FLYHT AEROSPACE SOLUTIONS LTD.

Third Quarter Report

2014

FLYHT™

The Future of Connectivity

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Commonly used Financial Terms and Aviation Acronyms

ACARS: Aircraft Communications Addressing and Reporting System
ADCC: Aircraft Data Communication Corporation
AFIRS™: Automated Flight Information Reporting System
ANAC: National Civil Aviation Agency of Brazil
BEA: Bureau d'Enquetes et d'Analyses (French authority for safety investigations in civil aviation)
CAAC: Civil Aviation Administration of China
COMAC: Commercial Aircraft Corporation of China
EASA: European Aviation Safety Agency
ECAA: Egyptian Civil Aviation Authority
FAA: Federal Aviation Administration
FIRST: Fuel Initiative Reporting System Tracker
GAMA: General Aviation Manufacturers Association
GAAP: Generally Accepted Accounting Principles
ICAO: International Civil Aviation Organization
ICE: Iridium Compatible Equipment
IFRS: International Financial Reporting Standards
ITU: International Telecommunications Union
MD&A: Management Discussion and Analysis
NCAA: Nigerian Civil Aviation Authority
OEM: Original Equipment Manufacturer
R&D: Research and Development
SADI: Strategic Aerospace and Defence Initiative
SFP: Statement of Financial Position
STC: Supplemental Type Certificate
TCCA: Transport Canada Civil Aviation
YTD: Year-to-date

LETTER TO SHAREHOLDERS

To our shareholders and loyal supporters;

FLYHT's steady improvement continues and the future looks bright.

As the industry was focused on the aftermath of MH370, we were involved in committee meetings with many different government organizations, working groups and regulators including the ITU, ICAO, IATA, NTSB, and FAA. Our participation was aimed at demonstrating we currently have an available, viable, workable, installed solution for the industry. In connection with the meetings, we were able to attract two new board members, Barry Eccleston and John Belcher, who bring great experience with large carriers. We were originally expecting IATA's recommendations by September 30th, 2014, and it is our understanding that the release of the recommendations has been postponed to sometime in December 2014. It is important to understand that tracking aircraft is a very small piece of what we do and the value of our products is not predicated on these studies.

On the operations side, we have increased our inventory and our accounts receivable. The inventory increase is required to meet the sales demand in China and from other customers and the fact that we get the best prices from our suppliers when we order in large quantities. The accounts receivable increase is mainly due to one customer who is financially sound but is working with a third party to fund their services and this collection will be captured in the fourth quarter. Our working capital is about $2 million ahead of the end of last year and we do plan to see a reversal of the cash burn in the near future.

In aviation, things take longer than planned, but we are pleased to report that we have received two small orders, one military, the other commercial from our new partner, Sierra Nevada Corporation ("SNC") in Reno. This, added to the first production order from L-3 Aviation Recorders ("L-3 AR") for 35 units for delivery in late 2014, foretell the fact that some long term opportunities have finally come to fruition.

In other regions, China continues to expand their installs to meet mandates, which call for the fleet to be installed with a satellite communications system. We have been assured by our partners in China that we are in a good position. We have nearly 40 units installed in China. The only other technology with more installs is the factory-equipped long haul aircraft that come with Inmarsat. The primary reason for our China installs being slower than anticipated is that most of the airlines have enough long haul aircraft already equipped with satellite communications to meet the first hurdle rate of the flight following mandate, so it's anticipated higher install rates will begin in 2015 and 2016 as airlines move to meet their next hurdles. We have requested long term hangar plans to make sure we can optimize our supply chain as the roll out accelerates.

Our full time sales person based in Singapore is developing good opportunities in that part of the world. The region is one of the fastest growing in aviation and there are many carriers that need better communication and data systems in order to achieve their rapid growth targets. Our solutions are made to order for low cost carriers and growing carriers that have not invested in legacy systems and technologies. We are very excited about our opportunities in that part of the world.

In closing, as always, I want to thank the investors who have stuck with us to get to this exciting point, our staff and management that have fought the good fight to put us in the lead in an industry so averse to change and to the board for their continued guidance and support. We are all pleased with where we are as a business, optimistic about our future and thankful for the support that allowed us to get to where we are.

Yours truly,

Bill Tempany, Chief Executive Officer

MANAGEMENT DISCUSSION & ANALYSIS

This management discussion and analysis ("MD&A") is as of November 12, 2014 and should be read in conjunction with the condensed consolidated interim financial statements of FLYHT Aerospace Solutions Ltd. ("FLYHT" or the "Company") as at and for the three and nine months ended September 30, 2014 and the accompanying notes. Additional information with respect to FLYHT can be found on SEDAR at www.sedar.com. The Company has prepared its September 30, 2014 condensed consolidated interim financial statements and the notes thereto in accordance with IAS 34 – Interim Financial Reporting. They do not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the Company as at and for the year ended December 31, 2013.

Non-GAAP Financial Measures

The Company reports its financial results in accordance with International Financial Reporting Standards ("IFRS") or Generally Accepted Accounting Principles ("GAAP"). It also occasionally uses certain non-GAAP financial measures, such as working capital, modified working capital, and loss before research, development and certification engineering expenses ("R&D"). FLYHT defines working capital as current assets less current liabilities. The Company defines modified working capital as current assets less current liabilities not including customer deposits or the current portion of unearned revenue. A clearer picture of short-term net cash requirements can be drawn by excluding these two items because those customer deposits and unearned revenue are nonrefundable. Loss before R&D is defined as the net loss before the direct costs associated with R&D. These non-GAAP financial measures are always clearly indicated. The Company believes that these non-GAAP financial measures provide investors and analysts with useful information so they can better understand the financial results and perform a better analysis of the Company's growth and profitability potential. Since non-GAAP financial measures do not have a standardized definition, they may differ from the non-GAAP financial measures used by other companies. The Company strongly encourages investors to review its financial statements and other publicly filed reports in their entirety and not rely on a single non-GAAP measure.

Forward-Looking Statements

This discussion includes certain statements that may be deemed "forward-looking statements" that are subject to risks and uncertainty. All statements, other than statements of historical facts included in this discussion, including, without limitation, those regarding the Company's financial position, business strategy, projected costs, future plans, projected revenues, objectives of management for future operations, the Company's ability to meet any repayment obligations, the use of non-GAAP financial measures, trends in the airline industry, the global financial outlook, expanding markets, R&D of next generation products and any government assistance in financing such developments, foreign exchange rate outlooks, new revenue streams and sales projections, cost increases as related to marketing, R&D (including AFIRS 228), administration expenses, and litigation matters, may be or include forward-looking statements. Although the Company believes the expectations expressed in such forward-looking statements are based on a number of reasonable assumptions regarding the Canadian, U.S., and global economic environments, local and foreign government policies/regulations and actions, and assumptions made based upon discussions to date with the Company's customers and advisers, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements.

Factors that could cause actual results to differ materially from those in the forward-looking statements include but are not limited to production rates, timing for product deliveries and installations, Canadian, U.S., and foreign government activities, volatility of the aviation market for FLYHT's products and services, factors that result in significant and prolonged disruption of air travel worldwide, U.S. military activity, market prices, foreign exchange rates, continued availability of capital and financing, and general economic, market, or business conditions in the aviation industry, worldwide political stability or any effect those may have on the Company's customer base. Investors are cautioned that any such statements are not guarantees of future performance, and that actual results or developments may differ materially from those projected in the forward-looking statements.

Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, there can be no assurance that such expectations will prove to have been correct. The Company cannot assure investors that actual results will be consistent with any forward-looking statements; accordingly, readers should not place undue reliance on forward-looking statements. The forward-looking statements contained herein are current only as of the date of this document. The Company disclaims any intentions or obligation to update or revise any forward-looking statements or comments as a result of any new information, future event or otherwise, unless such disclosure is required by law.

Overview

FLYHT is a designer, developer and service provider of innovative solutions to the global aerospace industry. The Company's solutions are designed to improve the productivity and profitability of its customers and enable communication between pilots and ground support. FLYHT's tools deliver data from the aircraft to operations groups on the ground, on demand. The Company's products are available for commercial, business and military aircraft. FLYHT's real-time triggered data streaming program, FLYHTStream™, can stream position reports and data from an aircraft in flight to ground support in real time.

FLYHT's products and services, featured below, are marketed globally by a team of employees and agents based in Canada, the United States, China, the United Kingdom, Singapore, Ireland, Abu Dhabi, and Argentina.

AFIRS™ UpTime™

FLYHT's Automated Flight Information Reporting System ("AFIRS") is a device installed on aircraft that monitors hundreds of essential functions from the aircraft and the black box. AFIRS sends the information to the UpTime server on the ground, which stores and relays the data to the airline in real time. Airlines use this information to increase passenger safety, improve productivity, maximize efficiency and enhance profitability. In addition to its data monitoring functions, AFIRS provides voice and text messaging capabilities that give pilots the ability to communicate with ground support. FLYHT's value-added applications such as FLYHTStream, FLYHTSafe and FLYHTFuel run on the AFIRS hardware and its UpTime servers, and are unique to FLYHT and available only to our customers. FLYHT offers global satellite coverage through the Iridium satellite network, providing service to whoever needs it, when they need it, anywhere on the planet.

The AFIRS 220 has been FLYHT's signature product since 2004. The unit has received regulatory certification for installation in a large number widely used commercial aircraft brands and models (see table below).

The AFIRS 228 incorporates improvements over the AFIRS 220 in several important areas: processing capacity, data transmission characteristics and programmability. The AFIRS 228's features cater to the evolving needs of airlines by providing a flexible product that is programmed for the information they need. AFIRS 228 is an addition to FLYHT's product line, not a replacement for the AFIRS 220. The Company will continue to sell its AFIRS 220.

FLYHTStream™

On July 12, 2012 the BEA – (the French Civil Aviation Safety Investigation Authority) - published their final report on the June 1st 2009 accident of Air France flight AF447 from Rio de Janeiro to Paris. In the report the BEA recommends "…that EASA and ICAO make mandatory as quickly as possible, for airplanes making public transport flights with passengers over maritime or remote areas, triggering of data transmission to facilitate localisation as soon as an emergency situation is detected on board".

FLYHT is the only aerospace company that has demonstrated the ability to fulfill the BEA's recommendation.

FLYHT's patent-pending technology FLYHTStream is a revolutionary technology that performs real-time triggered alerting and black-box data streaming in the event of an emergency on the aircraft. FLYHTStream uses AFIRS' onboard logic and processing capabilities on the aircraft in combination with UpTime's ground-based servers to interpret and route alerts and messages from the aircraft in trouble to key groups on the ground, such as the airline, operation centers and regulators.

FLYHTFuel

FLYHTFuel is a powerful way to focus attention on areas of greatest savings potential automatically, and to provide the information necessary to make decisions about the operation. Most airlines currently rely on a system of reports, manually generated and analyzed to make fuel savings decisions within the operation. This is time-consuming and relies on the user to calculate areas of potential by cross-referencing a great number of queries. FLYHTFuel is not just a report-generation tool; it is a dynamic, interactive application that answers key questions by generating alerts and providing the user with the ability to quickly identify trends. The dashboard compares how pilots are operating the aircraft to how they could be flying in order to maximize efficiency and fuel savings. FLYHT designed this unique application that highlights exceptions to best practices, provides quick drill downs to spot the root cause of issues, and identifies trends. Where compliance has not been met, associated costs, in a dollar amount, are shown. The tool is de-identified to meet pilot union requirements, but can be filtered to display performance by pilot if desired. It is an intuitive tool that enables fuel managers to act on information instead of compiling and analyzing data.

FLYHTSafe

FLYHTSafe provides real-time operational safety alerts from AFIRS. With FLYHTSafe, airlines are notified immediately when a specific operational safety event has occurred that may have implications for the safety of flight. AFIRS is the only product that has an embedded logic application ("ELA") onboard that can identify with pinpoint accuracy when a specific event has taken place. Airlines can then take steps that require immediate action or further investigation. FLYHTSafe can be used to assist in the development of safety policies, training programs and standard operating procedures.

The Dragon[TM]

The Dragon is a revolutionary lightweight portable satellite communications device that blends existing FLYHT technology with that of the iPad. FLYHT developed the new product to meet a growing demand from small aircraft, business jet and helicopter operators for a satellite communications solution similar to AFIRS.

The device is portable, allowing operators the flexibility to use it where and when they need it. Because the Dragon is not installed on the aircraft, there is no need for STCs. The Dragon allows real-time voice and data communications, enabled by the Iridium satellite network connected through the cockpit and the pilot's headset, but does not have data analysis or the safety services capabilities of other AFIRS products. An iPad application acts as an interface for the user in the cockpit to send and receive messages, such as weather updates, from the ground. Another key feature is flight following, so operators always know where their assets are in the sky.

Underfloor Stowage Unit

The Underfloor Stowage Unit offers the flight crew additional stowage space in the cockpit. With this addition, manuals are always within reach of the seated crew and are kept safe, dry and clean inside the stowage unit. In addition, safety equipment and other items required by the flight crew can be accessed any time throughout the flight without leaving the cockpit. The stowage unit is certified to be installed in Bombardier CRJ series, Challenger and DHC-8s and can also be installed in other aircraft types.

System Approvals

A STC is an airworthiness certification required to modify an aircraft from its original design and is issued by an aviation regulator. FLYHT's AFIRS equipment is an addition to an aircraft and therefore an STC is required prior to installation. FLYHT has received or applied for AFIRS product approvals from TCCA, the FAA, EASA, ANAC, ECAA and the CAAC for various aircraft models, depending on customer requirements.

FLYHT's expertise in airworthiness certification enabled it to join a select group of Canadian companies in October 2008 who are approved by TCCA as a Design Approval Organization ("DAO"). Very few organizations achieve DAO status because of the time and expertise required to meet TCCA standards. FLYHT's DAO status, along with the delegations it has received, allows the Company to obtain and revise its own STCs with minimal TCCA oversight. This speeds up the process by lessening wait times, cost and reliance on contractors.

In addition to its DAO status, the Company also has two engineers on staff with delegated authority, allowing them to approve electrical design aspects of an airworthiness certification. If an issue is encountered during the STC process, the delegated staff member(s) have the authority to approve necessary changes and continue the process without the involvement of an external party.

The process to receive a STC takes some time to complete, but always starts with an application for the STC through any one of TCCA, FAA or EASA. Generally, FLYHT starts the process with TCCA by opening an application with the regulator, after which an STC data package is created. The data package consists of the engineering documents that outline how the AFIRS equipment will be installed on the aircraft. Once the data package is prepared and first stage of approvals is granted by the regulator, ground and flight tests take place. To fulfill the flight test requirement, FLYHT must have access to the appropriate type and model of aircraft. This is done in cooperation with an existing or potential customer. Once these tests are completed, FLYHT submits an activation data package to TCCA that enables the AFIRS unit to be integrated with the aircraft systems. If TCCA approves the submission, an STC is issued. To obtain an STC from another regulator, FLYHT prepares an application, which is sent through TCCA to the regulator such as FAA, EASA, ANAC, ECAA or CAAC along with the STC package previously approved by TCCA. The regulator reviews the package and issues the STC.

The time required for the approval process through TCCA varies depending on the aircraft and workloads. A general rule of thumb is about three months, with a minimum of another three months if an STC is required from another regulator such as FAA, EASA or CAAC.

In addition, the Company will be filing the necessary documents to obtain approval for the AFIRS 228 for a majority of currently approved 220 STCs, depending on market requirements over the next several years.

TCCA		**FAA**		**EASA**		**CAAC**		**ANAC**		
220	**228**	**220**	**228**	**220**	**228**	**220**	**228**	**220**	**228**	
A	A	A	I	A	I	A	A			**Airbus A319, A320, A321**
A										**Airbus A330**
	A								A	**ATR-42, -72 - 200/300**
					I					**ATR-42, -72 - 600**
A		A		A		A				**Boeing B737 -200,**
A	I	A		A		A				**Boeing B737 -300, -400, -500**
A	A	A	A	A		A	A			**Boeing B737 -600, -700, -800**
	A									**Boeing 747-200**
A	P	A		A		A				**Boeing 757 -200**
A	A	A	I	A		A				**Boeing 767 -200, -300**
	A		A							**Boeing B777**
A		A		A						**Bombardier DHC 8 -100, -200, -300**
A	U									**Bombardier DHC 8 -400**
A	I	A		A						**Bombardier CRJ 100, 200, 440**
	A						A			**Bombardier CRJ -700, 900**
A		A								**McDonnell Douglas DC-10 (KC-10 military)**
	P									**McDonnell Douglas –MD-83**
A										**Fokker 100**
A	A	A	A	A	A					**Hawker Beechcraft -750, 800XP, 850XP, 900XP**
A										**Viking Air DHC -7 (LSTC)**
	I									**Embraer EMB 190**
		A								**Embraer Legacy 600 and EMB – 135/145**

AFIRS 220 or 228 model
A = Approved
P = Pending (We have received a Provisions STC and are in the final stages before receiving a full STC)
I = In Progress
U= Upcoming STC applications that have been submitted or will be submitted in 2014

Trends and Economic Factors

FLYHT examines the results of growth and measurements made by leading aviation groups in order to determine the health of the industry. AFIRS is a technology that can be installed on commercial, business or military aircraft while the Company's latest product, the Dragon, is available to the general aviation market.

Passenger traffic (measured in Revenue Passenger Kilometers or "RPK") increased 5.9% in the first nine months of 2014 compared to the same period in 2013. In the period, demand in international markets expanded at a faster rate (6.3%) than domestic travel (5.2%)[1]. Global freight traffic (measured in Freight Tonne Kilometers or (**"**FTK**"**) was fairly flat in the beginning of 2014 and grew by 4.4% over the first three quarters of 2013.[2] RPK and FTK measure passenger and freight contributions to airline revenue. These are significant measures to determine the health of the industry because the larger the increase, the more people are flying, suggesting growth in the industry.

Large commercial aircraft manufacturers recorded solid numbers for deliveries and new orders in the third quarter of 2014. Boeing delivered 186 aircraft in Q3 2014, a 9% increase from the previous year.[3] Embraer delivered a total of 34 commercial and business jets in Q3 2014, and reached a record $22.1 billion USD firm order backlog.[4] Bombardier delivered 71 aircraft in the third quarter of 2014, compared to 45 for the same quarter in 2013.[5]

The General Aviation Manufacturers Association ("GAMA") reported that numbers in worldwide general aviation airplane shipments rose 5.7% to 1,678 shipments in the first nine months of 2014 from 1,587 in the same period of 2013.[6]

FLYHT continues to meet the needs of the aviation industry through the introduction of value-added information products and specialty services that build customer value, which in turn increase FLYHT revenues from existing and new installations. Key achievements in 2013 that are helping the Company to advance in 2014 were the certification of the AFIRS 228S in order to send Aircraft Communications Addressing and Reporting System ("ACARS") messages over Iridium; as well, as the Iridium Compatible Environment ("ICE") certification to send voice and data safety services messaging on the Iridium satellite network. The Company will continue to participate in industry working groups to advance engineering and technical requirements and prepare for future development of the AFIRS product line to meet industry needs. On October 7, 2014 FLYHT presented its AFIRS and FLYHTStream technology at the National Transportation Safety Board's Public Emerging Flight Data & Locator Technology Forum in Washington, DC).

The weakening of the Canadian dollar relative to the U.S. dollar during the third quarter of 2014 had a positive impact on the Company's revenue and income compared to the same quarter of 2013. As a result of these movements, the Company's revenues, which are substantially all denominated in U.S. dollars, were higher than they would have been had the foreign exchange rates not changed. It is the standard of the aviation industry to conduct business in U.S. dollars. While the majority of the Company's operating and overhead costs are denominated in Canadian dollars, a significant portion of the cost of sales, marketing and distribution costs are U.S. dollar denominated, and therefore create a natural hedge against fluctuations of the Canadian dollar.

[1] http://www.iata.org/pressroom/pr/Pages/2014-11-04-01.aspx
[2] http://www.iata.org/pressroom/pr/Pages/2014-11-03-01.aspx
[3] http://boeing.mediaroom.com/2014-10-22-Boeing-Reports-Strong-Third-Quarter-Results-and-Raises-2014-EPS-Guidance
[4] http://www.embraer.com/en-US/ImprensaEventos/Press-releases/noticias/Pages/Embraer-atinge-backlog-recorde-e-entrega-19-jatos-comerciais-e-15-executivos-no-30-trimestre-de-2014.aspx
[5] http://www.bombardier.com/en/media-centre/newsList/details.bombardier-inc-20141030bombardierannouncesfinancialresultsforthe.bombardiercom.html?filter-bu=bombardier&f-year=all&f-month=all&f-type=all&show-by-page=50&page=1
[6] http://www.gama.aero/media-center/press-releases/content/gama-releases-third-quarter-general-aviation-aircraft-shipment-r

Contracts and Achievements of Q3 2014

Contracts

FLYHT Aerospace Solutions Ltd. signed one contract for eleven aircraft.

In July, FLYHT signed a contract with a national carrier of an African airline for the AFIRS 220 on three Boeing 737-500 aircraft and the AFIRS 228 for three DHC-8-Q400, three B737-700 and two ERJ190 aircraft.

Achievements

In July, FLYHT announced that its partner L-3 Aviation Recorders received Airbus' formal notification of certification for the L-3 AFIRS 228S for the Airbus A320 family of aircraft.

In July, FLYHT received a re-issued STC for the Hawker Beechcraft 700/800/900 model aircraft from the FAA for the AFIRS 228.

In August, FLYHT announced the appointment of Mr. John Belcher and Mr. Barry Eccleston to the board of directors.

In September, FLYHT appointed Ms. Nola Heale, CA as the new CFO upon the retirement of Mr. Thomas French.

RESULTS OF OPERATIONS – THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2014 AND 2013

Quarterly Results

	Q3 2014 $	Q2 2014 $	Q1 2014 $	Q4 2013 $
AFIRS UpTime sales	609,085	447,632	377,758	592,483
AFIRS UpTime usage	927,117	893,464	921,116	1,080,503
Parts	148,198	111,720	3,353	79,716
Services	124,394	52,951	46,559	184,055
Revenue	1,808,794	1,505,767	1,348,786	1,936,757
Loss	1,653,147	46,925	1,273,101	1,438,795
Loss before R&D	805,028	1,324,716	838,406	745,444
Loss per share (basic & fully diluted)	0.01	0.00	0.01	0.01

	Q3 2013 $	Q2 2013 $	Q1 2013 $	Q4 2012 $
AFIRS UpTime sales	583,742	1,009,837	521,777	1,063,933
AFIRS UpTime usage	881,903	846,438	815,874	774,657
Parts	307,588	61,586	206,672	85,138
Services	409,804	245,573	172,813	296,673
Revenue	2,183,037	2,163,434	1,717,136	2,220,401
Loss	615,950	1,038,283	970,136	621,446
Loss before R&D	174,987	680,936	281,570	40,436
Loss per share (basic & fully diluted)	0.00	0.01	0.01	0.00

Liquidity and Capital Resource

The Company's cash at September 30, 2014 decreased to $4,007,469 from $5,184,803 at December 31, 2013. The Company has an available operating line of $250,000 that was undrawn as at September 30, 2014. The operating line bears an interest rate of Canadian chartered bank prime plus 1.5%, and is secured by assignment of cash collateral and a general security agreement.

At September 30, 2014, the Company had positive working capital of $809,411 compared to negative $894,887 as of December 31, 2013, an improvement of $1,704,298. Neither customer deposits nor the current portion of unearned revenue are refundable, and if those two items are not included in the working capital calculation, the resulting modified working capital at September 30, 2014 would be positive $2,961,070 compared to positive $760,174 at December 31, 2013.

The Company funded Q3 2014 operations primarily through cash received from sales and the exercise of warrants. If the costs associated with R&D were factored out, there would have been an increase in cash of $1,601,372. It is expected that R&D expenses will continue to decrease as the AFIRS 228 project moves into the next phase of enhancements and the finished product continues to generate revenues. The resulting increase in cash inflows from sales will reduce the requirement for further funding. The Company believes that if funding is required to meet cash flow requirements throughout the remainder of 2014, it will be able to do so either through debt or equity instruments.

	September 30, 2014 $	December 31, 2013 $	Variance $
Cash and cash equivalents	4,007,469	5,184,803	(1,177,334)
Restricted cash	250,000	250,000	-
Trade and other receivables	1,534,683	784,426	750,257
Deposits and prepaid expenses	174,850	145,554	29,296
Inventory	1,733,360	1,308,243	425,117
Trade payables and accrued liabilities	(2,180,201)	(3,704,496)	1,524,295
Unearned revenue	(1,080,805)	(1,103,834)	23,029
Loans and borrowings	(3,604,282)	(3,745,513)	141,231
Finance lease obligations	(25,663)	(13,175)	(12,488)
Current tax liabilities	-	(895)	895
Working capital	**809,411**	**(894,887)**	**1,704,298**
Unearned revenue	1,080,805	1,103,834	(23,029)
Customer deposits	1,070,854	551,227	519,627
Modified working capital	**2,961,070**	**760,174**	**2,220,896**

In the third quarter of 2014, the Company issued a total of 107,500 shares due to warrant and option exercises for total proceeds of $31,875, including:

a) 100,000 warrants exercised at $0.30 for proceeds of $30,000
b) 7,500 warrants exercised at $0.25 for proceeds of $1,875

YTD exercises resulted in the Company issuing a total of 11,401,367 shares due to warrant and option exercises and convertible debenture conversions for total proceeds of $3,464,764, including:

a) 151,987 warrants exercised at $0.20 for proceeds of $30,397
b) 8,885,600 warrants exercised at $0.30 for proceeds of $2,665,680
c) 1,405,780 warrants exercised at $0.40 for proceeds of $562,312
d) 825,500 options exercised at $0.25 for proceeds of $206,375
e) 132,500 convertible debentures converted at $0.40

As at November 12, 2014, FLYHT's issued and outstanding share capital was 170,401,635 shares.

The achievement of positive earnings before interest and amortization is necessary before the Company can improve liquidity. The Company has continued to expand its cash flow potential through its continued marketing drive to clients around the world. Management believes that the Company's installation momentum, conversion of installations to recurring revenue, new revenue streams, and ongoing sales will be sufficient to meet standard liquidity requirements going forward. To continue as a going concern, the Company will need to attain profitability and/or obtain additional financing to fund ongoing operations. If general economic conditions or the financial condition of a major customer deteriorates, then the Company may have to scale back operations to create positive cash flow from existing revenue and/or raise the necessary financing in the capital markets. It is the Company's intention to continue to fund operations by adding revenue and its resulting cash flow as well as continue to manage outgoing cash flows. If the need arises due to market opportunities, the Company may meet those needs via the capital markets. These material uncertainties may cast significant doubt upon the Company's ability to continue as a going concern.

Risks and Uncertainties

FLYHT operates in the aviation industry and part of the business involves risks and uncertainties. The Company takes steps to manage these risks, though it is important to identify risks that could have a material effect on business or results of operations. Such risks are listed below. The areas defined are not inclusive.

Installations at c-checks

The Company's products, AFIRS 220 and 228, can take approximately 200 person-hours or more to install on an aircraft, depending on the aircraft type and crew. Since the box needs a longer period to be installed, the installation is usually scheduled when the aircraft is undergoing its routine c-check or scheduled maintenance. The timing of c-checks depends on how many segments the aircraft has flown and is based on the manufacturer's guidelines, though it can take as long as two or three years before an aircraft is out of service for an extended period. Waiting for a c-check for AFIRS installation is a risk to the Company because it results in a delay in initial revenue from the sale of the box and the Company does not receive recurring revenue connected with the monthly service offerings until the device is installed and running.

The Company takes steps to mitigate this risk by encouraging customers to install AFIRS at their aircraft's earliest availability and works with them to provide the box at the right time for installation, preferably while the aircraft is down for normal service. The goal is to reduce aircraft downtime and save the customer as much money as possible. Another risk mitigation tool used by the Company is to offer special discounts to airlines that pay for all units up front. This discount decreases FLYHT's gross margin slightly, but allows the Company to bring in cash immediately after signing an agreement. As well, the terms of the Company's standard agreement states that payment is due a minimum of 45 days prior to the shipment of kits.

Foreign currency fluctuations

The Company does a majority of its business in U.S. dollars so there is a risk of currency fluctuation. The majority of the Company's operating and overhead costs are denominated in Canadian dollars, though a significant portion of costs of goods sold, marketing and distribution costs are U.S. dollar denominated, and therefore create a natural hedge against fluctuations of the Canadian dollar.

General economic and financial market conditions

In an industry, such as the aviation industry, finances are tied to global trends and patterns. As an airline's spending is tied to their income, they may be unwilling or unable to spend money, particularly on a value-added product such as AFIRS.

In order to address this risk, the sales team has developed a number of strategies. One is a global sales presence. FLYHT has established sales agents on every continent. While some economies of the world may be in a slump or downturn, there is a place for FLYHT in growing markets. FLYHT also demonstrates to potential customers its impressive return on investment model, how quickly potential customers can improve operational efficiency, and ultimately how much money AFIRS will save them.

Dependence on key personnel and consultants

FLYHT's ability to maintain its competency in the industry is dependent on maintaining a specially skilled workforce. The Company's Design Approval Organization status, delegated by TCCA, enables a smooth implementation of STCs, required to install AFIRS on aircraft. Key staff, with TCCA delegation status, enables the Company to complete STCs in a timely and cost efficient manner. The Company has worked hard over the past few years to distribute the specified knowledge among a number of key individuals. This reduces risk and ensures the Company can still function effectively were it to lose specialized staff.

Dependence on new products

Over the past few years, the Company has been in the R&D stage of its next generation product, AFIRS 228. FLYHT is confident the product fills a gap in the industry, as evidenced by sales of the AFIRS 228 throughout 2013 and 2014. FLYHT also released the Dragon in the fall of 2013, expanding into another sector within the industry. The product was invented after research identified demand for a portable satellite communications device to meet general aviation operators' need for increased connectivity. The Company's success will ultimately depend on the success of both products, and future enhancements made to both.

Availability of key supplies

FLYHT produces and builds all AFIRS 220 units in-house, while AFIRS 228 units are built by a contract manufacturer. The Company relies on partners, suppliers and special parts to complete unit builds. Certain parts can be delayed in shipping or availability, which can cause a delay in building the AFIRS 220 or in receiving AFIRS 228 completed units. FLYHT aims to avoid the risk of not having the necessary supplies by managing inventories and storing extra key parts. The contract manufacturer is a global supplier with the ability to meet FLYHT's requirements. Additionally, the Company maintains close communication with its partners and suppliers to ensure all key components for the AFIRS units will be available into the future.

Proprietary protection

Patent rights are extremely important to the continuation of the Company because the AFIRS technology is the Company's primary revenue source. The Company relies on contract, copyright and trademark laws and has received patents from the United States, China, Turkish and European patent offices. These patents are generally respected in other international jurisdictions as well. The risks involved with proprietary protection lie in other companies claiming patent infringement, though the Company has defended patent claims in court and been successful. FLYHT conducted due diligence on its technology and the conditions of its patent before applying and maintains that it holds unique characteristics from other technologies in the marketplace and does not infringe on the rights of any third parties.

Revenue recognition cycle

FLYHT's revenue recognition for AFIRS Uptime sales and parts revenue occurs in a series of steps. The process begins with the receipt of customer deposits, followed by shipment, installation and finally customer usage of the AFIRS product.

Customers are required to pay for installation kits prior to the planned shipment date. This prepayment is recorded as a customer deposit, which is recognized as an accrued liability upon receipt. Upon shipment of an installation kit, the customer deposit is reclassified to unearned revenue, where it will remain until the AFIRS UpTime solution has been installed and is fully functional, at which point the installation kit is recognized as AFIRS UpTime sales revenue.

When customers order spare parts or Underfloor Stowage Units a prepayment is required, which is recorded as a customer deposit. When the shipment of the ordered part or unit occurs, the customer deposits are recognized as Parts revenue.

Customer deposits

Customer deposits are amounts received for AFIRS UpTime sales and parts that have not yet been shipped to the customer, and services that have not yet been completed. These deposits are nonrefundable, and are included on the Statement of Financial Position ("SFP") in trade payables and accrued liabilities.

The chart below outlines the movement in the Company's customer deposits throughout the three and nine months ended September 30, 2014 and 2013. Payment was received for six installation kits in the third quarter of 2014, compared to 12 received in the third quarter of 2013, bringing YTD total payments for installation kits to 48, compared to 32 in 2013.

	Q3 2014 $	**Q3 2013 $**	**Variance $**	**YTD 2014 $**	**YTD 2013 $**	**Variance $**
Opening balance	1,238,458	739,674	498,784	551,227	797,070	(245,843)
Payments received from customers	452,449	698,991	(246,542)	2,187,243	1,015,868	1,171,375
Moved to unearned revenue	(620,053)	(816,583)	196,530	(1,667,616)	(1,190,856)	(476,760)
Balance, September 30	**1,070,854**	**622,082**	**448,772**	**1,070,854**	**622,082**	**448,772**

Unearned revenue

The chart below outlines the movement in the Company's unearned revenue throughout the three and nine months ended September 30, 2014 and 2013. Revenue was recognized for 13 installation kits in 2014's third quarter compared to 12 in the third quarter of 2013. YTD, revenue has been recognized for 32 installation kits, compared to 47 in 2013. In Q3 2014, 0.4% of the unearned revenue balance at December 31, 2013 was recognized as earned revenue (2013: 5.9%), with 42.5% being recognized YTD in 2014 (YTD 2013: 69.0%). Amounts recorded in unearned revenue are nonrefundable.

	Q3 2014 $	Q3 2013 $	Variance $	YTD 2014 $	YTD 2013 $	Variance $
Opening balance	1,283,006	1,489,601	(206,595)	1,103,834	2,717,245	(1,613,411)
AFIRS UpTime sales: shipped, not accepted	620,053	816,583	(196,530)	1,667,616	1,190,856	476,760
AFIRS UpTime usage: prepaid	-	114,818	(114,818)	76,122	389,138	(313,016)
AFIRS UpTime sales: revenue recognized	(608,353)	(583,743)	(24,610)	(1,496,656)	(2,115,356)	618,700
AFIRS UpTime usage: revenue recognized	(22,500)	(278,726)	256,226	(78,710)	(494,590)	415,880
License fees: revenue recognized	-	(64,380)	64,380	-	(193,140)	193,140
Ending balance	**1,272,206**	**1,494,153**	**(221,947)**	**1,272,206**	**1,494,153**	**(221,947)**

Revenue

For the categories listed in the Revenue sources chart, **AFIRS Uptime sales** includes the income from an AFIRS hardware sale as well as the parts required to install the unit. Upon receipt, these amounts are deferred as unearned revenue and corresponding expenses are recorded as work in progress. When the system is fully functional and the customer has accepted the system, the deferred amount is fully recognized as AFIRS UpTime sales revenue along with the work in progress as cost of sales. **AFIRS Uptime usage** is the recurring revenue from customers' usage of data they receive from AFIRS and use of functions such as the satellite phone. Usage fees are recognized as the service is provided based on actual customer usage each month. **Parts** revenue includes the sale of spare AFIRS units, spare installation parts, and Underfloor Stowage Units. **Services** revenue includes technical services, repairs and expertise the Company offers such as the installation of operations control centres, including two FLYHT has set up in Nigeria.

Revenue sources

	Q3 2014 $	Q3 2013 $	Variance $	YTD 2014 $	YTD 2013 $	Variance $
AFIRS Uptime sales	609,085	583,742	25,343	1,434,475	2,115,356	(680,881)
AFIRS Uptime usage	927,117	881,903	45,214	2,741,697	2,544,215	197,482
Parts	148,198	307,588	(159,390)	263,271	575,846	(312,575)
Service	124,394	409,804	(285,410)	223,904	828,190	(604,286)
Total	**1,808,794**	**2,183,037**	**(374,243)**	**4,663,347**	**6,063,607**	**(1,400,260)**

Overall, total revenue decreased 17.1% from $2,183,037 in Q3 2013 to $1,808,794 in Q3 2014. AFIRS Uptime sales increased by 4.3%, AFIRS Uptime usage increased by 5.1%, while Parts sales decreased by 51.8%, and Services revenue decreased by 69.6%.

AFIRS UpTime sales increased in Q3 2014 as compared to the third quarter of 2013 due to an increased number of installation kits meeting the requirements for revenue recognition. Revenue was recognized for 13 installation kits in 2014's third quarter compared to 12 in the third quarter of 2013. YTD, revenue has been recognized for 32 installation kits, compared to 47 in 2013.

AFIRS UpTime usage increased compared with the same period last year, due to a higher number of aircraft producing recurring revenue and higher per aircraft return. Recurring revenue accounted for 51.3% of revenue in Q3 2014, compared to 40.4% in Q3 2013. Recurring revenue from FLYHT's existing client base is expected to continue to expand throughout 2014 and future years.

Parts revenue decreased in the quarter in 2014 from 2013 mainly as the result of four one-time large spare unit sales that occurred in Q3 2013. YTD there was a decrease in revenue from parts sales, due additionally to a one-time large spare unit sale in Q1 2013.

Services revenue decreased both in the quarter and YTD for 2014 compared to 2013. In 2013 higher revenue was earned on engineering documentation required for our Chinese customers and on our contract with L-3; which was not repeated in 2014.

Geographical sources of revenue

The following revenue split is based on the geographical location of customers.

	Q3 2014 $	Q3 2013 $	YTD 2014 $	YTD 2013 $
North America	807,544	1,178,097	2,105,686	3,121,793
South/Central America	76,922	97,405	237,183	292,419
Africa/Middle East	201,574	233,005	825,334	800,923
Europe	139,022	45,810	263,033	508,230
Australasia	146,682	237,217	514,444	509,326
Asia	437,050	391,503	717,667	830,916
Total	**1,808,794**	**2,183,037**	**4,663,347**	**6,063,607**

	Q3 2014 %	Q3 2013 %	YTD 2014 %	YTD 2013 %
North America	44.6	53.9	45.2	51.5
South/Central America	4.3	4.5	5.1	4.8
Africa/Middle East	11.1	10.7	17.7	13.2
Europe	7.7	2.1	5.6	8.4
Australasia	8.1	10.9	11.0	8.4
Asia	24.2	17.9	15.4	13.7
Total	100.0	100.0	100.0	100.0

Gross Profit and Cost of Sales

FLYHT's cost of sales include the direct costs associated with specific revenue types, including the AFIRS unit, installation kits, training and installation support, as well as associated shipping expenses and travel expenses for the Company's engineering personnel while performing on-site installation support. Installations on aircraft are performed by third parties at the customer's expense. Cost of sales as a percentage of revenue in the third quarter of 2014 was 36.3% compared to 43.1% in 2013's third quarter. The decrease was due to a difference in the mix of revenue sources, as AFIRS Uptime usage, Parts sales, and Services have higher margins than AFIRS Uptime sales. Gross margin will fluctuate quarter over quarter depending on customer needs and corresponding with the revenue type.

Gross margin for the last eight quarters was:

	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013	Q4 2012
Gross Margin %	63.7	59.8	67.4	60.4	56.9	54.5	66.6	65.9
Cost of Sales %	36.3	40.2	32.6	39.6	43.1	45.5	33.4	34.1

Operating Activities

Other income

Other income in 2013 consists of the recognition of the SNC license fee that was deferred as unearned revenue when received in 2008, to be recognized over the initial five-year term of the agreement. The amount was fully recognized by December 31, 2013.

Distribution expenses

Consist of overhead expenses associated with the delivery of products and services to customers, and marketing.

Major Category	Q3 2014 $	Q3 2013 $	Variance $	YTD 2014 $	YTD 2013 $	Variance $
Salaries and benefits	456,870	356,140	100,730	1,288,257	1,117,879	170,378
Share based compensation	-	17,700	(17,700)	74,501	85,071	(10,570)
Contract labour	59,034	72,213	(13,179)	256,746	195,159	61,587
Office	63,611	86,151	(22,540)	208,773	278,845	(70,072)
Travel	109,178	110,423	(1,245)	364,924	296,892	68,032
Equipment and maintenance	1,354	8,279	(6,925)	16,417	16,256	161
Depreciation	9,200	11,817	(2,617)	25,177	34,312	(9,135)
Marketing	22,393	10,476	11,917	43,303	25,645	17,658
Other	84,411	8,316	76,095	124,243	72,059	52,184
Total	**806,051**	**681,515**	**124,536**	**2,402,341**	**2,122,118**	**280,223**

Salaries and benefits increased in 2014 as compared to 2013 mainly due to a decreased allocation of distribution staff costs to R&D, partially offset by a decrease resulting from the non-renewal of a sales director's employment agreement.

Share based compensation decreased compared with the same periods last year, due to a non-recurring option grant in Q3 2013, and the YTD expense was also partially offset by a higher number of options granted and a higher estimated fair value in Q2 2014 compared to Q2 2013.

Contract labour increased compared with the same periods last year, with the addition in early 2014 of sales representation based in Singapore. QTD saw an offsetting decrease, mainly as the result of the non-renewal of a sales consultant's contract in mid-2014.

Office expenses decreased in the third quarter of 2014 from 2013 mainly as the result of decreased rent with the move to the new office space, and lower communication costs, partially offset by increased participation in an industry group.

Travel expenses increased YTD 2014 versus 2013 largely as the result of increased travel associated with sales and customer satisfaction activities. Travel expenses vary significantly depending on the location of customer contracts and it is anticipated that as the AFIRS 228 and Dragon rollout continues, travel expenses will continue to fluctuate with changes in regions served.

Depreciation expense has decreased due to a decrease in the usage of capital equipment for distribution activities. Total depreciation expenses have remained constant for the Company.

Marketing expense has increased due to an increased presence at industry tradeshows.

Other expenses increased due to an increase in bad debt reserve.

Administration expenses

Consist of expenses associated with the general operations of the Company that are not directly associated with delivery of services or sales.

Major Category	Q3 2014 $	Q3 2013 $	Variance $	YTD 2014 $	YTD 2013 $	Variance $
Salaries and benefits	509,877	321,941	187,936	1,116,277	978,508	137,769
Share based compensation	69,577	12,681	56,896	415,256	251,533	163,723
Contract labour	118,208	31,153	87,055	184,817	116,021	68,796
Office	60,890	73,258	(12,368)	214,088	228,445	(14,357)
Legal fees	25,407	6,902	18,505	108,779	23,769	85,010
Audit and accounting	34,000	32,775	1,225	109,938	95,625	14,313
Investor relations	71,992	50,525	21,467	286,616	176,544	110,072
Brokerage, stock exchange, and transfer agent fees	12,843	4,279	8,564	63,960	24,512	39,448
Travel	52,439	7,586	44,853	161,520	72,217	89,303
Equipment and maintenance	17,032	13,231	3,801	52,168	39,436	12,732
Depreciation	4,240	5,980	(1,740)	14,458	17,940	(3,482)
Other	9,251	12,821	(3,570)	40,602	29,057	11,545
Total	**985,756**	**573,132**	**412,624**	**2,768,479**	**2,053,607**	**714,872**

Salaries and benefits were higher in 2014 compared with 2013, mainly as the result of higher group benefit costs and separation payments for our retiring CFO.

Share based compensation increased compared with the same periods last year, due to a higher number of options granted and a higher estimated fair value in 2014 compared to 2013.

Contract labour in Q3 increased compared to 2013 as a result of recruitment fees paid.

Office expenses decreased in the third quarter of 2014 compared to 2013 mainly as the result of decreased rent with the move to the new office space and a change in rent allocation consequent on an internal reorganization to increase efficiencies.

Legal fees increased both in the quarter and YTD due to requirements relating to the Company’s listing on the OTCQX 2014, together with an increase in general corporate legal reviews and intellectual property legal advice.

Audit and accounting increases are mainly due to increased audit costs consequent on increased complexity in FLYHT’s business, and increased requirements for international tax consulting.

Investor relations expenses increased due to the addition of a third IR consultant in the first quarter of 2014, together with costs associated with obtaining a listing on the OTCQX.

Brokerage, stock exchange, and transfer agent fees increases are the result of the exercise of warrants and options throughout 2014.

Travel expenses increased as a result of an increase in travel requirements relating to investor relations, including travel expenses associated with participation in industry group meetings following the disappearance of Malaysian Airlines flight MH370.

Equipment and maintenance increases were the result of additional equipment required for the new office premises in 2014.

Other expense YTD increases were due to one-time expenses relating to the office move in Q1 2014, partially offset by a lower Q2 expense where a relocation in Q2 2013 did not recur in 2014.

Research, development and certification engineering expenses (recovery)

Major Category	Q3 2014 $	Q3 2013 $	Variance $	YTD 2014 $	YTD 2013 $	Variance $
Salaries and benefits	537,042	329,813	207,229	1,446,793	1,124,766	322,027
Share based compensation	-	-	-	86,341	13,542	72,799
Contract labour	175,841	54,600	121,241	366,673	387,627	(20,954)
Office	80,195	24,344	55,851	201,310	93,847	107,463
Travel	6,230	11,321	(5,091)	26,656	40,524	(13,868)
Equipment and maintenance	3,635	2,802	833	17,145	31,355	(14,210)
Components	36,489	144,469	(107,980)	16,600	238,966	(222,366)
Government grants	-	(130,801)	130,801	-	(130,801)	130,801
SRED credit	-	-	-	(241,353)	(326,195)	84,842
Depreciation	8,687	4,415	4,272	23,756	13,245	10,511
Other	-	-	-	12,060	-	12,060
SNC litigation settlement	-	-	-	(1,950,957)	-	(1,950,957)
Total	**848,119**	**440,963**	**407,156**	**5,024**	**1,486,876**	**(1,481,852)**

Salaries and benefits expended in this category increased from 2013 to 2014, partially due to efforts involved in increasing revenue sources for UpTime applications, along with an internal reorganization to increase efficiencies which moved several resources from Administration to R&D. People cost will fluctuate with customer and industry demands for new products and enhancements of existing products.

Share based compensation increased YTD, due to a higher number of options granted and a higher estimated fair value in 2014 compared to 2013.

Contract labour has decreased YTD, mainly as the result of reduced utilization of consultants for hardware development in Q1 2014, offset by an increase in Q2 and Q3 2014 due to the use of a certification engineering consultant required to complete a time-sensitive STC along with the use of a software development consultant for two short-term projects.

Office expenses increased as a result of increased costs associated with patent application costs, an increase in rent allocation, and a requirement for legal resources to finalize the settlement with SNC.

Travel expenses decreased as a result of decreased requirements for travel with regards to hardware testing and test flights.

Equipment & maintenance expenses have decreased YTD due to the decreased requirement for software directly related to development of AFIRS 228 software.

Components requirements were lower in 2014 than in 2013 due to the reduced requirement for test parts for the development of the AFIRS 228, offset partially by a recovery in Q2 2014 as a result of the movement of parts purchased for Dragon development to inventory as the remaining parts were no longer required for development but were to be used in the production of units for customers.

Government grants were nil in 2014, compared to $130,801 in Q3 2013 which was the grant portion of the final payment received through the SADI program.

SRED credit YTD variance is due to a decrease in the expenses that qualify for the refundable tax credit under the Canada Revenue Agency Scientific Research and Experimental Development ("SRED") in 2014 compared to 2013. Annual claims will fluctuate based on differences in R&D activities and associated costs.

Depreciation expense has increased due to an increase in the usage of capital equipment for R&D activities. Total depreciation expenses have remained constant for the Company.

Other expense has increased YTD due to a relocation expense in 2014.

SNC litigation settlement recovery shown in 2014 was the result of the settlement in Q2 2014 of the dispute with SNC and the release of the related liability accrual – refer also to Liquidity and Capital Resource section for further detail.

Net finance costs

Major Category	Q3 2014 $	Q3 2013 $	Variance $	YTD 2014 $	YTD 2013 $	Variance $
Interest (income)	(2,000)	(1,982)	(18)	(2,000)	(2,221)	221
Net foreign exchange (gain) loss	(99,859)	(25,257)	(74,602)	(16,939)	89,814	(106,753)
Bank service charges	4,932	6,039	(1,107)	16,642	16,616	26
Interest expense	957	2,914	(1,957)	2,797	8,872	(6,075)
Government grant accretion	37,238	30,970	6,268	110,073	88,046	22,027
Debenture interest and accretion	203,117	193,263	9,854	584,467	456,872	127,595
Debenture cost amortization	21,822	21,822	-	64,753	62,314	2,439
Net finance costs	**166,207**	**227,769**	**(61,562)**	**759,793**	**720,313**	**39,480**

Net foreign exchange gain will vary between periods due to fluctuations in the value of the Canadian dollar in relation to the U.S. dollar. A weakening of the Canadian dollar has given rise to increased foreign exchange gains on U.S. dollar denominated sales and purchases, in combination with fluctuations in U.S. denominated assets and liabilities.

Government grant accretion is the recognition of the effective interest component of the SADI grant, which increased from 2013 to 2014 as additional funding was received in September 2013.

Debenture interest and **Debenture cost amortization** increases are the result of increased interest accretion on the debentures issued in December 2010, and also the accretion of interest throughout 2014 on the debentures issued in April and May 2013.

Net loss

Major Category	Q3 2014 $	Q3 2013 $	Variance $	YTD 2014 $	YTD 2013 $	Variance $
Net loss	1,653,147	615,950	1,037,197	2,973,174	2,624,369	348,805
Net loss without R&D	805,028	174,987	630,041	2,968,150	1,137,493	1,830,657

Foreign Exchange

All international and a majority of domestic sales of the Company's products and services are denominated in U.S. dollars. Accordingly, the Company is susceptible to foreign exchange fluctuations. In Q3 2014, 94.5% of the Company's gross sales were made in U.S. dollars, compared to 97.2% in the same period of 2013. The Company expects this to continue as the aviation industry conducts the majority of its transactions in U.S. dollars, thus limiting the opportunity for sales in Canadian dollars or other major currencies. The Company also contracts in U.S. dollars for certain services and products related to cost of sales, which creates a natural hedge.

Transactions with Related Parties

All transactions in the third quarter 2014 with related parties were normal business transactions related to their positions within the Company. These transactions included expense reimbursements for business travel and other expenses paid by the related party and were measured at exchange amounts that the related party paid to a third party and were substantiated with a third party receipt.

Contractual Obligations

The following table details the contractual maturities of financial liabilities, including estimated interest payments.

September 30, 2014	< 2 Months	2-12 months	1-2 years	2-5 years	> 5 years	Total
	$	$	$	$	$	$
Accounts payable	475,514	-	-	-	-	475,514
Compensation and statutory deductions	61,891	379,528	-	-	-	441,419
Finance lease liabilities	4,969	24,849	29,818	23,249	-	82,885
Accrued liabilities	93,267	90,080	-	9,067	-	192,414
Loans and borrowings	-	3,616,646	2,817,680	360,335	1,438,476	8,233,137
Total	**635,641**	**4,111,103**	**2,847,498**	**392,651**	**1,438,476**	**9,425,369**

Under SADI, the Company has, at September 30, 2014, an outstanding repayable balance of $1,899,278 included in loans and borrowings above, compared to $1,967,507 at December 31, 2013. The amount is repayable over 15 years on a stepped basis commencing April 30, 2014. The initial payment on April 30, 2014 was 3.5% of the total contribution received and the payment increases yearly by 15% until April 30, 2028 when the final payment is 24.5% of the total contribution received.

FLYHT entered into a finance lease agreement covering equipment required for a security system in the new premises effective March 1, 2014. The lease has a term of 36 months, with the option to purchase the equipment at the end of the lease term.

During the third quarter of 2014, FLYHT entered into a finance lease agreement covering computer hardware. The lease has a term of 36 months, with the option to purchase the equipment at the end of the lease term.

Minimum lease payments in 2014 for finance leases are as follows.

Year	Total
	$
2014	7,455
2015	29,818
2016	29,818
2017	15,794
Total	**82,885**

The imputed interest included in the payments is $7,066 (2013 - $1,610) leaving a total obligation of $75,819 (2013 - $18,506).

Financial Instruments

The Company is exposed to fluctuations in the exchange rates between the Canadian dollar and other currencies with respect to assets, sales, and purchases. The Company monitors fluctuations and may take action if deemed necessary to mitigate its risk.

The Company is exposed to changes in interest rates as a result of the operating loan bearing interest based on the Company's lenders' prime rate. All outstanding debentures have a fixed rate of interest and therefore do not expose the Company's cash flow to interest rate changes.

There is a credit risk associated with accounts receivable where the customer fails to pay invoices. The Company extends credit generally to credit-worthy or well-established customers. In the case of agreement consideration or product sales, the invoiced amount is generally payable before the product is shipped to the customer. The Company assesses the financial risk of a customer and based on that analysis may require that a deposit payment be made before a service is provided. As well, for monthly recurring revenue the Company has the ability to disable AFIRS UpTime in cases where the customer has not fulfilled its financial obligations.

Recent Accounting Pronouncements

The following new standards, interpretations, amendments and improvements to existing standards issued by the IASB or International Financial Reporting Interpretations Committee ("IFRIC") were adopted as of January 1, 2014 without any material impact to FLYHT's financial statements: *IFRS 7 / IAS 32 – Offsetting Financial Assets and Liabilities, IAS 1 – Presentation of Financial Statements, IAS 39 – Novation of Derivatives and Continuation of Hedge Accounting, and IFRIC 21 Levies.*

The following new accounting pronouncements have been issued but are not effective and may have an impact on the Company. All of the following new or revised standards permit early adoption with transitional arrangements depending upon the date of initial application:

IFRS 9 – Financial Instruments replaces the current multiple classification and measurement models for financial assets and liabilities with a single model that has only two classification categories: amortized cost and fair value. (January 1, 2018).

IFRS 15 – Revenue from Contracts with Customers replaces IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programs, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfer of Assets from Customers, and SIC 31 Revenue – Barter Transactions Involving Advertising Services. The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. The new standard applies to contracts with customers. It does not apply to insurance contracts, financial instruments or lease contracts, which fall in the scope of other IFRSs (January 1, 2017).

The Company has not completed its evaluation of the effect of adopting these standards on its condensed consolidated interim financial statements.

Auditors’ Involvement

National Instrument 51-102, Part 4, subsection 4.3 (3) (a), requires that if an auditor has not performed a review of the condensed consolidated interim financial statements there must be an accompanying notice indicating that the condensed consolidated interim financial statements have not been reviewed by an auditor.

The auditors of FLYHT Aerospace Solutions Ltd. have not performed a review of the condensed consolidated interim financial statements for the three and nine months ended September 30, 2014 and September 30, 2013.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION (UNAUDITED)

	September 30, 2014 $	December 31, 2013 $
Assets		
Current Assets		
Cash and cash equivalents	4,007,469	5,184,803
Restricted cash	250,000	250,000
Trade and other receivables	1,534,683	784,426
Deposits and prepaid expenses	174,850	145,554
Inventory	1,733,360	1,308,243
Total current assets	7,700,362	7,673,026
Non-current assets		
Property and equipment	239,680	191,695
Intangible assets	34,992	34,992
Inventory	993,338	536,249
Total non-current assets	1,268,010	762,936
Total assets	8,968,372	8,435,962
Liabilities		
Current liabilities		
Trade payables and accrued liabilities	2,180,201	3,704,496
Unearned revenue	1,080,805	1,103,834
Loans and borrowings	3,604,282	3,745,513
Finance lease obligations	25,663	13,175
Current tax liabilities	-	895
Total current Liabilities	6,890,951	8,567,913
Non-current liabilities		
Unearned revenue	191,401	-
Loans payable	2,678,613	1,992,028
Finance lease obligations	50,156	-
Provisions	229,471	148,428
Total non-current liabilities	3,149,641	2,140,456
Total liabilities	10,040,592	10,708,369
Equity (deficiency)		
Share capital (note 6)	52,773,019	48,318,003
Convertible debenture - equity feature	221,616	231,318
Warrants (note 6)	194,739	1,057,652
Contributed surplus	8,049,053	7,458,093
Deficit	(62,310,647)	(59,337,473)
Total equity (deficiency)	(1,072,220)	(2,272,407)
Total liabilities and equity	8,968,372	8,435,962

See accompanying notes to condensed consolidated interim financial statements.
Going concern (note 2d)

On behalf of the board

"Signed"
Director – Douglas Marlin

"Signed"
Director – Paul Takalo

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME (LOSS) (UNAUDITED)

	For the three months ended September 30		For the nine months ended September 30	
	2014 $	2013 $	2014 $	2013 $
Revenue (note 8)	1,808,794	2,183,037	4,663,347	6,063,607
Cost of sales	655,927	940,159	1,700,830	2,497,783
Gross profit	1,152,867	1,242,878	2,962,517	3,565,824
Other (income)	-	(64,380)	-	(193,140)
Distribution expenses	806,051	681,515	2,402,341	2,122,118
Administration expenses	985,756	573,132	2,768,479	2,053,607
Research, development and certification engineering expenses	848,119	440,963	5,024	1,486,876
Results from operating activities	(1,487,059)	(388,352)	(2,213,327)	(1,903,637)
Finance (income)	(101,859)	(27,239)	(18,939)	(2,351)
Finance costs	268,066	255,008	778,732	722,664
Net finance costs	166,207	227,769	759,793	720,313
Loss before income tax	(1,653,266)	(616,121)	(2,973,120)	(2,623,950)
Income tax expense (recovery)	(119)	(171)	54	419
Loss for the period	(1,653,147)	(615,950)	(2,973,174)	(2,624,369)
Total comprehensive loss for the period	(1,653,147)	(615,950)	(2,973,174)	(2,624,369)
Loss per share				
Basic and diluted loss per share (note 7)	(0.01)	(0.00)	(0.02)	(0.02)

See accompanying notes to condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY (DEFICIENCY) (UNAUDITED)

For the three and nine months ended September 30, 2014 and 2013

	Share Capital	Convertible Debenture	Warrants	Contributed Surplus	Foreign Currency Translation Reserve*	Deficit	Total Equity (Deficit)
	$	$	$	$	$	$	$
Balance at December 31, 2013	48,318,003	231,318	1,057,652	7,458,093	-	(59,337,473)	(2,272,407)
Loss for the period	-	-	-	-	-	(2,973,174)	(2,973,174)
Total comprehensive loss for the period	-	-	-	-	-	(2,973,174)	(2,973,174)
Contributions by and distributions to owners							
Issue of common shares	53,000	(9,702)	-	89,202	-	-	132,500
Share-based payment transactions	-	-	-	576,097	-	-	576,097
Share options exercised	289,623	-	-	(83,249)	-	-	206,374
Warrants exercised	4,112,393	-	(854,003)	-	-	-	3,258,390
Warrants expired	-	-	(8,910)	8,910	-	-	-
Total contributions by and distributions to owners	4,455,016	(9,702)	(862,913)	590,960	-	-	4,173,361
Balance at September 30, 2014	52,773,019	221,616	194,739	8,049,053	-	(62,310,647)	(1,072,220)
Balance at December 31, 2012	39,877,966	231,318	3,340,222	6,957,809	-	(55,274,309)	(4,866,994)
Loss for the period	-	-	-	-	-	(2,624,369)	(2,624,369)
Foreign currency translation differences	-	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	-	-	(2,624,369)	(2,624,369)
Contributions by and distributions to owners							
Issue of common shares	157,280	-	-	-	-	-	157,280
Share issue costs	(3,121)	-	-	-	-	-	(3,121)
Share-based payment transactions	-	-	-	350,147	-	-	350,147
Warrants exercised	59,199	-	(20,495)	-	-	-	38,704
Total contributions by and distributions to owners	213,358	-	(20,495)	350,147	-	-	543,010
Balance at September 30, 2013	40,091,324	231,318	3,319,727	7,307,956	-	(57,898,678)	(6,948,353)

*Accumulated other comprehensive income (loss)

See accompanying notes to condensed consolidated interim financial statements

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)

	For the nine months ended September 30 2014 $	2013 $
Cash flows from operating activities		
Loss for the period	(2,973,174)	(2,624,369)
Depreciation – PPE	63,390	65,497
Depreciation - AFIRS units	-	10,953
Amortization of intangible assets	-	27,631
Convertible debenture accretion	584,467	456,872
Payment of debenture interest	(845)	-
Amortization of debenture issue costs	64,753	62,314
Government grant accretion	110,073	88,046
Government grant	-	(130,801)
Equity-settled share-based payment transactions	576,097	350,147
Change in inventories	(882,206)	300,731
Change in trade and other receivable	(737,991)	(96,967)
Change in prepayments	(29,296)	(51,097)
Change in trade and other payables	(1,439,500)	(4,386)
Change in provisions	81,043	(15,709)
Change in unearned revenue	168,372	(1,223,092)
Unrealized foreign exchange	(117,432)	105,712
Interest expense	2,797	8,872
Interest paid	(2,797)	(8,872)
Income tax expense	54	419
Income tax paid	(949)	(3,682)
Net cash used in operating activities	(4,533,144)	(2,681,781)
Cash flows from investing activities		
Acquisitions of property and equipment	(30,798)	(4,559)
Disposal of rental assets	-	27,773
Interest income	(2,000)	(2,221)
Interest received	2,000	2,221
Net cash from (used in) investing activities	(30,798)	23,214
Cash flows from financing activities		
Share issue costs	-	(3,121)
Proceeds from issue of debenture	-	1,918,813
Proceeds from issue and exercise of share options and warrants	3,464,764	195,984
Proceeds from grant: SADI	-	196,751
Repayment of borrowings	(80,594)	(82,400)
Payment of finance lease liabilities	(17,933)	(14,632)
Net cash from financing activities	3,366,237	2,211,395
Net decrease in cash and cash equivalents	(1,197,705)	(447,172)
Cash and cash equivalents, beginning	5,184,803	676,246
Effect of exchange rate fluctuations on cash held	20,371	(11,463)
Cash and cash equivalents, ending	4,007,469	217,611

See accompanying notes to condensed consolidated interim financial statements.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. Reporting entity

FLYHT Aerospace Solutions Ltd. (the “**Company**” or “**FLYHT**”) was founded in 1998 under the name AeroMechanical Services Ltd. FLYHT is a public company incorporated under the Canada Business Corporations Act, and is domiciled in Canada. The Company has been listed on the TSX Venture Exchange since March 2003, first as TSX.V: AMA and as TSX.V: FLY since 2012 and has been listed on the OTCQX marketplace since June 2014 as OTCQX: FLYLF. The Company’s head office is located at 300E, 1144 – 29th Avenue NE, Calgary, Alberta T2E 7P1.

The condensed consolidated interim financial statements of the Company as at and for the three and nine months ended September 30, 2014 and 2013 consist of the Company and its subsidiaries.

FLYHT is a designer, developer, and service provider to the global aerospace industry. The Company supports aviation customers in different sectors including commercial, business, leasing and military operators. FLYHT’s headquarters are located in Calgary, Canada with sales representation in China, the Middle East, Singapore, South America, the United States and Europe.

2. Basis of preparation

(a) Statement of compliance

The Company has prepared its September 30, 2014 condensed consolidated interim financial statements and the notes thereto in accordance with IAS 34 – Interim Financial Reporting. They do not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the Company as at and for the year ended December 31, 2013. These condensed consolidated interim financial statements were approved by the Board of Directors on November 12, 2014.

(b) Basis of measurement

The condensed consolidated interim financial statements have been prepared on a historical cost basis except for financial instruments at fair value through profit or loss, which are measured at fair value in the statement of financial position (“SFP”).

(c) Functional and presentation currency

These condensed consolidated interim financial statements are presented in Canadian dollars, which is the Company’s functional currency.

(d) Going concern

These condensed consolidated interim financial statements have been prepared on the basis that the Company will continue to realize its assets and meet its obligations in the ordinary course of business. As at September 30, 2014, the Company had positive working capital of $809,411, a deficit of $62,310,647, a year to date net loss of $2,973,174 and year to date negative cash flow used in operations of $4,533,144.

The Company has incurred significant operating losses and negative cash flows from operations over the past years. The Company’s ability to continue as a going concern is dependent upon attaining profitable operations and/or obtaining additional financing to fund its ongoing operations. The Company’s ability to attain profitable operations and positive cash flow in the future is dependent upon various factors including its ability to acquire new customer contracts, the success of management’s continued cost containment strategy, the completion of research and development (“R&D”) projects, and general economic conditions. In addition to capital required for regular business activities, the Company will be required to pay debenture interest and principal in the fourth quarter of 2014 totaling $3,525,820, unless the holders exercise the conversion option. It is the Company’s intention to continue to fund operations by adding revenue and its resulting cash flow as well as continue to manage outgoing cash flows. If the need arises due to market opportunities the Company may meet those needs via the capital markets. These material uncertainties may cast significant doubt upon the Company's ability to continue as a going concern.

There is no assurance that the Company will be successful in attaining and sustaining profitable operations and cash flow or raising additional capital to meet its working capital requirements. If the Company is unable to satisfy its working capital requirements from these sources, the Company's ability to continue as a going concern and to achieve its intended business objectives will be adversely affected. These condensed consolidated interim financial statements do not reflect adjustments that would otherwise be necessary if the going concern assumption was not valid, such as revaluation to liquidation values and reclassification of statement of financial position items.

3. Significant accounting policies

The accounting policies set out in FLYHT's December 31, 2013 consolidated financial statements have been applied consistently to all periods presented in these condensed consolidated interim financial statements, unless otherwise indicated. These accounting policies have also been applied consistently by FLYHT's subsidiaries.

The following new standards, interpretations, amendments and improvements to existing standards issued by the IASB or International Financial Reporting Interpretations Committee ("IFRIC") were adopted as of January 1, 2014 without any material impact to FLYHT's financial statements: *IFRS 7 / IAS 32 – Offsetting Financial Assets and Liabilities, IAS 1 – Presentation of Financial Statements, IAS 39 – Novation of Derivatives and Continuation of Hedge Accounting, and IFRIC 21 Levies.*

The following new accounting pronouncements have been issued but are not effective and may have an impact on the Company. All of the following new or revised standards permit early adoption with transitional arrangements depending upon the date of initial application:

> IFRS 9 – Financial Instruments replaces the current multiple classification and measurement models for financial assets and liabilities with a single model that has only two classification categories: amortized cost and fair value. (January 1, 2018).
>
> IFRS 15 – Revenue from Contracts with Customers replaces IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programs, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfer of Assets from Customers, and SIC 31 Revenue – Barter Transactions Involving Advertising Services. The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. The new standard applies to contracts with customers. It does not apply to insurance contracts, financial instruments or lease contracts, which fall in the scope of other IFRSs (January 1, 2017).

The Company has not completed its evaluation of the effect of adopting these standards on its condensed consolidated interim financial statements.

4. Determination of fair values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods.

(a) Share based payment transactions: measured using the Black-Scholes option pricing model;

(b) Loans and borrowings: for measurement purposes, fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the inception of the loan. In respect of the liability component of convertible debenture, the market rate of interest is determined by reference to similar liabilities that do not have a conversion feature. In respect of the convertible debentures and the debentures, as there has been no material change in the Company's market rate subsequent to the issuance dates, carrying value approximates fair value; and

(c) Trade and other receivables, trade payables and accrued liabilities: carrying value approximates fair value, due to the short-term nature of the instruments.

5. Trade payables and accrued liabilities

The Company settled an ongoing dispute with Sierra Nevada Corporation ("SNC") on June 16, 2014 whereby both parties mutually released all claims against each other. FLYHT and SNC entered into a License and Manufacturing Agreement ('L&M Agreement") as well as a Value Added Reseller Agreement ("VAR Agreement") and for the execution of those agreements SNC has withdrawn invoices totaling a Canadian equivalent of $1,950,957. The L&M Agreement provides for SNC to manufacture and/or sell to military end users and unmanned aerial vehicles for which FLYHT will receive a fee for each unit manufactured and sold to an end user and a percentage of UpTime Services fees paid to SNC by the end user. These fees will commence once SNC realizes revenue of $2.5 million USD. As well, a VAR Agreement was entered into which allows SNC to market and sell FLYHT's AFIRS units and UpTime Services. Under the terms of the VAR Agreement FLYHT will pay SNC an agreed commission. Based on the terms of the agreements FLYHT derecognized the accounts payable liability with an off-setting recovery of research and development expenses of the same amount.

6. Capital and other components of equity

The Company grants stock options to its directors, officers, employees and consultants.

In the first quarter of 2014 the Company granted 400,000 stock options to one Investor Relations (IR) consultant under the stock option plan. The stock options expire December 31, 2016, have an exercise price of $0.45 per share, with 100,000 options vested on March 31, and a further 100,000 vesting on each of June 30, September 30, and December 31, 2014. The fair value of the options granted was determined based on the estimated fair value of services to be received.

In the second quarter of 2014 the Company granted 2,480,750 stock options to employees, officers and directors under the stock option plan. The stock options vest immediately, expire December 31, 2017, and have an exercise price of $0.40 per share. The options were granted at an exercise price not less than fair market value of the stock on the date of issuance.

In the third quarter of 2014 the Company granted 300,000 stock options to employees, officers and directors under the stock option plan. The stock options vest immediately; expire December 31, 2017, with 150,000 stock options having an exercise price of $0.40 per share, and 150,000 having an exercise price of 0.53 per share. The options were granted at an exercise price not less than fair market value of the stock on the date of issuance.

All outstanding options issued to date vested immediately at the grant date with the exception of 1,200,000 options, comprised of 400,000 options to each of three IR consultants. Vesting provisions provide that 25% of the total stock options issued under these three agreements vest to each of the IR consultants per quarter over the first one-year period. There remain 300,000 unvested options as at September 30, 2014 (2013: 1,100,000).

The weighted average fair value of the options granted during the year that were valued using the Black-Scholes option pricing model was $0.20 (2013 $0.12), estimated based on a risk free-interest rate of 1.56% (2013: 1.24%), an expected life of 3.70 years (2013: 3.65), volatility of 78% (2013: 99%), and a dividend yield rate of 0.00% (2013: 0.00%).

In the first quarter of 2014, the Company issued a total of 3,944,280 shares due to warrant and option exercises and convertible debenture conversions for total proceeds of $1,254,787, including:

a) 1,821,500 warrants exercised at $0.30 for proceeds of $546,450
b) 1,321,780 warrants exercised at $0.40 for proceeds of $528,712
c) 718,500 options exercised at $0.25 for proceeds of $179,625
d) 82,500 convertible debentures converted at $0.40

In the second quarter of 2014, the Company issued a total of 7,349,587 shares due to warrant and option exercises and convertible debenture conversions for total proceeds of $2,178,102, including:

a) 151,987 warrants exercised at $0.20 for proceeds of $30,397
b) 6,964,100 warrants exercised at $0.30 for proceeds of $2,089,230
c) 84,000 warrants exercised at $0.40 for proceeds of $33,600

d) 99,500 options exercised at $0.25 for proceeds of $24,875
e) 50,000 convertible debentures converted at $0.40

In the third quarter of 2014, the Company issued a total of 107,500 shares due to warrant and option exercises and convertible debenture conversions for total proceeds of $31,875, including:

c) 100,000 warrants exercised at $0.30 for proceeds of $30,000
d) 7,500 options exercised at $0.25 for proceeds of $1,875

7. Earnings per share

The calculation of basic and diluted earnings per share for the three months ended September 30, 2014 was based on a weighted average number of common shares outstanding of 170,209,597 (2013: 142,531,924). The calculation of diluted earnings per share did not include stock options of 9,827,750 (2013: 9,069,500), warrants of 4,144,750 (2013: 31,940,453) and convertible debentures of 7,433,750 (2013: 7,897,500) because they would be anti-dilutive.

8. Operating segments

The Company has one operating segment. All non-current assets (property and equipment and intangible assets) reside in Canada. The following revenue is based on the geographical location of customers.

	Q3 2014 **$**	**Q3 2013** **$**	**YTD 2014** **$**	**YTD 2013** **$**
North America	807,544	1,178,097	2,105,686	3,121,793
South/Central America	76,922	97,405	237,183	292,419
Africa/Middle East	201,574	233,005	825,334	800,923
Europe	139,022	45,810	263,033	508,230
Australasia	146,682	237,217	514,444	509,326
Asia	437,050	391,503	717,667	830,916
Total	**1,808,794**	**2,183,037**	**4,663,347**	**6,063,607**

Revenues from three largest customers	**34.0%**	**50.0%**	**24.9%**	**35.0%**

CORPORATE INFORMATION

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Share Listing

Shares are traded on the TSX Venture Exchange and the OTCQX Marketplace
Ticker Symbols: TSX: FLY and OTCQX: FLYLF

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Directors

Doug Marlin	Chairman, FLYHT Aerospace Solutions Ltd. & President, Marlin Ventures Ltd.
Bill Tempany	Chief Executive Officer, FLYHT Aerospace Solutions Ltd.
Mike Brown	Partner, Geselbracht Brown
Paul Takalo, CA	Vice-President, Standen's Limited
Jacques Kavafian	Director
Jack Olcott	President, General Aviation Company
Barry Eccleston	President, Airbus Americas, Inc.
John Belcher	Former Chairman and Chief Executive Officer, ARINC Inc.

Officers

Bill Tempany	Chief Executive Officer
Matt Bradley	President
Nola M. Heale, CA	Chief Financial Officer
Derek Graham	Chief Technical Officer
Jeff Brunner	VP Certification Engineering and China Operations

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