NEWS RELEASE

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FOR IMMEDIATE RELEASE
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Extendicare Announces Solid 2015 First Quarter Results

On Target for Completion of U.S. Sale by end of Q2/15

MARKHAM, ONTARIO – Extendicare Inc. ("Extendicare" or the "Company") (TSX: EXE) today reported results for the first quarter ended March 31, 2015. Results are presented in Canadian dollars unless otherwise noted.

FINANCIAL AND OPERATIONAL HIGHLIGHTS

- First quarter financial results *(from continuing operations unless otherwise noted)*:
  - Revenue of $202.2 million up $8.0 million, or 4.1%.
  - Long-term care revenue of $143.5 million up $2.8 million or 2.0%, including average revenue rates for senior care centres up 2.0% to $198.31.
  - Home health care revenue of $45.6 million up $2.7 million or 6.3%, including funding to support mandated wage increases and a 2.0% increase in service volumes.
  - Net operating income of $25.8 million up $3.1 million or 13.7%, representing 12.8% and 11.7% of revenue, respectively.
  - Adjusted EBITDA of $16.2 million up $2.3 million or 16.6%, representing 8.0% and 7.1% of revenue, respectively.
  - AFFO from continuing operations was $7.1 million ($0.081 per basic share) in Q1 2015 compared to $6.4 million ($0.073 per basic share) in Q1 2014.
  - AFFO, including discontinued operations, was $21.8 million ($0.248 per basic share) in Q1 2015 compared to $21.5 million ($0.246 per basic share) in Q1 2014.
  - Dividends declared in Q1 2015 totalled $10.5 million, representing approximately 48% of AFFO for the same period.
  - Acquired for cancellation, 978,489 common shares at a cost of $7.0 million.
- Declared May 2015 dividend of $0.04 per share.
- Completed sale of seven of 10 U.S. skilled nursing centres to date in 2015 for pre-tax cash proceeds of US$14.8 million.
- Completed home health care acquisition for cash of $83 million effective April 30, 2015.
- On target for completion of sale of U.S. operations before end of Q2/15.
- Ontario government released updated redevelopment program for older long-term care beds; includes increased construction funding subsidy base rate to $16.65 per bed from $13.30 per bed.

"We are off to a good start in 2015," stated Tim Lukenda, President and Chief Executive Officer of Extendicare. "The financial performance of our continuing business segments has been solid and we are making good progress towards executing on our previously announced strategic transactions. We have successfully closed on our home health care acquisition and remain on track for our Q2 exit from the U.S. business. We look forward to the future and the further opportunities to redeploy the sale proceeds into strategic growth opportunities," he added.

HOME HEALTH CARE ACQUISITION

As previously announced on May 1, 2015, the Company has completed the acquisition of the home health business from Revera Inc. for $83 million in cash, before working capital adjustments (the "Acquisition"). The Acquisition was financed with a bridge loan of $80 million (the "Bridge Loan") and cash on hand. The Company intends to repay the Bridge Loan from the proceeds of the previously announced sale of substantially all of our U.S. operations, which is expected to close in the second quarter of 2015. We estimate that this acquisition will add approximately $0.10 (annualized) to our AFFO per share in the first year, excluding any temporary financing costs.

U.S. SALE TRANSACTION

As previously announced, the Company has entered into a definitive share purchase agreement to sell substantially all of its U.S. business to a group of investors led by Formation Capital, LLC (the "Purchaser") for US$870 million ($1.1 billion using the closing U.S./Canadian dollar exchange rate of 1.2666 as at March 31, 2015), subject to specified adjustments, including a reduction on account of the outstanding amount of mortgage loans and other indebtedness relating to the U.S. business at closing, which as at March 31, 2015, was US$658.3 million. The Company estimates the net after-tax cash proceeds from the U.S. Sale Transaction to be in the range of US$230 million to US$250 million, and includes a deduction of pre-tax US$9 million for advisor fees and other transaction costs. The estimate of after-tax proceeds is subject to change at the time of closing, which is anticipated to occur in the 2015 second quarter. The Company's primary intended use of the proceeds from the U.S. Sale Transaction will be to repay the Bridge Loan in connection with the home health care acquisition described above and to further expand and grow its Canadian operations.

Not included in the U.S. Sale Transaction were 10 U.S. skilled nursing centres that the Company is disposing of separately. One of these centres was sold during the first quarter of 2015 for pre-tax cash proceeds of $5.4 million (US$4.3 million) that resulted in a pre-tax gain of $1.0 million (US$0.8 million). As at March 31, 2015, the net carrying value of the nine remaining U.S. skilled nursing centres was $20.2 million (US$16.0 million), which included net working capital to be retained of approximately US$4.9 million, and was net of debt to be assumed of US$9.6 million. Subsequent to March 31, 2015, six of these centres were sold for pre-tax cash proceeds of approximately US$10.5 million that had a net carrying value of US$11.4 million as at March 31, 2015, excluding working capital to be retained. The remaining three centres held for sale are anticipated to be sold in the second quarter of 2015.

ONTARIO REDEVELOPMENT PROGRAM

On February 27, 2015, the Ministry of Health and Long-Term Care (the "MOHLTC") released updates to its plan to redevelop approximately 31,000 older long-term care beds by the end of 2025. This included a new construction funding subsidy policy that includes an increase to the base rate from $13.30 to $16.65 per bed for large centres of 161 beds or more. The MOHLTC has indicated that the increased construction funding subsidy will apply retroactively to qualified operators who participated in phase one of the redevelopment program launched in 2009, following amendments to the existing development agreements. In addition, long-term care centres are no longer required to meet Leadership in Energy and Environmental Design, or LEED, construction standards; however, those that achieve LEED Silver status will continue to receive a per diem premium of $1.00 per bed. Extendicare constructed two centres (436 beds) under phase one of the program that currently receive a per diem construction subsidy of $14.30 per bed, and would be eligible to receive an increase in the per diem construction subsidy to $17.65 per bed, representing an additional $0.5 million per annum.

As a first step towards scheduling redevelopment projects, all operators are to complete a survey to assist the MOHLTC with gauging interest and readiness, following which projects will be prioritized and scheduled. It is anticipated that late in 2015, selected operators will receive approval to proceed with the next phase of redevelopments. Following their redevelopment, long-term care centres meeting the enhanced design standards will be eligible to receive a 30-year license. In addition, the government amended legislation to extend the maximum term of long-term care centre licenses for “New” and “A” beds by five years (to a maximum of 30 years), effective January 1, 2015.

2015 FIRST QUARTER FINANCIAL REVIEW

Consolidated Revenue

Consolidated continuing operations – revenue grew by $8.0 million to $202.2 million in the 2015 first quarter from $194.3 million in the same 2014 period.

Long-term care operations – revenue improved by $2.8 million to $143.5 million this quarter, primarily due to funding enhancements and was also impacted by the timing of recognition of revenue under the Ontario envelope system. Approximately $1.1 million of the revenue improvement related to our Ontario flow-through envelopes and were therefore directly offset by increased costs of resident care, and approximately $0.2 million of the increase was due to higher preferred accommodation revenue in Ontario.

Our average occupancy remained relatively unchanged at 97.4% this quarter compared to 97.3% in the same 2014 period. In comparison to the 2014 fourth quarter, average occupancy is down slightly from 98.2%, which is not unusual through the winter months. Our average daily revenue rate this quarter was $198.31, up 2.0% over $194.47 in the 2014 first quarter. In comparison to the 2014 fourth quarter, our average daily rate declined by 2.9% due to the timing of revenue recognition under the Ontario envelope system.

Home health care operations – revenue improved by $2.7 million to $45.6 million primarily due to enhanced funding to support an increase in government-mandated wage increases for personal support workers, estimated at approximately $2.0 million, and a 2.0% increase in daily hours of service provided to 13,758 this quarter from 13,485 in the 2014 first quarter. In comparison to the 2014 fourth quarter, our daily hours of service declined by 1.4%, which is not unusual as the community care access centres work to balance their budgets for their fiscal year end in March.

Other Canadian operations – revenue from our management and group purchasing operations increased by $0.7 million to $3.5 million this quarter, primarily due to the addition of 17 senior care centres (approximately 1,700 beds) under contract with our Extendicare Assist division since the 2014 first quarter.

U.S. operations – revenue increased by $1.8 million to $9.6 million this quarter, and included a $1.1 million positive effect of a weaker Canadian dollar. The balance of the improvement of $0.7 million related primarily to our health technology services, provided through Virtual Care Provider, Inc., or VCPI. VCPI generated revenue of US$7.6 million this quarter compared to US$7.0 million in the same 2014 period, which included internal services provided to Extendicare's U.S. operations of US$2.1 million and US$1.9 million, respectively. VCPI provided services to 2,074 non-Extendicare clients at the end of March 2015, compared to 2,039 at the end of the 2014 first quarter, and to 1,976 at the end of 2014.

Consolidated Net Operating Income

Consolidated continuing operations – net operating income improved by $3.1 million to $25.8 million in the 2015 first quarter from $22.7 million in the same 2014 period, representing 12.8% and 11.7% of revenue, respectively. This improvement reflected increased revenue of $8.0 million partially offset by higher operating costs of $4.9 million. The majority of our operating costs are labour related and represented 83.7% and 83.3% of our operating costs in the first quarters of 2015 and 2014, respectively, and as a percentage of revenue were 73.0% and 73.6%, respectively.

Long-term care operations – net operating income improved by $1.6 million, reflecting higher revenue of $2.8 million partially offset by increased operating costs of $1.2 million. Costs increases included higher labour costs of approximately $1.9 million, or 1.8%, that were partially offset by a net decline in other costs that included lower staff training costs of approximately $0.3 million and a reduction in repairs and maintenance costs of approximately $0.2 million. Labour costs of our long-term care operations represented 83.4% and 82.8% of operating expenses in the first quarters of 2015 and 2014, respectively.

Home health care operations – net operating income improved by $0.3 million, reflecting higher revenue of $2.7 million, partially offset by increased costs of $2.4 million. This improvement in net operating income was primarily due to a 2.0% increase in volumes. Labour costs of our home health care operations represented 89.7% and 89.3% of its operating expenses in the first quarters of 2015 and 2014, respectively.

Other Canadian operations – net operating income from our management and group purchasing operations improved by $0.4 million, reflecting higher revenue of $0.7 million, partially offset by increased operating costs of $0.3 million to support the increase in clients served.

U.S. operations – net operating income improved by $0.8 million, which included a $0.3 million positive effect of the weaker Canadian dollar. The balance of the improvement of $0.5 million related primarily to our health technology services, representing higher revenue of $0.7 million, partially offset by increased costs of $0.2 million.

Administrative and Lease Costs

Administrative and lease costs totalled $9.6 million in the 2015 first quarter, representing $6.2 million from our Canadian operations and $3.4 million (US$2.7 million) from our U.S. operations. In comparison, the administrative and lease costs in the 2014 first quarter of $8.8 million represented $6.0 million from our Canadian operations and $2.8 million (US$2.6 million) from our U.S. operations. Approximately half of the $0.8 million increase between quarters was due to the weaker Canadian dollar, with the balance primarily due to higher administrative wage costs.

Consolidated Adjusted EBITDA

Consolidated Adjusted EBITDA increased by $2.3 million to $16.2 million this quarter from $13.9 million in the 2014 first quarter, representing 8.0% and 7.1% of revenue, respectively. This improvement was realized from the growth in net operating income of $3.1 million, partially offset by the increase in administrative and lease costs of $0.8 million, previously discussed.

DISCONTINUED OPERATIONS

Earnings from discontinued operations, net of tax were $5.7 million this quarter compared to $0.7 million in the 2014 first quarter. On a pre-tax basis, results from discontinued operations improved by $7.9 million and were largely impacted by the elimination of any depreciation and amortization expense since the reclassification of these operations to assets held for sale, compared to $12.9 million recorded in the 2014 first quarter, partially offset by an increase in finance costs due to an increase in long-term debt, a decline in EBITDA, and transaction costs related to the pending sale.

ADJUSTED FUNDS FROM OPERATIONS (AFFO)

AFFO was $21.8 million ($0.248 per basic share) in the 2015 first quarter compared to $21.5 million ($0.246 per basic share) in the 2014 first quarter, representing an increase of $0.3 million, of which $0.7 million was from continuing operations, partially offset by a $0.4 million reduction in AFFO from discontinued operations.

The decline in AFFO from discontinued operations of $0.4 million was due to a decrease in Adjusted EBITDA from discontinued operations of $0.8 million and higher net finance costs of $2.6 million, partially offset by a decline in current taxes of $1.3 million and lower maintenance capex of $1.7 million.

AFFO from continuing operations was $7.1 million ($0.081 per basic share) in the 2015 first quarter compared to $6.4 million in the 2014 first quarter ($0.073 per basic share). The improvement of $0.7 million was due to an increase in Adjusted EBITDA of $2.3 million and lower net finance costs of $1.4 million, partially offset by higher current taxes of $2.7 million and an increase in maintenance capex of $0.3 million. Current income taxes for the 2015 first quarter were $3.1 million compared to $0.4 million in the same 2014 period, representing 47.5% and 13.2% of pre-tax FFO from continuing operations, respectively. The 2014 first quarter current taxes were predominately sheltered by non-capital loss carryforwards which decreased taxes by approximately $1.1 million, thereby reducing the effective rate from 48.9% to 13.2%.

The effective tax rates on our FFO can be impacted by: adjustments to our estimates of annual deferred timing differences, particularly when dealing with cash-based tax items versus accounting accruals; changes in the proportion of earnings between taxable and non-taxable entities; book-to-file adjustments for prior year filings; cross-border dividends; and the ability to utilize loss carryforwards. The 2015 first quarter effective tax rate on FFO, at 47.5%, was in excess of our anticipated rate for the 2015 year of between 20% and 25%, primarily due to timing differences.

Maintenance capex from continuing operations was $0.8 million in the 2015 first quarter, compared to $0.5 million in the 2014 first quarter and to $6.4 million in the 2014 fourth quarter, representing 0.4%, 0.3% and 3.0% of revenue from continuing operations, respectively. These costs fluctuate on a quarterly basis with the timing of projects and seasonality. It is our intention to spend between 1.5% and 2.0% of revenue annually, which is consistent with our objective to maintain and upgrade our centres. In 2015, we are expecting to spend in the range of $13 million to $16 million in maintenance capex.

Dividends declared for the three months ended March 31, 2015 totalled $10.5 million, or $0.12 per share, representing approximately 48% of AFFO of $21.8 million, or $0.248 per basic share, compared to a payout ratio of approximately 49% in the same 2014 period.

SELF-INSURED LIABILITIES EXPENSE

Extendicare self-insures certain risks related to general and professional liability of its U.S. operations through its wholly owned captive insurance company (the "Captive"). With the classification of the U.S. senior care operations as held for sale and reported as discontinued operations, the expense for self-insured liabilities incurred by the Captive has also been reclassified to discontinued operations. However, the obligation to settle any claims incurred prior to the closing of the U.S. Sale Transaction, including claims incurred but yet to be reported, remains with Extendicare and the Captive.

The balance of our accrual for self-insured liabilities was $146.0 million (US$115.3 million) as at the end of March 2015, and was relatively unchanged from $133.4 million (US$115.0 million) at the beginning of the year, except for the impact of the weaker Canadian dollar. Our investments held for self-insured liabilities also remained relatively unchanged at $166.2 million (US$131.2 million) as at March 31, 2015, compared to $154.2 million (US$132.9 million) as at December 31, 2014.

Our expense for self-insured liabilities, which is included in discontinued operations, was $8.8 million (US$7.1 million) in the 2015 first quarter, and equaled the payments made for claims during the quarter. In comparison, our expense in the 2014 first quarter was $7.4 million (US$6.7 million) and payments made were $9.1 million (US$8.3 million). Our last independent actuarial review was completed in conjunction with the 2014 year end results, and the next one will be completed in the 2015 second quarter.

NORMAL COURSE ISSUER BID

As previously announced, we initiated a normal course issuer bid (the "Bid") on December 31, 2014, for up to 8,630,000 of our common shares (the "Common Shares") through the facilities of the TSX, and on alternative Canadian trading platforms. To date in 2015, we have acquired for cancellation 978,489 Common Shares at an average share price of $7.15, for a total cost of $7.0 million.

MAY 2015 DIVIDEND DECLARED

The Board of Directors of Extendicare today declared a cash dividend of $0.04 per share for the month of May 2015, which is payable on June 15, 2015, to shareholders of record at the close of business on May 29, 2015. This dividend is designated as an "eligible dividend" within the meaning of the Income Tax Act (Canada).

CONFERENCE CALL AND WEBCAST

On May 8, 2015, at 11:00 a.m. (ET), we will hold a conference call to discuss our 2015 first quarter results. The call will be webcast live and archived in the investors/presentations & webcasts section of our website at www.extendicare.com. Alternatively, the call-in number is 1-877-405-9213 or 416-695-7806, conference ID number 1015449#. A replay of the call will be available until midnight on May 22, 2015. To access the rebroadcast, dial 1-800-408-3053 or 905-694-9451, followed by the passcode 3966824#. Slides accompanying remarks during the call will be posted to our website as part of the live webcast. Also, a supplemental information package containing historical quarterly financial results and operating statistics can be found on the website under the investors/financial reports section.

ABOUT US

Extendicare is a leading provider of care and services for seniors throughout Canada. Through our network of 112 operated senior care centres (58 owned/54 managed), as well as our home health care operations, we are committed to delivering care throughout the health care continuum to meet the needs of a growing seniors' population in Canada. Our qualified and highly trained workforce of 22,400 individuals is dedicated to helping people live better through a commitment to quality service and a passion for what we do. As previously reported, our U.S. senior care operations have been classified as discontinued, with sale transactions expected to close in the 2015 second quarter.

RECAST OF COMPARATIVE INFORMATION

During the first quarter of 2015, certain costs and transactions previously classified as part of continuing operations were classified as discontinued operations. This included a note payable and transaction costs incurred in the 2014 fourth quarter associated with the sale of the U.S. operations.

A note payable of $7.6 million (US$6.0 million) was reclassified in 2015 from long-term debt to liabilities held for sale as this liability will be settled upon the completion of the U.S. Sale Transaction. The comparative amount of $7.0 million (US$6.0 million) as at December 31, 2014, has been reclassified on the consolidated statement of financial position. The Company has also recast the transaction costs incurred in the 2014 fourth quarter associated with the sale of the U.S. operations totalling $7.8 million (pre-tax), $6.7 million (after-tax), from continuing operations to discontinued operations, to conform with the current year's presentation.

Non-GAAP Measures

Extendicare assesses and measures operating results and financial position based on performance measures referred to as "net operating income", "Adjusted EBITDA", "earnings (loss) from continuing operations before separately reported items", "Funds from Operations", and "Adjusted Funds from Operations". These are not measures recognized under GAAP and do not have standardized meanings prescribed by GAAP. These non-GAAP measures are presented in this document because either: (i) management believes that they are a relevant measure of the ability of Extendicare to make cash distributions; or (ii) certain ongoing rights and obligations of Extendicare may be calculated using these measures. Such non-GAAP measures may differ from similar computations as reported by other issuers and, accordingly, may not be comparable to similarly titled measures as reported by such issuers. They are not intended to replace earnings (loss) from continuing operations, net earnings (loss), cash flow, or other measures of financial performance and liquidity reported in accordance with GAAP. Reconciliations of these non-GAAP measures from net earnings (loss) and/or from net cash from operations, where applicable, are provided in this press release on the Non-GAAP Reconciliations page. Detailed descriptions of these terms can be found in the disclosure documents filed by Extendicare with the securities regulatory authorities, available at www.sedar.com and on Extendicare's website at www.extendicare.com.

Forward-looking Statements
Information provided by Extendicare from time to time, including this release, contains or may contain forward-looking statements concerning anticipated financial events, results, circumstances, economic performance or expectations with respect to Extendicare and its subsidiaries, including, without limitation, statements regarding its business operations, business strategy, and financial condition. Forward-looking statements can be identified because they generally contain the words "expect", "intend", "anticipate", "believe", "estimate", "project", "plan" or "objective" or other similar expressions or the negative thereof. Forward-looking statements reflect management's beliefs and assumptions and are based on information currently available, and Extendicare assumes no obligation to update or revise any forward-looking statement, except as required by applicable securities laws. These statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements of Extendicare to differ materially from those expressed or implied in the statements. Given these risks and uncertainties, readers are cautioned not to place undue reliance on Extendicare's forward-looking statements. Further information can be found in the disclosure documents filed by Extendicare with the securities regulatory authorities, available at www.sedar.com and on Extendicare's website at www.extendicare.com.

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Extendicare Inc.
Consolidated Statements of Earnings (Loss)

(in thousands of Canadian dollars)	Three months ended March 31	
	2015	**2014**
Revenue		
Nursing and assisted living centres	**143,479**	140,669
Home health care	**45,627**	42,937
Health technology services	**9,444**	7,770
Management, consulting and other	**3,669**	2,878
Total revenue	**202,219**	194,254
Operating expenses	**176,404**	171,552
Net operating income (1)	**25,815**	22,702
Administrative costs	**8,300**	7,542
Lease costs	**1,328**	1,273
Adjusted EBITDA (1)	**16,187**	13,887
Depreciation and amortization	**5,870**	5,705
Loss from asset impairment, disposals and other items	**899**	560
Earnings before net finance costs and income taxes	**9,418**	7,622
Finance costs		
Interest expense	**7,370**	9,157
Interest income	**(848)**	(1,182)
Accretion costs	**604**	540
Fair value adjustments	**-**	558
Net finance costs	**7,126**	9,073
Earnings (loss) from continuing operations before income taxes	**2,292**	(1,451)
Income tax expense (recovery)		
Current	**3,155**	405
Deferred	**(1,923)**	(66)
	1,232	339
Earnings (loss) from continuing operations	**1,060**	(1,790)
Earnings from discontinued operations	**5,695**	732
Net earnings (loss)	**6,755**	(1,058)
Average U.S./Cdn. dollar exchange rate	***1.2412***	*1.1033*

(1) Refer to discussion of non-GAAP measures.

Extendicare Inc.
Consolidated Statements of Financial Position

(in thousands of Canadian dollars, unless otherwise noted)	**March 31 2015**	**December 31 2014**
Assets		
Current assets		
Cash and short-term investments	**40,162**	35,495
Restricted cash	**1,207**	1,085
Accounts receivable, less allowance	**34,317**	41,036
Income taxes recoverable	**70**	65
Assets held for sale	**1,341,759**	1,254,535
Other current assets	**18,176**	10,409
Total current assets	**1,435,691**	1,342,625
Non-current assets		
Property and equipment, net of accumulated depreciation *of $186,261 and $182,180, respectively*	**327,388**	331,134
Goodwill and other intangible assets	**16,013**	16,227
Investments held for self-insured liabilities	**166,187**	154,178
Other assets	**62,062**	63,187
Deferred tax assets	**8,418**	7,935
Total non-current assets	**580,068**	572,661
Total Assets	**2,015,759**	1,915,286
Liabilities and Equity (Deficiency)		
Current liabilities		
Accounts payable	**3,815**	4,998
Accrued liabilities	**106,213**	103,907
Liabilities held for sale	**1,226,965**	1,137,774
Accrual for self-insured liabilities	**28,407**	25,984
Current portion of long-term debt	**19,029**	18,828
Income taxes payable	**2,737**	4,043
Total current liabilities	**1,387,166**	1,295,534
Non-current liabilities		
Provisions	**7,618**	7,535
Accrual for self-insured liabilities	**117,604**	107,460
Long-term debt	**447,890**	453,200
Other long-term liabilities	**40,153**	38,014
Deferred tax liabilities	**13,846**	16,047
Total non-current liabilities	**627,111**	622,256
Total liabilities	**2,014,277**	1,917,790
Shareholders' equity (deficiency)	**1,482**	(2,504)
Total Liabilities and Equity (Deficiency)	**2,015,759**	1,915,286
Closing U.S./Cdn. dollar exchange rate	***1.2666***	*1.1601*

Extendicare Inc.
Consolidated Statements of Cash Flows

(in thousands of Canadian dollars)	Three months ended March 31	
	2015	**2014**
Operating Activities		
Net earnings (loss)	**6,755**	(1,058)
Adjustments for:		
Depreciation and amortization	**5,870**	18,631
Provision for self-insured liabilities	**8,846**	7,390
Payments for self-insured liabilities	**(8,850)**	(9,106)
Deferred taxes	**1,430**	(233)
Current taxes	**2,189**	27
Loss from asset impairment, disposals and other items		
Continuing operations	**899**	560
Discontinued operations	**942**	(50)
Loss from derivative financial instruments and foreign exchange		
Continuing operations	**-**	558
Discontinued operations	**639**	-
Net finance costs	**17,213**	16,088
	35,933	32,807
Net change in operating assets and liabilities		
Accounts receivable	**30,105**	20,692
Other current assets	**(8,319)**	(1,836)
Accounts payable and accrued liabilities	**(14,183)**	(851)
	43,536	50,812
Interest paid	**(18,046)**	(15,835)
Interest received	**921**	1,314
Income taxes paid	**(5,340)**	(254)
Net cash from operating activities	**21,071**	36,037
Investing Activities		
Purchase of property, equipment and software - growth	**(75)**	(1,405)
Purchase of property, equipment and software - maintenance	**(3,359)**	(4,750)
Net proceeds from dispositions	**5,368**	-
Decrease (increase) in investments held for self-insured liabilities	**3,204**	(7,692)
Other assets	**(2,000)**	3,136
Net cash from investing activities	**3,138**	(10,711)
Financing Activities		
Repayment of long-term debt, excluding line of credit	**(9,302)**	(8,291)
Decrease (increase) in restricted cash	**(819)**	6,970
Purchase of securities for cancellation	**(7,000)**	-
Dividends paid	**(8,976)**	(8,841)
Financing costs	**(621)**	(184)
Net cash from financing activities	**(26,718)**	(10,346)
Increase (decrease) in cash and cash equivalents	**(2,509)**	14,980
Cash and cash equivalents at beginning of period	**98,799**	95,999
Foreign exchange gain on cash held in foreign currency	**5,745**	1,628
Cash and cash equivalents at end of period	**102,035**	112,607
Less: cash from discontinued operations	**(61,873)**	-
Cash and cash equivalents at end of period, continuing operations	**40,162**	112,607

Extendicare Inc.
Canadian Operations - Operating Statistics

(amounts in Canadian dollars, unless otherwise noted)	Three months ended March 31	
	2015	**2014**
Canadian Senior Care Centres		
Number of Centres Operated at Period End		
Owned/leased	**58**	58
Managed	**54**	37
	112	95
Operational Resident Capacity at Period End		
Owned/leased	**8,116**	8,119
Managed	**6,195**	4,484
	14,311	12,603
Average Daily Revenue Rate (owned/leased centres)		
Total Canadian operations	**$198.31**	$194.47
Average Occupancy (owned/leased centres)		
Total Canadian operations	**97.4 %**	97.3 %
Ontario LTC total average occupancy	**97.4**	97.2
Ontario LTC preferred accommodation (1)		
"New" centres – private (2)	**91.3**	85.3
"C" centres – private	**97.4**	96.8
"C" centres - semi-private	**60.6**	59.5
Home Health Care – hours of service		
Total operations		
Hours of service (000's)	**1,238.2**	1,213.7
Hours per day	**13,757.5**	13,485.3

(1) Average occupancy reported for the available private and semi-private rooms reflects the percentage of residents occupying those beds and paying the respective premiums.

(2) The occupancy percentages for 2014 have been restated from what was previously reported at the end of 2014 to conform with the methodology described in note 1 above.

Extendicare Inc.
Supplemental Information – FFO and AFFO

The following table provides a reconciliation of Adjusted EBITDA to Funds from Operations (FFO) and Adjusted Funds from Operations (AFFO) for the periods ended March 31, 2015 and 2014.[1]

(in thousands of Canadian dollars unless otherwise noted)	**Three months ended March 31**	
	2015	**2014**
Adjusted EBITDA	**16,187**	13,887
Depreciation for FFEC (maintenance capex) [2]	**(2,416)**	(2,294)
Accretion costs	**(604)**	(540)
Interest expense	**(7,370)**	(9,157)
Interest income	**848**	1,182
	6,645	3,078
Current income tax recovery (expense) [3]	**(3,155)**	(405)
FFO (continuing operations)	**3,490**	2,673
Amortization of financing costs	**356**	361
Accretion costs	**604**	540
Principal portion of government capital funding payments	**1,064**	1,008
Additional maintenance capex [2]	**1,577**	1,798
AFFO (continuing operations)	**7,091**	6,380
AFFO (discontinued operations)	**14,752**	15,091
AFFO	**21,843**	21,471
Per Basic Share ($)		
FFO (continuing operations)	**0.040**	0.031
FFO (total operations)	**0.225**	0.204
AFFO (continuing operations)	**0.081**	0.073
AFFO (total operations)	**0.248**	0.246
Per Diluted Share ($)		
FFO (continuing operations)	**0.040**	0.031
FFO (total operations)	**0.217**	0.199
AFFO (continuing operations)	**0.081**	0.073
AFFO (total operations)	**0.234**	0.232
Dividends declared	**10,546**	10,491
Dividends declared per share ($)	**0.120**	0.120
Basic weighted average number of shares *(thousands)*	**88,003**	87,386
Diluted weighted average number of shares *(thousands)*	**99,247**	104,355

(1) "Adjusted EBITDA", "funds from operations" and "adjusted funds from operations" are not recognized measures under GAAP and do not have a standardized meaning prescribed by GAAP. Refer to the discussion of non-GAAP measures.

(2) These two line items combined represent the total of our maintenance capex incurred in the period. An amount equivalent to our depreciation for FFEC, or furniture, fixtures, equipment and computers, is deducted in determining FFO, and the difference in total maintenance capex incurred is adjusted for in determining AFFO.

(3) Excludes current tax with respect to the loss (gain) from derivative financial instruments, foreign exchange, asset impairment, disposals and other items that are excluded from the computation of AFFO.

Extendicare Inc.
Segmented Information

(in thousands of Canadian dollars)	**Long-term Care**	**Home Health Care**	**Other Canadian Operations**	**Corporate Canada**	**Total Canada**	**Total U.S.**	**Total**
Q1 2015							
Revenue	**143,479**	**45,627**	**3,545**	**7**	**192,658**	**9,561**	**202,219**
Operating expenses	**127,534**	**40,317**	**1,559**	**-**	**169,410**	**6,994**	**176,404**
Net operating income	**15,945**	**5,310**	**1,986**	**7**	**23,248**	**2,567**	**25,815**
Net operating income margin (% of revenue)	***11.1%***	***11.6%***	***56.0%***	***100.0%***	***12.1%***	***26.8%***	***12.8%***
Q1 2014							
Revenue	140,669	42,937	2,831	11	186,448	7,806	194,254
Operating expenses	126,288	37,916	1,307	-	165,511	6,041	171,552
Net operating income	14,381	5,021	1,524	11	20,937	1,765	22,702
Net operating income margin (% of revenue)	*10.2%*	*11.7%*	*53.8%*	*100.0%*	*11.2%*	*22.6%*	*11.7%*
Q1 2015 over Q1 2014 Change							
Revenue	2,810	2,690	714	(4)	6,210	1,755	7,965
Operating expenses	1,246	2,401	252	-	3,899	953	4,852
Net operating income	1,564	289	462	(4)	2,311	802	3,113

	Q1 2015			**Q1 2014**			**Total**
(in thousands of Canadian dollars)	**Canada**	**U.S.**	**Total**	**Canada**	**U.S.**	**Total**	**Change**
AFFO (continuing operations)	**7,872**	**(781)**	**7,091**	7,537	(1,157)	6,380	711
Discontinued operations	**-**	**14,752**	**14,752**	-	15,091	15,091	(339)
AFFO	**7,872**	**13,971**	**21,843**	7,537	13,934	21,471	372
Maintenance capex (continuing operations)	**815**	**24**	**839**	361	135	496	343
Discontinued operations	**-**	**2,520**	**2,520**	-	4,254	4,254	(1,734)
Maintenance capex	**815**	**2,544**	**3,359**	361	4,389	4,750	(1,391)

Extendicare Inc.
Non-GAAP Reconciliations

(in thousands of Canadian dollars unless otherwise noted)	**Three months ended March 31**	
	2015	**2014**
Reconciliation of Cash Provided by Operating Activities to AFFO:		
Net cash from operating activities	**21,071**	36,037
Add (Deduct):		
Net change in operating assets and liabilities, including interest and taxes	**(2,652)**	(17,523)
Current income taxes on items excluded from AFFO (1)	**(2,563)**	(3,228)
Net provisions and payments for self-insured liabilities	**4**	1,716
Depreciation for FFEC (maintenance capex) (2)	**(2,416)**	(5,558)
Principal portion of government capital funding payments	**1,064**	1,008
Additional maintenance capex	**(943)**	808
Property taxes accounted for under IFRIC 21	**8,278**	8,211
AFFO (2)	**21,843**	21,471
Reconciliation of Earnings before Income Taxes to Adjusted EBITDA and Net Operating Income:		
Earnings (loss) from continuing operations before income taxes	**2,292**	(1,451)
Add (Deduct):		
Depreciation and amortization	**5,870**	5,705
Net finance costs	**7,126**	9,073
Loss from asset impairment, disposals and other items	**899**	560
Adjusted EBITDA (2)	**16,187**	13,887
Add (Deduct):		
Administrative costs	**8,300**	7,542
Lease costs	**1,328**	1,273
Net operating income (2)	**25,815**	22,702

(1) Represents current income tax with respect to the property taxes accounted for under IFRIC 21, provision for U.S. government investigations, gains or losses from derivative financial instruments, foreign exchange, asset impairment, disposals and other items that are excluded from the computation of AFFO.

(2) Refer to discussion of non-GAAP measures.