SECOND QUARTER RESULTS

MANAGEMENT'S DISCUSSION AND ANALYSIS

Three months ended December 31, 2014

February 12, 2015

VECIMA NETWORKS INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

February 12, 2015

Management's discussion and analysis (MD&A) provides a review of significant developments that have affected the performance of Vecima Networks Inc. ("Vecima" or the "Company") during the three and six months ended December 31, 2014.

Management's discussion and analysis supplements, but does not form part of, the unaudited condensed interim consolidated financial statements of Vecima and related notes for the six months ended December 31, 2014. Consequently, the following discussion and analysis of the financial condition and results of operations for the Company should be read in conjunction with the unaudited condensed interim consolidated financial statements and accompanying notes for the six months ended December 31, 2014 and December 31, 2013, which have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Additional information regarding the Company, including its Annual Information Form, can be found on SEDAR at www.sedar.com.

Financial Governance

Management is responsible for preparation and presentation of the second quarter unaudited condensed interim consolidated financial statements and notes thereto and the MD&A. Additionally, it is management's responsibility to ensure that the Company complies with the laws and regulations applicable to its activities.

Management is accountable to the Board of Directors, each member of which is elected annually by the shareholders of the Company. The Board is responsible for reviewing and approving the unaudited condensed interim consolidated financial statements and the MD&A, after receiving the recommendation of the Audit Committee, which is composed of three directors.

The auditors are appointed annually by the shareholders to conduct an audit of the annual consolidated financial statements in accordance with generally accepted auditing standards. The external auditors have complete access to the Audit Committee to discuss audit, financial reporting and related matters resulting from the annual audit, as well as to assist the members of the Audit Committee in discharging their responsibilities. The auditors have not performed a review of the second quarter unaudited condensed interim consolidated financial statements and accompanying notes.

Forward-Looking Information

This MD&A contains "forward-looking information" within the meaning of applicable securities laws. Forward-looking information is generally identifiable by use of the words ''believes", "may", "plans", "will", "anticipates", "intends", "could", "estimates", "expects", "forecasts", "projects" and similar expressions, and the negative of such expressions. Forward-looking information in this MD&A includes, but is not limited to: that total research and development costs before deferrals, amortization of deferred development costs and income tax credits are expected to be higher in fiscal 2015 than in 2014, reflecting the Company's commitment to providing innovative solutions to customers; that the inventory allowances for slow-moving finished goods inventory are expected to higher through the balance of fiscal 2015 as allowances are made for legacy Broadband Wireless products such as WIMAX, BWIN and Waverider; that reduced lease costs in Burnaby are expected to remain lower going forward; the Company's belief that its current cash and cash equivalents and short-term investments and anticipated cash flow from operations will be sufficient to meet its working capital and capital expenditure requirements for the foreseeable future; the Company's belief that it has the flexibility to obtain from internal sources the funds needed to fulfil its cash requirements during the balance of the current fiscal year; capital expenditures for fiscal 2015 are expected to be in the range of $2.5 million to $3.5 million; and, the Company's outlook for fiscal 2015.

In connection with the forward-looking information contained in this MD&A, the Company has made numerous assumptions, regarding, among other things: the strength of the Company's balance sheet; the present or potential value of the Company's core technologies, business operations and asset holdings; the Company is able to continue its relationships with its few key customers; the Company is able to deliver products associated with key contracts; the Company can manage its business and its growth successfully; the Company can meet its customers' requirements for manufacturing capacity; the Company is able to develop new products and enhance its existing products; the Company can expand its current distribution channels and can develop new distribution channels; the Company is able to recruit and retain management and other qualified personnel crucial to the Company's business; the Company is not required to change the Company's pricing models to compete successfully; the Company's third-party suppliers and contract manufacturers upon which it relies continue to meet its needs; the Company's intellectual property is not infringed upon; the Company is not subject to warranty or product liability claims that harm its business; the Company is able to successfully implement acquisitions; the Company is able to manage risks associated with its international operations; currency fluctuations do not adversely affect the Company; growth in the Company's key markets continues; the Company is able to adapt to technological change, new products and standards; the Company is not subject to increased competition that has an adverse effect on its business; continued growth in the converged wired solutions market; the Company is not subject to competition from new or existing technologies that adversely affect its business; the Company is not subject to any material new government regulation of its products; and, no third parties allege that the Company infringes on their intellectual property. While the Company considers these assumptions to be reasonable, these assumptions are inherently subject to significant uncertainties and contingencies.

There are known and unknown risk factors which could cause the Company's actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information contained in this MD&A. Known risk factors include, among others: the Company's statement of financial position, as well as the value of its core technologies, business operations and asset holdings may be significantly weaker than currently estimated by the Company; the Company's operating results are expected to fluctuate; the Company derives a substantial part of its revenue from a few key customers; the Company may be unable to deliver products associated with key contracts; failure to manage the Company's business or growth successfully may adversely affect its operating results; the Company derives a significant portion of its revenues from its YourLink subsidiary, over which the Company does not have voting control; if the Company cannot meet its customers' requirements for manufacturing capacity, sales may suffer; the Company's success depends on its ability to develop new products and enhance its existing products; the Company is dependent on the expansion of its current distribution channels and the development of new distribution channels; the Company's ability to recruit and retain management and other qualified personnel is crucial to its business; if the Company is required to change its pricing models to compete successfully, its margins and operating results may be adversely affected; the Company's reliance on third-party suppliers and contract manufacturers reduces its control over its performance; the Company's revenues are substantially concentrated in a single market category; if the Company's intellectual property is not adequately protected, it may lose its competitive advantage; successful warranty or product liability claims could harm the Company's business; acquisitions could divert management's attention and financial resources, may negatively affect the Company's operating results and could cause significant dilution to shareholders; risks associated with the Company's international operations; currency fluctuations may adversely affect the Company; growth in the Company's key markets may not continue; the Company's inability to adapt to technological change, new products and standards could harm its business; increased competition could have an adverse effect on the Company's business; the Company's future success depends on growth in the converged wired solutions market; competition from new or existing technologies may adversely affect the Company's business; government regulation of the Company's products and new government regulation could harm the Company's business; and, third parties may allege that the Company infringes on their intellectual property. A more complete discussion of the risks and uncertainties facing the Company is disclosed under the heading "Risks and Uncertainties" below and under the heading "Risk Factors" in the Company's Annual Information Form for its most recently completed fiscal year, as well as in the Company's continuous disclosure filings with Canadian securities regulatory authorities available at www.sedar.com. All forward-looking information in this MD&A is qualified in its entirety by this cautionary statement and the Company disclaims any obligation to revise or update such forward-looking information to reflect future results, events or developments, except as required by law.

Disclosure Controls and Procedures

The Chief Executive Officer (CEO) and the Chief Financial Officer (CFO) of Vecima have designed, or caused to be designed, disclosure controls and procedures to provide reasonable assurance that material information relating to Vecima is made known by Vecima to others, particularly during the period in which annual filings are being prepared, and information required to be disclosed by Vecima in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation.

The CEO and the CFO have evaluated the effectiveness of the Company’s disclosure controls as defined under rules adopted by the Canadian securities regulatory authorities. Based on that evaluation, the CEO and CFO have concluded that the Company’s disclosure controls and procedures were effective as at December 31, 2014.

Internal Control over Financial Reporting

Subject to the limitation described below, the CEO and CFO have designed, or caused to be designed under their supervision, internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes in accordance with IFRS.

The CEO and CFO have evaluated the effectiveness of the Company’s internal control over financial reporting as at December 31, 2014 in accordance with Internal Control – Integrated Framework (1992), published by The Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). Based on this evaluation, the CEO and CFO have determined that the Company’s internal control over financial reporting is not effective as at December 31, 2014, due to the following material weakness in design: certain areas within the Company's information systems are subject to general control deficiencies including a lack of effective control over spreadsheets, access and documentation. The impact of this material weakness is that there is a reasonable possibility that the Company's internal controls over financial reporting will fail to prevent or detect a material misstatement of a financial statement amount or disclosure. To mitigate this material weakness, all material transactions and related accounting records are overseen by the CEO, CFO and the Vice President Finance of the Company. This mitigation may reduce the impact of the material weakness, but does not eliminate the existence of the material weakness. There are inherent limitations to the effectiveness of any system of internal controls, including the possibility of human error and the circumvention or overriding of internal controls. Because of its inherent limitations, internal controls over financial reporting may not prevent or detect misstatements. Accordingly, even if internal controls were effective, they can only provide reasonable assurance of achieving their control objectives.

The Company plans to remediate the material weakness referred to above by the end of fiscal 2015 by designing and implementing appropriate controls over the Company's information systems, including controls over spreadsheets, access and documentation.

In May 2013, COSO released an updated Internal Control - Integrated Framework (2013). The Company currently uses COSO's 1992 framework, and plans to transition to the updated framework during the transition period. During the second half of fiscal 2015, management will assess the impact of this transition and will report any resulting changes that materially affect, or are reasonably likely to materially affect, the Company's internal control over financial reporting in future management's discussion and analysis.

Company Overview

A Canadian company founded in 1988, Vecima has offices in Saskatoon, Saskatchewan, Burnaby, BC and Victoria, BC. Vecima also has a software development facility in Mangalore, India.

Vecima designs, manufactures and sells products that enable broadband access to cable, wireless and telephony networks. Vecima's hardware products incorporate original embedded software to meet the complex requirements of next-generation, high-speed digital networks. Service providers use Vecima's solutions to deliver services to a converging worldwide broadband market, including what are commonly known as "triple play" (voice, video and data) and "quadruple play" (voice, video, data and wireless) services. Vecima’s solutions allow service providers to bridge the final network segment that connects a system directly to end-users, commonly referred to as “the last mile”.

Vecima’s products incorporate sophisticated hardware and software developed within the Company's research and development facilities. The in-house developed technology includes high-speed digital signal processing, control, digital modulation, radio frequency circuitry and compensation functions. In addition to these technologies, Vecima's embedded software also facilitates the implementation of other network functions, such as media access control and embedded system management.

The Company's products are directed at two principal markets: (1) converged wired solutions; and, (2) broadband wireless.

1. Converged Wired Solutions products include a family of upconverter and modulator modules that process data from routers and convert it to higher frequencies for transmission over cable to subscribers, gigabit network edge devices, EdgeQAM modulators, and transmodulators. These devices accept high bit rate video streams from central servers and transmit them to subscribers, return path demodulators, and the Terrace family of last-mile gateway products.

2. Broadband Wireless Products include transmitters, receivers and transceivers that process data from routers, switches and modems for the purpose of communication to subscribers over a wireless environment. Vecima is also a leading developer of high-performance, software-reconfigurable signal processing platforms for intelligence, surveillance, reconnaissance, military, satellite communications, and video processing applications.

In addition to designing and producing hardware and software products, Vecima provides services directly to end-users through its subsidiary, YourLink. The YourLink subsidiary operates several small cable and broadband wireless service providers that provide high speed data, telephone and video services to parts of rural British Columbia, as well as fixed wireless data and telephone access through much of Saskatchewan to both residential and business subscribers. YourLink also owns certain licenses to commercial spectrum within Canada. Through YourLink, Vecima is able to derive stable revenue.

Sales

Vecima reports sales broken down by the Company's three core markets: Converged Wired Solutions, Broadband Wireless and YourLink. Converged Wired Solutions and Broadband Wireless make up the product segment and YourLink makes up the services segment in segmented information.

Converged Wired Solutions

Cable operators have introduced and are expanding into digital video, voice and data services in addition to offering traditional analog video services. C*onverged wired solutions* enable cable operators to provide customers with an alternative to telco-based ADSL and other types of broadband access and offer the following advantages for cable service providers:

- *Creates Additional Revenue Streams.* High-speed Internet service can be delivered to an existing base of customers already served with video and pay-per-view entertainment programming. Existing billing systems and technical resources can be used to deliver this service to existing subscribers.

- *Reduces Customer Turnover.* By offering bundled packages of broadband voice and video services, cable service providers are seeking to gain a competitive advantage over telcos and direct broadcast satellite providers while retaining their traditional video subscribers.

- *Provides Low-Cost Market Entry.* High-speed Internet service can be delivered economically to the consumer with the installation of an inexpensive cable modem.

Broadband Wireless

Broadband wireless technology has evolved to provide cost-effective broadband communication for business and residential subscribers. Standards-based wireless technology is expected to accelerate and extend worldwide wireless broadband communications. Along with offering the same high-speed access as other broadband access solutions, broadband wireless offers the following additional advantages for network service providers:

- *Enables Rapid Deployment.* Service can be initiated quickly because there is no need to install copper wire, cable or optical fibre past every home before service can commence.

- *Provides Low-Cost Market Entry.* Service can be delivered economically with one base station and a small number of initial subscribers.

- *Offers Scalability.* Subscribers can be added rapidly and cost-effectively, since each installed base station can support thousands of subscribers and the subscriber equipment is supplied only to customers who subscribe for service.

YourLink

YourLink operates four small cable television systems in British Columbia and provides wireless broadband Internet service in Saskatchewan and British Columbia. As at December 31, 2014, YourLink provided video services and/or broadband Internet access to approximately 17,713 subscribers through these systems.

Cost of Sales

Cost of sales consists primarily of product manufacturing and assembly expenses, with component, employee and third-party supplier costs representing a significant portion of the total cost of sales. Costs associated with product sales include related overhead, compensation, final assembly, quality assurance and inventory management costs, as well as support costs and payments to contract manufacturers that perform printed circuit board assembly functions. Costs associated with service sales consist of the costs of purchased program content, back-haul costs for connection to the Internet and the costs of operating the cable and wireless infrastructure.

Operating Expenses

Research and development expenses consist primarily of salaries and related expenses for engineering personnel, the costs of prototypes and consumables and the costs of amortizing previously deferred development costs.

Sales and marketing expenses consist primarily of costs relating to personnel and to sales and marketing activities, including salaries and related expenses, advertising, trade shows and other promotional activities and materials.

General and administrative expenses consist primarily of costs relating to the maintenance of the Company's buildings, administrative and finance functions, legal and other professional fees, insurance, YourLink systems maintenance, and other corporate and overhead expenses.

Selected Consolidated Financial Information and Other Data

The following information, other than number of employees has been derived from Vecima's fiscal 2015 second quarter unaudited condensed interim consolidated financial statements and, other than adjusted EBITDA, adjusted earnings per share, total research and development expenditures, number of employees and percentages, has been prepared in accordance with IFRS. Amounts are presented in thousands of Canadian dollars except percentages, employees, dividends/distributions and per share amounts. The following information should be read in conjunction with these financial statements including the related notes and with the balance of this MD&A.

Consolidated Statements of Comprehensive Income Data	**Three months ended December 31,**				**Six months ended December 31,**			
(unaudited)	**2014**		2013		**2014**		**2013**	
Sales	**23,712**	**100 %**	21,587	100 %	**46,840**	**100 %**	43,243	100 %
Cost of sales	**11,422**	**48 %**	11,657	54 %	**23,000**	**49 %**	23,095	53 %
Gross margin	**12,290**	**52 %**	9,930	46 %	**23,840**	**51 %**	20,148	47 %
Operating expenses								
Research and development(1)	**2,383**	**10 %**	1,867	9 %	**4,485**	**10 %**	4,048	9 %
Sales and marketing	**1,785**	**8 %**	1,155	5 %	**3,066**	**7 %**	2,612	6 %
General and administrative	**3,844**	**16 %**	4,254	20 %	**7,668**	**16 %**	8,176	19 %
Stock-based compensation	**271**	**1 %**	6	- %	**274**	**1 %**	13	- %
Other (income)	**(457)**	**(4)%**	(10,440)	(90)%	**(482)**	**(2)%**	(14,383)	(62)%
	7,826	**33 %**	(3,158)	(15)%	**15,011**	**32 %**	466	1 %
Operating income	**4,464**	**19 %**	13,088	61 %	**8,829**	**19 %**	19,682	46 %
Finance costs	**29**	**- %**	45	- %	**67**	**- %**	86	- %
Finance income	**477**	**2 %**	591	3 %	**1,625**	**3 %**	820	2 %
Income before income taxes	**4,912**	**21 %**	13,634	63 %	**10,387**	**22 %**	20,416	47 %
Income tax expense	**1,221**	**5 %**	2,220	10 %	**2,682**	**6 %**	3,566	8 %
Net income and total comprehensive income	**$ 3,691**	**16 %**	$ 11,414	53 %	**$ 7,705**	**16 %**	$ 16,850	39 %
Net income and total comprehensive income per share(2)								
Basic	**$ 0.17**		$ 0.51		**$ 0.34**		$ 0.75	
Diluted	**$ 0.16**		$ 0.51		**$ 0.34**		$ 0.75	
Dividends	**$ 1,005**		$ -		**$ 2,010**		$ -	
Dividends per share	**$ 0.045**		$ -		**$ 0.090**		$ -	
Other Data								
Total research and development expenditures(3)	**$ 4,068**	**17 %**	$ 2,611	23 %	**$ 7,716**	**16 %**	$ 5,734	13 %
Adjusted EBITDA(4)	**$ 6,260**	**26 %**	$ 4,858	23 %	**$ 13,249**	**28 %**	$ 9,370	22 %
Adjusted earnings per share(5)	**$ 0.15**		$ 0.11		**$ 0.32**		$ 0.34	
Number of employees(6)	**506**		538		**506**		538	

(1) Net of investment tax credits and capitalized development costs

(2) Based on weighted average number of common shares outstanding

(3) See "Total Research and Development Expenditures"

(4) Adjusted EBITDA does not have any standardized meaning prescribed by IFRS and is therefore unlikely to be comparable to similar measures presented by other issuers. See "Adjusted EBITDA"

(5) Adjusted EPS does not have any standardized meaning prescribed by IFRS and is therefore unlikely to be comparable to similar measures presented by other issuers. See "Adjusted Earnings Per Share"

(6) The number of employees is determined as of the end of the period

Consolidated Statements of Financial Position Data (unaudited - in thousands of Canadian dollars except number of common shares)		**As at December 31, 2014**		**As at June 30, 2014**
Cash and cash equivalents	**$**	**8,471**	$	15,282
Short-term investments	**$**	**43,508**	$	33,197
Working capital	**$**	**77,993**	$	72,692
Total assets	**$**	**160,423**	$	157,275
Long-term debt	**$**	**2,833**	$	2,958
Shareholders' equity	**$**	**145,529**	$	139,473
Weighted average number of common shares outstanding		**22,335,076**		22,323,641

Adjusted Earnings Per Share

The following table reconciles net income for the period to adjusted net income. The term "adjusted net income" refers to net income or net loss as reported in the IFRS financial statements, excluding any amounts included in net income or net loss for gains and losses on sale of property, plant and equipment, intangible assets, and assets held for resale and the tax effect of these adjusted items. Vecima believes that adjusted earnings per share is useful supplemental information for management and the Company's investors because it provides for the analysis of the Company's results exclusive of certain items which do not directly correlate to its business of selling broadband access products or providing rural cable/Internet services. Adjusted earnings per share does not have a standardized meaning prescribed by IFRS and is therefore unlikely to be comparable to similar measures presented by other issuers.

Calculation of Adjusted Earnings Per Share	**Three months ended December 31,**				**Six months ended December 31,**			
(unaudited - in thousands of dollars except per share amounts)		**2014**		2013		**2014**		2013
Net income	**$**	**3,691**	$	11,414	**$**	**7,705**	$	16,850
Gain on sale of spectrum licenses, net of taxes		**(430)**		-		**(430)**		(293)
Gain on sale of non-core property, plant and equipment, net of taxes		**-**		(8,981)		**-**		(8,981)
Adjusted net income	**$**	**3,261**	$	2,433	**$**	**7,275**	$	7,576
Earnings per share		**0.17**		0.51		**0.34**		0.75
Gain on sale of spectrum licenses, net of taxes		**(0.02)**		-		**(0.02)**		(0.01)
Gain on sale of non-core property, plant and equipment, net of taxes		**-**		(0.40)		**-**		(0.40)
Adjusted earnings per share	**$**	**0.15**	$	0.11	**$**	**0.32**	$	0.34

Adjusted EBITDA

The following table reconciles net income for the period to EBITDA and Adjusted EBITDA. The term "EBITDA" refers to net income or net loss as reported in the IFRS financial statements, excluding any amounts included in net income or net loss for income taxes, interest expense, and depreciation and amortization for property, plant and equipment and intangible assets. The term "Adjusted EBITDA" refers to EBITDA adjusted for gains and losses on sale of property, plant and equipment, intangible assets, and assets held for resale, impairment of property, plant, and equipment, impairment of deferred development costs and stock compensation expense. Vecima believes that Adjusted EBITDA is useful supplemental information for management and the Company's investors because it provides for the analysis of the Company's results exclusive of certain non-cash items and other items which do not directly correlate to its business of selling broadband access products or providing rural cable/Internet services. Adjusted EBITDA does not have a standardized meaning prescribed by IFRS and is therefore unlikely to be comparable to similar measures presented by other issuers.

Calculation of Adjusted EBITDA	Three months ended December 31,		Six months ended December 31,	
(unaudited - in thousands of dollars except percentages)	**2014**	2013	**2014**	2013
Net income	**$ 3,691**	$ 11,414	**$ 7,705**	$ 16,850
Income tax expense	**1,221**	2,220	**2,682**	3,566
Interest expense	**29**	45	**67**	86
Depreciation of property, plant and equipment	**748**	831	**1,482**	1,617
Amortization of deferred development costs	**692**	602	**1,382**	1,202
Amortization of finite-life intangible assets	**11**	39	**24**	76
EBITDA	**6,392**	15,151	**13,342**	23,397
Gain on sale of assets held for resale	**(493)**	(10,291)	**(493)**	(14,027)
Loss (gain) on sale of property, plant and equipment	**90**	(8)	**126**	(13)
Stock-based compensation	**271**	6	**274**	13
Adjusted EBITDA	**$ 6,260**	$ 4,858	**$ 13,249**	$ 9,370
Percentage of sales	**26 %**	23 %	**28 %**	22 %

Research and Development Expenditure

The following table reconciles research and development expense reported in accordance with IFRS as shown on the income statement for the three and six months ended December 31, 2014, and 2013 to Vecima's cash research and development expenditures.

Calculation of Research and Development Expenditures	Three months ended December 31,		Six months ended December 31,	
(unaudited - in thousands of dollars except percentages)	**2014**	2013	**2014**	2013
Research and development per statement of income	**$ 2,383**	$ 1,867	**$ 4,485**	$ 4,048
Deferred development costs	**2,277**	956	**4,446**	2,333
Investment tax credits	**100**	390	**167**	555
Amortization of deferred development costs	**(692)**	(602)	**(1,382)**	(1,202)
Total research and development expenditure	**$ 4,068**	$ 2,611	**$ 7,716**	$ 5,734
Percentage of sales	**17 %**	12 %	**16 %**	13 %

Selected Quarterly Consolidated Financial Information and Other Data

The following information has been derived from the Company's unaudited condensed interim consolidated financial statements in accordance with IFRS. The following information should be read in conjunction with those financial statements and their related notes, as well as with the balance of this MD&A.

	Fiscal Year 2015		Fiscal Year 2014				Fiscal Year 2013	
(unaudited - in thousands of dollars except per share amounts)	**Q2**	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Sales	**23,712**	23,127	24,870	22,592	21,587	21,656	21,619	21,509
Cost of sales	**11,422**	11,578	11,972	10,778	11,657	11,438	11,886	11,956
Gross margin	**12,290**	11,549	12,898	11,814	9,930	10,218	9,733	9,553
Operating expenses								
Research and development	**2,383**	2,102	2,297	2,135	1,867	2,181	1,687	1,823
Sales and marketing	**1,785**	1,281	1,840	1,402	1,155	1,457	1,130	1,487
General and administrative	**3,844**	3,824	3,625	3,988	4,254	3,923	4,317	4,269
Stock-based compensation	**271**	3	5	5	6	7	3	9
Other (income)	**(457)**	(25)	(742)	(50)	(10,440)	(3,943)	(382)	(258)
	7,826	7,185	7,025	7,480	(3,158)	3,625	6,755	7,330
Operating income	**4,464**	4,364	5,873	4,334	13,088	6,593	2,978	2,223
Finance cost	**29**	38	80	48	45	41	60	52
Finance income	**477**	1,148	(263)	383	591	228	557	556
Income before income taxes	**4,912**	5,474	5,530	4,669	13,634	6,780	3,475	2,727
Income tax expense	**1,221**	1,461	1,174	1,272	2,220	1,346	747	711
Net income and total comprehensive income	**$ 3,691**	$ 4,013	$ 4,356	$ 3,397	$ 11,414	$ 5,434	$ 2,728	$ 2,016
Net income and total comprehensive income per share								
Basic	**$ 0.17**	$ 0.18	$ 0.20	$ 0.15	$ 0.51	$ 0.24	$ 0.12	$ 0.09
Diluted	**$ 0.16**	$ 0.18	$ 0.19	$ 0.15	$ 0.51	$ 0.24	$ 0.12	$ 0.09

Fiscal 2013 quarterly comparative figures have been reclassified to conform to the current year's presentation

Second Quarter Financial Highlights

Sales

Sales by Core Market		**Three months ended December 31,**				
(unaudited - in thousands of dollars except percentages)		**2014**			**2013**	
Converged Wired Solutions	**$**	**19,673**	**83 %**	$	15,528	72 %
Broadband Wireless		**505**	**2 %**		2,174	10 %
YourLink		**3,534**	**15 %**		3,885	18 %
Total Sales	**$**	**23,712**	**100 %**	$	21,587	100 %

For the three months ended December 31, 2014, total sales increased 10% to $23.7 million from $21.6 million in the same period last year. The strengthening U.S. dollar contributed $1.5 million or 7% of the 10% increase in total sales.

Second quarter Converged Wired Solutions sales increased 27% to $19.7 million reflecting a ramp up in orders for Vecima's new digital video access platform (DVAP) products, as well as higher sales of Terrace QAM products which are used in the hospitality industry. Strong sales of these products fully offset an anticipated slowing demand for Vecima's legacy Terrace 600 products, which will be replaced by the new Terrace 600E platform later this year. Sales of OEM return path demodulator products increased year over year.

Vecima reported Broadband Wireless sales of $0.5 million for the three months ended December 31, 2014 compared to $2.2 million for the same quarter in the prior year, a decrease of 77%. Sales of the Company's software defined radio products continued to be impacted by reduced U.S. defense spending and sales of other legacy Broadband Wireless products also decreased during the period.

The YourLink business unit generated second quarter 2015 sales of $3.5 million down 9% from $3.9 million in the Q2 2014. Sales in the prior-year period were higher than normal due to a commercial installation project. The sales level achieved in the current period is more typical for this business.

There are many factors that contribute to the overall variances in Vecima's sales. One of the main influences is the product development cycle, with Vecima continually developing new products to replace products that are reaching the end of their lifecycle. Since Vecima's new products are at the leading edge of technology, the timing of development can vary, as well as the timing of certification and customer acceptance of new products.

The budgeting cycles of larger cable operators can also result in quarter-to-quarter variability in customer orders, while availability of parts and production capacity can influence the timing of product deliveries.

Gross margin

Gross margin as a percentage of revenue increased sharply to 52% in the second quarter of fiscal 2015, providing a gross profit of $12.3 million. This compares to a gross margin of 46% and a gross profit of $9.9 million for the second quarter of 2014. Gross margin percentage was positively impacted by the favourable foreign exchange influence of a lower Canadian dollar relative to the U.S. dollar, manufacturing efficiencies and the year-over-year increase in product sales.

Operating expenses

Research and development ("R&D") expenses for the three months ended December 31, 2014 increased to $2.4 million, or 10% of sales, from $1.9 million, or 9% of sales in the prior-year period. Development costs related to new product development are typically deferred until new products reach the commercial production stage. As such, actual R&D spending in a given period may be higher than the actual expense reported. For the three months ended December 31, 2014, total R&D costs before deferrals, amortization of deferred development costs and income tax credits increased to $4.1 million, or 17% of sales. This compares to $2.6 million, or 12% of sales during the same period last year. The year-over-year increase reflects the addition of new R&D personnel, higher employee compensation, and an increase in prototyping activity as Vecima meets its stated objective of increasing investment in new product development. The prior-year quarter included $0.6 in non-recurring research and development revenue. Total research and development costs before deferrals, amortization of deferred development costs and income tax credits are expected to remain higher in fiscal 2015 than in 2014, reflecting the Company's commitment to providing innovative solutions to customers.

Sales and marketing expenses increased to $1.8 million, or 8% of sales, for the three months ended December 31, 2014, compared to $1.2 million, or 5% of sales for the same period last year. This increase primarily reflects higher allowances for slow-moving finished goods inventory. Inventory allowances for slow-moving finished goods inventory are expected to remain higher through the balance of fiscal 2015 as allowances are made for legacy Broadband Wireless products such as WIMAX, BWIN and Waverider.

General and administrative expenses for the three months ended December 31, 2014 decreased to $3.8 million from $4.3 million in the same period last year. Reduced amortization expense, lower lease costs in Burnaby and a decrease in administrative costs were the main factors in the year-over-year reduction. The Burnaby lease costs are expected to remain lower going forward.

Stock-based compensation expense for the three months ended December 31, 2014 was $0.27 million, compared to $0.01 million for the three months ended December 31, 2013. This increase reflects the issuance of stock options to key personnel in the current quarter.

Other income for the three months ended December 31, 2014 decreased to $0.5 million, from $10.4 million in the same period last year when the Company recorded a $10.3 million gain on the sale of the downtown Saskatoon property. Other income for the current period reflects a $0.5 million gain on sale of spectrum licenses.

Operating income for the second quarter of fiscal 2015 declined to $4.5 million from $13.1 million in the second quarter of fiscal 2014. The higher operating income in the prior-year period reflects the one-time $10.3 million gain on the sale of the Saskatoon property. The year-over-year decrease in operating income was partially offset by higher sales, increased gross margin and lower operating costs in the current period.

Finance cost was $0.03 million for the second quarter of fiscal 2015 in line with the $0.05 million reported for the same period last year.

Finance income decreased slightly to $0.5 million in the second quarter of fiscal 2015 from $0.6 million for the same period last year, reflects lower foreign exchange gains in the current period and higher interest in the prior-year period related to income tax refunds received.

Income tax expense for the three months ended December 31, 2014 decreased to $1.2 million, from $2.2 million during the same period last year.

Net income for the three months ended December 31, 2014 was $3.7 million or $0.17 per share, compared with net income of $11.4 million or $0.51 per share for the three months ended December 31, 2013. Adjusted to exclude one-time gains on the sales of property and spectrum licenses in both periods, second quarter fiscal 2015 net income would have increased to $3.3 million or $0.15 per share from $2.4 million or $0.11 per share in the prior-year period.

Cash from Operating Activities

Cash generated from operating activities decreased to $4.2 million in the second quarter of fiscal 2015, from $10.5 million in the same period in fiscal 2014. The $6.3 million decrease primarily reflects the collection of $4.7 million in income tax refunds in the prior-year period combined with a reduction in non-cash working capital in the prior-year period. The net increase in non-cash working capital resulted in a second quarter cash outflow of $1.9 million compared to cash inflows of $1.3 million in the same quarter in fiscal 2014.

Investing Activities

Cash flow used in investing activities increased to $1.1 million in the three months ended December 31, 2014 from cash flow from investing activities of $12.4 million in the same period last year. The cash flow decrease reflects the $13.4 million in proceeds from the sale of the Saskatoon property in Q2 fiscal 2014 compared to proceeds of $0.5 million from the sale of spectrum licenses in Q2 fiscal 2015. It also reflects the $1.2 million net sale of short-term investments during the current period (Q2 2014 – net purchase of short-term investments -

$0.7 million), deferred development expenditures of $2.3 million (Q2 2014 - $1.0 million) and the $0.5 million in property, plant and equipment purchases (Q2 2014 – $0.7 million).

Financing Activities

The Company repaid $0.06 million of its long-term debt in the three-month period ended December 31, 2014, consistent with the $0.06 million repaid during the prior-year period. The Company paid dividends of $2.0 million in the current quarter which reflects the $1.0 million dividend declared in the first quarter of 2015 but paid in the current quarter and the $1.0 million dividend declared and paid in the current quarter. The prior-year quarter included a return of capital to shareholders of $12.1 million and a dividend of $10.3 million.

Fiscal Year to Date Financial Highlights

Sales

Sales by Core Market		**Six months ended December 31,**			
(unaudited - in thousands of dollars except percentages)		**2014**		2013	
Converged Wired Solutions	**$**	**38,939**	**83 %**	$ 31,675	73 %
Broadband Wireless		**876**	**2 %**	4,335	10 %
YourLink		**7,025**	**15 %**	7,233	17 %
Total Sales	**$**	**46,840**	**100 %**	$ 43,243	100 %

For the six months ended December 31, 2014, total sales increased 8% to $46.8 million from $43.2 million in the first half of fiscal 2014. The strengthening U.S. dollar contributed $2.4 million or 6% of the 8% increase in total sales.

Converged Wired Solutions sales increased 23% to $38.9 million in the first half of fiscal 2015, reflecting strong growth in sales for Vecima's newer digital video access platform (DVAP) products following the successful conclusion of approval testing by a number of major MSOs. The year-over-year sales growth also reflects higher sales of Terrace QAM products which are used in the hospitality industry, as well as increased sales of other Terrace family products to U.S. cable multiple system operators (MSOs). Sales of OEM return path demodulator products were also up year over year.

Broadband Wireless sales were $0.9 million for the first six months of fiscal 2015 compared to $4.3 million in the comparable period last year, a decrease of 80%. Sales of the Company's software defined radio products continued to be impacted by reduced U.S. defense spending and sales of other legacy Broadband Wireless products also decreased during the period.

YourLink sales decreased 3% to $7.0 million in the first six months of fiscal 2015 from $7.2 million in the first half of fiscal 2014. The year-over-year decrease primarily reflects a one-time commercial installation project that benefited prior-year results. During the current period, YourLink continued to expand its Western Canadian subscriber base.

Gross margin

Vecima's gross margin as a percentage of revenue increased to 51% for the first half of fiscal 2015, providing a gross profit of $23.8 million. This compares to a gross margin of 47% and a gross profit of $20.1 million for the first half of fiscal 2014. Gross margin percentage continued to be positively impacted by a lower Canadian dollar relative to the U.S. dollar, manufacturing efficiencies and increased sales.

Operating expenses

Research and development expenses for the first half of fiscal 2015 increased to $4.5 million, or 10% of sales, from $4.0 million, or 9%% of sales for the same period in fiscal 2014. Total research and development costs before deferrals, amortization of deferred development costs and income tax credits for the six month period were $7.7 million, or 16% of sales, an increase from $5.7 million, or 13% of sales for the same period in fiscal 2014. The increase primarily reflects the addition of R&D personnel, higher employee compensation, and an increase in prototyping activity as Vecima steps up development of new products. The prior-year included $0.6 in non-recurring research and development revenue. Total research and development costs before deferrals, amortization of deferred development costs and income tax credits are expected to be higher in fiscal 2015 than in 2014 reflecting the Company's growing investment in new products.

Sales and marketing expenses increased to $3.1 million, or 7% of sales in the six months of fiscal 2015, from $2.6 million, or 6% of sales for the same period in fiscal 2014. The increase primarily reflects higher inventory allowances for slow-moving finished goods inventory. Inventory allowances for slow-moving finished goods inventory are expected to be higher through the balance of fiscal 2015 as allowances are made for legacy Broadband Wireless products such as WIMAX, BWIN and Waverider.

General and administrative expenses for the six months ended December 31, 2014 decreased to $7.7 million from $8.2 million in the comparable prior-year period. The year-over-year decrease in G&A expense reflects reduced amortization expense, lower lease costs in Burnaby and an overall reduction in administrative expenses. Lease costs in Burnaby are expected to remain lower going forward.

Stock-based compensation expense for the first half of fiscal 2015 was $0.27 million, compared to $0.01 million in the first half of fiscal 2014. The year-over-year increase reflects the issuance of stock options in the current period.

Other income for the first half of fiscal 2015 was $0.5 million, compared to other income of $14.4 million in the first six months of fiscal 2014. Other income in the current period reflects the $0.5 million sale of spectrum licenses. During the prior-year period, the Company recorded a $10.3 million gain on sale of the downtown Saskatoon property, a $3.7 million gain on the sale of spectrum licenses and $0.2 million of lease revenue from the Saskatoon property that was later sold. This income was not repeated in the current period.

Operating income was $8.8 million for the six months ended December 31, 2014 compared to $19.7 million during the same period last year. This decrease in operating income primarily reflects the reduction in other income, partially offset by higher sales, increased gross margin and lower operating costs as described above.

Finance cost was $0.07 million for the six months ended December 31, 2014 in line with the $0.09 million reported for the six months ended December 31, 2013.

Finance income increased to $1.6 million for the first six months of fiscal 2015, from income of $0.8 million for the same period in fiscal 2014. The year-over-year increase reflects higher foreign exchange gains and interest income in the current period.

Income tax expense for the first half of fiscal 2015 decreased to $2.7 million, from income tax expense of $3.6 million in the prior-year period.

Net income for the first six months of fiscal 2015 was $7.7 million or $0.34 per share, compared to net income of $16.9 million or $0.75 per share for the six months ended December 31, 2013. Adjusted to exclude one-time gains on the sales of property and spectrum licenses in both periods, fiscal 2015 net income would have increased to $7.4 million or $0.33 per share from $4.6 million or $0.21 per share in the prior-year period.

Cash from Operating Activities

Cash generated from operating activities decreased to $11.0 million in the six months ended December 31, 2014, from $13.2 million in the six months ended December 31, 2013. The $2.2 million decrease primarily reflects the collection of $4.7 million in income tax refunds combined with a reduction in non-cash working capital in the prior-year period.

Investing Activities

Cash flow used in investing activities was $15.8 million in the first six months of fiscal 2015, compared to cash provided by investing activities of $8.1 million in the same period last year. The decrease in cash generation reflects higher proceeds on sale of assets in the prior-year period ($17.5 million in the first six months of fiscal 2014, compared to $0.5 million in the first half of fiscal 2015), $10.3 million in net purchases of short-term investments in the first half of fiscal 2015 (first half of fiscal 2014 – net purchase of short-term investments - $5.8

million), deferred development expenditures of $4.4 million (six months ended December 31, 2013 - $2.3 million) and purchase of property, plant and equipment of $1.5 million (six months ended December 31, 2013 – $1.3 million).

Financing Activities

The Company repaid $0.1 million of its long-term debt in the six month period ended December 31, 2014, consistent with the $0.1 million repaid during the same period last year. The Company paid dividends of $2.0 million in the first half of 2015. The prior-year period included a return of capital to shareholders of $12.1 million and a dividend of $10.3 million.

Liquidity and Capital Resources

The Company manages its liquidity and capital resources to ensure that there is sufficient cash to meet all financial commitments and obligations as they fall due. The Company believes it has the flexibility to obtain from internal sources, the funds needed to fulfil its cash requirements during the balance of the current fiscal year. The liquidity requirements of the Company's business are met primarily by funds generated from operations.

As at December 31, 2014, the Company's revolving loan facility amounted to $15.0 million, of which no amount was drawn as an operating line of credit (June 30, 2013 – $NIL drawn). The Company has term credit of $3.1 million as at December 31, 2014 (June 30, 2013 - $3.2 million). The Company believes that current cash and short-term investments and anticipated cash flow from operations will be sufficient to meet working capital and capital expenditure requirements for the foreseeable future

Capital expenditures for fiscal 2015 are expected to be in the range of $2.5 million and $3.5 million. Capital expenditures for the six months ended December 31, 2014 were $1.5 million (2014 – $1.3 million).

Working Capital

Working capital represents the Company's current assets less current liabilities. Vecima's working capital remained strong at $78.0 million at December 31, 2014, up from $72.7 million at June 30, 2014.

Accounts receivable balance increased 17% to $13.8 million at December 31, 2014, from $11.7 million at June 30, 2014. This increase in accounts receivable reflects a change in the timing of when the sales were generated during the second quarter compared to Q4 2014.

Inventory decreased by $3.3 million to $21.7 million at December 31, 2014 from $25.0 million as at June 30, 2014. Finished goods inventories were $6.9 million at December 31, 2014, compared to $10.2 million at June 30, 2014. The finished goods inventory turnover rate was 5.4 times per year at December 31, 2014 compared to 5.2 times at December 31, 2013. Raw material inventory increased to $10.7 million at December 31, 2014, from $10.4 million at June 30, 2014. Work in process inventories decreased to $4.1 million as at December 31, 2014 from $4.3 million at June 30, 2014. Vecima manufactures and assembles its own products, with the result that inventory levels tend to be substantially higher than for companies that outsource their manufacturing and assembly.

Investment tax credits increased by $2.0 million to $28.8 million at December 31, 2014, from $26.8 million at June 30, 2014. For every dollar the Company spends on research and development in Canada, it generates approximately forty four cents in income tax credits. These credits are used to offset the Company's income tax payable.

Accounts payable and accrued liabilities decreased 3% to $7.4 million at December 31, 2014 representing 77 days for payables to be outstanding. This compares to $9.7 million at June 30, 2014, representing an average of 59 days for payables to be outstanding. The dollar decrease in accounts payable is a result of lower level of purchases in the second quarter of fiscal 2015 compared to the fourth quarter of fiscal 2014.

Long-term debt, including current portion, was $3.1 million at December 31, 2014, compared to $3.2 million at June 30, 2014.

Contractual Obligations

The Company has lease commitments for production equipment, service vehicles and facilities totaling $1.7 million within one year, $4.6 million after one year but not more than five years, and $nil thereafter.

Foreign Exchange

Approximately 84% of Vecima's revenues are denominated in US dollars. Vecima translates US dollar sales to Canadian dollars on the date of delivery and subsequently when the account receivable is collected. If the US dollar appreciates relative to the Canadian dollar after Vecima collects the accounts receivable in US dollars, the Company will receive more Canadian dollars when the US dollars are converted to Canadian dollars in subsequent months. The Company enjoys a substantial natural hedge since the majority of its materials and components purchases are also in US dollars.

During the first quarter, the exchange rate on the Canadian dollar weakened from Canadian $1.067 against the U.S. dollar as at June 30, 2014 to Canadian $1.160 against the U.S. dollar as at December 31, 2014. This $0.093 exchange difference increased the value of the Company's $11.4 million U.S. dollar net assets by approximately $1.1 million Canadian over the six month period.

Off-Balance Sheet Arrangements

Vecima does not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on its financial performance or financial conditions of Vecima.

Share Data

As at February 12, 2015, Vecima had 22,348,167 common shares outstanding (December 31, 2014 - 22,345,574).

Dividends

On September 24, 2014, Vecima announced a dividend policy whereby the Company plans to pay an annual dividend to its common shareholders, payable quarterly. In the first six months of 2015, the Company declared a quarterly dividend of $0.045 per common share, payable on October 28, 2014 to shareholders of record as at October 6, 2014 and the Company declared a quarterly dividend of $0.045 per common share, payable on December 20, 2014 to shareholders of record as at November 26, 2014.

On February 11, 2015, the Board of Directors declared a dividend of $0.045 per common share, payable on March 20, 2015 to shareholders of record as at February 24, 2015. This dividend will not be designated as an "eligible dividend" for Canadian income tax purposes. Future quarterly dividends will be subject to Board approval.

Transactions Between Related Parties

Vecima leases a building under a 10 year lease with Dr. Surinder Kumar, the Chairman of Vecima. The lease was entered into in 2010 and expires in 2019. The rent is fixed through the term of the lease at $0.02 million per month which is comparable to the market rate for similar properties. For the three months ended December 31, 2014, the rental expense for this facility was $0.07 million (December 31, 2013 - $0.07 million).

Proposed Transactions

There are no proposed asset or business acquisitions or dispositions that Vecima's Board of Directors have decided to proceed with or for which senior management believes confirmation by the Board of Directors is probable.

Financial Instruments

Vecima periodically enters into forward contracts to partially manage its exposure to currency fluctuations between Canadian and U.S. dollars. Forward contracts are entered into based on our projected requirements for converting the Company's U.S. dollars to Canadian dollars. Vecima does not recognize these contracts in its consolidated financial statements when they are entered into, nor accounts for them as hedges. Instead, the contracts are marked to fair value at each balance sheet date. Changes to fair value are recorded in income. The fair value of these contracts is included in accounts receivable when in an asset position or accounts payable when in a liability position.

At December 31, 2014, the fair value of these contracts was an unrealized loss of $0.03 million. At June 30, 2014, the fair value of these contracts was an unrealized loss of $0.03 million.

Critical Accounting Estimates

The preparation of the unaudited condensed interim consolidated financial statements in conformity with IFRS requires management to make estimates, assumptions, and judgments that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Use of judgment and estimates are disclosed in Note 3 of the audited consolidated financial statements for the year ended June 30, 2014.

Accounting Pronouncements

Changes in Accounting Policies

IFRS 10 Consolidated Financial Statements
In May 2011, the International Accounting Standards Board ("IASB") issued guidance establishing principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. IFRS 10 (which supersedes IAS 27 and Standing Interpretations Committee ("SIC") 12) builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. The standard is to be applied retrospectively, in most circumstances, and is effective for annual periods commencing on or after January 1, 2013. The Company adopted IFRS 10 effective July 1, 2013 and this adoption had no impact on the Company's consolidated financial statements.

IFRS 11 Joint Arrangements
In May 2011, the IASB issued guidance establishing principles for financial reporting by parties to a joint arrangement. IFRS 11 (which supersedes IAS 31 and SIC 13) requires a party to a joint arrangement to determine the type of joint arrangement in which it is involved, either a joint operation or a joint venture, by assessing its rights and obligations arising from the arrangement. The existing policy choice of proportionate consolidation for jointly controlled entities has been discontinued and under IFRS 11, equity accounting is mandatory for participants in joint ventures. The standard is effective for annual periods commencing on or after January 1, 2013. The Company adopted IFRS 11 effective July 1, 2013 which had no impact on the Company's consolidated financial statements.

IFRS 12 Disclosure of Interest in Other Entities
In May 2011, the IASB issued guidance relating to the disclosure requirements of interests in other entities. IFRS 12 is a new and comprehensive standard on disclosure requirements for all forms of interest in other entities, including subsidiaries, joint arrangements, associates and unconsolidated structured entities. The standard is effective for annual periods commencing on or after January 1, 2013. The Company adopted IFRS 12 effective July 1, 2013 which had no material impact on the Company's consolidated financial statements.

IFRS 13 Fair Value Measurement
In May 2011, the IASB issued guidance establishing a single source for fair value measurement. IFRS 13 defines fair value, sets out a framework for measuring fair value and introduces consistent requirements for disclosures on fair value measurements. It does not determine when an asset, a liability or an entity's own equity instrument is measured at fair value. Rather, the measurement and disclosure requirements of IFRS 13 apply when another IFRS requires or permits the item to be measured at fair value, with limited exceptions. The standard is to be applied prospectively and is effective for annual periods commencing on or after January 1, 2013. The Company adopted IFRS 13 effective July 1, 2013 and the adoption did not require any adjustments to the valuation techniques used by the Company to measure fair value and did not result in any measurement adjustments as at July 1, 2013.

Amendments to IAS 16 Property, Plant and Equipment
In May 2012, IAS 16 was amended to clarify the classification requirements of servicing equipment. Items

such as spare parts, standby equipment and servicing equipment are recognized in accordance with this IFRS when they meet the definition of property, plant and equipment. Otherwise, such items are classified as inventory. The amendments are effective for annual periods commencing on or after January 1, 2013. The Company adopted IAS 16 effective July 1, 2013 which did not result in a material impact on the Company's consolidated financial statements.

Amendments to IAS 19 Employee Benefits
In June 2011, the IASB issued amendments to IAS 19 relating to the recognition and measurement of postemployment defined benefit expense and termination benefits, and to the disclosures for all employee benefits. The amendments are to be applied retrospectively, except for changes to the carrying value of assets that include capitalized employee benefit costs, which are to be applied prospectively. The amendments are effective for annual periods commencing on or after January 1, 2013, with earlier application permitted. The Company adopted IAS 19 effective July 1, 2013 which did not result in a material impact on the Company's consolidated financial statements.

Amendments to IAS 36 Impairment of Assets
In May 2013, the IASB issued amendments to IAS 36 to address disclosure information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The amendment must be applied retrospectively and is effective for annual periods beginning on or after January 1, 2014. The Company adopted IAS 36 effective July 1, 2014 which did not result in a material impact on the Company's unaudited condensed interim consolidated financial statements.

Amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities
In December 2011, the IASB issued amendments to IAS 32 to clarify the requirements relating to the offset of financial assets and liabilities. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right to setoff' and 'simultaneous realization of settlement'. The amendment must be applied retrospectively and is effective for periods commencing beginning on or after January 1, 2014. The Company adopted IAS 32 effective July 1, 2014 which had no impact on the Company's unaudited condensed interim consolidated financial statements.

IFRIC 21 Levies
In May 2013, the IASB issued IFRIC 21, which provides guidance on the accounting for levies within the scope of IAS 37, Provisions, Contingent Liabilities and Contingent Assets which requires that the obligating event that gives rise to a liability to pay a levy is the activity that triggers the payment of the levy, and the liability to pay the levy is recognized progressively if the obligating events occur over a period of time. The amendment must be applied retrospectively and is effective for annual periods beginning on or after January 1, 2014. The Company adopted IFRIC 21 effective July 1, 2014 which did not result in a material impact on the Company's unaudited condensed interim consolidated financial statements.

Accounting standards issued but not yet applied:

IFRS 9 Financial Instruments
In November 2009, the IASB issued guidance relating to the classification and measurement for financial assets followed by requirements for financial liabilities and derecognition added in 2010. IFRS 9 was amended in 2013 to add new general hedge accounting requirements. The standard must be applied retrospectively and is effective for annual periods beginning after January 1, 2018, with earlier application permitted. The Company is currently reviewing the standard to determine the potential impact on its consolidated financial statements.

IFRS 15 Revenue from Contracts with Customers
In May 2014, the IASB published a new standard, IFRS 15 *Revenue from Contracts with Customers*. This standard supersedes current revenue recognition guidance including IAS 18 *Revenue*, IAS 11 *Construction Contracts* and related Interpretations. The standard outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. The standard may be applied retrospectively or with a modified transition approach and is effective for reporting periods on or after January 1, 2017, with earlier application permitted. The Company is currently reviewing the standard to determine the potential impact on its consolidated financial statements.

Outlook

Vecima remains focused on introducing new profitable products as well as accessing new markets and new customers for its existing products.

The Company's outlook for fiscal 2015 remains substantially unchanged from that provided in its annual MD&A for fiscal 2014. For fiscal 2015, Vecima expects:

- sales to be in the range of $90.0 million to $100.0 million;
- gross margins in the 46% to 51% range;
- Adjusted EBITDA to be in the range of $21.0 million and $26.0 million; and
- to continue to monetize non-core assets when the Company believes it will support shareholder value maximization.

Risk and Uncertainties

Vecima's financial performance, share price, business prospects and financial condition are subject to numerous risks and uncertainties, and are affected by various factors outside the control of management. Prior to making any investment decision regarding Vecima, investors should carefully consider, among other things, the risks described herein (including the factors outlined under the heading "Forward-Looking Information" above) and the risk factors set forth in the Company's Annual Information Form for its most recently completed fiscal year, which are incorporated by reference herein. These risks and uncertainties are not the only ones that Vecima faces. Additional risks and uncertainties not presently known to Vecima or that the Company currently deems immaterial may also impair its business. If any of such risks actually occur, the Company's financial performance, share price, business prospects and financial condition could be materially adversely affected.