CALIAN

NEWS RELEASE

IMMEDIATE RELEASE

CALIAN REPORTS FOURTH QUARTER RESULTS

(All amounts in this release are in Canadian Dollars)

Ottawa, Ontario – November 10, 2015: Calian Technologies Ltd. (TSX.CTY) today released unaudited results for the fourth quarter ended September 30, 2015.

The Company reported revenues for the quarter of $60.9 million, a 12% increase from the $54.4 million reported in the same quarter of the previous year. For the year ended September 30, 2015 the Company reported revenues of $242.3 million, a 15% increase compared to revenues of $211.3 million in the prior year.

EBITDA[(1)] for the fourth quarter was $4.9 million, compared to $4.5 million in the same quarter of the previous year and for the year ended September 30, 2015, EBITDA[(1)] was $17.2 million, compared to $16.2 million in the prior year.

Net profit for the fourth quarter was $2.9 million or $0.39 per share basic and diluted, compared to $2.6 million or $0.35 per share basic and diluted in the same quarter of the previous year. On a year-to-date basis, net profit was $9.8 million or $1.33 per share basic and diluted compared to net profit of $10.6 million or $1.44 per share basic and diluted in the previous year. Adjusted Net Profit[(1)] for the fourth quarter was $3.1 million or $0.43 per share basic and diluted, compared to $2.8 million or $0.38 per share basic and diluted in the same quarter of the previous year. On a year-to-date basis, adjusted net profit[(1)] was $10.8 million or $1.48 per share basic and diluted compared to $10.7 million or $1.45 per share basic and diluted in the previous year.

[(1)] See caution regarding non-GAAP measures at the end of this press release

"Our 12% improvement in revenues this quarter is a reflection of the revenue growth in both divisions – 24% growth in our Systems Engineering Division (SED) revenues and 8% growth in our Business and Technology Services (BTS) division. We experienced organic growth in all of our services this quarter with the BTS division also obtaining strong support from our recent acquisitions. Cash flows continue to improve with an increase in EBITDA this quarter compared to the prior year" stated Jacqueline Gauthier, CFO.

"Our full year revenue attainment of $242 million represents a 15% increase year over year and the highest revenue level for Calian in our 33 year history" stated Kevin Ford, President and CEO. "Despite challenging market conditions I am very proud of the team's efforts to execute our growth strategy, increase cash earnings by more than $1 million and continue to provide a solid return to our shareholders, paying $8.3 million in dividends this year" continued Ford.

"Calian is a diverse company and our growth strategy is to embrace this diversity through management focus and the execution of the key components of our strategy – customer retention, customer diversification, evolution of our service lines and continuous process improvement. Combined with a strong backlog, a high customer satisfaction rate and an incredibly talented and dedicated team, I am very excited about Calian's potential" stated Ford.

"To reflect this diversity and although the company still has very deep technology roots, with expansion into areas such as healthcare and training, management has obtained board agreement to ask for shareholder approval to rename Calian Technologies Ltd. to Calian Group Ltd. to more accurately reflect the current business activities of the Company. Shareholder approval will be solicited during our next Annual Meeting of Shareholders to be held February 5, 2016" continued Ford.

During fiscal 2016, management will continue to focus on its key strategic initiatives. Traditional markets in which Calian operates in have stabilized recently and management expects revenue and earnings growth will be achieved organically in most or all of its service lines through the successful execution of our growth strategy. However, we must caution that revenues realized are ultimately dependent on the extent and timing of future contract awards as well as customer utilization of existing contracting vehicles. Based on currently available information and our assessment of the marketplace, we expect revenues for fiscal 2016 to be in the range of $250 million to $280 million, net profit per share in the range of $1.40 to $1.70 per share and adjusted net profit[(1)] in the range of $1.49 to $1.79 per share.

Caution regarding non-GAAP measures:

This press release is based on reported earnings in accordance with IFRS. Reference to generally accepted accounting principles (GAAP) means IFRS, unless indicated otherwise. This press release is also based on non-GAAP financial measures including EBITDA, adjusted net profit and adjusted net profit per share. These non-GAAP measures are mainly derived from the interim consolidated financial statements, but do not have a standardized meaning prescribed by IFRS; therefore, others using these terms may calculate them differently. Management believes that providing certain non-GAAP performance measures, in addition to IFRS measures, provides users of our financial reports with enhanced understanding of our results and related trends and increases transparency and clarity into the core results of our business. Refer to the MD&A for definitions of these metrics and reconciliations to the most comparable IFRS measures.

About Calian

Calian employs over 2,300 people with offices and projects that span Canada, U.S. and international markets. The company's capabilities are diverse and include the provision of business and technology services to industry and government in the health, training, engineering and IT services domains as well as the design, manufacturing and maintenance of complex systems to the communications and defence sectors. Calian's services are delivered through two divisions. The Business and Technology Services (BTS) Division is located in Ottawa. This division delivers outsourcing services for a variety of technical and professional functions and provides health services to numerous domestic customers. Our strength lies in understanding clients' needs, recruiting highly qualified personnel who understand and meet those needs, and then effectively managing those personnel within our customers' framework. Calian's Systems Engineering Division (SED) located in Saskatoon plans, designs and implements complex communication systems for many of the world's space agencies and leading satellite manufacturers and operators. SED also provides contract manufacturing services for both private sector and military customers in North America.

For further information, please visit our website at www.calian.com, or contact us at ir@calian.com

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DISCLAIMER

Certain information included in this press release is forward-looking and is subject to important risks and uncertainties. The results or events predicted in these statements may differ materially from actual results or events. Such statements are generally accompanied by words such as "intend", "anticipate", "believe", "estimate", "expect" or similar statements. Factors which could cause results or events to differ from current expectations include, among other things: the impact of price competition; scarce number of qualified professionals; the impact of rapid technological and market change; loss of business or credit risk with major customers; technical risks on fixed price projects; general industry and market conditions and growth rates; international growth and global economic conditions, and including currency exchange rate fluctuations; and the impact of consolidations in the business services industry. For additional information with respect to certain of these and other factors, please see the Company's most recent annual report and other reports filed by Calian with the Ontario Securities Commission. Calian disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. No assurance can be given that actual results, performance or achievement expressed in, or implied by, forward-looking statements within this disclosure will occur, or if they do, that any benefits may be derived from them.

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CALIAN TECHNOLOGIES LTD.
UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
As at September 30, 2015 and 2014
(Canadian dollars in thousands)

	NOTES	September 30, 2015	September 30, 2014
ASSETS			
CURRENT ASSETS			
Cash		$ 10,624	$ 25,200
Accounts receivable		50,494	39,249
Work in process		17,431	12,590
Prepaid expenses		1,449	1,700
Derivative assets	8	424	191
Total current assets		80,422	78,930
NON-CURRENT ASSETS			
Equipment		5,245	3,615
Application software		377	518
Acquired intangible assets	10	4,246	5,750
Goodwill		12,037	12,037
Total non-current assets		21,905	21,920
TOTAL ASSETS		$ 102,327	$ 100,850
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Accounts payable and accrued liabilities		$ 25,582	$ 24,013
Unearned contract revenue		6,980	5,141
Derivative liabilities	8	751	473
Total current liabilities		33,313	29,627
NON-CURRENT LIABILITIES			
Deferred tax liabilities		299	1,672
Total non-current liabilities		299	1,672
TOTAL LIABILITIES		33,612	31,299
SHAREHOLDERS' EQUITY			
Issued capital	5	20,673	20,161
Contributed surplus		458	336
Retained earnings		50,633	49,128
Accumulated other comprehensive loss		(3,049)	(74)
TOTAL SHAREHOLDERS' EQUITY		68,715	69,551
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		$ 102,327	$ 100,850

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.

CALIAN TECHNOLOGIES LTD.
UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF NET PROFIT
For the three and twelve-month periods ended September 30, 2015 and 2014
(Canadian dollars in thousands, except per share data)

	NOTES	Three months ended September 30, 2015	Three months ended September 30, 2014	Year ended September 30, 2015	Year ended September 30, 2014
Revenues		$ 60,944	$ 54,430	$ 242,253	$ 211,257
Cost of revenues		50,163	44,349	200,742	172,147
Gross profit		10,781	10,081	41,511	39,110
Selling and marketing		898	762	3,904	3,379
General and administration		4,030	3,874	16,924	16,141
Facilities		947	920	3,461	3,374
Depreciation		309	280	1,285	1,077
Amortization		358	378	1,431	924
Deemed compensation related to acquisitions	10	267	267	1,069	429
Bargain purchase gain	10	-	-	-	(330)
Profit before interest income and income tax expense		3,972	3,600	13,437	14,116
Interest income		10	57	87	271
Profit before income tax expense		3,982	3,657	13,524	14,387
Income tax expense – current		1,172	1,234	4,068	4,085
Income tax expense – deferred		(67)	(152)	(311)	(279)
Total income tax expense		1,105	1,082	3,757	3,806
NET PROFIT FOR THE PERIOD		**$ 2,877**	**$ 2,575**	**$ 9,767**	**$ 10,581**
NET PROFIT PER SHARE:					
Basic	6	$ 0.39	$ 0.35	$ 1.33	$ 1.44
Diluted	6	$ 0.39	$ 0.35	$ 1.33	$ 1.44

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.

CALIAN TECHNOLOGIES LTD.
UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the three and twelve-month periods ended September 30, 2015 and 2014
(Canadian dollars in thousands)

	NOTES	Three months ended September 30, 2015	Three months ended September 30, 2014	Year ended September 30, 2015	Year ended September 30, 2014
NET PROFIT FOR THE PERIOD		$ 2,877	$ 2,575	$ 9,767	$ 10,581
Other comprehensive income, net of tax					
Change in deferred gain or loss on derivatives designated as cash flow hedges, net of tax of $693 and $1,081 (2014 - $253 and $65)		(1,908)	(697)	(2,975)	180
Other comprehensive income (loss) , net of tax		(1,908)	(697)	(2,975)	180
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**$ 969**	**$ 1,878**	**$ 6,792**	**$ 10,761**

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.

CALIAN TECHNOLOGIES LTD.

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the years ended September 30, 2015 and 2014
(Canadian dollars in thousands, except per share data)

	Notes	Issued capital	Contributed surplus	Retained earnings	Cash flow hedging reserve	Total
Balance October 1, 2014		$ 20,161	$ 336	$ 49,128	$ (74)	$ 69,551
Total comprehensive income		-	-	9,767	(2,975)	6,792
Dividends ($1.12 per share)		-	-	(8,262)	-	(8,262)
Issue of shares under the employee stock purchase plan	5	413	-	-	-	413
Issue of shares under the stock option plan	5	99	(6)			93
Share based compensation expense	5	-	128	-	-	128
Balance September 30, 2015		**$ 20,673**	**$ 458**	**$ 50,633**	**$ (3,049)**	**$ 68,715**

	Notes	Issued capital	Contributed surplus	Retained earnings	Cash flow hedging reserve	Total
Balance October 1, 2013		$ 19,746	$ 216	$ 47,089	$ (254)	$ 66,797
Total comprehensive income		-	-	10,581	180	10,761
Dividends ($1.12 per share)		-	-	(8,263)	-	(8,263)
Issue of shares under the employee stock purchase plan	5	465	-	-	-	465
Share based compensation expense	5	-	120	-	-	120
Share repurchase	5	(174)	-	(1,102)	-	(1,276)
Share purchase agreement - reclassification	5	124	-	823	-	947
Balance September 30, 2014		**$ 20,161**	**$ 336**	**$ 49,128**	**$ (74)**	**$ 69,551**

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.

CALIAN TECHNOLOGIES LTD.
UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended September 30, 2015 and 2014
(Canadian dollars in thousands)

	NOTES	Year ended September 30, 2015	Year ended September 30, 2014
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES			
Net profit for the period		$ 9,767	$ 10,581
Items not affecting cash:			
Interest income		(87)	(271)
Income tax expense		3,757	3,806
Employee stock purchase plan and option plan compensation expense		187	188
Depreciation and amortization		2,716	2,001
Deemed compensation related to acquisitions		1,069	429
Bargain purchase gain		-	(330)
		17,409	16,404
Change in non-cash working capital			
Accounts receivable		(10,445)	3,252
Work in process		(4,840)	(2,826)
Prepaid expenses		251	570
Accounts payable and accrued liabilities		(3,072)	(3,496)
Unearned contract revenue		1,838	1,083
		1,141	14,987
Interest received		87	287
Income tax paid		(4,083)	(3,836)
		(2,855)	11,438
CASH FLOWS USED IN FINANCING ACTIVITIES			
Issuance of shares	5	442	388
Dividends		(8,262)	(8,263)
Repurchase of shares		-	(1,276)
		(7,820)	(9,151)
CASH FLOWS USED IN INVESTING ACTIVITIES			
Equipment and application software expenditures		(2,701)	(1,188)
Acquisitions	10	(1,200)	(5,681)
		(3,901)	(6,869)
NET CASH OUTFLOW		**$ (14,576)**	**$ (4,582)**
CASH, BEGINNING OF PERIOD		25,200	29,782
CASH, END OF PERIOD		$ 10,624	$ 25,200

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.

CALIAN TECHNOLOGIES LTD.
NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the three and twelve-month periods ended September 30, 2015 and 2014
(Canadian dollars in thousands, except per share amounts)
(Unaudited)

1. BASIS OF PREPARATION

Calian Technologies Ltd. ("the Company") is incorporated under the Canada Business Corporations Act. The address of its registered office and principal place of business is 340 Legget Drive, Ottawa, Ontario K2K 1Y6. The Company's capabilities include the provision of business and technology services to industry and government in the health, IT services and training domains as well as the design, manufacturing and maintenance of complex systems to the communications and defence sectors.

These unaudited interim condensed consolidated financial statements are expressed in Canadian dollars and have been prepared in accordance with International Accounting Standard ("IAS") 34 – Interim Financial Reporting, as issued by the International Accounting Standard Board ("IASB"). These unaudited interim condensed consolidated financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") and in accordance with the accounting policies the Company adopted in its annual consolidated financial statements for the year ended September 30, 2014 and should be read in conjunction with the audited consolidated financial statements and notes thereto included in the Company's Annual Report for the year ended September 30, 2014. These unaudited interim condensed consolidated financial statements do not include all of the information required in annual financial statements.

These unaudited interim condensed consolidated financial statements were authorized for issuance by the Board of Directors on November 10, 2015.

2. FUTURE CHANGES IN ACCOUNTING POLICIES

IFRS 15 Revenue from Contracts with Customers

In April 2014, the IASB released IFRS 15 – *Revenue from Contracts with Customers*. The Standard replaces IAS11 *Construction Contracts and* IAS18 *Revenue*, providing a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 is effective for annual periods beginning on or after January 1, 2018. The Company has not yet assessed the impact of the adoption of this standard on its consolidated financial statements.

IFRS 9 Financial instruments

IFRS 9 was issued by the International Accounting Standards Board ("IASB") in November 2009 and October 2010, was amended in 2013 and finalized in July 2014 and will replace IAS 39, *Financial Instruments: Recognition and Measurement* ("IAS 39").

IFRS 9 uses a single approach to determine whether a financial instrument is measured at fair value through profit or loss, fair value through other comprehensive income or amortized cost, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of those financial instruments. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. The Company has not yet assessed the impact of the adoption of this standard on its consolidated financial statements.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates:

The preparation of financial statements in conformity with IFRS requires the Company's management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods presented. Actual results could differ from those estimates.

There were no significant changes in estimates or approaches to determining estimates in the periods presented.

4. SEASONALITY

The results of operations for the interim periods are not necessarily indicative of the results of operations for the full year. The Company's revenues and earnings have historically been subject to some quarterly seasonality due to the timing of vacation periods and statutory holidays.

5. ISSUED CAPITAL

Share repurchase

During the three and twelve-month periods ended September 30, 2015, the Company did not acquire any of its outstanding common shares. During the three and twelve-month periods ended September 30, 2014, the Company acquired nil (64,500) of its outstanding common shares at an average price of $nil ($19.79) per share for a total of $nil ($1,276) including related expenses, through normal course issuer bids in place during the years. The excess of the purchase price over the stated capital of the shares was charged to retained earnings.

Employee Stock Purchase Plan

During the years ended September 30, 2015 (2014), the Company issued 19,390 (22,075) shares under the Company's Employee Stock Purchase Plan at an average price of $17.99 ($17.54) for a total of $349 ($388).

Stock options

The Company has an established stock option plan, which provides that the Board of Directors may grant stock options to eligible directors and employees. Under the plan, eligible directors and employees are granted the right to purchase shares of common stock at a price established by the Board of Directors on the date the options are granted but in no circumstances below fair market value of the shares at the date of grant. The plan provides for a 10% rolling maximum number of options available for grant. As at September 30, 2015 (2014), a total of 737,830 (735,390) common shares are reserved for issuance under the plan with 495,000 (415,000) options currently outstanding of which 391,100 (290,600) are exercisable.

The weighted average fair value of options granted during the year ended September 30, 2015 was $0.90 per option calculated using the Black-Scholes option pricing model. Where relevant, the expected life of the options was based on historical data for similar issuance and adjusted based on management's best estimate for the effects of non-transferability, exercises restrictions and behavioural considerations. Expected volatility is based on historical price volatility over the past 5 years. To allow for the effects of early exercise, it was assumed that options would be exercised on average 4.0 years after vesting. The following assumptions were used to determine the fair value of the options granted in 2015:

Grant date share price	$ 17.69
Exercise price	$ 17.69
Expected price volatility	17.6%
Expected option life	4.0 yrs
Expected dividend yield	6.4%
Risk-free interest rate	1.0%
Forfeiture rate	0%

6. NET PROFIT PER SHARE

The diluted weighted average number of shares has been calculated as follows:

	Three months ended September 30		Year ended September 30	
	2015	**2014**	**2015**	**2014**
Weighted average number of shares – basic	7,375,798	7,353,908	7,366,652	7,367,517
Addition to reflect the dilutive effect of employee stock options	-	-	-	-
Weighted average number of shares – diluted	7,375,798	7,353,908	7,366,652	7,367,517

Options that are anti-dilutive because the exercise price was greater than the average market price of the common shares are not included in the computation of diluted earnings per share. For the three and twelve-month period ended September 30, 2015 (2014), 495,000 (155,000) options were excluded from the above computation.

Profit for the period is the measure of profit or loss used to calculate Net profit per share.

7. SEGMENTED INFORMATION

Operating segments are identified as components of an enterprise about which separate discrete financial information is available for evaluation by the chief operating decision maker, regarding how to allocate resources and assess performance. The Company's chief operating decision maker is the Chief Executive Officer. The Company operates in two reportable segments described below, defined by their primary type of service offering, namely Systems Engineering and Business and Technology Services.

- Systems Engineering involves planning, designing and implementing solutions that meet a customer's specific business and technical needs, primarily in the satellite communications sector.
- Business and Technology Services provides business and technology services to industry and government in the health, IT services, training and engineering.

The Company evaluates performance and allocates resources based on earnings before interest income and income taxes. The accounting policies of the segments are the same as those described in Note 2 – Summary of significant accounting policies to the financial statements for the year ended September 30, 2014.

Three months ended September 30, 2015	Systems Engineering	Business and Technology Services	Corporate	Total
Revenues	$ 17,823	$ 43,121	$ -	$ 60,944
Profit before interest income and income tax expense	2,873	1,617	(518)	3,972
Interest income				10
Income tax expense				(1,105)
Net profit for the period				$ 2,877

Three months ended September 30, 2014	Systems Engineering	Business and Technology Services	Corporate	Total
Revenues	$ 14,343	$ 40,087	$ -	$ 54,430
Profit before interest income and income tax expense	2,577	1,620	(597)	3,600
Interest income				57
Income tax expense				(1,082)
Net profit for the period				$ 2,575

Year ended September 30, 2015	Systems Engineering	Business and Technology Services	Corporate	Total
Revenues	$ 70,188	$ 172,065	$ -	$ 242,253
Profit before interest income and income tax expense	10,077	5,461	(2,101)	13,437
Interest income				87
Income tax expense				(3,757)
Net profit for the period				$ 9,767
Total assets other than cash and goodwill	$ 37,488	$ 42,073	$ 105	$ 79,666
Goodwill	-	12,037	-	12,037
Cash	-	-	10,624	10,624
Total assets	$ 37,488	$ 54,110	$ 10,729	$ 102,327
Equipment and intangible expenditures	$ 2,275	$ 426	$ -	$ 2,701

7. SEGMENTED INFORMATION (Continued)

Year ended September 30, 2014	Systems Engineering	Business and Technology Services	Corporate	Total
Revenues	$ 55,413	$ 155,844	$ -	$ 211,257
Profit before interest income and income tax expense	9,451	6,833	(2,168)	14,116
Interest income				271
Income tax expense				(3,806)
Net profit for the period				$ 10,581
Total assets other than cash and goodwill	$ 23,048	$ 40,463	$ 102	$ 63,613
Goodwill	-	12,037	-	12,037
Cash	-	-	25,200	25,200
Total assets	$ 23,048	$ 52,500	$ 25,302	$ 100,850
Equipment and intangible expenditures	$ 978	$ 210	$ -	$ 1,188

8. HEDGING

Foreign currency risk related to contracts

The Company is exposed to foreign currency exchange fluctuations on its cash balance, accounts receivable, accounts payable and accrued liabilities and future cash flows related to contracts denominated in a foreign currency. Future cash flows will be realized over the life of the contracts. The Company utilizes derivative financial instruments, principally in the form of forward exchange contracts, in the management of its foreign currency exposures. The Company's objective is to manage and control exposures and secure the Company's profitability on existing contracts and therefore, the Company's policy is to hedge 100% of its foreign currency exposure. The Company does not utilize derivative financial instruments for trading or speculative purposes. The Company applies hedge accounting when appropriate documentation and effectiveness criteria are met.

The Company formally documents all relationships between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. This process includes linking all derivatives to specific firm contractually related commitments on projects.

The Company also formally assesses, both at the hedge's inception and on an on-going basis, whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items. Hedge ineffectiveness has historically been insignificant.

The forward foreign exchange contracts primarily require the Company to purchase or sell certain foreign currencies with or for Canadian dollars at contractual rates. At September 30, 2015, the Company had the following forward foreign exchange contracts:

Type	Notional	Currency	Maturity	Equivalent Cdn. Dollars	Fair Value September 30, 2015
SELL	53,291	USD	October 2015	$ 71,117	$ 394
SELL	3,391	EURO	October 2015	5,070	30
Derivative assets					$ 424
BUY	26,423	USD	October 2015	$ 35,261	$ 196
SELL	1,000	USD	September 2016	1,335	300
SELL	1,000	USD	September 2017	1,335	254
BUY	63	EURO	October 2015	94	1
Derivative liabilities					$ 751

A 10% strengthening of the Canadian dollar against the following currencies at September 30, 2015 would have decreased other comprehensive income as related to the forward foreign exchange contracts by the amounts shown below.

	September 30, 2015
USD	$ 3,502
EURO	452
GBP	(1)
	$ 3,953

9. CONTINGENCIES

In the normal course of business, the Company is party to business and employee related claims. The potential outcomes related to existing matters faced by the Company are not determinable at this time. The Company intends to defend these actions, and management believes that the resolution of these matters will not have a material adverse effect on the Company's financial condition.

10. ACQUISITIONS

Med-Team Clinic Inc. ("Med-Team")

Effective December 31, 2013, the Company acquired all of the outstanding shares of Med-Team for a purchase price of up to $796 of which $661 was paid on the date of closing. A discounted amount of $134 is payable contingently if Med-Team attains specified levels of EBITDA for the year ended December 31, 2016. Med-Team's principal business activity relates to the management of medical clinics. Med-Team was acquired to expand the Company's health service offerings.

Amtek Engineering Services Ltd. ("Amtek")

Effective April 30, 2014, the Company acquired all of the outstanding shares of Amtek for a purchase price of up to $5,890. Of this amount $3,490 was paid on the date of closing, $600 was placed in escrow and $1,800 was payable contingently.

Under the contingent payment arrangement, the Company is required to pay the former shareholders of Amtek an additional $900 and $900 if Amtek attains specified levels of earnings before interest, taxes, depreciation and amortization (EBITDA) for the years ended April 30, 2015 and 2016 respectively. During the year ended September 30, 2015, the Company paid the full $900 related to the first year earn-out. There are no changes in management's assessment that Amtek can achieve its earn-out target in its second year based on the level of contracts and market share expectations. Amtek's principal business activity relates to the provision of engineering services mainly within the Federal Government. Amtek was acquired to expand the Company's training and support service offerings.

A portion of the amount placed in escrow and a portion of the contingent payment totaling $1,914 are subject to the retention of the principal shareholders for a period of two years. These amounts are deemed to represent deferred compensation payable to such shareholders and therefore are excluded from the total consideration of the purchase and will be expensed in the Company's consolidated statement of net profit as deemed compensation related to acquisitions on a straight-line basis over the retention period.

DWP Solutions Inc. (DWP)

Effective September 30, 2014, the Company acquired all of the outstanding shares of DWP for a purchase price of up to $1,759. Of this amount $750 was paid on the date of closing, $225 was placed in escrow, $109 was paid during the fourth quarter of 2014 and $675 was payable contingently.

Under the contingent consideration arrangement, the Company is required to pay the former shareholders of DWP an additional $300 and $375 if DWP attains specified levels of earnings before interest, taxes, depreciation and amortization (EBITDA) for the years ended September 30, 2015 and 2016 respectively. During the year ended September 30, 2015, the Company paid the full $300 related to the first year earn-out. There are no changes in management's assessment that DWP can achieve its earn-out target in its second year based on the level of contracts and market share expectations. DWP's principal business activity relates to the provision of IT cyber security professionals mainly within the Federal Government. DWP was acquired to expand the Company's IT service offerings.

The amount placed in escrow totaling $225 is subject to the retention of the principal shareholders for a period of two years. This amount is deemed to represent deferred compensation payable to such shareholders and therefore is excluded from the total consideration to the purchase and will be expensed in the Company's consolidated statement of net profit as deemed compensation related to acquisitions on a straight-line basis over the retention period.

Management Discussion and Analysis – September 30, 2015:

(Canadian dollars in thousands, except per share data)

This MD&A is the responsibility of management and has been reviewed and approved by the Board of Directors of the Company. This MD&A has been prepared in accordance with the requirements of the Canadian Securities Administrators. The Board of Directors is responsible for ensuring that we fulfill our responsibilities for financial reporting and is ultimately responsible for reviewing and approving the MD&A. The Board of Directors carries out this responsibility principally through its Audit Committee.

IFRS and non-GAAP measures:

This MD&A contains both IFRS and non-GAAP measures. Non-GAAP measures are defined and reconciled to the most comparable IFRS measure.

RESULTS OF OPERATIONS

Revenues:

For the fourth quarter of 2015, revenues were $60,944 compared to $54,430 reported for the same period in 2014 representing a 12% increase from the prior year. For the year ended September 30, 2015 revenues were $242,253 compared to $211,257 for 2014, an increase of 15%.

Systems Engineering's (SED) revenues were $17,823 in the quarter and $70,188 on a year-to-date basis representing a 24% and 27% increase respectively when compared to the $14,343 and $55,413 recorded for the same periods in the previous year. A significant increase in commercial RF ground systems work was a major contributor to the increase in SED revenues over the previous year. The manufacturing group continued at a steady pace, producing assemblies for Defence programs while continuing to forge a beachhead into the agricultural manufacturing sector. Innovations in our communications product group allowed us to introduce two new test and measurement products into the market.

Business and Technology Services (BTS) revenues were $43,121 in the quarter and $172,065 on a year-to-date basis representing a 8% and 10% increase respectively when compared to the $40,087 and $155,844 recorded for the same periods in the previous year. During the fourth quarter and for the full year of fiscal 2015, revenues from the division's traditional business lines showed an increase compared to the prior year. The balance of the increase in revenues is a reflection of a full year of revenues generated from acquisitions made during fiscal 2014.

Management expects that the marketplace for the near term will continue to be unsettled and very competitive and the timing of new contract awards is always subject to delay. Our backlog provides a reasonable level of revenue assurance on existing contracts and new opportunities continue to arise. Although we continue to focus our efforts on the diversification of our customer base outside of government, the nature and extent of future government spending constraints remain uncertain and therefore, future revenues in this sector will ultimately be determined by customer demand on existing contracts as well as the timing of future contract awards.

Gross margin

Gross margin was 17.7% in the fourth quarter of 2015 and 17.1% on a year-to-date basis compared to the 18.5% recorded for the same periods in the previous year. Both divisions are showing lower gross margins this year.

Gross margin in Systems Engineering was 25.8% in the fourth quarter of 2015 and 23.4% on a year-to-date basis compared to the 28.8% and 27.8% recorded for the same periods in the previous year. The results for this quarter and year-to-date reflect increased competitive pressures, investments made in new product development combined with a project mix biased towards lower-margin materials and subcontracts. Although the mix of revenues will always play a role in the margin ultimately realized, recent investments in new product developments will allow the division to continue to weather the current competitive landscape.

Gross margin in Business and Technology Services was 14.3% in the fourth quarter of 2015 and 14.6% on a year-to-date basis compared to the 14.8% and 15.2% recorded for the same periods in the previous year. The traditional BTS business which is concentrated within the federal government has stabilized in recent quarters but is slightly down form prior year results. In addition, the acquired Amtek and DWP businesses are characterized by lower gross margins but with correspondingly reduced costs of business development and delivery. Accordingly, the inclusion of such revenues also had a dilutive effect on reported margin percentages. While stiff competition on new work is expected to temper any significant near-term improvement, the division continues to evolve it's service offering with a goal to increase gross margins realized in the longer term.

Because of the significant difference in gross margin between each of the two divisions, the overall gross margin of the Company is dependent on the relative level of revenue generated from each division. Management will continue to focus on operational execution and diligent negotiation of supplier costs in order to maximize margins. However, increased competition is expected to maintain the pressure on margins in both divisions. The volatility of the Canadian dollar is always an influencing factor for margins on new work in the SED division when denominated in foreign currencies.

Operating expenses:

For the year ended September 30, 2015, selling and marketing, general and administration and facilities totalled $24,289 or 10.0% of revenues compared to $22,894 or 10.8% of revenues reported in 2014. Operating costs increased in absolute dollars as a result of including the operating costs of recent acquisitions and investing in both business development and service line evolution capabilities. However, with growing revenues, operating costs as a percentage of sales decreased.

EBITDA[(1)]:

EBITDA[(1)] for the fourth quarter was $4,906 compared to $4,525 in the same quarter of the previous year. For the year ended September 30, 2015, EBITDA[(1)] was $17,222 compared to $16,216 in the same period of the previous year.

Depreciation:

For the year ended September 30, 2015, depreciation was $1,285 which is higher than the $1,077 recorded in fiscal 2014 due to capital upgrades made to certain manufacturing assets in the SED division.

Amortization of intangibles:

As a result of the completion of three business acquisitions during fiscal 2014, for the year ended September 30, 2015, amortization of intangibles increased to $1,431 compared to $924 in fiscal 2014.

Deemed compensation related to acquisitions and Bargain purchase gain:

The deemed compensation results from a portion of the purchase price related to the Amtek and DWP acquisitions being deemed as deferred compensation payable to certain shareholders under IFRS and therefore is excluded from the total consideration of the purchase. In addition, as a result of excluding a significant portion of the purchase price in the Amtek acquisition, the identifiable tangible and intangible assets on acquisition were higher than the consideration allocated which resulted in a bargain purchase gain.

For the year ended September 30, 2015, deemed compensation related to acquisition amounted to $1,069 compared to $429 recorded in fiscal 2014. For the year ended September 30, 2015, bargain purchase gain related to acquisition amounted to $nil compared to $330 recorded in fiscal 2014.

Income taxes:

The provision for income taxes was $3,757 or 27.8% of earnings before tax compared to $3,806 in 2014 or 26.5% of earnings before tax. The difference in effective rates is primarily due to the non-deductibility of the deemed compensation amounts referred to in the above paragraph. The effective tax rate for 2016, prior to considering the impact of non-taxable transactions and adjustments to reflect actual tax provision as filed, is expected to be approximately 26.5%.

Net profit:

As a result of the foregoing, in the fourth quarter of 2015 the Company recorded net profit of $2,877 or $0.39 per share basic and diluted, compared to $2,575 or $0.35 per share basic and diluted in the same quarter of the prior year. Adjusted net profit[(1)] for the fourth quarter was $3,144 or $0.43 per share basic and diluted, compared to $2,842 or $0.38 per share basic and diluted in the same quarter of the previous year. For the year ended September 30, 2015 the Company recorded net profit of $9,767 or $1.33 per share basic and diluted, compared to $10,581 or $1.44 per share basic and diluted in the same period of the prior year. Adjusted net profit[(1)] for the year ended September 30, 2015 was $10,836 or $1.48 per share basic and diluted, compared to $10,680 or $1.45 per share basic and diluted in the same period of the previous year.

(1) See reconciliation regarding non-GAAP measures below

Reconciliation of non-GAAP measures to most comparable IFRS measures:

Management believes that providing certain non-GAAP performance measures, in addition to IFRS measures, provides users of the Company's financial reports with enhanced understanding of the Company's results and related trends and increases transparency and clarity into the core results of the business. EBITDA, adjusted net profit and adjusted net profit per share exclude items that do not reflect, in our opinion, the Company's core performance and helps users of our MD&A to better analyze our results, enabling comparability of our results from one period to another.

These non-GAAP measures are mainly derived from the interim consolidated financial statements, but do not have a standardized meaning prescribed by IFRS; therefore, others using these terms may calculate them differently. The exclusion of certain items from non-GAAP performance measures does not imply that these are necessarily non-recurring. From time to time, we may exclude additional items if we believe doing so would result in a more transparent and comparable disclosure. Other entities may define the above measures differently than we do. In those cases, it may be difficult to use similarly named non-GAAP measures of other entities to compare performance of those entities to the Company's performance.

Reconciliation of adjusted net profit	Fourth Quarter 2015	Fourth Quarter 2014	YTD 2015	YTD 2014
NET PROFIT	$ 2,877	$ 2,575	$ 9,767	$ 10,581
Deemed compensation related to acquisitions	267	267	1,069	429
Bargain purchase gain	-	-	-	(330)
Adjusted net profit	$ 3,144	$ 2,842	$ 10,836	$ 10,680

Reconciliation of EBITDA	Fourth Quarter 2015	Fourth Quarter 2014	YTD 2015	YTD 2014
Profit before interest income and income tax expense	$ 3,972	$ 3,600	$ 13,437	$ 14,116
Depreciation	309	280	1,285	1,077
Amortization	358	378	1,431	924
Deemed compensation related to acquisitions	267	267	1,069	429
Bargain purchase gain	-	-	-	(330)
EBITDA	$ 4,906	$ 4,525	$17,222	$ 16,216

BACKLOG

The Company's backlog at September 30, 2015 was $442 million with terms extended to fiscal 2018. This compares to $523 million reported at September 30, 2014. Contracted Backlog represents maximum potential revenues remaining to be earned on signed contracts, whereas Option Renewals represent customers' options to further extend existing contracts under similar terms and conditions.

Most fee for service contracts provide the customer with the ability to adjust the timing and level of effort throughout the contract life and as such the amount actually realized could be materially different from the original contract value. The following table represents management's best estimate of the backlog realization for 2016, 2017 and beyond based on management's current visibility into customers' existing requirements. Management's estimate of the realizable portion (current utilization rates and known customer requirements) is less than the total value of signed contracts and related options by approximately $121 million. The Company's policy is to reduce the reported contractual backlog once it receives confirmation from the customer that indicates the utilization of the full contract value may not materialize.

(dollars in millions)	Fiscal 2016	Fiscal 2017	Beyond 2017	Estimated realizable portion of Backlog	Excess over estimated realizable portion	TOTAL
Contracted Backlog	$ 178	$ 52	$ 18	$ 248	$ 111	$ 359
Option Renewals	13	31	29	73	10	83
TOTAL	$ 191	$ 83	$ 47	$ 321	$ 121	$ 442
Business and Technology Services	$ 145	$ 78	$ 37	$ 260	$ 121	$ 381
Systems Engineering	46	5	10	61	-	61
TOTAL	$ 191	$ 83	$ 47	$ 321	$ 121	$ 442

FINANCIAL CONDITION AND CASHFLOWS

Operating activities:

Cash outflows from operating activities for the year ended September 30, 2015 were $2,855 compared to cash inflows of $11,438 in 2014. Although cash earnings were improved over the prior year, the cash flows have been negatively impacted by the increase in work in process with the SED division continuing to perform work on customer contracts in advance of milestone billings. These variations in cash flows are not considered unusual and reflect normal working capital fluctuations associated with the ebbs and flows of the business. The market for the Systems Engineering Division is characterized by contracts with billings tied to milestones achieved, which often results in significant working capital requirements. Conversely, given the nature of this business, it is sometimes possible to negotiate advance payments on contracts. Such advance payments give rise to unearned revenue that will be realized as revenue over the course of the contract. As at September 30, 2015, the Company's total unearned revenue amounted to $6,980. This compares to $5,141 at September 30, 2014, with the increase primarily attributable to advance billings for work to be performed in a future period.

Financing activities:

During the years ended September 30, 2015 (2014), the Company paid quarterly dividends of $1.12 ($1.12) per share. The Company intends to continue with its quarterly dividend policy for the foreseeable future.

During the years ended September 30, 2015 (2014), the Company repurchased nil (64,500) common shares through its normal course issuer bid at an average price of $nil ($19.79).

Investing activities:

During the years ended September 30, 2015 (2014), the Company paid $1,200 ($5,681) for various acquisitions as described in these financial statements. Also, during the current year, the Company invested $2,645 in capital assets which included significant upgrades to the manufacturing assets in the SED division. Capital acquisitions are expected to revert to normal levels for fiscal 2016.

Capital resources:

At September 30, 2015 the Company had a short-term credit facility of $10,000 with a Canadian chartered bank that bears interest at prime and is secured by assets of the Company. An amount of $75 was used to issue a letter of credit to meet customer contractual requirements. Management believes that Calian has sufficient cash resources to continue to finance its working capital requirements and pay a quarterly dividend.

ADOPTION OF NEW ACCOUNTING RULES AND IMPACT ON FINANCIAL RESULTS

The Company did not adopt any new accounting policies this quarter.

SELECTED QUARTERLY FINANCIAL DATA

	Q4/15	Q3/15	Q2/15	Q1/15	Q4/14	Q3/14	Q2/14	Q1/14
REVENUES	$ 60,944	$ 64,267	$ 61,042	$ 56,000	$ 54,430	$ 53,839	$ 51,186	$ 51,802
EBITDA[1]	$ 4,906	$ 3,970	$ 3,989	$ 4,357	$ 4,525	$ 4,117	$ 3,508	$ 4,066
Net profit	$ 2,877	$ 2,214	$ 2,208	$ 2,468	$ 2,575	$ 2,866	$ 2,364	$ 2,776
Adjusted net profit[1]	$ 3,144	$ 2,482	$ 2,475	$ 2,735	$ 2,842	$ 2,698	$ 2,364	$ 2,776
Net profit per share								
Basic	$ 0.39	$ 0.30	$ 0.30	$ 0.34	$ 0.35	$ 0.39	$ 0.32	$ 0.38
Diluted	$ 0.39	$ 0.30	$ 0.30	$ 0.34	$ 0.35	$ 0.39	$ 0.32	$ 0.38
Adjusted net profit per share[1]								
Basic	$ 0.43	$ 0.34	$ 0.34	$ 0.37	$ 0.39	$ 0.37	$ 0.32	$ 0.38
Diluted	$ 0.43	$ 0.34	$ 0.34	$ 0.37	$ 0.39	$ 0.37	$ 0.32	$ 0.38

SEASONALITY

The Company's operations are subject to some quarterly seasonality due to the timing of vacation periods and statutory holidays. Typically the Company's first and last quarter will be negatively impacted as a result of the Christmas season and summer vacation period. During these periods, the Company can only invoice for work performed and is also required to pay for statutory holidays. This results in reduced levels of revenues and in a drop in gross margins. This seasonality may not be apparent in the overall results of the Company depended on the impact of the realized sales mix of its various projects.

OUTLOOK

Management is confident that the Company is well positioned for sustained growth in the long term. The Company's strong contract backlog provides a solid base for the realization of future revenues. Leveraging the Company's diverse services offerings, the Company operates in global and domestic markets that will continue to require the services that the Company offers. To ensure the Company is positioned to respond to market requirements, the Company will focus on the execution of its four pillar growth strategy:

1. Customer retention: through continued delivery excellence, maintain a valued relationship with current customer base;
2. Customer diversification: through increasing the percentage of its revenues derived from new business in adjacent and non-government markets, balance customer revenue into numerous global and domestic sectors;
3. Service Line Evolution: continue investment in service offerings to increase differentiation and improve gross margin attainment;
4. Continuous Process Improvement: leverage innovation to improve how the company operates with a goal to streamline processes and provide for a scalable back office support capability.

The company has completed four acquisitions in the past 3 years, and will proactively look for companies that can accelerate its growth strategy with a focus on customer diversification and service line evolution.

The SED Division has been working within a sustainable satellite sector and is expecting opportunities to continue to arise as systems adopting the latest technologies will be required by customers wishing to maintain and improve their service offerings and react to an increasing demand for bandwidth. SED continues to invest in communications products, software development and manufacturing equipment to strengthen its competitive position. However in the short-term, activity levels in Custom manufacturing will continue to be directly dependent upon SED's customers' requirements and continuing volatility in orders is anticipated as both government and commercial customers continue to re-examine their traditional spending patterns. The recent delays, deferrals and cancellations of DND capital procurements have created intense competition for available manufacturing work. Finally, changes in the relative value of the Canadian dollar may negatively or positively impact the Systems Engineering Division's competitiveness on projects denominated in foreign currencies.

The BTS Division's services are adaptable to many different markets. Currently, its strength lies in providing program management and delivery services across Canada with a significant portion of this work currently with the Department of National Defence. Recently the division has been successful in diversifying its customer base and evolving its service offerings. As an example the division now provides direct to customer health services through the operation of managed medical clinics as well as onsite health practitioners in the oil and gas sector. Management believes that for the long term, the public and private sector will continue to require health, IT, and training services from private enterprises to achieve their business outcomes. Looking at the current outlook, the results of the recent election and budget balancing initiatives in the federal government may create uncertainty as to the extent of demand from this customer, at least in the short term. With recent investments in sales, marketing, acquisitions and success in new markets outside of the federal government, the division is better positioned to manage through these downturns. Recent acquisitions have also bolstered the division's performance and it is expected that overall, the acquired companies will continue to meet and exceed the financial targets established as part of the acquisitions.

GUIDANCE

During fiscal 2016, management will continue to focus on its key strategic initiatives. Traditional markets in which Calian operates in have stabilized recently and management expects revenue and earnings growth will be achieved organically in most or all of its service lines through the successful execution of our growth strategy. However, we must caution that revenues realized are ultimately dependent on the extent and timing of future contract awards as well as customer utilization of existing contracting vehicles. Based on currently available information and our assessment of the marketplace, we expect revenues for fiscal 2016 to be in the range of $250 million to $280 million, net profit per share in the range of $1.40 to $1.70 per share and adjusted net profit[(1)] in the range of $1.49 to $1.79 per share.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

During the most recent interim quarter ended September 30, 2015, there have been no changes in the design of the Company's internal controls over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

FORWARD-LOOKING STATEMENT

Certain information included in this management discussion and analysis is forward-looking and is subject to important risks and uncertainties. The results or events predicted in these statements may differ materially from actual results or events. Such statements are generally accompanied by words such as “intend”, “anticipate”, “believe”, “estimate”, “expect” or similar statements. Factors which could cause results or events to differ from current expectations include, among other things: the impact of price competition; scarce number of qualified professionals; the impact of rapid technological and market change; loss of business or credit risk with major customers; technical risks on fixed price projects; general industry and market conditions and growth rates; international growth and global economic conditions, currency exchange rate fluctuations; and the impact of consolidations in the business services industry. For additional information with respect to certain of these and other factors, please see the Company’s most recent annual report and other reports filed by the Company with the Ontario Securities Commission. Calian disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. No assurance can be given that actual results, performance or achievement expressed in, or implied by, forward-looking statements within this disclosure will occur, or if they do, that any benefits may be derived from them.

The foregoing discussion and analysis should be read in conjunction with the financial statements for the fourth quarter of 2015, and with the Management Discussion and Analysis in the 2014 annual report, including the section on risks and opportunities.

Date: November 10, 2015