



August 4, 2016

To our shareholders,

The Company reported revenues for the quarter of \$73.2 million, a 14% increase from the \$64.3 million reported in the same quarter of the previous year. For the nine-month period ended June 30, 2016 the Company reported revenues of \$205.8 million, a 14% increase compared to revenues of \$181.3 million in the prior year.

EBITDA⁽¹⁾ for the third quarter was \$6.1 million, a 53% increase compared to \$4.0 million in the same quarter of the previous year and for the nine-month period ended June 30, 2016, EBITDA⁽¹⁾ was \$16.7 million, a 36% increase compared to \$12.3 million in the prior year.

Net profit for the third quarter was \$3.9 million or \$0.52 per share basic and diluted, a 77% increase compared to \$2.2 million or \$0.30 per share basic and diluted in the same quarter of the previous year. On a year-to-date basis, net profit was \$10.2 million or \$1.38 per share basic and diluted, an increase of 48% compared to net profit of \$6.9 million or \$0.94 per share basic and diluted in the previous nine-month period. Adjusted Net Profit⁽¹⁾ for the third quarter was \$4.0 million or \$0.54 per share basic and diluted, compared to \$2.5 million or \$0.34 per share basic and diluted in the same quarter of the previous year. On a year-to-date basis, adjusted net profit⁽¹⁾ was \$10.9 million or \$1.47 per share basic and diluted compared to \$7.7 million or \$1.05 per share basic and diluted in the previous nine-month period.

See caution regarding non-GAAP measures at the end of this press release

This has been an excellent quarter for the company. Surpassing \$70 million in quarterly revenues is a new milestone for Calian and our third consecutive quarter of attaining highest revenues in company history. Combined with a significant increase in cash flows and earnings, this is a testament to our team's efforts to achieve these results.

We continue to execute well across all of our growth strategy pillars of customer retention, customer diversification, service line evolution and continuous improvement with wins in each element of our strategy. For example, the \$4 million in new health services contracts announced this quarter is an excellent example of our customer diversification strategy working. The announcement of our SED division's contract this quarter with the Canadian Space Agency maintaining our over 23 year relationship is an excellent example of our customer retention pillar. Also, with continued success in the re-wins of our long term contract base and the recent announcement of the extension to our DND Health services contract, our contract backlog remains strong providing a stable base of business for the foreseeable future".

I continue to receive positive feedback on the renaming of the company to Calian Group Ltd. that aligns the corporate entity to our diverse offerings. While we are pleased with the current results, we also continue to invest in our service lines to ensure they are positioned for long term growth. The diverse nature of the company's services and our demonstrated ability to deliver these services both domestically and globally with now over 50 profitable quarters I believe is our key differentiator.

During fiscal 2016, management will continue to focus on its key strategic initiatives. Traditional markets in which Calian operates have stabilized recently and management expects organic revenue and earnings growth 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 \$260 million to \$280 million, net profit per share in the range of \$1.65 to \$1.90 per share and adjusted net profit⁽¹⁾ in the range of \$1.74 to \$1.99 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.

Yours truly,

A handwritten signature in black ink, appearing to read 'K. Ford', with a stylized flourish at the end.

Kevin Ford
President and CEO