



## News Release

Investors, analysts and other interested parties can access Acadian Timber Corp.'s 2015 Second Quarter Results conference call via webcast on Wednesday, July 29, 2015 at 1:00 p.m. ET at [www.acadiantimber.com](http://www.acadiantimber.com) or via teleconference at 1-800-319-4610, toll free in North America. For overseas calls please dial +1-604-638-5340, at approximately 12:50 p.m. ET. The recorded teleconference rebroadcast can be accessed at 1-800-319-6413 or +1-604-638-9010 and enter passcode 2826.

### ACADIAN TIMBER CORP. REPORTS SECOND QUARTER RESULTS

*All figures in Canadian dollars unless otherwise noted*

**Vancouver, BRITISH COLUMBIA – July 28, 2015** – Acadian Timber Corp. (“Acadian” or the “Company”) (TSX:ADN) today reported financial and operating results<sup>1</sup> for the three months ended June 27, 2015 (the “second quarter”).

For the second quarter, Acadian generated net sales of \$15.4 million, up 28% or \$3.3 million from the same period last year reflecting increased harvest volumes, improved selling prices and more sales carried over from the first quarter under the log delivery management program with one of Acadian’s larger customers. On a year-to-date basis, net sales were 20% higher than in the same period in 2014 reflecting continued strong demand and pricing for most of our products.

The strong net sales performance resulted in a 96% year-over-year increase in second quarter Adjusted EBITDA to \$3.8 million while Adjusted EBITDA margin climbed to 25% from 16% in the same period in 2014. Free Cash Flow, at \$10.4 million for the first six months of the year, was up 56% or \$3.7 million compared to the first half of the prior year.

“Acadian continued to generate strong free cash flow during the second quarter bringing the year-to-date payout ratio in at 73% compared to 104% in 2014”, said Mark Bishop, Chief Executive Officer of Acadian. “Extended winter conditions allowed harvesting and delivery activity to continue well into April, resulting in above normal sales volumes during what is traditionally Acadian’s weakest quarter. In addition, subsequent to quarter end we took advantage of the current low interest rate environment extending the duration of our debt and locking in an attractive reduction in our borrowing costs.”

<sup>1</sup> This news release makes reference to Adjusted EBITDA and Free Cash Flow which are key performance measures in evaluating Acadian’s operations and are important in enhancing investors’ understanding of Acadian’s operating performance. Acadian’s management defines Adjusted EBITDA as earnings before interest, taxes, fair value adjustments, recovery of or impairment of land and roads, unrealized exchange gain/loss on debt, depreciation and amortization and Free Cash Flow as Adjusted EBITDA less interest paid, current income tax expense, additions to, and gains from the sale of, fixed assets plus losses on, and proceeds from, the sale of fixed assets. As these performance measures do not have standardized meanings prescribed by International Financial Reporting Standards (“IFRS”), they may not be comparable to similar measures presented by other companies. As a result, we have provided in this news release reconciliations of net income, as determined in accordance with IFRS, to Adjusted EBITDA and Free Cash Flow.

Acadian's manager continued to actively pursue business development opportunities in the U.S., Australasia and South America in support of Acadian's global growth strategy. During the second quarter, Acadian's manager worked on several opportunities in each of these regions and expects ongoing increases in timberland investment activity. We are optimistic that Acadian will be in a position to participate in attractive opportunities over the coming quarters.

## Debt Facility Extension

Subsequent to the end of the second quarter, Acadian obtained a commitment letter from its current lender to refinance the existing debt facilities for five years. The terms of this financing are more favourable than the current agreement reflecting the high credit quality of Acadian's assets and a lower interest rate will reduce the annual interest expense by approximately US\$0.7 million.

## Review of Operations

### Financial and Operating Highlights

	Three Months Ended		Six Months Ended	
	June 27 2015	June 28 2014	June 27 2015	June 28 2014
<i>(CAD thousands, except per share information)</i>				
Sales volume (000s m <sup>3</sup> )	275.9	228.9	623.9	579.1
Net sales	\$ 15,368	\$ 12,029	\$ 40,055	\$ 33,272
Operating earnings	3,532	1,797	12,161	8,262
Net income	5,650	4,738	2,727	5,435
Adjusted EBITDA	3,794	1,935	12,546	8,632
Free Cash Flow	2,833	1,052	10,379	6,652
Dividends declared	3,764	3,451	7,529	6,902
Payout ratio	133%	328%	73%	104%
Per share – basic and diluted				
Net income	\$ 0.34	\$ 0.28	\$ 0.16	\$ 0.32
Free Cash Flow	0.17	0.06	0.62	0.40
Dividends declared	0.23	0.21	0.45	0.41

Operating earnings for the period, at \$3.5 million, increased \$1.7 million year-over-year reflecting increased sales volumes and improved log selling prices. Net income totaled \$5.7 million, or \$0.34 per share, for the second quarter, up 19% from \$4.7 million in the same period last year, on higher operating earnings partially offset by lower non-cash fair value adjustments to timber as a result of higher harvest volumes.

Acadian traditionally experiences low levels of operating, marketing and selling activity during the second quarter of each year owing to the spring thaw period ("mud season") that causes much of the harvesting and hauling infrastructure to be temporarily inoperable. However, the harvest volume for the second quarter of this year, excluding biomass, was up 27% compared to the same period in the prior year to 175 thousand m<sup>3</sup>, due to favourable winter operating conditions extending into the second quarter. The sales volume of 276 thousand m<sup>3</sup> was up 21% from the second quarter of 2014, with an increase from Acadian's operations in New Brunswick partially offset by lower volumes at Acadian's Maine operations.

Acadian's weighted average log price during the second quarter increased 3% year-over-year due to increased prices across all products, a stronger U.S. dollar and changes in product mix. Softwood sawlog markets remained strong which, along with the strengthening U.S. dollar, resulted in a 4% increase in softwood sawlog prices relative to the second quarter of 2014.

Hardwood sawlog markets improved modestly, with weighted average selling prices increasing 4%, reflecting strong pricing from the Maine operations partially offset by softer pricing at the New Brunswick operations due to changes in product mix. Selling prices for hardwood and softwood pulpwood increased 12% and 2%, respectively, year-over-year. While hardwood pulpwood markets continue to be positive, softwood pulpwood markets continue to be over supplied. Biomass markets remained strong, with margins increasing 55% year-over-year, primarily reflecting continued sales to export markets.

### *New Brunswick Timberlands*

The table below summarizes operating and financial results for New Brunswick Timberlands.

	<b>Three Months Ended June 27, 2015</b>			<b>Three Months Ended June 28, 2014</b>		
	<b>Harvest (000s m<sup>3</sup>)</b>	<b>Sales (000s m<sup>3</sup>)</b>	<b>Results (\$000s)</b>	<b>Harvest (000s m<sup>3</sup>)</b>	<b>Sales (000s m<sup>3</sup>)</b>	<b>Results (\$000s)</b>
Softwood	66.0	103.3	\$ 5,713	45.5	67.6	\$ 3,745
Hardwood	86.0	92.3	6,544	62.0	74.1	4,914
Biomass	48.5	48.5	1,146	40.0	40.0	663
	<b>200.5</b>	<b>244.1</b>	<b>13,403</b>	<b>147.5</b>	<b>181.7</b>	<b>9,322</b>
Other sales			(288)			(32)
Net sales			\$ 13,115			\$ 9,290
Adjusted EBITDA			\$ 3,472			\$ 1,652
Adjusted EBITDA margin			26%			18%

	<b>Six Months Ended June 27, 2015</b>			<b>Six Months Ended June 28, 2014</b>		
	<b>Harvest (000s m<sup>3</sup>)</b>	<b>Sales (000s m<sup>3</sup>)</b>	<b>Results (\$000s)</b>	<b>Harvest (000s m<sup>3</sup>)</b>	<b>Sales (000s m<sup>3</sup>)</b>	<b>Results (\$000s)</b>
Softwood	196.1	193.3	\$ 10,640	166.1	167.7	\$ 9,124
Hardwood	195.4	199.1	14,582	185.9	189.8	12,673
Biomass	83.2	83.2	2,393	69.3	69.3	1,309
	<b>474.7</b>	<b>475.6</b>	<b>27,615</b>	<b>421.3</b>	<b>426.8</b>	<b>23,106</b>
Other sales			795			630
Net sales			\$ 28,410			\$ 23,736
Adjusted EBITDA			\$ 8,765			\$ 6,110
Adjusted EBITDA margin			31%			26%

Softwood, hardwood and biomass shipments were 103 thousand m<sup>3</sup>, 92 thousand m<sup>3</sup> and 49 thousand m<sup>3</sup>, respectively, during the second quarter. This represents a year-over-year increase in sales volume of 34% largely reflecting good operating conditions and more sales carried over from the first quarter under the log delivery management program with one of New Brunswick Timberlands' larger customers. Harvest volume in the second quarter of 2015 was impacted by mud season, but was higher than the same period last year due to favorable winter operating conditions extending into the second quarter. Approximately 41% of sales volume was sold as sawlogs, 39% as pulpwood and 20% as biomass in the second quarter. This compares to 40% sold as sawlogs, 38% as pulpwood and 22% as biomass in the second quarter of 2014.

Net sales for the second quarter totaled \$13.1 million compared to \$9.3 million for the same period last year, reflecting higher sales volumes and improved selling prices across most products. The weighted average log selling price was \$62.66 per m<sup>3</sup> in the second quarter of 2015, a 3% increase from \$61.11 per m<sup>3</sup> in the same period of 2014. Net sales for the first six months ended June 27, 2015 were \$28.4 million, an increase of \$4.7 million over the first half of 2014 due to higher sales volumes and selling prices.

Costs for the second quarter were \$9.5 million, compared to \$7.6 million in the same period in 2014, due to higher harvest volumes of primary products partially offset by 6% lower variable costs per m<sup>3</sup>. For the six months ended June 27, 2015, costs were \$19.6 million, \$2.0 million higher than during the first half of 2014, due to higher harvest volumes partially offset by 2% lower variable costs per m<sup>3</sup>.

Adjusted EBITDA for the second quarter was \$3.5 million, compared to \$1.7 million in the second quarter of 2014 reflecting higher sales volumes and improved pricing discussed above. For the six months ended June 27, 2015, Adjusted EBITDA was \$8.8 million, an increase of \$2.7 million over the first half of 2014. Adjusted EBITDA margin for the second quarter increased to 26% from 18% in the prior year and for first six months of 2015 increased to 31% from 26% in the prior year.

There were two recordable safety incidents among employees and no recordable safety incidents among contractors during the second quarter of 2015. In early June, the New Brunswick Timberlands successfully completed a surveillance audit to the 2015-2019 Sustainable Forestry Initiative® Standard with no non-conformances.

### *Maine Timberlands*

The table below summarizes operating and financial results for Maine Timberlands.

	<i>Three Months Ended June 27, 2015</i>			<i>Three Months Ended June 28, 2014</i>		
	<i>Harvest (000s m<sup>3</sup>)</i>	<i>Sales (000s m<sup>3</sup>)</i>	<i>Results (\$000s)</i>	<i>Harvest (000s m<sup>3</sup>)</i>	<i>Sales (000s m<sup>3</sup>)</i>	<i>Results (\$000s)</i>
Softwood	14.2	14.1	\$ 976	17.6	17.6	\$ 1,030
Hardwood	8.8	13.2	1,123	12.7	19.9	1,529
Biomass	4.5	4.5	33	9.7	9.7	52
	<b>27.5</b>	<b>31.8</b>	<b>2,132</b>	<b>40.0</b>	<b>47.2</b>	<b>2,611</b>
Other sales			121			128
Net sales			\$ 2,253			\$ 2,739
Adjusted EBITDA			\$ 376			\$ 385
Adjusted EBITDA margin			17%			14%

	<i>Six Months Ended June 27, 2015</i>			<i>Six Months Ended June 28, 2014</i>		
	<i>Harvest (000s m<sup>3</sup>)</i>	<i>Sales (000s m<sup>3</sup>)</i>	<i>Results (\$000s)</i>	<i>Harvest (000s m<sup>3</sup>)</i>	<i>Sales (000s m<sup>3</sup>)</i>	<i>Results (\$000s)</i>
Softwood	100.6	100.1	\$ 7,912	89.2	88.9	\$ 5,706
Hardwood	38.7	40.5	3,450	45.2	47.0	3,520
Biomass	7.7	7.7	75	16.4	16.4	113
	<b>147.0</b>	<b>148.3</b>	<b>11,437</b>	<b>150.8</b>	<b>152.3</b>	<b>9,339</b>
Other sales			208			197
Net sales			\$ 11,645			\$ 9,536
Adjusted EBITDA			\$ 4,228			\$ 2,862
Adjusted EBITDA margin			36%			30%

Softwood, hardwood and biomass shipments were 14 thousand m<sup>3</sup>, 13 thousand m<sup>3</sup>, and 5 thousand m<sup>3</sup>, respectively, during the second quarter. This represents a year-over-year decrease in sales volume of 33% as unusually wet weather in June resulted in a slower than normal start up after mud season. Approximately 34% of sales volume was sold as sawlogs, 52% as pulpwood and 14% as biomass during the second quarter. This compares to 36% sold as sawlogs, 43% as pulpwood and 21% as biomass in the second quarter of 2014.

Net sales for the second quarter totaled \$2.3 million compared to \$2.7 million for the same period last year, with reduced sales volumes across all products mostly offset by the positive impact of the stronger U.S. dollar. The weighted average log selling price was \$76.98 per m<sup>3</sup> in the second quarter of 2015, a 13% increase from \$68.34 per m<sup>3</sup> in the same period of 2014 in Canadian dollar terms. The weighted average log selling price in U.S. dollar terms was \$62.63, almost unchanged year-over-year, as improved product-level prices were offset by a less favourable sales mix. Net sales for the first six months ended June 27, 2015 were \$11.6 million, an increase of \$2.1 million over the first half of 2014.

Costs for the second quarter were \$1.9 million, compared to \$2.3 million during the same period in 2014. This decrease reflects reduced harvest volumes somewhat offset by adverse foreign exchange movements year-over-year. Variable costs per m<sup>3</sup> increased 6% in Canadian dollar terms but decreased 6% in U.S. dollar terms. For the six months ended June 27, 2015, costs were \$7.4 million, \$0.7 million higher than during the first half of 2014, due to adverse foreign exchange movements year-over-year.

Adjusted EBITDA for the second quarter was \$0.4 million, remaining stable compared to the same period in 2014. For the six months ended June 27, 2015, Adjusted EBITDA was \$4.2 million, an increase of \$1.4 million over the first half of 2014. Adjusted EBITDA margin for the second quarter increased to 17% from 14% in the prior year and for the first six months of 2015 increased to 36% from 30% in the prior year.

There were no recordable safety incidents among employees and contractors during the second quarter of 2015.

## Market Outlook

The following contains forward-looking statements about Acadian Timber Corp.'s market outlook for the remainder of fiscal 2015. Reference should be made to the "Forward-looking Statements" section of this news release. For a description of material factors that could cause actual results to differ materially from the forward-looking statements in the following, please see the Risk Factors section of our management's discussion and analysis of Acadian's most recent Annual Report and Annual Information Form available on our website at [www.acadiantimber.com](http://www.acadiantimber.com) or filed with SEDAR at [www.sedar.com](http://www.sedar.com).

After a weak first quarter, U.S. housing starts and building permits both strengthened through the second quarter. Macroeconomic factors such as U.S. employment growth and income growth have continued to look encouraging and have supported a substantial increase in U.S. household formations over the past two quarters. The expectation that these improving macroeconomic factors will continue to drive increases in housing starts in the coming quarters is reinforced by homebuilder confidence levels, which by the end of the second quarter had reached their highest level in the past decade. Industry watchers are forecasting year-over-year increases in total housing starts of approximately 15% in 2015 with increases of a similar or greater magnitude forecast for 2016.

Second quarter lumber pricing weakened considerably reflecting the combination of increased production and difficult spring building conditions, as well as weakness in export markets. However, Acadian's regional markets for softwood sawlogs remained strong and stable throughout the second quarter. Almost all regional mills continue to operate on full shifts and appear to be carrying inventories at or below historic seasonal practices. We expect softwood sawlog markets to remain positive throughout the summer, with a potential for further improvement as lumber prices respond to potential log supply shortages in western North America due to harvesting restrictions caused by severe fire conditions.

In addition to our positive outlook for softwood sawlogs, markets for hardwood sawlogs are expected to remain positive, while demand and pricing for hardwood pulpwood continues to be robust. The softwood pulpwood market continues to be challenging, however this product represents only a small portion of Acadian's sales and an even lower proportion of our operating earnings. Biomass markets have remained positive and we anticipate recent improved demand to remain stable, supporting improved margin levels.

## Quarterly Dividend

Acadian is pleased to announce a dividend of \$0.225 per share, payable on October 15, 2015 to shareholders of record on September 30, 2015.

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**Acadian Timber Corp.** is a leading supplier of primary forest products in Eastern Canada and the Northeastern U.S. With a total of 2.4 million acres of land under management, Acadian is the second largest timberland operator in New Brunswick and Maine.

Acadian owns and manages approximately 1.1 million acres of freehold timberlands in New Brunswick and Maine, and provides management services relating to approximately 1.3 million acres of Crown licensed timberlands in New Brunswick. Acadian also owns and operates a forest nursery in Second Falls, New Brunswick. Acadian's products include softwood and hardwood sawlogs, pulpwood and biomass by-products, sold to approximately 90 regional customers.

Acadian's business strategy is to maximize cash flows from its existing timberland assets while growing our business by acquiring assets on a value basis and utilizing our operations-oriented approach to drive improved performance.

Acadian's shares are listed for trading on the Toronto Stock Exchange under the symbol ADN.

For further information, please visit our website at [www.acadiantimber.com](http://www.acadiantimber.com) or contact:

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## **Forward-Looking Statements**

*This News Release contains forward-looking information within the meaning of applicable Canadian securities laws that involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of Acadian Timber Corp. and its subsidiaries (collectively, "Acadian"), or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. When used in this News Release, such statements may contain such words as "may," "will," "intend," "should," "expect," "believe," "outlook," "predict," "remain," "anticipate," "estimate," "potential," "continue," "plan," "could," "might," "project," "targeting" or the negative of these terms or other similar terminology. Forward-looking information in this News Release includes, without limitation, statements made in the section entitled "Market Outlook" and other statements regarding management's beliefs, intentions, results, performance, goals, achievements, future events, plans and objectives, business strategy, growth strategy and prospects, access to capital, liquidity and trading volumes, dividends, taxes, capital expenditures, projected costs, market trends and similar statements concerning anticipated future events, results, achievements, circumstances, performance or expectations that are not historical facts. These statements, which reflect management's current expectations regarding future events and operating performance, are based on information currently available to management and speak only as of the date of this News Release. All forward-looking statements in this News Release are qualified by these cautionary statements. Forward-looking statements involve significant risks and uncertainties, should not be read as guarantees of future performance or results, should not be unduly relied upon, and will not necessarily be accurate indications of whether or not such results will be achieved. Factors that could cause actual results to differ materially from the results discussed in the forward-looking statements include, but are not limited to: general economic and market conditions; product demand; concentration of customers; commodity pricing; interest rate and foreign currency fluctuations; seasonality; weather and natural conditions; regulatory, trade or environmental policy changes; changes in Canadian income tax law; economic situation of key customers; Brookfield's ability to source and secure potential investment opportunities; the availability of potential acquisitions that suit Acadian's growth profile; and other risks and factors discussed under the heading "Risk Factors" in each of the Annual Information Form dated March 24, 2015 and other filings of Acadian made with securities regulatory authorities, which are available on SEDAR at [www.sedar.com](http://www.sedar.com). Forward-looking information is based on various material factors or assumptions, which are based on information currently available to Acadian. Material factors or assumptions that were applied in drawing a conclusion or making an estimate set out in the forward-looking information may include, but are not limited to: anticipated financial performance; anticipated market conditions; business prospects; the economic situation of key customers; strategies; regulatory developments; exchange rates; the sufficiency of budgeted capital expenditures in carrying out planned activities; the availability and cost of labour and services and the ability to obtain financing on acceptable terms. Readers are cautioned that the preceding list of material factors or assumptions is not exhaustive. Although the forward-looking statements contained in this News Release are based upon what management believes are reasonable assumptions, Acadian cannot assure readers that actual results will be consistent with these forward-looking statements. The forward-looking statements in this News Release are made as of the date of this News Release, and should not be relied upon as representing Acadian's views as of any date subsequent to the date of this News Release. Acadian assumes no obligation to update or revise these forward-looking statements to reflect new information, events, circumstances or otherwise, except as may be required by applicable law.*

**Acadian Timber Corp.**  
**Interim Consolidated Statements of Net Income**  
**(unaudited)**

	Three Months Ended		Six Months Ended	
	June 27 2015	June 28 2014	June 27 2015	June 28 2014
<i>(CAD thousands)</i>				
Net sales	<b>\$ 15,368</b>	\$ 12,029	<b>\$ 40,055</b>	\$ 33,272
Operating costs and expenses				
Cost of sales	<b>10,241</b>	8,680	<b>24,584</b>	21,859
Selling, administration and other	<b>1,291</b>	1,351	<b>2,883</b>	2,814
Reforestation	<b>177</b>	65	<b>177</b>	65
Depreciation and amortization	<b>127</b>	136	<b>250</b>	272
	<b>11,836</b>	10,232	<b>27,894</b>	25,010
Operating earnings	<b>3,532</b>	1,797	<b>12,161</b>	8,262
Interest expense, net	<b>(893)</b>	(773)	<b>(1,781)</b>	(1,570)
Other items				
Fair value adjustments	<b>1,308</b>	1,795	<b>(1,138)</b>	605
Unrealized exchange gain / (loss) on long-term debt	<b>2,631</b>	2,747	<b>(5,105)</b>	(349)
Gain on sale of timberlands	<b>127</b>	2	<b>127</b>	98
Gain on disposal of land, roads and other fixed assets	<b>8</b>	—	<b>8</b>	—
Earnings before income taxes	<b>6,713</b>	5,568	<b>4,272</b>	7,046
Current income tax recovery / (expense)	<b>47</b>	28	<b>(223)</b>	(269)
Deferred income tax recovery / (expense)	<b>(1,110)</b>	(858)	<b>(1,322)</b>	(1,342)
Net income	<b>\$ 5,650</b>	\$ 4,738	<b>\$ 2,727</b>	\$ 5,435
Net income per share – basic and diluted	<b>\$ 0.34</b>	\$ 0.28	<b>\$ 0.16</b>	\$ 0.32

**Acadian Timber Corp.**  
**Interim Consolidated Statements of Comprehensive Income**  
**(unaudited)**

	Three Months Ended		Six Months Ended	
	June 27	June 28	June 27	June 28
<i>(CAD thousands)</i>	2015	2014	2015	2014
Net income	<b>\$ 5,650</b>	\$ 4,738	<b>\$ 2,727</b>	\$ 5,435
Other comprehensive income / (loss)				
Items that may be reclassified subsequently to net income:				
Unrealized foreign currency translation income / (loss)	<b>(4,066)</b>	(3,278)	<b>7,478</b>	419
Amortization of derivatives designated as cash flow hedges	<b>(49)</b>	(47)	<b>(95)</b>	(94)
Comprehensive income	<b>\$ 1,535</b>	\$ 1,413	<b>\$10,110</b>	\$ 5,760

**Acadian Timber Corp.**  
**Interim Consolidated Balance Sheets**  
**(unaudited)**

As at  
(CAD thousands) June 27, 2015      December 31, 2014

**ASSETS**

Current Assets

Cash and cash equivalents	\$ 15,582	\$ 12,660
Accounts receivable and other assets	7,272	7,351
Inventory	982	1,191

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**23,836**                      21,202

Timber	305,566	296,681
Land, roads and other fixed assets	84,681	82,403
Intangible assets	6,140	6,140

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**\$ 418,223**                      \$ 406,426

**LIABILITIES AND SHAREHOLDERS' EQUITY**

Current liabilities

Accounts payable and accrued liabilities	\$ 6,205	\$ 6,978
Short-term portion of long-term debt	89,170	—
Dividends payable to shareholders	3,765	3,451

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**99,140**                      10,429

Long-term debt	—	83,944
Deferred income tax liability	67,890	63,441
Shareholders' equity	251,193	248,612

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**\$ 418,223**                      \$ 406,426

**Acadian Timber Corp.**  
**Interim Consolidated Statements of Cash Flows**  
**(unaudited)**

	Three Months Ended		Six Months Ended	
	June 27	June 28	June 27	June 28
<i>(CAD thousands)</i>	2015	2014	2015	2014
<b>Cash provided by / (used for):</b>				
<b>Operating activities</b>				
Net income	\$ 5,650	\$ 4,738	\$ 2,727	\$ 5,435
Adjustments to net income:				
Deferred income tax expense	1,110	858	1,322	1,342
Depreciation and amortization	127	136	250	272
Fair value adjustments	(1,308)	(1,795)	1,138	(605)
Unrealized exchange (gain) / loss on long term debt	(2,631)	(2,747)	5,105	349
Interest expense, net	893	773	1,781	1,570
Interest paid, net	(899)	(778)	(1,792)	(1,579)
Gain on sale of timberlands	(127)	(2)	(127)	(98)
Gain on disposal of land, roads and other fixed assets	(8)	—	(8)	—
Other, net	(361)	(559)	243	(124)
Net change in non-cash working capital	345	(159)	(485)	(268)
	2,791	465	10,154	6,294
<b>Financing activities</b>				
Dividends paid to shareholders	(3,764)	(3,451)	(7,215)	(6,902)
	(3,764)	(3,451)	(7,215)	(6,902)
<b>Investing activities</b>				
Additions to timber, land, roads and other fixed assets	(111)	(133)	(154)	(133)
Proceeds from sale of timberlands	129	2	129	99
Proceeds from sale of land, roads and other fixed assets	8	—	8	—
	26	(131)	(17)	(34)
Increase / (decrease) in cash and cash equivalents during the period	(947)	(3,117)	2,922	(642)
Cash and cash equivalents, beginning of period	16,529	11,039	12,660	8,564
<b>Cash and cash equivalents, end of period</b>	<b>\$15,582</b>	<b>\$ 7,922</b>	<b>\$15,582</b>	<b>\$ 7,922</b>

## Reconciliations to Adjusted EBITDA and Free Cash Flow

	Three Months Ended		Six Months Ended	
	June 27 2015	June 28 2014	June 27 2015	June 28 2014
<i>(CAD thousands)</i>				
Net income	\$ 5,650	\$ 4,738	\$ 2,727	\$ 5,435
Add / (deduct):				
Interest expense, net	893	773	1,781	1,570
Current income tax expense / (recovery)	(47)	(28)	223	269
Deferred income tax expense	1,110	858	1,322	1,342
Depreciation and amortization	127	136	250	272
Fair value adjustments	(1,308)	(1,795)	1,138	(605)
Unrealized exchange gain / (loss) on long-term debt	(2,631)	(2,747)	5,105	349
<b>Adjusted EBITDA</b>	<b>3,794</b>	<b>1,935</b>	<b>12,546</b>	<b>8,632</b>
Add / (deduct):				
Interest paid on debt, net	(899)	(778)	(1,792)	(1,579)
Additions to timber, land, roads and other fixed assets	(111)	(133)	(154)	(133)
Gain on sale of timberlands	(127)	(2)	(127)	(98)
Gain on disposal of land, roads and other fixed assets	(8)	—	(8)	—
Proceeds from sale of timberlands	129	2	129	99
Proceeds from sale of land, roads and other fixed assets	8	—	8	—
Current income tax expense / (recovery)	47	28	(223)	(269)
<b>Free Cash Flow</b>	<b>\$ 2,833</b>	<b>\$ 1,052</b>	<b>\$10,379</b>	<b>\$ 6,652</b>
<b>Dividends declared</b>	<b>\$ 3,764</b>	<b>\$ 3,451</b>	<b>\$ 7,529</b>	<b>\$ 6,902</b>
<b>Payout ratio</b>	<b>133%</b>	<b>328%</b>	<b>73%</b>	<b>104%</b>