are expected to improve as we begin working on new contracts.

- **Illumination Segment**
  Revenues for the first quarter of 2016 were $1.5 million, down 30% from $2.1 million in the same period in 2015. This decrease is largely due to the timing of larger projects, with fewer of them in Q1 2016, rather than a general slowdown in sales or a trend of losing projects to competitors. Order bookings were fairly strong in the quarter, with the business carrying a backlog of $2.4 million into Q2 2016, compared to $0.9 million at the beginning of the year. Gross margin % within Illumination in the first quarter of 2016 was 36.4%, up from 29.0% in the same period of 2015.

Sales by Geographic Region

Approximately 35.0% of our revenues for the first quarter of 2016 were from outside North America, up significantly from 11.6% in the same period in 2015. This increase is mainly due to the inclusion of Sabik since the majority of their sales are in Europe.

Operating expenses

	Three months ended March 31		
(US$ thousands, unless noted otherwise)	2016	2015	Change
Sales and marketing	1,626	1,282	26.8%
Research and development	903	450	100.7%
General and administration	2,488	1,277	94.8%
Other operating expenditures	-	384	(100%)
Total operating expenditures	**5,017**	**3,393**	**47.9%**
Operating expenses (excluding "other" expenditures) as % of sales*	25.8%	30.0%	(4.2%)
Non-cash items:			
Amortization	*386*	*148*	*160.8%*
Stock-based payments	*269*	*136*	*97.8%*

** A Non-IFRS measure*

Our total operating expenses for the three months ended March 31, 2016 were $5.0 million, up 48% from $3.4 million in the same period in 2015. This increase is mainly due to the inclusion of $1.8 million of operating costs associated with the Sabik Group of Companies, which we acquired on July 2, 2015. Excluding the impact of Sabik, operating costs were down $0.2 million.

Sales and Marketing
Our sales and marketing expenses for the three months ended March 31, 2016 were $1.6 million, up 27% from $1.3 million from the same period in 2015. This increase is primarily due to the inclusion of Sabik, which added approximately $0.4 million for the quarter. Carmanah core sales and marketing expenditures were down by about $0.1 million. This is due to lower sales salaries costs due to a reduction in the number of sales positions in our Illumination segment as our integration associated with Sol was not completed until Q2 2015.

Research, Engineering and Development
Our research, engineering and development expenses for the three months ended March 31, 2016 were $0.9 million, up 101% from $0.4 million from the same period in 2015. About $0.3 million of this increase is due to the inclusion of Sabik's development expenditures. Development costs within Carmanah's historical businesses were up approximately $0.2 million over prior year due to an expanded focus on development initiatives resulting in an increase in the number of development staff and the number of ongoing projects.

General and Administration
Our general and administration ("G&A") expenses for the three months ended March 31, 2016 were $2.5 million, up 95% from $1.3 million in the same period in 2015. This increase is largely due to the inclusion of Sabik's G&A expenses of $1.1 million in the first quarter of 2016. The amortization of acquired intangibles made up approximately $0.2 million of this amount. Non-Sabik G&A expenses are comparable to the prior year.

Other Operating Expenditures
In Q1 2015, we recognized $0.4 million in Other Operating Expenditures which primarily related to inventory write-offs associated with the integration of Sol and closure of their manufacturing facility. Normally our policy is to classify inventory write downs within cost of sales. A departure from this practice was deemed appropriate by management in this case due to the unusual nature of the write-down rather than a reflection of normal operations.

Other income (expense)

Other income was $0.5 million for the three months ended March 31, 2016 compared to a loss of $0.6 million in the same period of 2015. These amounts are primarily related to merger and due diligence costs, interest expense and foreign exchange gains or losses. In Q1 2016, we recognized a foreign exchange gain of $0.7 million, compared to a foreign exchange loss of $0.4 million in the Q1 2015. These amounts primarily arise from the revaluation of our foreign denominated working capital, and in Q1 2016 we benefited from a strengthening Canadian dollar. In 2016 we also recognized $0.1 million of costs relating to M&A activity and $0.1 million in interest expenses.

Income taxes

For the three months ended March 31, 2016, we recognized income tax expense of $0.6 million, compared to nil in the same period in 2015. No amounts were recorded in Q1 of 2015 as we had not yet recognized our tax assets. The 2016 amount relates to our estimate of income taxes attributable to the year. Actual cash taxes payable will be substantially less due to our utilization of our investment tax credits.

4.2. Quarterly trends

(US$ thousands, except EPS amounts)	2016 Q1	2015 Q4	2015 Q3	2015 Q2	2015 Q1	2014 Q4	2014 Q3	2014 Q2
Revenue	19,449	21,327	19,850	15,715	11,314	13,451	12,168	8,994
Gross margin	6,802	6,889	6,637	5,412	3,969	4,614	4,302	3,261
Gross margin %	35.0%	32.3%	33.4%	34.4%	35.1%	34.3%	35.4%	36.3%
Normal operating costs	(5,017)	(5,884)	(6,009)	(3,256)	(3,009)	(3,869)	(3,613)	(2,846)
Other operating Recovery/(expenses)	-	182	-	4,188	(384)	(312)	-	122
Other income (expense)	465	(669)	(1,008)	(1,517)	(546)	(183)	(494)	(99)
Income tax (expense)/recovery	(553)	83	97	5,505	-	34	-	-
Net income/(loss)	1,697	601	(283)	10,332	30	284	195	438
EPS – Basic	0.07	0.02	(0.01)	0.48	0.00	0.02	0.01	0.04
EPS– Diluted	0.07	0.02	(0.01)	0.47	0.00	0.02	0.01	0.04
EBITDA[(1)]	3,017	1,527	1,181	5,135	314	535	400	604
Adjusted EBITDA *	2,491	2,505	2,084	2,499	1,481	1,234	1,121	843

***** *EBITDA and Adjusted EBTIDA are non-IFRS measures see section 8 for definition.*

Our quarterly revenues naturally fluctuate within our business segments primarily due to product mix and the nature of our sales within our market segments. A large portion of our revenues are derived from infrastructure projects that often have longer tender processes and fluctuating timelines. This is most pronounced within our On-Grid, Airfield Ground Lighting, Offshore, and Illumination businesses and to a lesser extent within our Marine and Traffic verticals. Off-Grid revenues are more seasonal in nature with higher sales in the first two quarters of the year as our distributors gear up for the busier spring and summer periods. The reasons for the larger quarterly swings in revenue are explained below:

- Q1 2015 revenue trended downward due to the timing of project deliveries within our Aviation Obstruction and On-Grid verticals, pushing revenues into Q2 2015.
- Q2 2015 revenues were substantially over trend. This is partly due to the carry-over of projects noted in the previously bullet. It is also due to a general upwards swing in business across most of our business lines as a result of continued investment and expanded sales and marketing efforts.
- Q3 and Q4 2015 revenues trended upward due to the acquisition of Sabik on July 2, 2105. During the third and fourth quarters, the Sabik entities contributed $6.0 million and $8.4 million, respectively, to our total revenue.
- Q1 2016 aggregate revenues were in line with management's expectations.

Our gross margin on a quarterly basis is variable and reflects the mix of products and any inventory adjustments/write-offs that are tied to changes in component pricing, technology, and product offering/design.

Operating costs increased substantially in Q3 of 2014, with the acquisition of Sol resulting in the pick-up of their costs in the third and fourth quarters of 2014. Operating costs in Q1 2015 dropped off with the elimination of a large portion of Sol's overhead and back office functions. Operating costs increased slightly in Q2 2015, partly due to the expansion of our executive and management teams to position ourselves for future growth. The large increase during Q3 2015 was due to the acquisition of Sabik, which added a number of new office locations and approximately 70 employees, with about 50 of those expensed within operating costs. Also included was $0.9 million of amortization associated with the backlog acquired from Sabik which was fully shipped by the end of Q4 2015. Operating costs were lower in the first quarter of 2016, primarily due to the drop off of amortization associated with intangibles acquired in the Sabik acquisition.

Other operating expenditures are operating costs that are non-recurring in nature and have been separated to better highlight their impact and magnitude. Other operating expenditures in 2014 included restructuring charges of $0.3 million in Q4 2014 and a recovery of restructuring expenses in Q2 2014 due to a change in plans for elimination of positions in the company. Other operating expenditures in Q1 2015 primarily related to a $0.3 million write off of inventory associated with the integration of Sol and closure of their manufacturing facility. A further $0.1 million was incurred in Q2 2015 relating to Sol as final integration occurred during the quarter. In Q2 2015, we recognized a $4.2 million recovery associated with the recognition of our Investment

Tax Credits which were previously not recorded. In the fourth quarter of 2015 we recognized a further $0.2 million of Investment Tax Credits which were not previously recognized.

Our other income (expense) has fluctuated significantly over the quarters. Other income (expense) includes various non-operating items such as foreign exchange gains and losses, acquisition costs, and other items. The second quarter of 2014 included costs associated with the acquisition of Sol, partially offset by foreign exchange gains. The fluctuations in Q3 2014 and Q1 2015 were largely driven by foreign exchange losses. Other expenses in Q2 2015 relate to foreign exchange losses on foreign denominated working capital and also merger, acquisition and due diligence costs associated with the acquisition of Sabik, which closed on July 2, 2015. Other expenses in Q3 2015 primarily relate to foreign exchange losses of $0.5 million and additional M&A costs of $0.5 million which mainly relate to the Sabik acquisition. In Q1 2016, we had a recovery of $0.5 million which was primarily driven by foreign exchange gains due to the impact of a strengthening Canadian dollar on our Canadian denominated working capital.

5. LIQUIDITY, CAPITAL RESOURCES AND OTHER DISCLOSURES

5.1. Summary of consolidated statement of cash flows

Three months ended March 31 *(US$ thousands, unless noted otherwise)*	2016	2015	Change
Net Cash provided by/(used in) operating activities	479	(16)	NA
Net Cash used in investing activities	(137)	(255)	46.3%
Net Cash provided from financing activities	519	-	NA
Net Effect of exchange rate changes on cash	231	(279)	NA
Total increase/(decrease) in cash	**1,092**	**(550)**	**NA**

Cash used in operating activities

During the three months ended March 31, 2016, cash provided by our operating activities, excluding changes in working capital, was $2.7 million, up from $0.6 million in the same period in 2015. This is largely due to stronger earnings in 2016 and to a lesser extent higher non-cash expenditures (amortization and share-based payments). Changes in non-cash working capital were negative $2.2 million in the first quarter of 2016, down from negative $0.6 million in the same period in 2015. We actively manage our working capital by monitoring inventory turnover data, collection of accounts receivable, and taking advantage of trade discounts and/or extended payment terms granted by suppliers.

Cash used by investing activities

During the three months ended March 31, 2016, cash used for investing activities was $0.1 million, up from $0.2 million in the same period in 2015. These amounts primarily relate to software additions as we have worked to improve our ERP, CRM and other supporting systems.

Cash provided from financing activities

During the three months ended March 31, 2016, cash provided from financing activities was $0.5 million, up from Nil in the same period of 2015. The 2016 amounts relate to proceeds from the exercise of broker warrants and employee stock options, which amounted to $1.0 million, offset by debt repayments of $0.5 million.

5.2. Liquidity and capital resource measures

On March 31, 2016, our overall working capital was $32.1 million, up from $28.3 million at December 31, 2015.

In the past, our primary source of liquidity has been from equity issuances and, to a lesser extent, our credit facility, which is discussed in the section below. We believe we have sufficient capital resources and liquidity to run our current business for the foreseeable future. Future acquisitions could require that we raise additional equity or debt.

5.3. Credit facilities

In early 2015, we signed a new credit facility (the "Facility") with the Canadian Imperial Bank of Commerce ("CIBC"). The multifaceted Facility provides credit up to $25.75 million through (i) a $10 million 364-Day Revolving Credit, (ii) a $10 million term acquisition credit, (iii) $3.75 million credit of Letters of Credit, and (iv) $2.0 million for trading room and other liabilities. Our ability to draw on the 364-Day revolving credit, the credit for the letters of credit, and credit for trading room contingent liabilities is subject to certain covenants. Access to the term acquisition credit facility required CIBCs review and approval of the specific acquisition transaction.

On June 25, 2015, we obtained approval from CIBC to draw on the term acquisition credit for the Sabik acquisition as outlined in Section 3. On June 30, 2015, a total of $10 million was drawn on the facility in anticipation of closure of the acquisition. The associated debt is repayable on a monthly basis over a five-year term and is broken into two $5 million tranches, both of which are repayable on demand. The first tranche is supported by a 100% guarantee from Export Development Canada and carries an interest rate of US LIBOR plus 1.5%. The EDC fees associated with their guarantee is approximately 4.5% per annum on the outstanding balance. The second tranche carries and interest rate of US LIBOR plus 3.5%.

The Facility is secured by a General Security Agreement and share pledges of the Company's subsidiaries. The Company is also subject to financial covenants and reporting requirements typical of a facility of this nature.

At March 31, 2016, the principal amount outstanding on the $10 million term acquisition loan was $8.5 million.

The Sabik Group of Companies has access to an operating line and loan with Nordea, a Finnish financial institution. This debt is secured by Carmanah through a letter of credit drawn from the CIBC credit facility noted above. In March 2016, the Company's German entity, Sabik Offshore GmbH, secured a new credit facility with the Deutsche Bank (the "Deutsche Facility"). The Deutsche Facility provides credit up to €3.0 million through €2.0 million of revolving credit and €1.0 million for guarantees and was secured to support ongoing working capital needs. Interest on the revolving credit facility is variable and is based on EURIBOR plus 1.5%. The Deutsche Facility has been guaranteed through a €2.0 million Letter of Credit issued on the CIBC Facility and a security over inventory within Sabik Offshore GmbH. At March 31, 2016, no amounts had been drawn on the new revolving credit facility.

5.4. Contractual obligations and commitments

We have a number of contract manufacturers who build and supply our manufactured products. Our agreements with these contract manufacturers generally require us to be liable for inventory and outstanding committed purchase orders they have outstanding to support our business. If one of these agreements is terminated, we would be required to purchase the associated underlying inventory or arrange for a new contract manufacturer to acquire and hold it in a similar capacity. At present, we are dealing with two significant contract manufacturers, Creation Technologies LP and Star Precision Fabricating Ltd. We previously had Flextronics as our main contract manufacturer; however, we have now fully moved manufacturing away from that facility. Under the terms of the contract manufacturing agreements, we are required to purchase excess raw inventory which arises in situations where our demand forecasts for particular products is less than actual use or sales in a given period. At March 31, 2016, our contract manufacturers held approximately $1.1 million (December 31, 2015 - $1.5 million) in inventory and $0.8 million (December 31, 2015 - $0.7 million) in outstanding committed purchase orders.

Future commitments and contractual obligations that were outlined in our annual MD&A remain largely unchanged.

5.5. Claims and lawsuits

On July 18, 2013, we were named in a United States District Court lawsuit filed by R.D. Jones, Stop Experts, Inc., and RRFB Global, Inc. (all of which are related parties – collectively the "Plaintiffs") alleging patent infringement with respect to a specific flash pattern used with respect to our solar powered flashing beacons for the traffic safety market and other claims relating to advertising and business practices. Various actions have been taken in regards to this matter, including an unsuccessful application by the Plaintiffs for a temporary restraining order and a motion for a preliminary injunction and a countersuit against the Plaintiffs with respect to a similar patent we hold. In early 2014, our application to re-examine a number of aspects of the Plaintiffs patent was accepted by the U.S. patent office. The U.S patent offices' review of the Plaintiffs patent resulted in many of the aspects of the patents being rejected. The Plaintiff have appealed this judgment. Pending that review the court proceedings have been stayed. The outcome of this case is not certain and we intend to continue to defend ourselves and file additional responses to the Court as required. As the outcome of these matters is not currently determinable, no provision has been made at March 31, 2016.

In early March 2015, we filed a civil lawsuit in the Supreme Court of British Columbia against Royal & Sun Alliance Insurance Company of Canada ("RSA") and Integro (Canada) Ltd. ("Integro") operating as Integro Insurance Brokers. The lawsuit has been filed against RSA in an effort to obtain coverage of the claims brought in the US and indemnity of defence costs incurred in the US litigation. The lawsuit against Integro is in negligence for failing to notify RSA of the above-noted US claims in a timely manner. The lawsuit seeks a declaration of coverage and to recover legal defence costs with respect to the US litigation. In late April 2016, we reached a settlement with the defendants during mediation as described in sections 5.11 and 3.

5.6. Contingent liability

None

5.7. Off balance sheet arrangements

We have not entered into any off balance sheet arrangements other than standard office/facility lease agreements and vendor managed inventory as noted under section 5.4, Contractual obligations and commitments.

5.8. Financial instruments and other instruments

The fair value of our accounts receivable, accounts payable and accrued liabilities approximates their carrying value due to the immediate or short-term maturity of these financial instruments.

We are exposed to foreign exchange risks as we transact business and have working capital denominated in multiple currencies. We attempt to minimize our exposure through managing our working capital and entering into foreign exchange products or contracts when are where appropriate.

5.9. Related party transactions

None.

5.10. Proposed transaction

None.

5.11. Subsequent events

As described in section 3, on April 29, 2016, we successfully settled the lawsuit we had launched against RSA and Integro to obtain insurance coverage associated with the R.D Jones lawsuit described in section 5.5. Under the settlement, we will receive CAD $0.5 million for past defense costs and damages. Further RSA has agreed to cover 70% of future defense costs incurred on a go forward basis. However in the event that the underlying action proceeds to trial and a verdict is rendered, a reallocation of the go forward defense costs may occur.

Outstanding share data

Our common shares trade on the Toronto Stock Exchange ("TSX") (TSX: CMH), and as at March 31, 2016 we had 24,882,904 fully issued and outstanding common shares. The following table summarizes the outstanding shares, options and other outstanding stock units stated in CAD.

	As at				
	May 5, 2016	March 31, 2016	December 31, 2015	September 30, 2015	June 30, 2015
Share price – closing (CAD$)	4.19	5.42	5.68	5.57	6.70
Market capitalization (CAD $ in thousands)	103,519	134,865	139,822	136,913	156,718
Outstanding					
Shares	24,884,442	24,882,904	24,616,600	24,580,406	23,390,811
Options	1,887,718	1,999,868	2,052,620	2,164,183	2,006,608
Warrants	-	79,860	319,440	319,440	319,440

6. CRITICAL ACCOUNTING ESTIMATES AND ACCOUNTING POLICY DEVELOPMENTS

6.1. Critical accounting estimates

Our financial statements are prepared in accordance with IFRS. The application of IFRS requires that we make estimates that affect our reported amounts of assets and liabilities and the disclosure of contingencies at the date of the financial statements and the reported amounts of revenues and expenses during the period. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances. We evaluate our estimates and assumptions on an ongoing basis. Our actual results may differ significantly from these estimates. Unless otherwise noted the estimates are inclusive all of our reportable market segments described in section 2.

The significant accounting policies and estimates are discussed below:

Accounting policy	Estimates
Warranty provision	A provision for future potential product warranty costs is included in cost of goods sold based primarily on prior warranty experience regarding cost of claims and expected product returns. These future product warranty costs include costs associated with repair or replacement of products returned under warranty. Actual future costs in support of these claims may differ from those estimates. We review the provision quarterly and adjust it prospectively. The total provision as at March 31, 2016 was $1.2 million, unchanged from December 31, 2015.

Valuation of inventory	We evaluate inventory balances at each balance sheet date and record a provision as necessary for slow moving or obsolete inventory. In performing this review we consider such factors as forecasted sales, demand requirements, product lifecycle and product development plans, quality issues, and current inventory levels. If future demand or market conditions for our products are less favorable than forecasted or if unforeseen technological changes occur, we may be required to record a write-down that would negatively affect gross margins in the period when the write-downs are recorded and our operating results and financial position could be adversely affected. At March 31, 2016 our inventory provision was approximately $0.2 million, down from $0.3 million from December 31, 2015.
Allowance for doubtful accounts	We record an allowance for doubtful accounts related to trade accounts receivable. This allowance is based on our knowledge of the financial condition of our customers, the aging of the receivables, the current business environment and historical experience. A change in one or more of these factors could impact the estimated allowance and provision for bad debts recorded. At March 31, 2016, our allowance for doubtful accounts was $0.1 million, unchanged from December 31, 2015.
Forfeiture rates associated with share-based payments	In determining share-based payments expense, we make estimates related to forfeiture rates for each specific grant. Forfeiture rates are used to estimate the number of awards that are expected to vest considering employee turnover rates. The changes in estimates are recognized in the statement of income (loss) and total comprehensive income (loss) in the year that they occur. Current forfeiture rates applied to grants range from 14% to 26% and vary depending upon the employee make-up of the associated grants.
Impairment of assets	Each year we make significant judgments in assessing if goodwill, tangible or intangible assets have suffered an impairment loss. Our impairment analysis involves the use of an income approach that relies on estimating the future net cash flows and applying the appropriate discount rate to those future cash flows. Significant management judgment is necessary to evaluate the impact of operating and economic changes on each CGU or underlying asset. Critical assumptions include projected sales growth and market opportunities, future profitability of system sales, operating and administrative expense, capital expenditures, an appropriate discount rate, and in some situations the cost of disposal. In 2015, there were no impairment losses and management believes there have been no impairment indicators in the first part of 2016. Our impairment analysis at December 31, 2015 involved the use of income approach that relied on estimating the future net cash flows and applying an appropriate discount rate to those future cash flows. This approach employed the following key assumptions: anticipated sales growth in key markets, changes in gross margins due to pricing changes for materials and the cost of manufacturing, changes in operating and administrative expenses, anticipated capital expenditures, and an appropriate discount rate. The forecast period utilized in the analysis covered 2016 through 2020. Key drivers in this assessment include anticipated overall sales growth, estimated to be between 3% - 10% a year, a terminal growth rate of between 2% - 4% and a weighted average cost of capital of 14.5%. The analysis indicated an excess over carrying value of $6.4 million for Sol and $19.1 million for Sabik. Management considers the future sales growth rate a key factor in this analysis. In 2015 and Q1 2016, there were no impairment losses.
Revenue recognition	Our On-Grid vertical includes revenues from projects including both good and services. Revenue is recognized on a percentage of completion basis at the measurement of total costs, including internal labour hours completed and external costs. At the start of each project the hours to complete and total external costs are estimated and revised periodically as the project progresses. An external labour rate is then applied to hours completed at the end of each reporting period to determine internal costs and added to external costs to determine the amount of revenue to recognize in accordance with the contracts in place. As a result of the above revenue recognition approach, we will at times have unbilled receivables that arise when project revenues are earned prior to our ability to invoice in accordance with the contract terms. These amounts are disclosed on the Consolidated Statement of Financial Position.
Fair values of assets and liabilities acquired	In a business combination, we acquire various assets and assume certain liabilities of an acquired entity. The estimate of fair values for these transactions involves judgment in determining the fair values assigned to the tangible and intangible assets (e.g. technology,

in business combinations	brand, order backlog, etc.) acquired and the liabilities assumed on the acquisition. The determination of these fair values involves a variety of assumptions, including estimates surrounding costs to acquire or reproduce a similar asset, expected cash flows, discount rates, etc. Contingent consideration resulting from business combinations is recorded at fair value at the acquisition date as part of the business combination based on expected discounted cash flows, and is subsequently remeasured to fair value at each reporting date with any subsequent change in fair value recognized in the Consolidated Statement of Earnings and Comprehensive Income. During 2015, significant judgment was required to determine the fair value associated with the acquisition of Sabik, which was acquired on July 2, 2015. The transaction was described in Section 3 above. The determination of the purchase price and the associated allocation within our December 31, 2015 audit financial statements and our March 31, 2016 unaudited financial statement are preliminary and are subject to change. The following are the major areas of judgement in the accounting for the acquisition: • The value of the 1,180,414 shares issued on July 2, 2015 was determined to be $4.5 million. If these shares were valued as per the closing price on July 2, 2015, it would have been $6.4 million based on the closing share price of $6.79 CAD and a US/CAD exchange rate of 0.7958. However, 948,842 of the shares issued were subject to an escrow or hold period, with approximately 118,605 shares being released from the hold period every three months over a two-year period. As a result, the fair value of these shares has been adjusted downward utilizing a Black Scholes model calculation. The major assumptions for this calculation related to an estimate of our share price volatility, which ranged from 59.5% to 85.8% in the calculations utilized. • We have made a number of estimates and judgements with respects to intangible assets that have been recognized as a result of the acquisition. The major items recognized include Sabik's sales order backlog, product development assets, customer lists and other similar intangibles.

6.2. Future changes in accounting policies

Certain pronouncements have been issued by the International Accounting Standards Board ("IASB") or the International Financial Reporting Interpretations Committee ("IFRIC") that will become effective in future accounting periods. The following is a summary of significant standards that may have an impact on our future financial statements.

- IFRS 9, Financial Instruments ("IFRS 9") – replaces IAS 39, Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 simplifies the classification and measurement requirements for financial instruments, which replaces the multiple classification and measurement models in IAS 39. It is anticipated that these changes would be effective for annual periods beginning on or after January 1, 2018, with earlier adoption permitted.
- IFRS 15, Revenue from Contracts with Customers ("IFRS15"). IFRS 15 clarifies the principles for recognizing revenue and cash flows arising from contracts with customers. It is anticipated this changes will be effective for annual periods beginning on or after January 1, 2017, although this was tentatively pushed back to January 1, 2018 at the IASB's meeting on April 28, 2015.
- IFRS 16, Leases ("IFRS 16"). IFRS 16 replaces IAS 17. Under IFRS 16, a lease will exist when a customer controls the right to use an identified asset as demonstrated by the customer having exclusive use of the asset for a period of time. IFRS 16 introduces a single accounting model for lessees and all leases will require an asset and liability to be recognized on the Statement of Financial Position at inception. The accounting treatment for lessors will remain largely the same as under IAS 17. The standard is effective for annual periods beginning on or after January 1, 2019 with early adoption permitted, but only if the entity is also applying IFRS 15.

We are assessing the impact that these standards will have on our consolidated financial statements.

6.3. Disclosure controls and internal controls over financial reporting

Disclosure controls and procedures ("DC&P") have been designed to provide reasonable assurance that information required to be disclosed is accumulated and communicated to management as appropriate to allow timely decisions regarding required disclosure. ICFR have been designed to provide reasonable assurance regarding the reliability of financial reporting. Pursuant to Multilateral Instrument 52-109, the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), collectively referred to as Officers, are responsible for overseeing the establishment and maintenance of disclosure controls and procedures as well as internal controls over financial reporting.

Disclosure controls

Our officers and management have evaluated the effectiveness of our DC&P as at March 31, 2016 as required by Canadian securities laws. The evaluation approach involved looking at the size, nature and state of development of the business and thus used a top down risk-based approach to focus evaluation on areas that were deemed to provide the greatest risk to a material misstatement. Our evaluation also took into account our corporate disclosure procedures and the functioning of our Officers, other executive officers, management, Board of Directors, and Audit Committee. Based on this evaluation, our Officers concluded that the Company's disclosure controls and procedures were effective, at a reasonable assurance level, to ensure that material information relating to the Company and its consolidated subsidiaries would be made known to them by others within those entities, particularly during the period in which the MD&A and the Consolidated financial statements contained in this report were being prepared.

Internal control over financial reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Due to its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Management has assessed the effectiveness of the Company's internal control over financial reporting using the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control – Integrated Framework (2013). Based on this assessment, management has determined that the Company's internal control over financial reporting was effective as of March 31, 2016.

Limitation on scope of design

Prior to the third quarter of 2015, the scope of DC&P and ICFR has been limited to exclude controls, policies and procedures of Sol which was acquired on July 2, 2014. During the second quarter of 2015, we completed the integration of all of Sol's significant processes and as a result we are no longer relying on the associated scope limitation. However, we are relying on the same scope limitation for both DC&P and ICFR surrounding the Sabik acquisition, which closed on July 2, 2015. We are currently assessing Sabik's processes, procedures and associated controls with the aim of removing the scope limitation as soon as possible.

7. RISKS AND RISK MANAGEMENT

In the course of our operations, we are exposed to various business risks and uncertainties that can affect our financial condition. While some financial exposures are reduced through insurance, hedging and other risk management measures we have in place, there are certain cases where the market and operating risks are driven by external factors beyond our influence and control. A discussion of certain risks that may affect us is included in our annual MD&A and Annual information form.

8. DEFINITIONS AND RECONCILIATIONS

EBITDA and Adjusted EBITDA

For the three months ended March 31, 2016, we are disclosing EBITDA and adjusted EBITDA, both of which are non-IFRS financial measures, as supplementary indicators of operating performance. We define EBITDA as net income or loss before interest, income taxes, amortization, and non-cash stock based compensation. Adjusted EBITDA removes unusual or non-operating items from EBITDA, such as merger and acquisition costs, restructuring charges, asset write offs, and foreign exchange gains and losses. We are presenting the non-IFRS financial measures in our filings because we use them internally to make strategic decisions, forecast future results and to evaluate our performance. We are also presenting these measures because we believe that our current and potential investors and many analysts use it to assess our current and future operating results and to make investment decisions. EBITDA and Adjusted EBITDA are not intended as a substitute for IFRS measures.

EBITDA reconciliations	Three months ended March 31,	
(US$ in thousands)	2016	2015
Net income	1,697	30
Add/(deduct):		
Interest	112	-
Income taxes	553	-
Amortization	386	148
Non-cash stock based compensation	269	136
EBITDA*	**3,017**	**314**
Merger and acquisition costs	135	62
Foreign exchange (gain)/loss	(666)	443
Extraordinary legal costs	5	1
Restructuring and asset write offs	-	661
Adjusted EBITDA*	**2,491**	**1,481**

* A Non-IFRS measure *defined above*

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