



**Condensed Interim Consolidated Financial
Statements for the period ended
March 31, 2014**

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CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(in thousands of Canadian dollars)

As at,	Notes	March 31, 2014	December 31, 2013
		(Unaudited)	(Audited)
Assets			
Current assets			
Cash and cash equivalents		\$ 2,617	\$ 5,830
Trade and other receivables	19(d)	5,868	6,895
Investments at fair value through profit or loss	3(f), 19(e)	2,011	2,376
Short term restricted trust units receivable	19(c)	342	321
Prepaid expenses		420	355
		\$ 11,258	\$ 15,777
Property and equipment		1,111	1,155
Long term restricted trust units receivable	19(c)	125	107
Prepaid deposits and expenses		1,982	1,863
Investment at fair value through other comprehensive income	3(f)	7,786	7,786
Goodwill		3,946	3,946
Intangible assets	9	66,917	67,200
Deferred sales commissions	8	2,815	2,333
Total assets		\$ 95,940	\$ 100,167
Liabilities			
Current Liabilities			
Trade and other payables	19(d)	\$ 4,280	\$ 4,701
Current income tax payable		540	540
Provisions	14	720	3,258
Revolving line of credit	13	-	305
		\$ 5,540	\$ 8,804
Convertible debentures	15	36,428	36,428
Forward purchase contract liability		3,955	3,930
Deferred tax liabilities		10,721	10,474
		\$ 56,644	\$ 59,636
Non-controlling interest			
Non-controlling interest		662	463
Shareholders' equity			
Share capital	10	\$ 46,957	\$ 46,957
Treasury stock	10	(621)	(648)
Convertible debentures equity component		5,832	5,836
Contributed surplus		6,139	5,850
Retained (deficit)		(15,809)	(14,063)
Accumulated other comprehensive (loss)		(3,864)	(3,864)
		\$ 38,634	\$ 40,068
Total liabilities & shareholders' equity		\$ 95,940	\$ 100,167

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

CONSOLIDATED STATEMENTS OF NET & COMPREHENSIVE INCOME (LOSS)

(in thousands of Canadian dollars, except per share information)

<i>For the three months ended,</i>	Note	March 31, 2014 <i>(Unaudited)</i>	March 31, 2013 <i>(Unaudited)</i>
Revenue			
Management fees and other	19(a)	\$ 10,529	\$ 6,507
Administration charges	19(b)	539	769
		\$ 11,068	\$ 7,276
Expenses			
General and administrative		\$ 5,718	\$ 4,347
Sub-advisory expense		1,253	200
Product development		135	101
Share based compensation	16	359	454
Depreciation of property and equipment		88	77
Amortization of intangible assets - finite life	9	300	-
Amortization of deferred sales commissions	8	259	181
Trailer fees		1,102	453
Commissions		53	41
Total operating expenses		\$ 9,267	\$ 5,854
Net losses (gains) on investments	5	\$ 284	\$ (305)
Finance expense	6	1,264	1,040
Net income (loss) before tax for the period		\$ 253	\$ 687
Income tax expense			
Current taxes		13	123
Deferred taxes		247	133
Net income (loss) for the period		\$ (7)	\$ 431
Net income to non-controlling interest		199	-
Net income (loss) to controlling interest		\$ (206)	\$ 431
Other comprehensive income (loss):			
Change in fair value of investments			
through other comprehensive income	3	\$ -	\$ -
Deferred tax on net change in fair value of investments through other comprehensive income		-	(22)
Other comprehensive income (loss) for the period, net of tax		\$ -	\$ (22)
Total comprehensive income (loss) for the period		\$ (206)	\$ 409
Net income per share			
Basic	11	\$ (0.002)	\$ 0.006
Diluted	11	\$ (0.002)	\$ 0.006

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(in thousands of Canadian dollars, except share information)

<i>For the period ended,</i>	Note	March 31, 2014 <i>(Unaudited)</i>	December 31, 2013 <i>(Audited)</i>	March 31, 2013 <i>(Unaudited)</i>
Number of common shares outstanding				
Outstanding at the beginning of period		89,954	72,400	72,400
Shares issued in public offering	10	-	16,605	-
Stock options exercised	16	233	1,186	811
Shares repurchased & cancelled		(290)	(186)	-
Shares repurchased & held in treasury		(6)	(51)	-
Outstanding at end of period		89,891	89,954	73,211
Share capital				
Balance at beginning of period		\$ 46,957	\$ 24,121	\$ 24,121
Shares issued		-	23,077	712
Share issue costs, net of deferred tax	10	(2)	(1,196)	-
Options exercised	16	157	1,054	-
Normal course issuer bid repurchases		(155)	(99)	-
Balance at end of period		\$ 46,957	\$ 46,957	\$ 24,833
Treasury stock				
Balance at beginning of period		\$ (648)	\$ (641)	\$ (641)
Treasury stock granted		35	236	-
Shares repurchased and held in treasury		(8)	(243)	-
Balance at end of period		\$ (621)	\$ (648)	\$ (641)
Convertible debentures equity component				
Balance at beginning of period		\$ 5,836	\$ 5,838	\$ 5,838
Normal course issuer bid repurchases		(4)	(2)	-
Balance at end of period		\$ 5,832	\$ 5,836	\$ 5,838
Contributed surplus				
Balance at beginning of period		\$ 5,850	\$ 5,057	\$ 5,057
Share based compensation expensed	16	359	1,495	454
Share based compensation exercised	16	(70)	(702)	(310)
Balance at end of period		\$ 6,139	\$ 5,850	\$ 5,201
Retained deficit				
Balance at beginning of period		\$ (14,063)	\$ (10,203)	\$ (10,203)
Dividends paid	12	(1,350)	(4,287)	(914)
Normal course issuer bid repurchases		(190)	(141)	-
Net income (loss) for period		(206)	561	431
Other		-	7	-
Balance at end of period		\$ (15,809)	\$ (14,063)	\$ (10,686)
Accumulated other comprehensive loss				
Balance at beginning of period		\$ (3,864)	\$ (4,895)	\$ (4,895)
Other comprehensive income (loss)		-	1,031	(22)
Balance at end of period		\$ (3,864)	\$ (3,864)	\$ (4,917)
Total equity		\$ 38,634	\$ 40,068	\$ 19,628

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands of Canadian dollars, except share information)

<i>For the three months ended,</i>	Note	March 31, 2014 <i>(Unaudited)</i>	March 31, 2013 <i>(Unaudited)</i>
Operating Activities			
Net (loss) income for the period		\$ (7)	\$ 431
Adjustments for non-cash items:			
Deferred income taxes		247	133
Interest expense	6	826	582
Depreciation of property and equipment		88	77
Amortization of intangible assets - finite life		300	-
Amortization of deferred sales commissions		259	181
Accretion of forward purchase contract		25	-
Accretion of discount on convertible debentures	15	413	458
Share based compensation	16	359	454
Gain (loss) on financial instruments		365	(215)
Income tax expense		13	123
		\$ 2,888	\$ 2,224
Change in non-cash working capital	7	(2,155)	(1,249)
		\$ 733	\$ 975
Income taxes received (paid)		(13)	28
Net cash from operating activities		\$ 720	\$ 1,003
Investing Activities			
Property and equipment expenditures		\$ (45)	\$ (49)
Acquisition of financial assets		(1)	-
Acquisition of intangible assets		(16)	-
Proceeds from sale of financial assets		-	159
Deferred sales commissions paid	8	(741)	(492)
Non-cash investing activity		-	(121)
Net cash (used in) investing activities		\$ (803)	\$ (503)
Financing Activities			
Share issue costs		\$ (3)	\$ -
Proceeds from exercise of share options	16	87	404
Normal course issuer bid repurchases		(364)	-
Shares repurchased and held in treasury		(8)	-
Repayment of term credit facility	13	(305)	(500)
Net proceeds from revolving term facility		-	600
Interest paid		(1,220)	(1,266)
Dividends paid	12	(1,350)	(914)
Non-cash financing activities		33	-
Net cash from (used in) financing activities		\$ (3,130)	\$ (1,676)
Change in cash and cash equivalents		\$ (3,213)	\$ (1,176)
Cash and cash equivalents, beginning of period		5,830	1,727
Cash and cash equivalents, end of period		\$ 2,617	\$ 551

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

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended March 31, 2014 and 2013

(tabular amounts are in thousands of Canadian dollars except share and per share information)

(unaudited)

1. Reporting Entity

Aston Hill Financial Inc. (the “Company” or “Aston Hill”) is incorporated under the laws of the Province of Alberta, Canada and is a company domiciled in Canada. The unaudited condensed interim consolidated financial statements (“interim consolidated financial statements”) of the Company as at March 31, 2014 and December 31, 2013, and for the three months ended March 31, 2014 and 2013 comprise the Company and its wholly-owned and majority-owned subsidiaries. The principal business of Aston Hill is the management, marketing, distribution and administration of mutual funds, closed end funds, private equity funds, hedge funds, segregated institutional funds, as well as oil and gas property administration and other fee-based investment products for Canadian investors.

The Company is a publicly traded corporation on the Toronto Stock Exchange (“TSX”) and the head office, principal address and registered and records office of the Company is Suite 500, 321 - 6th Avenue SW, Calgary, Alberta, T2P 3H3.

These interim consolidated financial statements were approved and authorized for issuance by the Board of Directors on May 12, 2014.

2. Basis of Preparation

a) Statement of compliance:

These interim consolidated financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards (“IFRS”) and in accordance with International Accounting Standards (“IAS”) 34, *Interim Financial Reporting*.

The accounting policies applied in these interim consolidated financial statements are the same as those applied in the Company’s annual consolidated financial statements for the year ended December 31, 2013, except as described in the notes to the interim consolidated financial statements.

The interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2013.

b) New standards and interpretations adopted:

On January 1, 2014, the company adopted the limited scope amendments in relation to IAS 36, Impairment of Assets, which entails additional disclosure of the fair value hierarchy and removed the disclosure of recoverable amounts of a unit or group of units for which there has been no impairment or reversal of impairment.

The Company has assessed that there is no significant impact to the results of the financial statements other than disclosures upon adoption of the limited scope amendments in relation to IAS 36.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended March 31, 2014 and 2013

(tabular amounts are in thousands of Canadian dollars except share and per share information)

(unaudited)

3. Determination of fair values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

a) Financial assets and liabilities at fair value through profit or loss:

Non-derivative financial assets and liabilities at fair value through profit or loss are classified as, and reported at, fair value through profit or loss. The fair value of a financial instrument is the amount of consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act. In order to recognize the time value of money on the forward purchase contract liability, it has been discounted at a risk free rate of interest at the expected term of the liability. The risk free rate of interest is based on Canada savings bonds with a similar useful life to the obligation being discounted.

b) Financial assets at fair value through other comprehensive income:

The Company's investment in Journey Energy Inc. (formerly Sword Energy Inc.) is a financial asset reported at fair value through other comprehensive income. The fair value of a financial instrument is the amount of consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act. Estimated fair value is determined on the basis of the expected realizable value of the investments if they were disposed of in an orderly fashion over a reasonable period of time.

The Company uses estimation techniques to determine fair value which include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another financial instrument that is substantially the same, discounted cash flow analysis, multiple earnings analysis, and reserve based valuations.

c) Convertible debentures:

The Company has convertible debenture obligations outstanding, of which a liability component has been classified as a financial liability at amortized cost. The convertible debentures have fixed interest rates which differ from the market interest rate available to the Company, resulting in an adjustment to fair value being required at initial recognition. The fair value of the convertible debentures at initial recognition was determined based on discounted cash flows assuming no future conversions and continuation of current interest and principal payments as well as taking into consideration the current public trading activity of such debentures. The Company applied a discount rate of 10% considering current available market information, assumed credit adjustments, and various terms to maturity.

The fair value at recognition of the equity component of the convertible debenture was determined using the residual method in which the difference between the face value of the instrument and the fair value of the debt is allocated as the fair value of the equity component.

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For the three months ended March 31, 2014 and 2013

(tabular amounts are in thousands of Canadian dollars except share and per share information)

(unaudited)

3. Determination of fair values (continued)

d) Share based compensation:

The fair value of employee share based compensation is measured using a Black-Scholes option pricing model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behavior), expected dividends, and the risk-free interest rate (based on government bonds).

e) Restricted trust units receivable:

Restricted trust units receivable (note 19(c)) granted to the Company have been issued in accordance with the Company's administrative services contract with Argent Energy Trust ("Argent") (note 19(b)). The units issued pursuant to Argent's Restricted Trust Unit Plan are not considered equity based payments as the IAS 32 "Puttable Instrument" exemption does not extend to unit based payments made by a Trust.

The instrument is classified at fair value through profit or loss. The grant date fair value of restricted trust units receivable are determined by fair value models as deemed appropriate by the Company. The Company is required to re-determine the fair value of the balance receivable relating to restricted trust units receivable at the end of each reporting period and record any changes in fair value through the Consolidated Statements of Net and Comprehensive Income.

f) Summary of fair values:

The following tables provide fair value measurement information for financial assets and liabilities recorded at fair value as of March 31, 2014 and December 31, 2013.

March 31, 2014	Carrying	Fair	Fair value measurements using		
	Amount	Value	Level 1	Level 2	Level 3
Financial assets:					
Investments at fair value through profit or loss	\$ 2,011	\$ 2,011	\$ 823	\$ 1,188	\$ -
Restricted trust units receivable	467	467	-	467	-
Financial assets at fair value through OCI	7,786	7,786	-	-	7,786
Financial liabilities:					
Forward purchase contract liability	(3,955)	(3,955)	-	(3,955)	-
	\$ 6,309	\$ 6,309	\$ 823	\$ (2,300)	\$ 7,786

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended March 31, 2014 and 2013

(tabular amounts are in thousands of Canadian dollars except share and per share information)

(unaudited)

3. Determination of fair values (continued)

December 31, 2013	Carrying Amount	Fair Value	Fair value measurements using		
			Level 1	Level 2	Level 3
Financial assets:					
Investments at fair value through profit or loss	\$ 2,376	\$ 2,376	\$ 1,321	\$ 1,055	\$ -
Restricted trust units receivable	428	428	-	428	-
Financial assets at fair value through OCI	7,786	7,786	-	-	7,786
Financial liabilities:					
Forward purchase contract liability	(3,930)	(3,930)	-	(3,930)	-
	\$ 6,660	\$ 6,660	\$ 1,321	\$ (2,447)	\$ 7,786

Level 1 Fair Value Measurements

Inputs are quoted prices unadjusted in active markets for identical assets or liabilities that the Company has the ability to access.

Level 2 Fair Value Measurements

Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Includes inputs using a valuation methodology other than quoted prices included within Level 1.

Level 3 Fair Value Measurements

Inputs that are not based on observable market data and that are significant to the fair value measurement. These unobservable inputs reflect the Company's own assumptions about what a market participant would use in estimating fair value of a financial instrument.

Fair value is calculated using recent arm's length transactions, or prevailing market rates for instruments with similar characteristics, net asset value or internal and external valuation models, such as discounted cash flow analysis, or the multiple of earnings valuation approach.

Level 3 investments consist of shares in Journey Energy Inc. The following table reconciles the Company's Level 3 fair value measurements for the period ended March 31, 2014:

Balance at December 31, 2013	\$ 7,786
Change in fair value during the period	-
Balance at March 31, 2014	\$ 7,786

The Company's equity investment in a private oil and gas producing entity (Journey Energy Inc., or "Journey") consists of 1,415,595 common shares or approximately 2.7% of the total outstanding common shares of Journey. The methodology used to fair value the investment has not changed from December 31, 2013.

During the periods ended March 31, 2014 and December 31, 2013, there were no transfers between levels.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended March 31, 2014 and 2013

(tabular amounts are in thousands of Canadian dollars except share and per share information)

(unaudited)

4. Capital management

The Company's capital management objective is to maximize shareholder returns while ensuring that the Company is capitalized in a manner which appropriately supports regulatory requirements, financial obligations, debt covenants, working capital needs and business expansion. The Company's capital management practices are focused on preserving the quality of its financial position by maintaining a solid capital base.

Capital of the Company is comprised of shareholders' equity, its revolving line of credit, term credit facility and convertible debentures. The Company's capital is primarily utilized in its ongoing business operations to support working capital requirements and long-term investments made by the Company, business expansion and other strategic objectives. There were no changes in the Company's approach to capital management during the period ended March 31, 2014.

The Company's capital consists of the following:

	March 31, 2014	December 31, 2013
Revolving line of credit	\$ -	\$ 305
Convertible debentures	36,428	36,428
Shareholders' equity	38,634	40,068
	\$ 75,062	\$ 76,801

Four of the Company's subsidiaries are subject to externally imposed capital requirements. Aston Hill Asset Management Inc. ("AHAM"), Aston Hill Capital Markets ("AHCM") and AHF Capital Partners Inc. ("AHFCP") are registered with the Canadian Securities Administrators as Investment Fund Managers. Aston Hill Securities Inc. ("Aston Hill Securities") is a broker dealer registered with the Investment Industry Regulatory Organization of Canada ("IIROC"). AHAM, AHCM and AHFCP are each currently required to maintain minimum working capital of \$100,000, plus \$100,000 deductible under their respective bonding insurance policies. Aston Hill Securities is required to maintain a level of Risk-Adjusted Capital greater than \$nil in accordance with such requirements as IIROC may from time to time prescribe. In the event of non-compliance, these subsidiaries are required to file additional financial information and to review their policies and procedures for compliance with securities law and to file a compliance report.

At March 31, 2014, and December 31, 2013, the Company and its subsidiaries are in compliance with all externally imposed capital requirements.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended March 31, 2014 and 2013

(tabular amounts are in thousands of Canadian dollars except share and per share information)

(unaudited)

5. Net losses (gains) on investments

<i>For the period ended,</i>		March 31, 2014	March 31, 2013
		<i>(Unaudited)</i>	<i>(Unaudited)</i>
Gain on sale of			
financial assets through profit and loss	\$	-	\$ (6)
Decrease (increase) in fair value of			
financial assets through profit and loss		365	(209)
Other gains		(8)	(6)
Oil & gas property investment (income) loss		-	2
Interest and dividend income		(73)	(86)
Total net losses (gains) on investments	\$	284	\$ (305)

6. Finance expense

<i>For the period ended,</i>		March 31, 2014	March 31, 2013
		<i>(Unaudited)</i>	<i>(Unaudited)</i>
Interest on convertible debentures	\$	809	\$ 523
Interest on term credit facility		-	36
Interest on revolving line of credit		14	-
Other interest expense		-	23
Total interest expense		823	582
Accretion of convertible debenture discount ⁽ⁱ⁾		413	413
Accretion of debt issuance costs		-	45
Accretion of forward purchase contract		25	-
Foreign exchange gain		3	-
Net finance expense	\$	1,264	\$ 1,040

- (i) Accretion of convertible debentures includes accretion of debt issuance costs and accretion of the equity component of the convertible debentures into debt.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended March 31, 2014 and 2013

(tabular amounts are in thousands of Canadian dollars except share and per share information)

(unaudited)

7. Supplemental cash flow information

Changes in non-cash working capital from operating activities is comprised of:

	March 31, 2014 (Unaudited)	March 31, 2013 (Unaudited)
Source/(use) of cash:		
Trade and other receivables	\$ 1,028	\$ 354
Restricted trust units receivable	(39)	(270)
Prepaid expenses and deposits	(185)	(11)
Trade and other payables	(421)	(399)
Provisions	(2,538)	(923)
	\$ (2,155)	\$ (1,249)

8. Deferred sales commissions

	Aston Hill mutual fund deferred sales commissions	
	March 31, 2014	December 31, 2013
Gross balance, beginning of period	\$ 4,044	\$ 1,952
Deferred sales commissions paid	741	2,092
Gross balance, end of period	\$ 4,785	\$ 4,044
Accumulated amortization, beginning of period	\$ 1,711	\$ 831
Amortization of deferred sales commissions	259	880
Accumulated amortization, end of period	\$ 1,970	\$ 1,711
Carrying amounts	\$ 2,815	\$ 2,333

Deferred sales commissions represent commissions paid by the Company to brokers and dealers on deferred sales charge mutual funds, and are recorded on the settlement date of the sale of the applicable mutual fund unit. Deferred sales commissions were amortized over the expected investment period of 48 months (prior to October 1, 2013 – 36 months) on a straight-line basis from the date recorded.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended March 31, 2014 and 2013

(tabular amounts are in thousands of Canadian dollars except share and per share information)

(unaudited)

9. Intangible assets

	Internally generated	Externally acquired	Total intangible assets
Carrying amounts:			
At December 31, 2012	\$ 192	\$ 45,347	\$ 45,539
Acquired indefinite life intangible assets	-	17,714	17,714
Acquired finite life intangible assets	-	4,427	4,427
Amortization of finite life intangible assets	-	(480)	(480)
At December 31, 2013	\$ 192	\$ 67,008	\$ 67,200
Acquired indefinite life intangible assets	-	17	17
Acquired finite life intangible assets	-	-	-
Amortization of finite life intangible assets	-	(300)	(300)
At March 31, 2014	\$ 192	\$ 66,725	\$ 66,917

Intangible assets consist of fund management contracts, the IIROC registration and the investment dealer network acquired through various business acquisitions in prior years and internally generated management contracts which include an extended sub-advisory agreement to facilitate a long-term business arrangement with another Canadian wealth management company.

During the period ended March 31, 2014, the Company, through the change of manager of Redwood Energy Growth Class, which closed on January 1, 2014, acquired indefinite life intangible assets of \$17,000 (March 31, 2013 - \$nil).

For the period ended March 31, 2014, amortization of \$300,000 (March 31, 2013 - \$nil) has been recognized for the finite life intangible assets, which have estimated useful lives ranging from one to eight years.

10. Share capital, treasury stock, and warrants

At March 31, 2014 and December 31, 2013, the Company was authorized to issue an unlimited number of common shares. All common shares issued and outstanding are fully paid and have no par value.

The holders of common shares are entitled to receive dividends as declared by the Company and are entitled to one vote per share.

During the period ended March 31, 2014, 289,000 (December 31, 2013 – 186,000) common shares have been purchased under the Company's Normal Course Issuer Bid ("NCIB") for a total of 475,000 to date. The weighted average cost of capital of these shares of \$155,000 (December 31, 2013 – \$99,000) was recorded as a reduction of share capital, and the remaining difference of \$190,000 (December 31, 2013 – \$141,000) was recorded as a direct reduction to retained earnings.

There were no NCIB transactions during the first quarter of 2013.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended March 31, 2014 and 2013

(tabular amounts are in thousands of Canadian dollars except share and per share information)

(unaudited)

10. Share capital, treasury stock, and warrants (continued)

During the period ended March 31, 2014, \$19,000 (December 31, 2013 - \$13,000) par value of convertible debentures has been repurchased under the NCIB for a total of \$32,000 (December 31, 2012 - \$13,000). Out of the amount paid, \$15,000 (December 31, 2013 - \$10,000) was recorded as a reduction to the liability component of the convertible debentures and \$4,000 (December 31, 2013 - \$2,000) was recorded as a reduction to the equity component of the convertible debentures. The remainder, which was nominal for the period ended March 31, 2014 (December 31, 2013 - nominal) was recorded as a direct reduction of contributed surplus.

11. Earnings per share

Basic earnings per share are calculated as follows:

<i>For the period ended,</i>		March 31, 2014	March 31, 2013
		<i>(Unaudited)</i>	<i>(Unaudited)</i>
Net (loss) income to controlling interest for the period	\$	(206)	\$ 431
Issued common shares at beginning of the period		89,953	72,400
Effect of share options exercised		114	543
Effect of treasury stock transaction		10	-
Effect of normal course issuer bid transactions		(100)	-
Weighted average number of common shares - basic		89,977	72,943
Basic earnings per share	\$	(0.002)	\$ 0.006

Diluted earnings per share are calculated as follows:

<i>For the period ended,</i>		March 31, 2014	March 31, 2013
		<i>(Unaudited)</i>	<i>(Unaudited)</i>
Net (loss) income to controlling interest for the period	\$	(206)	\$ 431
Weighted average number of common shares - basic		89,977	72,943
Effect of outstanding options		286	957
Effect of deferred equity plan		1,130	895
Effect of deferred share unit plan for outside directors		24	11
Weighted average number of common shares - diluted		91,417	74,806
Diluted earnings per share	\$	(0.002)	\$ 0.006

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended March 31, 2014 and 2013

(tabular amounts are in thousands of Canadian dollars except share and per share information)

(unaudited)

11. Earnings per share (continued)

For the period ended March 31, 2014, the effect of 34,862,000 (March 31, 2013 – 29,557,000) shares issuable resulting from the Company's convertible debenture is excluded from diluted earnings per share as the effect is anti-dilutive.

The average market value of the Company's shares for purposes of calculating the dilutive effect of share options was based on quoted market prices for the period that the options were outstanding.

Aston Hill may, at its option, elect to satisfy its obligation to pay the principal amount of the convertible debentures which are to be redeemed or the principal amount of the convertible debentures which are due on the final maturity date, as the case may be, by issuing freely tradable common shares to the holders of the convertible debentures. The number of Common Shares to be issued is determined by dividing the aggregate principal amount of the outstanding convertible debentures which are to be redeemed or which have matured by 95% of the current market price of the common shares on the redemption date or the final maturity date, as the case may be. The Company is required to presume that the principal balance of the convertible debentures will be settled in common shares, and the resulting potential common shares shall be included in diluted earnings per share if the effect is dilutive.

12. Dividends

The following dividends have been charged directly to retained deficit during the period ended:

	March 31, 2014	December 31, 2013
Regular dividends paid	\$ 1,350	\$ 4,287

Regular dividends were paid on February 26, 2014, November 21, 2013, August 14, 2013, May 13, 2013, March 8, 2013.

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13. Credit facilities

<i>Term credit facility</i>	
Balance at January 1, 2013	\$ 1,396
Repayments	(1,500)
Accretion	104
Balance at December 31, 2013	\$ -
Repayments	-
Accretion	-
Balance at March 31, 2014	\$ -
<i>Revolving line of credit</i>	
Balance at January 1, 2013	\$ 1,000
Repayments	\$ (1,000)
Drawdown of facility	305
Balance at December 31, 2013	\$ 305
Repayments	(305)
Drawdown of facility	-
Balance at March 31, 2014	\$ -

On July 29, 2013, the Company repaid and terminated the Term Facility, and renewed the Revolving Facility for two years. The Revolving Facility as of July 29, 2013, has a borrowing limit of \$6,000,000.

Total Debt/EBITDA	Bankers acceptances	Prime	Standby Fee ⁽¹⁾
Less than or equal to 1:1	+2.00%	+1.00%	0.50%
Greater than 1:1	+2.25%	+1.25%	0.625%

⁽¹⁾ The standby fee is only applicable on the Revolving Facility.

The applicable margin calculation for the Term Facility was based on the total debt ratio excluding debentures and other subordinated debt according to the financial statement balances on the financial statements of Aston Hill. The margin was recalculated every fiscal quarter. During the period ended March 31, 2013, the Company's borrowing on the Term Facility was based on a 60 day bankers' acceptance at 1.3% plus the margin of 3.0% for an effective interest rate of 4.3% before the Company terminated the Term Facility on July 29, 2013.

On January 8, 2014, the Company repaid the Revolving Facility balance at the end of December 31, 2013. The Revolving Facility as of July 29, 2013, has a borrowing limit of \$6,000,000. The applicable margin calculation is based on the total debt ratio excluding debentures and other subordinated debt according to the financial statement balances on the financial statements of Aston Hill. The margin is recalculated every fiscal quarter. During the period ended March 31, 2014, the Company's borrowing on the Revolving Facility was based on Bankers acceptances at 2% and the prime rate at 1% for an effective interest rate of 3.0%.

As at March 31, 2014, the Company had \$nil (December 31, 2013 - \$nil) outstanding for the Term Facility and \$nil (December 31, 2013 - \$305,000) outstanding on the Revolving Facility.

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13. Credit facilities (continued)

The Credit Facilities are secured by a general security agreement of the Company, an unlimited guarantee by Aston Hill, a limited guarantee from AHAM, an assignment of all service and management contracts, an assignment of a key executive's key man life insurance policy and a pledge of the share capital of AHAM and all of the equity securities held.

The Credit Facilities contain a number of financial covenants that require the Company to meet certain financial ratios and financial condition tests. As at March 31, 2014, and December 31, 2013, the Company is within its financial covenants with respect to its Credit Facilities, which require that the funded debt to annualized earnings before interest, taxes, depreciation and amortization ratio as calculated on the Aston Hill financial statements remain below 1.2 to 1 and that Aston Hill's assets under management not fall below \$4.6 billion.

14. Provisions

	Constructive Obligations
Outstanding, December 31, 2012	2,706
Provisions recorded during the period	3,258
Provisions settled during the period	(2,706)
Outstanding, December 31, 2013	\$ 3,258
Provisions recorded during the period	720
Provisions settled during the period	(3,258)
Outstanding, March 31, 2014	\$ 720

The provisions for constructive obligations relate to the Company's annual obligation to award short term incentive payments to Aston Hill employees. Effective January 1, 2012 management estimates and provides for the obligation to award short term incentive payments to Aston Hill employees on a quarterly basis.

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15. Convertible debentures

The balance of debentures outstanding and changes in the liability component during the period ended March 31, 2014 was as follows:

Liability component:		
Balance at December 31, 2012	\$	34,870
Accretion of discount		1,651
Interest paid		(2,414)
Interest accrued		2,332
Normal course issuer bid repurchases (note 10)	\$	(11)
Balance at December 31, 2013	\$	36,428
Accretion of discount		413
Interest paid		(984)
Interest accrued		586
Normal course issuer bid repurchases (note 10)	\$	(15)
Balance at March 31, 2014	\$	36,428

16. Share based compensation

Share Option Plans

During the period ended March 31, 2014 the Company granted 1,257,000 options with a weighted average fair value of \$1.25 per share. During the year ended December 31, 2013, the Company granted 1,841,000 options with a weighted average fair value of \$1.34 per share. The fair value of the options granted during the periods ended March 31, 2014 and December 31, 2013 were estimated at the grant date using an option pricing model with the following weighted average assumptions:

	March 31, 2014	December 31, 2013
Risk free interest rate (%)	1.62	1.32
Expected life of the options (years)	3.14	3.49
Expected share price volatility (%)	49.26	60.26
Expected forfeiture rate (%)	11.93	9.13
Expected dividend yield (%)	6.00	3.65

Volatility was determined based on historical share transaction data. Estimated forfeiture rate is adjusted to actual when forfeitures occur.

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16. Share based compensation (continued)

A summary of the status of the Company's share option plans as at March 31, 2014 and December 31, 2013 and the changes during the periods then ended, are as follows:

	March 31, 2014		December 31, 2013	
	Number of	Weighted	Number of	Weighted
	Options ('000s)	Average	Options ('000s)	Average
		Exercise		Exercise
		Price		Price
Outstanding, beginning of year	5,866	\$1.34	5,965	\$ 1.16
Granted	1,299	\$1.25	1,841	1.34
Exercised	(208)	\$0.42	(1,323)	0.45
Forfeited	(45)	\$1.44	(597)	1.50
Expired	(17)	\$1.54	(20)	1.55
Outstanding, end of period	6,895	\$1.35	5,866	\$ 1.34
Exercisable, end of period	3,369	\$1.36	2,611	\$ 1.25

March 31, 2014				
Range of exercise prices	Number of	Weighted	Weighted Average	Number of
	Options	Average	Remaining	Options
	Outstanding	Exercise	Contractual	Vested ('000s)
	('000s)	Price	Life (Years)	
\$0.51 - \$1.00	597	\$ 0.76	0.87	597
\$1.01 - \$1.50	4,083	1.31	3.89	1,032
\$1.51 - \$2.00	2,215	1.59	2.40	1,740
	6,895	\$ 1.36	3.15	3,369

December 31, 2013				
Range of exercise prices	Number of	Weighted	Weighted Average	Number of
	Options	Average	Remaining	Options
	Outstanding	Exercise	Contractual	Vested ('000s)
	('000s)	Price	Life (Years)	
\$0.51 - \$1.00	805	\$ 0.67	0.93	805
\$1.01 - \$1.50	2,814	1.31	3.69	670
\$1.51 - \$2.00	2,247	1.61	2.65	1,135
	5,866	\$ 1.25	2.91	2,610

For the period ended March 31, 2014, the share option plan comprised \$223,000 (March 31, 2013- \$335,000) of the total share based compensation expense.

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16. Share based compensation (continued)

Deferred Equity Plan

During the period ended March 31, 2014, the Company granted 260,000 (March 31, 2013 – 275,000) deferred shares with no exercise price.

A summary of the status of the Company's deferred equity plan as at March 31, 2014, and December 31, 2013 and the changes during the periods ended, are as follows:

March 31, 2014			
	Number of Deferred shares (<i>'000s</i>)	Weighted Average Exercise Price	Number of Deferred shares Vested (<i>'000s</i>)
Outstanding, beginning and end of period	945	\$ -	-
Granted	260	\$ -	-
Outstanding, end of period	1,205	\$ -	-
Exercisable, end of period	-	\$ -	-
December 31, 2013			
	Number of Deferred shares (<i>'000s</i>)	Weighted Average Exercise Price	Number of Deferred shares Vested (<i>'000s</i>)
Outstanding, beginning of period	670	\$ -	-
Granted	275	\$ -	-
Outstanding, end of period	945	\$ -	-
Exercisable, end of period	-	\$ -	-

A forfeiture rate of 3.4% was used when recording the Deferred Equity Plan portion of stock based compensation. This estimate is adjusted to the actual forfeiture rate. The ending units under the deferred equity plan have a remaining expected life of 1.47 years (December 31, 2013 – 1.35 years).

For the period ended March 31, 2014, the deferred equity plan comprised \$159,000 (March 31, 2013 - \$99,000) of the total share based compensation expense.

As at March 31, 2014, there are 1,205,000 (December 31, 2013 – 945,000) deferred shares that remain unvested.

Deferred Share Unit Plan for Outside Directors

During the year ended December 31, 2012, the Company implemented a Deferred Share Unit Plan ("DSUP") for specified eligible directors. Under this DSUP, eligible directors may convert their annual director's fees to units in the DSUP at a price equal to their annual director's fees divided by the current market price of common shares in the Company upon the grant date, being the date shares are purchased by the Company for this plan. These shares vest upon grant and are redeemable upon the effective termination date of the participant's term of service.

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16. Share based compensation (continued)

All units in the DSUP vested on the grant dates in 2014 and 2013 with the amount paid by the Company for units under this plan expensed as incurred. DSUP units are held in treasury until redeemed by the plan's participant. For the period ended March 31, 2014, the DSUP made up \$10,000 (March 31, 2013 - \$nil) of the total share based compensation expense.

17. Commitments

Non-cancellable operating lease rentals are payable as follows:

	March 31, 2014	December 31, 2013
Less than one year	\$ 1,588	\$ 1,836
Between one and five years	2,697	2,775
More than five years	1,274	1,407
	\$ 5,559	\$ 6,018

The Company is also required to pay its proportionate share of operating and property tax costs for the rented premises. During the period ended March 31, 2014, the Company recorded \$241,000 (March 31, 2013 - \$230,000) in office lease expenses. These amounts are included in general and administrative expenses in the Consolidated Statements of Net and Comprehensive Income (Loss).

18. Contingencies

The Company has agreed to indemnify certain individuals, who have acted at the Company's request to be an officer or director of the Company, to the extent permitted by law, against any and all damages, liabilities, costs, charges or expenses suffered by or incurred by the individual as a result of their services. The nature of the indemnification agreements prevents the Company from making a reasonable estimate of the maximum potential amount it could be required to pay to the beneficiary of such indemnification agreement. The Company has purchased various insurance policies to reduce the risks associated with such indemnification.

In the ordinary course of business, the Company and its subsidiaries enter into contracts which contain indemnification provisions, such as letter agreements, service agreements and purchase and sale agreements. In such contracts, the Company may indemnify counterparties to the contracts if certain events occur. In some cases the Company requires indemnities from its service providers, related to the Company's indemnification obligations to counterparties.

These indemnification provisions vary on an agreement by agreement basis. In some cases, there are no pre-determined amounts or limits included in the indemnification provisions and the occurrence of contingent events that will trigger payment under them is difficult to predict. Therefore, the maximum potential future amount that the Company could be required to pay cannot be estimated and as such no provision has been recorded for the indemnification terms.

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18. Contingencies (continued)

The Company is involved with legal actions, which have occurred in the ordinary course of operations. Management is of the opinion that losses, if any, arising from such legal actions would not have a material effect on these financial statements.

19. Related party transactions

In addition to those disclosed elsewhere in the financial statements, the Company had the following related party transactions:

- a) The Company's subsidiaries receive management fees and sub-advisory fees and pay for expenses incurred by its various funds under management. These expenses are then charged back to the funds and are recovered under non-interest bearing, normal credit terms in accordance with the prospectus of the funds. Management fees, sub-advisory fees and other amounts due from funds under management and included in accounts receivable at March 31, 2014 are \$3,921,000 (December 31, 2013 - \$3,559,000). Other amounts due to funds under management recorded in accounts payable as at March 31, 2014, are \$114,000 (December 31, 2013 - \$196,000). For the period ended March 31, 2014, \$7,251,000 (March 31, 2013 - \$3,480,000) was recorded as revenue in respect of these management and other fees. In addition, for the period ended March 31, 2014, the Company absorbed \$135,000 (March 31, 2013 - \$101,000), of expenses incurred by funds under management.
- b) The Company has an Administrative Services Contract (the "Contract") with Argent in which the Company has recorded administration revenue for the period ended March 31, 2014 of \$500,000 (March 31, 2013 - \$500,000). For the period ended March 31, 2014, the Company recorded \$187,000 (March 31, 2013 - \$279,000) in salary & overhead recoveries for shared overhead costs that have been reimbursed by Argent. Eric Tremblay, Chairman and Director of Aston Hill is also the Chairman and a Director of Argent.
- c) On August 10, 2012, 210,000 restricted trust units receivable were granted with a par value of \$10.00 per unit to the Company for services rendered under the Contract (note 19(b)). 70,000 restricted trust units vest per year. On August 10, 2013, the Company was paid \$784,000 to settle the first vested tranche of restricted trust units receivable. As at March 31, 2014, the closing price for Argent per unit on the TSX was \$4.84 (December 31, 2013 - \$7.77) with a receivable balance of \$467,000 at March 31, 2014 (December 31, 2013 - \$428,000) and a revenue balance of \$39,000 (March 31, 2013 - \$269,000).
- d) As at March 31, 2014, \$nil (December 31, 2013 - \$11,000) of trade and other receivables and \$125,000 (December 31, 2013 - \$104,000) of trade and other payables related to amounts related to RJT Capital Inc., a company which owns 49% of the outstanding shares of a subsidiary of the Company.

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19. Related party transactions (continued)

- e) As at March 31, 2014, \$1,122,000 (March 31, 2013 - \$453,000) of the financial assets at fair value through profit or loss is related to holdings in the Company's funds under management. For the period ended March 31, 2014, \$83,000 (March 31, 2013 - \$nil) of the net gains on investments recorded during the year was related to these funds under management.

All related party transactions are in the normal course of operations and have been measured at the agreed to exchange amounts, which is the amount of consideration established and agreed to by the related parties.

20. Subsequent event

AHAM acquired the management contract for the management of the Redwood Income Strategies Class on April 14, 2014.

On May 2, 2014, the Company announced a quarterly cash dividend in the amount of \$0.015 per Common Share which will be paid on May 23, 2014 to all Aston Hill shareholders of record on May 14, 2014.