NEWS RELEASE

IMMEDIATE RELEASE

CALIAN REPORTS FOURTH QUARTER RESULTS

(All amounts in this release are in Canadian Dollars)

Ottawa, Ontario – November 9, 2016: Calian Group Ltd. (TSX.CGY) today released unaudited results for the fourth quarter ended September 30, 2016.

The Company reported revenues for the quarter of $68.8 million, a 13% increase from the $60.9 million reported in the same quarter of the previous year. For the year ended September 30, 2016 the Company reported revenues of $274.6 million, a 13% increase compared to revenues of $242.3 million in the prior year.

EBITDA(1) for the fourth quarter was $5.3 million, an 8% increase compared to $4.9 million in the same quarter of the previous year and for the year ended September 30, 2016, EBITDA(1) was $22.0 million, a 28% increase compared to $17.2 million in the prior year.

Net profit for the fourth quarter was $3.4 million or $0.45 per share basic and diluted, a 17% increase compared to $2.9 million or $0.39 per share basic and diluted in the same quarter of the previous year. On a year-to-date basis, net profit was $13.6 million or $1.83 per share basic and diluted, an increase of 39% compared to net profit of $9.8 million or $1.33 per share basic and diluted in the previous year. Adjusted Net Profit(1) for the fourth quarter was $3.4 million or $0.45 per share basic and diluted, compared to $3.1 million or $0.43 per share basic and diluted in the same quarter of the previous year. On a year-to-date basis, adjusted net profit(1) was $14.2 million or $1.92 per share basic and diluted compared to $10.8 million or $1.48 per share basic and diluted in the previous year.

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

"Our increase in revenues, EBITDA and net profit this quarter is a reflection of continued strength in all of our service lines. At $275 million we have achieved our highest fiscal year revenues in our company's history", stated Jacqueline Gauthier, CFO.

"I am very proud of our team's accomplishments, both in the fourth quarter and in the full year. Our fourth quarter saw the achievement of strong financial results, key re-wins of long term contracts and continued success in the diversification of new customers" stated Kevin Ford, President and CEO. "Our total contract signings for the quarter was $171 million which has increased our backlog to $488 million and provides a solid foundation for future years."

"On our full year results, we surpassed the $250 million revenue mark and achieved our highest revenues in history. Both divisions had strong results and have worked hard this year not only achieving excellent financial results, but also continuing to make tangible progress on our long term growth strategy" continued Ford. "There are many highlights this year, including the re-naming of the company to Calian Group Ltd. to align our corporate brand to the diverse nature of our business, to an excellent return for our shareholders with $8.3 million paid in dividends as well as strong share price performance. I really believe that the Calian story is resonating – a proud Canadian company with five very distinct service lines, a proven track record of both domestic and global delivery, with over 60 consecutive profitable quarters, positive cash flows and entering its 35th year of business."

During fiscal 2017, 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 2017 to be in the range of $270 million to $290 million, net profit in the range of $1.70 to $2.00 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 2,700 people with offices and projects that span Canada, U.S. and international markets. The company's capabilities are diverse with services delivered through two divisions. The Business and Technology Services (BTS) Division is headquartered in Ottawa and includes the provision of business and technology services to industry, public and government in the health, training, engineering and IT services domains. 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; the dependence on new product development; the impact of rapid technological and market change; the ability of Calian to integrate the operations and technologies of acquired businesses in an effective manner; general industry and market conditions and growth rates; international growth and global economic conditions, particularly in emerging markets and including interest rate and currency exchange rate fluctuations; and the impact of consolidations in the business services industry. Additional risks and uncertainties affecting Calian can be found in Management's Discussion and Analysis of Results of Operations and its Annual Information Form for the fiscal year ended September 30, 2015 on SEDAR at www.sedar.com. If any of these risks or uncertainties were to materialize, or if the factors and assumptions underlying the forward-looking information were to prove incorrect, actual results could vary materially from those that are expressed or implied by the forward-looking information contained herein and our current objectives or strategies may change. 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, except as required by law. 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 GROUP LTD.
UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
As at September 30, 2016 and 2015
(Canadian dollars in thousands)

	NOTES	September 30, 2016	September 30, 2015
ASSETS			
CURRENT ASSETS			
Cash		$ 16,761	$ 10,624
Accounts receivable		61,032	50,494
Work in process		17,269	17,431
Prepaid expenses		1,044	1,449
Derivative assets	8	534	424
Total current assets		96,640	80,422
NON-CURRENT ASSETS			
Equipment		5,472	5,245
Application software		612	377
Acquired intangible assets		2,898	4,246
Goodwill		12,037	12,037
Total non-current assets		21,019	21,905
TOTAL ASSETS		$ 117,659	$ 102,327
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Accounts payable and accrued liabilities		$ 26,671	$ 25,582
Unearned contract revenue		11,271	6,980
Derivative liabilities	8	484	751
Total current liabilities		38,426	33,313
NON-CURRENT LIABILITIES			
Deferred tax liabilities		912	299
Total non-current liabilities		912	299
TOTAL LIABILITIES		39,338	33,612
SHAREHOLDERS' EQUITY			
Issued capital	5	22,820	20,673
Contributed surplus		472	458
Retained earnings		55,906	50,633
Accumulated other comprehensive loss		(877)	(3,049)
TOTAL SHAREHOLDERS' EQUITY		78,321	68,715
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		$ 117,659	$ 102,327

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

CALIAN GROUP LTD.
UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF NET PROFIT
For the three and twelve-month periods ended September 30, 2016 and 2015
(Canadian dollars in thousands, except per share data)

	NOTES	Three months ended September 30, 2016	Three months ended September 30, 2015	Year ended September 30, 2016	Year ended September 30, 2015
Revenues		$ 68,758	$ 60,944	274,587	$ 242,253
Cost of revenues		56,705	50,163	225,753	200,742
Gross profit		12,053	10,781	48,834	41,511
Selling and marketing		964	898	4,124	3,904
General and administration		4,686	4,030	18,893	16,924
Facilities		1,085	947	3,804	3,461
Depreciation		335	309	1,290	1,285
Amortization		412	358	1,348	1,431
Deemed compensation related to acquisitions		-	267	642	1,069
Profit before interest income and income tax expense		4,571	3,972	18,733	13,437
Interest income		15	10	37	87
Profit before income tax expense		4,586	3,982	18,770	13,524
Income tax expense – current		1,265	1,172	5,343	4,068
Income tax expense – deferred		(59)	(67)	(166)	(311)
Total income tax expense		1,206	1,105	5,177	3,757
NET PROFIT FOR THE PERIOD		**$ 3,380**	**$ 2,877**	**$ 13,593**	**$ 9,767**
NET PROFIT PER SHARE:					
Basic	6	$ 0.45	$ 0.39	$ 1.83	$ 1.33
Diluted	6	$ 0.45	$ 0.39	$ 1.83	$ 1.33

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

CALIAN GROUP LTD.
UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the three and twelve-month periods ended September 30, 2016 and 2015
(Canadian dollars in thousands)

	NOTES	Three months ended September 30, 2016	Three months ended September 30, 2015	Year ended September 30, 2016	Year ended September 30, 2015
NET PROFIT FOR THE PERIOD		$ 3,380	$ 2,877	$ 13,593	$ 9,767
Other comprehensive income, net of tax					
Change in deferred gain or loss on derivatives designated as cash flow hedges, net of tax of $128 and $780 (2015 - $693 and $1,062)		400	(1,908)	2,172	(2,975)
Other comprehensive income (loss) , net of tax		400	(1,908)	2,172	(2,975)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**$ 3,780**	**$ 969**	**$ 15,765**	**$ 6,792**

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

CALIAN GROUP LTD.
UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the years ended September 30, 2016 and 2015
(Canadian dollars in thousands, except per share data)

	Notes	Issued capital	Contributed surplus	Retained earnings	Cash flow hedging reserve	Total
Balance October 1, 2015		$ 20,673	$ 458	$ 50,633	$ (3,049)	$ 68,715
Total comprehensive income		-	-	13,593	2,172	15,765
Dividends ($1.12 per share)		-	-	(8,320)	-	(8,320)
Issue of shares under the employee share purchase plan	5	388	-	-	-	388
Issue of shares under the employee share option plan	5	1,759	(89)	-	-	1,670
Share based compensation expense	5	-	103	-	-	103
Balance September 30, 2016		**$ 22,820**	**$ 472**	**$ 55,906**	**$ (877)**	**$ 78,321**

	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 ($1.12 per share)		-	-	(8,262)	-	(8,262)
Issue of shares under the employee share purchase plan	5	413	-	-	-	413
Issue of shares under the stock option plan	5	99	(6)	-	-	93
Share based compensation expense	5	-	128	-	-	128
Balance September 30, 2015		**$ 20,673**	**$ 458**	**$ 50,633**	**$ (3,049)**	**$ 68,715**

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

CALIAN GROUP LTD.
UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended September 30, 2016 and 2015
(Canadian dollars in thousands)

	NOTES	Year ended September 30, 2016	Year ended September 30, 2015
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES			
Net profit for the period		$ 13,593	$ 9,767
Items not affecting cash:			
Interest income		(37)	(87)
Income tax expense		5,177	3,757
Employee stock purchase plan and option plan compensation expense		178	187
Depreciation and amortization		2,638	2,716
Deemed compensation related to acquisitions		642	1,069
		22,191	17,409
Change in non-cash working capital			
Accounts receivable		(10,848)	(10,445)
Work in process		162	(4,840)
Prepaid expenses		405	251
Accounts payable and accrued liabilities		3,710	(3,072)
Unearned contract revenue		4,291	1,838
		19,911	1,141
Interest received		37	87
Income tax paid		(4,540)	(4,083)
		15,408	(2,855)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES			
Issuance of shares		1,995	442
Dividends		(8,320)	(8,262)
		(6,325)	(7,820)
CASH FLOWS USED IN INVESTING ACTIVITIES			
Equipment and application software		(1,751)	(2,701)
Acquisitions	10	(1,195)	(1,200)
		(2,946)	(3,901)
NET CASH INFLOW (OUTFLOW)		**$ 6,137**	**$ (14,576)**
CASH, BEGINNING OF PERIOD		10,624	25,200
CASH, END OF PERIOD		$ 16,761	$ 10,624

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

CALIAN GROUP LTD.
NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the three and twelve-month periods ended September 30, 2016 and 2015
(Canadian dollars in thousands, except per share amounts)
(Unaudited)

1. BASIS OF PREPARATION

Calian Group 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.

On April 1, 2016, the Company changed its name from Calian Technologies Ltd. to Calian Group Ltd. The Company name change was done to better reflect the diversity of its services in light of the expansion into areas such as healthcare and training.

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, 2015 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, 2015. 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 9, 2016.

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.

IFRS 16 Leases

In January 2016, the IASB released IFRS 16 *Leases* which replaces IAS 17 *Leases*. For lessees applying IFRS 16, a single recognition and measurement model for leases would apply, with required recognition of assets and liabilities for most leases. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. 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.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

There were no significant changes in estimates or approaches to determining estimates in the periods presented when compared to the estimates or approaches used the annual consolidated financial statements for the year ended September 30, 2015.

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

Employee Share Purchase Plan

During the years ended September 30, 2016 (2015), the Company issued 21,801 (19,390) shares under the Company's Employee Share Purchase Plan at an average price of $14.92 ($17.99) for a total cash of $325 ($349) and total non-cash of $63 ($64).

Stock options

The Company had an established stock option plan which expired on February 5, 2016 when the shareholders elected not to renew the plan. Under the plan, eligible directors and employees were granted the right to purchase shares of common stock at a price established by the Board of Directors on the date the options were granted but in no circumstances below fair market value of the shares at the date of grant. Effective February 5, 2016, no further grants can be made under the plan. As at September 30, 2016 (2015), 351,500 (495,000) options are outstanding of which 331,500 (391,100) are exercisable. During the year ended September 30, 2016 (2015), NIL (95,000) options were issued.

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	
	2016	**2015**	**2016**	**2015**
Weighted average number of shares – basic	7,447,849	7,375,798	7,411,361	7,366,652
Addition to reflect the dilutive effect of employee stock options	51,553	-	7,499	-
Weighted average number of shares – diluted	7,499,402	7,375,798	7,418,860	7,366,652

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-month period ended September 30, 2016 (2015), NIL (495,000) options were excluded from the above computation. For the twelve-month period ended September 30, 2016 (2015), 257,750 (495,000) 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 domains.

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 consolidated financial statements for the year ended September 30, 2015.

7. SEGMENTED INFORMATION (Continued)

Three months ended September 30, 2016	Systems Engineering	Business and Technology Services	Corporate	Total
Revenues	$ 21,894	$ 46,864	$ -	$ 68,758
Profit before interest income and income tax expense	2,365	2,849	(643)	4,571
Interest income				15
Income tax expense				(1,206)
Net profit for the period				$ 3,380

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

Year ended September 30, 2016	Systems Engineering	Business and Technology Services	Corporate	Total
Revenues	$ 82,141	$ 192,446	$ -	$ 274,587
Profit before interest income and income tax expense	11,638	9,792	(2,697)	18,733
Interest income				37
Income tax expense				(5,177)
Net profit for the period				$ 13,593
Total assets other than cash and goodwill	$ 40,245	$ 48,485	$ 131	$ 88,861
Goodwill	-	12,037	-	12,037
Cash	-	-	16,761	16,761
Total assets	$ 40,245	$ 60,522	$ 16,892	$ 117,659
Equipment and intangible expenditures	$ 1,147	$ 604	$ -	$ 1,751

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

As at September 30, 2015	Systems Engineering	Business and Technology Services	Corporate	Total
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

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, 2016, the Company had the following forward foreign exchange contracts:

Type	Notional	Currency	Maturity	Equivalent Cdn. Dollars	Fair Value September 30, 2016
SELL	39789	USD	October 2016	$ 52,191	$ 450
SELL	10,201	EURO	October 2016	15,032	84
Derivative assets					$ 534
BUY	17,127	USD	October 2016	$ 22,465	$ 194
SELL	1,000	USD	September 2017	1,312	254
BUY	4,385	EURO	October 2016	6,462	36
Derivative liabilities					$ 484

A 10% strengthening of the Canadian dollar against the following currencies at September 30, 2016 would have decreased other comprehensive income as related to the forward foreign exchange contracts by the amounts shown below.

	September 30, 2016
USD	$ 2,822
EURO	780
	$ 3,602

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

Amtek Engineering Services Ltd. ("Amtek")

Under the contingent consideration 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 years ended September 30, 2015 (2016), the Company paid $900 ($830) related to the first (second) year earn-outs.

DWP Solutions Inc. (DWP)

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 June 30, 2015 and 2016 respectively. During the years ended September 30, 2015 (2016), the Company paid $300 ($365) related to the first (second) year earn-outs.

11. SUBSEQUENT EVENT

On October 31, 2016, the Company invested $100 to acquire a non-controlling interest in common shares of Cliniconex Inc., an Ottawa-based patient outreach solutions vendor. As part of the investment, a member of the Company's management team has been appointed to the Cliniconex Inc. Board of Directors. The investment will be measured at cost.

Management Discussion and Analysis – September 30, 2016:

(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 2016, revenues were $68,758 compared to $60,944 reported for the same period in 2015 representing a 13% increase from the prior year. For the year ended September 30, 2016 revenues were $274,587 compared to $242,253 for 2015, an increase of 13%.

Systems Engineering's (SED) revenues were $21,894 in the quarter and $82,141 on a year-to-date basis representing a 23% and 17% increase respectively when compared to the $17,823 and $70,188 recorded for the same periods in the previous year. Work continued at a steady state in both defense related and commercial contract manufacturing. The greater revenue for the quarter is reflective of the greater number of projects being executed in both systems engineering and product development. In particular the quarter had a greater number of RF system projects in progress compared to previous year.

Business and Technology Services (BTS) revenues were $46,864 in the quarter and $192,446 on a year-to-date basis representing a 9% and 12% increase respectively when compared to the $43,121 and $172,065 recorded for the same periods in the previous year. Continued recovery with government spending during fiscal 2016 resulted in additional demand for our services in many of the division's mainstay contracts.

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 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 17.5% for the fourth quarter of 2016 and 17.8% on a year-to-date basis compared to the 17.8% and 17.1% recorded for the same periods in the previous year.

Gross margin in Systems Engineering was 19.8% in the fourth quarter of 2016 and 23.1% on a year-to-date basis compared to the 25.8% and 23.4% recorded for the same periods in the previous year. This lower gross margin in Q4 in comparison to the previous year is indicative of competitive pressures and the higher number of RF system projects which have a much larger non-labour component. Although the mix of contracts always plays a role in the margin ultimately realized quarter on quarter, the year-to-date results demonstrate solid execution in all of SED's business areas. As a whole, the division realized positive outputs from its sales initiatives and its new product investments.

Gross margin in Business and Technology Services was 16.5% in the fourth quarter of 2016 and 15.5% on a year-to-date basis compared to the 14.3% and 14.6% 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. Increased revenues with mainstay customers resulted in improved revenue mix. In addition, with increased revenues, the division benefited from economies of scale as it pertains to fixed payroll costs.. While stiff competition on new work is expected to temper any significant near-term improvement, the division continues to evolve its 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, the competitive landscape 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, 2016, selling and marketing, general and administration and facilities totalled $26,821 or 9.8% of revenues compared to $24,289 or 10.0% of revenues reported in 2015. Operating costs increased over the prior year as a result of increased focus on selling and marketing efforts and service line evolution capabilities in addition to recognizing additional variable compensation stemming from increased profitability and performance. However, total costs as a percentage of revenues decreased. Management will continue to challenge discretionary spending; however, prudent investments may be required to support the evolution of the Company's service lines.

EBITDA(1):

EBITDA(1) for the fourth quarter was $5,318 compared to $4,906 in the same quarter of the previous year. For the year ended September 30, 2016, EBITDA(1) was $22,013 compared to $17,222 in the same period of the previous year.

Depreciation:

For the year ended September 30, 2016, depreciation was $1,290 which is in line with the $1,285 recorded in fiscal 2015.

Amortization of intangibles:

Amortization of intangibles decreased to $1,348 compared to $1,431 in fiscal 2015.

Deemed compensation related to acquisitions:

For the year ended September 30, 2016, deemed compensation related to acquisition amounted to $642 compared to $1,069 recorded in fiscal 2015. The deemed amortization has now been fully expensed.

Income taxes:

The provision for income taxes was $5,177 or 27.6% of earnings before tax compared to $3,757 in 2015 or 27.8% 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 2017, prior to considering the impact of non-taxable transactions and adjustments to reflect actual tax provision as filed, is expected to be approximately 26.9%.

Net profit:

As a result of the foregoing, in the fourth quarter of 2016 the Company recorded net profit of $3,380 or $0.45 per share basic and diluted, compared to $2,877 or $0.39 per share basic and diluted in the same quarter of the prior year. Adjusted net profit(1) for the fourth quarter was $3,380 or $0.45 per share basic and diluted, compared to $3,144 or $0.43 per share basic and diluted in the same quarter of the previous year. For the year ended September 30, 2016 the Company recorded net profit of $13,593 or $1.83 per share basic and diluted, compared to $9,767 or $1.33 per share basic and diluted in the same period of the prior year. Adjusted net profit(1) for the year ended September 30, 2016 was $14,235 or $1.92 per share basic and diluted, compared to $10,836 or $1.48 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 2016	Fourth Quarter 2015	YTD 2016	YTD 2015
NET PROFIT	$ 3,380	$ 2,877	$ 13,593	$ 9,767
Deemed compensation related to acquisitions	0	267	642	1.069
Adjusted net profit	$ 3,380	$ 3,144	$ 14,235	$ 10,836

Reconciliation of EBITDA	Fourth Quarter 2016	Fourth Quarter 2015	YTD 2016	YTD 2015
Profit before interest income and income tax expense	$ 4,571	$ 3,972	$ 18,733	$ 13,437
Depreciation	335	309	1,290	1,285
Amortization	412	358	1,348	1,431
Deemed compensation related to acquisitions	0	267	642	1,069
EBITDA	$ 5,318	$ 4,906	$ 22,013	$17,222

BACKLOG

The Company's backlog at September 30, 2016 was $488 million with terms extended to fiscal 2021. This compares to $442 million reported at September 30, 2015. 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 2017, 2018 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 $94 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 2017	Fiscal 2018	Beyond 2018	Estimated realizable portion of Backlog	Excess over estimated realizable portion	TOTAL
Contracted Backlog	$ 193	$ 85	$ 31	$ 309	$ 71	$ 380
Option Renewals	15	33	37	85	23	108
TOTAL	$ 208	$ 118	$ 68	$ 394	$ 94	$ 488
Business and Technology Services	$ 168	$ 96	$ 58	$ 322	$ 94	$ 416
Systems Engineering	40	22	10	72	-	72
TOTAL	$ 208	$ 118	$ 68	$ 394	$ 94	$ 488

FINANCIAL CONDITION AND CASHFLOWS

Operating activities:

Cash inflows from operating activities for the year ended September 30, 2016 were $15,408 compared to cash outflows of $2,855 in 2015. Cash flows for the quarter reflect the cash earnings generated in the quarter with working capital elements moving in line with the business activities during the quarter. The aging of the accounts receivable remains in excellent health at 98% current. Variations in working capital 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, 2016, the Company's total unearned revenue amounted to $11,271. This compares to $6,980 at September 30, 2015.

Financing activities:

During the periods ended September 30, 2016 (2015), 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.

Investing activities:

During the years ended September 30, 2016 (2015), the Company paid $1,195 ($1,200) for various acquisitions as described in these financial statements. During the current year, the Company invested $1,751 in capital assets compared to $2,645 in the prior period which included significant upgrades to the manufacturing assets in the SED division. Capital acquisitions have reverted to normal levels for fiscal 2016.

Capital resources:

At September 30, 2016 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

	Q4/16	Q3/16	Q2/16	Q1/16	Q4/15	Q3/15	Q2/15	Q1/15
REVENUES	$ 68,758	$ 73,196	$ 68,100	$ 64,533	$ 60,944	$ 64,267	$ 61,042	$ 56,000
EBITDA(1)	$ 5,318	$ 6,114	$ 5,408	$ 5,173	$ 4,906	$ 3,970	$ 3,989	$ 4,357
Net profit	$ 3,380	$ 3,888	$ 3,262	$ 3,063	$ 2,877	$ 2,214	$ 2,208	$ 2,468
Adjusted net profit(1)	$ 3,380	$ 3,996	$ 3,529	$ 3,330	$ 3,144	$ 2,482	$ 2,475	$ 2,735
Net profit per share								
Basic	$ 0.45	$ 0.52	$ 0.44	$ 0.42	$ 0.39	$ 0.30	$ 0.30	$ 0.34
Diluted	$ 0.45	$ 0.52	$ 0.44	$ 0.42	$ 0.39	$ 0.30	$ 0.30	$ 0.34
Adjusted net profit per share(1)								
Basic	$ 0.45	$ 0.54	$ 0.48	$ 0.45	$ 0.43	$ 0.34	$ 0.34	$ 0.37
Diluted	$ 0.45	$ 0.54	$ 0.48	$ 0.45	$ 0.43	$ 0.34	$ 0.34	$ 0.37

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 depending 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 service 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 growth strategy using a common framework across all of its services:

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 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 4 years, and will proactively look for companies that can accelerate its growth strategy with a focus on companies that support our growth pillars of 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. Continued delays 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. 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 current economic climate, the new federal government agenda may create uncertainty as to the extent of demand from this customer, at least in the short term. With continued investments in sales, marketing and success in new markets outside of the federal government, the division is better positioned to manage through these downturns. Acquisitions have also bolstered the division's performance and we will continue to look at acquisition opportunities to support our growth strategy.

GUIDANCE

During fiscal 2017, 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 2017 to be in the range of $270 million to $290 million, net profit in the range of $1.70 to $2.00 per share.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

During the most recent interim quarter ended September 30, 2016, 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 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; the dependence on new product development; the impact of rapid technological and market change; the ability of Calian to integrate the operations and technologies of acquired businesses in an effective manner; general industry and market conditions and growth rates; international growth and global economic conditions, particularly in emerging markets and including interest rate and currency exchange rate fluctuations; and the impact of consolidations in the business services industry. Additional risks and uncertainties affecting Calian can be found in Management's Discussion and Analysis of Results of Operations and its Annual Information Form for the fiscal year ended September 30, 2015 on SEDAR at www.sedar.com. If any of these risks or uncertainties were to materialize, or if the factors and assumptions underlying the forward-looking information were to prove incorrect, actual results could vary materially from those that are expressed or implied by the forward-looking information contained herein and our current objectives or strategies may change. 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, except as required by law. 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.

Date: November 9, 2016