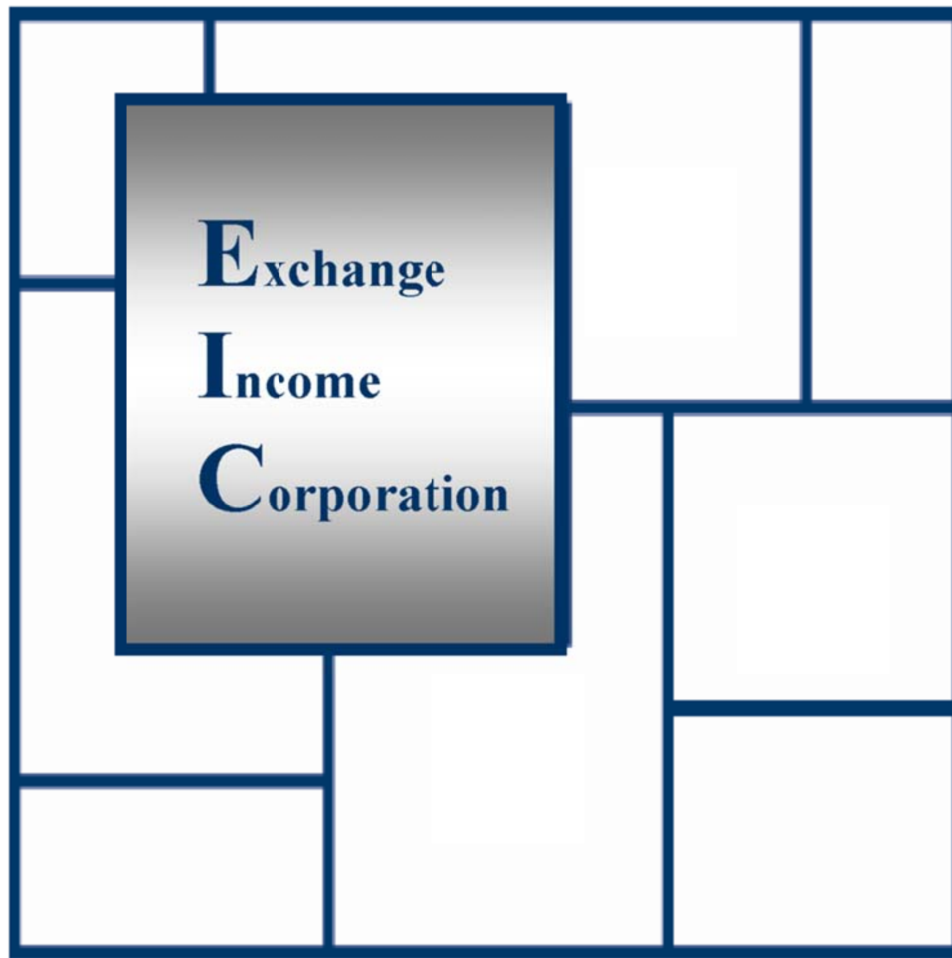


Third Quarter Report

For the three and nine months ended September 30, 2015

CEO's Message

I am pleased to report that the third quarter, following on the record setting results of the first and second quarters, has established new high water marks of performance in EBITDA, Free Cash Flow and Free Cash Flow less maintenance capital expenditures. We are particularly proud of establishing new record levels of Net Earnings and Adjusted Net Earnings on an aggregate basis. Third quarter results were driven by acceleration in the positive operating performance of the aviation and aerospace companies experienced throughout the first half of the year. Third quarter revenues were also strengthened by the inclusion of Ben Machine and First Air's non-aircraft assets in the Kivalliq region both for the first time since being acquired. Our execution of the divestiture and acquisition activities late last year and early this year was an integral aspect of our deliberate strategy to positively and permanently alter the trajectory of the business. This strategy positioned us to reward Shareholders with two significant dividend increases. We generated a record high $1.01 of Free Cash Flow less maintenance capital expenditures per basic share which resulted in a low dividend payout ratio of 46%, near a historical low.

The performance of the recently acquired Provincial Aerospace, growth at Regional One, and the newly acquired Ben Machine, combined with significantly improved results at our Legacy airlines, more than offset weak demand in our Manufacturing segment and enabled Exchange to post the best quarter in our history.

Third Quarter Highlights:

- Revenue increased by 48% to $212.8 million.
- EBITDA increased by 94% to $54.1 million
- Net Earnings increased by 209% to $16.0 million
- Adjusted Net Earnings increased by 210% to $18.8 million
- Free Cash Flow increased by 85% to $42.2 million
- Free Cash Flow less Maintenance Capital Expenditures on a basic per share basis grew by 71% to $1.01
- Our third quarter payout ratio significantly improved with a decline from 71% to 46%
- "Same store" increase in EBITDA of $9.0 million or 32% after removing Provincial and Ben Machine with no comparative

The main drivers of the strong third quarter performance were consistent with the first and second quarter. Provincial Aerospace was the largest contributor of EBITDA and, as it was acquired at the start of 2015, there is no comparable for the prior period. Regional One, fueled by our ongoing investments in additional aircraft, engines and parts, once again delivered a strong contribution to Exchange's results. Regional One continues to create highly investable opportunities in its markets and we continued to invest in these growth opportunities during the third quarter. Our Legacy airlines, building momentum on strong performance in both the first and second quarters 2015, grew EBITDA to $22.0 million, an increase of $6.0 million or 37% over the third quarter 2014.

The improved performance at our Legacy airlines is driven by improved operating efficiency resulting from investments in the fleet and ground assets in previous quarters, cost control and efficiency initiatives and lower fuel prices. In addition to these drivers, the Legacy airlines' third quarter results were positively impacted by the recent expansion of operations in the Kivalliq region. As anticipated, this acquisition enabled Calm Air to provide improved service through an enhanced schedule while also increasing load factors and yield on these flights. It is noteworthy that the EBITDA margin in the Aviation segment increased from 26.2% to 31.5%, an increase of 20% over the comparative period.

The outlook for the fourth quarter in our Legacy airlines remains strong. Transitional costs associated with the integration of First Air's Kivalliq assets were incurred in the third quarter. As these costs are eliminated, margins will be improved going forward. Capital expenditures related to fleet renewal programs in a number of the Aviation segment companies are complete and the operational and load factor improvements related to these investments continue to grow. Ongoing initiatives to identify and implement quantifiable synergies that reduce costs and improve returns throughout the Aviation segment companies continue to gain momentum.

As anticipated, the acquisition of Ben Machine had an immediate positive impact on the Manufacturing segment, generating $1.8 million of EBITDA in its debut quarter. Stainless' US based operations are showing a return to growth during the quarter with increases in their field project bookings after a significant period of soft demand and also benefited from the weakening of the Canadian dollar in converting its results. However, the performance of the balance of the Manufacturing segment companies remained muted as some of the external challenges identified earlier this year have persisted, in particular with significantly reduced demand in the Company's Alberta Operations.

Overall business prospects for the fourth quarter and beyond remain positive. The performance of the Legacy airlines remains strong as previous investments continue to drive enhanced returns. During the third quarter Regional One began monetizing the investment in its CRJ700 portfolio. The monetization activity was further enhanced early in the fourth quarter with the profitable resale of two of the aircraft. This investment, along with other targeted investments developed by Regional One, will drive further growth over the coming periods as assets are sold or leased. Our acquisition of Provincial Aerospace has proven to be accretive. Provincial Aerospace continues to pursue a wide variety of opportunities in Canada and around the globe to provide governments with equipment along with full service monitoring, and search and rescue solutions.

During the quarter we took decisive action to further strengthen our balance sheet through the issuance of $75 million of equity at $24.85 per share and at the beginning of the fourth quarter by expanding our senior debt facility by $100 million to $550 million. This strong balance sheet and enhanced access to capital positions us to ascend seamlessly to a new level of growth as internal and external investment opportunities are identified. Our acquisition team continues to be active and our financial strength and demonstrated ability to move quickly when accretive acquisition opportunities are sourced and verified gives us a definitive competitive and strategic advantage. That being said, the Company remains committed to its disciplined approach to acquisitions.

Based on our year to date performance levels and recent acquisitions our dividend payout is now at the low end of our historical and targeted range even after allowing for the short term dilutive impact of the most recent share issue. We are confident that EIC is now well advanced on a trajectory that has positioned us to exceed our shareholders' expectations. We want to once again thank our shareholders for their ongoing support, we would not have accomplished what we have without the longstanding support and confidence of Shareholders in our business model and the Exchange team.

Mike Pyle
Chief Executive Officer

Management's Discussion and Analysis

November 11, 2015

FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements. All statements other than statements of historical fact contained in this MD&A are forward-looking statements, including, without limitation, statements regarding the future financial position, business strategy, proposed acquisitions, budgets, litigation, projected costs and plans and objectives of or involving the Company or the businesses in which it has invested. Persons reading this MD&A can identify many of these statements by looking for words such as "believe", "expects", "will", "may", "intends", "projects", "anticipates", "plans", "estimates", "continues" and similar words or the negative thereof. Although management believes that the expectations represented in such forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct.

By their nature, forward-looking statements require assumptions and are subject to inherent risks and uncertainties including those discussed in this report. There is significant risk that predictions and other forward-looking statements will not prove to be accurate. Readers of this report are cautioned to not place undue reliance on forward-looking statements made or incorporated by reference herein because a number of factors could cause actual future results, conditions, actions or events to differ materially from the targets, expectations, estimates or intentions expressed in the forward-looking statements.

The future outcomes that relate to forward-looking statements may be influenced by many factors, including but not limited to those risk factors set out in this report described in Section 11 – *Risk Factors* of the MD&A. We caution that the list of risk factors set out herein is not exhaustive and that when relying on forward-looking statements to make decisions with respect to the Company, investors and others should carefully consider these factors, as well as other uncertainties and potential events, and the inherent uncertainty of forward-looking statements.

The forward-looking statements contained herein are expressly qualified in their entirety by this cautionary statement. The forward-looking statements included in this report are made as of the date of this report or such other date specified in such statement.

INTRODUCTION

This Management's Discussion and Analysis ("MD&A") supplements the unaudited interim condensed consolidated financial statements and related notes for the three and nine months ended September 30, 2015 ("Consolidated Financial Statements") of Exchange Income Corporation ("EIC" or "the Company"). All amounts are stated in thousands of Canadian dollars, except per share information and share data, unless otherwise stated.

These interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to the preparation of financial statements. This MD&A should be read in conjunction with the Condensed Consolidated Financial Statements of the Company for the three and nine months ended September 30, 2015, its annual financial statements for the year ended December 31, 2014 and its annual MD&A for the year ended December 31, 2014.

1. FINANCIAL HIGHLIGHTS

The financial highlights for the Company for the periods indicated are as follows.

FINANCIAL PERFORMANCE	2015	per share basic	per share fully diluted	2014	per share basic	per share fully diluted
For the three months ended September 30						
Revenue	$ 212,750			$ 143,499		
EBITDA	54,052			27,872		
Net earnings from continuing operations	15,983	$ 0.64	$ 0.60	5,172	$ 0.23	$ 0.23
Adjusted net earnings from continuing operations	18,811	0.76	0.69	6,061	0.27	0.27
Net earnings	15,983	0.64	0.60	5,546	0.25	0.25
Free Cash Flow	42,195	1.70	1.43	22,819	1.03	0.86
Free Cash Flow less maintenance capital expenditures	24,966	1.01	0.89	13,143	0.59	0.54
Dividends declared	11,873	0.465		9,349	0.42	
For the nine months ended September 30						
Revenue	$ 582,899			$ 403,777		
EBITDA	133,185			68,127		
Net earnings from continuing operations	30,311	$ 1.28	$ 1.25	6,104	$ 0.28	$ 0.27
Adjusted net earnings from continuing operations	38,978	1.65	1.60	8,882	0.40	0.40
Net earnings	30,311	1.28	1.25	9,835	0.45	0.44
Free Cash Flow	103,747	4.38	3.63	54,500	2.48	2.12
Free Cash Flow less maintenance capital expenditures	53,945	2.28	2.05	23,401	1.06	1.04
Dividends declared	31,975	1.335		27,762	1.26	
FINANCIAL POSITION	September 30, 2015			December 31, 2014		
Working capital	$ 149,082			$ 95,784		
Capital assets	540,385			364,914		
Total assets	1,241,975			715,103		
Senior debt and finance leases	328,276			17,743		
Equity	438,774			299,593		
SHARE INFORMATION	September 30, 2015			December 31, 2014		
Common shares outstanding	27,528,699			22,507,341		

2. OVERVIEW

EXCHANGE INCOME CORPORATION

The Company is a diversified, acquisition-oriented corporation focused on opportunities in two sectors: aviation services and equipment, and manufacturing. The business plan of the Company is to invest in profitable, well-established companies with strong cash flows operating in niche markets. The objectives of the Company are:

(i) to provide shareholders with stable and growing dividends;

(ii) to maximize share value through on-going active monitoring of its operating subsidiaries; and

(iii) to continue to acquire additional companies or businesses or interests therein in order to expand and diversify the Company's investments.

Segment Summary

The Company's operating segments are strategic business units that offer different products and services. The Company has two operating segments: Aviation and Manufacturing:

(a) **Aviation –** includes a variety of operations within the aviation industry. It includes providing scheduled airline and charter service and emergency medical services to communities located in Manitoba, Ontario, Nunavut and Alberta. These services are provided by: **Calm Air**, **Perimeter**, **Keewatin**, **Bearskin**, **Custom Helicopters**, and other aviation supporting businesses ("the **Legacy airlines**"). **Regional One** is focused on supplying regional airline operators around the world with various after-market aircraft, engines, and component parts. **Provincial** provides scheduled airline and charter service in Newfoundland and Labrador, Quebec, New Brunswick and Nova Scotia and also includes its aerospace business that designs, modifies, maintains and operates custom sensor equipped aircraft. Provincial has maritime surveillance and support operations in Canada, the Caribbean and the Middle East. Together all of these operations make up the Aviation segment, but to assist in further explaining the results of the segment, the Company may refer to the Legacy airlines, Regional One and Provincial; and

(b) **Manufacturing –** providing a variety of manufactured goods and related services in a variety of industries and geographic markets throughout North America. The Canadian operations of **WesTower CDA** are focused on the engineering, design, manufacturing and construction of communication towers. **Stainless** manufactures specialized stainless steel tanks, vessels and processing equipment. The **Alberta Operations** specializes in the manufacturing of specialized heavy duty pressure washing and steam systems as well as manufactures custom tanks for the transportation of various products, primarily oil, gasoline and water. The Alberta Operations are also the exclusive distributor in Alberta, British Columbia, the Northwest Territories, south-eastern Saskatchewan, and North Dakota for Hotsy pressure washing cleaning equipment, which is used for a variety of light commercial and industrial applications. **Overlanders** manufacture precision sheet metal and tubular products. **Ben Machine** is an Ontario based manufacturer of precision parts and components primarily used in the aerospace and defense sector.

The operating subsidiaries of the Company ("Subsidiary" or "Subsidiaries") operate autonomously and maintain their individual business identities. Management of the Company continuously monitors the operating subsidiaries, and will undertake future acquisitions as deemed beneficial to the Company.

SIGNIFICANT EVENTS

Acquisition – Provincial Aerospace Ltd

On January 2, 2015, the Company completed the acquisition of Provincial Aerospace Ltd. ("Provincial") through a stock purchase agreement to acquire 100% of the shares of Provincial, a Canadian owned corporation based out of St. John's, Newfoundland and Labrador. Provincial was founded in 1972 and operates three distinct business units, a scheduled airline, fixed base operations and aerospace.

Provincial operates its scheduled airline service using fixed wing aircraft in Newfoundland and Labrador, Quebec, New Brunswick and Nova Scotia providing approximately 210 scheduled flights weekly as well as charter services across the territory. The fixed base operations are located Newfoundland and Labrador and Nova Scotia. The aerospace business designs, modifies, maintains and operates custom sensor equipped aircraft. It has maritime surveillance and support operations in Canada, the Caribbean and the Middle East. Provincial operates a total of 29 aircraft. The scheduled operations business has a fleet primarily comprised of Dash 8's and Twin Otters and the aerospace business operates various aircraft types for multiple customers.

The purchase price was $244.1 million, of which the Company paid $225.0 million with cash on closing being funded from the Company's credit facility and issued 523,188 common shares with a value of $12.1 million to the vendors. During the third quarter, the Company finalized the opening working capital and made a payment of $7.0 million plus accrued interest to the vendors. The

post-closing adjustments were mainly attributed to the $23.2 million of cash on the closing balance sheet which caused the closing working capital to exceed the working capital target in the stock purchase agreement. The Company's results include the financial results of Provincial's operations from the date of closing and are included in the Company's Aviation segment.

The acquisition is immediately accretive to the Company's key financial metrics, including EBITDA, cash flows, earnings per share and Free Cash Flow. The acquisition allowed the Company to further diversify its revenue streams and cash flow by entering new product and geographical markets. Provincial's maritime surveillance and support operations, which constitute the largest segment of Provincial's operations, are a new niche market that the Company's existing Aviation segment entities do not operate in and the revenue streams come from several different geographic areas around the world. As a result, the addition of Provincial further diversifies the cash flows generated by the Company.

The Company had previously made estimates in its first quarter interim condensed consolidated financial statements regarding the purchase price allocation of the net assets acquired, but this included no recognition of intangible assets and certain other items. During the second quarter the Company revised these estimates which resulted in $52.6 million of intangible assets being recognized. This resulted in $2.2 million of intangible asset amortization being expensed in the second quarter pertaining to the six month period since being acquired at the beginning of fiscal 2015.

CRA Settlement

The Company entered into an agreement during the first quarter of 2015 with the CRA regarding the CRA's objection to the tax consequences of the conversion of EIC's income trust structure into a business corporation in July 2009. The agreement did not give rise to any cash outlay by the Corporation for prior taxation years. The Company recorded a non-cash charge in the Company's consolidated net earnings in the 2014 year related to the write-off of certain of the Company's deferred tax assets. The Company was proactive with the CRA in order to resolve this issue, and the agreement gives EIC a highly satisfactory ending to an important chapter.

Series I Convertible Debentures Early Redemption

The Company announced on February 19, 2015 that it was exercising its right to call the Series I convertible debentures. These convertible debentures were repaid on March 31, 2015 using funds from the Company's credit facility.

Acquisition – Ben Machine Products

On July 2, 2015, the Company closed the acquisition of Ben Machine Products Company Inc. ("Ben Machine"), a Canadian owned corporation based in Vaughan, Ontario. Ben Machine is a leading manufacturer that provides complex precision-machined components and assemblies primarily for the aerospace and defence sector. Ben Machine is focused on providing a complete solution for their customers and offers a full range of services, including CNC machining and turning, brazing, casting, welding, complex assembly, sheet metal fabrication, and all necessary finishing services. Ben Machine's services are compliant with many military, aerospace, nuclear and commercial standards that have the highest acceptance rate standards and strict measurement guidelines.

The acquisition price is approximately $44.6 million and was funded through a combination of debt financing and the issuance of the Company's common shares ("Shares") to the vendors. The purchase price is subject to customary adjustments, including working capital that was settled in the fourth quarter 2015. Approximately 85% of the purchase price was funded with cash and the remaining 15% was funded with the issuance of 329,552 common shares of EIC to the vendors. The Company's results include the financial results of Ben Machine's operations from the date of closing and are included in the Company's Manufacturing segment.

The acquisition is immediately accretive to the Company's key financial metrics, including EBITDA, Free Cash Flow less maintenance capital expenditures and Adjusted Net Earnings per share. The acquisition allows the Company to further diversify our revenue streams and cash flow by entering new product markets. Ben Machine's products are in new niche markets that the Company's existing manufacturing segment entities do not operate in, however they deal with many of the same companies as Provincial, providing opportunities for Provincial and Ben Machine to work together in the future.

Acquisition – First Air Assets in the Kivalliq Region

On July 3, 2015 the Company acquired all of the non-aircraft assets of First Air in the Kivalliq region and assumed responsibility for all scheduled, freight and charter operations in the region. The costs associated with the acquisition were approximately $5.3 million, which includes the purchase of some additional required assets in addition to the purchase price amount paid to First Air, and was funded by cash available through the Company's credit facility. The acquisition of First Air's assets will improve the service to the region by offering a better schedule, faster freight delivery and competitive pricing. The Company has contracted First Air to fly the Winnipeg to Rankin Inlet route on the Company's behalf.

Series H Convertible Debentures Early Redemption

The Company announced on June 8, 2015 that it was exercising its right to call the Series H convertible debentures. The majority of the convertible debentures outstanding were converted into Shares at the option of the debentureholders. The Company repaid the remaining $2.2 million of convertible debentures outstanding on July 15, 2015 using funds from the Company's credit facility.

Divestiture – WesTower Communications Inc

On October 20, 2014, the Company sold the US operations of WesTower. This is the first divestiture that the Company has completed in its history. The Company acquired WesTower US along with WesTower CDA in April 2011. At that time, WesTower US had operational revenues of approximately US$100 million. At the end of 2011, WesTower US entered into a turfing contract with AT&T and the US operations of WesTower grew approximately 400% since the start of the contract. With the rapid growth of WesTower US and a significant proportion of operations tied to one customer, the Company was no longer effectively diversified. The sale to MasTec Network Solutions, LLC ("MasTec") for approximately US$200 million enabled the Company to rebalance the portfolio of subsidiary operations, while providing access to capital to fund other acquisition opportunities.

As a result of this transaction, the Company's results are presented with discontinued operations, which include the operational results of WesTower US, the allocation of certain costs incurred in the consolidated entity from supporting the operations of WesTower US and the net gain on disposition. The results of the Company from continuing operations are reflective of the operations of the Company without WesTower US. The Company recorded a gain on the sale of the Discontinued Operations of $0.74 per share from the transaction in the Company's consolidated net earnings for the 2014 year. The disposition proceeds will be finalized with the settlement of the transaction's customary purchase price adjustments. The Company expects to have the purchase price adjustments settled in 2015.

3. KEY PERFORMANCE INDICATORS

The following section will quantify and analyze the key performance indicators of the Company. The Company continually monitors and evaluates its metrics and updates these metrics as required to ensure they provide information considered most useful in any decision-making based on the Company's performance.

The dividends declared by the Company to its shareholders are dependent on its cash flow from operating activities with consideration for changes in working capital requirements, investing activities and financing activities of the Company. The EBITDA, Free Cash Flow, and Free Cash Flow less maintenance capital expenditures generated from operations are important performance measures that are used by management to evaluate the performance of the Company.

This discussion is directed at the continuing operations of the Company, which excludes WesTower US as a result of the sale of those operations in October 2014 (see Section 2 – *Overview*). As a result of that event, the results of WesTower US in the comparative period are presented within Discontinued Operations, which include the operational results of WesTower US and an allocation of certain costs incurred in the consolidated entity from supporting the operations of WesTower US. The net gain on the disposition was recognized in the fourth quarter of 2014 and is therefore excluded from any comparative amounts discussed below until that time. The Company allocated interest expense to Discontinued Operations representing the portion of interest expense related to the Company's senior credit facility that was repaid as a result of the transaction. For the comparative three and nine month periods ending September 30, 2014, the Company allocated cash interest expense of $1.4 million and $4.3 million, respectively. The results of the Company aside from the Discontinued Operations are reflective of the operations of the Company without WesTower US ("Continuing Operations"). The current period results do not include any Discontinued Operations.

EBITDA from Continuing Operations

The following reconciles net earnings before income tax to EBITDA from continuing operations. Further discussion and analysis on the EBITDA results for the periods can be found in Section 4 – *Analysis of Operations*.

EBITDA from continuing operations	Three Months Ended		Nine Months Ended	
periods ending September 30	**2015**	2014	**2015**	2014
Earnings from continuing operations before income taxes	**$ 22,705**	$ 9,156	**$ 44,003**	$ 13,533
Depreciation and amortization	**22,753**	12,879	**61,883**	37,635
Finance costs - interest	**7,426**	5,367	**22,943**	15,781
Acquisition costs	**1,168**	470	**4,356**	529
Consideration liability fair value adjustment	**-**	-	**-**	(651)
Impairment and restructuring	**-**	-	**-**	1,300
	$ 54,052	$ 27,872	**$ 133,185**	$ 68,127

Three Month EBITDA

The EBITDA generated by the Company's continuing operations during the third quarter of 2015 was $54.1 million, an increase of $26.2 million or 94% over the comparative period. The increase is the result of a 109% increase in the EBITDA of the Aviation segment, a 17% increase by the Manufacturing segment, offset by higher head-office costs. The improvement in the Aviation segment was driven by three factors, the largest being the acquisition of Provincial at the beginning of fiscal 2015. The second factor was the strong performance of the Legacy airlines, increasing their collective EBITDA by 37% over the comparative period. This improvement was attributable to a culmination of factors including: the benefits of previously made growth capital expenditures; reduced fuel costs; 'normal' weather in central Canada; and targeted cost control and efficiency initiatives. The third factor was Regional One's continued growth of its portfolio and the additional EBITDA it was able to generate as a result. The Manufacturing segment was bolstered with the addition of Ben Machine being acquired in the current period.

Nine Month EBITDA

The EBITDA generated by the Company's continuing operations during the nine months ended September 30, 2015 was $133.2 million, an increase of $65.1 million or 95% over the comparative period. The increase in EBITDA is mainly the result of improved performance in the Aviation segment (123% increase), partially offset by lower EBITDA generated by the Manufacturing segment (14% decrease) and higher head-office costs. The acquisition of Provincial early in 2015, with no comparatives in the prior period, was the largest factor in the improvement for the Aviation segment. The strong performance of the Legacy airlines was also a significant driver of the improvement. Throughout the 2015 period the Legacy airlines reaped the benefits of previous growth capital expenditures; reduced fuel costs; improved weather in central Canada from the comparative period; and targeted cost control and efficiency initiatives. Regional One also contributed strong growth in its EBITDA as additional investments in portfolio of equipment yielded strong results. The Manufacturing segment declined as it continued to experience the impact of the significant reduction in demand in the oil and gas market, offset in part by the addition of Ben Machine which is included for only the last quarter of the nine month period.

FREE CASH FLOW from Continuing Operations

FREE CASH FLOW from continuing operations	Three Months Ended		Nine Months Ended	
periods ending September 30	**2015**	2014	**2015**	2014
Cash flows from operations	**$ 43,894**	$ 32,419	**$ 67,974**	$ 51,798
Change in non-cash working capital items	**(2,867)**	(9,688)	**31,417**	5,366
Acquisition costs	**1,168**	470	**4,356**	529
Impairment and restructuring	**-**	-	**-**	1,300
Discontinued operations	**-**	(382)	**-**	(4,493)
	$ 42,195	$ 22,819	**$ 103,747**	$ 54,500
per share - Basic	**$ 1.70**	$ 1.03	**$ 4.38**	$ 2.48
per share - Fully Diluted	**$ 1.43**	$ 0.86	**$ 3.63**	$ 2.12

Three Month Free Cash Flow from Continuing Operations

The Free Cash Flow generated by the Company's continuing operations for the third quarter of 2015 was $42.2 million, an increase of $19.4 million or 85% over the comparative period. The change in Free Cash Flow is the result of a number of factors but primarily as a result of the addition of Provincial with no comparative, the improvements in performance at the Legacy airlines and growth at Regional One. The addition of Ben Machine in this period with no comparative also contributed to the increase but that was partially offset by other Manufacturing entities generating less Free Cash Flow as discussed in Section 4 – *Analysis of Operations*.

Offsetting the additional EBITDA generated by the Company in the current period is additional cash interest incurred on the Company's credit facility. The comparative period had minimal cash interest as a result of the allocation of the Company's credit facility costs to Discontinued Operations. The current period's cash interest includes the cash interest incurred on its outstanding credit facility balance coming from funding the cash portion of the purchase prices of the Provincial and Ben Machine acquisitions, repayment of the early redemptions of the Company's Series H and I convertible debentures, and other cash outlays, including amounts drawn for investments in Regional One. Partially offsetting the higher cash interest cost coming from the Company's credit facility is reduced cash interest costs on the Company's outstanding convertible debentures coming mainly from the early redemption of the Series I convertible debentures at the end of the first quarter 2015 and the early redemption of the Series H convertible debentures near the beginning of the third quarter 2015. As a result of these factors, the Company incurred net additional cash interest of $2.2 million in the current period.

The Company's cash taxes from continuing operations increased by $4.8 million in the current period and as a result decreased the Free Cash Flow of the Company. The higher cash taxes are a result of the higher EBITDA generated in the current period and the unavailability of tax loss pools that accompanied the Company's conversion to a corporation due to the settlement with the CRA described in Section 2 – *Overview*.

On a basic per share basis, the increase in absolute Free Cash Flow contributed to the increase in per share amounts and was partially offset by the higher number of Shares outstanding in the current period. The combined impact resulted in Free Cash Flow of $1.70 per share for the current period, an increase of $0.67 per share or 65% over the comparative period (fully diluted $1.43, increase of $0.57 or 67%). Details around the increase in Shares outstanding can be found in Section 6 – *Liquidity and Capital Resources*. The number of Shares outstanding at quarter end includes the Shares issued through its equity offering that closed late in the third quarter of 2015; the average Shares outstanding also reflects the fact that those Shares were outstanding for only two weeks in the current period.

Nine Month Free Cash Flow from Continuing Operations

The Free Cash Flow generated by the Company's continuing operations for the nine month period ended September 30, 2015 was $103.7 million, an increase of $49.2 million or 90% over the comparative period. Consistent with the third quarter discussion, the change in Free Cash Flow is the result of a number of factors but primarily as a result of the increase in EBITDA generated in the current period. The higher EBITDA comes from the addition of Provincial with no comparative, the improvements in performance at the Legacy airlines and growth at Regional One.

Offsetting the additional EBITDA generated by the Company in the current period is additional cash interest incurred on the Company's credit facility. The comparative period had minimal cash interest as a result of the allocation of the Company's credit facility costs to Discontinued Operations. The current period's cash interest includes the cash interest incurred on its outstanding credit facility balance coming from funding the cash portion of the purchase prices of the Provincial and Ben Machine acquisitions, repayment of the early redemptions of the Company's Series H and I convertible debentures, and other cash outlays, including amounts drawn for investments in Regional One. The cash interest on the Company's convertible debentures was down in the current period as a result of the early redemption of the Series I convertible debentures in the first quarter 2015 and the early redemption of the Series H convertible debentures in the third quarter 2015, but impacted by the March 2014 convertible debentures offering being outstanding for only a portion of the comparative period. As a result of these factors, the Company incurred net additional cash interest of $6.5 million in the current period. The Company's cash taxes from continuing operations increased by $10.5 million in the current period and as a result decreased the Free Cash Flow of the Company. The higher cash taxes are a result of the higher EBITDA generated in the current period and the unavailability of tax loss pools that accompanied the Company's conversion to a corporation due to the settlement with the CRA described in Section 2 – *Overview*.

Included in the current period's EBITDA are net gains on disposal of capital items totaling $0.8 million, in particular coming from the sale of redundant aircraft within the Legacy Airlines in the second quarter 2015. On the Statement of Cash Flow, the net gain is treated outside of cash flows from operating activities and is part of the disposal proceeds of capital assets. There was $1.3 million of similar net gains for the Company in the comparative period.

The Company also incurred higher levels of non-cash equity based compensation in the current period associated with the deferred share plan. These costs are included in EBITDA but from a statement of cash flows perspective are non-cash and therefore excluded

from cash flows from operating activities. There was an increase of $0.5 million in the current period for non-cash equity based compensation.

On a basic per share basis, the increase in absolute Free Cash Flow contributed to the increase in per share amounts and was partially offset by the higher number of Shares outstanding in the current period. The combined impact resulted in Free Cash Flow of $4.38 per share for the current period, an increase of $1.90 per share or 77% over the comparative period (fully diluted $3.63, an increase of $1.51 or 71%). Details around the increase in Shares outstanding can be found in Section 6 – *Liquidity and Capital Resources*. The number of Shares outstanding at quarter end includes the Shares issued through its equity offering that closed late in the third quarter of 2015; the average Shares outstanding also reflects the fact that those Shares were outstanding for only two weeks in the current period.

FREE CASH FLOW LESS MAINTENANCE CAPITAL EXPENDITURES from Continuing Operations

FREE CASH FLOW LESS MAINTENANCE CAPITAL EXPENDITURES	Three Months Ended		Nine Months Ended	
periods ending September 30	2015	2014	2015	2014
Free Cash Flow	$ 42,195	$ 22,819	$ 103,747	$ 54,500
Maintenance Capital Expenditures	17,229	9,676	49,802	31,099
	$ 24,966	$ 13,143	$ 53,945	$ 23,401
per share - Basic	$ 1.01	$ 0.59	$ 2.28	$ 1.06
per share - Fully Diluted	$ 0.89	$ 0.54	$ 2.05	$ 1.04

Three Month Free Cash Flow Less Maintenance Capital Expenditures from Continuing Operations

The Free Cash Flow less maintenance capital expenditures generated by the Company's continuing operations for the third quarter of 2015 was $25.0 million, an increase of $11.8 million or 90% over the comparative period. The increase is due to the increase in Free Cash Flow as described above, partially offset by the $7.6 million or 78% increase in maintenance capital expenditures, which is described in detail in the Capital Expenditures section.

It is important to understand that as a result of reporting under IFRS, maintenance capital expenditures fluctuate from period to period with variability as described further in the Capital Expenditures section. As a result of the variability in the maintenance capital expenditures under IFRS, Free Cash Flow is a better metric than Free Cash Flow less maintenance capital expenditures as a measure of ongoing operating performance. Maintenance capital expenditures are variable under IFRS because overhaul maintenance for aircraft engines and airframe heavy checks that were previously accrued in advance are treated as capital expenditures when the event takes place under IFRS. Free Cash Flow less maintenance capital expenditures is still an important operating metric; however, it will be subject to lumpy quarterly and annual variability as a result of the maintenance capital expenditures and therefore needs to be evaluated over longer operating periods.

On a basic per share basis, the increase in absolute Free Cash Flow less maintenance capital expenditures contributed to the increase in per share amounts and was partially offset by the higher base of the Company's Shares outstanding in the current period. The combined impact resulted in Free Cash Flow less maintenance capital expenditures of $1.01 per share for the current period, an increase of $0.42 per share or 71% over the comparative period (fully diluted $0.89, increase of $0.35 or 65%). Details around the increase in Shares outstanding can be found in Section 6 – *Liquidity and Capital Resources*. The number of Shares outstanding at quarter end includes the Shares issued through its equity offering that closed late in the third quarter of 2015; the average Shares outstanding also reflects the fact that those Shares were outstanding for only two weeks in the current period.

Nine Month Free Cash Flow Less Maintenance Capital Expenditures from Continuing Operations

The Free Cash Flow less maintenance capital expenditures generated by the Company's continuing operations for the nine month period ended September 30, 2015 was $53.9 million, an increase of $30.5 million or 131% over the comparative period. The increase is due to the increase in Free Cash Flow as described above, partially offset by the $18.7 million or 60% increase in maintenance capital expenditures, which is described in detail in the Capital Expenditures section.

On a basic per share basis, the increase in absolute Free Cash Flow less maintenance capital expenditures contributed to the increase in per share amounts and was partially offset by the higher base of the Company's Shares outstanding in the current period. The combined impact resulted in Free Cash Flow less maintenance capital expenditures of $2.28 per share for the current period, an increase of $1.22 per share or 115% over the comparative period (fully diluted $2.05, increase of $1.01 or 97%). Details around the increase in Shares outstanding can be found in Section 6 – *Liquidity and Capital Resources*. The number of Shares outstanding at quarter end includes the Shares issued through its equity offering that closed late in the third quarter of 2015; the average Shares outstanding also reflects the fact that those Shares were outstanding for only two weeks in the current period.

CAPITAL EXPENDITURES from Continuing Operations

CAPITAL EXPENDITURES for continuing operations	Three Months Ended		Nine Months Ended	
periods ending September 30	2015	2014	2015	2014
Cash maintenance capital expenditures	$ 17,018	$ 9,479	$ 49,120	$ 30,569
add: finance lease principal payments	211	340	682	1,112
less: discontinued operations maintenance capital expenditures	-	(143)	-	(582)
Maintenance capital expenditures for continuing operations	17,229	9,676	49,802	31,099
Growth capital expenditures	18,718	10,206	61,217	23,099
less: discontinued operations growth capital expenditures	-	(158)	-	(651)
Capital expenditures for continuing operations	$ 35,947	$ 19,724	$ 111,019	$ 53,547
Maintenance capital expenditures per share - Basic	$ 0.69	$ 0.44	$ 2.10	$ 1.41
Growth capital expenditures per share - Basic	0.75	0.45	2.59	1.02
Total capital expenditures per share - Basic	$ 1.44	$ 0.89	$ 4.69	$ 2.43

Maintenance Capital Expenditures from Continuing Operations

Maintenance capital expenditures in the third quarter of 2015 totalled $17.2 million, an increase of $7.6 million or 78% from the comparative period. The majority of the expenditures occurred in the Aviation segment, as it spent $16.6 million versus the $0.6 million spent in the Manufacturing segment and the less than $0.1 million spent at head-office.

The $16.6 million of maintenance capital expenditure invested by the Aviation segment was $7.4 million or 80% higher than the comparative period. Provincial invested $2.8 million of this increase, with no comparative in the prior period. Regional One's investment period over period increased $2.6 million due to both the growth investments made in the past year in Regional One, and the weakening of the Canadian dollar which has increased the Canadian equivalent of expenditures. The remaining increase of $2.0 million came from the Legacy airlines. The majority of Legacy airlines' investment is related to engine overhauls, heavy checks and rotable additions which may vary significantly from period to period causing quarter over quarter comparisons to be lumpy. The increase in the Legacy airlines' investment was in part due to timing of events, and in part due to the weakening of the Canadian dollar as a large portion of their maintenance capital expenditures are denominated in US dollars.

The Manufacturing segment had an increase of $0.2 million from the comparative period. The expenditures primarily related to new equipment and principal lease payments for vehicles. Ben Machine spent an insignificant amount in the quarter therefore did not contribute to the period over period increase. Head-office's maintenance capital expenditures were essentially unchanged from the comparative period.

Total maintenance capital expenditures for the nine month period ended September 30, 2015 totaled $49.8 million, an increase of $18.7 million or 60% over the comparative period. The Aviation segment spent $47.7 million, the Manufacturing segment spent $1.9 million and head office spent $0.2 million. The majority of the increase is associated with Provincial, which had maintenance capital expenditures of $10.5 million with no comparative and Regional One, which increased by $5.7 million, consistent with their growing lease portfolio and the weakening of the Canadian dollar.

Growth Capital Expenditures from Continuing Operations

The Company invested $18.7 million in the third quarter of 2015, an increase of $8.7 million or 86% over the comparable period. The majority of the growth capital expenditures were in Provincial and Regional One for $17.8 million or 95% of the growth capital expenditures.

The Aviation segment's growth capital expenditures in the third quarter were focused in consistent areas as the prior quarter, those being net investment in Regional One, aircraft to replace leased aircraft at Provincial and avionics upgrades to our Legacy Airlines' aircraft.

The net growth capital expenditures in Regional One during the third quarter were $12.6 million. This included the purchase of an additional two CRJ700 aircraft as a part of the ongoing investment in a total of 12 CRJ700 aircraft from Lufthansa CityLine. The final two aircraft of the 12 were purchased at the beginning of the fourth quarter. In addition, a CRJ700 aircraft was purchased from another vendor in the second quarter, bringing the portfolio of recent CRJ700 acquisitions to 13. As of the date of this report, the status of this CRJ700 portfolio was:

- two aircraft will be sold during the fourth quarter, at an average return on investment consistent with Regional One's historical results;
- five aircraft are on lease;
- three aircraft leases are being negotiated with identified customers; and
- three aircraft have been or are being parted out.

The monetization of the CRJ700 portfolio, and its positive impact on revenue and profitability, remains in its early stages and will grow throughout the remainder of this year and into 2016. These are expected to generate consistent or improved returns when monetization takes place. In addition to the investment in CRJ700, Regional One invested in an additional two CRJ200 aircraft and one engine in the quarter. Netting against these growth purchases were the sale of two CRJ200 aircraft and two engines.

As previously disclosed in the second quarter report, during the third quarter there was the purchase of a second Dash 8-100 for $5.1 million to replace Provincial's last leased Saab aircraft. The purchase of this second Dash 8-100 aircraft will generate a return on invested capital that exceeds the Company's target threshold, will eliminate the associated aircraft lease payments, and is consistent with the Company's longstanding practice of owning aircraft versus leasing. This completes the fleet change for Provincial from Saab 340's to the Dash 8 platform. No further aircraft purchases are contemplated at this time.

The remaining balance of growth capital expenditures was $0.9 million in the Legacy airlines, relating mainly to the avionics upgrades, and $0.1 million in the Manufacturing segment.

Growth capital expenditures for the nine month period ended September 30, 2015 totaled $61.2 million, an increase of $38.8 million or 173% over the comparable period. The majority of the growth capital expenditures were in the Aviation segment totaling $60.5 million versus the $0.7 million spent in the Manufacturing segment.

The growth expenditures for the nine month period are very consistent with those described for the third quarter. There has been a significant investment made in Regional One to grow its portfolio of assets available for lease or resale, making up the majority of the growth capital expenditures at a net amount of $47.0 million. Two Dash 8-100s were purchased by Provincial to replace two Saab aircraft that were under lease for a total of $8.9 million. A total of $4.3 million or 6% of the growth capital expenditure in the Aviation segment was invested in the ongoing avionics upgrades of aircraft in the Legacy airlines. These upgrades result in fewer cancelled or diverted flights, improved aircraft utilization and enhanced on time performance and safety. This investment was largely offset by the $3 million of proceeds from the sale of two Beech 1900 aircraft, an aircraft type that is no longer operated by the Legacy airlines.

DIVIDENDS & PAYOUT RATIO from Continuing Operations

The amounts and record dates of the dividends declared during the nine months ended September 30, 2015 and the comparative period in 2014 were as follows:

			2015 Dividends			2014 Dividends
Month	Record date	Per Share	Amount	Record date	Per Share	Amount
January	January 30, 2015	$ 0.145	$ 3,342	January 31, 2014	$ 0.14	$ 3,039
February	February 27, 2015	0.145	3,347	February 28, 2014	0.14	3,043
March	March 31, 2015	0.145	3,349	March 31, 2014	0.14	3,054
April	April 30, 2015	0.145	3,352	April 30, 2014	0.14	3,080
May	May 29, 2015	0.145	3,354	May 30, 2014	0.14	3,097
June	June 30, 2015	0.145	3,358	June 30, 2014	0.14	3,100
July	July 31, 2015	0.145	3,550	July 31, 2014	0.14	3,103
August	August 31, 2015	0.16	3,919	August 29, 2014	0.14	3,112
September	September 30, 2015	0.16	4,404	September 30, 2014	0.14	3,134
Total		$ 1.335	$ 31,975		$ 1.26	$ 27,762

Dividends declared for both the three and nine month periods ended September 30, 2015 have increased over the comparative period and the reasons for the increase are a result of the dividend rate per share per month increasing in the current period and the higher number of Shares outstanding in 2015. The Company increased the monthly dividend rate per share by $0.005 (4% increase) in the fourth quarter of 2014 and increased it by $0.015 in the third quarter of 2015 (10% increase). The third quarter 2015 dividends totaled $0.465 per share compared to the third quarter of 2014 at $0.42 per share, an increase of 11%. Dividends declared for the third quarter of 2015 totaled $11.9 million, an increase of $2.5 million or 27% from the comparative period. Dividends declared for the nine month period ended September 30, 2015 totaled $32.0 million, an increase of $4.2 million or 15% from the comparative period. The total dividends for the nine month period ended September 30, 2015 was $1.335 per share compared to $1.26 in the comparative period, an increase of 6%. Impacting the dividends declared for the current period would be the Company's issuance of shares through its equity offering that closed late in the third quarter 2015, which commenced receiving dividends for one month in the current period.

The Company compares the dividends declared in the period to the amount of cash flows generated by the Company in that period to determine a payout ratio. The dividends declared by the Company are presented as financing activities within the Company's Statement of Cash Flows whereas Free Cash Flow and Free Cash Flow less maintenance capital expenditures, as defined, are driven from the Company's operating activities and exclude dividends. The payout ratio provides an indication of the Company's ability to generate sufficient funds from its operations to pay its dividends to shareholders. Normal seasonality factors can negatively impact these payout ratios during the beginning of each year as the Company's Legacy Airlines are impacted by winter roads and the majority of operations are impacted by generally poorer weather conditions. Throughout the rest of the year, the payout ratios traditionally get stronger beyond the seasonally weak first quarter as seasonality factors normally improve financial results of the Company.

The following compares the Company's continuing operations Free Cash Flow and Free Cash Flow less maintenance capital expenditures on a per share basis as a percentage of the Company's dividends declared on a per share basis during the current periods and the comparatives.

Payout Ratios - for the Company's continuing operations	**2015**	**Per share basic**	**Per share fully diluted**	2014	Per share basic	Per share fully diluted
For the three months ended September 30						
Free Cash Flow		***27%***	***33%***		*41%*	*49%*
Free Cash Flow less maintenance capital expenditures		***46%***	***52%***		*71%*	*78%*
For the nine months ended September 30						
Free Cash Flow		***30%***	***37%***		*51%*	*59%*
Free Cash Flow less maintenance capital expenditures		***59%***	***65%***		*119%*	*121%*

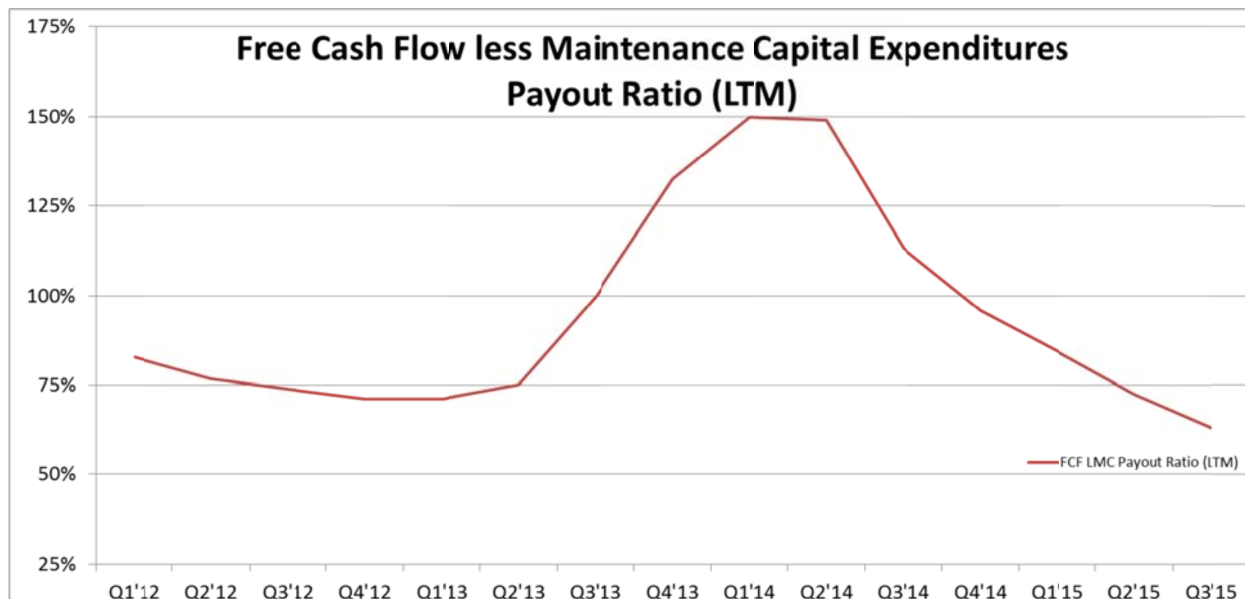
All of the Company's payout ratios from continuing operations for the current periods improved significantly over the comparative period. All of them exclude the Discontinued Operations of WesTower US in the comparative periods. The improvement is mainly the result of the accretive additions of Provincial and Ben Machine, growth at Regional One, and the additional EBITDA generated by the Legacy airlines. In addition, the payout ratios improved even though the Company paid out a higher dividend rate in the current periods. For the third quarter, the dividend rate is 11% higher and for the nine month period ended September 30, 2015 it is 6% higher.

The basic per share payout ratio for Free Cash Flow from the Company's continuing operations for the third quarter of 2015 is 27% (2014 – 41%) and for the nine month period ended September 30, 2015 is 30% (2014 – 51%).

The basic per share payout ratio of Free Cash Flow less maintenance capital expenditures from the Company's continuing operations for the third quarter of 2015 is 46% (2014 – 71%) and for the nine month period ended September 30, 2015 is 59% (2014 – 119%).

Traditionally the first quarter is the weakest for the Company, in particular as a result of reduced demand in the Legacy airline companies and harsh weather. Then as the calendar year continues, the Company traditionally sees improvement so that the fiscal period payout ratio is at an acceptable level. From 2011 to 2014, the average third quarter payout ratio for Free Cash Flow less maintenance capital expenditures was 86% (consolidated including the Discontinued Operations of WesTower US) and the current period is 46%. For the nine month period ended September 30, the average payout ratio for Free Cash Flow less maintenance capital expenditures from 2011 to 2014 was 96% (consolidated including the Discontinued Operations of WesTower US) and the current period is 59%. Therefore, both current period payout ratios show a dramatic improvement over prior years. It is worth noting that the improvement to date in 2015 only includes a nominal impact of Regional One's CRJ700 program and only three months of impact from the acquisition of Ben Machine and minimal impact coming from the acquisition of First Air's assets.

The following graph shows the Company's historical Free Cash Flow less maintenance capital expenditures trailing 12 months payout ratio, including the poor performance of the Discontinued Operations up to the sale of WesTower US in the fourth quarter of 2014. As can be seen in the graph, the payout ratio is moving below historical levels and note that this includes only nine months of operations of Provincial since being acquired in the current year, only three months of operations of Ben Machine since being acquired in the third quarter of 2015 and minimal impact coming from the acquisition of the non-aircraft assets of First Air in the Kivalliq region as they are integrated into Calm Air's business.



The Company's Board of Directors regularly examines the dividends paid to shareholders. The decisions made a year ago to dispose of WesTower US and purchase Provincial together with management's cost control and efficiency initiatives allowed the dividend increase announced at that time. The performance during the first half of fiscal 2015 and the decision to acquire Ben Machine further supported another dividend increase that became effective in the third quarter 2015. This enhanced level of performance is not considered to be transitory but indicative of a newly established base level of performance to be further augmented with growing profitability. This established trajectory is expected to continue into the foreseeable future and will be further supported through the enhanced access to capital the Company secured through the raising $75 million of capital (gross) through an equity offering in the third quarter 2015 and the announced increase to its existing credit facility of $100 million, increasing it to $550 million. These additional capital resources allow the Company to move decisively when additional opportunities to grow its Free Cash Flow are identified.

4. ANALYSIS OF OPERATIONS

Three Month Results

The following section analyzes the financial results of the Company's operations for the three months ended September 30, 2015 and the comparative 2014 period.

	Three Months Ended September 30, 2015			
	Aviation	**Manufacturing**	**Head Office[(2)]**	**Consolidated**
Revenue	$ 157,308	$ 55,442	$ -	$ 212,750
Expenses[(1)]	107,787	47,231	3,680	158,698
EBITDA	49,521	8,211	(3,680)	54,052
Depreciation and amortization				22,753
Finance costs - interest				7,426
Acquisition costs				1,168
Earnings before tax				22,705
Current income tax expense				6,101
Deferred income tax expense				621
Net earnings for the period from continuing operations				15,983
Net earnings from discontinued operations				-
Net earnings				$ 15,983

	Three Months Ended September 30, 2014			
	Aviation	Manufacturing	Head Office[(2)]	Consolidated
Revenue	$ 90,516	$ 52,983	$ -	$ 143,499
Expenses[(1)]	66,768	45,983	2,876	115,627
EBITDA	23,748	7,000	(2,876)	27,872
Depreciation and amortization				12,879
Finance costs - interest				5,367
Acquisition costs				470
Earnings before tax				9,156
Current income tax expense				1,312
Deferred income tax expense				2,672
Net earnings for the period from discontinued operations				5,172
Net earnings from discontinued operations				374
Net earnings				$ 5,546

Note 1): Expenses include aviation expenses (excluding depreciation and amortization), manufacturing expenses (excluding depreciation and amortization), and general and administrative expenses, but it excludes any unusual non-operating one-time items.

Note 2): Head-office is not a separate reportable segment. It includes expenses incurred at the head-office of the Company and is presented for reconciliation purposes.

As noted in Section 2 – *Overview*, during the fourth quarter of 2014 the Company closed the sale of WesTower US. As a result of this transaction, the Company's results are presented with the financial results of WesTower US segregated in the Company's statement of income as Discontinued Operations, including an allocation of certain costs incurred in the consolidated entity from supporting the operations of WesTower US. The net gain on disposition was recognized in the fourth quarter of 2014 and therefore is excluded from the comparative figures. There is no Discontinued Operations for the current period. The comparative results reflect this presentation.

The operations of WesTower CDA are included in the Manufacturing segment. The net earnings for Discontinued Operations is discussed further below.

AVIATION SEGMENT

Aviation Segment	Three Months Ended September 30,	2015	2014	Variance	Variance %
Revenue		$ 157,308	$ 90,516	$ 66,792	74%
Expenses		107,787	66,768	41,019	61%
EBITDA		$ 49,521	$ 23,748	$ 25,773	109%

The revenue of the Aviation segment for the current period was $157.3 million, an increase of $66.8 million or 74% over the comparative period. The acquisition of Provincial early in the first quarter, with no comparative for the prior period, had the most significant positive impact on results adding $50.0 million or 32% of total revenue for the segment. The revenue contribution by the Legacy airlines also increased by $9.8 million or 14% from the comparative period. Regional One generated a $7.0 million or 33% increase over the comparative period.

The EBITDA generated by the Aviation segment for the current period was $49.5 million, an increase of $25.8 million or 109% over the comparative period. EBITDA margins were 31.5% in the current period compared to 26.2% in the comparative period. The acquisition of Provincial early in the first quarter, with no comparative for the prior period, accounted for $15.3 million of the overall improvement of EBITDA. The Legacy airlines generated $22.0 million of EBITDA, a $6.0 million or 37% increase over the comparative quarter. Regional One also grew its EBITDA to $12.3 million, an increase of $4.5 million or 58% over the comparative period.

The Legacy airlines' strong performance continued unabated during the third quarter, driven by a number of favourable internal and external factors. The acquisition of First Air's non-aircraft assets in the Kivalliq region, with no comparative for the prior period, and a return to a near normal level fire suppression activity at Custom accounted for most of the revenue growth in the Legacy airlines during the quarter. The Legacy airlines EBITDA improvement was bolstered by ongoing management initiatives to improve efficiency and cost controls. The Legacy airlines also continued to reap the operational benefits of the past investments in both fleet renewal and ground infrastructure assets. The positive impacts of both of these internal factors were amplified by the continued "tailwind" of reduced fuel prices relative to the comparable period. The positive impact of fuel savings was partially offset by the negative impact of the sustained appreciation of the US dollar that increased parts and repair costs at the Legacy airlines.

Regional One once again posted a strong quarter of both revenue and EBITDA growth, while still being in the early stages of the monetization of the CRJ700 portfolio. The revenue and EBITDA growth was primarily driven by increased lease revenue from their growing lease portfolio, as well as increased asset sales. Regional One's results were also positively impacted by the sustained appreciation of the US dollar relative to the Company's Canadian reporting currency.

Provincial delivered revenue and EBITDA results in the third quarter in line with expectations across each of its operational segments. Provincial's aerospace division generated strong revenue and EBITDA from its aircraft modification, heavy maintenance services and Maritime patrol services. Provincial's airline division also had a strong quarter due to strong demand for charters and scheduled charters that largely offset some softening in the scheduled passenger and freight services. Consistent with the second quarter, Provincial's aviation services revenue in St. John's were negatively impacted by reduced flight activity at the airport while repair work was carried out on the airport's main runway. Provincial also benefited from the reduced fuel prices, although to a lesser extent than Legacy airlines due to fixed fuel pricing in northern locations and contract fuel flow through provisions. Offsetting the positive impact from reduced fuel costs is a negative impact to revenue from reduced demand from oil & gas customers and reduced government travel. The erosion of the value of Canadian dollar versus the US dollar had a positive impact from US denominated aerospace contracts, which was partially offset by increased aircraft parts and repair costs.

MANUFACTURING SEGMENT

Manufacturing Segment	Three Months Ended September 30,	2015	2014	Variance	Variance %
Revenue		$ 55,442	$ 52,983	$ 2,459	5%
Expenses		47,231	45,983	1,248	3%
EBITDA		$ 8,211	$ 7,000	$ 1,211	17%

The revenue of the Manufacturing segment for the current period was $55.4 million, an increase of $2.5 million or 5% over the comparative period. The acquisition of Ben Machine early in the third quarter, with no comparative for prior period, had the most significant positive impact on revenue, more than offsetting revenue shortfall in other segment companies.

WesTower CDA's revenue fell to $27.3 million, a reduction of $3.2 million or 11% over the comparative period as the revenue from lower margin, new tower construction decreased but was partially offset by an increase in higher margin services and equipment upgrading work.

Revenue at Stainless increased to $13.3 million, a $2.6 million or 25% increase from the comparable period. The weaker value of the Canadian dollar during the current period resulted in a higher converted Canadian dollar value of Stainless' US operations. The current period also showed some recovery in the field projects as field operations generated an increase in revenue over the comparative period.

The Alberta Operations revenue was negatively impacted by the ongoing weakness in demand throughout the Alberta economy related primarily to weakness in the oil and gas industries. This pervasive weakness in demand was the primary contributor to the Alberta operations' reduction in revenue to $6.1 million, a $2.5 million or 29% decrease from the comparative period.

Revenue at Ben Machine and Overlanders were both in line with expectations.

The EBITDA generated by the Manufacturing segment for the current period was $8.2 million, an increase of $1.2 million or 17% over the comparative period. The addition of Ben Machine generating $1.8 million of EBITDA, with no comparable for the prior period, more than offset the EBITDA shortfall in the Alberta Operations and WesTower CDA resulting from their reduced revenues. The Alberta operations experienced a significant EBITDA shortfall primarily driven by lower revenue. WesTower CDA's EBITDA was marginally lower than the comparable period as the impact of lower revenue was largely offset by a shift to higher margin work. Stainless generated additional EBITDA with higher revenues overall and a higher proportion of field operations that generate stronger margins.

HEAD-OFFICE

Head-office Costs	Three Months Ended September 30,	2015	2014	Variance	Variance %
Expenses		$ 3,680	$ 2,876	$ 804	28%

The head-office costs increased in the current period by $0.8 million or 28% over the comparative period as a result of an increase in the number of personnel at head-office and higher performance based accruals, partially offset by a decrease in professional fees.

OTHER NON-EBITDA ITEMS

	Three Months Ended September 30,	2015	2014	Variance	Variance %
Depreciation and amortization		$ 22,753	$ 12,879	$ 9,874	77%

The Company's depreciation and amortization for the current period was $22.8 million, an increase of $9.9 million or 77% over the comparative period. Depreciation on the Company's capital assets was $20.0 million of the current amount the remaining $2.8 million related to intangible asset amortization. The change overall is attributable to the increase in the Aviation segment for both capital asset depreciation and intangible asset amortization. The main factors causing the increase is the addition of Provincial with no comparative, the addition of Ben Machine with no comparative and the expansion of Regional One's lease portfolio. Provincial's depreciation and amortization expense in the current period is $5.7 million, including $1.2 million relating to the amortization of intangible assets that were recognized as part of the purchase price allocation. Ben Machine's depreciation and amortization expense in the current period is $0.9 million, including $0.7 million relating to the amortization of intangible assets that were recognized as part of the purchase price allocation.

	Three Months Ended September 30,	2015	2014	Variance	Variance %
Finance costs - interest		$ 7,426	$ 5,367	$ 2,059	38%

The Company's interest incurred for the third quarter of 2015 was $7.4 million, an increase of $2.1 million or 38% over the comparative period. The increase is mainly a result of additional interest costs on the Company's credit facility. The Company's comparative period results included the Discontinued Operations of WesTower US and the Company's credit facility cash interest costs of $1.4 million were allocated to Discontinued Operations for that period. The current period's credit facility interest costs include the cost of having amounts outstanding for funding the cash portion of the purchase prices of the Provincial and Ben Machine acquisitions, repayment of the early redemptions of the Company's Series H and I convertible debentures, and other cash outlays, including amounts drawn for investments in Regional One. This resulted in additional credit facility interest of $3.1 million in the current period. The overall effective interest rate on the Company's credit facility is 3.29% for the current period.

With the early redemption of the Company's Series I convertible debentures at the end of the first quarter and the redemption of the Series H convertible debentures during the third quarter, interest on convertible debentures decreased by $1.0 million over the comparative period.

Three Months Ended September 30,	2015	2014	Variance	Variance %
Acquisition Costs	$ 1,168	$ 470	$ 698	149%

The acquisition costs incurred by the Company for the current period were $1.2 million compared to $0.5 million in the comparative period. Professional fees are expensed as acquisition costs are incurred and this can fluctuate based on the acquisition activities of the Company. The Company has incurred costs for various opportunities given the acquisition activity of the Company during 2015, including the acquisition of Ben Machine in the current period.

Three Months Ended September 30,	2015	2014	Variance	Variance %
Current income tax expense	$ 6,101	$ 1,312	$ 4,789	365%
Deferred income tax expense	621	2,672	(2,051)	-77%
Income tax expense	$ 6,722	$ 3,984	$ 2,738	69%

The Company's income tax expense on continuing operations for the third quarter was $6.7 million, an increase of $2.7 million or 69% over the comparative period in 2014. The effective tax rate decreased to 30% from 44% in the comparable period as a result of two factors. Firstly, the effective tax rate in 2014 reflects the tax expense associated with the intercompany transactions that were eliminated in computing the Company's consolidated net earnings whereas the corresponding tax benefit of the intercompany transactions were included in the Company's Discontinued Operations. Secondly, the decrease reflects a current period increase of income generated in Canada, including the impact of the additions of Provincial and Ben Machine, which is subject to a lower tax rate than the US.

Current tax expense increased in the current period as a result of the settlement with the CRA and the Company writing off certain deferred tax assets in fiscal 2014 relating to the Company's conversion from an income trust to a corporation in 2009. As a result of the settlement, the Company did not have the ability to offset taxable income with the tax loss pools that accompanied the conversion whereas in the comparable period certain operations of the Company had access to the non-capital losses reducing cash taxes.

Nine Month Results

The following section analyzes the financial results of the Company's operations for the nine months ended September 30, 2015 and the comparative 2014 period.

	Nine Months Ended September 30, 2015			
	Aviation	Manufacturing	Head Office(2)	Consolidated
Revenue	$ 440,603	$ 142,296	$ -	$ 582,899
Expenses(1)	312,659	126,222	10,833	449,714
EBITDA	127,944	16,074	(10,833)	133,185
Depreciation and amortization				61,883
Finance costs - interest				22,943
Acquisition costs				4,356
Earnings before income tax				44,003
Current income tax expense				11,630
Deferred income tax expense				2,062
Net earnings from continuing operations				30,311
Net earnings from discontinued operations				-
Net earnings				$ 30,311

	Nine Months Ended September 30, 2014			
	Aviation	Manufacturing	Head Office(2)	Consolidated
Revenue	$ 252,182	$ 151,595	$ -	$ 403,777
Expenses(1)	194,685	132,796	8,169	335,650
EBITDA	57,497	18,799	(8,169)	68,127
Depreciation and amortization				37,635
Finance costs - interest				15,781
Acquisition costs				529
Consideration liability fair value adjustment				(651)
Impairment and restructuring				1,300
Earnings before income tax				13,533
Current income tax expense				1,118
Deferred income tax expense				6,311
Net earnings from continuing operations				6,104
Net earnings from discontinued operations				3,731
Net earnings				$ 9,835

Note 1): Expenses include aviation expenses (excluding depreciation and amortization), manufacturing expenses (excluding depreciation and amortization) and general and administrative expenses, but it excludes any unusual non-operating one-time items.

Note 2): Head-office is not a separate reportable segment. It includes expenses incurred at the head-office of the Company and is presented for reconciliation purposes.

As noted in Section 2 – *Overview*, during the fourth quarter of 2014 the Company closed the sale of WesTower US. As a result of this transaction, the Company's results are presented with the financial results of WesTower US segregated in the Company's statement of income as Discontinued Operations, including an allocation of certain costs incurred in the consolidated entity from supporting the operations of WesTower US. The net gain on disposition was recognized in the fourth quarter of 2014 and therefore is excluded from the comparative figures. There is no Discontinued Operations for the current period. The comparative results reflect this presentation. The operations of WesTower CDA are included in the Manufacturing segment. The net earnings for Discontinued Operations is discussed further below.

AVIATION SEGMENT

Aviation Segment	Nine Months Ended September 30,	2015	2014	Variance	Variance %
Revenue		$ 440,603	$ 252,182	$ 188,421	75%
Expenses		312,659	194,685	117,974	61%
EBITDA		$ 127,944	$ 57,497	$ 70,447	123%

The revenue of the Aviation segment for the nine month period ended September 30, 2015 was $440.6 million, an increase of $188.4 million or 75% over the comparative period. The growth in revenue for the segment is primarily attributable to the acquisition of Provincial and the continued growth at Regional One. The acquisition of Provincial in January 2015, with no comparative for the prior period, had the most significant positive impact on results adding $148.5 million of revenue for the current period. The Legacy airlines increased revenue by $13.9 million or 7% from the comparative period. Revenue generated by Regional One increased by $25.9 million over the comparative period.

The EBITDA generated by the Aviation segment for the current period was $127.9 million, an increase of $70.4 million or 123% over the comparative period. EBITDA margins were 29.0% in the current period versus 22.8% in the comparative period. The acquisition of Provincial in January 2015, with no comparative for the prior period, accounted for $39.0 million of the overall improvement of EBITDA. The Legacy airlines generated $55.1 million of EBITDA, an $18.3 million or 50% increase over the comparative period and Regional One grew its EBITDA to $33.8 million, an increase of $13.2 million or 64% over the comparative period.

Management initiatives to improve efficiency and cost controls enhanced the Legacy airlines margin performance throughout the period. The Legacy airlines' performance was further enhanced by the operational benefits derived from the significant past investments in both fleet renewal and ground infrastructure assets. Throughout the period the Legacy airlines benefited from a return to "normal" weather conditions in their operating regions. The improved weather conditions helped to increase revenue, through a shorter winter road season and increased demand for fire suppression and evacuation services and reduced operating costs. The acquisition of First Air's non-aircraft assets in the Kivalliq region early in the third quarter, with no comparative for the prior period, had a positive impact on the Legacy airlines' revenue.

Regional One generated significant revenue and EBITDA growth over the comparative period, primarily driven by increased lease revenue and increased asset sales. The investment in the CRJ700 portfolio started to generate revenue and EBITDA late in the second quarter and throughout the third quarter; however the full impact of the return on this investment will not be realized until 2016 and onwards. The majority of the growth in comparison to the prior period was due to investments made in other assets throughout the second half of last year and the first half of 2015. Regional One's results also benefited from gains due to the higher conversion rates on its US dollar results converted into the Company's Canadian reporting currency.

Consistent with the third quarter discussion, Provincial delivered revenue and EBITDA results in line with expectations throughout the period. Each of Provincial's operations: airlines, aerospace and aviation support, delivered consistent performance. External factors had multiple impacts on Provincial's results. Reduced fuel prices decreased costs but also resulted in decreased revenues from the negative impact to customer demand associated with Provincial's customers in the oil and gas industry. The erosion of the value of Canadian dollar versus the US dollar had a positive impact from US denominated aerospace contracts, which was partially offset by increased aircraft parts and repair costs.

MANUFACTURING SEGMENT

Manufacturing Segment	Nine Months Ended September 30,	2015	2014	Variance	Variance %
Revenue		$ 142,296	$ 151,595	$ (9,299)	-6%
Expenses		126,222	132,796	(6,574)	-5%
EBITDA		$ 16,074	$ 18,799	$ (2,725)	-14%

The revenue of the Manufacturing segment for the nine month period ended September 30, 2015 was $142.3 million, a decrease of $9.3 million or 6% from the comparative period. The acquisition of Ben Machine early in the third quarter, with no comparative for the prior period, had a positive impact on revenue for a portion of the nine month period, but was more than offset by revenue shortfalls in other companies within this segment.

Consistent with the three month discussion, the Alberta Operations were negatively impacted by weak demand in the northern Alberta region due to low oil and natural gas prices that persisted over the first nine months of the year, and political uncertainty that

slowed business investment and demand throughout the region. These factors were the primary contributors to the Alberta Operations' reduction in revenue to $21.8 million, a $7.7 million or 26% decrease from the comparative period.

WesTower CDA's revenue fell to $72.4 million, a reduction of $10.4 million or 13% over the comparative period. Third party OEM supply issues that negatively impacted the delivery of new equipment to WesTower CDA's telecommunication customers early in the year and, in turn, delayed projects for WesTower CDA, were largely resolved by the end of the period. The impact of exceptionally harsh winter weather conditions in eastern Canada that negatively impacted revenue early in the year partially reversed itself during the latter part of the period, resulting in stronger activity late in the period due to the initiation of weather deferred projects. As described in the third quarter discussion, WesTower CDA has seen a revenue mix shift away from lower margin, new tower construction to a greater proportion of higher margin services and equipment upgrading work.

Stainless' revenue for the period increased 11% to $33.0 million primarily due to the impact of the weaker value of the Canadian dollar in the current period that resulted in a higher converted Canadian dollar value of Stainless' US operations. However, Stainless' margins were negatively impacted by the prolonged weakness in demand for field work projects throughout the period. The weak demand for field work projects persisted until late in the period. Near the end of the period Stainless experienced an increase in bid activity and a significantly improved backlog of orders for the remainder of the year and into 2016. Overlanders had steady revenue relative to the comparative period.

The EBITDA generated by the Manufacturing segment for the current period was $16.1 million, a reduction of $2.7 million or 14% from the comparative period. The large EBITDA shortfall in the Manufacturing segment came from the Alberta Operations due to weak revenue across its markets. WesTower CDA experienced EBITDA shortfalls driven by the lower revenue it generated and Stainless also realized a decline in EBITDA from lower US dollar revenues and a lack of field work projects, but Stainless benefited from the weakening of the Canadian dollar in converting its results. Partially offsetting these factors, EBITDA at Ben Machine, which was acquired at the start of the third quarter and has no comparatives for the prior period, was in line with expectations. Overlanders' EBITDA was effectively flat relative to the comparative period.

Despite the immediate challenges the Company remains confident that the manufacturing segment's industry and geographic diversification and strong operating company management teams are competitively positioned within their respective markets.

HEAD-OFFICE

Head-office Costs	Nine Months Ended September 30,	2015	2014	Variance	Variance %
Expenses		$ 10,833	$ 8,169	$ 2,664	33%

The head-office costs increased in the current period by $2.7 million or 33% over the comparative period as a result of an increase in the number of personnel at head-office and higher performance based accruals, offset partially by a decrease in professional fees during the period.

OTHER NON-EBITDA ITEMS

	Nine Months Ended September 30,	2015	2014	Variance	Variance %
Depreciation and amortization		$ 61,883	$ 37,635	$ 24,248	64%

The Company's depreciation and amortization for the current period was $61.9 million, an increase of $24.2 million or 64% over the comparative period. Depreciation on the Company's capital assets was $55.4 million of the current amount the remaining $6.5 million related to intangible asset amortization. The change is attributable to the increase in the Aviation segment for both capital asset depreciation and intangible asset amortization. The main factor causing the increase is the addition of Provincial with no comparative, the expansion of Regional One's lease portfolio and the previous capital expenditures made by the Legacy airlines. Provincial's depreciation and amortization expense in the current period is $16.0 million, including $3.4 million relating to the amortization of intangible assets that were recognized as part of the purchase price allocation. Ben Machine's depreciation and amortization expense in the current period from it being acquired in July is $0.9 million, including $0.7 million relating to the amortization of intangible assets that were recognized as part of the purchase price allocation. The amount of expense at Regional One increased $6.0 million, which was translated in the current period at a higher rate with the weakening of the Canadian dollar.

Nine Months Ended September 30,	2015	2014	Variance	Variance %
Finance costs - interest	$ 22,943	$ 15,781	$ 7,162	45%

The Company's interest incurred for the nine months ended September 30, 2015 was $22.9 million, an increase of $7.2 million or 45% over the comparative period. The increase is mainly a result of additional interest costs on the Company's credit facility. The Company's comparative period results included the Discontinued Operations of WesTower US and the Company's credit facility cash interest costs of $4.3 million were allocated to Discontinued Operations for that period. The current period's credit facility interest costs include the cost of having amounts outstanding for funding the cash portion of the purchase prices of the Provincial and Ben Machine acquisitions, repayment of the early redemptions of the Company's Series H and I convertible debentures, and other cash outlays, including amounts drawn for investments in Regional One. This resulted in additional credit facility interest of $7.7 million in the current period. The overall effective interest rate on the Company's credit facility is 3.28% for the current period.

With the early redemption of the Company's Series I convertible debentures at the end of the first quarter, the Company did not have to incur any interest since then for that series. With the early redemption of the Series H convertible debentures at the beginning of the third quarter of 2015, interest costs on this series decreased from the prior period. Overall the interest on the Company's convertible debentures decreased in the current period by $0.6 million as a result of the factors discussed above.

Nine Months Ended September 30,	2015	2014	Variance	Variance %
Acquisition Costs	$ 4,356	$ 529	$ 3,827	723%

The acquisition costs incurred by the Company for the current period were $4.4 million compared to $0.5 million in the comparative period. Professional fees are expensed as acquisition costs are incurred and this can fluctuate based on the acquisition activities of the Company. The current period costs mainly relate to the closing of the Provincial acquisition during the year. It was the largest acquisition in the history of the Company and was close to three times larger than the next largest acquisition. In addition, the Company incurred acquisition costs associated with the closing of Ben Machine during the third quarter of 2015. The Company has incurred costs for other various opportunities given the acquisition activity of the Company during 2015.

Nine Months Ended September 30,	2015	2014	Variance	Variance %
Consideration liability fair value adjustment	$ -	$ (651)	$ 651	-100%

As a result of the structure of the consideration for the acquisition of Regional One (closed in April 2013), there were contingent consideration liability balances recorded pertaining to the planned future payment of cash and Shares of the Company. Certain liabilities were recognized that would be settled by the Company through issuing shares and according to IFRS the value of these liabilities fluctuate based on the Company's share price up to the time they are settled.

During fiscal 2014, the Company settled a portion of the liability through the issuance of Shares to the Regional One vendors. The comparative period included the change in the consideration liability up to the end of the comparative period. There was no corresponding impact on the Company's net earnings in the current period from fair value adjustments.

Nine Months Ended September 30,	2015	2014	Variance	Variance %
Impairment and restructuring	$ -	$ 1,300	$ (1,300)	-100%

In the comparative period, the Company restructured Bearskin's operations to eliminate certain unprofitable routes. Management accrued total restructuring costs of approximately $1.3 million, which were expensed during the second quarter. No similar expense has been incurred by the Company in the current period.

Nine Months Ended September 30,	2015	2014	Variance	Variance %
Current income tax expense	$ 11,630	$ 1,118	$ 10,512	940%
Deferred income tax expense	2,062	6,311	(4,249)	-67%
Income tax expense	$ 13,692	$ 7,429	$ 6,263	84%

The Company's income tax expense on continuing operations for the nine months ended September 30, 2015 was $13.7 million, an increase of $6.3 million or 84% over the comparative period in 2014. The effective tax rate decreased to 31% from 55% in the comparable period as a result of two factors. Firstly, the effective tax rate in 2014 reflects the tax expense associated with the intercompany transactions that were eliminated in computing the Company's consolidated net earnings whereas the corresponding tax benefit of the intercompany transactions were included in the Company's Discontinued Operations. Secondly, the decrease

reflects a current period increase of income generated in Canada, including the impact of the additions of Provincial and Ben Machine, which is subject to a lower tax rate than the US.

Current tax expense increased in the current period as a result of the settlement with the CRA and the Company writing off certain deferred tax assets in fiscal 2014 relating to the Company's conversion from an income trust to a corporation in 2009. As a result of the settlement, the Company did not have the ability to offset taxable income with the tax loss pools that accompanied the conversion whereas in the comparable period certain operations of the Company had access to the non-capital losses reducing cash taxes.

DISCONTINUED OPERATIONS

With the sale of WesTower US in the fourth quarter of 2014, the Company presents Discontinued Operations in the consolidated financial statements. The following summarizes the results of the Discontinued Operations in the comparative periods ended September 30, 2014 (nil for the current periods).

	Three Months Ended		Nine Months Ended	
periods ending September 30	**2015**	2014	**2015**	2014
Revenue	$ -	$ 117,678	$ -	$ 389,379
EBITDA	$ -	$ 2,187	$ -	$ 9,201
Free Cash Flow	$ -	$ 382	$ -	$ 4,493
Free Cash Flow less maintenance capital expenditures	$ -	$ 239	$ -	$ 3,911

The Discontinued Operations relate to the comparative period for 2014 as a result of the disposition of WesTower US in the fourth quarter of that year. As a result, there are no results for Discontinued Operations for the current period.

Discontinued Operations includes the operational results of WesTower US and an allocation of certain costs incurred in the consolidated entity from supporting the operations of WesTower US. The Company recorded a net gain on disposal of WesTower US but that occurred in the fourth quarter of 2014 at the closing of the sale and is not included in the comparative periods.

5. SUMMARY OF QUARTERLY RESULTS

The following summary of quarterly results reflects the continuing operations of the Company. The Discontinued Operations are only included in the net earnings (loss) and related per share amounts in the bottom section of the table.

			2015				2014	
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Total revenue	$ 212,750	$ 196,214	$ 173,935	$ 138,726	$ 143,499	$ 134,219	$ 126,059	$ 141,370
EBITDA	**54,052**	**48,053**	**31,080**	26,151	27,872	22,262	17,993	24,322
Net earnings (loss) - continuing operations	**15,983**	**13,394**	**934**	(17,729)	5,172	1,282	(350)	3,338
Basic	**0.64**	**0.58**	**0.04**	(0.79)	0.23	0.06	(0.01)	0.15
Diluted	**0.60**	**0.54**	**0.04**	(0.79)	0.23	0.06	(0.01)	0.15
Adjusted net earnings (loss) - continuing operations(1)	**18,811**	**16,516**	**3,651**	5,915	6,061	2,990	(169)	3,709
Basic	**0.76**	**0.71**	**0.16**	0.26	0.27	0.14	(0.01)	0.17
Diluted	**0.69**	**0.64**	**0.16**	0.26	0.27	0.14	(0.01)	0.17
Free Cash Flow (FCF)	**42,195**	**37,626**	**23,926**	22,480	22,819	18,884	12,797	17,830
Basic	**1.70**	**1.63**	**1.04**	1.00	1.03	0.86	0.59	0.82
Diluted	**1.43**	**1.33**	**0.88**	0.84	0.86	0.73	0.54	0.69
FCF less maintenance capital expenditures	**24,966**	**19,870**	**9,109**	11,718	13,143	8,802	1,455	6,511
Basic	**1.01**	**0.86**	**0.40**	0.52	0.59	0.40	0.07	0.30
Diluted	**0.89**	**0.75**	**0.39**	0.50	0.54	0.40	0.07	0.30
From continuing & discontinuing operations								
Net earnings / (loss)	**15,983**	**13,394**	**934**	(1,580)	5,546	4,122	167	1,871
Basic	**0.64**	**0.58**	**0.04**	(0.07)	0.25	0.19	0.01	0.09
Diluted	**0.60**	**0.54**	**0.04**	(0.07)	0.25	0.19	0.01	0.09

(1) As defined in Section 13 – Non-IFRS Financial Measures, the Company's adjusted net earnings from continuing operations for the fourth quarter of 2014 includes an add back for the non-cash deferred tax expense of $22.9 million as a result of the settlement that the Company made with the CRA on certain deferred tax assets associated with the conversion of the Company to a corporation from an income trust in 2009.

6. LIQUIDITY AND CAPITAL RESOURCES

As at September 30, 2015, the Company had a net cash position of $35.5 million (December 31, 2014 of $15.0 million) and net working capital of $149.1 million (December 31, 2014 of $95.8 million), which represents a current ratio of 1.82 to 1 (December 31, 2014 of 1.93 to 1).

	September 30, 2015	December 31, 2014	Change
Cash and cash equivalents	$ **35,460**	$ 14,968	$ 20,492
Accounts receivable	**132,096**	82,575	49,521
Costs incurred plus recognized profits in excess of billings	**12,382**	11,507	875
Inventory	**117,334**	84,020	33,314
Prepaid expenses and deposits	**24,149**	6,249	17,900
Income taxes receivable	**10,516**	-	10,516
Accounts payable and accrued expenses	**(144,521)**	(83,531)	(60,990)
Income taxes payable	**-**	(1,809)	1,809
Deferred revenue	**(23,786)**	(8,009)	(15,777)
Billings in excess of costs incurred plus recognized profits	**(13,460)**	(9,079)	(4,381)
Current portion of long-term debt and finance leases	**(1,088)**	(1,107)	19
Net working capital	$ **149,082**	$ 95,784	$ 53,298

As a result of a few factors, working capital has increased by $53.3 million since the end of 2014. The majority of the increase is attributable to the acquisition of Provincial during the year that has working capital of $36.0 million as of September 30, 2015. The

acquisition of Ben Machine during the third quarter added $5.7 million of working capital at September 30, 2015. Other factors include general seasonality increases and also the weakening of the Canadian dollar that causes the US subsidiaries to be reported with higher Canadian equivalent balances. Lastly, the Company has also purposefully made investments into Regional One's portfolio of aircraft related assets which have resulted in Regional One's inventory growing during the year for the items classified as being sold for parts.

At the beginning of the year, the Company completed its purchase of Provincial for $244.1 million, of which approximately 5% was paid through the issuance of 523,188 common shares of EIC. The Company paid $225.0 million to the vendors on closing and also paid cash towards the purchase of Shares in fulfilling certain obligations arising from the acquisition of Provincial. These amounts were financed through the Company's credit facility. During the third quarter, the Company finalized the opening working capital and made a payment of $7.0 million plus accrued interest to the vendors.

At the beginning of the third quarter, the Company completed its purchase of Ben Machine for $44.6 million, subject to customary post-closing adjustments, of which approximately 15% was paid through the issuance of 329,552 common shares of EIC. The Company paid $37.7 million to the vendors on closing, which was financed through the Company's credit facility. Subsequent to the end of the third quarter, the Company finalized the opening working capital and made a payment of $0.2 million plus accrued interest to the vendors.

At the beginning of the third quarter, the Company acquired all of the non-aircraft assets of First Air in the Kivalliq region for $5.3 million. The acquisition cost includes some additional required assets for these operations that were purchased by the Company as well as the purchase price paid to First Air. The acquisition was funded by cash available through the Company's credit facility.

Also during the first nine months of 2015 the Company has made additional draws on the credit facility to support capital purchases, mainly for Regional One's CRJ700 fleet purchase announced on October 21, 2014, the early redemption of the Series I Convertible Senior Secured Debentures and the early redemption of the Series H Convertible Senior Secured Debentures.

The Company closed a bought deal offering on 3,019,000 of its Shares, generating net proceeds of $71.3 million for the Company. The Company repaid $67.0 million of outstanding debt under its credit facility with the net proceeds and used the remainder within its operations.

On February 9, 2015, the Company announced that it had entered into a new $450 million long-term debt facility with a four year term. EIC has been allocated $400 million of the available credit and EIIF Management USA Inc. has been allocated the remainder. The facility allows for borrowings to be denominated in either Canadian or US funds. Based on the amounts outstanding under the credit facility as at September 30, 2015, the Company has drawn $296.7 million, excluding the effect of foreign exchange. Subsequent to the end of the third quarter but before the date of this report, the Company announced that it has entered into an amended long-term debt facility. The amendment increased the size of the Company's existing facility to $550 million overall ($500 million within EIC and US$50 million within EIIF Management USA). The increase of $100 million has been allocated to EIC. At the date of this report, the Company has approximately $280 million of available capital in mixed currency.

On March 31, 2015, the Company redeemed all issued and outstanding Debentures, plus accrued interest, on the 5.75% Series I Convertible Senior Secured Debentures that had a maturity of January 31, 2016. At the time of redemption, there were 34,944 debentures outstanding in the aggregate principal amount of $34.9 million.

On July 15, 2015, the Company redeemed all issued and outstanding Debentures, plus accrued interest, on the 6.5% Series H Convertible Senior Secured Debentures that has a maturity of May 31, 2017. At the time of redemption, there were 2,164 debentures outstanding in the aggregate principal amount of $2.2 million.

The Company's dividend reinvestment plan ("DRIP") continued during the first nine months of 2015 and the Company received $2.9 million for 131,919 Shares being issued in accordance with the DRIP.

The Company obtained additional cash through the means described above and also generated $103.7 million of Free Cash Flow during the first nine months of 2015, a 90% improvement from the same period in 2014. The Company used these funds for its dividends and capital expenditures over that period. See Section 3 – *Key Performance Indicators* for more information on the capital expenditures made by the Company.

The Company's dividends are dependent on its ability to generate cash flow from operations and Free Cash Flow. During the first nine months of 2015, the Company declared dividends totaling $32.0 million in comparison to $27.8 million during the comparative period in 2014. This was a result of an increased number of Shares outstanding, the $0.005 increase in the monthly dividend rate announced in November 2014 and the $0.015 increase in the monthly dividend rate announced in August of 2015. The monthly dividend declared in any given month is paid to shareholders at the middle of the following month. The 10% or $0.015 per month dividend increase announced in August is the largest in the last ten years.

The following summarizes the changes in the Shares outstanding of the Company during the nine months ended September 30, 2015:

	Date issued	Number of shares
Shares outstanding, beginning of period		22,507,341
Issued upon conversion of convertible debentures	various	991,450
Issued under dividend reinvestment plan (DRIP)	various	131,919
Issued under First Nations community partnership agreements	various	4,500
Issued to Provincial vendors on closing	January 2, 2015	523,188
Issued under deferred share plan	February 23, 2015	21,749
Issued to Ben Machine vendors on closing	July 2, 2015	329,552
Prospectus offering, September 2015	September 17, 2015	3,019,000
Shares outstanding, end of period		27,528,699

The following summarizes the convertible debentures outstanding as at September 30, 2015 and the changes in the amount of convertible debentures outstanding during the nine months ended September 30, 2015:

Series - Year of Issuance	Trade Symbol	Maturity	Interest Rate	Conversion Price
Series J - 2011	EIF.DB.D	May 31, 2018	6.25%	$30.60
Unsecured Debentures - 2012	EIF.DB.E	September 30, 2019	5.5%	$36.80
Unsecured Debentures - 2013	EIF.DB.F	March 31, 2020	5.35%	$41.60
Unsecured Debentures - 2014	EIF.DB.G	March 31, 2021	6.0%	$31.70

Par value	Balance, beginning of period	Issued	Converted	Redeemed / Matured	Balance, end of period
Series H	$ 21,993	$ -	$ (19,829)	$ (2,164)	$ -
Series I	34,944	-	-	(34,944)	-
Series J	57,477	-	-	-	57,477
Unsecured Debentures - September 2012	57,500	-	-	-	57,500
Unsecured Debentures - March 2013	65,000	-	-	-	65,000
Unsecured Debentures - March 2014	39,988	-	-	-	39,988
Total	$ 276,902	$ -	$ (19,829)	$ (37,108)	$ 219,965

As a result of the acquisitions of Provincial and Ben Machine, the contractual commitments of the Company have increased from what was disclosed in the Company's 2014 annual MD&A. Provincial has a variety of equipment, building and land leases with future minimum lease payments totaling approximately $2 million over the next several years and totaling less than $20 million overall. Ben Machine's commitments relate mainly to its facility lease that is approximately $0.5 million per year through June 2020.

Normal Course Issuers Bid

On December 24, 2014, the Company announced that it has received approval from the Toronto Stock Exchange ("TSX") with respect to a normal course issuer bid (the "NCIB") to purchase up to an aggregate of 1,124,568 Shares, representing 5% of the issued and outstanding Shares as at December 12, 2014.

Purchases of Shares pursuant to the NCIB may be made through the facilities of the TSX commencing on December 30, 2014 and ending on December 29, 2015, or an earlier date in the event that the Company purchases the maximum number of the Shares available under the NCIB. The Company will pay the market price at the time of acquisition for any Shares purchased through the facilities of the TSX. All Common Shares acquired directly by the Company under the NCIB will be cancelled with the exception of those purchased for the purpose of fulfilling certain obligations arising from the acquisition of Provincial in early 2015. The Company made several purchases of Shares during the first quarter of 2015 totalling 372,618 Shares and all related to fully fulfilling the Provincial obligations. A portion of the Shares acquired were awarded on closing the Provincial acquisition to certain Provincial executives and the remainder is held in a trust with certain Provincial executives as the beneficiaries of the trust. No Shares acquired by the Company under the NCIB were cancelled. There were no Shares acquired by the Company during the second or third quarters of 2015.

Under the NCIB, the maximum number of Shares that may be purchased by the Company on a daily basis is 30,214 Common Shares, other than block purchase exemptions.

The Company sought approval of the NCIB because it believes that, from time to time, the market price of the Shares may not fully reflect the value of the Shares. The Company believes that, in such circumstances, the purchase of Shares represents an attractive investment for the Company.

As of the date of this report, there are 751,950 shares available for purchase under the NCIB ending December 29, 2015.

7. RELATED PARTY TRANSACTIONS

The related party transactions that the Company entered into during the nine months ended September 30, 2015 are consistent with those described in the Company's MD&A for the year ended December 31, 2014 other than those resulting from acquisition of Ben Machine.

With the acquisition of Ben Machine on July 2, 2015, the Company will have new related party transactions going forward. Consistent with some of the Company's other subsidiaries, Ben Machine leases buildings from the vendors from which the Company purchased the business. The vendors are considered related parties because of their involvement in the management of Ben Machine. The lease is considered to be at market terms and will be recognized in the consolidated financial statements at the exchange amount of $0.5 million per annum. The term of the lease runs through June 2020.

8. CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements requires management to use judgment in applying its accounting policies and estimates and assumptions about the future. Estimates and other judgments are continuously evaluated and are based on management's experience and other factors, including expectations about future events that are believed to be reasonable under the circumstances. There were no changes to the Company's critical accounting estimates and judgments from those described in the MD&A of the Company for the year ended December 31, 2014.

9. ACCOUNTING POLICIES

The accounting policies of the Company used in the determination of the results for these interim condensed consolidated financial statements for the three and nine months ended September 30, 2015 that are discussed and analyzed in this report are described in detail in Note 3 of the Company's 2014 annual consolidated financial statements and Note 3 of the Company's interim condensed consolidated financial statements for the three and nine months ended September 30, 2015.

The significant accounting policies and methods of computation used in the preparation of these interim condensed consolidated financial statements are the same as those described in Note 3 – Significant Accounting Policies of the Company's 2014 annual consolidated financial statements, except for the changes noted below:

a) *Principles of Consolidation*

The interim condensed consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries Perimeter, Keewatin, Calm Air, Bearskin, Custom Helicopters, 4873999 Manitoba Ltd., 7328010 Canada Ltd., Overlanders, Water Blast, WesTower CDA, EIC Ireland, EIC Ireland Two, Regional One Canada, EIC Luxembourg, Provincial, Ben Machine, EIIF USA and their respective subsidiaries, including Stainless, Water Blast Dakota and Regional One. All significant inter-company transactions have been eliminated for purposes of these interim condensed consolidated financial statements.

b) *Revenue Recognition – Aviation Revenues*

With the acquisition of Provincial, revenue from aircraft modification contracts is recognized on a percentage of completion basis. The percentage complete is calculated based upon contract costs incurred to date compared with total estimated contract costs. The percentage complete is then applied to total anticipated contract revenue to determine the period's revenue. A provision for the estimated loss is made when contract costs are expected to exceed estimated contract revenue.

c) *Accounting Standards Issued but not yet Effective*

IFRS 15 – Revenue

In May 2014, the IASB issued IFRS 15, Revenue from Contracts with Customers, a new standard that specifies the steps and timing for entities to recognize revenue as well as requiring them to provide more informative, relevant disclosures. IFRS 15 supersedes IAS 11, Customer Contracts, and IAS 18, Revenue, as well as various IFRIC and SIC interpretations regarding revenue. Adoption of IFRS 15 is mandatory and will be effective for the Company beginning on January 1, 2018, with earlier adoption permitted. The Company is assessing the impact of adopting this standard on its financial statements.

IFRS 9 – Financial Instruments

IFRS 9, Financial Instruments, first issued in November 2009 with final version released in July 2014 by the IASB, brings together the classification and measurement, impairment and hedge accounting phases of the IASB's project to replace IAS 39. IFRS 9 introduces a principles-based approach to the classification of financial assets based on an entity's business model and the nature of the cash flows of the asset. All financial assets, including hybrid contracts, are measured as at fair value through profit or loss ("FVTPL"), fair value through other comprehensive income or amortized cost. For financial liabilities, IFRS 9 includes the requirements for classification and measurement previously included in IAS 39. IFRS 9 also introduces an expected loss impairment model for all financial assets not carried at FVTPL. Finally, IFRS 9 introduces a new hedge accounting model that aligns the accounting for hedge relationships more closely with an entity's risk management activities. The standard is effective for annual periods beginning on or after January 1, 2018. The Company is assessing the impact of adopting this standard on its financial statements.

10. CONTROLS AND PROCEDURES

Internal Controls over Financial Reporting

Management is responsible for establishing and maintaining internal controls over financial reporting in order to provide reasonable assurance with regards to the reliability of financial reporting and preparation of financial statements in accordance with IFRS, as defined under National Instrument 52-109 issued by the Canadian Securities Administrators. Consistent with the concept of reasonable assurance, the Company recognizes that all systems of internal controls, no matter how well designed, have inherent limitations. As such, the Company's internal controls over financial reporting can only provide reasonable, and not absolute, assurance that the objectives of such controls are met.

An assessment of internal controls over financial reporting was conducted by the Company's management, under supervision by the Chief Executive Officer and Chief Financial Officer. Management has used the 2013 Internal Control – Integrated Framework to evaluate the Company's internal controls over financial reporting, which is recognized as a suitable framework developed by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO").

Management has evaluated the design of the Company's internal controls over financial reporting as at September 30, 2015, including its continued review of internal controls over financial reporting for Provincial, and has concluded that the internal controls over financial reporting are effective. Management will continue to assess the internal controls at Provincial as this newly acquired company continues to integrate and enhance its processes.

On July 2, 2015, the Company acquired the shares of Ben Machine. As at the date of this MD&A, management has not completed its review of internal controls over financial reporting for this newly acquired company nor determined its impact, if any, on the Company's internal controls over financial reporting. This will be completed for year-end 2015.

There have been no other material changes to the Company's internal controls during the 2015 year that would have materially affected or are likely to materially affect the internal controls over financial reporting.

Disclosure Controls and Procedures

Management has established and maintained disclosure controls and procedures in order to provide reasonable assurance that material information relating to the Company is made known to management in a timely manner and that information required to be disclosed by the Company is reported within the time periods prescribed by applicable securities legislation. Management has concluded that disclosure controls and procedures were designed effectively as at September 30, 2015.

11. RISK FACTORS

The Company and its subsidiaries are subject to a number of business risks. These risks relate to the structure of the Company and to the operations at the subsidiary entities. There were no changes to the Company's principal risks and uncertainties from those reported in the Company's MD&A for the year ended December 31, 2014.

12. OUTLOOK

Acquisition strategy

The Company's acquisition strategy remains focused on accretive opportunities that further strengthen and diversify the portfolio of operating companies. The enhanced business development and acquisitions team has allowed the Company to pursue additional opportunities to improve value creation through both acquisition and the growth and integration of our existing subsidiaries. The acquisition of Ben Machine early in the third quarter and Provincial, early in the first quarter, brings the total value of acquisitions closed in 2015 to a total of approximately $294 million, a record pace for the Company.

The Company independently assesses certain markets and regions to identify potential acquisition targets while also developing an expanded network of referral sources that regularly present it with potential acquisitions. The Company remains committed to the disciplined approach to acquisitions that is a significant component of the Company's success to date. While the deal flow brought to the Company is considered strong, there can be no assurance target companies meeting the Company's standards will be identified.

During the third quarter the Company significantly enhanced the capital available to fund acquisitions through the issuance of $75 million of equity at $24.85 per share and by expanding the Company's senior debt facility by $100 million to $550 million. As of the date of this report, the Company had approximately $280 million of available capital in mixed currencies to fund further acquisition(s) and business development initiatives.

Aviation Segment

The Aviation segment includes: the five Legacy airlines, providing fixed and rotary wing, scheduled, charter, cargo, and medevac services in Manitoba, Ontario and Nunavut; Regional One, a leading provider of aircraft and engine aftermarket parts to regional airline operators in the global community and Provincial with three distinct business units: a scheduled airline, fixed base operations and aerospace.

In contrast to other North American and global airline carriers, a large percentage of the Company's Legacy airlines and Provincial's airline service operate in remote communities where demand is relatively inelastic, mitigating the impact of changes in the economic climate. This provides additional stability in a core part of the segment's business.

The Legacy airlines continue to be well positioned to benefit from positive external factors and their improved operational strengths for the balance of 2015. The previous investments in growth capital expenditures in the Legacy airlines aircraft and ground infrastructure assets have yielded ongoing revenue growth and margin improvements that continues unabated.

The purchase of First Air's non-aircraft assets in the Kivalliq region has allowed the Company to improve both passenger and freight customer service and connectivity. One time integration costs related to this acquisition were incurred during the current period and will be substantially complete by the end of 2015, positioning the Legacy airlines for further improvement in 2016. The investment in the Kivalliq region is illustrative of the opportunities that exist for the Legacy airlines to grow market share within their existing markets.

Year to date, both Provincial's and the Legacy airlines' operations have been positively impacted by the margin enhancing 'tailwind' created by significantly reduced fuel prices. However the benefit of significantly reduced fuel prices has been somewhat offset by the significant erosion of the Canadian dollar exchange rate against the US dollar, due in part to low energy prices, which negatively impacts Provincial's and the Legacy airlines' parts and maintenance costs. It is anticipated that Legacy airlines' performance will continue to be positively impacted should the current 'normal' weather conditions, that were absent during 2014, continue to persist through the balance of the year.

Regional One's investment in the purchase of the twelve Bombardier CRJ700 aircraft equipped with CF34-8C5B1 engines from Lufthansa CityLine continues. As of quarter end Regional One had taken delivery of 10 of the 12 aircraft and subsequent to the quarter end took delivery of the final two aircraft. In addition to one other CRJ700 aircraft purchased during the 2015 period, the portfolio of recent CRJ700 aircraft totals 13. The status of this portfolio as of the date of this report is as follows: two of the aircraft will be sold in the fourth quarter, five have been leased, three of the aircraft are pending leases currently being negotiated and three have been or are being parted out.

The outlook for Regional One remains positive as consistent demand for parts and lease inventories has been augmented with additional growth in revenue and EBITDA as the CRJ700 portfolio aircraft are monetized. Over the ten quarters since being acquired, Regional One's performance has been consistently strong. Although this has not occurred to date, the nature of the Regional One's business is such that individual quarters may experience variability of customer demand that could lead to potentially lower profitability.

Persistent low commodity and energy prices dampened demand for airline services from natural resource related customers including travel by provincial governments reliant on natural resource related royalties. Despite this challenge, Provincial's scheduled and charter airline services have effectively adapted to changing demand within their operational region. Demand for air travel service to the Lower Churchill project is expected to continue to grow in fiscal 2016 but the typical seasonal softening is expected for the remainder of 2015. The commencement of Vale's expansion to underground operations at the Voisey's Bay nickel/copper/cobalt mine in northern Labrador will generate additional demand for aviation services both during the multi-year construction phase of the project and the extended life of the mine that is anticipated to run through 2040.

Provincial's aerospace services division is pursuing a number of growth opportunities within Canada and internationally. These opportunities include Provincial's participation in one of three consortiums of aerospace companies pursuing the government of Canada's request for proposals to supply Fixed Wing Search and Rescue services (FWSAR) throughout Canada. However, the

procurement process for many of these opportunities can be very lengthy and the binary "win/loss" nature of the contract awards makes forecasting the impact and timing of any specific opportunity challenging. The Company remains focused on identifying potential operational synergies amongst Provincial and the Legacy airlines. The Company "insourcing" of heavy checks on Perimeter's Dash-8's and Calm Air's ATRs to Provincial's aerospace services group is proving to be both operational and economically successful. These mandated maintenance events that were previously outsourced to third party maintenance repair and overhaul ("MRO") shops, are being internalized.

During the third quarter fuel prices remained stable within a range that was significantly lower than the comparative period in 2014. Currently every $0.01 per liter change in the price of fuel has an approximately $0.5 million impact on the profitability of the Aviation segment. A significant minority of the fuel purchased has no bottom line effect because it is contractually passed on to the customer. Further changes in the price of fuel are impossible to accurately predict.

Driven by falling energy and commodity prices, the Canadian dollar exchange rate against the US dollar has declined significantly, impacting the six aviation companies' parts and maintenance costs. Regional One serves as a natural hedge for the segment's exposure to fluctuations in foreign currency as a result of the segment's dependency on aircraft and aircraft parts and services that are primarily incurred in US dollars. Regional One also creates a proxy for vertical integration into this major expense category.

Manufacturing Segment

The Manufacturing segment includes the operations of WesTower CDA, Stainless, Overlanders, the Alberta Operations and Ben Machine, which was acquired at the beginning of the quarter.

As the dominant national provider of cell tower construction and support services in Canada, WesTower CDA has a significant competitive advantage over its regional competitors. Although reallocation of crews between regions to match customer demand can periodically lead to higher direct costs, WesTower's nation-wide reach provides it the unmatched ability to adapt to theses regional variations. Normal seasonality factors relating to the timing of national carriers initiating their capital expenditure programs and improved weather conditions has resulted in increasing demand for the services in certain regions of WesTower CDA. WesTower CDA's available services reach beyond just the fabrication and maintenance of traditional cellular towers and it continues to plan to meet customer demand for other wireless connection alternatives.

The recent decision by the Canadian Radio-television and Telecommunications Commission ("CRTC") around charging rates between carriers using towers other than their own has reduced carriers' demand for additional new towers in areas where a competitor has an adequate tower since the cost incurred by the carrier is reduced and has a ceiling to it now.

During the quarter Stainless recognized a significant improvement in the number of small and large projects being bid, which has significantly strengthened their order book going forward. US economic growth remains positive but slow, and with each passing month there now appears to be increasing demand for both Stainless' shop built and field projects products. Demand for shop work remains strong and Stainless has been able to adapt its production scheduling and incorporate innovative manufacturing processes to accommodate the increased shop volumes. The recent and sustained depreciation of the Canadian dollar has had a positive impact on the conversion of its US dollar results into the Company's Canadian reporting currency.

Persistent weakness throughout the Alberta economy continues to negatively impact Alberta Operations sales due to very weak demand. As well, the dependence on purchasing much of its inventory from a US supplier has eroded margins due to the weak Canadian dollar. Anemic demand for the Alberta Operations products and services is anticipated to persist for the foreseeable future. Management remains vigilant in monitoring the demand for its products and costs and will adapt prices and market strategy as required. The Company remains committed to this market and anticipate that, as it has experienced in past periods of weak demand, the Alberta operations will emerge in an improved competitive position once the local market conditions eventually turn positive.

As anticipated, the addition of Ben Machine has been immediately accretive to shareholders. Demand for Ben Machine's precision machined parts and components, used primarily in the aerospace and defense industries, remains strong. Demand for its aerospace and defense related products are distinct and uncorrelated to the other companies in this segment. Ben Machine may benefit from some of its foreign customers and indirectly from the improved competitiveness of its Canadian based customers due to the depreciated value of the Canadian dollar. The longer term positive or negative impacts of the newly elected federal government's policies on defense spending and procurement of new weapons systems remains unclear at this time but will be monitored closely by Ben Machine's management.

13. NON-IFRS FINANCIAL MEASURES

EBITDA, Adjusted Net Earnings, Free Cash Flow and Maintenance Capital Expenditures are not recognized measures under IFRS and are, therefore, defined below.

EBITDA: is defined as earnings before interest, income taxes, depreciation, amortization, other non-cash items such as gains or losses recognized on the fair value of contingent consideration items, asset impairment and restructuring costs, and any unusual non-operating one-time items such as acquisition costs. It is used by management to assess its consolidated results and the results of its operating segments. EBITDA is a performance measure utilized by many investors to analyze the cash available for distribution from operations before allowance for debt service, capital expenditures and income taxes.

Adjusted Net Earnings: is defined as net earnings from continuing operations adjusted for acquisition costs expensed, impairment and restructuring charges (including accelerated depreciation charges), gains or losses recognized on the fair value of contingent consideration items, amortization of intangible assets that are purchased at the time of acquisition, and the non-cash charge to deferred income taxes incurred as a result of the Company's settlement with the CRA on certain tax loss carryforwards associated with the conversion of the Company from an income trust to a corporation.

Adjusted net earnings			2015
	Q3	Q2	Q1
Net earnings - continuing operations	$ 15,983	$ 13,394	$ 934
Adjusting items, net of tax			
Acquisition costs	757	994	2,194
Intangible asset amortization	2,071	2,128	523
Adjusted net earnings - continuing operations	$ 18,811	$ 16,516	$ 3,651
			2014
	Q3	Q2	Q1
Net earnings (loss) - continuing operations	$ 5,172	$ 1,282	$ (350)
Adjusting items, net of tax			
Acquisition costs	470	19	40
Intangible asset amortization	419	417	390
Impairment and restructuring		1,433	-
Consideration liability fair value adjustment	-	(161)	(249)
Adjusted net earnings (loss) - continuing operations	$ 6,061	$ 2,990	$ (169)

Free Cash Flow: for the period is equal to cash flow from operating activities as defined by IFRS, adjusted for changes in non-cash working capital and any unusual non-operating one-time items. Free Cash Flow is a performance measure used by investors to analyze the cash generated from operations before the seasonal impact of changes in working capital items or other unusual items.

Maintenance Capital Expenditures: are the capital expenditures made by the Company to maintain the operations of the Company at its current level and includes the principal payments made by the Company on any of its finance leases. Other capital expenditures are classified as growth capital expenditures and are not considered by management in determining the cash flows required to sustain the current operations of the Company.

The Company's maintenance capital expenditures include aircraft engine overhauls and airframe heavy checks that are recognized when these events occur and can be significant. Each aircraft type has different requirements for its major components according to manufacturer standards and the timing of the event can be dependent on the extent that the aircraft is utilized. As a result the extent and timing of these maintenance capital expenditure events can be very lumpy from period to period, both within the year and when analyzing to the comparative period in the prior year.

Investors are cautioned that EBITDA, Adjusted Net Earnings, Free Cash Flow and Maintenance Capital Expenditures should not be viewed as an alternative to measures that are recognized under IFRS such as net earnings or cash from operating activities. The Company's method of calculating EBITDA, Adjusted Net Earnings, Free Cash Flow and Maintenance Capital Expenditures may differ from that of other entities and therefore may not be comparable to measures utilized by them.

ADDITIONAL INFORMATION

Additional information relating to the Company is on SEDAR at www.sedar.com.

Exchange Income Corporation

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(unaudited, in thousands of Canadian dollars)

As at	September 30 2015	December 31 2014
ASSETS		
CURRENT		
Cash and cash equivalents	$ 35,460	$ 14,968
Accounts receivable	132,096	82,575
Costs incurred plus recognized profits in excess of billings	12,382	11,507
Inventory	117,334	84,020
Prepaid expenses and deposits	24,149	6,249
Income taxes receivable	10,516	-
	331,937	199,319
OTHER ASSETS	10,212	9,110
CAPITAL ASSETS	540,385	364,914
INTANGIBLE ASSETS	114,788	42,760
DEFERRED INCOME TAX ASSETS	226	397
GOODWILL	244,427	98,603
	$ 1,241,975	$ 715,103
LIABILITIES		
CURRENT		
Accounts payable and accrued expenses	$ 144,521	$ 83,531
Income taxes payable	-	1,809
Deferred revenue	23,786	8,009
Billings in excess of costs incurred plus recognized profits	13,460	9,079
Current portion of long-term debt and finance leases (Note 7)	1,088	1,107
	182,855	103,535
LONG-TERM DEBT AND FINANCE LEASES (Note 7)	327,188	16,636
OTHER LONG-TERM LIABILITIES	16,087	436
CONVERTIBLE DEBENTURES (Note 8)	202,977	255,092
DEFERRED INCOME TAX LIABILITY	74,094	39,811
	803,201	415,510
EQUITY		
SHARE CAPITAL (Note 9)	422,851	308,919
CONVERTIBLE DEBENTURES - Equity Component (Note 8)	11,200	13,877
CONTRIBUTED SURPLUS	1,786	124
DEFERRED SHARE PLAN (Note 14)	4,686	3,802
RETAINED EARNINGS		
Cumulative Earnings	176,568	146,257
Cumulative Dividends (Note 10)	(221,048)	(189,073)
	(44,480)	(42,816)
ACCUMULATED OTHER COMPREHENSIVE INCOME	42,731	15,687
	438,774	299,593
	$ 1,241,975	$ 715,103

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

Approved on behalf of the directors by:

Duncan Jessiman, Director — *Signed*

Donald Streuber, Director — *Signed*

Exchange Income Corporation

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(unaudited, in thousands of Canadian dollars, except for per share amounts)

	Three Months Ended		Nine Months Ended	
For the periods ended September 30	**2015**	2014	**2015**	2014
REVENUE				
Aviation	$ **157,308**	$ 90,516	$ **440,603**	$ 252,182
Manufacturing	**55,442**	52,983	**142,296**	151,595
	212,750	143,499	**582,899**	403,777
EXPENSES				
Aviation expenses - excluding depreciation and amortization	**90,917**	56,624	**261,577**	163,271
Manufacturing expenses - excluding depreciation and amortization	**41,273**	40,132	**109,204**	116,418
General and administrative	**26,508**	18,871	**78,933**	55,961
	158,698	115,627	**449,714**	335,650
OPERATING PROFIT BEFORE DEPRECIATION, AMORTIZATION, FINANCE COSTS AND OTHER (Note 4)	**54,052**	27,872	**133,185**	68,127
Depreciation and amortization	**22,753**	12,879	**61,883**	37,635
Finance costs - interest	**7,426**	5,367	**22,943**	15,781
Acquisition costs	**1,168**	470	**4,356**	529
Consideration liability fair value adjustment	**-**	-	**-**	(651)
Impairment and restructuring (Note 12)	**-**	-	**-**	1,300
EARNINGS BEFORE INCOME TAXES	**22,705**	9,156	**44,003**	13,533
INCOME TAX EXPENSE (RECOVERY) (Note 17)				
Current	**6,101**	1,312	**11,630**	1,118
Deferred	**621**	2,672	**2,062**	6,311
	6,722	3,984	**13,692**	7,429
NET EARNINGS FOR THE PERIOD from continuing operations	$ **15,983**	$ 5,172	$ **30,311**	$ 6,104
Net earnings from discontinued operations (Note 18)	**-**	374	**-**	3,731
NET EARNINGS FOR THE PERIOD attributable to common shareholders	$ **15,983**	$ 5,546	$ **30,311**	$ 9,835
EARNINGS PER SHARE - continuing operations (Note 13)				
Basic	$ **0.64**	$ 0.23	$ **1.28**	$ 0.28
Diluted	$ **0.60**	$ 0.23	$ **1.25**	$ 0.27
EARNINGS PER SHARE attributable to common shareholders				
Basic	$ **0.64**	$ 0.25	$ **1.28**	$ 0.45
Diluted	$ **0.60**	$ 0.25	$ **1.25**	$ 0.44

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

Exchange Income Corporation

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(unaudited, in thousands of Canadian dollars)

Attributable to common shareholders	Three Months Ended		Nine Months Ended	
For the periods ended September 30	**2015**	2014	**2015**	2014
NET EARNINGS	$ **15,983**	$ 5,546	$ **30,311**	$ 9,835
OTHER COMPREHENSIVE INCOME (LOSS),				
Items that are or may be reclassified to the Statement of Income				
Cumulative translation adjustment, net of tax	**16,712**	14,774	**32,028**	15,457
Net loss on hedge of net investment in foreign operation	**(3,524)**	(6,693)	**(4,984)**	(6,483)
	13,188	8,081	**27,044**	8,974
COMPREHENSIVE INCOME FOR THE PERIOD	$ **29,171**	$ 13,627	$ **57,355**	$ 18,809

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

Exchange Income Corporation

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(unaudited, in thousands of Canadian dollars)

	Share Capital	Convertible Debentures - Equity Component	Contributed Surplus - Matured Debentures	Deferred Share Plan	Reserved Shares	Retained Earnings		Accumulated Other Comprehensive Income (Loss)	**Total**
						Cumulative Earnings	Cumulative Dividends		
Balance, January 1, 2014	$ 295,939	$ 12,216	$ 102	$ 2,619	$ 623	$ 138,002	$ (151,649)	$ 7,974	$ **305,826**
Shares issued to acquisition vendors	2,411	-	-	-	-	-	-	-	**2,411**
Convertible debentures									
Converted into shares	4,192	(113)	-	-	-	-	-	-	**4,079**
Issued	-	1,798	-	-	-	-	-	-	**1,798**
Matured	-	(22)	22	-	-	-	-	-	**-**
Shares issued under dividend reinvestment plan	3,238	-	-	-	-	-	-	-	**3,238**
partnership agreements	112	-	-	-	-	-	-	-	112
Shares issued under vesting of reserved shares	623	-	-	-	(623)	-	-	-	**-**
Deferred share plan vesting	-	-	-	895	-	-	-	-	**895**
Comprehensive income	-	-	-	-	-	9,835	-	8,974	**18,809**
Dividends declared	-	-	-	-	-	-	(27,762)	-	**(27,762)**
Balance, September 30, 2014	**$ 306,515**	**$ 13,879**	**$ 124**	**$ 3,514**	**$ -**	**$ 147,837**	**$ (179,411)**	**$ 16,948**	**$ 309,406**
Balance, January 1, 2015	$ 308,919	$ 13,877	$ 124	$ 3,802	$ -	$ 146,257	$ (189,073)	$ 15,687	$ **299,593**
Shares issued to acquisition vendors (Note 6)	18,802	-	-	-	-	-	-	-	**18,802**
Convertible debentures (Note 8)									
Converted into shares	20,348	(1,047)	-	-	-	-	-	-	**19,301**
Matured/Redeemed	-	(1,630)	1,662	-	-	-	-	-	**32**
Shares issued under dividend reinvestment plan (Note 9)	2,866	-	-	-	-	-	-	-	**2,866**
Shares issued under First Nations community									
partnership agreements (Note 9)	98	-	-	-	-	-	-	-	**98**
Deferred share plan vesting	-	-	-	1,366	-	-	-	-	**1,366**
Deferred share plan issuance	482	-	-	(482)	-	-	-	-	**-**
Prospectus offering, September 2015	71,336	-							**71,336**
Comprehensive income	-	-	-	-	-	30,311	-	27,044	**57,355**
Dividends declared (Note 10)	-	-	-	-	-	-	(31,975)	-	**(31,975)**
Balance, September 30, 2015	**$ 422,851**	**$ 11,200**	**$ 1,786**	**$ 4,686**	**$ -**	**$ 176,568**	**$ (221,048)**	**$ 42,731**	**$ 438,774**

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

Exchange Income Corporation

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited, in thousands of Canadian dollars)

For the periods ended September 30	Three Months Ended 2015	Three Months Ended 2014	Nine Months Ended 2015	Nine Months Ended 2014
OPERATING ACTIVITIES				
Net earnings for the period	$ 15,983	$ 5,546	$ 30,311	$ 9,835
Items not affecting cash:				
Depreciation and amortization	22,753	13,976	61,883	40,991
Accretion of interest	1,409	1,263	4,671	3,691
Long-term debt discount (paid) accretion	55	(2)	(86)	22
(Gain) on sale of disposal of capital assets	(232)	(97)	(816)	(1,570)
Deferred income tax	621	1,705	2,062	3,952
Deferred share program share-based vesting	438	340	1,366	894
Consideration liability fair value adjustment	-	-	-	(651)
	41,027	22,731	99,391	57,164
Changes in non-cash operating working capital items (Note 16)	2,867	9,688	(31,417)	(5,366)
	43,894	32,419	67,974	51,798
FINANCING ACTIVITIES				
Proceeds from (repayment of) long-term debt & finance leases, net of issuance costs	(20,765)	10,092	300,351	(11,891)
Proceeds from issuance of debentures, net of issuance costs	-	-	-	37,747
Redemption of convertible debentures (Note 8)	(2,164)	(193)	(37,108)	(319)
Issuance of shares, net of issuance costs	72,352	1,198	74,300	6,384
Cash dividends (Note 10)	(11,873)	(9,349)	(31,975)	(27,762)
	37,550	1,748	305,568	4,159
INVESTING ACTIVITIES				
Purchase of capital assets, net of disposals	(35,390)	(19,552)	(109,566)	(53,508)
Purchase of intangible assets	(346)	(133)	(771)	(160)
Cash outflow for acquisitions, net of cash acquired	(43,996)	-	(245,760)	-
Investment in other assets	(376)	(3,809)	(251)	1,966
Finance lease receivable payments, net of reserves	878	139	3,298	(208)
	(79,230)	(23,355)	(353,050)	(51,910)
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,214	10,812	20,492	4,047
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	33,246	16,403	14,968	23,168
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 35,460	$ 27,215	$ 35,460	$ 27,215
Supplementary cash flow information				
Interest paid	$ 7,508	$ 7,109	$ 20,902	$ 17,276
Income taxes paid (recovered)	$ 7,128	$ (4,235)	$ 24,023	$ (3,612)

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

(unaudited, in thousands of Canadian dollars unless otherwise noted, except per share information and share data)

1. ORGANIZATION

Exchange Income Corporation ("EIC" or the "Company") is a diversified, acquisition-oriented corporation focused on opportunities in two sectors: aviation services and equipment, and manufacturing. In particular businesses that are suited for public markets, except, in certain circumstances, for their size. The business plan of the Company is to invest in profitable, well-established companies with strong cash flows operating in niche markets. The Company is incorporated in Canada and the address of the registered office is 1067 Sherwin Road, Winnipeg, Manitoba, Canada R3H 0T8.

As at September 30, 2015, the principal wholly-owned operating subsidiaries of the Company are Perimeter Aviation LP ("Perimeter"), Keewatin Air LP ("Keewatin"), Calm Air International LP ("Calm Air"), Bearskin Lake Air Service LP ("Bearskin"), Custom Helicopters Ltd. ("Custom Helicopters"), 4873999 Manitoba Ltd., 7328010 Canada Ltd., Overlanders Manufacturing LP ("Overlanders"), Water Blast Manufacturing LP ("Water Blast"), WesTower Communications Ltd. ("WesTower CDA"), EIC Ireland Leasing Ltd. ("EIC Ireland"), R1 Canada LP ("Regional One Canada"), EIC Luxembourg Sarl ("EIC Luxembourg"), EIC Ireland Leasing No. Two Limited ("EIC Ireland Two"), Provincial Aerospace Ltd. ("Provincial"), Ben Machine Products Company Inc. ("Ben Machine"), and EIIF Management USA Inc. ("EIIF USA"). Stainless Fabrication, Inc. ("Stainless"), Dallas Sailer Enterprises, Inc. ("Water Blast Dakota"), and Regional One, Inc. ("Regional One") are wholly owned subsidiaries of EIIF USA. Through the Company's subsidiaries, products and services are provided in two business segments: Aviation and Manufacturing.

The Company's interim results are impacted by seasonality factors. The Aviation segment has historically had the strongest revenues in the second and third quarters when demand tends to be highest, relatively modest in the fourth quarter and the lowest in the first quarter as communities serviced by the airlines are less isolated with the use of ice roads for transportation during the winter. With the diversity within the Manufacturing segment, the seasonality of the Manufacturing segment is relatively flat throughout a fiscal period.

On October 20, 2014, the Company completed the sale of WesTower Communications Inc. (the US operations of WesTower – "WesTower US") and within these interim condensed consolidated financial statements the operations of WesTower US are presented as Discontinued Operations for the prior period.

2. BASIS OF PREPARATION

These interim condensed consolidated financial statements are for the three and nine months ended September 30, 2015, and have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. The interim condensed consolidated financial statements should be read in conjunction with the annual financial statements for the year ended December 31, 2014, which were prepared in accordance with IFRS as issued by the IASB. These interim condensed consolidated financial statements are presented in thousands of Canadian dollars, except per share information and share data.

These interim condensed consolidated financial statements were approved by the Board of Directors of the Company for issue on November 11, 2015.

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and methods of computation used in the preparation of these interim condensed consolidated financial statements are the same as those followed in the most recent annual financial statements, except for the changes noted below:

a) *Principles of Consolidation*

The interim condensed consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries Perimeter, Keewatin, Calm Air, Bearskin, Custom Helicopters, 4873999 Manitoba Ltd., 7328010 Canada Ltd., Overlanders, Water Blast, WesTower CDA, EIC Ireland, EIC Ireland Two, Regional One Canada, EIC Luxembourg, Provincial,

Ben Machine, EIIF USA and their respective subsidiaries, including Stainless, Water Blast Dakota and Regional One. All significant inter-company transactions have been eliminated for purposes of these interim condensed consolidated financial statements.

b) *Revenue Recognition – Aviation Revenues*

With the acquisition of Provincial, revenue from aircraft modification contracts is recognized on a percentage of completion basis. The percentage complete is calculated based upon contract costs incurred to date compared with total estimated contract costs. The percentage complete is then applied to total anticipated contract revenue to determine the period's revenue. A provision for the estimated loss is made when contract costs are expected to exceed estimated contract revenue.

b) *Accounting Standards Issued but not yet Effective*

IFRS 15 – Revenue

In May 2014, the IASB issued IFRS 15, Revenue from Contracts with Customers, a new standard that specifies the steps and timing for entities to recognize revenue as well as requiring them to provide more informative, relevant disclosures. IFRS 15 supersedes IAS 11, Customer Contracts, and IAS 18, Revenue, as well as various IFRIC and SIC interpretations regarding revenue. Adoption of IFRS 15 is mandatory and will be effective for the Company beginning on January 1, 2018, with earlier adoption permitted. The Company is assessing the impact of adopting this standard on its financial statements.

IFRS 9 – Financial Instruments

IFRS 9, Financial Instruments, first issued in November 2009 with final version released in July 2014 by the IASB, brings together the classification and measurement, impairment and hedge accounting phases of the IASB's project to replace IAS 39. IFRS 9 introduces a principles-based approach to the classification of financial assets based on an entity's business model and the nature of the cash flows of the asset. All financial assets, including hybrid contracts, are measured as at fair value through profit or loss ("FVTPL"), fair value through other comprehensive income or amortized cost. For financial liabilities, IFRS 9 includes the requirements for classification and measurement previously included in IAS 39. IFRS 9 also introduces an expected loss impairment model for all financial assets not carried at FVTPL. Finally, IFRS 9 introduces a new hedge accounting model that aligns the accounting for hedge relationships more closely with an entity's risk management activities. The standard is effective for annual periods beginning on or after January 1, 2018. The Company is assessing the impact of adopting this standard on its financial statements.

4. OPERATING PROFIT BEFORE DEPRECIATION, AMORTIZATION, FINANCE COSTS AND OTHER

The Company presents operating profit before depreciation, amortization, finance costs and other in the consolidated statement of income to assist users in assessing financial performance. The Company's management and the Board use this measure to evaluate consolidated operating results and assess the ability of the Company to incur and service debt. In addition, this measure is used to make operating decisions as it is an indicator of how much cash is being generated by the Company and assists in determining the need for additional cost reductions, evaluation of personnel and resource allocation decisions. Operating profit before depreciation, amortization, finance costs and other is referred to as an additional IFRS measure and may not be comparable to similar measures presented by other companies.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires management to use judgment in applying its accounting policies and estimates and assumptions about the future. Estimates and other judgments are continuously evaluated and are based on management's experience and other factors, including expectations about future events that are believed to be reasonable under the circumstances. There were no changes to the Company's critical accounting estimates and judgments from those described in the most recent annual financial statements.

6. ACQUISITIONS

Acquisition of Provincial Aerospace Ltd.

On January 2, 2015, the Company completed the acquisition of Provincial Aerospace Ltd. through a stock purchase agreement to acquire 100% of the shares of Provincial, a Canadian owned corporation based out of St. John's, Newfoundland and Labrador. Provincial was founded in 1972 and operates three distinct business units, a scheduled airline, fixed base operations and aerospace.

Provincial operates its scheduled airline service using fixed wing aircraft in Newfoundland and Labrador, Quebec, New Brunswick and Nova Scotia providing approximately 210 scheduled flights weekly as well as charter services across the territory. The fixed base operations are located in Newfoundland and Labrador and Nova Scotia. The aerospace business designs, modifies, maintains and

operates custom sensor equipped aircraft. It has maritime surveillance and support operations in Canada, the Caribbean and the Middle East. Provincial operates a total of 29 aircraft. The scheduled operations business has a fleet primarily comprised of Dash 8's and Twin Otters and the aerospace business operates various aircraft types for multiple customers.

The acquisition allowed the Company to further diversify its revenue streams and cash flow by entering new product and geographical markets. Provincial's maritime surveillance and support operations, which constitute the largest portion of Provincial's operations, are a new niche market that the Company's existing Aviation segment entities do not operate in and the revenue streams come from several different geographic areas around the world. As a result, the addition of Provincial further diversifies the cash flows generated by the Company.

The results of operations are included in the Company's condensed consolidated interim statement of operations within the Aviation segment for the period since the date of acquisition. During the nine month period ended September 30, 2015, Provincial contributed third party revenues of $148.5 million, earnings before income tax of $21.4 million and total assets of $375.5 million.

The purchase agreement contained working capital estimates to be maintained as of the acquisition date. During the third quarter, the Company finalized the opening working capital and made a payment of $6,959 plus accrued interest to the vendors. The post-closing adjustments were created mainly from excess working capital of the acquired balance sheet of Provincial over the $5,000 target in the stock purchase agreement. Included in the acquired balance sheet was $23,236 of cash.

Consideration given:	
Cash	$ 225,000
Working capital consideration	6,959
Issue of 523,188 Shares of the Company at a price of $23.20 per share	12,138
Total purchase consideration	**$ 244,097**

Details of the fair values of the net assets acquired at the time of the transaction are as follows and have been finalized in the third quarter with the settlement of working capital:

Fair value of assets acquired:	
Cash	$ 23,236
Accounts receivable	25,115
Inventory	9,125
Prepaid expenses and deposits	4,255
Costs incurred plus recognized profits in excess of billings	321
Capital assets	102,308
Other assets	1,548
Intangible assets	52,615
	218,523
Less fair value of liabilities assumed:	
Accounts payable and accrued liabilities	35,354
Income taxes payable	2,743
Deferred revenue	7,654
Other long-term liabilities	12,488
Deferred income tax liabilities	27,938
Fair value of identifiable net assets acquired	132,346
Goodwill	111,751
Total purchase consideration	**$ 244,097**

Of the $52,615 acquired intangible assets, $20,500 was assigned to trade name, $20,700 was assigned to customer relationships, $6,750 was assigned to certifications and $3,300 was assigned to backlog and $1,365 assigned to other. The customer relationship, backlog and other are all subject to amortization while the trade name is considered to have indefinite life and the certifications will be unamortized until they are no longer valid or used by the Company.

Acquisition of Ben Machine Products Company Incorporated.

On July 2, 2015, the Company completed the acquisition of Ben Machine Products Company Incorporated through a stock purchase agreement to acquire 100% of the shares of Ben Machine, a Canadian owned corporation based out of Vaughan, Ontario.

Ben Machine is a manufacturer that provides complex precision-machined components and assemblies primarily for the aerospace and defence industry. Ben Machine is focused on providing a complete solution for their customers and offers a full range of services, including CNC machining and turning, brazing, casting, welding, complex assembly, sheet metal fabrication and all necessary finishing services.

The acquisition further adds to the Company's manufacturing operations and complements and expands the Company's niche within the aerospace sector. Ben Machine is a service company that provides solutions for top of class aerospace and defence companies in Canada and the United States This established niche has enhanced Ben Machine's position with its customers as they rely on Ben Machine to produce and deliver high precision complex parts as part of their manufacturing supply chain.

The results of operations are included in the Company's condensed consolidated interim statement of operations within the Manufacturing segment for the period since the date of acquisition. During the three month period ended September 30, 2015 since acquisition, Ben Machine contributed third party revenues of $5.8 million, earnings before income tax of $0.9 million and total assets of $53.7 million.

The purchase agreement contained working capital estimates to be maintained as of the acquisition date. The Company finalized the working capital settlement to the vendors of $237 in the fourth quarter of 2015.

Consideration given:		
Cash	$	37,668
Working capital consideration		237
Issue of 329,552 shares of the Company at a price of $20.22 per share		6,664
Total purchase consideration	$	44,569

Details of the fair values of the net assets acquired at the time of the transaction are provisional and the estimated fair values will be finalized in the fourth quarter:

Fair value of assets acquired:		
Cash	$	561
Accounts receivable		3,178
Inventory		1,624
Prepaid expenses		29
Capital assets		2,442
Intangible assets		18,674
		26,508
Less fair value of liabilities assumed:		
Accounts payable and accrued liabilities		2,529
Taxes payable		206
Deferred revenue		2
Deferred taxes		5,147
Fair value of identifiable net assets acquired		18,624
Goodwill		25,945
Total purchase consideration	$	44,569

Of the $18,674 acquired intangible assets, $3,800 was assigned to trade names, $11,877 was assigned to customer relationships, $1,060 was assigned to certificates and $1,937 was assigned to backlog. All the intangibles acquired are subject to amortization with the exception of the trade names, which is considered to have indefinite life, and the certifications, which will be unamortized until they are no longer valid or used by the Company.

The current allocations included in the Company's interim condensed consolidated financial statements for the current period are provisional and adjustments will be finalized during the fourth quarter of 2015.

Acquisition - First Air Assets in the Kivalliq Region

On July 3, 2015, the Company acquired all of the non-aircraft assets of First Air in the Kivalliq region and assumed responsibility for all scheduled, freight and charter operations in the region. The acquisition cost was approximately $5.3 million, which includes the purchase of some additional required assets for those operations as well as the purchase price paid to First Air, and was funded by cash available through the Company's credit facility.

7. LONG-TERM DEBT AND FINANCE LEASES

The following summarizes the Company's long-term debt and finance leases as at September 30, 2015 and December 31, 2014:

	September 30 2015	December 31 2014
Revolving term facility:		
Canadian dollar amounts drawn	$ 205,000	$ -
United States dollar amounts drawn (US$91,700 and US$13,900, respectively)	122,823	16,125
Total credit facility debt outstanding, principal value	327,823	16,125
less: unamortized transaction costs	(1,593)	(911)
less: unamortized discount on outstanding Banker's Acceptances	(86)	-
Net credit facility debt	326,144	15,214
Finance leases	2,132	2,529
Total net credit facility debt and finance leases	328,276	17,743
less: current portion of finance leases	(1,088)	(1,107)
Long-term debt and finance leases	$ 327,188	$ 16,636

The Company's credit facility is secured by a general security agreement over the assets of the Company, subject to customary terms, conditions, covenants and other provisions, and includes both financial and negative covenants. The Company is in compliance with all financial and negative covenants as at September 30, 2015.

During the first quarter of 2015, the allocation of the total credit available between EIC head office and EIIF USA was amended as part of the closing of the acquisition of Provincial. Total credit available to EIC increased to $320,000, while total credit available to EIIF USA decreased to $15,000. The total credit available to the Company remained unchanged at $335,000. Furthermore, in February 2015, the Company amended the terms of its credit facility which resulted in increasing the credit available to be $450,000 and extended the maturity to May 2019. With the changes, the amount of credit allocated to EIC and EIIF USA was changed to $400,000 and $50,000, respectively. No other significant changes were made to the terms included within the credit facility.

As described in Note 19, subsequent to the end of the third quarter the Company amended its credit facility to have a combined $550,000 of credit available. No other significant changes were made to the terms included within the credit facility.

Interest expense recorded by the Company's continuing operations during the three and nine months ended September 30, 2015 for the long-term debt and finance leases was $3,244 and $8,311, respectively (2014 – $138 and $525, respectively). In the comparative period, the Company allocated interest expense of $1,398 and $4,284, respectively, to Discontinued Operations representing the portion of interest expense related to the operations of WesTower US up to the date of disposition.

Credit Facility

The following is the continuity of long-term debt for the nine months ended September 30, 2015:

	Nine Months Ended September 30, 2015				
	Opening	Withdrawals	Repayments	Exchange Differences	Ending
Credit facility amounts drawn					
Canadian dollar portion	$ -	$ 317,100	$ (112,100)	$ -	$ 205,000
United States dollar portion	16,125	110,429	(12,204)	8,473	122,823
	$ 16,125				$ 327,823

Subsequent to September 30, 2015 and before these interim condensed consolidated financial statements were authorized, the Company made net senior debt draws of US$1,700 and repayments of $5,000.

8. CONVERTIBLE DEBENTURES

Series - Year of Issuance	Trade Symbol	Maturity	Interest Rate	Conversion Price
Series J - 2011	EIF.DB.D	May 31, 2018	6.25%	$ 30.60
Unsecured Debentures - 2012	EIF.DB.E	September 30, 2019	5.5%	$ 36.80
Unsecured Debentures - 2013	EIF.DB.F	March 31, 2020	5.35%	$ 41.60
Unsecured Debentures - 2014	EIF.DB.G	March 31, 2021	6.0%	$ 31.70

Summary of the debt component of the convertible debentures:

	2015 Balance, Beginning of Period	Debentures Issued	Accretion Charges	Debentures Converted	Redeemed / Matured	2015 Balance, End of Period
Series H	$ 21,276	$ -	$ 202	$ (19,314)	$ (2,164)	$ -
Series I	34,390	-	554	-	(34,944)	-
Series J	54,917	-	506	-	-	55,423
Unsecured - 2012	54,068	-	468	-	-	54,536
Unsecured - 2013	61,447	-	434	-	-	61,881
Unsecured - 2014	37,495	-	241	-	-	37,736
						209,576
less: unamortized transaction costs						(6,599)
Convertible Debentures - Debt Component, end of period						$ 202,977

During the nine months ended September 30, 2015, convertible debentures totaling a face value of $19,829 were converted by the holders at various times into 991,450 Shares of the Company (2014 – $4,087 face value into 305,653 Shares).

Interest expense recorded during the three and nine months ended September 30, 2015 for the convertible debentures was $4,182 and $14,632, respectively (2014 – $5,229 and $15,256, respectively).

The Series I debentures due January 31, 2016, were redeemed on March 31, 2015 pursuant to the trust indenture. This resulted in a payment of $35,269, comprising of $34,944 in principal plus accrued interest. The redemption was funded through a draw on the Company's senior credit facility. The related equity component and tax impacts were transferred to contributed surplus.

The Series H debentures due May 31, 2017, were redeemed on July 15, 2015 pursuant to the trust indenture. This resulted in a cash payment of $2,181, comprising of $2,164 in principal plus accrued interest, on the date of redemption. The related equity component and tax impacts were transferred to contributed surplus.

Convertible Debentures Equity Component

Since all of the outstanding convertible debentures contain a conversion feature available to the debenture-holder to convert debenture principal into Shares of the Company, the debenture obligation is classified partly as debt and partly as shareholders' equity. The debt component represents the present value of interest and principal payments over the life of the convertible debentures discounted at a rate approximating the rate which would have been applicable to non-convertible debentures at the time the convertible debentures were issued. The difference between the principal amount of the convertible debentures and the present value of interest and principal payments over the life of the convertible debentures is accreted over the term of the convertible debentures through periodic charges to the debt component, such that, on maturity, the debt component equals the principal amount of the convertible debentures outstanding.

Summary of the equity component of the convertible debentures:

	September 30 2015	December 31 2014
Series H - 2010	$ -	$ 1,188
Series I - 2011	-	1,489
Series J - 2011	3,136	3,136
Unsecured Debentures - 2012	3,204	3,204
Unsecured Debentures - 2013	3,063	3,063
Unsecured Debentures - 2014	1,797	1,797
Convertible Debentures - Equity Component, end of period	$ 11,200	$ 13,877

The Series J debentures are secured, subordinate only to senior security, by a charge on the assets and undertakings of the Company' and it subsidiaries. The September 2012, March 2013 and March 2014 convertible debenture offerings represent direct unsecured debt obligations of the Company.

9. SHARE CAPITAL

Changes in the Shares issued and outstanding during the nine months ended September 30, 2015 are as follows:

	Number of Shares	2015 Amount
Share capital, beginning of period	22,507,341	$ 308,919
Issued upon conversion of convertible debentures	991,450	20,348
Issued under dividend reinvestment plan	131,919	2,866
Issued to Provincial vendors on closing (Note 6)	523,188	12,138
Issued to Ben Machine vendors on closing (Note 6)	329,552	6,664
Prospectus Offering, September 2015	3,019,000	71,336
Issued under First Nations community partnership agreements	4,500	98
Issued under deferred share plan	21,749	482
Share capital, end of period	27,528,699	$ 422,851

10. DIVIDENDS DECLARED

The Company's dividend policy is to pay cash dividends on or about the 15th of each month to shareholders of record on the last business day of the previous month. The Company's Board of Directors regularly examines the dividends paid to shareholders.

Cumulative dividends during the nine months ended September 30, 2015 and the comparative 2014 period are as follows:

Nine Months Ended September 30	2015	2014
Cumulative dividends, beginning of period	$ 189,073	$ 151,649
Dividends during the period	31,975	27,762
Cumulative dividends, end of period	$ 221,048	$ 179,411

The amounts and record dates of the dividends during the nine months ended September 30, 2015 and the comparative 2014 period are as follows:

			2015 Dividends			2014 Dividends
Month	Record date	Per Share	Amount	Record date	Per Share	Amount
January	January 30, 2015	$ 0.145	$ 3,342	January 31, 2014	$ 0.14	$ 3,039
February	February 27, 2015	0.145	3,347	February 28, 2014	0.14	3,043
March	March 31, 2015	0.145	3,349	March 31, 2014	0.14	3,054
April	April 30, 2015	0.145	3,352	April 30, 2014	0.14	3,080
May	May 29, 2015	0.145	3,354	May 30, 2014	0.14	3,097
June	June 30, 2015	0.145	3,358	June 30, 2014	0.14	3,100
July	July 31, 2015	0.145	3,550	July 31, 2014	0.14	3,103
August	August 31, 2015	0.16	3,919	August 29, 2014	0.14	3,112
September	September 30, 2015	0.16	4,404	September 30, 2014	0.14	3,134
Total		$ 1.335	$ 31,975		$ 1.26	$ 27,762

Subsequent to September 30, 2015 and before these interim condensed consolidated financial statements were authorized, the Company declared a dividend of $0.16 per Share for October 2015.

11. SEGMENTED AND SUPPLEMENTAL INFORMATION

Operating segments are reported in a manner that is consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer.

The Company's operating business segments include strategic business units that offer different products and services. The Company has two operating business segments: Aviation and Manufacturing. The Aviation segment provides airline services to communities in Manitoba, Ontario, Nunavut and Alberta and also provides aircraft and engine aftermarket parts to regional airline operators around the world. With the acquisition of Provincial, our airline services have expanded to eastern Canada. In addition, Provincial's aerospace business designs, modifies, maintains and operates custom sensor equipped aircraft. Provincial is included in the Aviation segment as of the date of acquisition (Note 6). The Manufacturing segment consists of niche specialty metal manufacturers in markets throughout Canada and the United States. Ben Machine is included in the Manufacturing segment as of the date of acquisitions (Note 6). The Discontinued Operations includes the results of WesTower US that was disposed of in the fourth quarter of 2014.

The Company evaluates each segment's performance based on EBITDA. The Company's method of calculating EBITDA may differ from that of other corporations and therefore may not be comparable to measures utilized by them. The Company's method of calculating EBITDA is consistent with the Company's Operating Profit before Depreciation, Amortization, Finance Costs and Other presented in the consolidated statement of income. There are no inter-segment revenues, and all segment revenues presented in the tables below are from external customers.

"Head Office" used in the following segment tables is not a separate segment and is only presented to reconcile to enterprise EBITDA, certain statement of financial position amounts and capital asset additions. It includes expenses incurred at head office of the Company.

	Three Months Ended September 30, 2015			
	Aviation	Manufacturing	Head Office	Consolidated
Revenue	$ 157,308	$ 55,442	$ -	$ 212,750
Expenses	107,787	47,231	3,680	158,698
EBITDA	49,521	8,211	(3,680)	54,052
Depreciation and amortization				22,753
Finance costs - interest				7,426
Acquisition costs				1,168
Earnings before tax				22,705
Current income tax expense				6,101
Deferred income tax expense				621
Net earnings from continuing operations				15,983
Net earnings from discontinued operations				-
Net earnings				$ 15,983

	Three Months Ended September 30, 2014			
	Aviation	Manufacturing	Head Office	Consolidated
Revenue	$ 90,516	$ 52,983	$ -	$ 143,499
Expenses	66,768	45,983	2,876	115,627
EBITDA	23,748	7,000	(2,876)	27,872
Depreciation and amortization				12,879
Finance costs - interest				5,367
Acquisition costs				470
Earnings before tax				9,156
Current income tax expense				1,312
Deferred income tax expense				2,672
Net earnings from continuing operations				5,172
Net earnings from discontinued operations				374
Net earnings				$ 5,546

	Nine Months Ended September 30, 2015			
	Aviation	Manufacturing	Head Office	Consolidated
Revenue	$ 440,603	$ 142,296	$ -	$ 582,899
Expenses	312,659	126,222	10,833	449,714
EBITDA	127,944	16,074	(10,833)	133,185
Depreciation and amortization				61,883
Finance costs - interest				22,943
Acquisition costs				4,356
Earnings before income tax				44,003
Current income tax expense				11,630
Deferred income tax expense				2,062
Net earnings from continuing operations				30,311
Net earnings from discontinued operations				-
Net earnings				$ 30,311

	Nine Months Ended September 30, 2014			
	Aviation	Manufacturing	Head Office	Consolidated
Revenue	$ 252,182	$ 151,595	$ -	$ 403,777
Expenses	194,685	132,796	8,169	335,650
EBITDA	57,497	18,799	(8,169)	68,127
Depreciation and amortization				37,635
Finance costs - interest				15,781
Acquisition costs				529
Consideration liability fair value adjustment				(651)
Impairment and restructuring				1,300
Earnings before income tax				13,533
Current income tax expense				1,118
Deferred income tax expense				6,311
Net earnings from continuing operations				6,104
Net earnings from discontinued operations				3,731
Net earnings				$ 9,835

	September 30, 2015			
	Aviation	Manufacturing	Head Office	Consolidated
Total assets	$ 954,178	$ 197,189	$ 90,608	$ 1,241,975
Net capital asset additions	107,382	1,927	257	109,566

				December 31, 2014
	Aviation	Manufacturing	Head Office	Consolidated
Total assets	$ 448,025	$ 145,172	$ 121,906	$ 715,103
Net capital asset additions	79,645	4,335	70	84,050

12. IMPAIRMENT AND RESTRUCTURING

During the second quarter of 2014, the Company restructured Bearskin's operations to eliminate certain unprofitable routes. Management accrued and expensed restructuring costs of $1,300 which mainly related to severance costs for reducing personnel levels.

In addition, as part of the restructuring at Bearskin, $663 of additional depreciation was recorded in the second quarter of 2014 as the residual value and remaining useful lives of certain assets were reassessed as part of the restructuring.

13. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing net earnings by the weighted average number of Shares outstanding during the period.

Diluted earnings per share is calculated by adjusting the weighted average number of common shares outstanding to assume conversion of all dilutive potential common shares. The Company has two categories of dilutive potential common shares: deferred shares under the Company's Deferred Share Plan and convertible debentures. For the convertible debentures, the convertible debt is assumed to have been converted into common shares and net earnings is adjusted to eliminate the interest expense from the convertible debt less the tax effect.

The computation for basic and diluted earnings per share for the Company's continuing operations for the three and nine months ended September 30, 2015 and comparative periods in 2014 are as follows:

	Three Months Ended		Nine Months Ended	
Periods Ended September 30	**2015**	2014	**2015**	2014
Net earnings from continuing operations for the period, available to common shareholders	**$ 15,983**	$ 5,172	**$ 30,311**	$ 6,104
Effect of dilutive securities				
Convertible debentures	**3,054**	-	**738**	-
Diluted earnings for the period	**$ 19,037**	$ 5,172	**$ 31,049**	$ 6,104
Basic weighted average number of Shares	**24,809,466**	22,190,353	**23,671,509**	22,018,638
Effect of dilutive securities				
Vested deferred shares	**383,268**	185,453	**383,268**	185,453
Convertible debentures	**6,416,636**	-	**777,683**	-
Diluted basis average number of Shares	**31,609,370**	22,375,806	**24,832,460**	22,204,091
Earnings per share - continuing operations:				
Basic	**$ 0.64**	$ 0.23	**$ 1.28**	$ 0.28
Diluted	**$ 0.60**	$ 0.23	**$ 1.25**	$ 0.27

14. DEFERRED SHARE PLAN

During the nine months ended September 30, 2015, the Company granted deferred shares to certain personnel. The fair value of the deferred shares granted was $2,173 at the time of the grant and was based on the market price of the Company's Shares at that time. During the three and nine months ended September 30, 2015, the Company recorded compensation expense of $438 and $1,366, respectively, for the Company's Deferred Share Plan within the general and administrative expenses of head-office (2014 - $341 and $894, respectively).

15. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks: market risk (primarily currency risk and interest rate risk), credit risk and liquidity risk. Senior management is responsible for setting acceptable levels of risk and reviewing risk management activities as necessary. The following describes the risk management areas that have significantly changed from those described in the audited December 31, 2014 consolidated financial statements.

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of currency, interest rate and other price risk.

Currency Risk

The Company has US $91,700 ($122,823) outstanding on its credit facility. The outstanding funds in USD results in currency risk that the future cash flows will fluctuate with the changes in market currency rates. The exposure for the USD portion of its credit facility outstanding is offset by the cash generated through the operations of its US based subsidiaries.

The Company`s investment in those subsidiaries with USD functional currencies are hedged partially by US$46,700 of the secured bank loan which mitigates the foreign currency translation risk arising from the subsidiary`s net assets. The loan is designated as a net investment hedge and no ineffectiveness was recognized from the net investment hedge during the three and nine month periods ended September 30, 2015.

Interest Rates

The Company is subject to the risk that future cash flows associated with the credit facility outstanding (Note 7) will fluctuate due to fluctuations in interest rates. The Company manages this risk and seeks financing terms in individual arrangements that are most advantageous.

The terms of the credit facility allow for the Company to choose the base interest rate between Prime, Bankers Acceptances or London Inter Bank Offer Rate ("LIBOR"). At September 30, 2015, US $86,200 was outstanding under US LIBOR, US $5,500 was outstanding under USD Prime and $205,000 was outstanding under Bankers Acceptances.

The interest rates of the convertible debentures (Note 8) have fixed interest rates.

Fair Value of Financial Instruments

The following table provides information about financial assets and liabilities measured at fair value in the consolidated balance sheet and categorized by level according to the significance of the inputs used in making the measurements and their related classifications:

Recurring fair value measurements	Carrying Value September 30, 2015	Quoted prices in an active market Level 1	Significant other observable inputs Level 2	Significant unobservable inputs Level 3
Financial Liabilities				
Consideration liabilities - Other financial liabilities	$ (463)	$ -	$ -	$ (463)
Fair Value Disclosures				
Other assets - Loans and receivables	8,412	-	8,412	-
Other assets - Equity method investment	1,800	-	-	1,800
Long term debt - Other financial liabilities	(326,144)	-	-	(327,823)
Convertible debt - Other financial liabilities	(202,977)	(205,292)	-	-

Recurring fair value measurements	Carrying Value December 31, 2014	Quoted prices in an active market Level 1	Significant other observable inputs Level 2	Significant unobservable inputs Level 3
Financial Liabilities				
Consideration liabilities - Other financial liabilities	$ (2,162)	$ -	$ -	$ (2,162)
Fair Value Disclosures				
Other assets - Loans and receivables	5,167	-	5,167	-
Long term debt - Other financial liabilities	(15,214)	-	-	(16,125)
Convertible debt - Other financial liabilities	(255,092)	(251,982)	-	-

The Company valued the level 3 consideration liabilities based on the present value of estimated cash outflows using probability weighted calculations, discount rates and the observable fair market value of its equity, as applicable.

The following table summarizes the changes in the consideration liability originally recorded on the acquisition of Regional One, including any changes for settlements, changes in fair value and foreign currency:

Consideration Liability Summary For the periods ended	September 30 2015	December 31 2014
Opening	$ 2,162	$ 12,582
Accretion	19	102
Consideration liability fair value adjustment	-	(651)
Settled during the year	(2,009)	(10,393)
Translation loss	291	522
Ending	$ 463	$ 2,162

16. CHANGES IN WORKING CAPITAL ITEMS

The changes in non-cash operating working capital items during the three and nine months ended September 30, 2015 and the comparative periods in 2014 are as follows:

	Three Months Ended		Nine Months Ended	
Periods Ended September 30	**2015**	2014	**2015**	2014
Accounts receivable	$ (17,993)	$ 3,664	$ (21,228)	$ (20,913)
Costs incurred plus recognized profits in excess of billings	62	(5,525)	(554)	(19,186)
Inventory	(4,199)	(4,856)	(22,565)	(12,237)
Prepaid expenses	(8,817)	(462)	(13,615)	(1,896)
Accounts payable and accrued charges	15,392	(7,148)	17,211	(2,347)
Income taxes receivable	(1,569)	5,767	(15,274)	4,809
Deferred revenue	5,245	301	8,123	808
Billings in excess of costs incurred plus recognized profits	7,661	6,533	4,381	33,716
Foreign currency adjustments	7,085	11,414	12,104	11,880
Net change in working capital items	$ 2,867	$ 9,688	$ (31,417)	$ (5,366)

17. INCOME TAX

During the first quarter of 2015, the Company entered into an agreement with the Canada Revenue Agency ("CRA") regarding the CRA's objection to the tax consequences of the conversion of EIC's income trust structure into a business corporation in July 2009. The agreement did not give rise to any cash outlay by the Corporation for prior taxation years. The agreement resulted in a non-cash charge recognized in the Company's consolidated net earnings for the 2014 year related to the write-off of certain of the Company's deferred tax assets.

18. DISCONTINUED OPERATIONS

During the fourth quarter of 2014, the Company sold the US operations of WesTower. As a result of this transaction, the Company's prior period results are presented with discontinued operations, which represent the operational results of WesTower US and the allocation of certain costs incurred in the consolidated entity from supporting the operations of WesTower US. The net gain on the disposition was recognized in the fourth quarter of 2014 and is therefore excluded from the table below. The purchase price will be finalized with the settlement of the transaction's customary purchase price adjustments. The Company expects to have the purchase price adjustments settled in 2015. The following summarizes the results of the Discontinued Operations in the comparative period ended September 30, 2014 (nil for the current periods).

	Three Months Ended		Nine Months Ended	
For the periods ended September 30,	**2015**	2014	**2015**	2014
Revenue	$ -	$ 117,678	$ -	$ 389,379
Expenses				
Manufacturing expenses - excluding depreciation and amortization	-	101,774	-	346,196
General and administrative	-	13,717	-	33,982
Operating profit before depreciation, amortization, finance costs and other	-	2,187	-	9,201
Depreciation and amortization	-	1,097	-	3,356
Finance costs - interest(1)	-	1,406	-	4,324
Earnings before tax	-	(316)	-	1,521
Current income tax expense (recovery)	-	277	-	149
Deferred income tax (recovery)(2)	-	(967)	-	(2,359)
Results from operating activities	$ -	$ 374	$ -	$ 3,731

(1) The Company allocated interest expense to Discontinued Operations representing the portion of interest expense related to the Company's senior credit facility that was repaid as a result of the transaction. During the three and nine months ended September 30, 2014, the Company allocated interest expense of $1,398 and $4,284, respectively, to discontinued operations.

(2) The presentation of Discontinued Operations have certain inter-company transactions between WesTower US and the Company's continuing operations eliminated in computing consolidated net earnings for continuing operations. The tax benefits of the inter-company transactions are included in Discontinued Operations.

The following are the cash flows from the Company's Discontinued Operations for the three and nine months ended September 30, 2014 (nil for the current periods):

CASH FLOWS from discontinued operations	Three Months Ended		Nine Months Ended	
For the periods ended September 30,	**2015**	2014	**2015**	2014
Net cash from (used in) operating activities	$ -	$ 7,764	$ -	$ 22,139
Net cash from (used in) investing activities	-	(169)	-	(732)
Net cash from (used in) financing activities	-	(287)	-	(16,387)
CASH FLOWS from discontinued operations	$ -	$ 7,308	$ -	$ 5,020

19. SUBSEQUENT EVENT

Amended Credit Facility

Subsequent to the end of the third quarter, the Company amended the terms of its credit facility which resulted in increasing the credit available to $550 million and adding one new bank to the syndicate partnership. With the changes, the amount of credit allocated to EIC head office was changed to $500 million. The amount allocated to EIIF USA remained unchanged at $50 million.