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

HARDWOODS DISTRIBUTION INC.

Three and nine month periods ended September 30, 2014 and 2013

HARDWOODS DISTRIBUTION INC.

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

	Note	September 30, 2014	December 31, 2013
Assets			
Current assets:			
Cash		$ 16	$ 78
Accounts receivable	6	52,802	42,382
Inventories	7	81,325	62,288
Prepaid expenses		2,241	1,205
Total current assets		136,384	105,953
Non-current assets:			
Long-term receivables	6	1,303	1,363
Property, plant and equipment		13,454	7,505
Deferred income taxes		11,992	13,443
Total non-current assets		26,749	22,311
Total assets		$ 163,133	$ 128,264
Liabilities			
Current liabilities:			
Bank indebtedness	8	$ 42,199	$ 27,881
Accounts payable and accrued liabilities		10,186	7,426
Income taxes payable		1,209	-
Finance lease obligation		1,051	872
Dividend payable	5	744	574
Total current liabilities		55,389	36,753
Non-current liabilities:			
Finance lease obligation		833	828
Long-term bank indebtedness	8	3,371	-
Total non-current liabilities		4,204	828
Total liabilities		59,593	37,581
Shareholders' equity			
Share capital	9(a)	45,298	45,298
Contributed surplus		105,424	104,911
Deficit		(52,062)	(61,031)
Accumulated other comprehensive income		4,880	1,505
Shareholders' equity		103,540	90,683
Total shareholders' equity and liabilities		$ 163,133	$ 128,264

Contingencies (note 13)
Subsequent events (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) TERRY M. HOLLAND** Director

HARDWOODS DISTRIBUTION INC.

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

Three and nine month periods ended September 30, 2014 and 2013

	Note	Three months ended September 30, 2014	Three months ended September 30, 2013	Nine months ended September 30, 2014	Nine months ended September 30, 2013
Sales		$ 121,398	$ 97,546	$ 341,370	$ 280,146
Cost of sales	7	(100,509)	(79,899)	(281,690)	(228,518)
Gross profit		20,889	17,647	59,680	51,628
Operating expenses:					
Selling and distribution		(10,711)	(10,614)	(32,539)	(28,957)
Administration		(3,166)	(2,139)	(8,436)	(6,565)
		(13,877)	(12,753)	(40,975)	(35,522)
Profit from operating activities		7,012	4,894	18,705	16,106
Finance expense	10	(366)	(504)	(957)	(860)
Finance income	10	373	132	615	757
Net finance income (costs)		7	(372)	(342)	(103)
Profit before income taxes		7,019	4,522	18,363	16,003
Income tax expense:					
Current		(1,956)	(970)	(5,358)	(4,203)
Deferred		(817)	(443)	(1,798)	(1,108)
		(2,773)	(1,413)	(7,156)	(5,311)
Profit for the period		4,246	3,109	11,207	10,692
Other comprehensive income (loss):					
Exchange differences translating foreign operations		3,352	(1,122)	3,375	1,546
Total comprehensive income for the period		$ 7,598	$ 1,987	$ 14,582	$ 12,238
Basic profit per share	9(c)	$ 0.26	$ 0.19	$ 0.68	$ 0.65
Diluted profit per share	9(c)	$ 0.25	$ 0.19	$ 0.67	$ 0.64

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)

Nine month periods ended September 30, 2014 and 2013

	Note	Share capital	Contributed surplus	Accumulated other comprehensive income (loss) - translation reserve	Deficit	Total
Balance at January 1, 2013		$ 44,762	$ 104,903	$ (1,850)	$ (71,803)	$ 76,012
Share based compensation expense for the period	9(b)	-	311	-	-	311
Profit for the period		-	-	-	10,692	10,692
Dividends declared		-	-	-	(1,721)	(1,721)
Translation of foreign operations		-	-	1,546	-	1,546
Balance at September 30, 2013		$ 44,762	$105,214	$ (304)	$ (62,832)	$ 86,840
Balance at January 1, 2014		$ 45,298	$ 104,911	$ 1,505	$ (61,031)	$ 90,683
Share based compensation expense for the period	9(b)	-	513	-	-	513
Profit for the period		-	-	-	11,207	11,207
Dividends declared		-	-	-	(2,238)	(2,238)
Translation of foreign operations		-	-	3,375	-	3,375
Balance at September 30, 2014		$ 45,298	$ 105,424	$ 4,880	$ (52,062)	$ 103,540

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)

Three and nine month periods ended September 30, 2014 and 2013

	Note	Three months ended September 30, 2014	Three months ended September 30, 2013	Nine months ended September 30, 2014	Nine months ended September 30, 2013
Cash flow from operating activities:					
Profit for the period		$ 4,246	$ 3,109	$ 11,207	$ 10,692
Adjustments for:					
Depreciation		582	375	1,535	1,046
Loss (gain) on sale of property, plant and equipment		(20)	(3)	10	(78)
Non-cash employee incentive program		177	112	513	311
Income tax expense		2,773	1,413	7,156	5,311
Net finance cost (income)	10	(7)	372	342	103
Interest received		101	127	313	362
Interest paid		(378)	(328)	(931)	(836)
Income taxes paid		(1,120)	(1,845)	(4,082)	(3,841)
		6,354	3,332	16,063	13,070
Changes in non-cash working capital:					
Accounts receivable		619	2,325	(4,527)	(11,072)
Inventories		(1,271)	(2,214)	(10,003)	(14,658)
Prepaid expenses		(170)	(675)	(584)	(456)
Accounts payable and accrued liabilities		(591)	581	2,422	1,261
		(1,413)	17	(12,692)	(24,925)
Net cash provided by (used in) operating activities		4,941	3,349	3,371	(11,855)
Cash flow from financing activities:					
Increase (decrease) in bank indebtedness	8	(2,754)	(2,338)	16,195	17,307
Principle payments on finance lease obligation		(222)	(200)	(650)	(574)
Dividends paid to shareholders		(744)	(573)	(2,067)	(1,639)
Net cash provided by (used in) financing activities		(3,720)	(3,111)	13,478	15,094
Cash flow from investing activities:					
Additions to property, plant and equipment		(428)	(358)	(1,226)	(779)
Proceeds on disposal of property, plant and equipment		68	33	183	187
Business acquisition	4	(1,189)	-	(16,467)	(2,984)
Payments received on long-term receivables		323	92	599	259
Net cash used in investing activities		(1,226)	(233)	(16,911)	(3,317)
Increase (decrease) in cash		(5)	5	(62)	(78)
Cash, beginning of period		21	11	78	94
Cash, end of period		$ 16	$ 16	$ 16	$ 16
Supplementary information:					
Property, plant and equipment acquired under finance leases, net of disposals		$ 319	$ 315	$ 776	$ 1,040
Transfer of accounts receivable to long-term customer notes receivable, being a non-cash transaction		$ -	$ -	$ 99	$ 328

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

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 32 distribution centers in Canada and the US engaged in the wholesale distribution of hardwood lumber and related sheet goods and specialty products, as well as a hardwood sawmill and kiln drying operation located in Clinton, Michigan (note 4(a)).

2. Basis of preparation:

(a) Statement of compliance:

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard No. 34 "*Interim Financial Reporting*" ("IAS 34"). 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, these condensed consolidated interim financial statements should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2013.

The condensed consolidated interim financial statements were authorized for issue by the Board of Directors on November 7, 2014.

(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, 2013. An additional area of estimation uncertainty arising during the period relates to the estimate of fair values and pro-forma sales and profit associated with the Hardwoods of Michigan Inc. business acquisition (note 4(a)).

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, 2013. There were no new standards effective January 1, 2014 that have an impact on the Company's financial statements.

(a) New standards and interpretations not yet adopted:

IFRS 9, *Financial Instruments ("IFRS 9")*

IFRS 9 will replace IAS 39, *Financial Instruments: Recognition and Measurement* ("IAS 39"). IFRS 9 will replace the multiple classification and measurement models in IAS 39 with a single model that has only two classification categories: amortized cost and fair value. The new standard also requires a single impairment method to be used, provides additional guidance on the classification and measurement of financial liabilities, and provides a new general hedge accounting standard.

The mandatory effective date has been set for January 1, 2018, however early adoption of the new standard is permitted. The Company does not intend to early adopt IFRS 9 in its consolidated financial statements for the annual period beginning on January 1, 2015. The adoption of IFRS 9 is currently not expected to have a material impact on the consolidated financial statements given the nature of the Company's operations and the types of financial instruments that it currently holds; however, the Company will continue to assess the extent of impact as the mandatory adoption date approaches.

IFRS 15, *Revenue from Contracts with Customers ("IFRS 15")*

IFRS 15 is effective for fiscal years commencing on or after January 1, 2017 and will replace IAS 18, *Revenue* and a number of revenue related standards and interpretations. IFRS 15 contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have also been introduced, which may affect the amount and/or timing of revenue recognized.

The Company intends to adopt IFRS 15 in its financial statements for the annual period beginning on January 1, 2017. The Company is assessing the impact of this new standard, but does not expect the amendments to have a material impact on the consolidated financial statements.

4. Business acquisitions:

(a) Hardwoods of Michigan Acquisition

On April 28, 2014 a subsidiary of the Company purchased the business operations of Hardwoods of Michigan, Inc. ("HMI") with the intention to continue operations of the business. HMI is 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. HMI has been in business for over 40 years and has a broad and diverse customer base throughout North America as well as in Europe and Asia. HMI sells hardwood lumber to customers that manufacture cabinets, flooring, furniture, mouldings, doors, windows and other custom millwork products. The Company's subsidiary purchased the accounts

(Tabular amounts expressed in thousands of Canadian dollars)

4. Business acquisitions (continued):

(a) Hardwoods of Michigan Acquisition (continued)

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 acquisition has been accounted for as a business combination using the acquisition method of accounting. HMI's results of operations and fair value of assets acquired have been included in the consolidated financial statements from the date of acquisition.

The preliminary allocation of the purchase price to identified assets acquired is as follows:

Accounts receivable	$	4,679
Inventories		6,175
Prepaid expenses		392
Property, plant and equipment		5,221
Cash paid	$	16,467

The purchase price was satisfied with cash consideration, funded by the draw down of the amended Hardwoods USLP Credit Facility (note 8). A holdback of $1.2 million was included in accounts payable and accrued liabilities at June 30, 2014 and was settled during the quarter ending September 30, 2014. The Company expects to finalize the purchase price allocation during the quarter ending December 31, 2014 once the post-closing adjustments are finalized, which may impact the final purchase price paid and the working capital acquired.

Had the acquisition occurred on January 1, 2014 management estimated that the Company's consolidated sales would have been approximately $357.0 million and profit would have been approximately $12.5 million for the nine month period ended September 30, 2014. Included in these condensed consolidated interim financial statements for the three and nine month period ended September 30, 2014 are sales of $9.5 million (US$8.7 million) and $16.4 million (US$15.0 million) and profit of $0.6 million (US$0.5 million) and $1.1 million (US$1.0 million) relating to HMI.

(b) Olam Wood Products Acquisition

On May 31, 2013, a subsidiary of the Company purchased certain assets of Olam Wood Products ("OWP") located in Leland, North Carolina (the "Leland business"). The Leland business imports high quality tropical lumber and decking material from Africa and South America for resale to industrial customers and wholesale distributors located in North America. The Company purchased the inventory and property, plant and equipment of OWP for cash consideration of $3.0 million (US$2.9 million) and hired OWP's employees to continue operating the Leland business.

(Tabular amounts expressed in thousands of Canadian dollars)

4. Business acquisitions (continued):

(b) Olam Wood Products Acquisition (continued)

The acquisition has been accounted for as a business combination. The allocation of purchase price to identified assets acquired is as follows:

Inventory	$	2,911
Property, plant and equipment		73
Cash paid	$	2,984

As part of the acquisition, the building has been leased from the previous landlord at market rates. Liabilities were not assumed.

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:

		September 30, 2014		December 31, 2013
Cash	$	(16)	$	(78)
Bank indebtedness		45,570		27,881
Shareholder's equity		103,540		90,683
Total capitalization	$	149,094	$	118,486

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 September 30, 2014 and December 31, 2013, and accordingly there were no restrictions on distributions arising from compliance with financial covenants.

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 nine month periods ended September 30, 2014.

On August 13, 2014, the Company declared a cash dividend of $0.045 per common share to shareholders of record as of October 20, 2014. The dividend was paid to shareholders on October 31, 2014. On November 7, 2014, the Company declared a cash dividend of $0.045 per common share to shareholders of record as of January 20, 2015, to be paid on January 30, 2015.

(Tabular amounts expressed in thousands of Canadian dollars)

6. Accounts receivable:

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

	September 30, 2014	December 31, 2013
Trade accounts receivable - Canada	$ 14,226	$ 11,642
Trade accounts receivable - United States	42,207	31,138
Sundry receivable	182	1,807
Income taxes receivable	-	90
Current portion of long-term receivables	357	693
	56,972	45,370
Less:		
Allowance for credit loss	4,170	2,988
	$ 52,802	$ 42,382
Long-term receivables:		
Employee housing loans	$ 397	$ 378
Customer notes	726	1,268
Security deposits	537	410
	1,660	2,056
Less:		
Current portion, included in accounts receivable	357	693
	$ 1,303	$ 1,363

The aging of trade receivables is:

	September 30, 2014	December 31, 2013
Current	$ 41,418	$ 30,822
Past due 31 - 60 days	9,355	7,143
Past due 61 - 90 days	2,603	2,524
Past due 90+ days	3,057	2,291
	$ 56,433	$ 42,780

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 September 30, 2014 was $4.2 million (December 31, 2013 - $3.0 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.

(Tabular amounts expressed in thousands of Canadian dollars)

6. Accounts receivable (continued):

Bad debt expense, net of recoveries, for the three month period ended September 30, 2014 was $0.2 million which equates to 0.2% of sales (three month period ended September 30, 2013 – $0.8 million, being 0.8% of sales). For the nine month period ended September 30, 2014, net bad debt expense was $0.9 million being 0.3% of sales (nine month period ended September 30, 2013 - $1.6 million, being 0.6% of sales).

7. Inventories:

	September 30, 2014	December 31, 2013
Raw materials	$ 1,263	$ -
Work in process	3,407	-
Goods in-transit	9,060	7,074
Finished goods:		
Lumber	28,947	18,189
Sheet goods	31,447	29,802
Specialty	7,201	7,223
	$ 81,325	$ 62,288

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

	Three months ended September 30, 2014	Three months ended September 30, 2013	Nine months ended September 30, 2014	Nine months ended September 30, 2013
Inventory write-downs, included in cost of sales	$ 247	$ 209	$ 771	$ 495
Cost of inventory sold	$ 96,901	$ 77,336	$ 271,898	$ 221,037
Other cost of sales	3,608	2,563	9,792	7,481
Total cost of sales	$ 100,509	$ 79,899	$ 281,690	$ 228,518

8. Bank indebtedness:

	September 30, 2014	December 31, 2013
Checks issued in excess of funds on deposit	$ 510	$ 440
Credit facility, Hardwoods LP	8,887	4,000
Credit facility, Hardwoods USLP (September 30, 2014 - US$28,467; December 31, 2013 - US$22,039)	31,883	23,441
Term loan, Hardwoods USLP (US$3,831)	4,290	-
	45,570	27,881
Less: non-current portion of term loan	(3,371)	-
	$ 42,199	$ 27,881

8. Bank indebtedness (continued):

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 also 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 Hardwoods USLP concurrently with completing the acquisition of HMI (note 4(a)). 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 a revolving credit facility, and US$4.1 million under a term loan that matures on 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 September 30, 2014 is comprised of US$75.0 million available under revolving credit facilities and US$3.8 million under the term loan.

The Credit Facilities and term loan 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 typical for borrowings on this nature were and are payable.

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 September 30, 2014, the Hardwoods LP Credit Facility has unused availability of $6.1 million, before checks issued in excess of funds on deposit of $0.5 million (December 31, 2013 - $10.3 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). This increase to the advance rates will be reduced over a three year period back to the advance rates previously available to Hardwoods USLP of 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 capital lease obilgations 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

(Tabular amounts expressed in thousands of Canadian dollars)

8. Bank indebtedness (continued):

minimum unused availability that must be maintained for the fixed charge coverage ratio not to apply was increased to US$7.5 million when advance rates for accounts receivable and inventories are calculated at 85% and 55%, respectively, and to US$9.4 million in periods when advance rates in excess of these amounts are utilized.

At September 30, 2014, the Hardwoods USLP Credit Facility has unused availability of $27.9 million (US$24.9 million), before checks issued in excess of funds on deposit of nil. (December 31, 2013 - $19.5 million (US$18.3 million), before checks issued in excess of funds on deposit of $0.4 million (US$0.4 million)).

9. Share Capital:

(a) Share capital:

At September 30, 2014, the authorized share capital of the Company comprised an unlimited number of common shares without par value (“Shares”). A continuity of the Shares is as follows:

	Shares		Total
Balance at September 30, 2014 and December 31, 2013	16,539,378	$	45,298

(b) Long Term Incentive Plan (“LTIP”):

A continuity of the LTIP Shares outstanding is as follows:

	Performance Shares	Restricted Shares
Balance at December 31, 2013	30,618	108,719
LTIP shares issued during the period	7,383	63,356
Balance at September 30, 2014	38,001	172,075

No LTIP shares became fully vested in the three or nine month period ended September 30, 2014. Non-cash LTIP compensation expense of $176,679 was recognized in the condensed consolidated interim statement of comprehensive income for the three month period ended September 30, 2014 (three month period ended September 30, 2013 – $111,630) and $512,658 for the nine month period ended September 30, 2014 (nine month period ended September 30, 2013 - $310,596).

(Tabular amounts expressed in thousands of Canadian dollars)

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 and nine month periods ended September 30, 2014 of $4.2 million (2013 – $3.1 million) and $11.2 million (2013 - $10.7 million), respectively. The weighted average number of common shares outstanding is as follows:

	Three months ended September 30, 2014	Three months ended September 30, 2013	Nine months ended September 30, 2014	Nine months ended September 30, 2013
Issued ordinary shares at beginning of period	16,539,378	16,394,490	16,539,378	16,394,490
Effect of shares issued during the period pursuant to long-term incentive plan	-	-	-	-
Weighted average common shares – basic	16,539,378	16,394,490	16,539,378	16,394,490
Effect of dilutive securities:				
Long-term incentive plan	165,425	223,726	150,585	206,030
Weighted average common shares – diluted	16,704,803	16,618,216	16,689,963	16,600,520

10. Finance income and expense:

	Note	Three months ended September 30, 2014	Three months ended September 30, 2013	Nine months ended September 30, 2014	Nine months ended September 30, 2013
Finance expense:					
Interest on bank indebtedness	8	$ (337)	$ (312)	$ (875)	$ (790)
Accretion of finance lease obligation		(29)	(26)	(82)	(70)
Foreign exchange losses		-	(166)	-	-
Total finance expense		(366)	(504)	(957)	(860)
Finance income:					
Interest on trade receivables, customer notes, and employee loans	6	105	132	325	373
Foreign exchange gain		268	-	290	384
Total finance income		373	132	615	757
Net finance income (costs)		$ 7	$ (372)	$ (342)	$ (103)

(Tabular amounts expressed in thousands of Canadian dollars)

11. Segment reporting:

Information about geographic areas is as follows:

	Three months ended September 30, 2014	Three months ended September 30, 2013	Nine months ended September 30, 2014	Nine months ended September 30, 2013
Revenue from external customers:				
Canada	$ 27,525	$ 24,812	$ 79,618	$ 71,856
United States	93,873	72,734	261,752	208,290
	$ 121,398	$ 97,546	$ 341,370	$ 280,146

	September 30, 2014	December 31, 2013
Non-current assets[1]:		
Canada	$ 1,070	$ 1,118
United States	12,384	6,387
	$ 13,454	$ 7,505

[1] 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 September 30, 2014.