Altus Group

A leading provider of independent commercial real estate consulting and advisory services, software and data solutions.

Q2 2014

SECOND QUARTER REPORT 2014
for the six months ended June 30, 2014

SHAREHOLDERS' REPORT

Altus Group Limited

Management's Discussion & Analysis
June 30, 2014

The following management's discussion and analysis ("MD&A") is intended to assist readers in understanding Altus Group Limited (the "Company" or "Altus Group"), its business environment, strategies, performance, outlook and the risks applicable to Altus Group. It should be read in conjunction with our unaudited interim condensed consolidated financial statements and accompanying notes (the "financial statements") for the three and six months ended June 30, 2014, which have been prepared on the basis of International Financial Reporting Standards ("IFRS") and reported in Canadian dollars. Unless otherwise indicated herein, references to "$" are to Canadian dollars.

Unless the context indicates otherwise, all references to "we", "us", "our" or similar terms refer to Altus Group, and, as appropriate, our consolidated operations.

This MD&A is dated as of August 6, 2014.

Forward-Looking Information

Certain information in this MD&A may constitute "forward-looking information" within the meaning of applicable securities legislation. All information contained in this MD&A, other than statements of current and historical fact, is forward-looking information. Forward-looking information includes information that relates to, among other things, our objectives, strategies and intentions, and future financial and operating performance and prospects. Generally, forward-looking information can be identified by use of words such as "may", "will", "expect", "believe", "plan", "would", "could" and other similar terminology. All of the forward-looking information in this MD&A is qualified by this cautionary statement.

Forward-looking information includes, but is not limited to, the discussion of our business and operating initiatives; focuses and strategies; our expectations of future performance for our various business units and our consolidated financial results; and our expectations with respect to cash flows and our level of liquidity.

Forward-looking information is not, and cannot be, a guarantee of future results or events. Forward-looking information is based on, among other things, opinions, assumptions, estimates and analyses that, while considered reasonable by us at the date the forward-looking information is provided, inherently are subject to significant risks, uncertainties, contingencies and other factors that may cause actual results, performance or achievements, industry results or events to be materially different from those expressed or implied by the forward-looking information. The material factors or assumptions that we identified and were applied by us in drawing conclusions or making forecasts or projections set out in the forward-looking information include, but are not limited to: the successful execution of our business strategies; consistent and stable economic conditions or conditions in the financial markets; consistent and stable legislation in the various countries in which we operate; no disruptive changes in the technology environment; the opportunity to acquire accretive businesses; the successful integration of our businesses; and the continued availability of qualified professionals.

Inherent in the forward-looking information are known and unknown risks, uncertainties and other factors that could cause our actual results, performance or achievements, or industry results, to differ materially from any results, performance or achievements expressed or implied by such forward-looking information. Those risks, uncertainties and other factors that could cause actual results to differ materially from the forward-looking information include, but are not limited to: general state of the economy; competition in the industry; ability to attract and retain professionals; commercial real estate market; integration of acquisitions; oil and gas sector; Canadian multi-residential market; customer concentration; currency risk; interest rate risk; reliance on larger software transactions with longer and less predictable sales cycles; success of new product introductions; ability to respond to technological change and develop products on a timely basis; ability to maintain profitability and manage growth; revenue and cash flow volatility; credit risk; protection of intellectual property or defending against claims of intellectual property rights of others; weather; fixed-price and contingency engagements; operating risks; performance of obligations/maintenance of client satisfaction; appraisal mandates; information technology governance and security; legislative and regulatory changes; risk of future legal proceedings; insurance limits; income tax matters; ability to meet solvency requirements to pay dividends; leverage and restrictive covenants; unpredictability and volatility of common share price; capital investment; and issuance of additional common shares diluting existing shareholders' interests, as well as those described in our publicly filed documents, including the Annual Information Form (which are available on SEDAR at www.sedar.com).

Given these risks, uncertainties and other factors, investors should not place undue reliance on forward-looking information as a prediction of actual results. The forward-looking information reflects management's current expectations and beliefs regarding future events and operating performance and is based on information currently available to management. Although we have attempted to identify important factors that could cause actual results to differ materially from the forward-looking information contained herein, there are other factors that could cause results not to be as anticipated, estimated or intended. The forward-looking information contained herein is current as of the date of this MD&A and, except as required under applicable law, we do not undertake to update or revise it to reflect new events or circumstances. Additionally, we undertake no obligation to comment on analyses, expectations or statements made by third parties in respect of Altus Group, our financial or operating results, or our securities.

Non-IFRS Measures

We use certain non-IFRS measures as indicators of financial performance. Readers are cautioned that they are not defined performance measures under IFRS and may differ from similar computations as reported by other similar entities and, accordingly, may not be comparable to financial measures as reported by those entities. We believe that these measures are useful supplemental measures that may assist investors in assessing an investment in our shares and provide more insight into our performance.

Adjusted Earnings before Interest, Taxes, Depreciation and Amortization, ("Adjusted EBITDA"), represents operating profit (loss) adjusted for the effect of amortization of intangibles, depreciation of property, plant and equipment, acquisition-related expenses (income), restructuring costs, share of profit or loss of associates, unrealized foreign exchange gains (losses), gains (losses) on sale of property, plant and equipment, gains (losses) on sale of business assets, impairment charges, Executive Compensation Plan costs, gains (losses) on hedging transactions, gains (losses) on equity derivatives net of mark-to-market adjustments on related restricted share units ("RSUs") and deferred share units ("DSUs") being hedged and other expenses or income of a non-operating and/or non-recurring nature. Refer to page 15 for a reconciliation of Adjusted EBITDA to our financial statements.

Adjusted Basic Earnings (Loss) per Share, ("Adjusted Basic EPS"), represents basic earnings per share adjusted for the effect of amortization of intangibles acquired as part of business acquisitions, non-cash finance costs (income) related to the revaluation of amounts payable to unitholders, distributions related to amounts payable to unitholders, acquisition-related expenses (income), restructuring costs, share of profit or loss of associates, unrealized foreign exchange gains (losses), gains (losses) on sale of property, plant and equipment, gains (losses) on sale of business assets, interest accretion on vendor payables, impairment charges, Executive Compensation Plan costs, gains (losses) on hedging transactions, gains (losses) on equity derivatives net of mark-to-market adjustments on related RSUs and DSUs being hedged and other expenses or income of a non-operating and/or non-recurring nature. All of the adjustments are made net of tax. Refer to page 18 for a reconciliation of Adjusted Basic EPS to our financial statements.

Overview of the Business

We are a leading provider of independent commercial real estate consulting and advisory services, software and data solutions. We operate five Business Units, bringing together years of experience and a broad range of expertise into one comprehensive platform: Research, Valuation and Advisory ("RVA"); ARGUS Software; Property Tax Consulting ("Property Tax"); Cost Consulting and Project Management ("Cost") and Geomatics. Our suite of services and software enables clients to analyze, gain insight and recognize value on their real estate investments.

We have approximately 2,200 employees located in offices around the world, including Canada, the United States (the "US"), the United Kingdom (the "UK"), Australia and Asia Pacific. Our clients include financial institutions, private and public investment funds, insurance companies, accounting firms, public real estate organizations, real estate investment trusts, healthcare institutions, industrial companies, foreign and domestic private investors, real estate developers, governmental institutions and firms in the oil and gas sector.

Business Focus

The depth and diversity of our service and technology offerings are unique in the industry and important differentiators which are highly valued by our clients. We empower our clients through our analytical tools and expert advice and enable them to better manage and realize greater value from their real estate assets.

Over the past two years, we have made significant progress in strengthening our balance sheet and improving the financial flexibility of the Company. We have steadily reduced our debt levels through a combination of non-strategic asset sales, internally generated cash flows and an equity raise, to not only reduce our leverage, but more importantly to reposition us for renewed growth. In the fourth quarter of 2013, we raised gross proceeds of $46.1 million through an equity offering, of which substantially all of the net proceeds were used to repay debt. The offering had a significant positive impact on our leverage ratios. In addition, we have continued to focus on increasing operational rigour within each business unit by establishing goal-oriented metrics. There is now greater visibility and accountability within each of our business segments. Operational execution, innovation and employee engagement remain key attributes that have been incorporated into a 'One Altus' culture. With a stronger balance sheet and improved capabilities in operational execution, we now have greater financial flexibility to invest in areas of strategic growth, both organically and through acquisitions.

We remain focused on the following three key strategic initiatives:

- Growing our capabilities to serve the global asset and investment management market;
- Expanding our Property Tax services business in the US and globally; and
- Strengthening each business unit to grow profitability.

Growing our Capabilities to Serve the Global Asset and Investment Management Market

Our expertise in valuation and advisory, software and data offerings are uniquely tailored to meet the complex needs of the global asset and investment management ("GAIM") marketplace. To better service this lucrative market, we moved our North America RVA and ARGUS Software businesses closer together under the banner of GAIM. Our independent intelligence platform provides clients with tools to facilitate aggregation, analysis, exchange and re-purposing of data that empower their decision-making processes. With additional functionality, these products become more comprehensive in scope and generate multi-phase relationships with our clients that produce longer-term engagements, new product offerings and more sustainable growth. These products are expected to afford us increased market penetration and additional opportunities to add value for our clients. Moreover, we are uniquely positioned as the primary independent company in the market, providing the transparency and independence that GAIM customers need, from both a regulatory and a good governance perspective. This key differentiation will help us grow our markets in Europe and Asia with our customers and alliance partners. We expect our large US clients who comprise some of the top global real estate funds to require the same intelligence of their global assets. Our goal ultimately is to leverage our existing industry standard market positions in the US globally and become a global industry standard in the GAIM marketplace.

Expanding Property Tax in the US and Globally

Our strategic investments in US tax services continue to generate positive returns, including year over year improvements in revenue and Adjusted EBITDA in the first six months. The US market offers significant growth opportunities for our services as our current penetration is modest relative to the size of the opportunity. We intend to increase our presence in the US, which we may do organically or by acquisition, in order to capture more business and grow profitability. We are uniquely positioned in North America to service large multi-national firms as we have the resources, data and skillsets both in Canada and the US. In addition, the UK remains an attractive market for tax services where we will be opportunistic with any future investments.

Strengthening Each Business Unit to Grow Profitability

Our ongoing focus on strategic and operational improvements to grow profitability in each of our businesses has been a key contributor to our success. This requires having appropriate operational rigour within each business unit, setting specific growth objectives, finding ways to drive innovation and differentiation, and ensuring that all of our business units are well positioned to meet their individual business goals as well as the integrated corporate goals. As part of this objective, we intend to pursue investments (both organic and acquisitive) that will drive increased profitability and grow revenues. The recent acquisition of Maltais Geomatics Inc., which contributed to Geomatics' revenue and Adjusted EBITDA growth this past quarter, is the most recent example of how we are delivering on our goal of strengthening each of our business units on a standalone basis. In addition, we are pursuing growth from existing customers. We plan to bring composite products and new offerings to market to leverage our expertise to better service our clients at every stage of the development cycle. Our specialized services from our diversified business lines are increasingly being combined to deliver tailored service offerings and compelling value propositions to our large global clients. We expect that this will lead to improved cross-selling and recurring organic revenue growth.

Operating Highlights

Gross revenue from professional services is fee-based and we are typically engaged on either an hourly-based, fixed-price or contingency-based arrangement. We are usually retained on a project-by-project basis, although some clients have annual or multi-year arrangements for the provision of services. Gross revenue generated from software sales is based on license fees, support and maintenance fees and/or related training and consulting services.

Our largest operating expense is compensation, including salaries, performance-based bonuses, benefits and payroll taxes.

Altus Group Limited

Management's Discussion & Analysis
June 30, 2014

Selected Financial Information	For the three months ended June 30, 2014	June 30, 2013	For the six months ended June 30, 2014	June 30, 2013
In thousands of dollars, except for per share amounts	**2014**	2013	**2014**	2013
Operations				
Gross revenues	$ 90,348	$ 78,572	$ 177,039	$ 154,726
Adjusted EBITDA	16,038	13,828	30,920	26,081
Operating profit (loss)	9,318	7,822	19,429	19,546
Profit (loss)	(673)	3,207	4,210	10,050
Earnings (loss) per share:				
Basic	$(0.02)	$0.14	$0.15	$0.44
Diluted	$(0.02)	$0.13	$0.14	$0.39
Adjusted basic	$0.28	$0.27	$0.54	$0.52
Dividends declared per share	$0.15	$0.15	$0.30	$0.30

	At June 30, 2014	At December 31, 2013
Balance sheet		
Total assets	$ 454,569	$ 442,438
Long-term liabilities (excluding deferred income taxes)	132,955	173,825

Gross revenues were $90.3 million for the three months ended June 30, 2014, up 15.0% or $11.7 million from $78.6 million in the same period in 2013. For the six months ended June 30, 2014, gross revenues were $177.0 million, up 14.4% or $22.3 million from $154.7 million in the same period in 2013. The 2013 acquisitions of Complex Property Advisors Corporation ("CPAC") and Eileen Bilton Partnership Ltd. and the 2014 acquisition of Maltais Geomatics Inc. contributed approximately 9.0% and 5.3% to revenue growth for the three and six months ended June 30, 2014, respectively.

In North America, our Property Tax practice experienced another record quarter driven by strong performance in Canada, and organic and acquisition growth in the US operations. In the UK, revenues rose due to exchange rate improvements.

ARGUS Software continued its strong growth trajectory. License sales were the key driver in revenue growth as we continue to experience increased adoption of ARGUS Enterprise ("AE") in the market. The latest release of AE which provides for UK valuation is seeing early acceptance and is expected to lead to further penetration of ARGUS solutions in Europe. In the quarter, the sale of AE licenses combined with strong maintenance retention rates supported growth in gross revenue.

North America RVA saw revenues rise as a result of growth in advisory services work in Canada and the addition of new clients in the appraisal management business.

Our Geomatics business continued to show strong revenue growth driven by the acquisition of Maltais Geomatics Inc., as well as the continued activity levels in Western Canada.

Our core Cost business in North America saw modest revenue declines as a result of a decrease in lower margin infrastructure work. In Asia Pacific, our operations in Australia maintained consistent revenue performance, while in Asia we continue to reduce lower margin projects.

Adjusted EBITDA was $16.0 million for the three months ended June 30, 2014, up 16.0% or $2.2 million from $13.8 million in the same period in 2013. For the six months ended June 30, 2014, Adjusted EBITDA was $30.9 million, up 18.6% or $4.8 million from $26.1 million in the same period in 2013. As discussed above, Adjusted EBITDA results reflected improved revenue performance from North America Property Tax, Geomatics and ARGUS Software. Prudent expense management improved Adjusted EBITDA margins of North America Cost and Asia Pacific Cost, which had a positive impact on the overall Adjusted EBITDA for the three and six months ended June 30, 2014.

For the three and six months ended June 30, 2014, improvement in the exchange rates against the Canadian Dollar helped improve performances in our ARGUS Software, North America RVA and UK operations.

Operating profit for the three and six months ended June 30, 2014 was $9.3 million and $19.4 million, respectively. In addition to the impacts on Adjusted EBITDA as discussed above, operating profit for the three and six months ended June 30, 2014 included $5.2 million and $9.7 million in depreciation and amortization.

Profit (loss) for the three and six months ended June 30, 2014 was $(0.7) million and $4.2 million, respectively. The profit (loss) for the three and six months ended June 30, 2014 reflected the accelerated amortization of deferred financing fees in the amount of $3.9 million related to the early redemption of the 5.75% convertible unsecured subordinated debentures issued by us on December 1, 2010 ("2010 convertible debentures").

Acquisition of Maltais Geomatics Inc.

Effective April 1, 2014, we acquired certain business assets of Maltais Geomatics Inc. ("MGI") and entered into non-compete agreements with certain key employees of MGI. As partial consideration for these assets, we paid cash of $10.75 million and issued 106,440 common shares. In addition, the purchase agreement provides for maximum contingent consideration payable of $6.0 million, due on May 31, 2015, subject to certain performance targets being achieved. Based in Alberta, MGI provides geomatics services for a wide range of client sectors, with particular strength in the electrical power, industrial, and commercial construction, as well as the oil and gas and pipeline sectors.

Subsequent Events

Redemption of debentures

On July 28, 2014, we redeemed all outstanding 2010 convertible debentures in accordance with the terms of the Debenture Trust Indenture. Prior to redemption, a total principal amount of $48.2 million was converted into 2,589,295 common shares at the conversion price of $18.60 per common share. The remaining principal amount of $1.8 million of 2010 convertible debentures was redeemed using available cash on hand.

Acquisition of RealNet Canada Inc.

Effective July 23, 2014, we acquired all of the issued and outstanding shares of RealNet Canada Inc. ("RealNet") and entered into a non-compete agreement with a key employee of RealNet. As consideration for all issued and outstanding shares and the non-compete agreement, we paid cash of $20.0 million which was financed through our existing credit facilities. RealNet provides information services to both the commercial real estate investment and residential development sectors in Canada and offers a comprehensive suite of services including independent property market research and real time interactive analytical tools.

Discussion of Operations

	Three months ended June 30,		Six months ended June 30,	
In thousands of dollars	**2014**	2013	**2014**	2013
Revenues				
Gross revenues	$ 90,348	$ 78,572	$ 177,039	$ 154,726
Less: disbursements	6,481	6,139	14,489	13,436
Net revenue	83,867	72,433	162,550	141,290
Expenses				
Employee compensation	54,316	47,475	106,634	93,218
Occupancy	3,559	3,448	7,133	6,988
Office and other operating	11,030	9,046	18,576	16,104
Depreciation and amortization	5,189	4,542	9,739	9,191
Acquisition related expenses (income)	37	45	196	255
Share of (profit) loss of associates	410	(21)	813	57
Restructuring costs	8	17	30	1,150
(Gain) loss on sale of certain business assets	-	59	-	(5,219)
Operating profit (loss)	9,318	7,822	19,429	19,546
Finance costs (income), net	8,774	3,547	12,535	7,490
Profit (loss) before income tax	544	4,275	6,894	12,056
Income tax expense (recovery)	1,217	1,068	2,684	2,006
Profit (loss) for the period	$ (673)	$ 3,207	$ 4,210	$ 10,050

Gross Revenue by Business Segment

	Three months ended June 30,			Six months ended June 30,		
In thousands of dollars	2014	2013	% Change	2014	2013	% Change
Property Tax:						
North America Property Tax	$ 19,281	$ 14,469	33.3%	$ 37,892	$ 29,642	27.8%
UK	7,039	6,157	14.3%	13,222	11,394	16.0%
Global Asset and Investment Management:						
North America RVA	21,804	19,839	9.9%	42,063	38,503	9.2%
ARGUS Software	11,884	9,645	23.2%	23,435	18,250	28.4%
North America Geomatics	18,940	15,886	19.2%	38,035	31,680	20.1%
Cost Consulting and Project Management:						
North America Cost	6,669	7,534	(11.5%)	13,619	15,222	(10.5%)
Asia Pacific Cost (1)	4,837	5,131	(5.7%)	9,094	10,185	(10.7%)
Intercompany eliminations	(106)	(89)	(19.1%)	(321)	(150)	(114.0%)
Gross Revenues	$ 90,348	$ 78,572	15.0%	$ 177,039	$ 154,726	14.4%

(1) Includes Hawaii.

Property Tax:

North America Property Tax

Gross revenue was $19.3 million for the three months ended June 30, 2014, up 33.3% or $4.8 million from $14.5 million in the same period in 2013. For the six months ended June 30, 2014, gross revenue was $37.9 million, up 27.8% or $8.3 million from $29.6 million in the same period in 2013. For the three and six months ended June 30, 2014, the acquisition of CPAC contributed 28.6% and 17.9% of the growth, respectively. Organic growth in our expansion offices in the US as well as our Canadian offices, particularly in Western Canada and the Maritimes, contributed the remaining 4.7% and 9.9% of the growth for three and six months ended June 30, 2014, respectively.

UK

Gross revenue was $7.0 million for the three months ended June 30, 2014, up 14.3% or $0.8 million from $6.2 million in the same period in 2013. For the six months ended June 30, 2014, gross revenue was $13.2 million, up 16.0% or $1.8 million from $11.4 million in the same period in 2013. The improvement is due to the favourable exchange rate, which benefitted the gross revenue by 16.4% and 16.6% for the three and six months ended June 30, 2014, respectively. The UK is currently in the fourth year of the extended seven year tax assessment cycle.

Global Asset and Investment Management:

North America RVA

Gross revenue was $21.8 million for the three months ended June 30, 2014, up 9.9% or $2.0 million from $19.8 million in the same period in 2013. For the six months ended June 30, 2014, gross revenue was $42.1 million, up 9.2% or $3.6 million from $38.5 million in the same period in 2013. Our US appraisal management business continued to increase revenues as a result of additional clients as well as from the improvement in the exchange rate against the Canadian Dollar. The favourable exchange rate benefitted gross revenues by 2.1% and 2.5% for the three and six months ended June 30, 2014, respectively. In Canada, higher revenue was led by growth in advisory services such as right of way, property disputes and economic advisory related to a project in Dubai.

ARGUS Software

Gross revenue was $11.9 million for the three months ended June 30, 2014, up 23.2% or $2.3 million from $9.6 million in the same period in 2013. For the six months ended June 30, 2014, gross revenue was $23.4 million, up 28.4% or $5.1 million from $18.3 million in the same period in 2013. We continue to experience an increasing adoption rate of AE in the market. In the quarter, the sale of AE licenses combined with strong maintenance retention rates drove growth in gross revenue. The improvement in the exchange rates against the Canadian Dollar benefitted gross revenues by 6.5% and 7.8% for the three and six months ended June 30, 2014, respectively.

North America Geomatics:

Gross revenue was $18.9 million for the three months ended June 30, 2014, up 19.2% or $3.0 million from $15.9 million in the same period in 2013. For the six months ended June 30, 2014, gross revenue was $38.0 million, up 20.1% or $6.3 million from $31.7 million in the same period in 2013. The acquisition of MGI in the quarter accounts for 17.9% and 8.7% of the growth for the three and six months ended June 30, 2014, respectively. The remaining growth was driven by continuing activity levels in the oil and gas and pipeline sectors in Western Canada with particularly strong first quarter results benefitting six month results.

Cost Consulting and Project Management:

North America Cost

Gross revenue was $6.7 million for the three months ended June 30, 2014, down 11.5% or $0.8 million from $7.5 million in the same period in 2013. For the six months ended June 30, 2014, gross revenue was $13.6 million, down 10.5% or $1.6 million from $15.2 million in the same period in 2013. For the three and six months ended June 30, 2014, our core Cost business maintained its performance year over year and the decline in revenues was from decreases in low margin infrastructure work.

Asia Pacific Cost

Gross revenue was $4.8 million for the three months ended June 30, 2014, down 5.7% or $0.3 million from $5.1 million in the same period in 2013. For the six months ended June 30, 2014, gross revenue was $9.1 million, down 10.7% or $1.1 million from $10.2 million in the same period in 2013. Our operations in Australia maintained revenue performance and in Asia we continue to reduce low margin projects.

Operating Expenses

Disbursements, including subcontractor costs, represent expenses directly related to the provision of services to a client. Consistent with most professional services firms, these costs are billed back to the client. Disbursements were $6.5 million for the three months ended June 30, 2014, up 5.6% or $0.4 million from $6.1 million in the same period in 2013. The increase was due to higher subcontractor fees in North America Tax, Geomatics and our UK business, offset by a reduction in our Cost business. For the six months ended June 30, 2014, disbursements were $14.5 million, up 7.8% or $1.1 million from $13.4 million in the same period in 2013. The higher disbursements were due to higher subcontractor costs relating to Geomatics and RVA Canada, offset by lower appeal fees in North America Property Tax. For the three and six months ended June 30, 2014, disbursements as a percentage of gross revenues decreased to 7.2% and 8.2% from 7.8% and 8.7%, respectively, in the corresponding periods in 2013.

Employee Compensation was $54.3 million for the three months ended June 30, 2014, up 14.4% or $6.8 million from $47.5 million in the same period in 2013. For the six months ended June 30, 2014, employee compensation was $106.6 million, up 14.4% or $13.4 million from $93.2 million in the same period in 2013. For the three and six months ended June 30, 2014, the increase in compensation reflects growth initiatives underway in the US, including the US Property Tax business, the 2013 acquisition of CPAC, investments in personnel in North America RVA and ARGUS Software. In Canada, our Geomatics business had increased personnel costs due to increased volume of work and rising wages due to competitive local market conditions as well as the acquisition of MGI. Lower personnel costs were realized in North America Cost and Asia Pacific Cost as a result of restructuring activities. Employee compensation was also impacted by higher accrual of variable compensation due to improved performance in the businesses. In Q1 2013, we benefitted from Media Tax credits of $0.5 million, which were recorded as reduction to employee compensation. For the three and six months ended June 30, 2014, employee compensation as a percentage of gross revenues was 60.1% and 60.2%, compared to 60.4% and 60.2%, respectively, in the corresponding periods in 2013.

Occupancy was $3.6 million for the three months ended June 30, 2014, up 3.2% or $0.2 million from $3.4 million in the same period in 2013. For the six months ended June 30, 2014, occupancy was $7.1 million, up 2.1% or $0.1 million from $7.0 million in the same period in 2013. Higher occupancy costs were due to the opening of new offices in the US as well as the acquisition of MGI. For the three and six months ended June 30, 2014, occupancy as a percentage of gross revenues decreased to 3.9% and 4.0% from 4.4% and 4.5%, respectively, in the corresponding periods in 2013.

Office and Other Operating costs were $11.0 million for the three months ended June 30, 2014, up 21.9% or $2.0 million from $9.0 million in the same period in 2013. For the six months ended June 30, 2014, office and other operating costs were $18.6 million, up 15.4% or $2.5 million from $16.1 million in the same period in 2013. The increase was due to the 2013 acquisition of CPAC, the acquisition of MGI and higher professional fees related to various corporate initiatives. For the three and six months ended June 30, 2014, office and other operating costs as a percentage of gross revenues increased to 12.2% and 10.5% from 11.5% and 10.4%, respectively, in the corresponding periods in 2013.

Adjusted EBITDA (1) by Business Segment

	Three months ended June 30,			Six months ended June 30,		
In thousands of dollars	2014	2013	% Change	2014	2013	% Change
Property Tax:						
North America Property Tax	$ 5,947	$ 3,893	52.8%	$ 10,983	$ 7,191	52.7%
UK	1,966	2,217	(11.3%)	3,482	3,508	(0.7%)
Global Asset and Investment Management:						
North America RVA	5,553	5,499	1.0%	9,910	10,531	(5.9%)
ARGUS Software	3,875	3,155	22.8%	7,534	5,260	43.2%
North America Geomatics	3,968	3,458	14.7%	8,295	6,601	25.7%
Cost Consulting and Project Management:						
North America Cost	1,696	1,471	15.3%	3,528	2,891	22.0%
Asia Pacific Cost (2)	469	238	97.1%	392	363	8.0%
Corporate	(7,436)	(6,103)	(21.8%)	(13,204)	(10,264)	(28.6%)
Adjusted EBITDA	$ 16,038	$ 13,828	16.0%	$ 30,920	$ 26,081	18.6%

(1) Refer to page 15 for a reconciliation of Adjusted EBITDA.
(2) Includes Hawaii.

Property Tax:

North America Property Tax
Adjusted EBITDA was $5.9 million for the three months ended June 30, 2014, up 52.8% or $2.0 million from $3.9 million in the same period in 2013. The increase in earnings is primarily due to the acquisition of CPAC and organic revenue growth in Canada. For the six months ended June 30, 2014, Adjusted EBITDA was $11.0 million, up 52.7% or $3.8 million from $7.2 million in the same period in 2013. The increase is driven by the acquisition of CPAC, which contributed 26.8% of the growth as well as strong organic revenue growth in both Canadian and US operations.

UK
Adjusted EBITDA was $2.0 million for the three months ended June 30, 2014, down 11.3% or $0.2 million from $2.2 million in the same period in 2013. For the six months ended June 30, 2014, Adjusted EBITDA was $3.5 million, consistent with the same period in 2013. For the three and six months ended June 30, 2014, earnings benefitted from the improvement in the exchange rate against the Canadian Dollar by 15.2% and 15.9%, respectively.

Global Asset and Investment Management:

North America RVA
Adjusted EBITDA was $5.6 million for the three months ended June 30, 2014, up 1.0% or $0.1 million from $5.5 million in the same period in 2013. Increase in earnings in the quarter was primarily driven by our Canadian operations. For the six months ended June 30, 2014, Adjusted EBITDA was $9.9 million, down 5.9% or $0.6 million from $10.5 million in the same period in 2013. Earnings were

impacted by investments to support future growth in our US operations. In addition, the Canadian operations benefitted from media tax credits of $0.4 million in the first quarter of 2013. For the three and six months ended June 30, 2014, improvement in the exchange rate against the Canadian Dollar benefitted Adjusted EBITDA by 3.3% and 3.4%, respectively.

ARGUS Software
Adjusted EBITDA was $3.9 million for the three months ended June 30, 2014, up 22.8% or $0.7 million from $3.2 million in the same period in 2013. For the six months ended June 30, 2014, Adjusted EBITDA was $7.5 million, up 43.2% or $2.2 million from $5.3 million in the same period in 2013. For the three and six months ended June 30, 2014, the improvement in results was driven by the strong revenue growth. Higher personnel costs were incurred as investments in staff were made to support future growth. During the quarter, there were $0.2 million of costs capitalized which related to the software development of the latest release of AE, which expands functionality for the UK market and enhanced budgeting capabilities. The improvement in the exchange rate against the Canadian Dollar benefitted Adjusted EBITDA by 6.4% and 7.4% for the three and six months ended June 30, 2014, respectively.

North America Geomatics:

Adjusted EBITDA was $4.0 million for the three months ended June 30, 2014, up 14.7% or $0.5 million from $3.5 million in the same period in 2013. The increase in earnings was primarily driven by the acquisition of MGI. For the six months ended June 30, 2014, Adjusted EBITDA was $8.3 million, up 25.7% or $1.7 million from $6.6 million in the same period in 2013. The increase in earnings was driven by the acquisition of MGI as well as stronger organic growth in the first quarter. With the acquisition of MGI, we are better positioned to optimize crew utilization as well as broaden our service offerings into hydro-electric and municipal industry segments.

Cost Consulting and Project Management:

North America Cost
Adjusted EBITDA was $1.7 million for the three months ended June 30, 2014, up 15.3% or $0.2 million from $1.5 million in the same period in 2013. For the six months ended June 30, 2014, Adjusted EBITDA was $3.5 million, up 22.0% or $0.6 million from $2.9 million in the same period in 2013. For the three and six months ended June 30, 2014, earnings benefitted from reduced headcount as a result of restructuring activities undertaken in the latter half of 2013.

Asia Pacific Cost
Adjusted EBITDA was $0.5 million for the three months ended June 30, 2014, up 97.1% or $0.3 million from $0.2 million in the same period in 2013. For the six months ended June 30, 2014, Adjusted EBITDA was $0.4 million, consistent with the same period in 2013. For the three and six months ended June 30, 2014, our Australian operations maintained earnings performance year over year while the loss from our Asian offices was reduced as a result of cost restructuring and exiting low margin projects.

Corporate:

Corporate costs were $7.4 million for the three months ended June 30, 2014, up 21.8% or $1.3 million from $6.1 million in the same period in 2013. For the six months ended June 30, 2014, Adjusted EBITDA was $13.2 million, up 28.6% or $2.9 million from $10.3 million in the same period in 2013. For the three and six months ended June 30, 2014, the increase in corporate costs was mainly due to higher accrual of variable compensation due to improved performance in the businesses and professional fees related to various corporate initiatives.

Profit (Loss)

The following table provides a reconciliation between Adjusted EBITDA and profit (loss):

	Three months ended June 30,		Six months ended June 30,	
In thousands of dollars	**2014**	2013	**2014**	2013
Adjusted EBITDA	$ 16,038	$ 13,828	$ 30,920	$ 26,081
Depreciation and amortization	(5,189)	(4,542)	(9,739)	(9,191)
Acquisition related (expenses) income	(37)	(45)	(196)	(255)
Share of profit (loss) of associates	(410)	21	(813)	(57)
Unrealized foreign exchange gain (loss) (1)	(935)	(442)	(434)	(71)
Gain (loss) on sale of property, plant and equipment (1)	(111)	(186)	(86)	(192)
Gain (loss) on sale of certain business assets (2)	-	(59)	-	5,219
Executive Compensation Plan costs (3)	(208)	(116)	(329)	(218)
Gain (loss) on equity derivatives net of mark-to-market adjustments on related RSUs and DSUs being hedged (3)	123	-	54	-
Restructuring costs	(8)	(17)	(30)	(1,150)
Other non-operating and/or non-recurring income (costs) (4)	55	(620)	82	(620)
Operating profit (loss)	9,318	7,822	19,429	19,546
Finance (costs) income, net	(8,774)	(3,547)	(12,535)	(7,490)
Profit (loss) before income tax	544	4,275	6,894	12,056
Income tax recovery (expense)	(1,217)	(1,068)	(2,684)	(2,006)
Profit (loss) for the period	$ (673)	$ 3,207	$ 4,210	$ 10,050

(1) Included in office and other operating expenses in the unaudited interim condensed consolidated statements of comprehensive income (loss).

(2) For the three months ended June 30, 2013, the loss relates to an adjustment on the sale of Altus Capital Planning that occurred in 2012. For the six months ended June 30, 2013, this amount also includes a gain of $5,278 relating to the sale of Altus Residential Limited ("ARL").

(3) Included in employee compensation expenses in the unaudited interim condensed consolidated statements of comprehensive income (loss).

(4) Other non-operating and/or non-recurring income (costs) for the three and six months ended June 30, 2014 relate to the reversal of amounts owed to former owners of Altus Québec and other one-time recoveries. These are included in office and other operating expenses. Other non-operating and/or non-recurring costs for the three and six months ended June 30, 2013 relate to provisions for commodity taxes, included in office and other operating expenses.

Depreciation and Amortization was $5.2 million and $9.7 million for the three and six months ended June 30, 2014, respectively, as compared to $4.5 million and $9.2 million in the corresponding periods last year.

Acquisition Related Expenses (Income) was $0.04 million and $0.2 million for the three and six months ended June 30, 2014, respectively, as compared to $0.05 million and $0.3 million in the corresponding periods last year. For the three and six months ended June 30, 2014, the amount included expenses related to the MGI acquisition.

Share of Profit (Loss) of Associates was $(0.4) and $(0.8) million for the three and six months ended June 30, 2014, respectively, as compared to $0.02 million and $(0.06) million in the corresponding periods last year. This represents our proportionate share in the profit or loss of Real Matters Inc. ("Real Matters") and Voyanta Limited ("Voyanta") for the period as well as an amortization charge on acquired intangibles. As at June 30, 2014, we held an 18.2% equity interest in Real Matters and a 29.7% equity interest in Voyanta.

Gain (Loss) on Sale of Certain Business Assets was $Nil for the three and six months ended June 30, 2014, respectively, as compared to $(0.06) million and $5.2 million in the corresponding periods last year. For the three and six months ended June 30, 2013, the amounts related to the loss on sale of the Altus Capital Planning division and the gain on sale of ARL, respectively.

Executive Compensation Plan Costs were $0.2 million and $0.3 million for the three and six months ended June 30, 2014, respectively, consistent with the corresponding periods last year.

Restructuring Costs were $0.01 million and $0.03 million for the three and six months ended June 30, 2014, respectively, as compared to $0.02 million and $1.2 million in the corresponding periods last year. In 2013, restructuring costs were related to the restructuring activities in ARGUS Software, which mainly consisted of employee severance costs.

Finance Costs (Income), Net	**Three months ended June 30,**			**Six months ended June 30,**		
In thousands of dollars	**2014**	2013	% Change	**2014**	2013	% Change
Interest on borrowings	$ 7,069	$ 3,807	85.7%	$ 10,264	$ 7,609	34.9%
Unwinding of discount	139	148	(6.1%)	240	294	(18.4%)
Distributions related to amounts payable to unitholders	47	51	(7.8%)	97	106	(8.5%)
Change in fair value of amounts payable to unitholders	1,530	(56)	2,832.1%	1,950	(82)	2,478.0%
Change in fair value of interest rate swap (not designated as cash flow hedge)	-	(365)	100.0%	-	(360)	100.0%
Other, net costs (income)	(11)	(38)	71.1%	(16)	(77)	79.2%
Finance costs (income), net	$ 8,774	$ 3,547	147.4%	$ 12,535	$ 7,490	67.4%

Finance Costs (Income), Net for the three months ended June 30, 2014 was $8.8 million, up 147.4% or $5.3 million from $3.5 million in the same period in 2013. For the six months ended June 30, 2014, finance costs (income), net was $12.5 million, up 67.4% or $5.0 million from $7.5 million in the same period in 2013. Finance costs increased primarily as a result of increased interest on borrowings. The higher interest on borrowings in the current quarter was mainly due to the early redemption of the 2010 convertible debentures, which required us to determine the present value of the revised estimated cash flows and resulted in an increased amortization charge to finance costs of $3.9 million for the three and six months ended June 30, 2014. This amortization charge has been reflected as a non-recurring cost in the Adjusted Basic EPS on page 18. This was partially offset by the impact of a lower borrowings balance. The average borrowings outstanding were $160.2 million for the three months ended June 30, 2014, as compared to $204.5 million in the same period in 2013. In addition, the effective annual interest rate on borrowings for the three months ended June 30, 2014 increased to 17.7%, as compared to 7.4% in the same period in 2013, due to the impact of accelerated amortization of the costs related to the redemption of the 2010 convertible debentures. For the six months ended June 30, 2014, the average borrowings outstanding were $159.1 million, as compared to $205.3 million in the same period in 2013. In addition, the effective annual interest rate on borrowings for the six months ended June 30, 2014 increased to 12.9%, as compared to 7.4% in the same period in 2013, due to the impact of accelerated amortization of the costs related to the redemption of the 2010 convertible debentures.

Income Tax Expense (Recovery) for the three and six months ended June 30, 2014 was an expense of $1.2 million and $2.7 million, respectively, as compared to an expense of $1.1 million and $2.0 million in the corresponding periods last year.

Profit (Loss) during the three months ended June 30, 2014 was $(0.7) million and $(0.02) per share, basic and diluted, as compared to $3.2 million and $0.14 per share, basic and $0.13 per share, diluted, in the same period in 2013.

For the six months ended June 30, 2014, profit (loss) was $4.2 million and $0.15 per share, basic and $0.14 per share, diluted, as compared to $10.1 million and $0.44 per share, basic and $0.39 per share, diluted, in the same period in 2013.

Adjusted Basic Earnings (Loss) Per Share

	Three months ended June 30,		Six months ended June 30,	
In thousands of dollars, except for per share amounts	**2014**	2013	**2014**	2013
Profit (loss) for the period	$ (673)	$ 3,207	$ 4,210	$ 10,050
Amortization of intangibles of acquired businesses	3,426	2,918	6,438	6,001
Non-cash finance cost (income) related to amounts payable to unitholders	1,530	(56)	1,950	(82)
Share of loss (profit) of associates	410	(21)	813	57
Unrealized foreign exchange loss (gain)	935	442	434	71
Loss (gain) on sale of property, plant and equipment	111	186	86	192
Distributions related to amounts payable to unitholders	47	51	97	106
Executive Compensation Plan costs	208	116	329	218
Loss (gain) on equity derivatives net of mark-to-market adjustments on related RSUs and DSUs being hedged	(123)	-	(54)	-
Interest accretion on vendor payables	136	143	234	284
Loss (gain) on hedging transactions, including interest expense (income) on swaps not designated as cash flow hedge	-	(365)	-	(360)
Restructuring costs	8	17	30	1,150
Acquisition related expenses (income)	37	45	196	255
Loss (gain) on sale of certain business assets	-	59	-	(5,219)
Non-recurring amortization charge related to early redemption of 2010 convertible debentures	3,892	-	3,892	-
Other non-operating and/or non-recurring income	(55)	620	(82)	620
Tax impact on above	(1,731)	(1,211)	(2,951)	(1,473)
Adjusted earnings (loss) for the period	$ 8,158	$ 6,151	$ 15,622	$ 11,870
Weighted average number of shares - basic	28,662,365	22,870,797	28,531,545	22,903,681
Weighted average number of restricted shares	353,954	192,059	280,232	101,866
Weighted average number of shares - adjusted	29,016,319	23,062,856	28,811,777	23,005,547
Adjusted basic earnings (loss) per share	$0.28	$0.27	$0.54	$0.52

Summary of Quarterly Results

	2014		2013				2012	
In thousands of dollars, except for per share amounts	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30
Results of Operations								
Gross revenues	$ 90,348	$ 86,691	$ 89,584	$ 80,139	$ 78,572	$ 76,154	$ 80,737	$ 76,776
Adjusted EBITDA	16,038	14,882	16,681	14,616	13,828	12,253	11,784	13,690
Profit (loss) for the period	(673)	4,883	6,957	1,600	3,207	6,843	(21,462)	2,262
Earnings (loss) per share:								
Basic	$(0.02)	$0.17	$0.26	$0.07	$0.14	$0.30	$(0.94)	$0.10
Diluted	$(0.02)	$0.17	$0.24	$0.06	$0.13	$0.26	$(0.94)	$0.10
Adjusted basic	$0.28	$0.26	$0.31	$0.30	$0.27	$0.25	$0.30	$0.25
Weighted average number shares ('000s):								
Basic	28,662	28,399	27,127	23,337	22,871	22,937	22,934	23,023
Diluted	28,662	33,810	35,762	24,987	24,455	31,586	22,934	23,127

Certain segments of our operations are subject to seasonal variations which may impact overall quarterly results. Geomatics' projects tend to be on remote undeveloped land in Western Canada which is most accessible in the winter and summer months and least accessible in the spring months when ground conditions are soft and wet. Gross revenues for Geomatics tend to peak in the third and fourth quarters of the year in line with higher activity levels during these periods. In the UK, the Property Tax business has a higher proportion of property tax appeals resolved and gross revenue recognized in the first and fourth quarters of the year, due to the March 31 fiscal year end for UK municipalities.

Outlook

We maintain a positive outlook for the remainder of 2014 as we believe the business fundamentals for each of our segments remain strong and we continue to benefit from a strong sector cycle across all of our business units.

ARGUS Software is an important asset fundamental to the attainment of our longer term strategy of enhancing our software and data solutions serving the GAIM marketplace. With the first half of the year behind us, we are at a point where our year over year performance is no longer impacted by the significant changes that were made in early 2013 to ARGUS Software's operating model. We continue to experience strong adoption of our AE solution and benefit from high license renewal rates. We have a strong development roadmap that we believe will contribute to future revenue growth, including significant enhancements to budgeting functionality, as well as UK and Australian valuation. In order to build for the future, we are making investments in areas such as product development, professional talent and marketing capabilities – all aimed at driving market share gains in existing and new markets.

North America RVA has consistently performed well and we expect this trend to continue. In particular, the US business model offers additional opportunities as we attract large clients that benefit from our independent advice, innovative consulting services and access to important data and analytic capabilities referred to as DataBridge. The focus on appraisal management for large global real estate funds provides a stable, higher margin platform and recurring revenue streams which are less susceptible to changing economic conditions. The US RVA platform is a key asset supporting our: focus on a North American model as we leverage our relationships for cross business unit opportunities; expansion of our GAIM strategy into Europe where we believe emerging governance trends increasingly create demand for our independent services; and, longer term vision to enhance our data offerings. Accordingly, we continue to make investments to support future revenue growth from this business unit.

North America Geomatics has shown continued strength in the second quarter of 2014, benefitting from the strong performance of the oil and gas sector. The market in Western Canada is expected to remain strong for the foreseeable future and North America Geomatics is expected to further strengthen from the expected future build out of large pipeline projects.

Our ongoing restructuring efforts and pursuit of higher margin engagements in our Cost business continues to drive improved earnings. At North America Cost we redeployed our resources and are transitioning to expanded services in infrastructure while investing geographically in Western and Eastern Canada. Our relationships with large Canadian-based institutions also provide future opportunities to win business outside of Canada. In Asia Pacific Cost, we continue to stabilize our operations and reduce our involvement with low margin engagements. We have reduced our cost structure and expect modest returns in the near term.

We see North America Property Tax as a significant growth area for our business. We have a unique model as we are able to service large multi-national clients on a North American basis as a result of our knowledge base and highly skilled personnel. Investments we made in the US are producing positive returns. Both organic and acquisition investments made in the US are expected to contribute to gross revenue and Adjusted EBITDA growth in 2014. We see significant opportunities for further consolidation in a still largely fragmented US market. Also in 2014, the business is expected to continue to benefit from the provincial tax assessment cycles that began in 2013 in several major markets, including Ontario and Québec.

The UK business, which predominately performs tax services, is performing well. In 2014, it is expected that the business will improve its top line performance through expansion of its services. Acquisition opportunities in the UK will be considered where the market offers opportunities for profitable consolidation.

We are confident in our strategy as we follow our path to provide better knowledge, insight and advice to our customers.

Liquidity and Capital Resources

Cash Flow	**Three months ended June 30,**		**Six months ended June 30,**	
In thousands of dollars	**2014**	2013	**2014**	2013
Net cash from operating activities	$ 20,291	$ 7,889	$ 20,453	$ 17,018
Net cash from financing activities	(2,389)	(5,161)	(5,552)	(12,933)
Net cash from investing activities	(12,490)	(1,296)	(18,154)	(2,051)
Effect of foreign currency translation	(146)	(8)	198	(4)
Change in cash position during the period	$ 5,266	$ 1,424	$ (3,055)	$ 2,030
Dividends paid	$ 3,445	$ 3,454	$ 6,877	$ 6,894

We expect to fund operations with cash derived from operating activities. Deficiencies arising from short-term working capital requirements and capital expenditures may be financed on a short-term basis with bank indebtedness or on a permanent basis with offerings of securities. Significant erosion in the general state of the economy could affect our liquidity by reducing cash generated from operating activities or by limiting access to short-term financing as a result of tightening credit markets.

Cash from operating activities

Working Capital		
In thousands of dollars	**June 30, 2014**	December 31, 2013
Current assets	$ 127,293	$ 127,547
Current liabilities	114,179	63,708
Working capital	$ 13,114	$ 63,839

Current assets are composed primarily of cash and cash equivalents, trade and other receivables and income taxes recoverable. Current liabilities include trade and other payables, income taxes payable, and current portion of borrowings and provisions.

Trade receivables and unbilled revenue on customer contracts increased 2.0% from December 31, 2013 to June 30, 2014. As a percentage of combined trailing 12 months gross revenues, trade receivables and unbilled revenue on customer contracts was 30.0% as at June 30, 2014, as compared to 31.7% as at December 31, 2013, a 7 day decrease in the number of days revenue outstanding.

Current and long-term liabilities include amounts owing to the vendors of acquired businesses on account of excess working capital, deferred purchase price payments and other closing adjustments. As at June 30, 2014, the amounts owing to the vendors of acquired businesses were approximately $5.4 million, as compared to $2.4 million as at December 31, 2013. We intend to fund the deferred purchase price payments through the Revolving Term Facility (as described below) or cash on hand.

We are able to satisfy the balance of our current liabilities through the realization of our current assets.

Cash from financing activities

Our bank credit facilities are summarized below:

In thousands of dollars		June 30, 2014
Revolving Operating Facility: Senior secured revolving operating facility for general corporate purposes, including letters of credit due on demand, which will mature December 31, 2015.	$	20,000
Revolving Term Facility: Senior secured revolving term facility to finance investments as permitted by the credit agreement, which will mature December 31, 2015. Certain provisions allow us to increase the limit further to $189,700.		139,700
	$	159,700

As at June 30, 2014, our total borrowings on our bank credit facilities amounted to $69.6 million, an increase of $2.7 million from December 31, 2013.

We also have outstanding letters of credit under our bank credit facilities in the total amount of $0.3 million to secure a credit facility for operating leases (December 31, 2013 - $0.9 million).

The cost of our facilities is tied to the Canadian Prime rate, Bankers' Acceptance rate, US base rates or LIBOR rates. As at June 30, 2014, $65.6 million of the bank credit facilities were subject to interest rate swap agreements to fix the interest rate. The effective annual rate of interest for the three and six months ended June 30, 2014 on our bank credit facilities was 5.02% and 5.05%, respectively, as compared to 5.32% in both corresponding periods last year.

As at June 30, 2014, we were in compliance with the financial covenants of our bank credit facilities, which are summarized below:

	June 30, 2014
Funded debt to EBITDA (maximum of 2.75:1)	**1.01:1**
Fixed charge coverage (minimum of 1.20:1)	**7.59:1**
Funded debt to capitalization (maximum of 55%)	**21%**

Other than long-term debt and letters of credit, we are subject to contractual obligations for operating leases for office facilities and office equipment, as well as finance leases for office equipment.

Contractual Obligations	Payments Due by Period (undiscounted)				
In thousands of dollars	**Total**	Less than 1 year	1 to 3 years	4 to 5 years	Over 5 years
Long-term debt	**$ 70,194**	$ 359	$ 69,726	$ 109	$ -
Operating lease obligations	**54,778**	10,213	15,403	10,691	18,471
Finance lease obligations	**1,310**	414	719	177	-
Contingent consideration payable	**5,918**	3,111	2,732	75	-
Convertible debentures (1)	**96,490**	50,000	-	46,490	-
Provisions	**566**	444	122	-	-
Amounts payable to unitholders	**7,039**	-	-	-	7,039
Other liabilities	**44,778**	40,875	2,131	155	1,617
Total Contractual Obligations	**$ 281,073**	$ 105,416	$ 90,833	$ 57,697	$ 27,127

(1) Includes the $48.0 million of 6.75% convertible unsecured subordinated debentures issued by us on April 19, 2012 (the "2012 convertible debentures") and $50.0 million of the 2010 convertible debentures (collectively with the 2012 convertible debentures, the "Canadian convertible debentures"). The terms of the Canadian convertible debentures are described in detail in Note 19 of the 2013 annual consolidated financial statements.

Cash from investing activities

We invest in property, plant and equipment and intangible assets to support the activities of the business, such as computer equipment and software, trucks and field equipment and office equipment and furnishings. Capital expenditures for accounting purposes include property, plant and equipment in substance as well as form, including assets under finance lease and intangible assets comprising of computer application software.

Capital expenditures are reconciled as follows:

Capital Expenditures	Three months ended June 30,		Six months ended June 30,	
In thousands of dollars	**2014**	2013	**2014**	2013
Property, plant and equipment additions	$ 1,514	$ 867	$ 3,047	$ 1,621
Intangible asset additions	279	457	1,263	473
Proceeds on disposal of operational property, plant and equipment	(53)	(28)	(94)	(43)
Capital expenditures funded by cash from investing activities	$ 1,740	$ 1,296	$ 4,216	$ 2,051

Share Data

As at July 30, 2014, there were 31,414,753 common shares outstanding and 320,897 restricted shares. These restricted shares are shares held by Altus Group which are subject to restrictive covenants and may or may not vest for employees. Accordingly, these shares are not included in the total number of common shares outstanding for financial reporting purposes and are not included in basic earnings per share calculations.

As at June 30, 2014, there were 869,748 share options outstanding (December 31, 2013 – 1,010,198 share options outstanding) at a weighted average exercise price of $10.52 per share (December 31, 2013 - $8.96 per share) and 218,247 options were exercisable (December 31, 2013 – 259,364). All share options are exercisable into common shares on a one-to-one basis.

During the first quarter of 2013, we implemented a Dividend Reinvestment Plan ("DRIP") for our shareholders who are resident in Canada. Under the DRIP, participants may elect to automatically reinvest quarterly dividend distributions in additional Altus Group common shares.

Pursuant to the DRIP, and in the case where common shares are issued from treasury, cash dividend distributions will be reinvested in additional Altus Group common shares at the weighted average market price of our common shares for the five trading days immediately preceding the relevant dividend payment date, less a discount of 4%.

During the three and six months ended June 30, 2014, 46,830 and 98,526 common shares were issued under the DRIP.

During the three and six months ended June 30, 2014, 61,400 and 104,600 common shares were issued on the conversion of the 2012 convertible debentures.

As at June 30, 2014, there were $96.5 million of Canadian convertible debentures outstanding. Of these, $50.0 million are exchangeable into common shares at the option of the holder at a conversion price of $18.60 per common share, equivalent to a maximum of 2,688,172 common shares and $46.5 million are exchangeable into common shares at the option of the holder at a conversion price of $10.00 per common share, equivalent to a maximum of 4,649,000 common shares. On July 28, 2014, we redeemed all outstanding 2010 convertible debentures. Prior to redemption, a total principal amount of $48.2 million were converted into 2,589,295 common shares at the conversion price of $18.60 per common share. The remaining principal amount of $1.8 million was redeemed using available cash on hand.

Our common shares are also issuable to certain vendors of acquired businesses if certain earning levels are met under the terms of the agreements with such vendors. The asset purchase agreement with respect to the CPAC acquisition provides for contingent consideration payable in cash or, if agreed to by the parties, by the issuance of common shares, to a maximum of US$2.2 million due on September 30, 2015, subject to certain performance targets being achieved.

Financial Instruments and Other Instruments

Financial instruments held in the normal course of business included in our consolidated balance sheet as at June 30, 2014 consist of cash and cash equivalents, trade and other receivables (excluding prepayments and lease inducements), trade and other payables (excluding lease inducements, deferred revenue and RSU Plan and DSU Plan payable), contingent consideration payable, borrowings (including long-term debt and convertible debentures), derivatives (interest rate swaps and equity derivatives) and amounts payable to unitholders. We do not enter into financial instrument arrangements for speculative purposes.

The fair values of the short-term financial instruments approximate their carrying values. The fair values of the long-term debt are not significantly different than their carrying values, as these instruments bear interest at rates comparable to current market rates. The fair value of other long-term liabilities and contingent consideration payable is estimated by discounting the future contractual cash flows at the cost of money to us, which is equal to their carrying value.

The fair value of the 2012 convertible debentures as at June 30, 2014 was approximately $106.9 million, based on market quotes. The fair value of the 2010 convertible debentures as at June 30, 2014 was approximately $61.6 million, based on market quotes.

The fair value of the amounts payable to unitholders as at June 30, 2014 was approximately $7.0 million, based on market quotes for our common shares.

We are exposed to interest rate risk in the event of fluctuations in the Canadian Prime rate or Canadian Bankers' Acceptance rate, US Base rate and LIBOR rate as the interest rates on the bank credit facilities fluctuate with changes in the Canadian Prime rate, Canadian Bankers' Acceptance rate, US Base rate or LIBOR rate.

To mitigate our exposure to interest rate fluctuations, we have entered into interest rate swap agreements in connection with our bank credit facilities.

In 2010, we entered into an interest rate swap agreement, effective August 31, 2011, for a notional amount of $75.0 million and a fixed interest rate of 2.77% per annum plus a stamping fee of 2.25% as at June 30, 2014. This agreement expires on August 31, 2015. During the year ended December 31, 2013, we cancelled $9.4 million of the interest rate swap designated as a cash flow hedge incurring a cost of collapsing the swap of $0.3 million. As at June 30, 2014, we have $65.6 million of the swap outstanding and the fair value of this swap was $1.2 million in favor of the counterparty.

During the three and six months ended June 30, 2014, we entered into equity derivative instruments to manage our exposure to changes in the fair value of RSUs and DSUs, issued under their respective plans, due to changes in the fair value of our common shares. Changes in the fair value of these instruments are recorded as compensation expense and offset the impact of mark-to-market adjustments on the RSUs and DSUs that have been accrued.

As at June 30, 2014, we have equity derivative instruments outstanding with a notional amount of $3.5 million. The fair value of these derivatives is $0.7 million in our favor.

We are exposed to credit risk with respect to our cash and cash equivalents and trade and other receivables, and more specifically our trade receivables. Credit risk is not concentrated with any particular customer. In certain parts of Asia, it is often common business practice to pay invoices over an extended period of time and/or at the completion of the project. This practice increases the risk and likelihood of future bad debts. In addition, the risk of non-collection of trade receivables is greater in Asia Pacific compared to North American or European countries. Trade receivables are monitored on an ongoing basis with respect to their collectability and, where appropriate, a specific reserve is recorded.

Liquidity risk is the risk that we will not be able to meet our financial obligations as they fall due. We manage liquidity risk through the management of our capital structure and financial leverage. We also manage liquidity risk by continuously monitoring actual and projected cash flows, taking into account the seasonality of our revenues and receipts and maturity profile of financial assets and liabilities. Our Board of Directors reviews and approves our operating and capital budgets, as well as any material transactions out of the ordinary course of business.

We are also exposed to price risk as the amounts payable to unitholders are classified as fair value through profit or loss, and linked to the price of our own common shares.

Related Party Transactions

We provide appraisal services to Real Matters, an entity in which we hold an 18.2% equity interest as at June 30, 2014. During the three months ended June 30, 2014, we recorded gross revenues of $10,000 for appraisal services provided to Real Matters (three months ended June 30, 2013 - $15,000). For the six months ended June 30, 2014, we recorded gross revenues of $15,000 for appraisal services provided to Real Matters (six months ended June 30, 2013 - $17,000).

Effective January 1, 2013, we sold ARL to Real Matters for consideration of $8.2 million, subject to adjustments. The purchase price was settled through the issuance of additional Real Matters' common shares. An accounting gain of $5.3 million was recorded on the transaction.

On December 16, 2013, we completed the partial sale of our investment in Real Matters for net consideration of $2.6 million. An accounting gain of $1.3 million was recorded on the transaction. We also determined that a deemed disposal of our interest in Real Matters had occurred due to the funds raised by Real Matters in a common equity financing transaction, which together with the partial sale decreased our ownership percentage in Real Matters from 25.3% to 18.2%. Accordingly, we calculated the deemed disposal of our interest in Real Matters and recognized a gain on this deemed disposal of $2.3 million during the year ended December 31, 2013 with a related increase to the carrying value of the investment in Real Matters.

As part of ongoing operations with Real Matters, there was $5,000 included in trade and other receivables as at June 30, 2014 (December 31, 2013 - $4,000).

Effective February 14, 2014, we acquired a 29.7% interest in Voyanta for cash consideration of $3.0 million, including transaction costs. In addition, we purchased a perpetual and non-exclusive license to certain software for US$300,000 (CAD$331,000). As part of the license agreement, we also agreed to pay an annual software maintenance fee of US$120,000 per year for approximately seven years with the ability to terminate such services at any point after the second year with three months' notice. During the three and six months ended June 30, 2014, we recorded an expense of $32,000 and $49,000, respectively, with respect to these software maintenance fees. As part of ongoing operations with Voyanta, there was $320,000 included in trade and other payables as at June 30, 2014.

All related party transactions were in the normal course of operations and measured at the exchange amount.

Contingencies

From time to time, we or our subsidiaries are involved in legal proceedings, claims and litigation in the ordinary course of business with customers, former employees and other parties. Although it is not possible to determine the outcome of such matters, based on all currently available information, management believes that liabilities, if any, arising from pending litigation will not have a material adverse effect on our financial position or results of operations, other than those that have been accrued in the consolidated financial statements.

In the ordinary course of business, we are subject to tax audits from various government agencies relating to income and commodity taxes. As a result, from time to time, the tax authorities may disagree with the positions and conclusions we made in our tax filings, which could lead to assessments and reassessments. These assessments and reassessments may have a material adverse effect on our financial position or results of operations.

We have received notices of reassessments from the Canada Revenue Agency with respect to certain input tax credits claimed. A total of $1.1 million has been expensed over the years ended December 31, 2012 and 2013. We have filed notices of objection to such reassessments. However, there is no certainty as to the outcome of the issues in dispute.

Critical Accounting Estimates and Judgments

The preparation of the unaudited interim condensed consolidated financial statements requires management to make estimates and assumptions concerning the future. It also requires management to exercise its judgment in applying our accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Accounting estimates will, by definition, seldom equal the actual results. The unaudited interim condensed consolidated financial statements for the three and six months ended June 30, 2014 use the same significant estimates and assumptions in determining the value of assets and liabilities and the same significant judgments in applying accounting policies as those applied in our annual consolidated financial statements for the year ended December 31, 2013. Refer to Note 4 of the 2013 annual consolidated financial statements for a detailed summary of these critical accounting estimates and judgments.

Changes in Accounting Policies Including Initial Adoption of New Accounting Pronouncements

The following standards and amendments to existing standards have been adopted for the period beginning January 1, 2014:

International Financial Reporting Interpretations Committee 21, Levies
International Financial Reporting Interpretations Committee 21, Levies ("IFRIC 21") is applicable to all levies imposed by governments under legislation, other than outflows that are within the scope of other standards (e.g., International Accounting Standard 12, Income Taxes) and fines or other penalties for breaches of legislation. The interpretation clarifies that an entity recognizes a liability for a levy no earlier than when the activity that triggers payment, as identified by the relevant legislation, occurs. It also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, no liability is recognized before the specified minimum threshold is reached. The interpretation requires these same principles to be applied in interim financial statements. IFRIC 21 is effective for annual periods beginning on or after January 1, 2014 and is applied retrospectively. The adoption of this new interpretation did not result in any changes to the unaudited interim condensed consolidated financial statements.

International Accounting Standard 32, Financial Instruments: Presentation
International Accounting Standard 32, Financial Instruments: Presentation, was amended in 2011 and provides additional guidance when applying the offsetting requirements and clarifies the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement. The amendments are effective for annual periods beginning on or after January 1, 2014. The adoption of this amendment did not result in any changes to the unaudited interim condensed consolidated financial statements.

Future Accounting Pronouncements

International Financial Reporting Standard 9, Financial Instruments
International Financial Reporting Standard 9, Financial Instruments ("IFRS 9"), as issued in 2014, introduces new requirements for the classification and measurement of financial instruments, a new expected-loss impairment model that will require more timely recognition of expected credit losses and a substantially-reformed model for hedge accounting, with enhanced disclosures about risk management activity. IFRS 9 also removes the volatility in profit or loss that was caused by changes in an entity's own credit risk for liabilities elected to be measured at fair value. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Earlier application is permitted. We have not yet begun the process of evaluating the impact of this standard on our unaudited interim condensed consolidated financial statements.

International Financial Reporting Standard 15, Revenue from Contracts with Customers
International Financial Reporting Standard 15, Revenue from Contracts with Customers ("IFRS 15"), was issued in May 2014, which will replace IAS 11, Construction Contracts, IAS 18, Revenue Recognition, IFRIC 13, Customer Loyalty Programmes, IFRIC 15, Agreements for the Construction of Real Estate, IFRIC 18, Transfers of Assets from Customers, and SIC-31, Revenue – Barter Transactions Involving Advertising Services. IFRS 15 provides a single, principles-based five-step model that will apply to all contracts with customers with limited exceptions, including, but not limited to, leases within the scope of IAS 17; financial instruments and other contractual rights or obligations within the scope of IFRS 9, IFRS 10, Consolidated Financial Statements and IFRS 11, Joint Arrangements. In addition to the five-step model, the standard specifies how to account for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. The incremental costs of obtaining a contract must be recognized as an asset if the entity expects to recover these costs. The standard's requirements will also apply to the recognition and measurement of gains and losses on the sale of some non-financial assets that are not an output of the entity's ordinary activities. IFRS 15 is required for annual periods beginning on or after January 1, 2017. Earlier adoption is permitted. We have not yet begun the process of evaluating the impact of this standard on our unaudited interim condensed consolidated financial statements.

Disclosure Controls and Procedures and Internal Controls over Financial Reporting

Management is responsible for establishing and maintaining disclosure controls and procedures ("DC&P") and internal controls over financial reporting ("ICFR"), as those terms are defined in National Instrument 52-109 - Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109").

Management has caused such DC&P to be designed under its supervision to provide reasonable assurance that our material information, including our consolidated subsidiaries, is made known to our Chief Executive Officer and our Chief Financial Officer for the period in which the interim filings were prepared. Further, such DC&P are designed to provide reasonable assurance that information we are required to disclose in our annual filings, interim filings or other reports we have filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in applicable securities legislation.

Management has caused such ICFR to be designed under its supervision using the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") framework to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the unaudited interim condensed consolidated financial statements for external purposes in accordance with IFRS.

Management has limited the scope of the design of DC&P and ICFR to exclude controls, policies and procedures of the MGI business that was acquired on April 1, 2014. Financial information of the business acquired is summarized below.

Selected Balance Sheet data for MGI:

In thousands of dollars		**June 30, 2014**
Current assets	$	2,548
Long-term assets		12,584
Current liabilities		459

Income Statement data for MGI:

In thousands of dollars		**Three and Six months ended June 30, 2014**
Revenues	$	2,757
Expenses		2,598
Profit (loss)		159

The limitation of the scope of the design of DC&P and ICFR is in accordance with section 3.3(1)(b) of NI 52-109, which allows an issuer to limit its design of DC&P and ICFR to exclude controls, policies and procedures of a business that the issuer acquired not exceeding 365 days from the date of acquisition.

There have been no changes in our internal controls over financial reporting that occurred during the three month period ended June 30, 2014, the most recently completed interim period, that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

The audit committee and our Board of Directors have reviewed and approved this MD&A and the unaudited interim condensed consolidated financial statements for the three and six months ended June 30, 2014.

Additional Information

Additional information relating to Altus Group Limited, including our Annual Information Form is available on SEDAR at www.sedar.com.

Our common shares trade on the Toronto Stock Exchange under the symbol AIF and the Canadian convertible debentures trade under the symbols AIF.DB and AIF.DB.A.

Altus Group Limited

Interim Condensed Consolidated Financial Statements
June 30, 2014 and 2013
(Unaudited)
(Expressed in Thousands of Canadian Dollars)

Altus Group Limited

Interim Condensed Consolidated Statements of Comprehensive Income (Loss)
For the Three and Six Months Ended June 30, 2014 and 2013
(Unaudited)

(Expressed in Thousands of Canadian Dollars, Except for Shares and Per Share Amounts)

		Three months ended June 30		Six months ended June 30	
	Notes	**2014**	2013	**2014**	2013
Revenues					
Gross revenues		**$ 90,348**	$ 78,572	**$ 177,039**	$ 154,726
Less: disbursements		**6,481**	6,139	**14,489**	13,436
Net revenue		**83,867**	72,433	**162,550**	141,290
Expenses					
Employee compensation		**54,316**	47,475	**106,634**	93,218
Occupancy		**3,559**	3,448	**7,133**	6,988
Office and other operating		**11,030**	9,046	**18,576**	16,104
Amortization of intangibles	10	**3,827**	3,374	**7,219**	6,895
Depreciation of property, plant and equipment	9	**1,362**	1,168	**2,520**	2,296
Acquisition related expenses (income)	3	**37**	45	**196**	255
Share of (profit) loss of associates		**410**	(21)	**813**	57
Restructuring costs	14	**8**	17	**30**	1,150
(Gain) loss on sale of certain business assets		**-**	59	**-**	(5,219)
Operating profit (loss)		**9,318**	7,822	**19,429**	19,546
Finance costs (income), net	5	**8,774**	3,547	**12,535**	7,490
Profit (loss) before income tax		**544**	4,275	**6,894**	12,056
Income tax expense (recovery)	6	**1,217**	1,068	**2,684**	2,006
Profit (loss) for the period attributable to equity holders		**$ (673)**	$ 3,207	**$ 4,210**	$ 10,050
Other comprehensive income (loss):					
Items that may be reclassified to profit or loss in subsequent periods:					
Cash flow hedges	19	**198**	531	**359**	582
Currency translation differences	19	**(4,326)**	4,643	**1,217**	5,942
Share of other comprehensive income (loss) of associates	19	**(28)**	-	**34**	-
Other comprehensive income (loss), net of tax		**(4,156)**	5,174	**1,610**	6,524
Total comprehensive income (loss) for the period, net of tax, attributable to equity holders		**$ (4,829)**	$ 8,381	**$ 5,820**	$ 16,574

Earnings (loss) per share attributable to the equity holders of the Company during the period					
Basic earnings (loss) per share	21	**$(0.02)**	$0.14	**$0.15**	$0.44
Diluted earnings (loss) per share	21	**$(0.02)**	$0.13	**$0.14**	$0.39

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

Altus Group Limited

Interim Condensed Consolidated Balance Sheets
As at June 30, 2014 and 2013
(Unaudited)
(Expressed in Thousands of Canadian Dollars)

	Notes		June 30, 2014		December 31, 2013
Assets					
Current assets					
Cash and cash equivalents		**$**	**13,609**	$	16,664
Trade and other receivables	7		**112,214**		109,589
Income taxes recoverable			**1,470**		1,294
			127,293		127,547
Non-current assets					
Trade and other receivables	7		**365**		304
Derivative financial instruments	15		**738**		-
Investment in associates	8		**16,454**		14,130
Deferred income taxes			**12,434**		13,018
Property, plant and equipment	9		**20,391**		18,213
Intangibles	10		**81,296**		76,964
Goodwill	11		**195,598**		192,262
			327,276		314,891
Total Assets		**$**	**454,569**	$	442,438
Liabilities					
Current liabilities					
Trade and other payables	12	**$**	**61,844**	$	59,851
Income taxes payable			**1,295**		678
Borrowings	13		**50,596**		1,441
Provisions	14		**444**		1,738
			114,179		63,708
Non-current liabilities					
Trade and other payables	12		**11,784**		10,981
Borrowings	13		**112,877**		155,420
Derivative financial instruments	15		**1,151**		1,637
Provisions	14		**104**		141
Deferred income taxes			**3,538**		2,692
Amounts payable to unitholders	16		**7,039**		5,646
			136,493		176,517
Total Liabilities			**250,672**		240,225
Shareholders' Equity					
Share capital	17		**344,423**		340,445
Equity component of convertible debentures			**6,298**		6,338
Contributed surplus	18		**6,722**		6,130
Accumulated other comprehensive income (loss)	19		**11,050**		9,440
Deficit			**(164,596)**		(160,140)
Total Shareholders' Equity			**203,897**		202,213
Total Liabilities and Shareholders' Equity		**$**	**454,569**	$	442,438

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

Altus Group Limited

Interim Condensed Consolidated Statements of Changes in Equity
For the Six Months Ended June 30, 2014 and 2013
(Unaudited)
(Expressed in Thousands of Canadian Dollars)

	Notes	Share Capital	Equity Component of Convertible Debentures	Contributed Surplus	Accumulated Other Comprehensive Income (Loss)	Deficit	Total Shareholders' Equity
As at January 1, 2013		$ 279,227	$ 6,356	$ 3,598	$ (967)	$ (163,820)	$ 124,394
Profit (loss) for the period		-	-	-	-	10,050	10,050
Other comprehensive income (loss), net of tax:							
Cash flow hedges	19	-	-	-	582	-	582
Currency translation differences	19	-	-	-	5,942	-	5,942
Total comprehensive income (loss) for the period		$ -	$ -	$ -	$ 6,524	$ 10,050	$ 16,574
Transactions with owners:							
Dividends declared	22	-	-	-	-	(6,915)	(6,915)
Reclassification related to Restricted Share Plan	18, 20	-	-	2,277	-	-	2,277
Treasury shares purchased under the Restricted Share Plan	17, 20	(2,277)	-	-	-	-	(2,277)
Share-based compensation	20	-	-	325	-	-	325
Dividend Reinvestment Plan	17	154	-	-	-	-	154
Shares issued under the Share Option Plan	20	1,369	-	(656)	-	-	713
		(754)	-	1,946	-	(6,915)	(5,723)
As at June 30, 2013		$ 278,473	$ 6,356	$ 5,544	$ 5,557	$ (160,685)	$ 135,245
As at January 1, 2014		$ 340,445	$ 6,338	$ 6,130	$ 9,440	$ (160,140)	$ 202,213
Profit (loss) for the period		-	-	-	-	4,210	4,210
Other comprehensive income (loss), net of tax:							
Cash flow hedges	19	-	-	-	359	-	359
Currency translation differences	19	-	-	-	1,217	-	1,217
Share of other comprehensive income (loss) of associates	19	-	-	-	34	-	34
Total comprehensive income (loss) for the period		$ -	$ -	$ -	$ 1,610	$ 4,210	$ 5,820
Transactions with owners:							
Dividends declared	22	-	-	-	-	(8,666)	(8,666)
Share-based compensation	18, 20	-	-	814	-	-	814
Dividend Reinvestment Plan	17	1,703	-	-	-	-	1,703
Shares issued under the Share Option Plan	17, 18, 20	3,104	-	(258)	-	-	2,846
Shares issued on conversion of convertible debentures	17	1,046	(40)	-	-	-	1,006
Shares issued on acquisition	3	1,200	-	-	-	-	1,200
Treasury shares purchased under the Restricted Share Plan	20	(3,086)	-	-	-	-	(3,086)
Release of treasury shares under the Restricted Share Plan	20	11	-	(3)	-	-	8
Gain on sale of shares held in escrow	18	-	-	39	-	-	39
		3,978	(40)	592	-	(8,666)	(4,136)
As at June 30, 2014		**$ 344,423**	**$ 6,298**	**$ 6,722**	**$ 11,050**	**$ (164,596)**	**$ 203,897**

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

Altus Group Limited

Interim Condensed Consolidated Statements of Cash Flows
For the Six Months Ended June 30, 2014 and 2013
(Unaudited)
(Expressed in Thousands of Canadian Dollars)

	Notes	Six months ended June 30 2014	2013
Cash flows from operating activities			
Profit (loss) before income tax		**$ 6,894**	$ 12,056
Adjustments for:			
Amortization of intangibles	10	**7,219**	6,895
Depreciation of property, plant and equipment	9	**2,520**	2,296
Amortization of lease inducements		**47**	53
Amortization of deferred software development costs		**41**	-
Tax credits recorded through employee compensation		**-**	(521)
Finance costs (income), net	5	**12,535**	7,490
Share-based compensation	20	**814**	325
Unrealized foreign exchange (gain) loss		**434**	71
(Gain) loss on sale of certain business assets		**-**	(5,278)
(Gain) loss on disposal of property, plant and equipment		**86**	192
(Gain) loss on equity derivative instruments recorded through employee compensation		**(738)**	-
Share of (profit) loss of associates		**813**	57
Net changes in operating working capital		**(3,991)**	(1,997)
Net cash generated by (used in) operations		**26,674**	21,639
Less: interest paid		**(4,867)**	(3,182)
Less: income taxes paid		**(1,471)**	(1,613)
Add: income taxes received		**117**	174
Net cash provided by (used in) operating activities		**20,453**	17,018
Cash flows from financing activities			
Proceeds from exercise of options		**2,846**	713
Redemption of Altus UK LLP Class B and D limited liability partnership units		**-**	(170)
Proceeds from borrowings		**11,000**	817
Repayment of borrowings		**(9,338)**	(5,016)
Dividends paid		**(6,877)**	(6,894)
Treasury shares purchased under Restricted Share Plan	20	**(3,086)**	(2,277)
Interest paid to other unitholders		**(97)**	(106)
Net cash provided by (used in) financing activities		**(5,552)**	(12,933)
Cash flows from investing activities			
Purchase of investment in associates	8	**(3,004)**	-
Purchase of intangibles		**(1,263)**	(473)
Purchase of property, plant and equipment		**(3,047)**	(1,621)
Proceeds from disposal of property, plant and equipment		**94**	43
Acquisitions	3, 10	**(10,934)**	-
Net cash provided by (used in) investing activities		**(18,154)**	(2,051)
Effect of foreign currency translation		**198**	(4)
Net increase (decrease) in cash and cash equivalents		**(3,055)**	2,030
Cash and cash equivalents			
Beginning of period		**16,664**	4,703
End of period		**$ 13,609**	$ 6,733

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

1. Business and Structure

Altus Group Limited (the "Company") was formed through the completion of a plan of arrangement under the *Business Corporations Act* (Ontario) (the "Arrangement") pursuant to an information circular dated November 8, 2010, whereby Altus Group Income Fund (the "Fund") was converted from an unincorporated open-ended limited purpose trust into a corporate structure (the "Corporate Conversion"). The Corporate Conversion through a series of transactions involved the exchange, on a one-for-one basis, of the Fund Units and the Class B limited partnership units of Altus Group Limited Partnership ("Altus LP") for common shares of the Company. As a result of this reorganization, Altus LP, Altus Operating Trust and the Fund were liquidated and dissolved. The effective date of the Corporate Conversion was January 1, 2011. The Company continues to operate the business of the Fund.

The Company directly or indirectly owns or controls operating entities located within Canada, the United States of America ("US"), the United Kingdom ("UK"), Australia and several countries in Asia and provides independent commercial real estate consulting and advisory services, software and data solutions. The Company conducts its business through five business units: Research, Valuation & Advisory ("RVA"), ARGUS Software, Property Tax Consulting ("Property Tax"), Cost Consulting & Project Management ("Cost") and Geomatics.

The address of the Company's registered office is 33 Yonge Street, Suite 500, Toronto, Ontario, Canada. The Company is listed on the Toronto Stock Exchange ("TSX") and is domiciled in Canada.

"Altus Group" refers to the consolidated operations of Altus Group Limited.

2. Basis of Preparation and Summary of Significant Accounting Policies

The unaudited interim condensed consolidated financial statements for the period ended June 30, 2014 follow the same accounting policies and methods of their application as those used in the Company's consolidated financial statements for the year ended December 31, 2013, except for the adoption of recent accounting pronouncements described below. These unaudited interim condensed consolidated financial statements are in compliance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34"). Accordingly, certain information and footnote disclosure normally included in annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") have been omitted or condensed. Therefore, these unaudited interim condensed consolidated financial statements should be read in conjunction with the Company's most recent audited annual consolidated financial statements for the year ended December 31, 2013.

2. Basis of Preparation and Summary of Significant Accounting Policies, cont'd

These unaudited interim condensed consolidated financial statements were approved by the Board of Directors for issue on August 6, 2014.

Adoption of Recent Accounting Pronouncements

The following standards and amendments to existing standards have been adopted for the period beginning January 1, 2014:

International Financial Reporting Interpretations Committee 21, Levies
International Financial Reporting Interpretations Committee 21, Levies ("IFRIC 21") is applicable to all levies imposed by governments under legislation, other than outflows that are within the scope of other standards (e.g., International Accounting Standard 12, Income Taxes) and fines or other penalties for breaches of legislation. The interpretation clarifies that an entity recognizes a liability for a levy no earlier than when the activity that triggers payment, as identified by the relevant legislation, occurs. It also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, no liability is recognized before the specified minimum threshold is reached. The interpretation requires these same principles to be applied in interim financial statements. IFRIC 21 is effective for annual periods beginning on or after January 1, 2014 and is applied retrospectively. The adoption of this new interpretation did not result in any changes to the unaudited interim condensed consolidated financial statements.

International Accounting Standard 32, Financial Instruments: Presentation
International Accounting Standard 32, Financial Instruments: Presentation, was amended in 2011 and provides additional guidance when applying the offsetting requirements and clarifies the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement. The amendments are effective for annual periods beginning on or after January 1, 2014. The adoption of this amendment did not result in any changes to the unaudited interim condensed consolidated financial statements.

2. Basis of Preparation and Summary of Significant Accounting Policies, cont'd

Future Accounting Pronouncements

International Financial Reporting Standard 9, Financial Instruments
International Financial Reporting Standard 9, Financial Instruments ("IFRS 9"), as issued in 2014, introduces new requirements for the classification and measurement of financial instruments, a new expected-loss impairment model that will require more timely recognition of expected credit losses and a substantially-reformed model for hedge accounting, with enhanced disclosures about risk management activity. IFRS 9 also removes the volatility in profit or loss that was caused by changes in an entity's own credit risk for liabilities elected to be measured at fair value. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Earlier application is permitted. The Company has not yet begun the process of evaluating the impact of this standard on its unaudited interim condensed consolidated financial statements.

International Financial Reporting Standard 15, Revenue from Contracts with Customers
International Financial Reporting Standard 15, Revenue from Contracts with Customers ("IFRS 15"), was issued in May 2014, which will replace IAS 11, Construction Contracts, IAS 18, Revenue Recognition, IFRIC 13, Customer Loyalty Programmes, IFRIC 15, Agreements for the Construction of Real Estate, IFRIC 18, Transfers of Assets from Customers, and SIC-31, Revenue – Barter Transactions Involving Advertising Services. IFRS 15 provides a single, principles-based five-step model that will apply to all contracts with customers with limited exceptions, including, but not limited to, leases within the scope of IAS 17; financial instruments and other contractual rights or obligations within the scope of IFRS 9, IFRS 10, Consolidated Financial Statements and IFRS 11, Joint Arrangements. In addition to the five-step model, the standard specifies how to account for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. The incremental costs of obtaining a contract must be recognized as an asset if the entity expects to recover these costs. The standard's requirements will also apply to the recognition and measurement of gains and losses on the sale of some non-financial assets that are not an output of the entity's ordinary activities. IFRS 15 is required for annual periods beginning on or after January 1, 2017. Earlier adoption is permitted. The Company has not yet begun the process of evaluating the impact of this standard on its unaudited interim condensed consolidated financial statements.

2. Basis of Preparation and Summary of Significant Accounting Policies, cont'd

Seasonality

Certain segments of the Company's operations are subject to seasonal variations. Geomatics' projects tend to be on remote undeveloped land in western Canada which is most accessible in the winter and summer months and least accessible in the spring months when ground conditions are soft and wet. Gross revenues for Geomatics tend to peak in the third and fourth quarters of the year in line with higher activity levels during these periods. In the UK, the Property Tax business has a higher proportion of property tax appeals resolved and gross revenue recognized in the first and fourth quarters of the year, due to the March 31 fiscal year end for UK municipalities.

Critical Accounting Estimates and Judgments

These unaudited interim condensed consolidated financial statements use the same significant estimates and assumptions in determining the value of assets and liabilities and the same significant judgments in applying accounting policies as those applied in the Company's consolidated financial statements for the year ended December 31, 2013.

3. Acquisitions

The Company completed an acquisition during the quarter ended June 30, 2014 as part of its continuing strategy to grow each business unit and strengthened its position in geomatics services.

Acquisition of Maltais Geomatics Inc.
Effective April 1, 2014, the Company acquired certain business assets of Maltais Geomatics Inc. ("MGI") for approximately $13,554, subject to adjustments. Based in Alberta, MGI provides geomatics services for a wide range of client sectors, with particular strength in the electrical power, industrial, and commercial construction, as well as the oil and gas and pipeline sectors. The addition of MGI is expected to enable Altus Group to further expand operations in the geomatics sector. As partial consideration for such assets, the Company paid cash of $10,720. The asset purchase agreement provides for a maximum contingent consideration of $6,000, payable on May 31, 2015, subject to certain EBITDA performance targets being achieved, as defined in the purchase agreement. At the acquisition date, the Company recorded the fair value of this contingent consideration of $2,834.

Additionally, the Company entered into non-compete arrangements with certain key employees of MGI for consideration of $1,230, which was settled through the issuance of 106,440 common shares of the Company and cash of $30. These common shares will be held in escrow and will be released on the fourth anniversary of the closing date, subject to compliance with certain terms and conditions.

(Expressed in Thousands of Canadian Dollars, Except for Shares and Per Share Amounts)

3. Acquisitions, cont'd

Notwithstanding the above, a total of 57,613 common shares may be released after the third anniversary of the closing date if certain conditions are met. The net amount credited to equity on issue of these common shares was derived using the 21 trading day average value of the Company's common shares discounted for the restrictions imposed.

Gross revenues, Adjusted EBITDA and profit (loss) of MGI for the period from April 1, 2014 to June 30, 2014 included in the unaudited interim condensed consolidated statements of comprehensive income (loss) were $2,757, $858 and $159, respectively. The pro-forma gross revenue, Adjusted EBITDA and profit (loss) of the combined entity for the six months ended June 30, 2014 would have been $180,100, $31,602 and $4,181, respectively, assuming the acquisition was completed on January 1, 2014.

		Three and six months ended June 30, 2014
		MGI
Acquisition related costs (included in acquisition related expenses (income) in the unaudited interim condensed consolidated statements of comprehensive income (loss)) for the six months ended June 30, 2014	$	196
Consideration:		
Cash consideration	$	10,720
Contingent consideration		2,834
Total consideration transferred		13,554
Recognized amounts of identifiable assets acquired and liabilities assumed:		
Trade and other receivables		2,367
Trade and other payables		(767)
Deferred tax liability		(441)
Property, plant and equipment		1,213
Intangibles		8,652
Total identifiable net assets		11,024
Goodwill	$	2,530

Included in trade and other receivables are trade receivables with a fair value of $2,150. The gross contractual amounts of the trade receivables is $2,297.

3. **Acquisitions,** cont'd

Goodwill arising from this acquisition relates to expected synergies with the existing Geomatics business leading to increased sales and the ability to further expand specialized service offerings to new clients in existing markets. Goodwill and intangibles acquired and deductible for tax purposes amount to $7,453.

The intangibles acquired are as follows:

	Three and six months ended June 30, 2014
Finite-life assets	
Customer lists	$ 8,652

4. **Segmented Information**

Management has determined the reportable segments based on the reports reviewed by the CEO.

The CEO considers the business from both a core service and geographic perspective. The areas of core service are Property Tax, RVA, ARGUS Software, Geomatics and Cost.

Property Tax performs property tax assessment reviews and appeals, and assists with property tax compliance filings. These services are offered in Canada, the US and the UK. The two reportable segments for this service line are North America Property Tax and UK.

RVA performs real estate valuations, litigation support, financial due diligence, research and real estate-related services. These services are offered in Canada and the US. The reportable segment for this service line is North America RVA.

ARGUS Software offers software and solutions for analysis and management of commercial real estate investments. ARGUS Software supports critical business processes and decisions, including real estate asset management, valuation, portfolio management, budgeting, forecasting, reporting and lease management solutions. These products and services are offered in the US, Canada, the UK and the Asia Pacific region. The reportable segment for this service line is ARGUS Software.

Geomatics provides advanced geomatics solutions including geographic information systems, digital mapping, remote sensing, 3-D laser scanning and orthophoto maps. Geomatics operates primarily in the oil and gas sector. It also provides environmental services to the forestry and energy sectors. These services are offered in Canada. The reportable segment for this service line is North America Geomatics.

4. Segmented Information, cont'd

Cost provides construction cost planning, loan monitoring and project management services to construction companies and financial institutions. These services are offered in Canada, the US and the Asia Pacific region. The reportable segments for this service line are North America Cost and Asia Pacific Cost.

Operating and financial information is available for these reportable segments and is used to determine operating performance for each segment and to allocate resources.

The accounting policies of the segments are the same as those applied in these unaudited interim condensed consolidated financial statements. Revenue transactions between segments are valued at market rates and eliminated on consolidation.

The CEO assesses the performance of the reportable segments based on a measure of Adjusted EBITDA. This measurement basis represents operating profit (loss) adjusted for the effect of amortization of intangibles, depreciation of property, plant and equipment, acquisition related expenses (income), restructuring costs, share of profit or loss of associates, unrealized foreign exchange gains (losses), gains (losses) on sale of property, plant and equipment, gains (losses) on sale of business assets, impairment charges, Executive Compensation Plan costs, gains (losses) on hedging transactions, gains (losses) on equity derivatives net of mark-to-market adjustments on related restricted share units ("RSUs") and deferred share units ("DSUs") being hedged and other expenses or income of a non-operating and/or non-recurring nature.

(Expressed in Thousands of Canadian Dollars, Except for Shares and Per Share Amounts)

4. Segmented Information, cont'd

A reconciliation of Adjusted EBITDA to profit (loss) is provided as follows:

	Three months ended June 30		Six months ended June 30	
	2014	2013	**2014**	2013
Adjusted EBITDA for reportable segments	**$ 16,038**	$ 13,828	**$ 30,920**	$ 26,081
Depreciation of property, plant and equipment	**(1,362)**	(1,168)	**(2,520)**	(2,296)
Amortization of intangibles	**(3,827)**	(3,374)	**(7,219)**	(6,895)
Acquisition related (expenses) income	**(37)**	(45)	**(196)**	(255)
Share of profit (loss) of associates	**(410)**	21	**(813)**	(57)
Unrealized foreign exchange gain (loss) [(1)]	**(935)**	(442)	**(434)**	(71)
Gain (loss) on sale of property, plant and equipment [(1)]	**(111)**	(186)	**(86)**	(192)
Gain (loss) on sale of certain business assets [(2)]	**-**	(59)	**-**	5,219
Executive Compensation Plan costs [(3)]	**(208)**	(116)	**(329)**	(218)
Gain (loss) on equity derivatives net of mark-to-market adjustments on related RSUs and DSUs being hedged [(3)]	**123**	-	**54**	-
Restructuring costs	**(8)**	(17)	**(30)**	(1,150)
Other non-operating and/or non-recurring income (costs) [(4)]	**55**	(620)	**82**	(620)
Operating profit (loss)	**9,318**	7,822	**19,429**	19,546
Finance (costs) income, net	**(8,774)**	(3,547)	**(12,535)**	(7,490)
Profit (loss) before income tax	**544**	4,275	**6,894**	12,056
Income tax recovery (expense)	**(1,217)**	(1,068)	**(2,684)**	(2,006)
Profit (loss) for the period	**$ (673)**	$ 3,207	**$ 4,210**	$ 10,050

(1) Included in office and other operating expenses in the unaudited interim condensed consolidated statements of comprehensive income (loss).

(2) For the three months ended June 30, 2013, the loss relates to an adjustment on the sale of Altus Capital Planning that occurred in 2012. For the six months ended June 30, 2013, this amount also includes a gain of $5,278 relating to the sale of Altus Residential Limited ("ARL").

(3) Included in employee compensation expenses in the unaudited interim condensed consolidated statements of comprehensive income (loss).

(4) Other non-operating and/or non-recurring income (costs) for the three and six months ended June 30, 2014 relate to the reversal of amounts owed to former owners of Altus Québec and other one-time recoveries. These are included in office and other operating expenses. Other non-operating and/or non-recurring costs for the three and six months ended June 30, 2013 relate to provisions for commodity taxes, included in office and other operating expenses.

(Expressed in Thousands of Canadian Dollars, Except for Shares and Per Share Amounts)

4. Segmented Information, cont'd

The segment information provided to the CEO for the reportable segments for the three and six months ended June 30, 2014 and 2013 is as follows:

Segment Gross Revenues and Expenditures

	Three months ended June 30, 2014									
	Property Tax		**Global Asset and Investment Management**		**Geomatics**	**Cost Consulting and Project Management**				
	North America Property Tax	UK	North America RVA	ARGUS Software	North America Geomatics	North America Cost	Asia Pacific Cost (1)	Corporate (2)	Eliminations	**Total**
Gross revenue from external customers	$ 19,281	$ 7,039	$ 21,600	$ 11,983	$ 18,937	$ 6,671	$ 4,837	$ -	$ -	**$ 90,348**
Inter-segment gross revenue	-	-	204	(99)	3	(2)	-	-	(106)	**-**
Total segment gross revenue	19,281	7,039	21,804	11,884	18,940	6,669	4,837	-	(106)	**90,348**
Adjusted EBITDA	5,947	1,966	5,553	3,875	3,968	1,696	469	(7,436)	-	**16,038**
Depreciation and amortization	136	37	201	152	561	89	62	3,983	(32)	**5,189**
Income tax expense (recovery)	-	-	-	-	-	-	-	1,217	-	**1,217**
Finance costs (income), net	-	-	-	-	-	-	-	8,774	-	**8,774**
Share of (profit) loss of associates	-	-	-	-	-	-	-	410	-	**410**

(1) Includes Hawaii.

(2) Corporate includes global corporate office costs, finance costs (income), net, amortization of intangibles acquired as part of business acquisitions, share of (profit) loss of associates and income taxes. For the three months ended June 30, 2014, Corporate also includes accrued bonuses that relate to the entire organization. The allocation to various business units will be determined at year end and allocated at that time accordingly.

(Expressed in Thousands of Canadian Dollars, Except for Shares and Per Share Amounts)

4. Segmented Information, cont'd

										Three months ended June 30, 2013
	Property Tax		**Global Asset and Investment Management**		**Geomatics**	**Cost Consulting and Project Management**				
	North America Property Tax	UK	North America RVA	ARGUS Software	North America Geomatics	North America Cost	Asia Pacific Cost [(1)]	Corporate [(2)]	Eliminations	Total
Gross revenue from external customers	$ 14,468	$ 6,157	$ 19,828	$ 9,549	$ 15,854	$ 7,583	$ 5,133	$ -	$ -	$ 78,572
Inter-segment gross revenue	1	-	11	96	32	(49)	(2)	-	(89)	-
Total segment gross revenue	14,469	6,157	19,839	9,645	15,886	7,534	5,131	-	(89)	78,572
Adjusted EBITDA	3,893	2,217	5,499	3,155	3,458	1,471	238	(6,103)	-	13,828
Depreciation and amortization	111	33	183	103	467	91	72	3,527	(45)	4,542
Income tax expense (recovery)	-	-	-	-	-	-	-	1,068	-	1,068
Finance costs (income), net	-	-	-	-	-	-	-	3,547	-	3,547
Share of (profit) loss of associates	-	-	-	-	-	-	-	(21)	-	(21)

(1) Includes Hawaii.

(2) Corporate includes global corporate office costs, finance costs (income), net, amortization of intangibles acquired as part of business acquisitions, share of (profit) loss of associates and income taxes. For the three months ended June 30, 2013, Corporate also includes accrued bonuses that relate to the entire organization. The allocation to various business units will be determined at year end and allocated at that time accordingly.

(Expressed in Thousands of Canadian Dollars, Except for Shares and Per Share Amounts)

4. Segmented Information, cont'd

	Property Tax		Global Asset and Investment Management		Geomatics	Cost Consulting and Project Management				Six months ended June 30, 2014
	North America Property Tax	UK	North America RVA	ARGUS Software	North America Geomatics	North America Cost	Asia Pacific Cost [1]	Corporate [2]	Eliminations	**Total**
Gross revenue from external customers	$ 37,893	$ 13,222	$ 41,736	$ 23,435	$ 38,038	$ 13,621	$ 9,094	$ -	$ -	**$ 177,039**
Inter-segment gross revenue	(1)	-	327	-	(3)	(2)	-	-	(321)	**-**
Total segment gross revenue	37,892	13,222	42,063	23,435	38,035	13,619	9,094	-	(321)	**177,039**
Adjusted EBITDA	10,983	3,482	9,910	7,534	8,295	3,528	392	(13,204)	-	**30,920**
Depreciation and amortization	258	70	382	290	1,000	172	121	7,509	(63)	**9,739**
Income tax expense (recovery)	-	-	-	-	-	-	-	2,684	-	**2,684**
Finance costs (income), net	-	-	-	-	-	-	-	12,535	-	**12,535**
Share of (profit) loss of associates	-	-	-	-	-	-	-	813	-	**813**

(1) Includes Hawaii.

(2) Corporate includes global corporate office costs, finance costs (income), net, amortization of intangibles acquired as part of business acquisitions, share of (profit) loss of associates and income taxes. For the six months ended June 30, 2014, Corporate also includes accrued bonuses that relate to the entire organization. The allocation to various business units will be determined at year end and allocated at that time accordingly.

(Expressed in Thousands of Canadian Dollars, Except for Shares and Per Share Amounts)

4. Segmented Information, cont'd

										Six months ended June 30, 2013
	Property Tax		**Global Asset and Investment Management**		**Geomatics**	**Cost Consulting and Project Management**				
	North America Property Tax	UK	North America RVA	ARGUS Software	North America Geomatics	North America Cost	Asia Pacific Cost [1]	Corporate [2]	Eliminations	Total
Gross revenue from external customers	$ 29,650	$ 11,394	$ 38,526	$ 18,050	$ 31,648	$ 15,280	$ 10,178	$ -	$ -	$ 154,726
Inter-segment gross revenue	(8)	-	(23)	200	32	(58)	7	-	(150)	-
Total segment gross revenue	29,642	11,394	38,503	18,250	31,680	15,222	10,185	-	(150)	154,726
Adjusted EBITDA	7,191	3,508	10,531	5,260	6,601	2,891	363	(10,264)	-	26,081
Depreciation and amortization	209	64	355	203	932	175	140	7,202	(89)	9,191
Income tax expense (recovery)	-	-	-	-	-	-	-	2,006	-	2,006
Finance costs (income), net	-	-	-	-	-	-	-	7,490	-	7,490
Share of (profit) loss of associates	-	-	-	-	-	-	-	57	-	57

(1) Includes Hawaii.

(2) Corporate includes global corporate office costs, finance costs (income), net, amortization of intangibles acquired as part of business acquisitions, share of (profit) loss of associates and income taxes. For the six months ended June 30, 2013, Corporate also includes accrued bonuses that relate to the entire organization. The allocation to various business units will be determined at year end and allocated at that time accordingly.

Segment Assets

	Property Tax		**Global Asset and Investment Management**		**Geomatics**	**Cost Consulting and Project Management**			
	North America Property Tax	UK	North America RVA	ARGUS Software	North America Geomatics	North America Cost	Asia Pacific Cost [1]	Corporate	**Total**
June 30, 2014	**$ 69,822**	**$ 30,964**	**$ 58,785**	**$ 58,249**	**$ 78,969**	**$ 37,741**	**$ 6,128**	**$ 113,911**	**$ 454,569**
December 31, 2013	67,165	29,618	54,902	59,611	63,205	40,069	6,751	121,117	442,438

(1) Includes Hawaii.

(Expressed in Thousands of Canadian Dollars, Except for Shares and Per Share Amounts)

5. Finance Costs (Income)

	Three months ended June 30		Six months ended June 30	
	2014	2013	**2014**	2013
Interest on credit facilities	**$ 1,187**	$ 1,874	**$ 2,395**	$ 3,744
Interest on Canadian convertible debentures [1][2]	**5,864**	1,927	**7,839**	3,854
Interest on finance lease liabilities	**18**	6	**30**	11
Contingent consideration payable: unwinding of discount (Note 23)	**136**	143	**234**	284
Provisions: unwinding of discount (Note 14)	**3**	5	**6**	10
Distributions payable on Altus UK LLP Class B and D units	**47**	51	**97**	106
Change in fair value of Altus UK LLP Class B and D units (Note 16)	**1,530**	(56)	**1,950**	(82)
Change in fair value of interest rate swap (not designated as cash flow hedge)	**-**	(365)	**-**	(360)
Other	**1**	-	**4**	-
Finance costs	**8,786**	3,585	**12,555**	7,567
Finance income	**(12)**	(38)	**(20)**	(77)
Finance costs (income), net	**$ 8,774**	$ 3,547	**$ 12,535**	$ 7,490

[1] Canadian convertible debentures refer to the $48,000 of 6.75% convertible unsecured subordinated debentures issued on April 19, 2012 (the "2012 convertible debentures") and the $50,000 of 5.75% convertible unsecured subordinated debentures issued on December 1, 2010 (the "2010 convertible debentures").

[2] Interest on the Canadian convertible debentures includes amortization of deferred transaction costs and interest accretion. During the three months ended June 30, 2014, the Company announced its intention to redeem the 2010 convertible debentures earlier than scheduled. Accordingly, an additional charge of $3,890 was booked to reflect the present value of the revised estimated cash flows due to the revised date of redemption of the 2010 convertible debentures.

(Expressed in Thousands of Canadian Dollars, Except for Shares and Per Share Amounts)

6. Income Tax

Income tax is recognized based on management's best estimate of the weighted average annual income tax rate expected for the full financial year.

	Three months ended June 30		Six months ended June 30	
	2014	2013	**2014**	2013
Income Tax Expense (Recovery)				
Current	**$ 163**	$ 660	**$ 1,791**	$ 1,145
Deferred	**1,054**	408	**893**	861
	$ 1,217	$ 1,068	**$ 2,684**	$ 2,006

7. Trade and Other Receivables

	June 30, 2014	December 31, 2013
Trade receivables	**$ 77,733**	$ 80,717
Less: allowance for doubtful accounts	**7,360**	7,598
Trade receivables, net	**70,373**	73,119
Unbilled revenue on customer contracts	**36,318**	31,439
Prepayments	**5,372**	4,799
Other receivables	**511**	515
Lease inducements	**-**	17
Receivables from related parties (Note 25)	**5**	4
	112,579	109,893
Less non-current portion: prepayments	**365**	304
	$ 112,214	$ 109,589

(Expressed in Thousands of Canadian Dollars, Except for Shares and Per Share Amounts)

8. Investment in Associates

The Company has an 18.2% equity interest in Real Matters Inc. ("Real Matters"), a company incorporated in Canada, which is accounted for using the equity method as it was established that the Company has significant influence with respect to this investment. Although the Company's ownership interest and voting control in Real Matters is less than 20%, the Company exercises significant influence through both its shareholding and its nominated director's active participation on the Board of Directors of Real Matters.

On February 14, 2014, the Company acquired a 29.7% equity interest in Voyanta Limited ("Voyanta"), a company incorporated in England and Wales, which is accounted for using the equity method as it was established that the Company has significant influence with respect to this investment. If all stock options to be granted under Voyanta's share option plan are exercised, the Company's fully diluted interest in Voyanta would decline to 27.0%. If Voyanta does not meet established revenue targets by December 31, 2015, the Company's ownership in Voyanta may increase to an estimated maximum 32.3% total equity interest.

The activity in the Company's investment in associates is as follows:

		Amount
As at January 1, 2013	$	6,380
Increase in equity investment		8,200
Share of profit (loss) for the year		(1,415)
Share of other comprehensive income (loss) of associates		(43)
Partial disposal of equity investment		(1,317)
Deemed disposal gain on equity investment		2,325
As at December 31, 2013		14,130
Investments in associates		3,004
Share of profit (loss) for the period [1]		(714)
Share of other comprehensive income (loss) of associates		34
As at June 30, 2014	**$**	**16,454**

[1] Amount of share of profit (loss) for the period recorded in the unaudited interim condensed consolidated statements of comprehensive income (loss) also includes $(99) related to the elimination of computer application software purchased from Voyanta (Note 25).

(Expressed in Thousands of Canadian Dollars, Except for Shares and Per Share Amounts)

9. Property, Plant and Equipment

	Leasehold Improvements	Furniture, Fixtures and Equipment	Computer Equipment	**Total**
Balance as at January 1, 2013				
Cost	$ 8,514	$ 16,459	$ 15,515	$ 40,488
Accumulated depreciation	(2,312)	(9,411)	(10,102)	(21,825)
Net book amount	6,202	7,048	5,413	18,663
Year ended December 31, 2013				
Opening net book amount	6,202	7,048	5,413	18,663
Exchange differences	25	22	58	105
Additions	494	2,512	1,587	4,593
Acquisitions	-	12	51	63
Disposals	(2)	(115)	(177)	(294)
Depreciation charge	(890)	(2,237)	(1,790)	(4,917)
Closing net book amount	5,829	7,242	5,142	18,213
Balance as at December 31, 2013				
Cost	9,024	18,471	16,015	43,510
Accumulated depreciation	(3,195)	(11,229)	(10,873)	(25,297)
Net book amount	5,829	7,242	5,142	18,213
Six months ended June 30, 2014				
Opening net book amount	5,829	7,242	5,142	18,213
Exchange differences	11	11	20	42
Additions	194	1,946	1,515	3,655
Acquisitions (Note 3)	8	1,118	87	1,213
Disposals	-	(143)	(69)	(212)
Depreciation charge	(481)	(1,145)	(894)	(2,520)
Closing net book amount	5,561	9,029	5,801	20,391
Balance as at June 30, 2014				
Cost	9,260	20,987	16,173	46,420
Accumulated depreciation	(3,699)	(11,958)	(10,372)	(26,029)
Net book amount	**$ 5,561**	**$ 9,029**	**$ 5,801**	**$ 20,391**

(Expressed in Thousands of Canadian Dollars, Except for Shares and Per Share Amounts)

10. Intangibles

	Brands of Acquired Businesses	Computer Application Software	Custom Software Applications	Internally Generated Software	Customer Backlog	Customer Lists	Databases	Non-compete Agreements	Indefinite Life Brands	**Total**
Balance as at January 1, 2013										
Cost	$ 12,232	$ 9,871	$ 18,014	$ 4,268	$ 9,635	$ 124,945	$ 2,735	$ 11,697	$ 22,880	$ 216,277
Accumulated amortization and impairment	(12,232)	(4,746)	(9,838)	(985)	(9,625)	(84,645)	(2,735)	(11,449)	-	(136,255)
Net book amount	-	5,125	8,176	3,283	10	40,300	-	248	22,880	80,022
Year ended December 31, 2013										
Opening net book amount	-	5,125	8,176	3,283	10	40,300	-	248	22,880	80,022
Exchange differences	1	1	474	204	2	2,513	-	12	1,152	4,359
Acquisitions	116	-	-	-	395	4,185	-	-	-	4,696
Additions	-	712	2	17	-	-	-	736	-	1,467
Amortization charge	-	(1,645)	(2,458)	(729)	(140)	(8,217)	-	(326)	-	(13,515)
Disposals	-	(3)	(62)	-	-	-	-	-	-	(65)
Closing net book amount	117	4,190	6,132	2,775	267	38,781	-	670	24,032	76,964
Balance as at December 31, 2013										
Cost	12,559	10,207	18,928	4,582	10,047	134,298	2,735	12,623	24,032	230,011
Accumulated amortization and impairment	(12,442)	(6,017)	(12,796)	(1,807)	(9,780)	(95,517)	(2,735)	(11,953)	-	(153,047)
Net book amount	117	4,190	6,132	2,775	267	38,781	-	670	24,032	76,964
Six months ended June 30, 2014										
Opening net book amount	117	4,190	6,132	2,775	267	38,781	-	670	24,032	76,964
Exchange differences	5	8	54	2	8	224	-	4	57	362
Acquisitions	-	-	-	-	92	8,744	-	-	-	8,836
Additions	-	396	-	768	-	-	-	1,230	-	2,394
Amortization charge	(61)	(678)	(1,302)	(432)	(167)	(4,466)	-	(154)	-	(7,260)
Closing net book amount	61	3,916	4,884	3,113	200	43,283	-	1,750	24,089	81,296
Balance as at June 30, 2014										
Cost	12,652	10,619	19,023	5,346	10,171	144,054	2,735	13,912	24,089	242,601
Accumulated amortization and impairment	(12,591)	(6,703)	(14,139)	(2,233)	(9,971)	(100,771)	(2,735)	(12,162)	-	(161,305)
Net book amount	**$ 61**	**$ 3,916**	**$ 4,884**	**$ 3,113**	**$ 200**	**$ 43,283**	**$ -**	**$ 1,750**	**$ 24,089**	**$ 81,296**

(Expressed in Thousands of Canadian Dollars, Except for Shares and Per Share Amounts)

10. Intangibles, cont'd

Effective January 31, 2014, the Company acquired certain business assets of Paddison Chartered Surveyors ("Paddison") for cash consideration of $184. Paddison is one of the leading business rates consultants in the regions of Nottingham and Saffron Walden in the UK.

During the quarter ended June 30, 2014, the Company completed the development of ARGUS Enterprise 10 and started amortizing the costs. This amortization of $41 has been charged to employee compensation and not to amortization of intangibles.

11. Goodwill

		Amount
Balance as at January 1, 2013		
Cost	$	227,144
Accumulated impairment		(41,005)
Net book amount		186,139
Year ended December 31, 2013		
Opening net book amount		186,139
Acquisitions		1,409
Exchange differences		4,714
Closing net book amount		192,262
Balance as at December 31, 2013		
Cost		235,178
Accumulated impairment		(42,916)
Net book amount		192,262
Six months ended June 30, 2014		
Opening net book amount		192,262
Acquisitions (Note 3)		2,530
Exchange differences		806
Closing net book amount		195,598
Balance as at June 30, 2014		
Cost		238,739
Accumulated impairment		(43,141)
Net book amount	**$**	**195,598**

(Expressed in Thousands of Canadian Dollars, Except for Shares and Per Share Amounts)

12. Trade and Other Payables

	June 30, 2014	December 31, 2013
Trade payables	$ **6,159**	$ 6,121
Accrued expenses	**33,672**	37,845
Deferred revenue	**18,025**	14,711
Amounts due to related parties (Note 25)	**320**	-
Contingent consideration payable (Note 23)	**5,354**	2,359
Dividends payable	**4,404**	4,324
Lease inducements	**5,476**	5,472
Redemption proceeds payable	**218**	-
	73,628	70,832
Less non-current portion: accrued expenses	**3,815**	2,916
Less non-current portion: deferred revenue	**197**	609
Less non-current portion: amounts due to related parties	**160**	-
Less non-current portion: contingent consideration payable	**2,395**	2,242
Less non-current portion: lease inducements	**5,217**	5,214
	$ **61,844**	$ 59,851

13. Borrowings

	June 30, 2014	December 31, 2013
Borrowings (Current):		
Leasehold improvement loans	$ **57**	$ 60
Insurance financing loan	**288**	1,143
Finance lease liabilities	**350**	238
Canadian convertible debentures	**50,000**	-
Less: deferred financing fees	**(99)**	-
	50,596	1,441
Borrowings (Non-current):		
Revolving Term Facility	**69,600**	66,900
Leasehold improvement loans	**214**	242
Finance lease liabilities	**829**	517
Canadian convertible debentures	**44,729**	91,380
Less: deferred financing fees	**(2,495)**	(3,619)
	112,877	155,420
Total Borrowings	$ **163,473**	$ 156,861

(Expressed in Thousands of Canadian Dollars, Except for Shares and Per Share Amounts)

14. Provisions

	Restructuring	Commodity Taxes	Onerous Leases	Asset Retirement Obligation	**Total**
Balance as at January 1, 2013	$ 1,440	$ 435	$ 237	$ 88	$ 2,200
Charged (credited) to profit or loss:					
Additional provisions	2,916	620	-	-	3,536
Unwinding of discount	-	-	4	13	17
Used during the year	(2,625)	(1,055)	(232)	-	(3,912)
Exchange differences	40	-	6	(8)	38
Balance as at December 31, 2013	1,771	-	15	93	1,879
Charged (credited) to profit or loss:					
Additional provisions	30	-	-	-	30
Unwinding of discount (Note 5)	-	-	-	6	6
Used during the period	(1,375)	-	(15)	-	(1,390)
Exchange differences	18	-	-	5	23
Balance as at June 30, 2014	444	-	-	104	548
Less: non-current portion	-	-	-	(104)	(104)
	$ 444	**$ -**	**$ -**	**$ -**	**$ 444**

Restructuring
In 2011, the Company undertook a review of global Cost operations and developed a restructuring plan to drive efficiencies and enhance profitability. In 2012, restructuring initiatives were also implemented with respect to corporate costs, the Altus Capital Planning division and North America Property Tax. In 2013, the Company implemented a restructuring plan with respect to ARGUS Software, additional restructuring plans with respect to global Cost operations and a corporate finance reorganization. For the six months ended June 30, 2014, a total of $30 was recorded as a restructuring charge, which relates primarily to employee severance costs.

(Expressed in Thousands of Canadian Dollars, Except for Shares and Per Share Amounts)

14. Provisions, cont'd

Commodity taxes

In the ordinary course of business, the Company is subject to tax audits from various government agencies relating to income and commodity taxes. During the year ended December 31, 2012, Altus Group Limited was audited by the Canada Revenue Agency ("CRA") for both the Goods and Services Tax ("GST") and the Harmonized Sales Tax ("HST") for the 2010 and 2011 years and Altus LP was audited for the 2009 and 2010 years. During the year ended December 31, 2013, both Altus Group Limited and Altus LP received notices of reassessments from the CRA. A total of $1,055 has been expensed over the years ended December 31, 2012 and 2013. Management has filed notices of objection to such reassessments. However, there is no certainty as to the outcome of the issues in dispute.

Onerous leases

The amount represents the liability for leased premises which are sub-leased at a lower rate. The provision is made for the net losses being incurred over the period of the lease.

Asset retirement obligation

The asset retirement obligation relates to the estimated future cost to remove leasehold improvements situated on a property under an operating lease. The liability is expected to be settled in 2016 and has been discounted at a rate of 15%. Upon the initial recognition of the liability, an asset retirement cost has been capitalized in property, plant and equipment and is being amortized over the remaining useful life.

15. Derivative Financial Instruments

	June 30, 2014	December 31, 2013
Assets		
Equity derivatives	$ **738**	$ -
Less: non-current portion	**738**	-
	$ **-**	$ -
Liabilities		
Interest rate swaps designated as cash flow hedges	**1,151**	1,637
Less: non-current portion	**1,151**	1,637
	$ **-**	$ -

(Expressed in Thousands of Canadian Dollars, Except for Shares and Per Share Amounts)

15. Derivative Financial Instruments, cont'd

During the three and six months ended June 30, 2014, the Company entered into equity derivative instruments to manage its exposure to changes in the fair value of its RSUs and DSUs, issued under their respective plans (Note 20), due to changes in the fair value of the Company's common shares. Changes in the fair value of these instruments are recorded with employee compensation expense and offset the impact of mark-to-market adjustments on the RSUs and DSUs that have been accrued.

The following equity derivative instruments were outstanding as at June 30, 2014:

						June 30, 2014
Effective Date	Description	Notional Amount		Fair Value		Contracts Expire
March 21, 2014	Hedging 59,748 RSUs relating to 2012 performance year	$	1,130	$	249	March 31, 2016
March 28, 2014	Hedging 62,282 DSUs	$	1,199	$	239	March 19, 2015 [1]
April 4, 2014	Hedging 59,800 RSUs relating to 2013 performance year	$	1,131	$	250	March 31, 2017

(1) Subject to automatic one year extension unless prior notice is given by the Company.

(Expressed in Thousands of Canadian Dollars, Except for Shares and Per Share Amounts)

16. Amounts Payable to Unitholders

The Company has classified certain units as financial liabilities at fair value through profit or loss as outlined below:

Altus UK LLP Class B and Class D limited liability partnership units

As part of the formation of Altus UK LLP, 455,418 Class B limited liability partnership units were issued to the sellers of the predecessor operating entity, who are also current member-partners of Altus UK LLP, and 293,818 Class D limited liability partnership units were issued for the beneficial interest of certain employees of the predecessor operating entity. Each Altus UK LLP Class B and Class D limited liability partnership unit is entitled to an allocation from profits in an amount equal to the cash dividends declared and paid on the same number of common shares in respect of the same accounting period. The Class B and Class D limited liability partnership units have no additional interest in the equity of the partnership and are not included in the calculation of diluted earnings (loss) per share.

	Altus UK LLP Class B units		Altus UK LLP Class D units		Total
	Number of Units	Amount	Number of Units	Amount	Amount
Balance as at January 1, 2013	229,426	$ 1,895	140,065	$ 1,157	$ 3,052
Redemption of units [1]	(6,277)	-	(27,114)	(260)	(260)
Change in fair value	-	1,854	-	1,000	2,854
Balance as at December 31, 2013	223,149	3,749	112,951	1,897	5,646
Redemption of units [2]	(29,217)	(557)	-	-	(557)
Change in fair value (Note 5)	-	1,256	-	694	1,950
Balance as at June 30, 2014	**193,932**	**$ 4,448**	**112,951**	**$ 2,591**	**$ 7,039**

(1) On April 7, 2013, 20,438 Altus UK LLP Class D limited liability partnership units were redeemed at a value $8.30 per unit. On April 26, 2013, 6,277 Altus UK LLP Class B limited liability partnership units were redeemed at a nominal amount. On October 21, 2013, 6,676 Altus UK LLP Class D limited liability partnership units were redeemed at a value of $13.50 per unit.

(2) On April 30, 2014, 29,217 Altus UK LLP Class B limited liability partnership units were redeemed at a value of $19.06 per unit.

(Expressed in Thousands of Canadian Dollars, Except for Shares and Per Share Amounts)

17. Share Capital

The Company is authorized to issue an unlimited number of common shares and an unlimited number of preference shares, issuable in series. The common shares have no par value. Common shares issued and outstanding are as follows:

		Common Shares	
	Number of Shares		Amount
Balance as at January 1, 2013	22,933,644	$	279,227
Issued under Share Option Plan	250,970		2,543
Issued under the Dividend Reinvestment Plan	119,552		1,235
Issued on conversion of Canadian convertible debentures	46,400		464
Issued on acquisitions including separately acquired intangibles	275,365		1,350
Issued on purchase price adjustments	1,360,625		13,581
Issued under the Offering (1)	3,507,500		46,124
Share issuance costs from the Offering, net of tax	-		(1,949)
Treasury shares purchased under Restricted Share Plan (Note 20)	(192,059)		(2,277)
Release of treasury shares under Restricted Share Plan (Note 20)	12,438		147
Balance as at December 31, 2013	28,314,435	$	340,445
Issued under Share Option Plan (Note 20)	259,402		3,104
Issued under the Dividend Reinvestment Plan	98,526		1,703
Issued on conversion of Canadian convertible debentures	104,600		1,046
Issued on acquisition (Note 3)	106,440		1,200
Treasury shares purchased under Restricted Share Plan (Note 20)	(115,761)		(3,086)
Release of treasury shares under Restricted Share Plan (Note 20)	556		11
Balance as at June 30, 2014	**28,768,198**	**$**	**344,423**

(1) On October 31, 2013, the Company completed the issuance and sale to the public of 3,507,500 common shares at a price of $13.15 per common share for gross proceeds of $46,124 (the "Offering"), which included the exercise of an over-allotment option granted to the underwriters.

The 28,768,198 common shares as at June 30, 2014 are net of 294,826 treasury shares with a carrying value of $5,213 that are being held by the Company under the terms of the Restricted Share Plan until vesting conditions are met and net of 26,071 restricted common shares that have been issued from treasury and are being held in connection with the Equity Compensation Plan until vesting conditions are met (Note 20).

(Expressed in Thousands of Canadian Dollars, Except for Shares and Per Share Amounts)

18. Contributed Surplus

		Amount
Balance as at January 1, 2013	$	3,598
Reclassification related to Restricted Share Plan (Note 20)		2,277
Release of treasury shares under Restricted Share Plan (Note 20)		(147)
Share-based compensation		1,193
Gain on sale of restricted shares and shares held in escrow		57
Shares issued under Share Option Plan		(848)
Balance as at December 31, 2013		6,130
Release of treasury shares under Restricted Share Plan (Note 20)		(3)
Share-based compensation (Note 20)		814
Gain on sale of shares held in escrow		39
Shares issued under Share Option Plan		(258)
Balance as at June 30, 2014	**$**	**6,722**

19. Accumulated Other Comprehensive Income (Loss)

		Currency Translation Reserve		Cash Flow Hedges		**Total**
Balance as at January 1, 2013	$	1,077	$	(2,044)	$	(967)
Cash flow hedges:						
Change in fair value		-		787		787
Deferred tax impact		-		(205)		(205)
Currency translation differences		5,942		-		5,942
Balance as at June 30, 2013		7,019		(1,462)		5,557
Balance as at January 1, 2014		10,648		(1,208)		9,440
Cash flow hedges:						
Change in fair value		-		486		486
Deferred tax impact		-		(127)		(127)
Currency translation differences		1,217		-		1,217
Share of other comprehensive income (loss) of associates		34		-		34
Balance as at June 30, 2014	**$**	**11,899**	**$**	**(849)**	**$**	**11,050**

20. Share-based Compensation

Executive Compensation Plan

The Company has an Executive Compensation Plan that is composed of two elements: (a) a common share option plan (the "Share Option Plan") and (b) an equity compensation plan (the "Equity Compensation Plan"). These are both equity-settled compensation arrangements and are available to executives and key employees.

(a) Share Option Plan

The Share Option Plan provides for the grant of options that have a maximum term of 72 months. The administrators of the Share Option Plan have discretion as to the number of options issued, the expiration date of each option, the extent to which each option is exercisable during the term of the option, and any other terms and conditions relating to each option; although it is anticipated that: (i) an option shall vest no earlier than 12 months from the date of its grant (the "Vesting Date"); and, (ii) the period during which the option shall be exercisable shall be 12 months from the Vesting Date. The exercise price for the options under the Share Option Plan is calculated as the volume weighted average closing price of the common shares on the TSX for the five business days immediately preceding such grant date. Except in specific defined circumstances, an option and all rights to purchase common shares are forfeited upon the optionee ceasing to be an employee of the Company.

During the year ended December 31, 2013, the administrators approved an amendment to the Share Option Plan to extend the exercise period from 12 months to 36 months after the Vesting Date. This amendment is applicable for options granted on or after May 27, 2013.

During the three and six months ended June 30, 2014, the Share Option Plan was further amended to extend the exercise period to a maximum of six years from date of grant.

(Expressed in Thousands of Canadian Dollars, Except for Shares and Per Share Amounts)

20. Share-based Compensation, cont'd

Movements in the number of share options outstanding and their weighted average exercise prices are as follows:

	Number of Options	Weighted Average Exercise Price
Balance as at January 1, 2013	1,210,594	$9.34
Granted on March 25, 2013	200,000	$8.36
Granted on May 27, 2013	100,000	$8.03
Exercised	(250,970)	$6.76
Forfeited	(249,426)	$12.17
Balance as at December 31, 2013	1,010,198	$8.96
Granted on May 16, 2014	7,500	$21.23
Granted on June 13, 2014	124,000	$23.85
Exercised	(259,402)	$10.96
Forfeited	(12,548)	$13.86
Balance as at June 30, 2014	**869,748**	**$10.52**

Information about the Company's options outstanding and exercisable as at June 30, 2014 is as follows:

Exercise Price	Number of Options Outstanding	Weighted Average Remaining Contractual Life	Number of Options Exercisable
$0.39	3,247	5.55 years	3,247
$7.25	175,001	1.43 years	51,667
$8.81	250,000	5.74 years	62,500
$8.30	25,000	1.47 years	8,333
$8.36	185,000	1.82 years	51,666
$8.03	100,000	3.91 years	33,334
$21.23	7,500	4.88 years	7,500
$23.85	124,000	5.96 years	-
$10.52	**869,748**	**3.73 years**	**218,247**

(Expressed in Thousands of Canadian Dollars, Except for Shares and Per Share Amounts)

20. Share-based Compensation, cont'd

The options granted in 2014 vest over a period of 0 to 36 months. The fair value of each option granted was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions:

	June 2014 Grant	May 2014 Grant
Risk-free interest rate	1.4%	1.47%
Expected yield	2.5%	2.8%
Expected volatility	32%	29%
Expected option life	3.5 – 4.5 years	2.5 years
Weighted average grant-date fair value per share option	$4.93 - $5.21	$3.97

The volatility is measured based on statistical analysis of the historical daily common share prices over the life of the options.

During the three and six months ended June 30, 2014, the Company recorded compensation expense of $121 and $217, respectively (three and six months ended June 30, 2013 - $108 and $210, respectively) related to options granted to employees with a corresponding credit to contributed surplus (Note 18).

(b) Equity Compensation Plan

Under the Equity Compensation Plan, the Company is entitled in its sole discretion to issue to each participant a portion of his or her annual discretionary bonus in common shares. On each day that a participant is paid any portion of his or her annual discretionary bonus, the Company may pay a certain percentage of that portion in cash and issue a number of common shares equal to the remainder of that portion divided by the volume weighted average closing price of the common shares on the TSX for the five business days ending on the day prior to such issuance.

During the three and six months ended June 30, 2014, the Company recorded compensation expense of $25 and $50, respectively (three and six months ended June 30, 2013 - $8) with respect to the Equity Compensation Plan. A corresponding amount, net of the withholding taxes of $8 and $16, paid on behalf of the participant, is credited to contributed surplus (Note 18). A total of 26,071 common shares have been issued in escrow to an employee under this plan and will not be available until three years following the date of the award. After three years from the date of grant, these shares are released, provided, subject to certain exceptions such as disability or death, that the individual is employed with the Company at the time of release. If the employee resigns from the Company or is terminated for cause, the common shares are forfeited.

20. Share-based Compensation, cont'd

During the three and six months ended June 30, 2014, as part of the Equity Compensation Plan, the Company granted equity awards of common shares to employees of the Company subject to certain service vesting and market conditions. The number of shares which will vest may be higher or lower than the number of shares originally granted, ranging from 50% to 150% based on the Company's total shareholder return ("TSR") relative to a set peer group. If the Company's TSR equals the peer group's TSR for the periods specified below, then a total of 110,846 shares will be issued according to the following percentages below, subject to the recipient also fulfilling a three year service condition:

- 20% of the shares will vest on December 31 of each year for a period of three years; and,
- 40% of the shares will vest based on the three year average Company TSR compared to peer group TSR.

During the three and six months ended June 30, 2014, the Company recorded compensation expense of $62.

Employee Equity Plan

In 2013, the Company established an Employee Equity Plan that is structured as a restricted share plan (the "RS Plan") in Canada and as a restricted share unit plan (the "RSU Plan") outside of Canada. This incentive compensation plan is available to executives, senior management and key employees and has been implemented in respect of incentive compensation awarded for 2012. Annual grants of restricted shares ("RSs") or RSUs will form part of the total annual discretionary bonus awarded to executives, senior management and key employees which typically will consist of an annual cash bonus of 80% and a RS or RSU award of approximately 20%. The total annual discretionary bonus is based on the Company exceeding certain annual performance targets, which are set annually.

20. Share-based Compensation, cont'd

RS Plan

If annual performance targets are met, RSs will be awarded within three months of that performance year and will not be available to the employee until three years following the date of the award. The Company will contribute funds to purchase common shares in the open market (through the facilities of the TSX or by private agreement) and these RSs will be held by the Company until they vest. After three years from the date of grant, the RSs are released to employees, provided, subject to certain exceptions such as disability or death, they are employed with the Company at the time of release. If an employee resigns from the Company or is terminated for cause, all RSs that have not yet been released from the three-year restriction period are forfeited. This is an equity-settled compensation arrangement and the fair value of the total grant for the year is recognized as a compensation expense over a 17 quarter period beginning in the current year in which the award is made and ending on the vesting date. A corresponding credit is made to contributed surplus.

In connection with the 2012 performance year, the Company granted a total of $2,277 under the RS Plan. As 2013 was the year of initial adoption of the plan, there was a reclassification of $2,277 previously recorded within trade and other payables to contributed surplus (Note 18). Further, the Company purchased 192,059 common shares with a cost of $2,277 in the open market (through the facilities of the TSX or by private agreement) during the three months ended March 31, 2013. This amount has been shown as a reduction in the carrying value of the Company's common shares (Note 17). During the year ended December 31, 2013, 12,438 restricted shares have been released. During the three and six months ended June 30, 2014, 276 restricted shares have been released. A total of 179,345 RSs pertaining to the 2012 performance year remain unvested as at June 30, 2014.

In connection with the 2013 performance year, the Company granted a total of $3,086 under the RS Plan. On April 1, 2014, the Company purchased 115,761 common shares with a cost of $3,086 in the open market (through the facilities of the TSX or by private agreement). This amount has been shown as a reduction in the carrying value of the Company's common shares (Note 17). During the three and six months ended June 30, 2014, 280 restricted shares have been released. A total of 115,481 RSs pertaining the 2013 performance year remain unvested as at June 30, 2014.

During the three and six months ended June 30, 2014, the Company recorded compensation expense of $290 and $501, respectively (three and six months ended June 30, 2013 - $88 and $107, respectively) related to 2013 and 2014 awards under the RS Plan with a corresponding credit to contributed surplus (Note 18).

20. Share-based Compensation, cont'd

RSU Plan

If annual performance targets are met, RSUs will be awarded within three months of that performance year and will vest on the third anniversary date of the grant. After three years from the date of grant, participants are entitled to receive the cash equivalent of a common share of the Company for each RSU, provided they are employed with the Company at that time. If an employee resigns from the Company or is terminated for cause prior to the vesting date, all RSUs are forfeited. This is a cash-settled compensation arrangement and the fair value of the total grant for the year is recognized as a compensation expense over a 17 quarter period beginning in the current year in which the award is made and ending on the vesting date. A corresponding credit is made to trade and other payables. Changes in the liability subsequent to the grant date and prior to settlement, due to changes in fair value of the Company's common shares, are recorded in compensation expense in the period incurred.

A total of 59,748 RSUs granted in connection with the 2012 performance year remain unvested as at June 30, 2014. During the three and six months ended June 30, 2014, the Company recorded compensation expense of $503 and $696, respectively (three and six months ended June 30, 2013 - $21 and $24, respectively) related to awards under the RSU Plan with a corresponding credit to trade and other payables. The $503 expense consists of $112 related to the 2013 and 2014 awards and $391 related to the mark-to-market adjustments on the 2012 and 2013 awards. As at June 30, 2014, the carrying value of the liability recorded within trade and other payables was $1,970.

On April 1, 2014, in connection with the 2013 performance year, the Company granted 59,800 RSUs, which remain unvested as at June 30, 2014.

The Company has entered into equity derivative instruments to manage its exposure to changes in the fair value of RSUs due to changes in the fair value of the Company's common shares. As the fair value of the grant for RSUs and the related mark-to-market adjustments are accrued over the 17 quarter vesting period, there will not be an exact offset each period. Refer to Note 15 for further details.

Directors' Deferred Share Unit Plan

The Company has a Directors' Deferred Share Unit Plan (the "DSU Plan") under which members of the Company's Board of Directors, who are not management, elect annually to receive all or a portion of their annual retainers and fees in the form of DSUs, which are classified as trade and other payables. The DSUs vest on the date they are granted and are settled in cash upon termination of Board service. This is a cash-settled compensation arrangement.

20. Share-based Compensation, cont'd

During the three and six months ended June 30, 2014, the Company granted 4,763 and 9,116 DSUs and settled 14,702 DSUs for cash consideration of $311. As at June 30, 2014, 62,283 DSUs were outstanding.

During the three and six months ended June 30, 2014, the Company recorded executive compensation expense of $435 and $647, respectively (three and six months ended June 30, 2013 - $73 and $128, respectively) related to awards under the DSU Plan with a corresponding credit to trade and other payables. As at June 30, 2014, the carrying value of the liability recorded within trade and other payables was $1,473.

The Company has entered into an equity derivative instrument to manage its exposure to changes in the fair value of DSUs due to changes in the fair value of the Company's common shares. Refer to Note 15 for further details.

21. Earnings (Loss) per Share

Basic net earnings (loss) per share is calculated by dividing profit (loss) by the weighted average number of common shares outstanding during the period.

The dilutive effect of stock options is determined using the treasury stock method. The dilutive effect of contingently issuable shares is determined based on the number of shares, if any, that would be issuable if the end of the reporting period were the end of the contingency period and the contingency has been met. The contingently issuable shares are included in the denominator of diluted earnings (loss) per share as of the beginning of the year, or as of the date of the contingent share agreement, if later. For the purposes of the weighted average number of common shares outstanding, common shares are determined to be outstanding from the date they are issued.

For the three and six months ended June 30, 2014, the 2010 and 2012 convertible debentures were excluded from the diluted earnings (loss) per share calculation as the impact would have been anti-dilutive.

For the three months ended June 30, 2014, the common share options outstanding, equity awards and restricted shares were excluded from the diluted earnings (loss) per share calculation as the impact would have been anti-dilutive.

(Expressed in Thousands of Canadian Dollars, Except for Shares and Per Share Amounts)

21. Earnings (Loss) per Share, cont'd

For the three and six months ended June 30, 2013, 656,343 common share options outstanding were excluded from the diluted earnings (loss) per share calculation as the impact would have been anti-dilutive. For the three months ended June 30, 2013, the 2012 convertible debentures were excluded from the diluted earnings (loss) per share calculation as the impact would have been anti-dilutive. For the three and six months ended June 30, 2013, the 2010 convertible debentures were excluded from the diluted earnings (loss) per share calculation as the impact would have been anti-dilutive.

The following table summarizes the basic and diluted earnings (loss) per share and the basic and diluted weighted average number of common shares outstanding:

	Three months ended June 30		Six months ended June 30	
	2014	2013	**2014**	2013
Profit (loss) for the period - basic	**$ (673)**	$ 3,207	**$ 4,210**	$ 10,050
Interest expense on Canadian convertible debentures, net of income tax	**-**	-	**-**	1,457
Profit (loss) for the period - diluted	**$ (673)**	$ 3,207	**$ 4,210**	$ 11,507
Weighted average number of common shares outstanding - basic	**28,662,365**	22,870,797	**28,531,545**	22,903,681
Dilutive effect of stock options issued	**-**	58,606	**427,100**	61,362
Dilutive effect of contingently issuable shares	**-**	1,333,071	**-**	1,333,071
Dilutive effect of Canadian convertible debentures	**-**	-	**-**	4,800,000
Dilutive effect of equity awards	**-**	-	**16,536**	-
Dilutive effect of restricted shares	**-**	192,059	**263,697**	101,866
Weighted average number of common shares outstanding - diluted	**28,662,365**	24,454,533	**29,238,878**	29,199,980
Earnings (loss) per share:				
Basic	**$(0.02)**	$0.14	**$0.15**	$0.44
Diluted	**$(0.02)**	$0.13	**$0.14**	$0.39

(Expressed in Thousands of Canadian Dollars, Except for Shares and Per Share Amounts)

22. Dividends

Dividends are declared in Canadian dollars. Details of dividends declared per share are as follows:

	Three months ended June 30		Six months ended June 30	
	2014	2013	**2014**	2013
Common shares	**$0.15**	$0.15	**$0.30**	$0.30
Altus UK LLP Class B and D limited liability partnership units	**$0.15**	$0.15	**$0.30**	$0.30

The Company declared dividends on a quarterly basis to shareholders of record on the last business day of the quarter with dividends paid on the 15th day of the month following quarter end.

Altus UK LLP declared distributions on a quarterly basis to unitholders of record as of the last business day of each quarter with distributions paid on the 15th day of the month following the end of the quarter.

23. Financial Instruments and Fair Values

Fair value measurements recognized in the consolidated balance sheets must be classified in accordance with the fair value hierarchy established by IFRS 13, Fair Value Measurement, which reflects the significance of the inputs used in determining the measurements. The inputs can be either observable or unobservable. Observable inputs reflect assumptions market participants would use in pricing an asset or liability based on market data obtained from independent sources while unobservable inputs reflect a reporting entity's pricing based upon its own market assumptions.

The tables below present financial instruments that are measured at fair value. The different levels in the hierarchy have been defined as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and,
- Level 3: Inputs for the asset or liability that are not based on observable market data.

(Expressed in Thousands of Canadian Dollars, Except for Shares and Per Share Amounts)

23. Financial Instruments and Fair Values, cont'd

								June 30, 2014
		Level 1		Level 2		Level 3		**Total**
Assets:								
Cash and cash equivalents	$	13,609	$	-	$	-	**$**	**13,609**
Derivative financial instruments		-		738		-		**738**
Liabilities:								
Derivative financial instruments		-		1,151		-		**1,151**
Contingent consideration payable		-		-		5,354		**5,354**
Amounts payable to unitholders		7,039		-		-		**7,039**

								December 31, 2013
		Level 1		Level 2		Level 3		Total
Assets:								
Cash and cash equivalents	$	16,664	$	-	$	-	$	16,664
Liabilities:								
Derivative financial instruments		-		1,637		-		1,637
Contingent consideration payable		-		-		2,359		2,359
Amounts payable to unitholders		5,646		-		-		5,646

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The amounts payable to unitholders are recorded in Level 1 and are measured at fair value using the quoted market price of the Company's own shares. Cash and cash equivalents are also recorded in Level 1.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2. Derivative financial instruments are recorded in Level 2. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves. The fair value of equity derivatives is calculated based on the movement in the Company's common share price between the initial common share price on the effective date and the reporting date, which are observable inputs.

(Expressed in Thousands of Canadian Dollars, Except for Shares and Per Share Amounts)

23. Financial Instruments and Fair Values, cont'd

If one or more of the significant inputs are not based on observable market data, the instrument is included in Level 3. Contingent consideration payable is the only instrument recorded as Level 3 as the amount payable is not based on observable inputs. Contingent consideration is measured using a discounted cash flow analysis of expected payment in future periods. The discount rate used ranged from 5% to 18% and is based on management's estimate of credit and other risk factors.

		Contingent Consideration Payable (Discounted)
Balance as at January 1, 2013	$	12,261
Change in expected payment recorded through profit or loss		595
Contingent arrangements entered into during the year		2,162
Unwinding of discount		474
Settlements		(13,581)
Exchange differences		448
Balance as at December 31, 2013		2,359
Unwinding of discount (Note 5)		234
Contingent arrangements entered into during the period (Note 3)		2,834
Settlements		(90)
Exchange differences		17
Balance as at June 30, 2014	**$**	**5,354**

A 1% increase or decrease in the discount rate could decrease or increase the Company's determination of fair value by approximately $12 and $16 for the three and six months ended June 30, 2014.

The estimated, nominal contractual amount of contingent consideration as at June 30, 2014 is $5,918 (December 31, 2013 - $2,980). A total of US$2,163 may be paid in cash or, if agreed to by the parties, through the issuance of common shares.

Cash and cash equivalents, trade and other receivables (excluding prepayments and lease inducements) and trade and other payables (excluding lease inducements, deferred revenue, RSU Plan and DSU Plan payable and contingent consideration payable), due within one year, are all short-term in nature and, as such, their carrying values approximate fair values. The fair value of non-current trade and other payables (excluding lease inducements, deferred revenue, RSU Plan and DSU Plan payable and contingent consideration payable) is estimated by discounting the future contractual cash flows at the cost of money to the Company, which is equal to its carrying value.

(Expressed in Thousands of Canadian Dollars, Except for Shares and Per Share Amounts)

23. Financial Instruments and Fair Values, cont'd

The fair values of the credit facilities approximate their carrying values, as these instruments bear interest at rates comparable to current market rates (Level 2). The fair value of the 2010 and 2012 convertible debentures as at June 30, 2014 was approximately $61,585 and $106,927, respectively, based on the published trading prices on the TSX (Level 1).

24. Commitments and Contingencies

The Company leases various offices and equipment under non-cancellable operating lease agreements. The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	June 30, 2014	December 31, 2013
No later than 1 year	$ **10,213**	$ 10,248
Later than 1 year and no later than 5 years	**26,094**	26,583
Later than 5 years	**18,471**	19,878
Total	$ **54,778**	$ 56,709

As at June 30, 2014, the Company provided letters of credit of approximately $266 to its lessors (December 31, 2013 - $902).

From time to time, the Company or its subsidiaries are involved in legal proceedings, claims and litigation in the ordinary course of business with customers, former employees and other parties. Although it is not possible to determine the outcome of such matters, based on all currently available information, management believes that liabilities, if any, arising from pending litigation will not have a material adverse effect on the financial position or results of operations of the Company.

In the ordinary course of business, the Company is subject to tax audits from various government agencies relating to income and commodity taxes. As a result, from time to time, the tax authorities may disagree with the positions and conclusions made by the Company in its tax filings, which could lead to assessments and reassessments. These assessments and reassessments may have a material adverse effect on the Company's financial position or results of operations.

As previously noted, the Company has received notices of reassessments from the CRA with respect to certain input tax credits claimed. A total of $1,055 has been expensed over the years ended December 31, 2012 and 2013. The Company has filed notices of objection to such reassessments. However, there is no certainty as to the outcome of the issues in dispute.

25. Related Party Transactions

The Company provides appraisal services to Real Matters, an entity in which the Company holds an 18.2% equity interest as at June 30, 2014. During the three and six months ended June 30, 2014, the Company recorded gross revenues of $10 and $15, respectively, for appraisal services provided to Real Matters (three and six months ended June 30, 2013 - $15 and $17, respectively).

Effective January 1, 2013, the Company sold ARL to Real Matters for consideration of $8,200, subject to adjustments. The purchase price was settled through the issuance of additional Real Matters' common shares. An accounting gain of $5,278 was recorded on the transaction.

On December 16, 2013, the Company completed the partial sale of its investment in Real Matters for net consideration of $2,605. An accounting gain of $1,288 was recorded on the transaction. The Company also determined that a deemed disposal of its interest in Real Matters had occurred due to the funds raised by Real Matters in a common equity financing transaction, which together with the partial sale decreased the Company's ownership percentage in Real Matters from 25.3% to 18.2%. Accordingly, the Company calculated the deemed disposal of its interest in Real Matters and recognized a gain on this deemed disposal of $2,325 during the year ended December 31, 2013 with a related increase to the carrying value of the investment in Real Matters.

As part of ongoing operations with Real Matters, there was $5 included in trade and other receivables as at June 30, 2014 (December 31, 2013 - $4).

Effective February 14, 2014, the Company acquired a 29.7% interest in Voyanta for cash consideration of $3,004 including transaction costs (Note 8). In addition, the Company purchased a perpetual and non-exclusive license to certain software for US$300 (CAD$331). As part of the license agreement, the Company also agreed to pay an annual software maintenance fee of US$120 per year for approximately seven years with the ability to terminate such services at any point after the second year with three months' notice. During the three and six months ended June 30, 2014, the Company recorded expenses of $32 and $49, respectively, with respect to these software maintenance fees. As part of ongoing operations with Voyanta, there was $320 included in trade and other payables as at June 30, 2014.

All related party transactions were in the normal course of operations and measured at the exchange amount.

(Expressed in Thousands of Canadian Dollars, Except for Shares and Per Share Amounts)

25. Related Party Transactions, cont'd

Key Management Compensation

Key management includes the Board of Directors, officers and business unit presidents. The compensation paid or payable to key management for employee services is shown below:

	Three months ended June 30		Six months ended June 30	
	2014	2013	**2014**	2013
Salaries and other short-term employee benefits	**$ 2,183**	$ 1,993	**$ 4,541**	$ 4,060
Termination benefits	**-**	-	**-**	419
Share-based payments	**677**	171	**1,132**	301
	$ 2,860	$ 2,164	**$ 5,673**	$ 4,780

26. Events After the Reporting Period

Redemption of debentures

On July 28, 2014, the Company redeemed all outstanding 2010 convertible debentures in accordance with the terms of the Debenture Trust Indenture. Subsequent to June 30, 2014, but prior to redemption, a total principal amount of $48,161 were converted into 2,589,295 common shares at the conversion price of $18.60 per common share. The remaining principal amount of $1,839 of 2010 convertible debentures was redeemed using available cash on hand.

Acquisition of RealNet Canada Inc.

Effective July 23, 2014, the Company acquired all of the issued and outstanding shares of RealNet Canada Inc. ("RealNet") and entered into a non-compete agreement with a key employee of RealNet. As consideration for all issued and outstanding shares and the non-compete agreement, the Company paid cash of $20,000 which was financed through the Company's existing credit facilities. RealNet provides information services to both the commercial real estate investment and residential development sectors in Canada and offers a comprehensive suite of services including independent property market research and real time interactive analytical tools.

As of the date of issuance of these unaudited interim condensed consolidated financial statements, the initial accounting for this transaction has not been completed.

Altus Group

LISTINGS
Toronto Stock Exchange
Stock trading symbol: AIF
Convertible debenture trading symbols: AIF.DB and AIF.DB.A

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