



For Immediate Release: February 1, 2016

FIRAN TECHNOLOGY GROUP (FTG) ANNOUNCES FULL YEAR AND FOURTH QUARTER 2015 FINANCIAL RESULTS

Toronto, February 1, 2016 – Firan Technology Group Corporation (TSX:FTG) today announced financial results for the full year and fourth quarter 2015.

- Achieved record annual sales of \$72.0M, an increase of 18.7% over full year 2014
- Grew Circuits segment 2015 sales by 20.6% over full year 2014
- Grew Aerospace segment sales by 13.3% over full year 2014
- Grew sales outside of North America to \$15.2M or 21.1% of total sales, from \$10.9M or 17.9% in 2014
- Improved profitability by \$7.3M compared to the previous year, including one time deferred tax/ITC recovery and AMIS repayment expense
- Cash flow from operations in the year was \$3.6M compared to \$1.4M in 2014 after investing \$2.1M in capital equipment and deferred development while maintaining R&D spending above 7% of sales
- Recovered \$6.7M of Investment Tax Credits due to ongoing strong operating performance of the Canadian sites and an expectation this will continue in future years

“The year 2015 saw consistent strong performance for FTG as a result of past investments in technology, positive impacts from past key new program wins as well as the strengthening of the US dollar,” stated Brad Bourne, President and Chief Executive Officer. He added, “These record results are enabling us to report strong earnings while still investing in our future. As we look forward into 2016, we remain confident of our market position and our ability to continue to grow and perform. With a strong financial foundation, we are looking for ways to accelerate growth through investments in new development programs or acquisitions. We will also continue to invest in R&D across the Corporation to improve our products, our processes and our ability to meet the future demands of our customers.”

Full Year Results: (twelve months ended Nov 30, 2015 compared with twelve months ended Nov 30, 2014)

	<u>Full Year 2015</u>	<u>Full Year 2014</u>
Sales	\$72,045,000	\$60,699,000
Gross Margin	18,034,000	15,186,000
Gross Margin (%)	25.0%	25.0%
Operating Earnings: ⁽¹⁾	\$9,467,000	5,805,000
• Net R&D Investment	5,066,000	3,359,000
• AMIS early repayment expense	\$556,000	-
• Recovery of Investment tax credits	(6,736,000)	-
Net Earnings before tax	10,581,000	2,446,000

• Income Tax Expense	1,033,000	288,000
• Non-controlling Interests	11,000	(35,000)
Net Earnings after tax	<u>\$9,537,000</u>	<u>\$2,193,000</u>
Earnings per share		
- basic	\$0.53	\$0.12
- diluted	\$0.47	\$0.11

Fourth Quarter Results: (three months ended Nov 30, 2015 compared with three months ended Nov 30, 2014)

	<u>Q4 2015</u>	<u>Q4 2014</u>
Sales	\$18,742,000	\$16,490,000
Gross Margin	4,953,000	4,344,000
Gross Margin (%)	26.4%	26.3%
Operating Earnings ⁽¹⁾ :	<u>2,527,000</u>	<u>2,324,000</u>
• Net R&D Investment	1,465,000	1,063,000
• AMIS Early Payment Expense	\$556,000	-
• Recovery of Investment Tax Credits	(6,736,000)	-
Net Earnings before Tax	7,242,000	1,261,000
• Tax Expense	820,000	70,000
• Non-controlling Interests	-	2,000
Net Earnings After Tax	<u>\$6,422,000</u>	<u>\$1,189,000</u>
Earnings per share		
- basic	\$0.36	\$0.06
- diluted	\$0.32	\$0.06

(1) Operating Earnings is not a measure recognized under International Financial Reporting Standards ("IFRS"). Management believes that this measure is important to many of the Corporation's shareholders, creditors and other stakeholders. The Corporation's method of calculating Operating Earnings may differ from other corporations and accordingly may not be comparable to measures used by other corporations.

Business Highlights

FTG accomplished many goals in 2015 that continue to improve the Corporation and position it for the future, including:

- Renewed and expanded credit facility with existing lender, and subsequent to year end, extended the term to a 5 year period
- Repaid AMIS loan in full to the Ontario Government at the end of the interest free period
- Signed Master Contract for cockpit control assemblies for C919 Heads Down Display system in China
 - Shipped 9 sets of ground test hardware for Chinese C919 program
 - Received airworthiness tags from Civil Aviation Authority of China (CAAC) for control panel assemblies for the C919 aircraft under development by COMAC

- Shipped over \$3.9M in sales from China manufacturing facilities in 2015
- Signed new enterprise sourcing agreement with Rockwell Collins for Circuits business with an estimated 15% increase in activity
- Completed certification of Aerospace Toronto facility in accordance with US Department of Defense MIL-DTL-7788
- Completed additional certification of Circuits Toronto facility to include rigid flex technology under US Department of Defense MIL-PRF-31032 certification
- Renewed NADCAP certification at Circuits Chatsworth
- Began work on new development program for a control panel assembly for a helicopter program
 - Completed preliminary and detailed design reviews
 - Shipped engineering breadboard units

For FTG, overall sales increased by \$11.3M or 18.7%, from \$60.7M in FY2014 to \$72.0M in FY2015. Both businesses and every FTG facility participated in the growth in 2015. For the fourth quarter, sales were \$18.7M, an increase of \$2.3M or 13.7% versus the same period last year.

Revenues benefited from the weakening of the Canadian dollar versus the US dollar which was down 16 cents in 2015 versus last year. Over 80% of FTG's revenues are denominated in US dollars. The weakening of the Canadian dollar over the year increased sales by \$7.2M in 2015 but US dollar currency hedges in place in the year reduced reported sales and earnings by \$2.3M, resulting in a net sales increase due to exchange rate changes of \$4.9M or 8.0%. As a result, approximately 8% of the growth was due to the weakening of the Canadian dollar and 10.7% was increased activity.

The Circuits Segment sales were up \$9.3M or 20.6% in 2015 versus 2014. All facilities reported increased revenues. In Q4 2015, sales were up \$1.8M or 15.1% compared to Q4 2014.

For the Aerospace segment, sales in 2015 were \$17.7M compared to \$15.6M last year resulting in a 13.3% growth rate. In Q4 2015, sales were up \$0.4M or 9.6% compared to Q4 2014.

Gross margins in 2015 were up \$2.8M compared to 2014, primarily as a result of increased sales. Again, the currency hedges that matured in the year reduced revenue and therefore margins and earnings by \$2.3M.

Earnings before interest, tax, depreciation and amortization (EBITDA) for 2015 was \$7.0M, an increase from \$4.7M in 2014.

The following table reconciles EBITDA⁽²⁾ to the net earnings FY 2015 November 30, 2015.

	<u>2015</u>
Net earnings	\$9,537,000
Add:	
Interest	1,003,000
Income taxes/ITC	(5,703,000)
Depreciation	2,070,000
Amortization	137,000
EBITDA	<u>\$7,044,000</u>

(2) EBITDA is not a measure recognized under International Financial Reporting Standards ("IFRS"). Management believes that this measure is important to many of the Corporation's shareholders, creditors and other stakeholders. The Corporation's method of calculating EBITDA may differ from other corporations and accordingly may not be comparable to measures used by other corporations.

Net profit at FTG in 2015 was \$9.5M compared to a net profit of \$2.2M in 2014. This improvement is the result of higher gross margins, foreign exchange gains, a one-time write up of tax losses/investment tax credits, offset by higher SG&A, R&D spending and a one-time charge associated with the repayment of the AMIS loan.

The Circuits segment net earnings before corporate and interest and other costs was \$5.9M in 2015 compared to \$5.3M in 2014. The Circuits joint venture in China did not have a material impact on profitability.

The Aerospace net earnings before corporate and interest and other costs was \$0.6M in 2015 versus \$0.1M in 2014. Costs in 2015 related to the development of the C919 cockpit assemblies and one new program of \$1.2M which were treated as deferred development and not expensed.

Cash flow from operations after investments in capital equipment and deferred development in 2015 was \$3.6M compared to a cash flow of \$1.4M in 2014.

As at November 30, 2015, the Corporation's net working capital was \$15.0M, an increase of \$2.1M over November 30, 2014, primarily due to higher cash and inventories offset by higher accounts payable and the current portion of long term debt.

The Corporation will host a live conference call on Tuesday February 2, 2016 at 11:30 am (EDT) to discuss the results of FY2015.

Anyone wishing to participate in the call should dial 416-340-8527 or 1-800-355-4959 and identify that you are calling to participate in the FTG conference call. The Chairperson is Mr. Brad Bourne. A replay of the call will be available until February 16, 2016 and will be available on the FTG website at www.ftgcorp.com. The number to call for a rebroadcast is 905-694-9451 or 1-800-408-3053, pass code 7827341.

ABOUT FIRAN TECHNOLOGY GROUP CORPORATION

FTG is an aerospace and defense electronics product and subsystem supplier to customers around the globe. FTG has two operating units:

FTG Circuits is a manufacturer of high technology, high reliability printed circuit boards. Our customers are leaders in the aviation, defense, and high technology industries. FTG Circuits has operations in Toronto, Ontario, Chatsworth, California and a joint venture in Tianjin, China.

FTG Aerospace manufactures illuminated cockpit panels, keyboards and sub-assemblies for original equipment manufacturers of aerospace and defense equipment. FTG Aerospace has operations in Toronto, Ontario, Chatsworth, California and Tianjin, China.

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

FORWARD-LOOKING STATEMENTS

This news release contains certain forward-looking statements. These forward-looking statements are related to, but not limited to, FTG's operations, anticipated financial performance, business prospects and strategies. Forward-looking information typically contains words such as "anticipate", "believe", "expect", "plan" or similar words suggesting future outcomes. Such statements are based on the current expectations of management of the Corporation and inherently involve numerous risks and uncertainties, known and unknown, including economic factors and the Corporation's industry, generally. The preceding list is not exhaustive of all possible factors. Such forward-looking statements are not guarantees of future performance and actual events and results could differ materially from those expressed or implied by forward-looking statements made by the Corporation. The reader is cautioned to consider these and other factors carefully when making decisions with respect to the Corporation and not place undue reliance on forward-looking statements. Other than as may be

required by law, FTG disclaims any intention or obligation to update or revise any such forward-looking statements, whether as a result of new information, future events or otherwise.

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Additional information can be found at the Corporation's website www.ftgcorp.com

FIRAN TECHNOLOGY GROUP CORPORATION
Consolidated Balance Sheets

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

FIRAN TECHNOLOGY GROUP CORPORATION
Consolidated Statements of Earnings

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

FIRAN TECHNOLOGY GROUP CORPORATION
Consolidated Statements of Comprehensive Income

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

FIRAN TECHNOLOGY GROUP CORPORATION
Consolidated Statements of Changes in Equity

Years ended November 30, 2015 and 2014

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

FIRAN TECHNOLOGY GROUP CORPORATION
Consolidated Statements of Cash Flows

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