

Investors, analysts and other interested parties can access Acadian Timber Corp.'s 2018 Second Quarter Results via conference call or webcast on Thursday August 2, 2018 at 1:00PM ET, please dial 1-866-521-4909 toll free in North America (Canada and the USA), or for overseas calls, please dial 1-647-427-2311 at approximately 12:50PM ET. For those unable to participate, a taped rebroadcast will be available until midnight September 4, 2018. To access this rebroadcast, please dial 1-800-585-8367 or 1-416-621-4642 Conference ID #9495046.

ACADIAN TIMBER CORP. REPORTS SECOND QUARTER RESULTS

All figures in Canadian dollars unless otherwise noted

Vancouver, BRITISH COLUMBIA – August 1, 2018 – Acadian Timber Corp. (“Acadian” or the “Company”) (TSX:ADN) today reported financial and operating results¹ for the three months ended June 30, 2018 (the “second quarter”).

“Acadian’s second quarter benefited from favourable operating conditions and strong seasonal demand”, said Mark Bishop, Chief Executive Officer of Acadian. “As the outlook for softwood sawtimber demand and pricing continues to be supported by steady growth in U.S. housing starts and residential home improvement, Acadian is well positioned to continue its favourable momentum for the remainder of the year.”

Acadian continued to perform well during the three-month period ended June 30, 2018, posting Adjusted EBITDA¹ of \$2.6 million, in-line with the prior year period. Acadian benefited from a 4% increase in log sales volumes during the period, resulting from favourable operating conditions and strong seasonal demand, the benefits of which were offset by a decline in higher and better use (“HBU”) land sales in Maine. Log selling prices for most of our products benefited from improved demand while our weighted average log selling price per cubic metre remained in-line with the prior year period due to a change in the sales mix. During the quarter we generated \$2.0 million of Free Cash Flow¹ consistent with the same period of 2017.

During the first half of 2018, we have declared dividends of \$0.5575 per share to our shareholders or \$9.3 million compared to \$9.2 million during the same period of 2017, reflecting a 3% increase in our quarterly dividend as approved by our Board of Directors in April 2018. This represents a payout ratio of 101%, which is slightly above our long-term annual target of 95% but in-line with expectations given the seasonality of our operations. We anticipate that over the long-term we will maintain the 95% target payout ratio.

¹ This news release makes reference to Adjusted EBITDA margin 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. Adjusted EBITDA is used to evaluate operational performance while Free Cash Flow is used to evaluate Acadian’s ability to generate sustainable cash flows from our operations. Acadian’s management defines Adjusted EBITDA as earnings before interest, taxes, fair value adjustments, recovery of or impairment of land and roads, realized gain/loss on sale of roads and other fixed assets, unrealized exchange gain/loss on debt, depreciation and amortization and Adjusted EBITDA margin as Adjusted EBITDA as a percentage of its total revenue. Free Cash Flow is defined as Adjusted EBITDA less interest paid, current income tax expense, and capital expenditures plus net proceeds from the sale of fixed assets (selling price less gains or losses included in Adjusted EBITDA). 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, Adjusted EBITDA margin and Free Cash Flow.

Review of Operations

Financial and Operating Highlights

<i>(CAD thousands, except per share information)</i>	<i>Three Months Ended</i>		<i>Six Months Ended</i>	
	June 30, 2018	June 24, 2017	June 30, 2018	June 24, 2017
Sales volume (000s m ³)	231.6	217.4	651.3	573.4
Net sales ¹	\$ 16,099	\$ 14,329	\$ 49,047	\$ 42,341
Net income	1,888	4,011	3,874	8,769
Adjusted EBITDA	2,582	2,622	11,452	10,652
Free Cash Flow	1,997	2,034	9,255	9,422
Dividends declared	4,727	4,601	9,328	9,202
Payout ratio	237%	226%	101%	98%
Per share – basic and diluted				
Net income	\$ 0.11	\$ 0.24	\$ 0.23	\$ 0.52
Free Cash Flow	0.12	0.12	0.55	0.56
Dividends declared	0.2825	0.275	0.5575	0.55

1. Certain prior year amounts have been reclassified to conform to the current year presentation as a result of adoption of IFRS 15, *Revenue From Contracts with Customers*, on January 1, 2018

During the second quarter, Acadian's net sales rose to \$16.1 million from \$14.3 million in the comparable period of 2017, driven by favourable operating conditions and strong seasonal demand which resulted in a 4% increase in total log sales volumes. Acadian's weighted average log selling price remained in-line with the prior year period as the benefit from increases in softwood sawlog and hardwood pulpwood prices of 6% and 3%, respectively, was offset by changes in the sales mix.

The impact of the increase in log sales volumes was offset by lower sales of higher and better use ("HBU") land in Maine, resulting in Adjusted EBITDA of \$2.6 million, consistent with the prior year period. The Adjusted EBITDA margin for the quarter was 16%, down from 18% in the prior year period.

Acadian typically experiences low levels of operating, marketing and selling activity during the second quarter of each year owing to the spring thaw period that causes much of the infrastructure to be temporarily inoperable. As a result, year to year variations in sales volumes and operating costs are less meaningful.

Net income was \$1.9 million, or \$0.11 per share, for the second quarter, compared to \$4.0 million, or \$0.24 per share, for the same period in 2017 due to the impact of foreign exchange revaluation of U.S. dollar denominated long-term debt.

During the first half of 2018 Acadian's net sales improved to \$49.0 million from \$42.3 million during the prior year period, primarily attributable to a 12% increase in log sales volumes driven by favourable harvest conditions, particularly for spruce and fir stands. The weighted average log selling price remained in-line with the prior year period as improvements in the selling prices for most products were offset by changes in the sales mix. As a result, Adjusted EBITDA improved to \$11.5 million from \$10.7 million during the first half of 2017, despite HBU sales decreasing \$1.0 million from the prior year period. The Adjusted EBITDA margin of 23% is down from 25% in the prior year period as the increase in log sales volumes was more than offset by lower HBU land sales in Maine. For the six months ended June 30, 2018, net income was \$3.9 million, or \$0.23 per share, which represents a decrease of \$4.9 million over the same period of 2017 primarily due to the impact of foreign exchange revaluation of U.S. dollar denominated long-term debt.

Segment Performance

New Brunswick Timberlands

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

	Three Months Ended June 30, 2018				Three Months Ended June 24, 2017			
	Harvest (000s m ³)	Sales (000s m ³)	Sales Mix	Results (\$000s)	Harvest (000s m ³)	Sales (000s m ³)	Sales Mix	Results (\$000s)
Softwood	47.2	53.3	29%	\$ 2,930	27.8	39.4	23%	\$ 2,038
Hardwood	68.2	81.9	44%	6,467	62.0	92.1	54%	7,186
Biomass	51.1	51.1	27%	1,503	39.3	39.3	23%	783
	166.5	186.3	100%	10,900	129.1	170.8	100%	10,007
Timber services and other sales ¹				2,017				1,476
Net sales ¹				\$ 12,917				\$ 11,483
Adjusted EBITDA				\$ 2,160				\$ 2,028
Adjusted EBITDA margin				17%				18%

	Six Months Ended June 30, 2018				Six Months Ended June 24, 2017			
	Harvest (000s m ³)	Sales (000s m ³)	Sales Mix	Results (\$000s)	Harvest (000s m ³)	Sales (000s m ³)	Sales Mix	Results (\$000s)
Softwood	205.8	210.7	44%	\$ 11,815	163.1	165.9	38%	\$ 9,296
Hardwood	161.2	164.9	34%	13,033	177.3	186.8	43%	14,788
Biomass	104.0	104.0	22%	2,954	84.6	84.6	19%	1,748
	471.0	479.6	100%	27,802	425.0	437.3	100%	25,832
Timber services and other sales ¹				8,235				6,904
Net sales ¹				\$ 36,037				\$ 32,736
Adjusted EBITDA				\$ 8,017				\$ 8,156
Adjusted EBITDA margin				22%				25%

1. Certain prior year amounts have been reclassified to conform to the current year presentation as a result of adoption of IFRS 15, *Revenue From Contracts with Customers*, on January 1, 2018

Net sales for our New Brunswick Timberlands increased to \$12.9 million from \$11.5 million during the prior year period. Log sales volumes, excluding biomass, increased 3% to 135 thousand m³ from 132 thousand m³ in the second quarter of 2017 reflecting favourable operating conditions and strong seasonal demand for softwood sawlogs and improved demand for softwood pulpwood. In addition, timber services and other sales increased 37% compared to the prior year period primarily due to the timing of harvest activities.

The weighted average log selling price during the quarter was \$69.47 per m³, down from \$70.13 per m³ in the prior year period. Demand for softwood sawlogs and hardwood pulpwood in New Brunswick remained strong with prices increasing 4%, however, the benefit of this was more than offset by lower volumes of higher-valued hardwood sawlogs and higher volumes of lower-valued softwood pulpwood, relative to the prior year period. Prices for these products were favourable compared to the prior year period.

Biomass product sales volumes increased by 30% year-over-year as shipments to export markets resumed in early 2018. The return of the export markets also resulted in a meaningful 135% increase in gross margin earned compared to the second quarter of 2017.

Operating costs for the quarter were \$10.8 million, compared to \$9.5 million in the second quarter of 2017 primarily due to higher harvest volumes and timing of operating activities. Variable log harvest costs per m³ decreased 5% primarily due to a change in the harvest mix.

Adjusted EBITDA was \$2.2 million during the second quarter of 2018, compared to \$2.0 million in the prior year period, due to the impact of the increase in log sales volumes and higher margins for biomass products. The Adjusted EBITDA margin of 17% for the quarter was slightly lower than the prior year period reflecting timing of operating activities.

During the six-month period ended June 30, 2018, net sales totaled \$36.0 million which represents a \$3.3 million increase compared to the same period last year. New Brunswick benefited from a 6% increase in log sales volumes and a 23% increase in biomass sales volumes, which were partially offset by the impact of lower weighted average log selling prices due to changes in the sales mix. Costs were \$28.0 million, or \$3.5 million higher than the prior year due to the increase in sales volumes and higher transportation costs. As a result, Adjusted EBITDA was \$8.0 million, a decrease of \$0.2 million compared to the same period last year, while Adjusted EBITDA margin decreased to 22% from 25%.

There were no recordable safety incidents among employees and two minor lost time incidents among contractors during the second quarter of 2018.

Maine Timberlands

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

	Three Months Ended June 30, 2018				Three Months Ended June 24, 2017			
	Harvest (000s m ³)	Sales (000s m ³)	Sales Mix	Results (\$000s)	Harvest (000s m ³)	Sales (000s m ³)	Sales Mix	Results (\$000s)
Softwood	25.4	25.3	56%	\$ 1,914	16.6	16.5	35%	\$ 1,155
Hardwood	9.5	13.2	29%	1,156	13.8	19.5	42%	1,544
Biomass	6.8	6.8	15%	11	10.6	10.6	23%	16
	41.7	45.3	100%	3,081	41.0	46.6	100%	2,715
Timber services and other sales				101				131
Net sales				\$ 3,182				\$ 2,846
Adjusted EBITDA				\$ 569				\$ 909
Adjusted EBITDA margin				18%				32%

	Six Months Ended June 30, 2018				Six Months Ended June 24, 2017			
	Harvest (000s m ³)	Sales (000s m ³)	Sales Mix	Results (\$000s)	Harvest (000s m ³)	Sales (000s m ³)	Sales Mix	Results (\$000s)
Softwood	117.0	116.5	67%	\$ 9,235	79.4	79.1	58%	\$ 5,906
Hardwood	43.4	43.9	26%	3,410	43.2	45.2	33%	3,436
Biomass	11.3	11.3	7%	18	11.8	11.8	9%	18
	171.7	171.7	100%	12,663	134.4	136.1	100%	9,360
Timber services and other sales				347				245
Net sales				\$ 13,010				\$ 9,605
Adjusted EBITDA				\$ 4,033				\$ 3,065
Adjusted EBITDA margin				31%				32%

Net sales totaled \$3.2 million compared to \$2.8 million for the same period last year as log sales volumes increased 7% to 38 thousand m³ from 36 thousand m³ in the prior year period. This increase was primarily driven by strong seasonal demand for softwood sawlogs which had been impacted in the prior year period by high customer inventories and limited markets for sawmill residuals.

The weighted average log selling price in Canadian dollar terms was \$79.82 per m³, up from \$74.84 per m³ in the same period of 2017. The weighted average log selling price in U.S. dollar terms was \$61.85

per m³, up 11% year-over-year, reflecting meaningfully improved demand and prices for softwood sawlogs and hardwood pulpwood.

Costs for the second quarter of \$2.9 million were in-line with the same period in 2017 as longer hauling distances resulted in higher transportation costs which were offset by the impact of foreign exchange.

Adjusted EBITDA for the quarter was \$0.6 million compared to \$0.9 million in the prior year period as lower HBU land sales more than offset the increase in log sales volumes and prices. As a result, the Adjusted EBITDA margin decreased to 18%, relative to 32% in 2017.

During the six month period ended June 30, 2018, net sales totaled \$13.0 million, or \$3.4 million higher than the first half of 2017, primarily due to a 29% increase in log sales volumes due to favourable winter harvest conditions and a 5% increase in the weighted average log selling price which was lower in the prior year due to high customer inventories. Costs were \$9.3 million, or \$1.3 million higher than the same period of 2017 largely due to higher sales volumes, partially offset by the benefit of shorter hauling distances. Adjusted EBITDA was \$4.0 million, an increase of \$1.0 million compared to the prior year period due to the aforementioned factors, partially offset by lower HBU land sales. As a result, the Adjusted EBITDA margin decreased slightly to 31% from 32% in the prior year period.

There were no recordable safety incidents among employees or contractors during the second quarter of 2018 at our Maine Timberlands.

Adoption of IFRS 15, Revenue from contracts with customers

IFRS 15 supersedes previous revenue standards (IAS 18, Revenue) and related interpretations and it applies to all revenue arising from contracts with customers. On January 1, 2018, the Company adopted IFRS 15 using the full retrospective approach. The adoption of this standard on January 1, 2018 resulted in a change in presentation from net to gross for timber services, which does not impact the Company's operating earnings or net income. As a result of this change in presentation, net sales for the three-month and six-month period ended June 24, 2017 increased by \$1.7 million and \$6.6 million, respectively, with a corresponding increase in operating costs and expenses. Net sales are net of discounts and rebates to customers. Revenue is recognized when control passes to the customer, which is generally when timber is delivered to the customer and actual quantities delivered are determined. Sales are governed primarily by contract and in some cases by standard industry terms. Pursuant to the Crown Lands Services Agreement, Acadian provides harvesting, transportation and other services to Crown licensees and sub-licensees. Acadian receives payment for these services which are recognized upon delivery of the timber and when actual quantities delivered are determined.

Market Outlook

The following contains forward-looking statements about Acadian Timber Corp.'s market outlook for the remainder of fiscal 2018. 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 or filed with SEDAR at www.sedar.com.

Acadian's key markets include softwood sawtimber, hardwood sawtimber and hardwood pulpwood. Northeast North American softwood dimension sawmills represent over one third of Acadian's end-use market and are the primary market for our softwood sawtimber. Economic forecasters continue to call for steady growth in housing starts, with year-over-year increases averaging over 10% in 2018 and 4% in 2019. The underlying fundamental driver of pent-up household formation remains highly compelling and forecasters continue to expect attractive growth in housing starts in future years despite weakening affordability and ongoing supply-side constraints of tight construction labour markets and more restrictive building regulations. North American sawtimber demand is expected to grow at over 3% per year over the next few years to support expanding domestic construction needs.

Benchmark Western Spruce-Pine-Fir and Southern Yellow Pine lumber prices were up over the sequential quarter by 17% and 6%, respectively, allowing producers to continue to pass on the full application of average export duties on U.S.-bound shipments to consumers. Reduced inventories in the supply chain at the beginning of the spring construction season due to severe winter conditions and tight rail and truck transport availability during the first quarter were replenished through the quarter as these constraints were largely alleviated. While lumber pricing volatility should be expected due to uncertainty of ongoing application and pass through of duties or a potential future softwood lumber dispute settlement including quotas, forecasters continue to expect the underlying supply demand drivers will support strength in lumber pricing through 2019. By extension, Acadian anticipates continued strong support in end use markets for softwood sawtimber pricing through this period.

Since the final determination of combined export duties averaging 20.2% was announced by the U.S. Department of Commerce and finalized by the International Trade Commission in late Q4 2017, industry officials indicate there have been no material softwood negotiations between the U.S. and Canada. As there is little expectation that a softwood settlement will factor into the current broader North American Free Trade Agreement (“NAFTA”) trade negotiations, there remains little visibility on relief from duties in the near to medium term.

Hardwood sawtimber markets, typically oriented to millwork and higher value specialty markets, are expected to remain at healthy current levels throughout the remainder of the year. Hardwood pulpwood demand in the region remains stable with tight supply conditions continuing to support historically strong pricing. In New Brunswick, biomass markets have benefited from the expected recovery in export volumes, while Maine’s biomass market remains under pressure from low cost natural gas as a more competitive feed stock for electricity generation. While investments in wood-based liquid biofuels and new wood pellet capacity in the state are encouraging, the projects are in early-stage development. We expect that the Maine recreational real estate market will remain active and therefore anticipate conditions will support the sale of additional properties throughout the remainder of 2018.

Quarterly Dividend

Acadian is pleased to announce a dividend of \$0.2825 per share, payable on October 15, 2018 to shareholders of record on September 30, 2018.

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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 third 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 timber 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 85 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.

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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 28, 2018 and the Management Information Circular dated March 28, 2018, and other filings of Acadian made with securities regulatory authorities, which are available on SEDAR at 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 Condensed Consolidated Statements of Net Income
(unaudited)

	Three Months Ended		Six Months Ended	
	June 30, 2018	June 24, 2017 ¹	June 30, 2018	June 24, 2017 ¹
<i>(CAD thousands, except per share data)</i>				
Net sales	\$ 16,099	\$ 14,329	\$ 49,047	\$ 42,341
Operating costs and expenses				
Cost of sales	11,174	9,868	32,668	28,108
Selling, administration and other	2,214	2,399	4,720	4,638
Reforestation	415	398	422	398
Depreciation and amortization	77	77	161	155
	13,880	12,742	37,971	33,299
Operating earnings	2,219	1,587	11,076	9,042
Interest expense, net	(1,003)	(744)	(1,961)	(1,491)
Other items				
Fair value adjustments	3,391	2,764	1,266	1,289
Unrealized exchange (loss) / gain on long-term debt	(1,651)	790	(3,939)	1,255
Gain on sale of timberlands	286	958	463	1,455
Loss on disposal of land, roads and other fixed assets	—	—	(248)	—
Earnings before income taxes	3,242	5,355	6,657	11,550
Current income tax recovery / (expense)	96	(120)	(1,269)	(267)
Deferred income tax expense	(1,450)	(1,224)	(1,514)	(2,514)
Net income	\$ 1,888	\$ 4,011	\$ 3,874	\$ 8,769
Net income per share – basic and diluted	\$ 0.11	\$ 0.24	\$ 0.23	\$ 0.52

1. Certain prior year amounts have been reclassified to conform to the current year presentation as a result of adoption of IFRS 15, *Revenue From Contracts with Customers*, on January 1, 2018

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

	Three Months Ended		Six Months Ended	
	June 30, 2018	June 24, 2017	June 30, 2018	June 24, 2017
<i>(CAD thousands)</i>				
Net income	\$ 1,888	\$ 4,011	\$ 3,874	\$ 8,769
Other comprehensive income / (loss)				
Items that may be reclassified subsequently to net income:				
Unrealized foreign currency translation gain / (loss)	2,088	(1,118)	5,454	(1,740)
Deferred income tax recovery	246	271	—	364
	2,334	(847)	5,454	(1,376)
Comprehensive income	\$ 4,222	\$ 3,164	\$ 9,328	\$ 7,393

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

<i>As at</i> <i>(CAD thousands)</i>	June 30, 2018	December 31, 2017
Assets		
Current Assets		
Cash and cash equivalents	\$ 22,866	\$ 23,951
Accounts receivable and other assets	6,115	11,007
Inventory	801	1,226
	29,782	36,184
Timber	336,577	330,879
Land, roads and other fixed assets	90,046	89,013
Intangible assets	6,140	6,140
	\$ 462,545	\$ 462,216
Liabilities and shareholders' equity		
Current liabilities		
Accounts payable and accrued liabilities	\$ 5,557	\$ 12,476
Dividends payable to shareholders	4,727	4,601
	10,284	17,077
Long-term debt	92,456	90,866
Deferred income tax liability	83,654	80,188
Shareholders' equity	276,151	274,085
	\$ 462,545	\$ 462,216

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

	Three Months Ended		Six Months Ended	
<i>(CAD thousands)</i>	June 30, 2018	June 24, 2017	June 30, 2018	June 24, 2017
Cash and cash equivalents provided by / (used for):				
Operating activities				
Net income	\$ 1,888	\$ 4,011	\$ 3,874	\$ 8,769
Adjustments to net income:				
Deferred income tax expense	1,450	1,224	1,514	2,514
Depreciation and amortization	77	77	161	155
Fair value adjustments and other	(3,391)	(2,764)	(1,266)	(1,289)
Unrealized exchange loss / (gain) on long term debt	1,651	(790)	3,939	(1,255)
Gain on sale of timberlands	(286)	(958)	(463)	(1,455)
Loss on disposal of land, roads and other fixed assets	—	—	248	—
Net change in non-cash working capital balances and other	3,527	1,256	(543)	2,134
	4,916	2,056	7,464	9,573
Financing activities				
Dividends paid to shareholders	(4,601)	(4,601)	(9,202)	(8,784)
	(4,601)	(4,601)	(9,202)	(8,784)
Investing activities				
Additions to timber, land, roads and other fixed assets	(26)	(504)	(31)	(618)
Acquisition of Katahdin Timberlands LLC	—	—	—	(1,276)
Proceeds from sale of timberlands	305	1,257	497	2,094
Proceeds from sale of land, roads and other fixed assets	8	—	187	—
	287	753	653	200
Increase / (decrease) in cash and cash equivalents during the period	602	(1,792)	(1,085)	989
Cash and cash equivalents, beginning of period	22,264	22,435	23,951	19,654
Cash and cash equivalents, end of period	\$ 22,866	\$ 20,643	\$ 22,866	\$ 20,643

Reconciliations to Adjusted EBITDA and Free Cash Flow

<i>(CAD thousands)</i>	Three Months Ended		Six Months Ended	
	June 30, 2018	June 24, 2017	June 30, 2018	June 24, 2017
Net income	\$ 1,888	\$ 4,011	\$ 3,874	\$ 8,769
Add / (deduct):				
Interest expense, net	1,003	744	1,961	1,491
Current income tax (recovery) / expense	(96)	120	1,269	267
Deferred income tax expense	1,450	1,224	1,514	2,514
Depreciation and amortization	77	77	161	155
Fair value adjustments and other	(3,391)	(2,764)	(1,266)	(1,289)
Unrealized exchange loss / (gain) on long-term debt	1,651	(790)	3,939	(1,255)
Adjusted EBITDA	\$ 2,582	\$ 2,622	\$ 11,452	\$ 10,652
Add / (deduct):				
Interest paid on debt, net	(682)	(717)	(1,366)	(1,438)
Additions to timber, land, roads and other fixed assets	(26)	(50)	(31)	(164)
Gain on sale of timberlands	(286)	(958)	(463)	(1,455)
Loss on disposal of land, roads and other fixed assets	—	—	248	—
Proceeds on sale of timberlands	305	1,257	497	2,094
Proceeds on sale of roads and other fixed assets	8	—	187	—
Current income tax recovery / (expense)	96	(120)	(1,269)	(267)
Free Cash Flow	\$ 1,997	\$ 2,034	\$ 9,255	\$ 9,422
Dividends declared	4,727	4,601	9,328	9,202
Payout ratio	237%	226%	101%	98%