

Unaudited Condensed Consolidated Interim Financial Statements  
(Expressed in Canadian dollars)

## **HARDWOODS DISTRIBUTION INC.**

Three and six month periods ended June 30, 2015 and 2014

# HARDWOODS DISTRIBUTION INC.

Unaudited Condensed Consolidated Interim Statements of Financial Position  
(Expressed in thousands of Canadian dollars)

	Note	June 30, 2015	December 31, 2014
<b>Assets</b>			
Current assets:			
Cash		\$ -	\$ 13
Accounts receivable	6	61,006	46,127
Inventories	7	99,728	85,401
Prepaid expenses		1,836	1,951
Total current assets		162,570	133,492
Non-current assets:			
Other receivables	6	1,011	1,253
Property, plant and equipment		14,425	13,764
Deferred income taxes		11,501	12,277
Intangible asset		29	27
Total non-current assets		26,966	27,321
Total assets		\$ 189,536	\$ 160,813
<b>Liabilities</b>			
Current liabilities:			
Bank indebtedness	8	\$ 46,201	\$ 35,371
Accounts payable and accrued liabilities		14,282	9,682
Income taxes payable		318	1,383
Finance lease obligation		1,075	1,024
Dividend payable	5	916	744
Total current liabilities		62,792	48,204
Non-current liabilities:			
Bank indebtedness	8	2,990	3,371
Finance lease obligation		704	749
Total non-current liabilities		3,694	4,120
Total liabilities		66,486	52,324
<b>Shareholders' equity</b>			
Share capital	9(a)	45,839	45,830
Contributed surplus		105,617	105,154
Deficit		(41,948)	(49,999)
Accumulated other comprehensive income		13,542	7,504
Shareholders' equity		123,050	108,489
Total shareholders' equity and liabilities		\$ 189,536	\$ 160,813

Contingencies (note 13)  
Subsequent event (note 5)

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

Approved on behalf of the board of directors:

**(Signed) GRAHAM M. WILSON** Director

**(Signed) WILLIAM R. SAUDER** Director

**DRAFT – AUGUST 13, 2015**

# HARDWOODS DISTRIBUTION INC.

Unaudited Condensed Consolidated Statements of Comprehensive Income  
(Expressed in thousands of Canadian dollars)

	Note	Three months ended		Six months ended	
		June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014
Sales	11	\$ 143,351	\$ 119,038	\$ 278,467	\$ 219,972
Cost of sales	7	(118,503)	(98,510)	(230,556)	(181,181)
Gross profit		24,848	20,528	47,911	38,791
Operating expenses:					
Selling and distribution		(12,800)	(10,823)	(25,105)	(21,828)
Administration		(3,415)	(2,677)	(7,098)	(5,270)
		(16,215)	(13,500)	(32,203)	(27,098)
Profit from operations		8,633	7,028	15,708	11,693
Finance expense	10	(428)	(530)	(721)	(591)
Finance income	10	98	116	627	242
Net finance expense		(330)	(414)	(94)	(349)
Profit before income taxes		8,303	6,614	15,614	11,344
Income tax expense:					
Current		(2,749)	(2,008)	(4,615)	(3,402)
Deferred		(545)	(610)	(1,277)	(981)
		(3,294)	(2,618)	(5,892)	(4,383)
Profit for the period		5,009	3,996	9,722	6,961
Other comprehensive income (loss):					
Exchange differences translating foreign operations		(1,162)	(2,322)	6,038	23
Total comprehensive income for the period		\$ 3,847	\$ 1,674	\$ 15,760	\$ 6,984
Basic and diluted profit per share	9(c)	\$ 0.30	\$ 0.24	\$ 0.58	\$ 0.42

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

# HARDWOODS DISTRIBUTION INC.

Unaudited Condensed Consolidated Statements of Changes in Shareholders' Equity  
(Expressed in thousands of Canadian dollars)

Six month periods ended June 30, 2015 and 2014

	Note	Share capital	Contributed surplus	Accumulated other comprehensive income - translation reserve	Deficit	Total
Balance at January 1, 2015		\$ 45,830	\$ 105,154	\$ 7,504	\$ (49,999)	\$ 108,489
Share based compensation expense for the period	9(b)	-	472	-	-	472
Shares issued pursuant to LTIP	9(a)	9	(9)	-	-	-
Profit for the period		-	-	-	9,722	9,722
Dividends declared		-	-	-	(1,671)	(1,671)
Translation of foreign operations		-	-	6,038	-	6,038
<b>Balance at June 30, 2015</b>		<b>\$ 45,839</b>	<b>\$ 105,617</b>	<b>\$ 13,542</b>	<b>\$ (41,948)</b>	<b>\$ 123,050</b>
Balance at January 1, 2014		\$ 45,298	\$ 104,911	\$ 1,505	\$ (61,031)	\$ 90,683
Share based compensation expense for the period	9(b)	-	336	-	-	336
Profit for the period		-	-	-	6,961	6,961
Dividends declared		-	-	-	(1,494)	(1,494)
Translation of foreign operations		-	-	23	-	23
<b>Balance at June 30, 2014</b>		<b>\$ 45,298</b>	<b>\$ 105,247</b>	<b>\$ 1,528</b>	<b>\$ (55,564)</b>	<b>\$ 96,509</b>

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

# HARDWOODS DISTRIBUTION INC.

Unaudited Condensed Consolidated Statements of Cash Flows  
(Expressed in thousands of Canadian dollars)

	Note	Three months ended		Six months ended	
		June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014
Cash flow from operating activities:					
Profit for the period		\$ 5,009	\$ 3,996	\$ 9,722	\$ 6,961
Adjustments for:					
Depreciation		647	515	1,218	953
Loss on sale of property, plant and equipment		-	31	1	30
Non-cash employee incentive program		356	225	472	336
Income tax expense		3,294	2,618	5,892	4,383
Net finance cost		330	414	94	349
Interest received		98	112	192	212
Interest paid		(330)	(320)	(666)	(553)
Income taxes paid		(2,847)	(1,795)	(5,773)	(2,962)
		6,557	5,796	11,152	9,709
Changes in non-cash working capital:					
Accounts receivable		(1,003)	2,280	(11,847)	(5,146)
Inventories		(4,697)	(2,521)	(8,960)	(8,732)
Prepaid expenses		(110)	(560)	222	(414)
Accounts payable and accrued liabilities		1,362	1,184	4,012	3,013
		(4,448)	383	(16,573)	(11,279)
Net cash provided by (used in) operating activities		2,109	6,179	(5,421)	(1,570)
Cash flow from financing activities:					
Increase (decrease) in bank indebtedness		(1,014)	10,241	7,864	18,949
Principle payments on finance lease obligation		(274)	(213)	(538)	(428)
Dividends paid to shareholders		(749)	(744)	(1,498)	(1,323)
Net cash provided by (used in) financing activities		(2,037)	9,284	5,828	17,198
Cash flow from investing activities:					
Additions to property, plant and equipment		(166)	(417)	(690)	(798)
Proceeds on disposal of property, plant and equipment		68	108	159	115
Business acquisition	4	-	(15,278)	-	(15,278)
Payments received on non-current receivables		26	121	111	276
Net cash provided by (used in) investing activities		(72)	(15,466)	(420)	(15,685)
Decrease in cash		-	(3)	(13)	(57)
Cash, beginning of period		-	24	13	78
Cash, end of period		\$ -	\$ 21	\$ -	\$ 21
Supplementary information:					
Property, plant and equipment acquired under finance leases, net of disposals		\$ 360	\$ 309	\$ 530	\$ 457
Transfer of accounts receivable to long-term customer notes receivable, being a non-cash transaction		185	-	185	99

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

# HARDWOODS DISTRIBUTION INC.

Notes to Unaudited Condensed Consolidated Interim Financial Statements  
(Tabular amounts expressed in thousands of Canadian dollars)

Three and six month periods ended June 30, 2015 and 2014

---

## 1. Nature of operations:

Hardwoods Distribution Inc. (the "Company") is incorporated under the Canada Business Corporations Act trading on the Toronto Stock Exchange under the symbol "HWD." Subsidiaries of the Company operate a network of 33 distribution centers in Canada and the US engaged in the wholesale distribution of hardwood lumber and related sheet goods and specialty products. The Company's operation in Clinton, Michigan includes a sawmill and kiln drying operations (note 4).

## 2. Basis of preparation:

### (a) Statement of compliance:

These condensed consolidated interim financial statements of the Company have been prepared in accordance with International Accounting Standards ("IAS 34") "Interim Financial Reporting". The disclosures contained in these condensed consolidated interim financial statements do not include all of the requirements of International Financial Reporting Standards ("IFRS") for annual financial statements, and accordingly, should be read in conjunction with the Company's annual consolidated financial statements for the year ended December 31, 2014.

The condensed consolidated interim financial statements were authorized for issue by the Board of Directors on August 13, 2015.

### (b) Basis of measurement:

These condensed consolidated interim financial statements have been prepared on the historical cost basis.

### (c) Functional and presentation currency:

These condensed consolidated interim financial statements are presented in Canadian dollars, which is the Company's functional currency. All financial information presented in the interim financial statements, with the exception of per share amounts, has been rounded to the nearest thousand dollar.

### (d) Use of estimates and judgment:

The preparation of financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual amounts may differ from the estimates applied in the preparation of these financial statements.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. In preparing these condensed consolidated interim financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty are consistent with those disclosed in the Company's annual audited consolidated financial statements for the year ended December 31, 2014.

# HARDWOODS DISTRIBUTION INC.

Notes to Unaudited Condensed Consolidated Interim Financial Statements  
(Tabular amounts expressed in thousands of Canadian dollars)

Three and six month periods ended June 30, 2015 and 2014

### 3. Significant accounting policies:

The significant accounting policies that have been used in the preparation of these condensed consolidated interim financial statements are summarized in the Company's annual audited consolidated financial statements for the year ended December 31, 2014. There were no new standards effective January 1, 2015 that have an impact on the Company's financial statements.

### 4. Business acquisitions:

Hardwoods of Michigan Acquisition

On April 28, 2014 a subsidiary of the Company purchased the business operations of Hardwoods of Michigan Inc. ("HMI") a fully integrated producer and distributor of high quality hardwood lumber from its sawmill and kiln drying operations located on 23 acres in Clinton, Michigan. The Company's subsidiary purchased the accounts receivable, inventory, prepaid expenses, and property, plant and equipment of HMI for cash consideration of \$16.5 million (US\$15.0 million) and hired HMI's employees to continue operating the business. The purchase price was satisfied with cash consideration, funded by the drawdown of the Hardwoods USLP Credit Facility (note 8).

Had the acquisition occurred on January 1, 2014 management estimated that the Company's consolidated sales would have been approximately \$236.0 million and profit would have been approximately \$8.2 million for the six month period ended June 30, 2014. Included in these condensed consolidated interim financial statements for the three and six month periods ended June 30, 2014 are sales of \$6.7 million (US\$6.1 million) and profit of \$0.5 million (US\$0.5 million) relating to HMI.

### 5. Capital management:

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Company considers its capital to be bank indebtedness (net of cash) and shareholders' equity.

The Company's capitalization is as follows:

	June 30, 2015	December 31, 2014
Cash	\$ -	\$ (13)
Bank indebtedness	49,191	38,742
Shareholder's equity	123,050	108,489
Total capitalization	\$ 172,241	\$ 147,218

The terms of the Company's US and Canadian credit facilities are described in note 8. The terms of the agreements with the Company's lenders provide that distributions cannot be paid by its subsidiaries in the event that its subsidiaries do not meet certain credit ratios. The Company's operating subsidiaries were compliant with all required credit ratios under the US and Canadian credit facilities as at June 30, 2015 and December 31, 2014, and accordingly there were no restrictions on distributions arising from compliance with financial covenants.

# HARDWOODS DISTRIBUTION INC.

Notes to Unaudited Condensed Consolidated Interim Financial Statements  
(Tabular amounts expressed in thousands of Canadian dollars)

Three and six month periods ended June 30, 2015 and 2014

## 5. Capital management (continued):

Dividends are one way the Company manages its capital. Dividends are declared having given consideration to a variety of factors including the outlook for the business and financial leverage. There were no changes to the Company's approach to capital management during the three and six month periods ended June 30, 2015.

On May 14, 2015, the Company declared a cash dividend of \$0.055 per common share to shareholders of record as of July 20, 2015. The dividend was paid to shareholders on July 31, 2015. On August 13, 2015, the Company declared a cash dividend of \$0.055 per common share to shareholders of record as of October 20, 2015, to be paid on October 30, 2015.

## 6. Accounts receivable:

The following is a breakdown of the Company's current and non-current receivables and represents the Company's principal exposure to credit risk.

	June 30, 2015	December 31, 2014
Trade accounts receivable - Canada	\$ 14,997	\$ 10,490
Trade accounts receivable - United States	49,427	37,960
Sundry receivable	231	786
Current portion of non-current receivables	779	369
	65,434	49,605
Less:		
Allowance for credit loss	4,428	3,478
	\$ 61,006	\$ 46,127
Non-current receivables:		
Employee housing loans	\$ 524	\$ 429
Customer notes	736	679
Security deposits	530	514
	1,790	1,622
Less:		
Current portion, included in accounts receivable	779	369
	\$ 1,011	\$ 1,253

The aging of trade receivables is:

	June 30, 2015	December 31, 2014
Current	\$ 49,558	\$ 35,428
Past due 31 - 60 days	9,934	8,041
Past due 61 - 90 days	2,395	2,752
Past due 90+ days	2,537	2,229
	\$ 64,424	\$ 48,450



# HARDWOODS DISTRIBUTION INC.

Notes to Unaudited Condensed Consolidated Interim Financial Statements  
(Tabular amounts expressed in thousands of Canadian dollars)

Three and six month periods ended June 30, 2015 and 2014

## 6. Accounts receivable (continued):

The Company determines its allowance for doubtful accounts based on its best estimate of the net recoverable amount by customer account. Accounts that are considered uncollectable are written off. The total allowance at June 30, 2015 was \$4.4 million (December 31, 2014 - \$3.5 million). The amount of the allowance is considered sufficient based on the past experience of the business, current and expected collection trends, the security the Company has in place for past due accounts and management's regular review and assessment of customer accounts and credit risk.

Bad debt expense, net of recoveries, for the three month period ended June 30, 2015 was \$0.6 million which equates to 0.4% of sales (three month period ended June 30, 2014 - \$0.2 million, being 0.2% of sales). For the six month period ended June 30, 2015, net bad debt expense was \$0.8 million being 0.3% of sales (six month period ended June 30, 2014 - \$0.7 million, being 0.3% of sales).

## 7. Inventories:

	June 30, 2015	December 31, 2014
Raw materials	\$ 1,722	\$ 1,624
Work in process	3,192	5,044
Goods in-transit	11,755	9,594
Finished goods:		
Lumber	37,192	31,059
Sheet goods	36,901	31,127
Specialty	8,966	6,953
	\$ 99,728	\$ 85,401

Inventory related expenses are included in the condensed consolidated statement of comprehensive income as follows:

	Three months ended		Six months ended	
	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014
Inventory write-downs, included in cost of sales	\$ 182	\$ 315	\$ 390	\$ 524
Cost of inventory sold	114,578	95,173	222,758	174,996
Other cost of sales	3,925	3,337	7,798	6,185
Total cost of sales	\$ 118,503	\$ 98,510	\$ 230,556	\$ 181,181

# HARDWOODS DISTRIBUTION INC.

Notes to Unaudited Condensed Consolidated Interim Financial Statements  
(Tabular amounts expressed in thousands of Canadian dollars)

Three and six month periods ended June 30, 2015 and 2014

## 8. Bank indebtedness:

	June 30, 2015	December 31, 2014
Checks issued in excess of funds on deposit	\$ 1,878	\$ 1,368
Credit facility, Hardwoods LP	8,245	5,318
Credit facility, Hardwoods USLP (June 30, 2015 - US\$28,065 December 31, 2014 - US\$24,004)	35,053	27,851
Term loan, Hardwoods USLP (US\$3,215) December 31, 2014 - US\$3,625)	4,015	4,205
	49,191	38,742
Less: non-current portion of term loan	2,990	3,371
	\$ 46,201	\$ 35,371

Bank indebtedness consists of checks issued in excess of funds on deposit and advances under operating lines of credit (the "Credit Facilities") available to subsidiaries of the Company, Hardwoods Specialty Products LP ("Hardwoods LP") and Hardwoods Specialty Product USLP ("Hardwoods USLP"), which in the case of Hardwoods USLP includes a term loan.

The Hardwoods LP Credit Facility, which has a maturity date of August 7, 2016, provides financing up to \$15.0 million. On April 28, 2014, the Company amended the credit facility of its subsidiary Hardwoods USLP concurrently with completing the acquisition of Hardwoods of Michigan, Inc. (note 4). The term of the Hardwoods USLP credit facility was extended to April 27, 2017, and the maximum available borrowing under the credit facility increased from US\$50.0 million to US\$79.1 million, comprised of US\$75.0 million available under revolving credit facilities, and US\$4.1 million under a term loan that matures April 27, 2017, with monthly payments based on a five year amortization. Monthly payments on the term loan reduce the total Credit Facility and so the Credit Facility at June 30, 2015 is comprised of US\$75.0 million available under revolving credit facilities and US\$3.2 million under the term loan.

The Credit Facilities are payable in full at maturity. The Credit Facilities are revolving credit facilities which the Company may terminate at any time without prepayment penalty. The Credit Facilities and term loan bear interest at a floating rate based on the Canadian or US prime rate (as the case may be), LIBOR or bankers' acceptance rates plus, in each case, an applicable margin. Letters of credit are also available under the Credit Facilities on customary terms for facilities of this nature. Commitment fees and standby charges usual for borrowings on this nature were and are payable.

# HARDWOODS DISTRIBUTION INC.

Notes to Unaudited Condensed Consolidated Interim Financial Statements  
(Tabular amounts expressed in thousands of Canadian dollars)

Three and six month periods ended June 30, 2015 and 2014

---

## 8. Bank indebtedness (continued):

The amount made available under the Credit Facility to Hardwoods LP from time to time is limited to the extent of 85% of the book value of accounts receivable and the lesser of 60% of the book value or 85% of appraised value of inventories with the amount based on inventories not to exceed 60% of the total amount to be available. Certain identified accounts receivable and inventories are excluded from the calculation of the amount available under the Credit Facility. Hardwoods LP is required to maintain a fixed charge coverage ratio (calculated as the ratio of earnings before interest, tax, depreciation and amortization ("EBITDA") less cash taxes less capital expenditures less distributions, divided by interest plus principal payments on capital lease obligations) of not less than 1.1 to 1. However, this covenant does not apply so long as the unused availability under the credit line is in excess of \$2.0 million. At June 30, 2015, the Hardwoods LP credit facility has unused availability of \$6.7 million, before checks issued in excess of funds on deposit of \$0.7 million (December 31, 2014 - \$8.2 million, checks issued in excess of funds on deposit - nil).

As part of the amendment on April 28, 2014, the amount made available under the Credit Facility to Hardwoods USLP from time to time was increased to 90% of the book value of accounts receivable and 65% of the book value of inventories (with certain accounts receivable and inventory being excluded). During the quarter ended June 30, 2015 the Company reduced the borrowing base otherwise available such that the advance rates at June 30, 2015 are 85% of the book value of accounts receivable, and 55% of the book value of inventories. Hardwoods USLP is required to maintain a fixed charge coverage ratio (calculated as EBITDA less cash taxes less capital expenditures, divided by interest plus distributions) of 1.0 to 1. This covenant of the Hardwoods USLP Credit Facility does not need to be met, however, when the unused availability under the credit facility is in excess of certain thresholds. The minimum unused availability that must be maintained for the fixed charge coverage ratio not to apply at June 30, 2015 is US\$7.5 million. At June 30, 2015, the Hardwoods USLP credit facility has unused availability of \$36.0 million (US\$28.8 million), before checks issued in excess of funds on deposit of \$1.2 million (US\$0.9 million) (December 31, 2014 - \$28.7 million (US\$24.8 million), before checks issued in excess of funds on deposit of \$1.3 million (US\$1.1 million)).

# HARDWOODS DISTRIBUTION INC.

Notes to Unaudited Condensed Consolidated Interim Financial Statements  
(Tabular amounts expressed in thousands of Canadian dollars)

Three and six month periods ended June 30, 2015 and 2014

## 9. Share capital:

### (a) Share capital

At June 30, 2015, the authorized share capital of the Company comprised an unlimited number of common shares without par value ("Shares").

A continuity of share capital is as follows:

	Shares		Total
Balance at December 31, 2013	16,539,378	\$	44,298
Issued pursuant to long term incentive plan	112,036		532
Balance at December 31, 2014	16,651,414		45,830
Issued pursuant to long term incentive plan	823		9
Balance at June 30, 2015	16,652,237	\$	45,839

### (b) Long Term Incentive Plan ("LTIP"):

	Performance Shares	Restricted Shares
Balance at December 31, 2013	30,618	108,719
LTIP shares issued during the year	7,383	63,356
LTIP shares settled by exchange for free-trading Shares	(17,049)	(73,162)
Balance at December 31, 2014	20,952	98,913
LTIP shares issued during the period	30,365	67,112
LTIP shares settled by exchange for free-trading Shares	-	(823)
Balance at June 30, 2015	51,317	165,202

Non-cash LTIP compensation expense of \$355,844 was recognized in the condensed consolidated interim statement of comprehensive income for the three month period ended June 30, 2015 (2014 - \$225,102) and \$471,869 for the six month period ended June 30, 2015 (2014 - \$335,979).

# HARDWOODS DISTRIBUTION INC.

Notes to Unaudited Condensed Consolidated Interim Financial Statements  
(Tabular amounts expressed in thousands of Canadian dollars)

Three and six month periods ended June 30, 2015 and 2014

## 9. Share capital (continued):

(c) Weighted average shares:

The calculation of basic and fully diluted profit per share is based on the profit for the three month period ended June 30, 2015 of \$5.0 million (2014 - \$4.0 million) and six month period ended June 30, 2015 of \$9.7 million (2014 - \$7.0 million). The weighted average number of common shares outstanding was as follows:

	Three months ended		Six months ended	
	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014
Issued ordinary shares at beginning of period	16,651,414	16,539,378	16,651,414	16,539,378
Effect of shares issued during the period pursuant to long-term incentive plan	-	-	-	-
Weighted average common shares - basic	16,651,414	16,539,378	16,651,414	16,539,378
Effect of dilutive securities:				
Long-term incentive plan	146,202	151,920	132,201	134,723
Weighted average common shares - diluted	16,797,616	16,691,298	16,783,615	16,674,101

## 10. Finance income and expense:

	Note	Three months ended		Six months ended	
		June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014
Finance expense:					
Interest on bank indebtedness	8	\$ (330)	\$ (319)	\$ (666)	\$ (538)
Accretion of finance lease obligation		(26)	(27)	(55)	(53)
Foreign exchange losses		(72)	(184)	-	-
Total finance expense		(428)	(530)	(721)	(591)
Finance income:					
Interest on trade receivables, customer notes, and employee loans	6	98	116	192	220
Foreign exchange gain		-	-	435	22
Total finance income		98	116	627	242
Net finance expense		\$ (330)	\$ (414)	\$ (94)	\$ (349)

# HARDWOODS DISTRIBUTION INC.

Notes to Unaudited Condensed Consolidated Interim Financial Statements  
(Tabular amounts expressed in thousands of Canadian dollars)

Three and six month periods ended June 30, 2015 and 2014

## 11. Segment reporting:

Information about geographic areas is as follows:

	Three months ended		Six months ended	
	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014
Revenue from external customers:				
Canada	\$ 30,175	\$ 27,904	\$ 58,011	\$ 52,093
United States	113,176	91,134	220,456	167,879
	<u>\$ 143,351</u>	<u>\$ 119,038</u>	<u>\$ 278,467</u>	<u>\$ 219,972</u>

	June 30, 2015	December 31, 2014
Non-current assets <sup>(1)</sup> :		
Canada	\$ 1,154	\$ 991
United States	13,300	12,800
	<u>\$ 14,454</u>	<u>\$ 13,791</u>

<sup>(1)</sup> Excludes financial instruments and deferred income taxes

## 12. Seasonality:

The Company is subject to seasonal influences. Historically, the first and fourth quarters are seasonally slower periods for construction activity and therefore demand for hardwood products.

## 13. Contingencies:

The Company and its subsidiaries are subject to legal proceedings that arise in the ordinary course of its business. Management is of the opinion, based upon information presently available, that it is unlikely that any liability, to the extent not provided for or through insurance, would be material in relation to the Company's condensed consolidated interim financial statements at June 30, 2015.