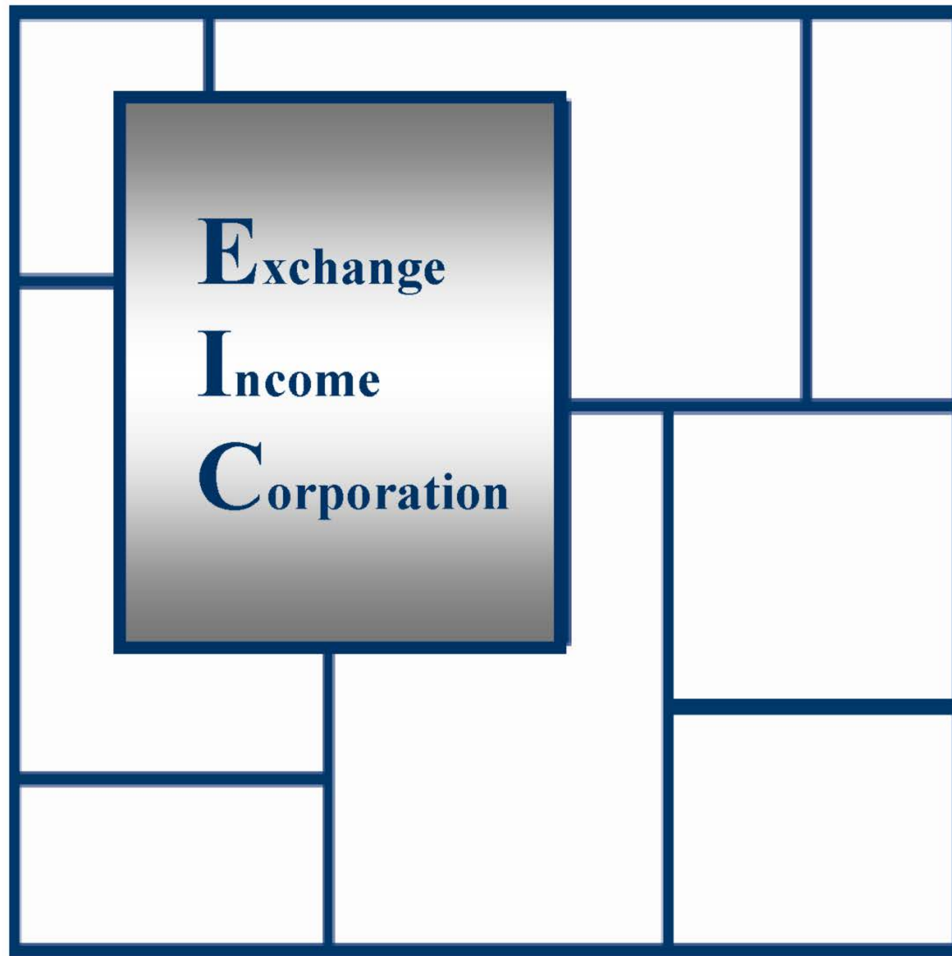


Third Quarter Report

For the three and nine months ended September 30, 2014

CEO's Message

The last three months have been very important for EIC as we have accomplished a number of key milestones. We delivered improved financial performance with higher revenues, cash flows and a significantly lower dividend payout ratio. We were able to capitalize on the opportunity to sell our WesTower US operations and generate a significant profit for our shareholders. We entered into an agreement to purchase Provincial Aerospace Ltd. ("Provincial"). Provincial will add a diverse set of aerospace, scheduled airlines and flight services. It has a long track record of proven profitability, and will be immediately accretive to EIC and will further reduce our payout ratio. In aggregate these two milestones and the improved performance of our continuing operations have enabled us to announce for the 9th time in our history an increase to our dividend commencing with the November dividend declared and paid to shareholders mid-December of this year.

As a result of the sale of WesTower US we have changed the presentation of our financial statements, by classifying its results as discontinued operations for both the current and comparative periods. This presentation allows the reader to separate and differentiate between the subsidiaries which we continue to operate from those of WesTower US. Our financial results continued to strengthen as profitability, cash flow and the dividend payout ratio all improved over the second quarter of 2014 and over the third quarter of 2013. Compared to the third quarter of 2013, revenues for continuing operations grew by 7% to $143.5 million, while EBITDA and Free Cash Flow less maintenance capital expenditures grew by 17% to $27.9 million and 30% to $13.1 million, respectively. On a basic per share basis, Free Cash Flow less maintenance capital expenditures increased 26% to $0.59. Of significance, our dividend payout ratio improved to 71%, the lowest quarterly ratio since 2012.

The improved results are attributable to two main factors, the continued improvement in profitability at Calm Air and the growth of Regional One. These factors were offset by the exceptionally wet summer in Manitoba and Northwestern Ontario, which resulted in very few forest fires and therefore significantly less firefighting and fire evacuation work than in a typical summer.

The acquisition of Regional One has been very successful. The cash flow has grown very significantly in the last 18 months and while we have made significant follow on investments in Regional One its profitability has continued to improve. Regional One's return on average invested capital after funding maintenance capital reinvestment has been approximately 19% since acquisition and during the third quarter, Regional One realized a Free Cash Flow less maintenance capital expenditures return on capital of approximately 20%. Subsequent to quarter end we announced an agreement with Lufthansa Cityline to acquire 12 CRJ700 aircraft over the next year. This acquisition is the largest transaction that has been undertaken by Regional One, and will increase its parts inventory and lease portfolio to fuel further growth in 2015 and beyond.

EIC also entered into a strategic alliance agreement with Sakku Investments. We have always been committed to partnering with the First Nations we service in our aviation business and we are very excited about this new relationship with Sakku. Working with our customer will enable us to better meet their needs, and open new growth opportunities within Nunavut.

The sale of WesTower US marked an important milestone for EIC. We faced a significant challenge in managing the growth of WesTower US. The magnitude of the contract with AT&T proved to be beyond our initial capabilities, and while we delivered a quality product to our customer, the financial results were unacceptable. Fortunately, the strength of our overall business model and balance sheet enabled us to take the necessary time to implement corrective actions without putting our solid financial condition at risk.

We are very excited about the acquisition of Provincial, the largest in the 10 year history of EIC. It has three distinct areas of operation being aviation in eastern Canada, fixed base operations, and, new to EIC, aerospace. Provincial is a world leader in civilian and military maritime surveillance both operationally and in the design and adaptation of these highly specialized aircraft. The demand for this type of equipment is growing rapidly and we believe it is well positioned to maintain and grow its position in this segment. The capabilities of Regional One in acquiring aircraft and component parts will only enhance Provincial's competitive position. Provincial is not only significantly accretive to EIC results, it further diversifies our results through the addition of another area of operation and a multitude of new customers and geographies. Most importantly, it has a very strong management team led by Brian Chafe, and we look forward to closing the transaction later in the fourth quarter or in the first quarter of 2015.

The last three months have been an exceptional period for EIC. The improved performance of our operations, combined with the profitable sale of WesTower US and the pending purchase of Provincial have enabled EIC to increase our dividend. The turnaround over the last 12 months has been dramatic and we are very excited about our future opportunities. On behalf of myself, our management team, and our Board of Directors, I would like to thank our shareholders for their support over this challenging period. We are excited about our future prospects and remain committed to our strategy of providing a reliable growing dividend to our shareholders.

Mike Pyle
Chief Executive Officer

Management's Discussion and Analysis

November 12, 2014

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, 2014 ("Consolidated Financial Statements") of Exchange Income Corporation ("EIC" or "the Company"). All amounts are stated in thousands of Canadian dollars, except per 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 Consolidated Financial Statements of the Company for the three and nine months ended September 30, 2014 and its annual MD&A for the year ended December 31, 2013.

DISCONTINUED OPERATIONS

As noted in Section 2 – *Overview*, subsequent to the end of the third quarter, the Company announced the sale of the US operations of WesTower ("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. This also includes the allocation of certain costs incurred in the consolidated entity from supporting the operations of WesTower US (collectively as "Discontinued Operations"). The comparative results also reflect this presentation and allow the reader to separate and differentiate the Company's 11 subsidiaries, which continue to operate, from those of WesTower US. For the current period, the net assets of WesTower US are presented on the balance sheet as current items categorized together as assets and liabilities held-for-sale. In accordance with IFRS, the Company's comparative balance sheet for December 31, 2013 is not presented in that same manner.

For the first and second quarter interim reporting of 2014, the Company changed to three reporting segments by presenting the overall results of WesTower into a segment called Infrastructure. During the third quarter, as a result of the negotiations to sell WesTower US, certain internal structural and reporting changes occurred. As a result, the Company will go back to reporting two operating segments and WesTower CDA will be reported within the Manufacturing segment.

FORWARD-LOOKING STATEMENTS

This interim 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 interim report. There is significant risk that predictions and other forward-looking statements will not prove to be accurate. Readers of this interim 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 interim 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 interim report are made as of the date of this report or such other date specified in such statement.

NON-IFRS FINANCIAL MEASURES

EBITDA, Adjusted Net Earnings, Free Cash Flow and Maintenance Capital Expenditures are not recognized measures under the 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.

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, 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, 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.

1. FINANCIAL HIGHLIGHTS

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

FINANCIAL PERFORMANCE - for the Company's continuing operations	2014	per share basic	per share fully diluted	2013	per share basic	per share fully diluted
For the three months ended September 30						
Revenue	$ 143,499			$ 134,474		
EBITDA	27,872			23,872		
Net earnings from continuing operations	5,172	$ 0.23	$ 0.23	5,314	$ 0.25	$ 0.24
Free cash flow	22,819	1.03	0.86	20,038	0.92	0.83
Free cash flow less maintenance capital expenditures	13,143	0.59	0.54	10,129	0.47	0.47
Dividends declared	9,349	0.42		9,068	0.42	
For the nine months ended September 30						
Revenue	$ 403,777			$ 367,682		
EBITDA	68,127			57,458		
Net earnings from continuing operations	6,104	$ 0.28	$ 0.27	7,261	$ 0.34	$ 0.34
Free cash flow	54,500	2.48	2.12	46,542	2.18	1.94
Free cash flow less maintenance capital expenditures	23,401	1.06	1.04	20,550	0.96	0.96
Dividends declared	27,762	1.26		26,797	1.26	

FINANCIAL POSITION (Continuing and Discontinued Operations)	September 30, 2014	December 31, 2013
Working capital	$ 307,771	$ 256,646
Capital assets	344,135	331,351
Total assets	1,034,180	961,372
Senior debt	218,922	220,247
Equity	309,406	305,826

SHARE INFORMATION	September 30, 2014	December 31, 2013
Common shares outstanding	22,386,839	21,752,400

2. OVERVIEW

EXCHANGE INCOME CORPORATION

The Company is a diversified, acquisition-oriented corporation focused on opportunities in two sectors: aviation services and equipment and metal manufacturing. In particular the Company focuses on 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 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.

Subsequent Announcement: Pending Acquisition – Provincial Aerospace Ltd

The Company announced on November 12, 2014, that it signed a stock purchase agreement to acquire the shares of Provincial Aerospace Ltd. ("Provincial"), a Canadian owned corporation based out of St. John's, Newfoundland. Provincial was founded in 1972 and operates three distinct business units, a scheduled airline, fixed base operations and aerospace. Provincial operates its fixed wing scheduled service 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 aerospace business designs, modifies, maintains and operates custom sensor equipped aircraft. It has maritime surveillance operations in Canada, the Caribbean and the Middle East. Provincial operates a total of 30 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 price is approximately $246 million and will be 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. Approximately 95% of the purchase price will be funded with cash and the remaining 5% will be funded with the issuance of Shares to the vendors. The transaction is subject to regulatory approval and is expected to close in late 2014 or early 2015. The Company's results for the third quarter of 2014 do not include any financial results of Provincial's operations and will not until the transaction is finalized, including all regulatory approvals.

The acquisition is expected to be immediately accretive to the Company's key financial metrics, including EBITDA, cash flows, earnings per share and Free Cash Flow. At its core, the acquisition allows us to further diversify our revenue streams and cash flow by entering new product and geographical markets. The majority of the operations of Provincial are in 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.

Subsequent Announcement: Divestiture – WesTower Communications Inc

On October 20, 2014, the Company announced the sale of the US operations of WesTower. This is the first divestiture that the Company has done in its history and the deal closed in October 2014. 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 significant 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 enables 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 and the allocation of certain costs incurred in the consolidated entity from supporting the operations of WesTower US. The results of the Company without the Discontinued Operations are reflective of the operations of the Company without WesTower US. The Company anticipates a gain on the sale of the Discontinued Operations in the range of $0.55 to $0.65 per share from the transaction, which 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 the first half of 2015. The gain on disposal will include not only the gain on sale of Discontinued Operations but also the financial consequences of the repayment of the Company's outstanding balance in its senior credit facility which is expected to increase the net gain.

Segment Summary

For the first and second quarter interim reporting of 2014, the Company changed to three reporting segments by presenting the overall results of WesTower in a segment called Infrastructure. During the third quarter, as a result of the decision to sell WesTower US, certain internal structural and reporting changes occurred. As a result, the Company will go back to reporting two operating segments and WesTower CDA will be reported within the Manufacturing segment.

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

(a) Aviation – providing scheduled airline and charter service and emergency medical services to communities located in Manitoba, Ontario, Nunavut and Alberta, operated by **Calm Air**, **Perimeter**, **Keewatin**, **Bearskin, Custom Helicopters**, and other aviation supporting businesses. **Regional One** was acquired on April 12, 2013 and is focused on supplying regional airline operators around the world with various after-market aircraft, engines, and component parts; 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** ("WesTower CDA") are focused on the engineering, design, manufacturing and construction of communication towers. **Stainless** manufactures specialized stainless steel tanks, vessels and processing equipment. **Water Blast** and **Jasper Tank** together make up the Alberta Operations. Water Blast specializes in the manufacturing of specialized heavy duty pressure washing and steam systems and Jasper Tank manufactures custom tanks for the transportation of various products, primarily oil, gasoline and water. Water Blast is 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** manufactures precision sheet metal and tubular products.

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 and divestitures as deemed beneficial to the Company.

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 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 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 cash interest expense of $1.4 million and $4.3 million, respectively (2013 - $0.9 million and $2.3 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").

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 from Continuing Operations*.

EBITDA from continuing operations	Three Months Ended		Nine Months Ended	
periods ending September 30	**2014**	2013	**2014**	2013
Earnings from continuing operations before income taxes	$ **9,156**	$ 7,725	$ **13,533**	$ 12,471
Depreciation and amortization	**12,879**	11,545	**37,635**	31,301
Finance costs - interest	**5,367**	4,873	**15,781**	12,851
Acquisition costs	**470**	1	**529**	1,669
Consideration liability fair value adjustment	**-**	(272)	**(651)**	(834)
Impairment and restructuring	**-**	-	**1,300**	-
EBITDA from continuing operations	$ **27,872**	$ 23,872	$ **68,127**	$ 57,458

Three Month EBITDA from Continuing Operations

The EBITDA generated by the Company's continued operations increased by $4.0 million or 17% in the third quarter of 2014 over the comparative period. The increase is mainly a result of the growth at Regional One that comes as a result of its portfolio of available assets increasing since being acquired in the second quarter of 2013. Calm Air also continues to show improvement in the EBITDA it generates as a result of changes made to its infrastructure and fleet rationalization plan. Offsetting these factors was a decrease in EBITDA as a result of reduced demand for fire suppression services stemming from environmental conditions.

Nine Month EBITDA from Continuing Operations

The EBITDA generated by the Company's continued operations increased by $10.7 million or 19% in the current period over the comparative period. Consistent with the three month discussion, the improvements at Regional One and Calm Air are the main factors causing the increase in EBITDA, which were offset by net declines in the other operations and increased costs at head-office. With the acquisition of Regional One taking place near the beginning of the second quarter of 2013, approximately three months of additional operations of Regional One are included in the current period.

FREE CASH FLOW from Continuing Operations

FREE CASH FLOW from continuing operations	**Three Months Ended**		**Nine Months Ended**	
periods ending September 30	**2014**	2013	**2014**	2013
Cash flows from operations	**$ 32,419**	$ (3,123)	**$ 51,798**	$ (12,615)
Change in non-cash working capital items	**(9,688)**	18,556	**5,366**	59,428
Acquisition costs	**470**	1	**529**	1,669
Impairment and restructuring	**-**	-	**1,300**	-
Discontinued operations	**(382)**	4,604	**(4,493)**	(1,940)
Free cash flow from continuing operations	**$ 22,819**	$ 20,038	**$ 54,500**	$ 46,542
per share - Basic	**$ 1.03**	$ 0.92	**$ 2.48**	$ 2.18
per share - Fully Diluted	**$ 0.86**	$ 0.83	**$ 2.12**	$ 1.94

Three Month Free Cash Flow from Continuing Operations

The Free Cash Flow generated by the Company's continuing operations for the third quarter of 2014 was $22.8 million, an increase of $2.8 million or 14% over the comparative period. The change in Free Cash Flow is primarily a result of the increase in EBITDA generated by the Company.

Partially offsetting the EBITDA improvement are increases in cash interest and cash taxes. The Company incurred higher cash interest costs as a result of higher levels of convertible debenture debt in the current period, resulting from the convertible debentures outstanding from the March 2014 issuance. Cash taxes increased as a result of higher taxable income levels in the Company's US-based subsidiaries.

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. The combined impact resulted in Free Cash Flow of $1.03 per share for the current period, an increase of $0.11 per share or 12% over the comparative period. The average number of Shares outstanding for the current period was 3% higher than the comparative period. Details around the increase in Shares outstanding can be found in *Section 6 – Liquidity and Capital Resources*. For similar reasons, the Company's fully diluted Free Cash Flow per share was $0.86, an increase of $0.03 per share or 4% compared to the same period in 2013. There is additional downward impact coming from the additional convertible debentures outstanding in 2014. The $40.0 million of principal from the March 2014 unsecured convertible debentures were not outstanding during the comparative period.

The current period's results for Free Cash Flow are the highest experienced by the Company in the last two years (see Section 5 – *Summary of Quarterly Results*).

Nine Month Free Cash Flow from Continuing Operations

The Free Cash Flow generated by the Company's continuing operations for the nine months ended September 30, 2014 was $54.5 million, an increase of $8.0 million or 17% 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 increase in EBITDA generated by the Company.

The Company's convertible debenture debt levels have increased in the current period and as a result cash interest costs have increased. The March 2013 convertible debenture offering was outstanding only for a portion of the comparative period and the most recent convertible debenture offering from March 2014 was outstanding only in the current period, both resulting in an increase in cash interest of $2.2 million in the current period.

Included in EBITDA, but excluded from Free Cash Flow, is $1.6 million of net gains on disposals of capital items. 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. The comparative period included net gains of $0.6 million, a change of $1.0 million.

The Company excludes the restructuring costs of $1.3 million relating to the Bearskin operations in deriving Free Cash Flow recorded in the second quarter of 2014. This is included as part of the cash flows from operating activities and is therefore an add-back within the Free Cash Flow calculation. As well, the Company excludes acquisition costs, which decreased by $1.1 million in the current period as the comparative period included significant acquisition costs related to the closing of the Regional One acquisition.

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. The combined impact resulted in Free Cash Flow of $2.48 per share for the nine months ended September 30, 2014, an increase of $0.30 per share or 14% over the comparative period. Details around the increase in Shares outstanding can be found in *Section 6 – Liquidity and Capital Resources*. For similar reasons, the Company's fully

diluted Free Cash Flow per share was $2.12 for the nine months ended September 30, 2014, an increase of $0.18 per share or 9% over the comparative period. There is additional downward impact coming from recently issued and outstanding convertible debentures. The March 2013 convertible debentures were issued part way through the comparative period and convertible debentures issued in March 2014 have no comparative.

FREE CASH FLOW LESS MAINTENANCE CAPITAL EXPENDITURES from Continuing Operations

FREE CASH FLOW LESS MAINTENANCE CAPITAL EXPENDITURES from Continuing Operations	Three Months Ended		Nine Months Ended	
periods ending September 30	2014	2013	2014	2013
Free Cash Flow	$ 22,819	$ 20,038	$ 54,500	$ 46,542
Maintenance Capital Expenditures	9,676	9,909	31,099	25,992
Free cash flow less maintenance capital expenditures from continuing operations	$ 13,143	$ 10,129	$ 23,401	$ 20,550
per share - Basic	$ 0.59	$ 0.47	$ 1.06	$ 0.96
per share - Fully Diluted	$ 0.54	$ 0.47	$ 1.04	$ 0.96

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 2014 was $13.1 million, an increase of $3.0 million or 30% over the comparative period. The increase is due to the increase in Free Cash Flow as described above and the small decrease in maintenance capital expenditures of $0.2 million (or 2%), 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 changes as a result of the maintenance capital expenditures and therefore needs to be evaluated over longer operating periods.

On a basic per share basis, Free Cash Flow less maintenance capital expenditures for the third quarter of 2014 was $0.59, an increase of $0.12 or 26% over the comparative period (fully diluted $0.54, increase of $0.07 or 15%). The absolute higher Free Cash Flow less maintenance capital expenditures generated by the Company was offset by an increased base number of Shares outstanding for the Company during 2014. The maintenance capital expenditure component of this metric is described further below and accounted for the $0.44 per share decrease from Free Cash Flow. The maintenance capital expenditures impact for the comparative period in 2013 was $0.45 per share.

The current period's results for Free Cash Flow less maintenance capital expenditures are the highest experienced by the Company in the last two years (see Section 5 – *Summary of Quarterly Results*).

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 months ended September 30, 2014 was $23.4 million, an increase of $2.9 million or 14% over the comparative period. The increase is due to the increase in Free Cash Flow as described above, offset by the $5.1 million or 20% 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. The combined impact resulted in Free Cash Flow less maintenance capital expenditures of $1.06 per share for the nine months ended September 30, 2014, an increase of $0.10 per share or 10% over the comparative period (fully diluted $1.04, increase of $0.08 or 8%). Details around the increase in Shares outstanding can be found in *Section 6 – Liquidity and Capital Resources*. There is additional downward impact coming from recently issued and outstanding convertible debentures. The March 2013 convertible debentures were issued part way through the comparative period and convertible debentures issued in March 2014 have no comparative.

CAPITAL EXPENDITURES from Continuing Operations

CAPITAL EXPENDITURES for continuing operations	Three Months Ended		Nine Months Ended	
periods ending September 30	2014	2013	2014	2013
Cash maintenance capital expenditures	$ 9,479	$ 9,791	$ 30,569	$ 25,554
add: finance lease principal payments	340	281	1,112	1,048
less: discontinued operations maintenance capital expenditures	(143)	(163)	(582)	(610)
Maintenance capital expenditures for continuing operations	9,676	9,909	31,099	25,992
Growth capital expenditures	10,206	18,960	23,099	32,803
less: discontinued operations growth capital expenditures	(158)	(1,024)	(651)	(4,110)
Capital expenditures for continuing operations	$ 19,724	$ 27,845	$ 53,547	$ 54,685
Maintenance capital expenditures per share - Basic	$ 0.44	$ 0.45	$ 1.41	$ 1.22
Growth capital expenditures per share - Basic	0.45	0.83	1.02	1.34
Total capital expenditures per share - Basic	$ 0.89	$ 1.28	$ 2.43	$ 2.56

Maintenance Capital Expenditures from Continuing Operations

For the third quarter of 2014, the Company's continuing operations spent $9.7 million on maintenance capital expenditures, a 2% decrease from the comparative period. The majority of the expenditures occurred in the Aviation segment, as it spent $9.2 million versus the $0.5 million spent in the Manufacturing segment.

The Aviation segment's maintenance capital expenditures are made up primarily of aircraft related maintenance expenditures, which totaled $6.8 million during the current period for the operating airlines. Regional One's maintenance capital expenditures were $2.0 million, relating mainly to capital expenditures on aircraft and engines to maintain the lease portfolio at its existing operating level. Other maintenance capital expenditures in the Aviation segment include building maintenance and other equipment purchases. Bearskin's maintenance capital expenditures decreased by $1.1 million, attributable to the restructuring plan implemented earlier in 2014. Overall, it is not expected that capital expenditures will always be directly comparable period over period due to the nature and timing of aircraft events, which make up the majority of the maintenance capital expenditures.

Total maintenance capital expenditures for the nine months ended September 30, 2014 totaled $31.1 million, an increase of $5.1 million over the comparative period. The Aviation segment spent $29.6 million and the Manufacturing segment spent $1.5 million. Approximately half of the increase is associated with Regional One's maintenance capital expenditures, which increased by $2.7 million and is a result of Regional One being acquired part way through the comparative period. The remaining increase was due to the timing of maintenance events.

Growth Capital Expenditures from Continuing Operations

For the third quarter of 2014, the Company's continuing operations had growth capital expenditures of $10.0 million, a decrease of $7.9 million over the comparative period. The majority of the growth capital expenditures were in the Aviation segment totaling $9.7 million in the third quarter. Of that, Regional One incurred $6.1 million of net growth capital expenditures composed of gross purchases of $8.2 million, which include both aircraft and engines being added to Regional One's lease portfolio, net of disposals from sales to third parties of $2.1 million. During the third quarter, Regional One realized a Free Cash Flow after maintenance capital expenditures return on capital of approximately 20%. The remaining growth capital expenditures include net expenditures after insurance proceeds of $1.6 million on an ATR-72 purchased by Calm Air to replace a damaged ATR-42 and other. The new aircraft commenced operations in October 2014.

Growth capital expenditures for the nine months ended September 30, 2014 totaled $22.4 million, a decrease of $6.2 million over the comparative period. The Aviation segment spent $20.7 million and the Manufacturing segment spent $1.7 million. Approximately half of the growth capital expenditures were made by Regional One with the purchase of a CRJ-700 aircraft for $7.2 million through the acquisition of EIC Ireland as well as other net expenditures totalling $4.3 million. Calm Air incurred expenditures of $5.1 million on the ATR-72 that went on line into operations in the second quarter and spare engines and equipment to support recent aircraft additions. In addition Calm Air spent $1.7 million on an ATR-72 aircraft purchased, net of insurance proceeds. Other growth capital expenditures include an additional hangar in northern Manitoba for the rotary wing and cargo operations, and a powder coating facility to develop in-house paint capabilities to support Overlanders' precision metal business in the Manufacturing segment.

DIVIDENDS & PAYOUT RATIO from Continuing Operations

The amounts and record dates of the dividends declared during the nine months ended September 30, 2014 and the comparative period in 2013 were as follows:

Month	Record date	Per Share	2014 Dividends Amount	Record date	Per Share	2013 Dividends Amount
January	January 31, 2014	$ 0.14	$ 3,039	January 31, 2013	$ 0.14	$ 2,901
February	February 28, 2014	0.14	3,043	February 28, 2013	0.14	2,905
March	March 31, 2014	0.14	3,054	March 29, 2013	0.14	2,911
April	April 30, 2014	0.14	3,080	April 30, 2013	0.14	2,985
May	May 30, 2014	0.14	3,097	May 31, 2013	0.14	3,011
June	June 30, 2014	0.14	3,100	June 28, 2013	0.14	3,016
July	July 31, 2014	0.14	3,103	July 31, 2013	0.14	3,019
August	August 29, 2014	0.14	3,112	August 30, 2013	0.14	3,023
September	September 30, 2014	0.14	3,134	September 30, 2013	0.14	3,026
Total		**$ 1.26**	**$ 27,762**		$ 1.26	$ 26,797

Dividends for the three and nine months ended September 30, 2014 totaled $9.3 million and $27.8 million, respectively. For the third quarter of 2014, this is an increase of $0.3 million or 3% from the comparative period. For the nine month period of 2014, this is an increase of $1.0 million or 4% from the comparative period. The increase in 2014 for both periods is a result of the increase in the number of Shares outstanding during the periods. The dividends per share for the three and nine month periods were consistent between 2014 and the comparative periods at $0.42 and $1.26 per share, respectively.

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 Aviation segment is impacted by winter roads and all operations are impacted by generally poorer weather conditions. As the year continues 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 periods.

Payout Ratios - for the Company's continuing operations	2014	Per share basis	Per share fully diluted	2013	Per share basic	Per share fully diluted
For the three months ended September 30						
Free Cash Flows		*41%*	*49%*		*46%*	*51%*
Free Cash Flows less maintenance capital expenditures		*71%*	*78%*		*89%*	*89%*
For the nine months ended September 30						
Free Cash Flows		*51%*	*59%*		*58%*	*65%*
Free Cash Flows less maintenance capital expenditures		*119%*	*121%*		*131%*	*131%*

All of the Company's payout ratios from continuing operations for both the three and nine month periods in 2014 improved over the comparative periods in 2013. All periods exclude the Discontinued Operations of WesTower US. The improvement is the result of better performance by the Company's continuing operations and a consistent dividend rate in the comparative periods. The basic per share payout ratio for the third quarter is 71% for Free Cash Flow less maintenance capital expenditures, which is an impressive improvement over 89% in the comparative period. The improvement is reflective of the growth capital invested in previous periods, in particular at Regional One and Calm Air.

For the current period's nine month Free Cash Flow after maintenance capital expenditures payout ratio, the higher maintenance capital expenditures from the first half of the year outweighed the improvement in operational results and has resulted in a payout ratio greater than one. As noted in earlier 2014 interim reports, the winter of 2014 was worse than normal and had a significant negative impact for the nine month results. With the disposal of WesTower US in the fourth quarter, the Company anticipates utilizing

its available credit facility to continue to improve its operational results from growth capital expenditures or through accretive acquisitions, which will help to lower the payout ratio to the Company's target levels.

The Company's Board of Directors regularly examines the dividends paid to shareholders. The Company's announcement earlier today of its pending acquisition of Provincial highlighted that the attractive purchase price is expected to be immediately and significantly accretive to earnings and Free Cash Flow, while materially reducing our dividend payout ratio. In consideration of the Company's third quarter financial results and its substantial reduction and improvement in its dividend payout ratio, even before the significant improvement in its Free Cash Flow to be achieved upon closing of the Provincial acquisition, the Board of Directors is confident that the Company's pro-forma dividend payout ratio is at the low end of its historical range. Accordingly, the Board of Directors have approved an increase in the dividend rate per share from $0.14 per month to $0.145 per month, a 4% increase. The new dividend rate will commence with the November dividend declared and will be paid to shareholders mid-December.

DISCONTINUED OPERATIONS

With the announced sale of WesTower US, the Company presents Discontinued Operations in the financial statements for both current and comparative periods. The following summarizes the results of the Discontinued Operations for the three and nine month periods ended September 30, 2014.

	Three Months Ended		Nine Months Ended	
periods ending September 30	2014	2013	2014	2013
Revenue	$ 117,678	$ 132,853	$ 389,379	$ 394,897
EBITDA	$ 2,187	$ (8,260)	$ 9,201	$ 715
Free Cash Flow	$ 382	$ (4,604)	$ 4,493	$ 1,940
Free Cash Flow less maintenance capital expenditures	$ 239	$ (4,767)	$ 3,911	$ 1,330

Three Month Period from Discontinued Operations

The results for the Discontinued Operations show a revenue decrease in the current period and can be attributed to the previously announced AT&T reduction in turf projects for the remainder of fiscal 2014. The EBITDA generated by the Discontinued Operations show a $10.4 million increase over the comparative period and this is a result of the comparative period including certain change in estimate adjustments. The adjustments in the comparative period came from WesTower US experiencing lower gross margins as a result of project inefficiencies. Since then, the new management at WesTower US was focused on improving project management processes that are more focused on managing direct and indirect costs. The EBITDA margin for the third quarter of 2014 was partially negatively impacted by certain period expenses related to the subsequent sale of the company in the fourth quarter. Ignoring these one-time costs and taking into account the slowdown at AT&T, the EBITDA margin for the third quarter was consistent with the EBITDA improvements experienced during the first six months of 2014. There are no EBITDA related costs allocated to Discontinued Operations from the Continuing Operations.

Additional cash taxes from an increase in taxable income and the allocation to Discontinued Operations of cash interest costs both negatively affect Free Cash Flow generated in the period. Consistent with the EBITDA discussion, the comparative period was negatively impacted by the change in estimate adjustments recorded at that time. On a combined basis with the rest of the Company's continuing operations, the overall Free Cash Flow would total $23.2 million, an increase of $7.8 million over the comparative period. The combined Free Cash Flow on a basic per share basis for the current period would be $1.05 (2014 fully diluted $0.87) compared to $0.71 in the comparative period (2013 fully diluted $0.68).

Maintenance capital expenditures for the Discontinued Operations consists mainly of finance lease principal payments but in total are less than $0.2 million for the current period. This is relatively consistent with the comparative period. On a combined basis with the rest of the Company's continuing operations, the overall Free Cash Flow less maintenance capital expenditures would total $13.4 million, an increase of $8.0 million over the comparative period. The combined Free Cash Flow less maintenance capital expenditures on a basic per share basis for the current period would be $0.60 (2014 fully diluted $0.55) compared to $0.25 in the comparative period (2013 fully diluted $0.25).

Nine Month Period from Discontinued Operations

The majority of the decrease in revenues for the nine month period ended September 30, 2014 is attributed to the decline in the third quarter offset by higher revenues from the first six months that came from more geographic coverage on the AT&T turfing contract and a positive foreign exchange impact. The EBITDA generated by the Discontinued Operations in the current period increases as a result of the comparative period including the change in estimate adjustment. As noted in the three month discussion above,

excluding the current period's one-time period costs, the EBITDA margins generated in the current quarter are relatively consistent with the first six months. The improvement over the 2013 period is a result of the improvements implemented by the management team at WesTower US. There are no EBITDA related costs allocated to Discontinued Operations from the Continuing Operations.

Additional cash taxes from an increase in taxable income and the allocation to Discontinued Operations of cash interest costs both negatively affect Free Cash Flow generated in the period. These factors offset the increase in EBITDA generated in the current period. On a combined basis with the rest of Company's continuing operations, the overall Free Cash Flow would total $59.0 million, an increase of $10.5 million over the comparative period. The combined Free Cash Flow on a basic per share basis for the current period would be $2.68 (2014 fully diluted $2.26) compared to $2.27 in the comparative period (2013 fully diluted $2.00).

Maintenance capital expenditures were relatively consistent in both periods at $0.6 million. On a combined basis with the rest of the Company's continuing operations, the overall Free Cash Flow less maintenance capital expenditures would total $27.3 million, an increase of $5.4 million over the comparative period. The combined Free Cash Flow less maintenance capital expenditures on a basic per share basis for the current period would be $1.24 (2014 fully diluted $1.21) compared to $1.03 in the comparative period (2013 fully diluted $1.03).

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, 2014 and the comparative 2013 period.

	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
Consideration liability fair value adjustment				-
Impairment and restructuring				-
Earnings before tax				9,156
Current income tax expense				1,312
Deferred income tax expense				2,672
Net earnings for the period from continuing operations				$ 5,172
Net earnings from discontinued operations				374
Net earnings for the period				$ 5,546

	Three Months Ended September 30, 2013			
	Aviation	Manufacturing	Head Office[2]	Consolidated
Revenue	$ 82,806	$ 51,668	$ -	$ 134,474
Expenses[1]	64,026	44,536	2,040	110,602
EBITDA	18,780	7,132	(2,040)	23,872
Depreciation and amortization				11,545
Finance costs - interest				4,873
Acquisition costs				1
Consideration liability fair value adjustment				(272)
Earnings before tax				7,725
Current income tax expense				739
Deferred income tax expense				1,672
Net earnings for the period from discontinued operations				$ 5,314
Net loss from discontinued operations				(5,519)
Net loss for the period				$ (205)

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*, subsequent to the end of the third quarter, the Company announced 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. This also includes the allocation of certain costs incurred in the consolidated entity from supporting the operations of WesTower US. The comparative results also reflect this presentation. The operations of WesTower CDA are included in the Manufacturing segment.

For the current period, the operations of WesTower US generated revenues of $117.7 million, a decrease of $15.2 million or 11% and generated EBITDA of $2.2 million, an increase of $10.4 million. The comparative period for WesTower US included an $11.0 million change in estimate and also external advisory costs of $1.6 million. Neither of these items occurred in the current period.

AVIATION SEGMENT

Aviation Segment — Three Months Ended September 30,	2014	2013	Variance	Variance %
Revenue	$ 90,516	$ 82,806	$ 7,710	9%
Expenses	66,768	64,026	2,742	4%
EBITDA	$ 23,748	$ 18,780	$ 4,968	26%

The revenue of the Aviation segment for the current period was $90.5 million, an increase of $7.7 million or 9% over the comparative period. The strong results from both Regional One and Calm Air were the primary contributors to the increase. Regional One experienced increases in its leasing and parts revenue streams. The increases in these two revenue streams contributed to an overall US dollar revenue increase of approximately 79%, which increased further when factoring in the weakening value of the Canadian Dollar. Calm Air continued to benefit from growth capital expenditures made on infrastructure and aircraft over the past few years and experienced increases in its passenger volumes and cargo services. Consistent with the first half of 2014, the segment was negatively impacted by environmental conditions. The revenue increases were partly offset by reductions experienced primarily in the Company's rotary wing operation resulting from reduced demand in fire suppression services but also for the fixed wing operations relating to fire evacuation services. The segment was also impacted by reductions from the realignment of Bearskin's operation as referenced in prior quarter reports' MD&A.

The EBITDA generated by the Aviation segment for the current period was $23.7 million, an increase of $5.0 million or 26% from the comparative period. Regional One and Calm Air were the primary contributors, generating EBITDA improvements of 136% and 45%, respectively, over the comparative period. Additionally, despite its revenue decrease, Bearskin generated an increase in EBITDA over the comparative period of $0.7 million. The Company is seeing the benefits of Bearskin's restructuring plan implemented early in the second quarter of 2014. The reduced demand in fire suppression and fire evacuation services in the rotary wing and fixed wing operations, as noted above, partly offset these positive contributions.

EBITDA margin for the current period was 26.2% compared to 22.7% in the comparative period. The EBITDA margin improvement is partly attributable to Regional One's revenue growth, which yields higher margins than those historically experienced in the segment's other operations. EBITDA margins were also positively impacted by continued improvement in Calm Air's operations, which generated increased load factors and cost reductions resulting from the implementation of Calm Air's fleet rationalization plan in prior periods. Margins were also impacted by the positive benefits of the restructuring plan implemented at Bearskin, which focused on the elimination of unprofitable routes. These improvements were partly offset by an unprecedented decline in higher margin fire suppression services.

MANUFACTURING SEGMENT

Manufacturing Segment Three Months Ended September 30,	2014	2013	Variance	Variance %
Revenue	$ 52,983	$ 51,668	$ 1,315	3%
Expenses	45,983	44,536	1,447	3%
EBITDA	$ 7,000	$ 7,132	$ (132)	-2%

The revenue of the Manufacturing segment for the current period was $53.0 million, an increase of $1.3 million or 3% over the comparative period. All of the businesses within the segment experienced increases in revenues but the majority of the segment's increase, approximately 60%, was attributable to the Alberta Operations. Increased volumes in the Alberta Operations retail business continued into the third quarter. Overlanders also experienced higher volumes that contributed to its revenues increasing by 11% in the current period. The revenues of WesTower CDA had a 1% increase over the prior year. Stainless' US dollar sales were behind as a result of the decrease in field operations and were partially offset by higher volumes running through its shop but benefited from a weaker Canadian dollar.

The EBITDA generated by the Manufacturing segment for the current period was $7.0 million, relatively flat with the comparative period. The modest decline is largely due to soft market conditions for Stainless Fabrication's field services offset by improvements at WesTower's Canadian operations.

HEAD-OFFICE

Head-office Costs Three Months Ended September 30,	2014	2013	Variance	Variance %
Expenses	$ 2,876	$ 2,040	$ 836	41%

The head-office costs increased in the current period by $0.8 million or 41% over the comparative period as a result of an increase in professional fees, an increase in the number of personnel at head-office and higher participation levels in the consolidated entity's employee share purchase plans.

OTHER NON-EBITDA ITEMS

The following analyzes the changes in the other non-EBITDA income statement items that impacted net earnings for the three months ended September 30, 2014 in comparison to the same period in 2013. Consolidated net earnings for the Company's continuing operations during the three months ended September 30, 2014 was $5.2 million, a decrease of $0.1 million over the comparative period in 2013. The results from Discontinued Operations generated net earnings of $0.3 million for the current period and when combined with the Company's continuing operations, net earnings for the period was $5.5 million.

Three Months Ended September 30,	2014	2013	Variance	Variance %
Depreciation and amortization	$ 12,879	$ 11,545	$ 1,334	12%

The Company's depreciation and amortization for the current period was $12.9 million, an increase of $1.3 million or 12% over the comparative period. The change is attributable to the increase in capital asset depreciation of $1.3 million recorded by the Company, in particular in the Aviation segment. The expansion of Regional One's lease portfolio and the capital expenditures made by the Aviation segment throughout the 2013 fiscal period have contributed to higher depreciation in 2014. Amortization of intangible assets remained flat compared to the same period in 2013.

Three Months Ended September 30,	2014	2013	Variance	Variance %
Finance costs - interest	$ 5,367	$ 4,873	$ 494	10%

The Company's interest incurred for the current period was $5.4 million, an increase of $0.5 million or 10% over the comparative period. The increase in 2014 is mainly a result of additional interest costs on the Company's March 2014 convertible debenture issuance which was not in the comparative period. The interest from the other series of convertible debentures was relatively flat between both periods.

As described earlier in this MD&A, the Company has allocated cash interest to the Discontinued Operations of WesTower representing an estimate of the debt cost burden of operating WesTower US. As a result, the cash interest cost for the Company's continuing operations relating to its credit facility is nil in the current and comparative period. This is consistent with the Company using the sale proceeds to repay all of the Company's debt outstanding under its credit facility at the closing of the transaction in October 2014.

Three Months Ended September 30,	2014	2013	Variance	Variance %
Acquisition Costs	$ 470	$ 1	$ 469	46900%

The acquisition costs incurred by the Company for the current period were $0.5 million and were basically nil 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 incurred minimal external costs during the third quarter of 2013, as the acquisition of Regional One closed in the beginning of the second quarter of 2013.

Three Months Ended September 30,	2014	2013	Variance	Variance %
Consideration liability fair value adjustment	$ -	$ (272)	$ 272	-100%

As a result of the structure of the consideration for the acquisition of Regional One 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 were to 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 or derecognized.

During the second quarter of 2014, the Company settled this liability through the issuance of Shares to the Regional One vendors. As the liability was settled in the second quarter, there was no impact on third quarter earnings for the fair value adjustment. With the settlement of the liability, there will be no further impact on the Company's net earnings from fair value adjustments relating to the Regional One acquisition.

In the comparative period, the change in the share price from the April closing date to the end of the second quarter resulted in a net gain of $0.3 million.

Three Months Ended September 30,	2014	2013	Variance	Variance %
Impairment and restructuring	$ -	$ -	$ -	0%

During the second quarter of 2014, the Company began restructuring Bearskin's operations to eliminate certain unprofitable routes. Management accrued total restructuring costs of approximately $1.3 million, which was expensed during the second quarter. There has been no adjustment to the estimated restructuring costs since the second quarter. During the third quarter, Bearskin paid $0.2 million in costs as part of the restructuring, for which an accrual had previously been recorded.

Three Months Ended September 30,	2014	2013	Variance	Variance %
Current income tax expense	$ 1,312	$ 739	$ 573	78%
Deferred income tax expense	2,672	1,672	1,000	60%
Income tax expense	$ 3,984	$ 2,411	$ 1,573	65%

The intercompany transactions between WesTower US and the Company's continuing operations are eliminated in computing consolidated net earnings. However, the tax benefits of the intercompany transactions are included within Discontinued Operations, whereas the tax cost of these transactions are included in continuing operations. This has the impact of increasing the effective tax rate applicable to continuing operations.

Income tax expense for the third quarter of 2014 period was $ 4.0 million, representing an increase of $1.6 million over the comparative period in 2013. This increase is due to both an increase in net income before tax for the Company's continuing operations and an increase in the effective tax rate. The effective tax rate in 2014 is 44% compared to 31% in 2013. The effective tax rate has increased in 2014 resulting from the non-taxation of a one-time distribution received in the comparative period. The one-time distribution had the impact of lowering the effective tax rate in 2013, and there is no similar distribution in 2014.

Current tax expense is the expected tax payable on income for tax purposes incurred within Canadian and US subsidiaries that are corporations. During the period the taxable income of these entities increased resulting in higher current tax expense.

The Company has the ability to offset some of the taxable income it generates with non-capital losses. During the 2014 period, the Company used $6.5 million of non-capital losses and has approximately $98.5 million of non-capital losses available to offset future taxable income.

Nine Month Results

The following section analyzes the financial results of the Company's operations for the nine months ended September 30, 2014 and the comparative 2013 period.

	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 tax				13,533
Current income tax expense				1,118
Deferred income tax expense				6,311
Net earnings for the period from continuing operations				$ 6,104
Net earnings from discontinued operations				3,731
Net earnings for the period				$ 9,835

	Nine Months Ended September 30, 2013			
	Aviation	Manufacturing	Head Office[2]	Consolidated
Revenue	$ 226,595	$ 141,087	$ -	$ 367,682
Expenses[1]	181,352	122,951	5,921	310,224
EBITDA	45,243	18,136	(5,921)	57,458
Depreciation and amortization				31,301
Finance costs - interest				12,851
Acquisition costs				1,669
Consideration liability fair value adjustment				(834)
Earnings before tax				12,471
Current income tax expense				1,310
Deferred income tax expense				3,900
Net earnings for the period from continuing operations				$ 7,261
Net loss from discontinued operations				(148)
Net earnings for the period				$ 7,113

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*, subsequent to the end of the third quarter, the Company announced 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. This also includes the allocation of certain costs incurred in the consolidated entity from supporting the operations of WesTower US. The comparative results also reflect this presentation. The operations of WesTower CDA are included in the Manufacturing segment.

For the current period, the operations of WesTower US generated revenues of $389.4 million, a decrease of $5.5 million or 1% and generated EBITDA of $9.2 million, an increase of $8.5 million. The comparative period for WesTower US included an $11.0 million change in estimate recorded in the third quarter and also external advisory costs totaling $4.9 million throughout the period. Neither of these items occurred in the current period.

AVIATION SEGMENT

Aviation Segment Nine Months Ended September 30,	2014	2013	Variance	Variance %
Revenue	$ 252,182	$ 226,595	$ 25,587	11%
Expenses	194,685	181,352	13,333	7%
EBITDA	$ 57,497	$ 45,243	$ 12,254	27%

The revenue of the Aviation segment for the current period was $252.2 million, an increase of $25.6 million or 11% over the comparative period. Consistent with the quarterly commentary, the growth in revenue is primarily attributed to the strong results of Regional One and Calm Air and is the direct result of the growth capital expenditures invested in both of these entities. Note that the acquisition of Regional One in 2013, with no comparative for the first quarter also contributes to the increase. The segment's growth in revenue was achieved despite downward pressure on revenue from unfavourable weather conditions and the substantial reduction in Bearskin's passenger service. The winter of 2014 was one of the most severe on record for the areas the Company services, resulting in a prolonged winter road season. This, together with other weather factors, resulted in reduced demand for certain aviation transportation services during the 2014 period. The aviation services affected include: fire suppression and evacuation services, passenger services, cargo services, including reduced demand for transportation of fuel and other commodities. As discussed in the quarterly commentary and in prior quarters' MD&A, the other significant revenue reduction was the direct result of the restructuring of Bearskin's operations, which focused on eliminating certain non-profitable routes. The revenues of Bearskin decreased 31% in the current period but show an improvement in EBITDA.

The EBITDA generated by the Aviation segment for the current period was $57.5 million, an increase of $12.3 million or 27% over the comparative period. EBITDA margins were 22.8% in 2014 compared to 20.0% in 2013. Consistent with the revenue commentary,

Regional One and Calm Air were the primary contributors. The EBITDA margin improvement is partly attributable to Regional One's revenue growth, which yields higher margins than those historically experienced in the Aviation transportation entities. Margins were also positively impacted by cost reductions generated from the implementation of Calm Air's fleet rationalization plan; cost reductions associated with the implementation of Bearskin's restructuring plan, as well as cost reductions from the realignment of certain northern Manitoba scheduled services among different airlines within the segment thereby reducing flight hours with no corresponding reduction in revenue. The reduction in fire suppression and evacuation services, which typically have higher margins than other aviation transportation services, negatively impacted EBITDA and EBITDA margins. Additionally, the segment experienced increased fuel and labour costs as a result of rate increases. The delay in the implementation of fuel surcharges to customers had a negative impact on margins in the first quarter; however, fuel surcharges were implemented in most regions at the end of the first quarter thereby offsetting the impact of rising fuel prices in the second and third quarters. Labour cost increases resulted from contractual rate increases and training costs.

MANUFACTURING SEGMENT

Manufacturing Segment	Nine Months Ended September 30,		2014		2013		Variance	Variance %
Revenue		$	151,595	$	141,087	$	10,508	7%
Expenses			132,796		122,951		9,845	8%
EBITDA		$	18,799	$	18,136	$	663	4%

The revenue of the Manufacturing segment for the current period was $151.6 million, an increase of $10.5 million or 7% over the comparative period. The operations of WesTower CDA continue to show strong demand but its increase in revenues for the nine month period came mostly in the first quarter of 2014 as a result of increased demand in the eastern Canadian market. The Alberta Operations contributed the majority of its increase as a result of increased volume in both the retail operations and tank trailers. The comparative period included unseasonable weather conditions that affected the Alberta Operations with reduced volumes while the current period experienced above normal volumes.

The EBITDA generated by the Manufacturing segment for the current period was $18.8 million, an increase of $0.7 million or 4% over the comparative period. The increase is driven mostly by the increase in revenues at WesTower CDA and from it generating higher margins after the harsh winter conditions that impacted them in the first quarter. The higher volume in the Alberta Operations also contributed to the segment generating more EBITDA. Booked sales for field work has been soft for Stainless since the fourth quarter of 2013, in particular with the current period no having any large size field work jobs. With the softer booked sales that it was experiencing for most of 2014, the orders booked and processed were done at below average margins as a result of increased pricing pressure and a higher percentage of shop work, which traditionally has lower margins than the field work.

HEAD-OFFICE

Head-office Costs	Nine Months Ended September 30,		2014		2013		Variance	Variance %
Expenses		$	8,169	$	5,921	$	2,248	38%

The head-office costs increased in the current period by $2.2 million or 38% over the comparative period. The most significant portion of the increase was a result of increased professional fees during the period, accounting for $1.3 million of the increase. Secondly, personnel costs increased as a result of the increase in the number of personnel at head-office and higher participation levels in the consolidated entity's employee share purchase plans. Higher unrealized foreign exchange gains on US foreign currency balances recognized in the comparative period resulted in a decrease in head office costs in that period.

OTHER NON-EBITDA ITEMS

The following analyzes the changes in the other non-EBITDA income statement items that impacted net earnings for the nine months ended September 30, 2014 compared to the same period in 2013. Consolidated net earnings for the Company's continuing operations during the nine months ended September 30, 2014 was $6.1 million, a decrease of $1.2 million over the comparative period in 2013. The results from Discontinued Operations generated net earnings of $3.7 million for the current period and when combined with the Company's continuing operations, net earnings for the period was $9.8 million.

	Nine Months Ended September 30,		2014		2013		Variance	Variance %
Depreciation and amortization		$	37,635	$	31,301	$	6,334	20%

The Company's depreciation and amortization for the current period was $37.6 million, an increase of $6.3 million or 20% over the comparative period. The change is mainly attributable to the increase in capital asset depreciation of $6.0 million recorded by the Company, in particular in the Aviation segment. The addition of Regional One and the capital expenditures made by the Aviation segment throughout the 2013 fiscal period contributed to higher depreciation in 2014. Amortization of intangible assets increased due to the additional amortization on the intangible assets recognized on the Regional One acquisition.

Nine Months Ended September 30,		2014		2013		Variance	Variance %
Finance costs - interest	$	15,781	$	12,851	$	2,930	23%

The Company's interest incurred for the current period was $15.8 million, an increase of $2.9 million or 23% over the comparative period. The increase in 2014 is mainly a result of additional interest costs on the Company's March 2013 convertible debentures outstanding for only a portion of the comparative period and the Company's March 2014 convertible debenture issuance which was not in the comparative period. The interest from the other series of convertible debentures was relatively flat between both periods.

As described earlier in this MD&A, the Company has allocated cash interest to the Discontinued Operations of WesTower representing an estimate of the debt cost burden of operating WesTower US. As a result, the cash interest cost for the Company's continuing operations relating to its credit facility is nil in the current and comparative period. This is consistent with the Company using the sale proceeds to repay all of the Company's debt outstanding under its credit facility at the closing of the transaction in October 2014.

Nine Months Ended September 30,		2014		2013		Variance	Variance %
Acquisition Costs	$	529	$	1,669	$	(1,140)	-68%

The acquisition costs incurred by the Company for the current period were $0.5 million, a decrease of $1.1 million or 68% over the comparative period. The costs expensed in the comparative period relate almost solely to the external costs incurred for the Regional One acquisition, which closed early in the second quarter of 2013.

Nine Months Ended September 30,		2014		2013		Variance	Variance %
Consideration liability fair value adjustment	$	(651)	$	(834)	$	183	-22%

As a result of the structure of the consideration for the acquisition of Regional One 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 or derecognized.

During the second quarter of 2014, the Company settled this liability through the issuance of Shares to the Regional One vendors. The consideration liability decreased as a result of the Company's share price decreasing from what it was at the end of fiscal 2013 up to the time of the settlement. As a result, the Company recorded a consideration fair value adjustment that was a gain of $0.7 million during the 2014 period. With the settlement of the liability, there will be no further impact on the Company's net earnings from fair value adjustments relating to the Regional One acquisition.

In the comparative period, the change in the share price from the April closing date to the end of the third quarter also resulted in a net gain of $0.8 million.

Nine Months Ended September 30,		2014		2013		Variance	Variance %
Impairment and restructuring	$	1,300	$	-	$	1,300	-

During the second quarter of 2014, the Company began restructuring Bearskin's operations to eliminate certain unprofitable routes. Management accrued total restructuring costs of approximately $1.3 million, which was expensed during the second quarter. Total payments during the nine months ended September 30, 2014 by Bearskin for restructuring costs were $0.6 million, with the remaining $0.7 million accrued in accounts payable and accrued expenses. The expenditures relate mainly to severance costs for reducing personnel levels.

Nine Months Ended September 30,	2014	2013	Variance	Variance %
Current income tax expense	$ 1,118	$ 1,310	$ (192)	-15%
Deferred income tax expense	6,311	3,900	2,411	62%
Income tax expense	$ 7,429	$ 5,210	$ 2,219	43%

The intercompany transactions between WesTower US, and the Company's continuing operations are eliminated in computing consolidated net earnings. However, the tax benefits of the intercompany transactions are included within Discontinued Operations, whereas the tax cost of these transactions are included in continuing operations. This has the impact of increasing the effective tax rate applicable to continuing operations. This impact can be seen in Note 16 to the Company's third quarter interim financial statements.

The Company's income tax expense for the nine months ended September 30, 2014 was $7.4 million, an increase of $2.2 million or 43% over the comparative period in 2013. This increase is due to both an increase in net income before tax and an increase in the effective tax rate. The effective tax rate in 2014 is 55% compared to 42% in 2013. The effective tax rate for the nine months ending September 30, 2014 has increased as a result of two factors. First, the increase results from the non-taxation of a one-time distribution received in 2013. The one-time distribution had the impact of lowering the effective tax rate in 2013, and there is no similar distribution in 2014. Secondly, the effective tax rate has increased in 2014 as a result of a proportionate increase in the income generated in the US, which is subject to tax at a higher tax rate. This also can be seen in the tax rate reconciliation in Note 16 to the Company's third quarter interim financial statements.

The Company has the ability to offset some of the taxable income it generates with non-capital losses. During the 2014 period, the Company used $13.5 million of non-capital losses and has approximately $98.5 million of non-capital losses available to offset future taxable income.

5. SUMMARY OF QUARTERLY RESULTS

The following summary of quarterly results reflects the continuing operations of the Company. The comparative periods are restated to reflect only the continuing operations from what was originally reported for the Company, which included the Discontinued Operations of WesTower US. The Discontinued Operations are only included in the Net earnings (loss) and related per share amounts in the bottom section of the table.

			2014				2013	2012
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
From continuing operations								
Total revenue	$ 143,499	$ 134,219	$ 126,059	$ 141,370	$ 134,474	$ 128,025	$ 105,183	$ 120,794
EBITDA	27,872	22,262	17,993	24,322	23,872	23,658	9,928	16,523
Net earnings (loss) - continuing operations	5,172	1,282	(350)	3,338	5,314	5,172	(3,225)	888
Basic - continuing operations	0.23	0.06	(0.01)	0.15	0.25	0.24	(0.16)	0.04
Diluted - continuing operations	0.23	0.06	(0.01)	0.15	0.24	0.24	(0.16)	0.04
Free cash flow (FCF)	22,819	18,884	12,797	17,830	20,038	18,900	7,601	14,448
Basic	1.03	0.86	0.59	0.82	0.92	0.88	0.37	0.70
Diluted	0.86	0.73	0.54	0.71	0.83	0.73	0.35	0.53
FCF less maintenance capital expenditures	13,143	8,802	1,455	6,511	10,129	10,526	(108)	7,237
Basic	0.59	0.40	0.07	0.30	0.47	0.49	(0.01)	0.35
Diluted	0.54	0.40	0.07	0.30	0.47	0.45	(0.01)	0.34
From continuing & discontinuing operations								
Net earnings (loss)	5,546	4,122	167	1,871	(205)	5,732	1,586	6,710
Basic	0.25	0.19	0.01	0.09	(0.01)	0.27	0.08	0.32
Diluted	0.25	0.19	0.01	0.09	(0.01)	0.27	0.08	0.32

As shown in the table above, the current period's results for Free Cash Flow and Free Cash Flow less maintenance capital expenditures are the highest experienced by the Company in the last two years.

Prior Year's Acquisitions

The following acquisitions were made by the Company during the year ended December 31, 2013:

Regional One

The Company announced on February 28, 2013 that it had signed a stock purchase agreement to acquire the shares of Regional One and closed the acquisition on April 12, 2013. Regional One is a leading provider of aircraft and engine aftermarket parts to regional airline operators around the world.

The acquisition price was US$88.8 million ($89.9 million) and was funded through a combination of US cash, the issuance of the Shares and the recognition of consideration liabilities for future payments. At the time of closing, the Company paid US$45.1 million in cash ($45.8 million). Additionally the Company paid US$15.7 million ($15.9 million) to an escrow agent associated with future results being attained by Regional One and this is treated as a consideration liability on the Statement of Financial Position. The Company issued 494,656 Shares with a value of US$13.6 million ($13.8 million) and the recognized contingent consideration liabilities associated with future payments was US$14.4 million ($14.5 million). The Company also assumed debt within Regional One of US$1.6 million ($1.6 million) and paid it off at the time of closing.

During the second quarter of 2013 subsequent to the closing date, the Company released US$9.1 million ($9.4 million) of the cash in escrow, paid US$0.5 million in cash ($0.5 million), and issued 178,552 of Shares with a value of US$4.7 million ($4.9 million) as partial settlement of certain consideration liabilities that were recognized on closing.

During the fourth quarter of 2013 the working capital settlement was finalized with the vendor. As a result the Company paid US$3.2 million ($3.3 million) as partial settlement of certain consideration liabilities that were recognized on closing.

During the second quarter of 2014, the Company settled the majority of the outstanding consideration liabilities with the vendors of Regional One. In April 2014, the Company released US$6.6 million ($7.3 million) of the cash in escrow, paid US$0.6 million ($0.7 million) in cash, and issued 130,175 of Shares with a value of US$2.2 million ($2.4 million). The remaining consideration liability outstanding at September 30, 2014 consists of certain tax related liabilities owing to the vendors. Additionally, there are 350,567 Shares of the Company that were issued into escrow at the time of acquisition and relate to the retention of the vendor as CEO. These remaining Shares are anticipated to be settled and released from escrow evenly each of the next four anniversaries of closing the acquisition.

The acquisition has been immediately accretive to the Company's key financial metrics, including EBITDA, cash flows, earnings per share and Free Cash Flow. The acquisition allows us to further diversify our revenue streams and cash flow by entering new product and geographical markets. In addition, the acquisition provides a proxy for vertical integration into one of the major expense categories of our aviation segment, in essence providing a hedge against price increases in aircraft and parts. Over the past five years, Regional One has had an annual average growth rate of 25%. Our return on average invested capital after funding maintenance capital reinvestment has been approximately 19% since acquisition and during the third quarter of 2014, Regional One realized a Free Cash Flow less maintenance capital expenditures return on capital of approximately 20%.Consistent with the Company`s traditional acquisition criteria, Regional One was identified because it operates in a niche portion of a large industry with barriers to entry, has a solid management team in place with extensive industry expertise and its worldwide market presence provides a platform for further growth while fostering diversification of the Company's cash flows by entering new geographical markets.

The Company's results include financial results of Regional One's operations subsequent to the closing date early in the second quarter of 2013. The Company incurred acquisition costs of $1.7 million during fiscal 2013, of which a large portion was associated with the acquisition of Regional One.

6. LIQUIDITY AND CAPITAL RESOURCES

As at September 30, 2014, the Company's continuing operations had a net cash position of $7.0 million (December 31, 2013 of $23.2 million). The Company's net working capital of $307.8 million includes $194.4 million relating to the Discontinued Operations of WesTower US and at December 31, 2013 the Company's combined net working capital was $256.6 million. This represents a current ratio of 2.30 to 1 for the Company, including WesTower US (December 31, 2013 of 2.23 to 1).

	September 30, 2014	December 31, 2013	Change
Cash and cash equivalents	$ 7,008	$ 23,168	$ (16,160)
Accounts receivable	85,061	141,947	(56,886)
Costs incurred plus recognized profits in excess of billings	18,350	176,971	(158,621)
Inventory	81,121	109,195	(28,074)
Prepaid expenses and deposits	7,693	10,375	(2,682)
Income taxes receivable	670	4,496	(3,826)
Assets held for sale	344,651	-	344,651
Accounts payable and accrued expenses	(69,494)	(151,191)	81,697
Deferred revenue	(9,871)	(9,063)	(808)
Billings in excess of costs incurred plus recognized profits	(6,117)	(43,602)	37,485
Current portion of long-term debt and finance leases	(1,042)	(1,326)	284
Current portion of convertible debentures	-	(4,324)	4,324
Liabilities held for sale	(150,259)	-	(150,259)
Net working capital	$ 307,771	$ 256,646	$ 51,125

The table above includes the reclassification of the assets and liabilities of the operations of WesTower US presented as Discontinued Operations and therefore all of the WesTower US assets are classified as current assets held for sale and all of the WesTower US liabilities are classified as current liabilities held for sale. The reclassification of certain long-term assets and liabilities into current balances results in an additional $25.3 million of working capital. With the closing of the transaction to sell WesTower US in the fourth quarter, this is a temporary presentation and the year-end working capital will not include any WesTower US operating balances. The net working capital of WesTower US included in the September 30, 2014 net working capital of the Company is $194.4 million.

The Company's working capital as at September 30, 2014 increased by $25.8 million, excluding the WesTower US reclassification noted above, from the 2013 year-end. There are a number of factors impacting the change, including the seasonality of the businesses as the third quarter is traditionally the busiest quarter for the operations of the Company and the weakening of the Canadian dollar on the Company's US based subsidiaries.

During the first quarter, the Company closed the offering of its March 2014 Unsecured Series 6.0% seven year convertible debentures with a par value of $40 million and generated net proceeds of $37.7 million. The majority of the funds generated were used by the Company as a payment against its outstanding credit facility balance and increased the liquidity of the Company for additional growth and expansion. The debentures have a seven year term with a 6.0% fixed interest rate paid semi-annually. The conversion price for these debentures is $31.70 and will mature in March 2021.

On April 8, 2014, the Company's Series F convertible debentures matured. All but $0.1 million of par value was converted into Shares of the Company at the option of the debentureholders. At maturity, the Company paid cash to settle the debentures outstanding.

On September 30, 2014, the Company's Series G convertible debentures matured. All but $0.2 million of par value was converted into Shares of the Company at the option of the debentureholders. At maturity, the Company paid cash to settle the debentures outstanding.

During the first nine months of 2014, the Company made several payments and draws on its credit facility, including the payment of $36.4 million from the net proceeds of the March convertible debenture offering. The Company made some draws during the third quarter for growth opportunities at Regional One. Overall, the Company has had a net decrease in the amount outstanding on its credit facility during the 2014 period up to the end of the third quarter. The Company made net repayments of $30.7 million in Canadian funds and a net draw of US$18.7 million during that time.

The Company's credit facility has a maximum of $335 million credit available, with $258 million allocated to EIC and $77 million allocated to EIIF Management USA Inc. ("EIIF USA"). 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, 2014, the Company has drawn $196.4 million, excluding the effect of foreign exchange. During the second quarter, the Company's credit facility was extended to have a maturity of May 2018. No other significant changes were made to the terms included within the credit facility. The Company is in compliance with all financial and negative covenants as at September 30, 2014.

Subsequent to September 30, 2014 but before the issuance of this report, the Company received approximately US$200 million with respect to the sale proceeds from the divestiture of WesTower US announced October 20, 2014. The Company used these funds to

completely pay off the long term debt outstanding under its credit facility at the time of the sale. This included the payments of US$175.9 million and $20.5 million, resulting in the Company having all $335 million of credit available in its senior facility at the date of this report. With the announced pending acquisition of Provincial, the Company expects to utilize approximately $234 million of the Company's available credit facility for funding the purchase price.

During the second quarter, the Company received the repayment of its advanced funds for the loan agreement with Tribal Council Investment Group ("TCIG"). The Company received in total $8.5 million from TCIG, including $6.9 million relating to the principal of the funds advanced with the remainder relating to other professional fee cost reimbursements and outstanding receivables. Interest on the advanced funds were earned and paid monthly based on the Canadian prime rate plus an applicable margin. The funds received were applied against the outstanding credit facility of the Company.

Also during the second quarter, the Company settled the majority of the outstanding consideration liabilities with the vendors of Regional One. In April, the Company released US$6.6 million ($7.3 million) of the cash in escrow, paid US$0.6 million ($0.7 million) in cash, and issued 130,175 of Shares with a value of US$2.2 million ($2.4 million). The remaining consideration liability outstanding at September 30, 2014 consists of certain tax related liabilities owing to the vendors. Additionally, there are 350,567 Shares of the Company that were issued into escrow at the time of acquisition and relate to the retention of the vendor as CEO. These remaining Shares are anticipated to be settled and released from escrow evenly each of the next four anniversaries of closing the acquisition.

The Company's dividend reinvestment plan ("DRIP") continued during the first nine months of 2014 and the Company received $3.2 million for 163,865 Shares being issued in accordance with the DRIP.

The Company obtained additional cash through the means described above and also generated $54.5 million of Free Cash Flow during the nine month period ended September 30, 2014 from the Company's current operations. The Discontinued Operations of WesTower US generated Free Cash Flow of $4.5 million during the nine month period ended September 30, 2014. The Company used these funds for funding 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 nine month period ended September 30, 2014, the Company declared dividends totaling $27.8 million (2013 – $26.8 million). The increase in 2014 was a result of an increased number of Shares outstanding as the monthly dividend rate between the two periods remained constant. The monthly dividend declared in any given month is paid to shareholders at the middle of the following month.

The following summarizes the changes in the Shares outstanding of the Company during the nine months ended September 30, 2014:

	Date issued	Number of shares
Shares outstanding, beginning of period		21,752,400
Issued upon conversion of convertible debentures	various	305,653
Issued under dividend reinvestment plan (DRIP)	various	163,865
Issued under vesting of reserved shares	April 1, 2014	28,746
Issued to Regional One vendors on contingent liability payment	May 5, 2014	130,175
Issued under First Nations community partnership agreements	various	6,000
Shares outstanding, end of period		22,386,839

The following summarizes the convertible debentures outstanding as at September 30, 2014 and the changes in the amount of convertible debentures outstanding during the nine months ended September 30, 2014:

Series - Year of Issuance	Trade Symbol	Maturity	Interest Rate	Conversion Price
Series H - 2010	EIF.DB.B	May 31, 2017	6.5%	$20.00
Series I - 2011	EIF.DB.C	January 31, 2016	5.75%	$26.00
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	Matured	Balance, end of period
Series F	$ 1,134	$ -	$ (1,008)	$ (126)	$ -
Series G	3,260	-	(3,067)	(193)	-
Series H	22,116	-	-	-	22,116
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	-	40,000	(12)	-	39,988
Total	$ 241,431	$ 40,000	$ (4,087)	$ (319)	$ 277,025

7. RELATED PARTY TRANSACTIONS

The related party transactions that the Company entered into during the nine months ended September 30, 2014 are consistent with those described in the Company's MD&A for the year ended December 31, 2013.

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 from those described in the MD&A of the Company for the year ended December 31, 2013.

See *Section 11 – Risk Factors* for an update on the Income Tax Matters as a result of the Company receiving a proposal letter from the Canada Revenue Agency ("CRA") in the second quarter of 2014. The Company has not changed any of its estimates around Deferred Income Taxes as a result of receiving or responding to this letter.

During the second quarter of 2014, the Company began restructuring Bearskin's operations to eliminate certain unprofitable routes in an effort to eliminate the low yield markets in Bearskin's highly competitive eastern region. Total restructuring costs were approximately $1.3 million, which has been expensed during the second quarter. Total payments since the restructuring plan was executed were $0.6 million, with the remaining $0.7 million accrued in accounts payable and accrued expenses. The expenditures relate mainly to severance costs for reducing personnel levels. In addition, as part of the restructuring at Bearskin, $0.7 million of additional depreciation was recorded during the second quarter of 2014 as the residual value and remaining useful lives of certain assets were amended as part of the restructuring.

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, 2014 that are discussed and analyzed in this report are described in detail in Note 3 of the Company's 2013 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, 2014.

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 2013 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, Regional One Canada, EIC Luxembourg, EIIF USA and their respective subsidiaries, including Stainless, WesTower US, Water Blast Dakota and Regional One. All significant inter-company transactions have been eliminated for purposes of these interim condensed consolidated financial statements.

b) *Changes in accounting policies*

The Company has adopted the following new and revised standards, along with any consequential amendments, effective January 1, 2014. These changes were made in accordance with the applicable transitional provisions.

IAS 39 – Financial Instruments: Recognition and Measurement

IAS 39, Financial Instruments: Recognition and Measurement, was amended to clarify that hedge accounting should be continued when a derivative financial instrument designated as a hedging instrument is replaced from one counterparty to a central counterparty or an entity acting in that capacity and certain conditions are met. The amendment is effective for annual periods beginning on or after January 1, 2014 with early application permitted. This change had no impact on the Company as no such transactions took place during the quarter.

IFRIC 21 – Levies

IFRIC 21, Levies, sets out the accounting for an obligation to pay a levy that is not income tax. The interpretation addresses what the obligating event is that gives rise to pay a levy and when a liability should be recognized. The interpretation is effective for annual periods beginning on or after January 1, 2014 with earlier application permitted. This standard had no impact on the Company's reporting during the period.

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, 2017, with earlier adoption permitted. The Company is assessing the impact of adopting this standard on its financial statements.

IFRS 9 – Financial Instruments

On July 24, 2014, the IASB issued IFRS 9, "Financial Instruments"("IFRS 9") to replace International Accounting Standard 39, "Financial Instruments: Recognition and Measurement". IFRS 9 is effective for years beginning on or after January 1, 2018. Early adoption is permitted if IFRS is adopted in its entirety at the beginning of a fiscal period. The Company is currently evaluating the impact of adopting IFRS on the Consolidated 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.

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 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 and operation of the Company's internal controls over financial reporting as of September 30, 2014, and based on that evaluation has concluded that such internal controls over financial reporting are not effective, due to the following material weaknesses:

Control weaknesses exist around information technology general computer controls, including controls around change management, security, and access controls. This weakness in information technology general computer controls has the potential to result in material misstatements in the financial statements as well as inappropriate authorizations of transactions. The Company is currently working on the design, evaluation and implementation of information technology controls with anticipation of remediation in 2014.

Due to ongoing process and system changes in response to WesTower's increased growth, a weakness exists in the design of internal controls over financial reporting since it was not reasonably practical to complete an assessment of the design due to the timing of the implementation of the changes. During the quarter, Management was actively working with WesTower to enhance their control processes to respond to the increased level of business. Compensating entity level controls were employed to reduce the exposure for a material misstatement as processes continued to be enhanced. Management continued to take the necessary steps to assess and advance the design and implementation of additional controls in a monitored environment.

Subsequent to September 30, 2014, due to the disposition of WesTower US, the immediately preceding material weakness will be

considered irrelevant for the remainder of the fiscal period as the subsidiary will no longer have any impact on the scope of the internal controls of the Company. Furthermore, the removal of this subsidiary from the scope of internal controls will result in the information technology general computer controls to be appropriately designed. The evaluation of the operating effectiveness of the remaining internal controls will be concluded by the end of the 2014 period.

There have been no other material changes to the Company's internal controls during the 2014 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. Due to the substantial overlap between internal controls over financial reporting and disclosure controls and procedures, management has concluded that disclosure controls and procedures as at September 30, 2014 were not effective.

However, as noted above, subsequent to September 30, 2014, due to the disposition of WesTower US, the immediately preceding material weakness will be considered irrelevant for the remainder of the fiscal period as the subsidiary will no longer have any impact on the scope of the internal controls of the Company. Furthermore, the removal of this subsidiary from the scope of internal controls will result in the information technology general computer controls to be appropriately designed.

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, 2013, except as follows.

WesTower US Related Risks

As a result of the sale of WesTower US subsequent to September 30, 2014, certain risks specifically pertaining to WesTower US noted in the Company's MD&A for the year ended December 31, 2013 are fully or partially removed, including:

External Risks
- Economic and Geopolitical Conditions
- Competition

Operational Risks
- WesTower US Performance
- Significant Contracts and Customers
- Concentration Risk

In addition, certain control weaknesses over financial reporting and disclosure are eliminated (see Section 10 – *Controls and Procedures*).

However, the sale of WesTower US removes one source of the natural hedges the Company has against foreign exchange risk. As a result, the Company's exposure to foreign exchange risk is enhanced.

Income Tax Matters

Income tax provisions, including current and deferred income tax assets and liabilities, and income tax filing positions require estimates and interpretations of income tax rules and regulations of the various jurisdictions in which the Company operates and judgments as to their interpretation and application to EIC's specific situation. The amount and timing of reversals of temporary differences also depends on the Company's future operating results, acquisitions and dispositions of assets and liabilities.

The business and operations of the Company and its subsidiaries are complex and the Company has over the course of its history, undertaken a number of significant financings, reorganizations, acquisitions and other material transactions, including its conversion from an income trust to a corporation (the "Conversion") in July 2009. The computation of income taxes payable as a result of these transactions involves many complex factors as well as the Company's interpretation of and compliance with relevant tax legislation and regulations. While management believes that the provision for income tax is adequate and in accordance with IFRS and applicable legislation and regulations, tax filing positions are subject to review and adjustment by taxation authorities who may

challenge the Company's interpretation of the applicable tax legislation and regulations.

In April 2014, the Company received a proposal letter from the CRA, which advises of the CRA's intention to challenge the ability of the Company to carry forward certain losses related to the Conversion on the basis of acquisition of control and general anti-avoidance rules of the Income Tax Act (Canada). In May 2014, the Company responded to the proposal letter to refute the assessing positions of the CRA. The CRA has asked for, and the Company has consented to, an extension of time to review our file. Failing resolution of this matter, CRA will proceed to reassess the Company which will require the Company, as a large corporation, to pay 50% of the resultant tax liability and interest for the period from July 2009 to December 2012. The required payment before interest would be approximately $11.5 million. The amount will be recorded as a receivable on the Company's financial statements based on management's assessment of the facts and opinions received from the Company's tax advisors prior to the Conversion.

The Company actively monitors CRA activity with respect to income trust conversions, and during the third quarter it became aware of a settlement that the CRA reached with a taxpayer relating to the conversion from an income trust to a corporation and the assumption of certain deferred tax assets. The taxpayer has disclosed that the agreement reached with the CRA will not give rise to any cash outlay for prior taxation years. The Company remains confident in the appropriateness of its tax-filing position and the expected tax consequences of the conversion transaction and intends to defend such position vigorously if a notice of reassessment is received from the Canada Revenue Agency. Although the Company is confident in its position, it is possible that additional taxes could be payable by the Company and the ultimate value of the Company's income tax assets and liabilities could change in the future if the CRA's challenge was successful. In such circumstances the changes to these amounts could have a material effect on the Company's consolidated financial statements and financial position. The Company has more than adequate capital resources to fund the tax deposit and ultimately the entire balance if required. This proposed reassessment does not impact the Company's long-term business strategy in any manner. The Company has not changed any of its estimates around Deferred Income Taxes as a result of receiving this letter.

12. OUTLOOK

Acquisition strategy

Subsequent to end of the third quarter, the Company announced the acquisition of Provincial Aerospace Ltd. The transaction is subject to regulatory approval and is expected to close in late 2014 or early 2015. This acquisition is significant to the Company and will be by far the largest acquisition to date with a purchase price of approximately $246 million. With the available credit under the Company's credit facility as a result of the collection of the WesTower US sale proceeds, the Company will have the debt capacity to fund the transaction's cash component of the purchase price (approximately 95%). The diverse operations of Provincial will help to further diversify the cash flow streams for the Company. Provincial consists of a portfolio of operations all with a tie to aviation, but it's the aerospace related operations of Provincial that make it unique from all the other operations that are currently within the Aviation segment.

The growth at WesTower US resulted in a less effective diversification of the Company's revenue and profit streams. With the subsequent event announcing the sale of WesTower US in October 2014, the issue of non-diversification is removed and with the collection of approximately US$200 million in sale proceeds, the Company repaid all of its outstanding credit facility balance.

The changes to the management team announced at the beginning of the third quarter are designed to enable the Company to examine opportunities to rebalance the income streams, not only through acquisition but through the growth and integration of our existing subsidiaries.

The Company continues to develop and expand its network of referral sources that regularly present it with potential acquisitions. The Company also independently assesses certain markets and regions to identify potential targets and believes that its disciplined approach to acquisitions is largely responsible for the success that has been experienced to date. While the deal flow brought to the Company is considered strong, there can be no assurance target companies meeting its standards will be identified.

Aviation Segment

The Aviation segment operates five aviation companies providing fixed and rotary wing, scheduled, charter, cargo, and medevac services in Manitoba, Ontario, Nunavut and Alberta. Unlike other North American and global airline carriers, a large percentage of the Company's aviation transportation subsidiaries 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. As of April 2013, this segment includes Regional One, a leading provider of aircraft and engine aftermarket parts to regional airline operators in the global community.

As discussed in the nine month commentary, the Aviation fixed and rotary wing operations were negatively impacted by unfavorable weather conditions during the 2014 period. Despite the challenges imposed on the Company from uncontrollable seasonal factors, the Aviation segment experienced growth in revenue and EBITDA in the first three quarters of 2014. The improvement is due

primarily to the strong performance at Calm Air and Regional One. This is anticipated to continue in the final quarter of 2014 and into 2015, with both of these companies continuing to be significant contributors.

Calm Air will continue to benefit from past investment in northern infrastructure and their fleet rationalization plan. This plan increased capacity and added operational efficiencies through streamlining the fleet to consist of ATR-42 and ATR-72 aircraft. Calm Air's fourth ATR-72 started generating revenue early in the fourth quarter of 2014 and will contribute to revenue growth going forward. Management believes the recent investment in Calm Air's infrastructure and growth capital expenditures will yield additional improvement going forward as well as support additional future growth opportunities.

Regional One continually monitors its inventory and lease portfolios to ensure a proper sales complement and to grow and diversify its sales portfolio. Regional One recently entered into an agreement with Lufthansa CityLine to acquire twelve Bombardier CRJ700 aircraft equipped with CF34-8C5B1 engines. These aircraft will be acquired over a 12 to 15 month period with the first one being delivered in the fourth quarter of 2014 and the remaining throughout 2015. Regional One anticipates that revenue generation will begin in the second quarter of 2015. Regional One continues to focus on growing its next generation of products such as Bombardier Q400 and CRJ700/900 products where there is a strong demand for serviceable engines and rotable components. Regional One's performance in the last twelve months has been strong and management is confident that their current asset portfolio and pipeline of opportunities provides a good foundation for continued success. Given the nature of the business, individual quarters may experience some variability of customer demands that could lead to potentially lower yield results than those experienced in the last few quarters.

Revenues for the Bearskin operation will continue to be less than the comparative 2013 period as it enters into the third quarter of its restructuring plan. Coupled with the route rationalization and corresponding revenue decline are significant cost reductions focused on the rightsizing of the Bearskin operation back to profitability. The results of the restructuring plan have already started to materialize resulting in an increase in EBITDA in the third quarter of 2014 over the comparative period. Management continues to closely monitor Bearskin operations and expects the benefits of the restructure plan to continue.

The segment has a few key contracts. Two such contracts are with the Government of Nunavut to provide medevac services to the Central and Eastern Regions of the territory. One of these contracts expires at the end of 2015 and has two one-year extensions while the other ends in 2016 with a two-year extension available. These contracts give the Company a strong base level of service in the North. A third contract with the territory provides transportation services to medical patients and government workers and was renewed for a one year extension in the second quarter to provide services through to August 31, 2015. In the current quarter, the Company signed a 10-year strategic alliance agreement with Sakku Investments Corporation which provides a partner for bidding on government contracts, and other contracts within the mining and exploration industry.

Fuel price volatility can have a short-term impact on profitability. In most cases, the aviation subsidiaries are able to pass along price increases through surcharges; however, the Company is cognizant of the impact this can have on certain communities and considers this in determining the timing of implementing fuel surcharges. The Company implemented fuel surcharges in certain markets at the end of the first quarter of 2014 and in additional markets in the second quarter. Fuel prices have recently declined and if this trend continues in the short term, the Company will consider reversing previously implemented fuel surcharges. The Aviation segment is impacted by fluctuations in foreign currency as a result of the segment's dependency on aircraft, related parts and maintenance service costs for its fleet of aircraft as these costs are all primarily incurred in US dollars. Fluctuations in the Canada/US dollar exchange rates can impact the segment's profitability and the cost to replace capital equipment; however, Regional One acts as a natural hedge for the segment thereby reducing the net exposure. Secondly, Regional One creates a proxy for vertical integration into this major expense category.

The Company has been impacted by the slowdown in mining and mineral exploration over the past two years and anticipates activity in this industry to remain slow; however, the Company is focusing on opportunities in other areas. The Keeyask Project is a collaborative effort between Manitoba Hydro and four Manitoba First Nations working together as the Keeyask Hydropower Limited Partnership. It is anticipated that the Keeyask Project, which started construction in July 2014, will positively impact demand for the segment's transportation services. Further strengthening this segment are current initiatives to partner both among the entities in the segment and with external parties. These partnering initiatives will allow the segment to capitalize on growth opportunities in new markets, while reducing the capital required to generate this growth.

Despite the negative impacts from the environmental factors, the Company is emerging from this period with significant short term and long term opportunities. Management believes that the segment will continue to benefit from recent capital investment in Calm Air and Regional One as well as from recent operational restructuring and realignment and anticipates continuous improvement going forward.

Manufacturing Segment

The Manufacturing segment includes the operations of WesTower CDA, Stainless, Overlanders and the Alberta Operations. The

segment's results overall are relatively stable with some increases in both revenues and EBITDA over the previous year.

The telecommunication companies in the Canadian market continue to execute their build plans. WesTower CDA expects to see continued strong demand throughout the country for the immediate future. This will be bolstered in the remainder of 2014 with the push to complete projects prior to the end of the year along with the strong demand on build-out plans for the 700 mHz spectrum awarded in the Canadian government's last spectrum auction. Along with these major build-out programs WesTower CDA continues to capitalize on opportunities with many individual projects across the country for various customers. WesTower CDA, as the dominant national supplier in Canada, is well positioned to meet the needs of the telecommunication communication companies throughout this build plan.

Stainless continues to produce good results despite the lack of large field projects, which are historically higher margin work. Stainless is actively pursuing such opportunities and remains very confident in its high quality product and pricing for these projects. Stainless continues to believe that, in time, the US market will see the release of larger project bids and it expects to be well positioned to capture its market share. Offsetting the reduced large field project work has been a strong demand for shop work, which is expected to continue. With the increase in demand for shop products, ongoing adjustments to production schedules along with innovative manufacturing processes have increased work flow capacity allowing for the ability to capitalize on new opportunities. Stainless has faced these types of challenges before and is experienced in managing through them. The weakening of the Canadian dollar doesn't lead directly to more sales for Stainless while operating in the US, but has a positive impact on the conversion of its US dollar results into the Company's Canadian reporting currency.

The Alberta Operations experienced significant growth in the third quarter of 2014. The growth mostly came from its established markets in Alberta while its newer markets of southeastern Saskatchewan and North Dakota operations are still striving to build its market presence with customized Water Blast equipment. It is the customized equipment that the Alberta Operations have been successful with in its traditional oil and gas market in Alberta. Those types of customized products are very effective for the oil and gas industry but are new to the Bakken region and establishing market recognition and demand takes time. The original Alberta Operations' markets in western Canada are expecting continued strong demand as it enters into its normal seasonally higher operation levels in late fall and winter. With a dependence on purchasing much of its inventory from a US supplier, there is some risk around losing margin to the weakening Canadian dollar. This will be monitored by management with pricing increases as considered necessary and is mitigated with the inventory levels that already exist. The decline in the price of oil could also soften the demand for certain products produced by Alberta Operations.

Overlanders experienced strong demand during the third quarter and expects this to continue through the fourth quarter. The majority of the increased volume came from Overlanders' largest customer and caused some inefficiency as it worked to ensure on-time delivery. However, management was able to deal with the higher volume and continue to produce high quality product and maintain strong customer relationships. The new powder coating operations experienced some construction and permit delays early in 2014, which has pushed back the commencement of full operations until the end of 2014. This is another opportunity for the company to be more efficient, manage quality and become a complete turn-key supplier, which will provide it with an advantage over its competitors.

Exchange Income Corporation

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(unaudited, in thousands of Canadian dollars)

As at	September 30 2014	December 31 2013
ASSETS		
CURRENT		
Cash and cash equivalents	$ 7,008	$ 23,168
Accounts receivable	85,061	141,947
Costs incurred plus recognized profits in excess of billings	18,350	176,971
Inventory	81,121	109,195
Prepaid expenses and deposits	7,693	10,375
Income taxes receivable	670	4,496
Assets held for sale (Note 17)	344,651	-
	544,554	466,152
OTHER ASSETS	5,969	8,717
CAPITAL ASSETS	344,135	331,351
INTANGIBLE ASSETS	42,524	46,415
DEFERRED INCOME TAX ASSETS	177	1,302
GOODWILL	96,821	107,435
	$ 1,034,180	$ 961,372
LIABILITIES		
CURRENT		
Accounts payable and accrued expenses	$ 69,494	$ 151,191
Deferred revenue	9,871	9,063
Billings in excess of costs incurred plus recognized profits	6,117	43,602
Current portion of long-term debt and finance leases (Note 6)	1,042	1,326
Current portion of convertible debentures (Note 7)	-	4,324
Liabilities held for sale (Note 17)	150,259	-
	236,783	209,506
LONG-TERM DEBT AND FINANCE LEASES (Note 6)	217,880	218,921
OTHER LONG-TERM LIABILITIES	366	1,296
CONVERTIBLE DEBENTURES (Note 7)	254,020	215,582
DEFERRED INCOME TAX LIABILITY	15,725	10,241
	724,774	655,546
EQUITY		
SHARE CAPITAL (Note 8)	306,515	295,939
CONVERTIBLE DEBENTURES - Equity Component (Note 7)	13,879	12,216
CONTRIBUTED SURPLUS - Matured Debentures	124	102
DEFERRED SHARE PLAN (Note 13)	3,514	2,619
RESERVED SHARES	-	623
RETAINED EARNINGS		
Cumulative Earnings	147,837	138,002
Cumulative Dividends (Note 9)	(179,411)	(151,649)
	(31,574)	(13,647)
ACCUMULATED OTHER COMPREHENSIVE INCOME	16,948	7,974
	309,406	305,826
	$ 1,034,180	$ 961,372

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	2014	Restated - Note 17 2013	2014	Restated - Note 17 2013
REVENUE				
Aviation	$ 90,516	$ 82,806	$ 252,182	$ 226,595
Manufacturing	52,983	51,668	151,595	141,087
	143,499	134,474	403,777	367,682
EXPENSES				
Aviation expenses - excluding depreciation and amortization	56,624	54,050	163,271	152,971
Manufacturing expenses - excluding depreciation and amortization	40,132	39,161	116,418	107,431
General and administrative (Note 3)	18,871	17,391	55,961	49,822
	115,627	110,602	335,650	310,224
OPERATING PROFIT BEFORE DEPRECIATION, AMORTIZATION, FINANCE COSTS AND OTHER (Note 4)	27,872	23,872	68,127	57,458
Depreciation and amortization	12,879	11,545	37,635	31,301
Finance costs - interest	5,367	4,873	15,781	12,851
Acquisition costs	470	1	529	1,669
Consideration liability fair value adjustment	-	(272)	(651)	(834)
Impairment and restructuring (Note 11)	-	-	1,300	-
EARNINGS BEFORE INCOME TAXES	9,156	7,725	13,533	12,471
INCOME TAX EXPENSE (RECOVERY) (Note 16)				
Current	1,312	739	1,118	1,310
Deferred	2,672	1,672	6,311	3,900
	3,984	2,411	7,429	5,210
NET EARNINGS FOR THE PERIOD from continuing operations	$ 5,172	$ 5,314	$ 6,104	$ 7,261
Net earnings (loss) from discontinued operations (Note 17)	374	(5,519)	3,731	(148)
NET EARNINGS (LOSS) FOR THE PERIOD attributable to common shareholders	$ 5,546	$ (205)	$ 9,835	$ 7,113
EARNINGS PER SHARE - continuing operations (Note 12)				
Basic	$ 0.23	$ 0.25	$ 0.28	$ 0.34
Diluted	$ 0.23	$ 0.24	$ 0.27	$ 0.34
EARNINGS (LOSS) PER SHARE attributable to common shareholders				
Basic	$ 0.25	$ (0.01)	$ 0.45	$ 0.33
Diluted	$ 0.25	$ (0.01)	$ 0.44	$ 0.33

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	2014	2013	2014	2013
NET EARNINGS (LOSS) FOR THE PERIOD attributable to common shareholders	$ 5,546	$ (205)	$ 9,835	$ 7,113
OTHER COMPREHENSIVE INCOME (LOSS),				
Items that are or may be reclassified to the Statement of Income				
Cumulative translation adjustment, net of tax	14,774	(4,836)	15,457	4,520
Net gain (loss) on hedge of net investment in foreign operation	(6,693)	3,090	(6,483)	(1,402)
	8,081	(1,746)	8,974	3,118
COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	$ 13,627	$ (1,951)	$ 18,809	$ 10,231

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: Cumulative Earnings	Retained Earnings: Cumulative Dividends	Accumulated Other Comprehensive Income (Loss)	Total
Balance, January 1, 2013	$ 268,494	$ 9,304	$ 102	$ 1,575	$ 1,234	$ 129,018	$ (115,760)	$ 575	$ **294,542**
Shares issued to acquisition vendors	18,592	-	-	-	-	-	-	-	**18,592**
Convertible debentures									
Converted into shares	2,066	(115)	-	-	-	-	-	-	**1,951**
Issued	-	3,063	-	-	-	-	-	-	**3,063**
Shares issued under dividend reinvestment plan	3,129	-	-	-	-	-	-	-	**3,129**
Deferred share plan issuance	-	-	-	735	-	-	-	-	**735**
Shares issued under vesting of reserved shares	611	-	-	-	(611)	-	-	-	**-**
Comprehensive income	-	-	-	-	-	7,113	-	3,118	**10,231**
Dividends declared	-	-	-	-	-	-	(26,797)	-	**(26,797)**
Balance, September 30, 2013	**$ 292,892**	**$ 12,252**	**$ 102**	**$ 2,310**	**$ 623**	**$ 136,131**	**$ (142,557)**	**$ 3,693**	**$ 305,446**
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 (Note 14)	2,411	-	-	-	-	-	-	-	**2,411**
Convertible debentures									
Converted into shares (Note 8)	4,192	(113)	-	-	-	-	-	-	**4,079**
Issued (Note 7)	-	1,798	-	-	-	-	-	-	**1,798**
Matured (Note 7)	-	(22)	22	-	-	-	-	-	**-**
Shares issued under dividend reinvestment plan (Note 8)	3,238	-	-	-	-	-	-	-	**3,238**
Shares issued under First Nations community	-	-	-	-	-	-	-	-	**-**
partnership agreements	112	-	-	-	-	-	-	-	**112**
Deferred share plan vesting	-	-	-	895	-	-	-	-	**895**
Shares issued under vesting of reserved shares	623	-	-	-	(623)	-	-	-	**-**
Comprehensive income	-	-	-	-	-	9,835	-	8,974	**18,809**
Dividends declared (Note 9)	-	-	-	-	-	-	(27,762)	-	**(27,762)**
Balance, September 30, 2014	**$ 306,515**	**$ 13,879**	**$ 124**	**$ 3,514**	**$ -**	**$ 147,837**	**$ (179,411)**	**$ 16,948**	**$ 309,406**

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

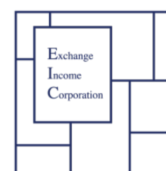
Exchange Income Corporation

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited, in thousands of Canadian dollars)

For the periods ended September 30	Three Months Ended 2014	Three Months Ended 2013	Nine Months Ended 2014	Nine Months Ended 2013
OPERATING ACTIVITIES				
Net earnings for the period	$ 5,546	$ (205)	$ 9,835	$ 7,113
Items not affecting cash:				
Depreciation and amortization	13,976	12,547	40,991	34,059
Accretion of interest	1,263	1,272	3,691	3,058
Long-term debt discount (paid) accretion	(2)	(20)	22	(56)
Foreign exchange (gain) / loss on debt (unrealized)	-	608	-	(38)
Loss/(gain) on sale of disposal of capital assets	(97)	(420)	(1,570)	(633)
Deferred income tax	1,705	1,660	3,952	3,409
Deferred share program share-based vesting	340	263	894	735
Consideration fair value adjustment	-	(272)	(651)	(834)
	22,731	15,433	57,164	46,813
Changes in non-cash operating working capital items (Note 15)	9,688	(18,556)	(5,366)	(59,428)
	32,419	(3,123)	51,798	(12,615)
FINANCING ACTIVITIES				
Proceeds from (repayment of) long-term debt & finance leases, net of issuance costs	10,092	46,892	(11,891)	104,383
Proceeds from issuance of debentures, net of issuance costs (Note 7)	-	(60)	37,747	61,826
Payment of matured debentures (Note 7)	(193)	-	(319)	-
Proceeds from issuance of shares, net of issuance costs	1,198	1,646	6,384	3,740
Cash dividends / distributions (Note 9)	(9,349)	(9,068)	(27,762)	(26,797)
	1,748	39,410	4,159	143,152
INVESTING ACTIVITIES				
Purchase of capital assets, net of disposals	(19,552)	(28,746)	(53,508)	(58,314)
Purchase of intangible assets	(133)	(5)	(160)	(43)
Investment in other assets	-	-	-	(5,775)
Cash outflow for acquisitions	-	-	-	(55,411)
Cash acquired in acquisitions	-	-	-	731
Investment in other assets	(3,809)	-	1,966	-
Finance lease investments (payments), net of reserves	139	-	(208)	-
	(23,355)	(28,751)	(51,910)	(118,812)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	10,812	7,536	4,047	11,725
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	16,403	8,355	23,168	4,166
CASH AND CASH EQUIVALENTS, END OF PERIOD (Note 17)	$ 27,215	$ 15,891	$ 27,215	$ 15,891
Supplementary cash flow information				
Interest paid	$ 7,109	$ 5,576	$ 17,276	$ 12,445
Income taxes paid	$ (4,235)	$ 1,437	$ (3,612)	$ 9,858

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 metal 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, 2014, 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" – Note 10), Regional One Canada LP ("Regional One Canada"), EIC Luxembourg Sarl ("EIC Luxembourg"), and EIIF Management USA Inc. ("EIIF USA"). Stainless Fabrication, Inc. ("Stainless"), WesTower Communications Inc. (the US operations of WesTower – "WesTower US"), 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.

On October 20, 2014, the Company announced the sale of WesTower US and within these interim condensed consolidated financial statement the operations of WesTower US are presented as Discontinued Operations (Note 17).

On November 12, 2014, the Company announced the acquisition of Provincial Aerospace Ltd. ("Provincial") (Note 18). These interim condensed consolidated financial statements do not include any results of Provincial and the acquisition is pending certain regulatory approvals.

2. BASIS OF PREPARATION

These interim condensed consolidated financial statements are for the nine months ended September 30, 2014, 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, 2013 and the quarterly financial statements for the quarter ending March 31, 2014, which have been 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 12, 2014.

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

b) *Changes in accounting policies*

The Company has adopted the following new and revised standards, along with any consequential amendments, effective January 1, 2014. These changes were made in accordance with the applicable transitional provisions.

IAS 39 – Financial Instruments: Recognition and Measurement

IAS 39, Financial Instruments: Recognition and Measurement, was amended to clarify that hedge accounting should be continued when a derivative financial instrument designated as a hedging instrument is replaced from one counterparty to a central counterparty or an entity acting in that capacity and certain conditions are met. The amendment is effective for annual periods beginning on or after January 1, 2014 with early application permitted. This change had no impact on the Company as no such transactions took place during the quarter.

IFRIC 21 – Levies

IFRIC 21, Levies, sets out the accounting for an obligation to pay a levy that is not income tax. The interpretation addresses what the obligating event is that gives rise to pay a levy and when a liability should be recognized. The interpretation is effective for annual periods beginning on or after January 1, 2014 with earlier application permitted. This standard had no impact on the Company's reporting during the period.

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, 2017, with earlier adoption permitted. The Company is assessing the impact of adopting this standard on its financial statements.

IFRS 9 – Financial Instruments

On July 24, 2014, the IASB issued IFRS 9, "Financial Instruments"("IFRS 9") to replace International Accounting Standard 39, "Financial Instruments: Recognition and Measurement". IFRS 9 is effective for years beginning on or after January 1, 2018. Early adoption is permitted if IFRS is adopted in its entirety at the beginning of a fiscal period. The Company is currently evaluating the impact of adopting IFRS on the Consolidated Financial Statements.

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

The Company presents operating profit 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 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 from those described in the most recent annual financial statements and the following provides an update around the Company's Deferred Income Tax estimates.

Income Tax Matters

Income tax provisions, including current and deferred income tax assets and liabilities, and income tax filing positions require estimates and interpretations of income tax rules and regulations of the various jurisdictions in which the Company operates and judgments as to their interpretation and application to EIC's specific situation. The amount and timing of reversals of temporary differences also depends on the Company's future operating results, acquisitions and dispositions of assets and liabilities.

The business and operations of the Company and its subsidiaries are complex and the Company has over the course of its history, undertaken a number of significant financings, reorganizations, acquisitions and other material transactions, including its conversion from an income trust to a corporation (the "Conversion") in July 2009. The computation of income taxes payable as a result of these

transactions involves many complex factors as well as the Company's interpretation of and compliance with relevant tax legislation and regulations. While management believes that the provision for income tax is adequate and in accordance with IFRS and applicable legislation and regulations, tax filing positions are subject to review and adjustment by taxation authorities who may challenge the Company's interpretation of the applicable tax legislation and regulations.

In April 2014, the Company received a proposal letter from the CRA, which advises of the CRA's intention to challenge the ability of the Company to carry forward certain losses related to the Conversion on the basis of acquisition of control and general anti-avoidance rules of the Income Tax Act (Canada). In May 2014, the Company responded to the proposal letter to refute the assessing positions of the CRA. The CRA has asked for, and the Company has consented to, an extension of time to review our file. Failing resolution of this matter, CRA will proceed to reassess the Company which will require the Company, as a large corporation, to pay 50% of the resultant tax liability and interest for the period from July 2009 to December 2012. The required payment before interest would be approximately $11.5 million. The amount will be recorded as a receivable on the Company's financial statements based on management's assessment of the facts and opinions received from the Company's tax advisors prior to the Conversion.

The Company actively monitors CRA activity with respect to income trust conversions, and during the third quarter it became aware of a settlement that the CRA reached with a taxpayer relating to the conversion from an income trust to a corporation and the assumption of certain deferred tax assets. The taxpayer has disclosed that the agreement reached with the CRA will not give rise to any cash outlay for prior taxation years. The Company remains confident in the appropriateness of its tax-filing position and the expected tax consequences of the conversion transaction and intends to defend such position vigorously if a notice of reassessment is received from the Canada Revenue Agency. Although the Company is confident in its position, it is possible that additional taxes could be payable by the Company and the ultimate value of the Company's income tax assets and liabilities could change in the future if the CRA's challenge was successful. In such circumstances the changes to these amounts could have a material effect on the Company's consolidated financial statements and financial position. The Company has more than adequate capital resources to fund the tax deposit and ultimately the entire balance if required. This proposed reassessment does not impact the Company's long-term business strategy in any manner. The Company has not changed any of its estimates around Deferred Income Taxes as a result of receiving this letter.

6. LONG-TERM DEBT AND FINANCE LEASES

The following summarizes the Company's long-term debt and finance leases as at September 30, 2014 and December 31, 2013:

	September 30 2014	December 31 2013
Revolving term facility:		
Canadian dollar amounts drawn	$ 20,450	$ 51,150
United States dollar amounts drawn (US$175,900 and US$157,197, respectively)	197,149	167,195
Total credit facility debt outstanding, principal value	217,599	218,345
less: unamortized transaction costs	(948)	(932)
less: unamortized discount on outstanding Banker's Acceptances	(43)	(65)
Net credit facility debt	216,608	217,348
Finance leases	2,314	2,899
Total net credit facility debt and finance leases	218,922	220,247
less: current portion of finance leases	(1,042)	(1,326)
Long-term debt and finance leases	$ 217,880	$ 218,921

During the second quarter, the Company's credit facility was extended to have a maturity of May 2018. No other significant changes were made to the terms included within the credit facility. The Company is in compliance with all financial and negative covenants as at September 30, 2014.

Interest expense recorded by the Company's continuing operations during the three and nine months ended September 30, 2014 for the long-term debt and finance leases was $138 and $525, respectively (2013 – $254 and $427, respectively). As described in Note 17 relating to the Discontinued Operations of WesTower US, the Company allocated interest expense to Discontinued Operations representing the portion of interest expense related to the Company's senior credit facility.

Credit Facility

The following is the continuity of long-term debt for the nine months ended September 30, 2014:

	Nine Months Ended September 30, 2014				
	Opening	Withdrawals	Repayments	Exchange Differences	Ending
Credit facility amounts drawn					
Canadian dollar portion	$ 51,150	$ 11,500	$ (42,200)	$ -	$ 20,450
United States dollar portion	167,195	32,525	(12,101)	9,530	197,149
	$ 218,345				$ 217,599

Subsequent to September 30, 2014, the Company sold WesTower US and received proceeds from the sale that resulted in the Company paying off all of its debt outstanding under its credit facility (Note 17).

7. CONVERTIBLE DEBENTURES

Series - Year of Issuance	Trade Symbol	Maturity	Interest Rate	Conversion Price
Series H - 2010	EIF.DB.B	May 31, 2017	6.5%	$ 20.00
Series I - 2011	EIF.DB.C	January 31, 2016	5.75%	$ 26.00
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:

	2014 Balance, Beginning of Period	Debentures Issued	Accretion Charges	Debentures Converted	Repaid on Maturity	2014 Balance, End of Period	December 31, 2013 Balance
Series F	$ 1,128	$ -	$ 6	$ (1,008)	$ (126)	$ -	$ 1,128
Series G	3,214	-	39	(3,060)	(193)	-	3,214
Series H	21,142	-	170	-	-	21,312	21,142
Series I	33,941	-	339	-	-	34,280	33,941
Series J	54,285	-	469	-	-	54,754	54,285
Unsecured - 2012	53,477	-	436	-	-	53,913	53,477
Unsecured - 2013	60,896	-	407	-	-	61,303	60,896
Unsecured - 2014	-	37,272	154	(11)	-	37,415	-
						262,977	228,083
less: unamortized transaction costs						(8,957)	(8,177)
Convertible Debentures - Debt Component, end of period						254,020	219,906
less: current portion						-	(4,324)
Convertible Debentures - Debt Component (long-term portion)						$ 254,020	$ 215,582

During the nine months ended September 30, 2014, convertible debentures totaling a face value of $4,087 were converted by the holders at various times into 305,653 Shares of the Company (2013 – $2,089 face value into 126,617 Shares). Interest expense recorded during the three and nine months ended September 30, 2014 for the convertible debentures was $5,229 and $15,256, respectively (2013 – $4,618 and $12,424, respectively).

As scheduled, in April 2014, the Series F convertible debentures matured and the Company paid $126 in cash for the outstanding debentures principal at maturity. The remaining equity component for the Series F convertible debentures at maturity of $7 was transferred to contributed surplus.

As scheduled, in September 2014, the Series G convertible debentures matured and the Company paid $193 in cash for the outstanding debentures principal at maturity. The remaining equity component for the Series G convertible debentures at maturity of $15 was transferred to contributed surplus.

March 2014 Unsecured Convertible Debenture Offering

The Company issued the $40 million Seven Year 6.0% Convertible Unsecured Subordinated Debentures on February 11, 2014. These debentures bear interest at the rate of 6.0% per annum payable semi-annually in arrears, in cash, on March 31 and September 30 of each year. The maturity of the debentures is March 31, 2021. Each debenture is convertible, at the debenture-holders' option, into Shares of the Company at any time prior to the close of business on the day prior to the maturity date at a conversion price of $31.70.

At the Company's option, on the maturity date, the debentures (or any portion thereof) shall be convertible into Shares at the Company's forced conversion price equal to 95% of the weighted average trading price of the Shares for the 20 trading days ending five days prior to the maturity date. The Company also has the ability to convert these unsecured debentures, in whole or in part, on or after the third anniversary of the date of issuance of the debentures provided that certain thresholds are met surrounding the weighted average market price of the Shares at that time. After March 31, 2017, but prior to March 31, 2019, the Company has the option to redeem these debentures provided that certain thresholds are met surrounding the weighted average market price of the Shares at that time. On and after March 31, 2019 but prior to the maturity date the Company has the option to redeem these debentures without any weighted average market price thresholds. If the Company elects to redeem the debentures, the debentureholders have the option to convert the debentures into Shares of the Company at the conversion price.

Transaction costs of $2,253 were incurred during the nine months ended September 30, 2014 in relation to the issuance of these debentures.

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 2014	December 31 2013
Series F - 2009	$ -	$ 56
Series G - 2009	-	78
Series H - 2010	1,190	1,190
Series I - 2011	1,489	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	-
Convertible Debentures - Equity Component, end of period	$ 13,879	$ 12,216

8. SHARE CAPITAL

Changes in the Shares issued and outstanding during the nine months ended September 30, 2014 are as follows:

	Number of Shares		2014 Amount
Share capital, beginning of period	21,752,400	$	295,939
Issued upon conversion of convertible debentures	305,653		4,192
Issued under dividend reinvestment plan	163,865		3,238
Issued to Regional One vendors on contingent liability payment (Note 14)	130,175		2,411
Issued under vesting of reserved shares	28,746		623
Issued under First Nations community partnership agreements	6,000		112
Share capital, end of period	22,386,839	$	306,515

9. 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, 2014 and the comparative 2013 period are as follows:

Nine Months Ended September 30		2014		2013
Cumulative dividends, beginning of period	$	151,649	$	115,760
Dividends during the period		27,762		26,797
Cumulative dividends, end of period	$	179,411	$	142,557

The amounts and record dates of the dividends during the nine months ended September 30, 2014 and the comparative 2013 period are as follows:

Month	Record date		Per Share		2014 Dividends Amount	Record date		Per Share		2013 Dividends Amount
January	January 31, 2014	$	0.14	$	3,039	January 31, 2013	$	0.14	$	2,901
February	February 28, 2014		0.14		3,043	February 28, 2013		0.14		2,905
March	March 31, 2014		0.14		3,054	March 29, 2013		0.14		2,911
April	April 30, 2014		0.14		3,080	April 30, 2013		0.14		2,985
May	May 30, 2014		0.14		3,097	May 31, 2013		0.14		3,011
June	June 30, 2014		0.14		3,100	June 28, 2013		0.14		3,016
July	July 31, 2014		0.14		3,103	July 31, 2013		0.14		3,019
August	August 29, 2014		0.14		3,112	August 30, 2013		0.14		3,023
September	September 30, 2014		0.14		3,134	September 30, 2013		0.14		3,026
Total		$	1.26	$	27,762		$	1.26	$	26,797

Subsequent to September 30, 2014 and before these interim condensed consolidated financial statements were authorized, the Company declared a dividend of $0.14 per Share for October 2014.

10. 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 and is the Chief Executive Officer.

For the first and second quarter interim reporting of 2014, the Company changed to three reporting segments by presenting the overall results of WesTower into a segment called Infrastructure. During the third quarter, as a result of the negotiations to sell WesTower US, certain internal structural and reporting changes occurred. As a result, the Company will go back to reporting two operating segments and WesTower CDA will be reported within the Manufacturing segment as it was done prior to 2014 reporting. The results of WesTower US are included in Discontinued Operations (Note 17). Changes in reporting segments and the presentation of discontinued operations are to be applied retroactively therefore prior period segment information has been amended to be consistent with current year presentation and reports provided to the chief operating decision maker. There is no impact on the consolidated results of the Company and there are no changes to the Company's accounting policies.

The Company's reportable 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. In addition, with the acquisition of Regional One, the segment is a provider of aircraft and engine aftermarket parts to regional airline operators around the world. The Manufacturing segment consists of niche specialty metal manufacturers in markets throughout Canada and the United States.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies. 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 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 revenues, 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, 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
Consideration liability fair value adjustment				-
Impairment and restructuring				-
Earnings before tax				9,156
Current income tax expense				1,312
Deferred income tax expense				2,672
Net earnings for the period from continuing operations				5,172
Profit from discontinued operations				374
Net earnings for the period				$ 5,546

	Three Months Ended September 30, 2013			
	Aviation	Manufacturing	Head Office	Consolidated
Revenue	$ 82,806	$ 51,668	$ -	$ 134,474
Expenses	64,026	44,536	2,040	110,602
EBITDA	18,780	7,132	(2,040)	23,872
Depreciation and amortization				11,545
Finance costs - interest				4,873
Acquisition costs				1
Consideration liability fair value adjustment				(272)
Earnings before tax				7,725
Current income tax expense				739
Deferred income tax expense				1,672
Net earnings for the period from continuing operations				5,314
Loss from discontinued operations				(5,519)
Net loss for the period				$ (205)

	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 tax				**13,533**
Current income tax expense				**1,118**
Deferred income tax expense				**6,311**
Net earnings for the period from continuing operations				**6,104**
Profit from discontinued operations				**3,731**
Net earnings for the period				**$ 9,835**

				Nine Months Ended September 30, 2013
	Aviation	Manufacturing	Head Office	Consolidated
Revenue	$ 226,595	$ 141,087	$ -	$ 367,682
Expenses	181,352	122,951	5,921	310,224
EBITDA	45,243	18,136	(5,921)	57,458
Depreciation and amortization				31,301
Finance costs - interest				12,851
Acquisition costs				1,669
Consideration liability fair value adjustment				(834)
Earnings before tax				12,471
Current income tax expense				1,310
Deferred income tax expense				3,900
Net earnings for the period from continuing operations				7,261
Loss from discontinued operations				(148)
Net earnings for the period				$ 7,113

				September 30, 2014
	Aviation	**Manufacturing**	**Head Office**	**Consolidated**
Total assets	**$ 402,814**	**$ 485,650**	**$ 145,716**	**$ 1,034,180**
Net capital asset additions	**50,179**	**3,317**	**12**	**53,508**

				December 31, 2013
	Aviation	Manufacturing	Head Office	Consolidated
Total assets	$ 365,750	$ 460,479	$ 135,143	$ 961,372
Net capital asset additions	72,141	8,171	19	80,331

During the first quarter of 2014, the Company acquired an aircraft by acquiring the shares of a company holding this aircraft. The acquired company was SMBC Aviation Leasing 1 Limited ("SMBC") and at the time of closing the Company changed the name of SMBC to EIC Ireland Leasing Limited ("EIC Ireland"). For accounting purposes under IFRS, this transaction was concluded to be the acquisition of assets and not a business combination as SMBC was not considered to be an operating business. As a result, the Company allocated the consideration and other costs incurred to acquire the asset (US$6,166), including external professional costs, to the net assets acquired and this was recorded within the Aviation segment.

During the nine months ended September 30, 2014, the Company recognized a gain of $1,301 within Aviation revenues relating to the gain on disposal of an aircraft through insurance proceeds.

11. IMPAIRMENT AND RESTRUCTURING

During the second quarter of 2014, the Company began restructuring Bearskin's operations to eliminate certain unprofitable routes. Management accrued total restructuring costs of approximately $1,300, which was expensed during the second quarter. Total payments during the nine months ended September 30, 2014 by Bearskin for restructuring costs were $617, with the remaining $683 accrued in accounts payable and accrued expenses. The expenditures relate mainly to severance costs for reducing personnel levels. In addition, as part of the restructuring at Bearskin, $663 of additional depreciation was recorded during the second quarter as the residual value and remaining useful lives of some assets were amended as part of the restructuring.

12. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the 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: vested deferred shares that have vested 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 the net income 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, 2014 and comparative periods in 2013 are as follows:

	Three Months Ended		Nine Months Ended	
Periods Ended September 30	**2014**	2013	**2014**	2013
Net earnings from continuing operations for the period, available to common shareholders	**$ 5,172**	$ 5,314	**$ 6,104**	$ 7,261
Effect of dilutive securities				
Convertible debentures	**-**	-	**-**	-
Diluted earnings for the period	**$ 5,172**	$ 5,314	**$ 6,104**	$ 7,261
Basic weighted average number of Shares	**22,190,353**	21,580,281	**22,018,638**	21,215,677
Effect of dilutive securities				
Vested deferred shares	**185,453**	123,190	**185,453**	123,190
Convertible debentures	**-**	-	**-**	-
Diluted basis average number of Shares	**22,375,806**	21,703,471	**22,204,091**	21,338,867
Earnings per share - continuing operations:				
Basic	**$ 0.23**	$ 0.25	**$ 0.28**	$ 0.34
Diluted	**$ 0.23**	$ 0.24	**$ 0.27**	$ 0.34

See calculation of earnings per share for Discontinued Operations in Note 17.

13. DEFERRED SHARE PLAN

During the nine months ended September 30, 2014, the Company recorded compensation expense of $894 for the Company's Deferred Share Plan within the general and administrative expenses of head-office (2013 - $735). During the nine months ended September 30, 2014, the Company granted deferred shares to certain personnel. The fair value of the deferred shares granted was $1,087 at the time of the grant and was based on the market price of the Company's Shares at that time.

14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks: market risk (including 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 December 31, 2013.

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 $175,900 ($197,149) 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$125,900 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.

Subsequent to September 30, 2014, the Company sold WesTower US (Note 17) and used the sale proceeds to repay all of its credit facility debt, including its outstanding funds in USD. Certain designated hedging instruments associated with that debt were settled and the cumulative gain (loss) recognized in Accumulated Other Comprehensive Income will be reclassified to the gain on disposal of WesTower US in the fourth quarter.

Interest Rates

The Company is subject to the risk that future cash flows associated with the credit facility outstanding (Note 6) will fluctuate due to fluctuations in interest rates and the degree of volatility of the 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, 2014, US $175,900 was outstanding under US LIBOR, $450 was outstanding under Canadian Prime and $20,000 was outstanding under Bankers Acceptances.

Subsequent to September 30, 2014, the Company sold WesTower US and used the sale proceeds to repay all of its credit facility debt (Note 17).

The interest rates of the convertible debentures (Note 7) 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 measurements	Carrying Value September 30, 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	$ (2,082)	$ -	$ -	$ (2,082)
Fair Value Disclosures				
Other assets - Loans and receivables	5,969	-	5,969	-
Long term debt - Other financial liabilities	(216,608)	-	-	(217,599)
Convertible debt - Other financial liabilities	(254,020)	(249,632)	-	-

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 initial fair value of the consideration liability recorded on the acquisition of Regional One in April 2013 was US$30,521. Since the acquisition of Regional One, US$28,669 of consideration liabilities have been settled through the payment of cash or issuance of equity, as applicable, including the impact of fair value gains on consideration liabilities. During the nine months ended September 30, 2014, an unrealized gain on consideration liabilities of US$589 ($651), an unrealized translation loss of $450 on consideration liabilities and accretion expense of US$86 ($94) were recognized.

During the second quarter of 2014, the Company settled the majority of the outstanding consideration liabilities with the vendors of Regional One. In April 2014, the Company released US$6,620 ($7,270) of the cash in escrow, paid US$648 ($712) in cash, and issued 130,175 of Shares with a value of US$2,201 ($2,411). The remaining consideration liability outstanding at September 30, 2014 consists of certain tax related liabilities owing to the vendors. Additionally, there are 350,567 Shares of the Company that were issued

into escrow at the time of acquisition and relate to the retention of the vendor as CEO. These remaining Shares are anticipated to be settled and released from escrow evenly on each of the next four anniversaries of closing the acquisition.

The fair values of cash and cash equivalents, accounts receivable, accounts payable and accrued expenses which are classified as loans and receivables or other financial liabilities, as applicable, approximate their carrying values due to their short term nature.

As at September 30, 2014, management had determined that the fair value of its long term debt approximates its carrying value as such debt is subject to floating interest rates and current market conditions as it was recently amended (Note 6). Furthermore, management had determined that the fair value of its other long-term liabilities approximates carrying value as such was recorded at fair value on acquisition date.

Subsequent to September 30, 2014, the Company sold WesTower US (Note 17) and used the sale proceeds to repay all of its credit facility debt.

As at September 30, 2014, management estimated the fair value of the convertible debentures based on valuation techniques taking into account trading values where available, market rates of interest, the condition of any related collateral, the current conditions in credit markets and the current estimated credit margins applicable to the Company based on recent transactions. The estimated fair value of its convertible debentures is $249,632 (December 31, 2013 - $231,661) and a carrying value of $254,020 (December 31, 2013 - $219,906).

The Company's policy is to recognize transfers in and out of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfer. During the period ended September 30, 2014, the Series F convertible debentures matured. Series F relied upon significant other observable inputs for determination of fair value and therefore could not be classified as a Level 1 instrument. Going forward, all remaining convertible debentures will use Level 1 inputs for valuation. During the third quarter of 2014, convertible debentures were transferred from Level 2 to Level 1 in the fair value hierarchy above.

15. CHANGES IN WORKING CAPITAL ITEMS

The changes in non-cash operating working capital items during the three and nine months ended September 30, 2014 and the comparative periods in 2013 are as follows:

	Three Months Ended		Nine Months Ended	
Periods Ended September 30	**2014**	2013	**2014**	2013
Accounts receivable	**$ 3,664**	$ (2,926)	**$ (20,913)**	$ (7,813)
Costs incurred plus recognized profits in excess of billings	**(5,525)**	(1,632)	**(19,186)**	(50,848)
Inventory	**(4,856)**	(7,592)	**(12,237)**	(19,242)
Prepaid expenses	**(462)**	2,157	**(1,896)**	(5,102)
Accounts payable and accrued charges	**(7,148)**	(1,128)	**(2,347)**	21,611
Income taxes receivable	**5,767**	(5,275)	**4,809**	(11,971)
Deferred revenue	**301**	909	**808**	1,221
Billings in excess of costs incurred plus recognized profits	**6,533**	(2,293)	**33,716**	10,054
Foreign currency adjustments	**11,414**	(776)	**11,880**	2,662
Net change in working capital items	**$ 9,688**	$ (18,556)	**$ (5,366)**	$ (59,428)

16. INCOME TAX

The income tax expense of the Company's continuing operations is impacted by the presentation of WesTower US as a Discontinued Operation (Note 17). The intercompany transactions between WesTower US, and the Company's continuing operations are eliminated in computing consolidated net earnings. However, the tax benefits of the intercompany transactions are included within Discontinued Operations, whereas the tax cost of these transactions are included in continuing operations. This has the impact of increasing the effective tax rate applicable to continuing operations.

The temporary difference between the tax basis and accounting carrying value of the Company's investment in WesTower US of $10.0 million will be recognized upon the disposition in the fourth quarter.

Income tax expense from continuing operations is recognized based on management's best estimate of the weighted annual income tax rate expected for the full financial year applied to the pre-tax income of the interim period. The Company's consolidated effective tax rate for the nine months ended September 30, 2014 was 54.9% (nine months ended September 30, 2013: 41.8%). The change in the effective tax rate for the Company's continuing operations is detailed in the following table:

Nine Months Ended September 30	2014	2013
Earnings before provision for income taxes	$ 13,533	$ 12,471
Combined Canadian federal and provincial tax rates	27.0%	27.0%
Income tax expense at statutory rates	$ 3,654	$ 3,367
Increase (decrease) in taxes resulting from:		
Permanent differences	471	(471)
Change in statutory rates	-	(11)
Impact of foreign tax rate differences	916	519
Non-taxable capital gains	-	(27)
Impact of discontinued operations	2,482	1,813
Other	(94)	20
Provision for income taxes	$ 7,429	$ 5,210

17. DISCONTINUED OPERATIONS

Subsequent to the end of the third quarter of 2014, the Company entered into a stock purchase agreement with MasTec Network Solutions, LLC ("MasTec") to sell the wholly owned subsidiary WesTower Communications Inc. ("WesTower US"), for approximately US$200 million, subject to customary adjustments. The operations sold include all of the operations of WesTower US in the United States. The Company retains the operations of WesTower Communication Ltd. ("WesTower CDA"), which includes all the operations of WesTower in Canada and is reported within the Company's Manufacturing segment. The effective date of the closing is October 1, 2014. With the rapid growth of WesTower US since the beginning of fiscal 2012 and having significant operations tied to one customer, the Company was no longer effectively diversified. The sale enables the Company to rebalance the portfolio of subsidiary operations, while providing access to capital to fund other acquisition opportunities.

As a result of the transaction, the Company has presented the results of WesTower US as Discontinued Operations for both current and comparative periods in the Company's consolidated statements of income. With the closing of the transaction happening subsequent to the end of the third quarter, the assets and liabilities of WesTower US as at September 30, 2014 are presented separately as held for sale on the Company's consolidated statement of financial position outside of the other balances from the Company's continuing operations.

The sale price was funded in cash and is subject to customary adjustments, including adjustments for working capital. The Company expects to record a gain on sale of its investment in WesTower US and as a result no write-down or impairments were recorded relating to any of the balances of WesTower US included in the third quarter results. The Company anticipates having the customary adjustments to the purchase price settled with MasTec in early 2015. The Company collected proceeds of approximately US$200 million in October 2014 and these funds were used to repay all of the Company's debt outstanding under its senior credit facility at that time.

The following describes the net assets of WesTower US (translated in Canadian currency) presented as assets and liabilities held for sale.

As at		September 30 2014
ASSETS		
CURRENT		
Cash and cash equivalents	$	20,207
Accounts receivable		77,799
Costs incurred plus recognized profits in excess of billings		177,807
Inventory		40,311
Prepaid expenses and deposits		4,578
		320,702
CAPITAL ASSETS		6,572
INTANGIBLE ASSETS		3,459
GOODWILL		13,918
	$	344,651
CURRENT		
Accounts payable and accrued expenses	$	79,350
Income taxes payable		983
Billings in excess of costs incurred plus recognized profits		71,201
Current portion of long-term debt and finance leases (Note 6)		124
		151,658
LONG-TERM DEBT AND FINANCE LEASES (Note 6)		233
DEFERRED INCOME TAX LIABILITY		(1,632)
		150,259
Carrying Value of Net Assets Held For Sale	$	194,392

Included in Discontinued Operations are the results of WesTower US and the allocation of certain costs incurred in the consolidated entity from having the operations of WesTower US. The following is the net earnings of the Company's Discontinued Operations for the three and nine month periods ended September 30, 2014 and 2013:

	Three Months Ended		Nine Months Ended	
For the periods ended September 30	**2014**	2013	**2014**	2013
Revenue	$ **117,678**	$ 132,853	$ **389,379**	$ 394,897
Expenses				
Manufacturing expenses - excluding depreciation and amortization	**101,774**	130,510	**346,196**	364,042
General and administrative	**13,717**	10,603	**33,982**	30,140
Operating profit before depreciation, amortization, finance costs and other	**2,187**	(8,260)	**9,201**	715
Depreciation and amortization	**1,097**	1,002	**3,356**	2,758
Finance costs - interest[(1)]	**1,406**	951	**4,324**	2,275
Acquisition costs	**-**	-	**-**	-
Earnings before tax	$ **(316)**	$ (10,213)	$ **1,521**	$ (4,318)
Income taxes	**(690)**	(4,694)	**(2,210)**	(4,170)
Net earnings (loss) for the period from discontinued operations	$ **374**	$ (5,519)	**3,731**	$ (148)
EARNINGS PER SHARE - discontinued operations				
Basic	$ **0.02**	$ (0.26)	$ **0.17**	$ (0.01)
Diluted	$ **0.02**	$ (0.25)	$ **0.17**	$ (0.01)

(1) The Company allocated interest expense to Discontinued Operations representing the portion of interest expense related to the Company's senior credit facility was repaid as a result of the transaction. During the three months ended September 30, 2014, the Company allocated interest expense of $1,398 to discontinued operations (2013 - $948). During the nine months ended September 30, 2014, the Company allocated interest expense of $4,284 to discontinued operations (2013 - $2,260).

The following are the cash flows from the Company's Discontinued Operations for the three and nine month periods ended September 30, 2014 and 2013:

CASH FLOWS from discontinued operations	Three Months Ended		Nine Months Ended	
For the periods ended September 30	**2014**	2013	**2014**	2013
Net cash from (used in) operating activities	$ **7,764**	$ (13,041)	$ **22,139**	$ (48,714)
Net cash from (used in) investing activities	**(169)**	(1,078)	**(732)**	(4,320)
Net cash from (used in) financing activities	**(287)**	20,893	**(16,387)**	54,508
CASH FLOWS from discontinued operations	$ **7,308**	$ 6,774	**5,020**	$ 1,474

Included within the Financing Activities of the Discontinued Operations are intercompany cash flow transactions between WesTower US and EIC. These cash flows relate to inter-company financing activities related to additional investments to fund working capital shortfalls or return capital, as applicable. The financing activities also include principal payments on finance leases of $132 and $500 for the three and nine months ended September 30, 2014 (2013 - $97 and 403, respectively).

18. SUBSEQUENT EVENT

Acquisition Announcement – Provincial Aerospace Ltd.

The Company announced on November 12, 2014, subsequent to the end of the third quarter, that it signed a stock purchase agreement to acquire the shares of Provincial Aerospace Ltd. ("Provincial"), a Canadian owned corporation based out of St. John's, Newfoundland. Provincial was founded in 1972 and operates three distinct business units, a scheduled airline, fixed base operations

and aerospace. Provincial operates its fixed wing scheduled service 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 aerospace business designs, modifies, maintains and operates custom sensor equipped aircraft. It has maritime surveillance operations in Canada, the Caribbean and the Middle East. Provincial operates a total of 30 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 price is approximately $246 million and will be funded through a combination of debt financing and the issuance of Shares to the vendors. The purchase price is subject to customary adjustments, including working capital. Approximately 95% of the purchase price will be funded with cash and the remaining 5% will be funded with the issuance of Shares to the vendors. The closing of the deal is dependent on the approval of certain regulatory bodies and that approval can take several weeks. Therefore the deal is expected to close sometime near the end of this calendar year. The Company's results for the third quarter of 2014 do not include any financial results of Provincial's operations and will not include anything until the deal closes with all regulatory approvals.