Consolidated Financial Statements of Cervus Equipment Corporation

For the years ended December 31, 2014 and 2013

Independent Auditors' Report

To the Shareholders of Cervus Equipment Corporation

We have audited the accompanying consolidated financial statements of Cervus Equipment Corporation, which comprise the consolidated statements of financial position as at December 31, 2014 and December 31, 2013, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Cervus Equipment Corporation as at December 31, 2014 and December 31, 2013, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

Chartered Accountants
March 10, 2015
Calgary, Canada

Consolidated Statements of Financial Position

As at December 31, 2014 and 2013

($ thousands)	Note	2014	2013
Assets			
Current assets			
Cash and cash equivalents	6	$ 18,787	$ 14,678
Trade and other accounts receivable	7	58,462	45,584
Inventories	8	324,625	178,511
Current portion finance lease receivables	9	1,600	-
Derivative financial asset	18	6,559	-
Assets held for sale		181	3,681
Total current assets		410,214	242,454
Non-current assets			
Long-term receivables		1,702	2,103
Long-term finance lease receivables	9	1,433	-
Investments in associates, at equity	10	5,268	7,786
Deposits with manufacturers	11	3,479	1,977
Property and equipment	12	148,948	101,896
Deferred tax asset	13	24,518	37,009
Intangible assets	14	54,009	26,139
Goodwill	15	19,732	6,866
Total non-current assets		259,089	183,776
Total assets		$ 669,303	$ 426,230
Liabilities			
Current liabilities			
Trade and other accrued liabilities	16	$ 81,237	$ 48,821
Customer deposits		8,594	4,081
Floor plan payables	17	175,035	67,198
Dividends payable		3,233	3,002
Current portion of term debt	17	9,974	6,168
Derivative financial liability	18	6,590	-
Current portion of finance lease obligation	9	6,175	-
Total current liabilities		$ 290,838	$ 129,270

Consolidated Statements of Financial Position (continued)

As at December 31, 2014 and 2013

($ thousands)	Note	2014	2013
Non-current liabilities			
Term debt	17	$ 96,843	$ 46,002
Finance lease obligation	9	18,334	-
Notes payable		533	-
Debenture payable	17	32,065	31,265
Deferred income tax liability	13	1,199	1,273
Total non-current liabilities		**148,974**	**78,540**
Total liabilities		**$ 439,812**	**$ 207,810**
Equity			
Shareholders' capital	19	83,814	78,126
Deferred share plan	20	7,559	6,426
Other reserves	19	6,433	5,176
Accumulated other comprehensive income		192	139
Retained earnings		130,036	124,982
Total equity attributable to equity holders of the Company		**228,034**	**214,849**
Non-controlling interest		**1,457**	**3,571**
Total equity		**229,491**	**218,420**
Total liabilities and equity		**$ 669,303**	**$ 426,230**

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

Approved by the Board: "Peter Lacey" Director "Angela Lekatsas" Director

Consolidated Statements of Comprehensive Income

For the year ended December 31, 2014 and 2013

($ thousands)	Note	2014	2013
Revenue			
Equipment sales		$ 741,072	$ 673,123
Parts		150,682	117,261
Service		69,535	55,911
Rentals		18,320	14,843
Total revenue		979,609	861,138
Cost of sales	21, 23	(792,936)	(697,829)
Gross profit		186,673	163,309
Other income	22	3,715	3,885
Selling, general and administrative expense	23	(157,678)	(132,796)
Income from operating activities		32,710	34,398
Finance income		384	532
Finance costs		(7,656)	(6,735)
Net finance costs	24	(7,272)	(6,203)
Share of profit of equity accounted investees, net of income tax	10	712	3,527
Profit before income tax expense		26,150	31,722
Income tax expense	13	(7,654)	(8,396)
Profit for the year		18,496	23,326
Other comprehensive income			
Foreign currency translation differences for foreign operations (net of tax)		53	(82)
Total comprehensive income for the year		$ 18,549	$ 23,244
Profit attributable to:			
Shareholders of the Company		$ 18,362	$ 23,090
Non-controlling interest		134	236
Profit for the year		$ 18,496	$ 23,326
Total comprehensive income attributable to:			
Shareholders of the Company		$ 18,415	$ 23,008
Non-controlling interest		134	236
Total comprehensive income for the year		$ 18,549	$ 23,244
Net income per share attributable to shareholders of the Company:			
Basic	25	$ 1.21	$ 1.54
Diluted	25	$ 1.15	$ 1.48

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

Consolidated Statements of Changes in Equity

For the year ended December 31, 2014 and 2013

Attributable to equity holders of the Company

($ thousands)	Note	Share Capital	Deferred Share Plan	Other Reserves	Cumulative Translation Account	Retained Earnings	Total	Non-Controlling Interest	Total Equity
Balance January 1, 2013		**$ 76,503**	**$ 5,133**	**$ 5,136**	**$ 221**	**$ 113,651**	**$ 200,644**	**$ -**	**$ 200,644**
Comprehensive income for the year									
Profit		-	-	-	-	23,090	23,090	236	23,326
Other comprehensive income									
Foreign currency translation adjustments		-	-	-	(82)	-	(82)	-	(82)
Total comprehensive income for the year		-	-	-	(82)	23,090	23,008	236	23,244
Transactions with owners, recorded directly in equity									
Dividends to equity holders		-	-	-	-	(11,759)	(11,759)	-	(11,759)
Distributions to non-controlling interests		-	-	-	-	-	-	(70)	(70)
Shares issued through DRIP		1,097	-	-	-	-	1,097	-	1,097
Shares issued through deferred share plan		180	(180)	-	-	-	-	-	-
Shares issued through option plan		346	-	(103)	-	-	243	-	243
Share-based payment transactions		-	1,473	143	-	-	1,616	-	1,616
Transactions with owners		1,623	1,293	40	-	(11,759)	(8,803)	(70)	(8,873)
Non-controlling interest identified on acquisition		-	-	-	-	-	-	3,405	3,405
Balance December 31, 2013		**$ 78,126**	**$ 6,426**	**$ 5,176**	**$ 139**	**$ 124,982**	**$ 214,849**	**$ 3,571**	**$ 218,420**
Comprehensive income for the year									
Profit		-	-	-	-	18,362	18,362	134	18,496
Other comprehensive income									
Foreign currency translation adjustments		-	-	-	53	-	53	-	53
Total comprehensive income for the year		-	-	-	53	18,362	18,415	134	18,549
Transactions with owners, recorded directly in equity									
Dividends to equity holders	19	-	-	-	-	(12,583)	(12,583)	-	(12,583)
Distributions to non-controlling interests		-	-	-	-	-	-	(44)	(44)
Issuance of common shares	19	1,530	-	-	-	-	1,530	-	1,530
Shares issued through DRIP	19	1,040	-	-	-	-	1,040	-	1,040
Shares issued through deferred share plan	19	359	(359)	-	-	-	-	-	-
Shares issued through option plan	19	69	-	(17)	-	-	52	-	52
Share-based payment transactions		-	1,492	258	-	-	1,750	-	1,750
Shares issued for business acquisitions	5	2,690	-	-	-	-	2,690	-	2,690
Shares issued in reserve	5	-	-	1,016	-	-	1,016	-	1,016
Acquisition of non-controlling interests without a change in control	5	-	-	-	-	(725)	(725)	(3,603)	(4,328)
Transactions with owners		5,688	1,133	1,257	-	(13,308)	(5,230)	(3,647)	(8,877)
Non-controlling interest identified on acquisition		-	-	-	-	-	-	1,399	1,399
Balance December 31, 2014		**$ 83,814**	**$ 7,559**	**$ 6,433**	**$ 192**	**$ 130,036**	**$ 228,034**	**$ 1,457**	**$ 229,491**

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

Consolidated Statements of Cash Flows

For the years ended December 31, 2014 and 2013

($ thousands)	Note	2014	2013
Cash flows from operating activities			
Profit for the year		$ 18,496	$ 23,326
Depreciation	12	10,610	8,483
Amortization of intangibles	14	5,833	4,825
Equity-settled share-based payment transactions	20	1,526	1,428
Net finance costs	24	7,968	6,556
Unrealized foreign exchange loss		952	-
Gain on sale of property and equipment	22	(1,337)	(2,073)
Impairment loss on long term receivables		472	-
Share of profit of equity accounted investees, net of tax	10	(712)	(3,527)
Loss on revaluation of equity investment		-	598
Income tax expense	13	7,654	8,396
Proceeds from investments, at equity, net of purchases	10	2,063	2,187
Change in non-cash working capital		23,202	(13,477)
		76,727	36,722
Cash taxes paid		(88)	(122)
Interest paid		(7,545)	(6,120)
Net cash from operating activities		**69,094**	**30,480**
Cash flows from investing activities			
Interest received	24	384	532
Business acquisitions (net of cash acquired)	5	(84,379)	(1,352)
Payments for intangible assets	14	(882)	-
Purchase of property and equipment	12	(24,777)	(27,919)
Proceeds from disposal of property and equipment		4,688	5,400
Proceeds from asset held for sale		3,775	4,931
Net cash used in investing activities		**(101,191)**	**(18,408)**
Cash flows from financing activities			
Net proceeds from term debt		50,910	6,904
Proceeds from issue of share capital	19	1,530	-
Proceeds from exercise of share options		52	243
Acquisition of non-controlling interests		(3,354)	-
Cash dividends paid	19	(11,358)	(10,561)
Payment of finance lease liabilities		(1,363)	-
Increase in deposits with John Deere		(639)	148
Increase in notes payable		282	(2,838)
Net cash used in financing activities		**36,060**	**(6,104)**
Net increase in cash and cash equivalents		3,963	5,968
Effect of foreign currency translation on cash		146	554
Cash and cash equivalents, beginning of year		14,678	8,156
Cash and cash equivalents, end of year	6	$ 18,787	$ 14,678

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

Consolidated Financial Statements

For the years ended December 31, 2014 and 2013

1. Reporting Entity

Cervus Equipment Corporation ("Cervus" or the "Company") is an incorporated entity under the Canada Business Corporations Act and is domiciled in Canada. The registered office of the Company is situated at 5201 - 333, 96th Avenue N.E., Calgary, Alberta, Canada, T3K 0S3. The consolidated financial statements of the Company as at and for the year ended December 31, 2014 comprise of the Company and its subsidiaries ("the Group"). The Company is primarily involved in the sale, after-sale service and maintenance of agricultural, transportation, construction, and industrial equipment. The Company also provides equipment rental, primarily in the construction and industrial equipment segment. The Company wholly owns and operates 68 John Deere agricultural equipment, Bobcat and JCB construction equipment and Clark, Sellick, Doosan material handling equipment and Peterbilt truck dealerships in 40 locations in Western Canada, 13 locations in Ontario, 9 locations on the north island of New Zealand and 6 locations in Victoria, Australia. The Company also holds a 21.4% investment in seven John Deere agricultural equipment dealerships operating in Western Canada. The Company's shares are listed on the Toronto Stock Exchange ("TSX") and trade under the symbol "CVL".

2. Basis of Preparation

Statement of Compliance
The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board ("IASB").

The Board of Directors authorized the issue of these consolidated financial statements on March 10, 2015.

Basis of Measurement
The consolidated financial statements have been prepared under a going concern assumption on a historical cost basis, with the exception of items that IFRS requires to be measured at fair value.

Functional Currency
These consolidated financial statements are presented in Canadian dollars which is the Company's functional currency. All financial information has been rounded to the nearest thousand except for per share amounts.

Basis of Consolidation
These consolidated financial statements include the accounts of the parent company Cervus Equipment Corporation and its wholly-owned subsidiaries.

Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. Non-controlling interests in subsidiaries are identified separately from the Company's equity therein. The interests of non-controlling shareholders may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquirees' identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Details of the Company's subsidiaries at December 31, 2014 and December 31, 2013 are as follows:

Proportion of ownership interest and voting power held	2014	2013
Cervus AG Equipment LP	**100%**	100%
Cervus AG Equipment Ltd	**100%**	100%
Cervus Collision Center LP	**100%**	100%
Cervus Contractors Equipment LP	**100%**	100%
Cervus Contractors Equipment Ltd	**100%**	100%
Cervus Equipment NZ Ltd.	**100%**	100%
Cervus Rental & Leasing NZ Ltd., a wholly-owned subsidiary of Cervus NZ Equipment Ltd.	**100%**	100%
DeerStar Systems Inc. (Note 5 & 10)	**57.4%**	35.7%
101169185 Saskatchewan Ltd	**100%**	100%
520781 Alberta Ltd	**100%**	100%
Cervus Equipment Holdings Australia Pty Ltd.	**100%**	100%
PPJ Investments Pty, a wholly owned subsidiary of Cervus Equipment Australia Pty Ltd.	**100%**	45%
Cervus Equipment Australia Pty Ltd., a wholly-owned subsidiary of Cervus Equipment Holdings Australia Pty Ltd.	**100%**	53%

Use of Judgements and Estimates

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, revenues and expenses. By their very nature, estimates may differ from actual future results and the impact of such changes could be material.

Estimates and underlying assumptions are reviewed on an ongoing basis, with revisions to accounting estimates recognized prospectively.

JUDGEMENTS

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognized in these consolidated financial statements are included in the following notes:

- Determination of fair value of assets acquired and liabilities assumed in business combinations. The Company uses various valuation techniques including income based approaches, which involves estimating the future net cash flows and applying the appropriate discount rate to those future cash flows to determine the fair value of the identifiable intangible assets acquired. (Note 5).

- Expectation that the Company will be successful in an appeal of any reassessment by the Canada Revenue Agency related to deductibility of tax losses in past and future periods (Note 29).

- Classification of a lease arrangement as an operating or finance lease; judgement is required to determine whether substantially all of the significant risks and rewards of ownership are transferred to the customer or remain with the Company; or where the Company is the lessee, whether substantially all the significant risks and rewards of ownership are transferred to the Company or remain with the lessor. (Note 9 & 26)

- Impairment tests; judgement is used in identifying the cash generating unit or group of cash generating units at which goodwill, intangible assets, and property and equipment are monitored for internal management purposes and identifying an appropriate discount rate for these calculations.

ASSUMPTIONS AND ESTIMATION UNCERTAINTIES

Information about assumptions and estimation uncertainties which could have a significant effect on the carrying amounts of assets and liabilities within the next fiscal year are included in the following notes:

- Recoverability of inventories and key assumptions in the net realizable value of inventory (Note 8)

- Impairment tests (including intangible assets and goodwill); estimates on key assumptions related to the future operating results and cash generating ability of the assets. (Notes 14 & 15);

- Recognition of deferred tax assets: availability of future taxable profit against which carryforward tax losses can be used (Note 13)

Determination of Fair Values

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

PROPERTY, PLANT AND EQUIPMENT
The fair value of property, plant and equipment recognised as a result of a business combination is the estimated amount for which a property could be exchanged on the date of acquisition between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably. The fair value of items of plant, equipment, fixtures and fittings is based on the market approach and cost approaches using quoted market prices for similar items when available and depreciated replacement cost when appropriate. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence.

INTANGIBLE ASSETS
The fair value of dealership distribution agreements and trade names acquired in a business combination is based on the incremental discounted estimated cash flows enjoyed post acquisition, or expenditures avoided, as a result of owning the intangible assets. The fair value of customer lists acquired in a business combination is determined using the multi-period excess earnings method, whereby the subject asset is valued after deducting a fair return on all other assets that are part of creating the related cash flows. The fair value of other intangible assets including non-competition agreements is based on the discounted cash flows expected to be derived from the use and any residual value of the assets.

INVENTORIES
The fair value of inventories acquired in a business combination is determined based on the estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.

TRADE AND OTHER RECEIVABLES
The fair value of trade and other receivables is estimated at the present value of the future cash flows, discounted at the market rate of interest at the reporting date. The fair value is determined for disclosure purposes or when such assets are acquired in a business combination.

OTHER NON-DERIVATIVE FINANCIAL LIABILITIES
Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. In respect of the liability component of convertible debentures, the market rate of interest is determined by reference to similar liabilities that do not have a conversion option.

DERIVATIVE FINANCIAL INSTRUMENTS
The fair value of foreign currency derivative financial instruments is calculated based on market comparison technique. The fair value is based on similar contracts in an active market and based on quotes using the prevailing foreign exchange translation rate from the Bank of Canada or similar sources.

3. Significant Accounting Policies

The accounting policies set out below have been applied consistently by all the Group's entities and to all years presented in these consolidated financial statements, except for as described in Note 4.

Business Segments
The Company has historically operated two distinct business segments, an Agricultural equipment segment and a Commercial and Industrial equipment segment. In 2014, the Company has realigned its operating segments as a result of changes to the organization and governance structure driven by the acquisition of 13 Peterbilt dealerships located in Ontario. During the fourth quarter of 2014, the Company realigned the operating segments to be the following: agricultural, transportation, and commercial and industrial segments comprised of branches based on the industry which they serve. Such realignment gave rise to changes in how management presents and reviews information for financial reporting and management decision making purposes. These segments are managed separately and strategic decisions are made on the basis of their respective operating results. All prior period disclosure has been updated to reflect changes in operating segments, and certain amounts have been reclassified to conform to the current year presentation.

The Agricultural equipment segment consists primarily of John Deere dealership locations in Alberta, Saskatchewan, British Columbia, New Zealand, and Australia. The Transportation equipment segment consists primarily of Peterbilt dealership locations in Saskatchewan and Ontario. The Commercial and Industrial equipment segment consists primarily of Bobcat, JCB, Clark, Sellick, and Doosan, dealership locations in Alberta, Saskatchewan, and Manitoba.

Each of these business segment operations are supported by a corporate head office. Certain corporate head office expenses are allocated to the business segments according to both specific identification and a usage based approach. The corporate head office also incurs certain costs which are not considered directly related to store level operations, such as interest cost on general corporate borrowings, corporate personnel costs, and public company costs. These corporate costs are allocated to the segments based on respective gross profit dollars of the Canadian operations.

Business Combinations
Acquisitions of subsidiaries are accounted for using the acquisition method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities and contingent liabilities incurred or assumed, and equity instruments issued by the Company in exchange for control of the acquiree. Transaction costs are expensed as incurred. The fair value of identifiable assets acquired, if any, are determined using various valuation techniques including income based approaches. The valuation technique involves estimating the future net cash flows and applying the appropriate discount rate to those future cash flows to determine the fair value of the identifiable intangible assets acquired. Goodwill arising on acquisition is recognized as an asset and initially measured at cost, being the excess of the cost of the business combination over the Company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognized.

Where a business combination is achieved in stages, previously held interests in the acquired entity are remeasured to fair value immediately prior to the date of acquisition. If any resulting gain or loss should arise from the remeasurement, it is recognized in net income during the period.

The Company's preliminary estimates of expected future cash flows are based on significant management judgments and as in a business combination, it generally takes time to obtain the information necessary to measure the fair values of assets acquired and liabilities assumed and the resulting goodwill, if any. Changes to the provisional measurements of assets and liabilities acquired and resulting goodwill may be retrospectively adjusted when new information is obtained until the final measurements are determined.

Foreign Currency Translation

SUBSIDIARIES AND ASSOCIATES

The individual financial statements of each company are stated in the currency of the primary economic environment in which it operates (its functional currency). Transactions in currencies other than companies' functional currency are recorded at the rate of exchange at the date of the transaction. At the balance sheet date, monetary assets and liabilities denominated in a currency other than subsidiaries' functional currency, are translated into the subsidiaries' functional currency at the rates of exchange prevailing at that date. Any resulting gains and losses are included in net profit or loss for the year.

FOREIGN CURRENCY ON CONSOLIDATION

For the purpose of presenting consolidated financial statements, the results of entities and equity components denominated in currencies other than Canadian dollars are translated at the rate of exchange at the date of the transactions and their assets and liabilities at the rates ruling at the balance sheet date. Exchange differences arising on retranslation at the closing rate of the opening net assets and results of entities denominated in currencies other than Canadian dollars are recognized in other comprehensive income in the cumulative translation account.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, balances with banks, and short-term deposits with original maturities of three months or less.

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the specific identification method for new and used equipment, average cost for parts and a specific job basis for work-in-progress. Net realizable value approximates the estimated selling price less all estimated cost of completion and necessary cost to complete the sale. Previous write-downs of inventory are reversed when economic changes support an increased value. The amount of the write-down is reversed, and the reversal is limited to the amount of the original write-down, so that the new carrying amount is the lower of the cost and the revised net realisable value.

Property and Equipment

Buildings, equipment, automotive and trucks, furniture and fixtures, computers, and parts and shop equipment are recorded at cost, less any accumulated depreciation and accumulated impairment losses. Land is measured at cost less any accumulated impairment. Properties under construction are measured at cost less any accumulated impairment.

Depreciation is provided for using both the declining balance and straight-line methods at annual rates intended to depreciate the cost of each significant component of an asset, less its residual values over its estimated useful lives. The estimated useful lives, residual values and depreciation method are reviewed at each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Assets under finance leases are depreciated on the same basis as owned assets, or where shorter, the term of the lease.

The following methods and rates are used in the calculation of depreciation:

Assets	Method	Estimated useful life
Buildings	Straight-line	15 to 40 years
Leasehold improvements	Straight-line	Over period of lease
Short-term rental equipment	Straight-line	5 to 10 years
Automotive and trucks and computers	Declining balance	30%
Furniture and fixtures, parts and shop equipment	Declining balance	20%

Intangible Assets

INTANGIBLE ASSETS

Intangible assets includes software development, dealership distribution agreements, trade names, customer lists and non-competition agreements and are recorded at cost less accumulated amortisation and any accumulated impairment losses. Dealership distribution agreements and non-competition agreements are amortized on a straight-line basis over the expected term of the agreements. Customer lists and computer software are amortized on a straight-line basis over the estimated useful lives of the lists and software. Software costs under development are measured at cost less any accumulated impairment.

The estimated useful life and amortization method are reviewed at the end of each period, with the effect of any changes in estimate being accounted for on a prospective basis. At each year end, the Company reviews the carrying amounts of the intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exits, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

The following are the typical useful lives that are used in the calculation of amortization for each intangible asset.

Dealership distribution agreements	20 years
Customer lists and non-competition agreements	5 years
Software	5 years

GOODWILL

Goodwill is the excess of the cost of a business combination over the Company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognized. Goodwill is measured at cost less accumulated impairment.

Investments in Associates

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting. Under the equity method, investments in associates are carried in the consolidated statements of financial position at cost as adjusted for post-acquisition changes in the Company's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of an associate in excess of the Company's interest in that associate (which includes any long-term interests that, in substance, form part of the Company's net investment in the associate) are recognized only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognized at the date of acquisition is recognized as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of that investment. Any excess of the Company's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

When the Company transacts with an associate of the Company, profit and losses are eliminated to the extent of the Company's interest on the relevant associate.

Assets Held for Sale

Non-current assets are classified as held for sale when it is highly probable that an asset in its present condition will be recovered principally through sale instead of its continued use. Assets held for sale are measured at the lower of the carrying amount and fair value less costs to sell.

Lease Arrangements

At the inception of an arrangement, the Company considers whether the arrangement, is or contains, a lease. The Company must determine whether the fulfillment of the arrangement is dependent on the use of a specific asset and if the arrangement conveys the right to use the asset. Where it is determined that the arrangement contains a lease, the Company classifies the lease as either an operating or finance lease dependent on whether substantially or all of the risks or rewards of ownership of the asset have been transferred.

A) THE COMPANY AS THE LESSEE

Payments made under operating leases are recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognized as an integral part of the total lease expense, over the term of the lease. At the inception of a finance lease, the asset and finance lease liability is recorded at the lower of its fair value and the present value of minimum lease payments. Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

B) THE COMPANY AS THE LESSOR

An operating lease effectively establishes that the lessor shall retain the rewards and associated risks of ownership of that asset for a period of time or use. Where the Company's equipment rentals and leases to customers are classified as operating leases, the payments received are included in revenue on a straight-line basis over the term of the lease. Finance income related to lease arrangements accounted for as finance leases are recognized using an approach for a constant rate of return on the net investment in the lease. The net investment in the finance lease is the aggregate of net minimum lease payments and unearned finance income discounted at the interest rate implicit in the lease. Unearned finance income is deferred and recognized in net income over the lease term.

Impairment

FINANCIAL ASSETS (INCLUDING RECEIVABLES)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

The Company considers evidence of impairment for receivables and held-to-maturity investment securities at both a specific asset and collective level. All individually significant receivables and held-to-maturity investment securities found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables and held-to-maturity investment securities that are not individually significant are collectively assessed for impairment by grouping together receivables and held-to-maturity investment securities with similar risk characteristics.

In assessing collective impairment the Company uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognized through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

NON-FINANCIAL ASSETS

The amounts for property and equipment and intangible assets with finite useful lives are reviewed at each reporting period to identify if there are indicators of impairment. The carrying values of intangible assets and goodwill with indefinite lives are periodically tested for impairment, and must be tested annually, at a minimum. We have selected December as our annual test date, although impairment tests are conducted more frequently if indicators of impairment are present at dates other than December.

When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit (CGU) to which the asset belongs. The CGU corresponds to the smallest identifiable group of assets whose continuing use generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The Company has determined that its CGUs comprise stores or groups of stores which provide the same or similar product within a geographic market.

GOODWILL AND INTANGIBLE ASSETS

Goodwill acquired in a business combination is allocated to groups of CGUs according to the level at which management monitors that goodwill. Intangible assets with indefinite useful lives and assets held at the parent level are allocated to the CGU to which they relate.

Any impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to the other assets of the CGU pro-rata based on the carrying amount of each asset in the CGU. An impairment loss is recognized when the carrying amount of an asset, or of the CGU to which it belongs, exceeds the recoverable amount. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units in the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro-rata basis.

REVERSALS OF PREVIOUSLY RECOGNIZED IMPAIRMENTS

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Income Tax

Income tax expense represents the sum of the tax currently payable and deferred tax. Current income taxes are recorded based on the estimated income taxes payable on taxable income for the year and any adjustment to tax payable in respect of previous years. The Company's liability for current tax is calculated using tax rates that have been substantively enacted by the end of the reporting period.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. A deferred tax asset is recognized if it is more likely than not to be realized. The effect of a change in tax rates on future income tax assets and liabilities is recorded in the period in which the change occurs.

Provisions
Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and measured reliably.

Financial Instruments
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument to another entity. Financial assets and financial liabilities, including derivatives, are recognized on the consolidated statement of financial position at the time the Company becomes a party to the contractual provisions. Upon initial recognition, financial instruments are measured at fair value and for the purpose of subsequent measurement; they are allocated into one of the following five categories: held-for-trading, held-to-maturity, loans and receivables, available-for-sale or other financial liabilities. Derivative instruments are categorized as held for trading unless they are designated as hedges. The Company's financial assets and liabilities consist primarily of cash and cash equivalents, trade and other accounts receivable, trade and other accrued liabilities, dividends payable, floor plan payables, and term debt and notes payable. The designated financial instruments are recognized and measured as follows:

- Financial assets at fair value through profit or loss, or held-for-trading instruments, are financial assets and liabilities typically acquired with the intention of generating revenues in the short-term. However, an entity is allowed to designate any financial instrument as held-for-trading on initial recognition even if it would otherwise not satisfy the definition. Financial assets and financial liabilities required to be classified or designated as held for-trading are measured at fair value, with gains and losses recorded in net earnings for the period in which the change occurs. Upon initial recognition, attributable transaction costs are recognized in profit or loss as incurred.

- Held-to-maturity financial assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortized cost.

- Loans and receivables are measured at amortized cost using the effective interest method. Loans and receivables include trade and other accounts receivable, deposits.

- Available-for-sale financial assets are non-derivative assets that are designated as available-for sale or that are not classified as loans and receivables, held-to-maturity investments or held for-trading. Available-for-sale financial assets are initially recognized at fair value plus any directly attributable transaction costs, and are carried at fair value with unrealized gains and losses included in other comprehensive income (OCI) until such gains or losses are realized or an other than temporary impairment is determined to have occurred. Available-for-sale assets are measured at fair value, except for assets that do not have a readily determinable fair value which are recorded at cost and assessed for impairment when indicators for impairment exist.

- Other financial liabilities are measured at amortized cost using the effective interest method. The Company's other financial liabilities include trade and other accrued liabilities, dividends payable, floor plan payables, term debt, debenture payable, finance lease obligation and notes payable.

Derivative financial instruments are used to manage the Company's foreign currency exposure, utilizing forward currency contracts to lock the margin on certain customer orders where the customer has agreed to a price in Canadian dollars, and the Company will be invoiced in U.S Dollars. Derivatives are initially recognized at fair value, any directly attributable transaction costs are recognized in profit or loss as incurred. Subsequent to initial recognition derivatives are measured at fair value and changes therein are generally recognized in profit or loss.

Revenue Recognition
Revenue is recognized when it is probable that future economic benefits will flow to the Company, and the amount of revenue can be reliably measured. Revenue is recorded based on the fair value of the consideration received or receivable. Revenue is not recognized before there is persuasive evidence that an arrangement exists, such as, delivery has occurred, the rate is fixed and determinable, and the collection of outstanding amounts is considered probable. The Company considers persuasive evidence to exist when a formal contract or purchase order is signed and required deposits have been received. Sales terms do not include provision for post service obligations.

Parts revenue is recognized when the part is delivered to the customer. Service revenue is recognized at the time the service is provided. For long-term service and maintenance contracts, revenue is recognized on a basis proportionate to the work performed. Rentals and operating lease revenue are recorded at the time the service is provided, recognized evenly over the term of the rental or lease agreement with the customer.

Finance Income and Finance Costs
Finance income comprises interest income on funds invested (including available-for-sale financial assets), gains on the disposal of available-for-sale financial assets and changes in the fair value of financial assets at fair value through profit or loss.

Finance costs comprise interest expense on borrowings, changes in the fair value of financial assets at fair value through profit or loss and impairment losses recognized on financial assets. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss as incurred.

Earnings Per Share
Basic earnings per share are computed by dividing earnings by the weighted average number of shares outstanding for the period. Diluted earnings per share are calculated giving effect to the potential dilution that would occur if share options or other dilutive instruments were exercised or converted to shares. The treasury stock method is used to determine the dilutive effect of share options, convertible preferred shares and other dilutive instruments. This method assumes that any proceeds upon the exercise or conversion of dilutive instruments, for which market prices exceed exercise price, would be used to purchase shares at the average market price of the shares during the period.

Short-Term Employee Benefits
Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short-term cash bonus or profit sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Share-Based Payment Transactions
The grant date fair value as determined by the black-scholes model for share-based payment awards granted to employees is recognized as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no adjustment for differences between expected and actual outcomes. Amounts for share-based payment transactions are recognized in contributed surplus as they vest, which is captured in other reserves. Also included in other reserves are amounts for expired private placement warrants and conversion feature for convertible debenture.

4. Changes in Accounting Policies

Effective January 1, 2014, the Company adopted amendments to IFRS 10, IFRS 12 and IAS 27, related to the consolidation and presentation of investment entities. The adoption of these amendments had no significant change to our existing accounting policies and had no impact on the amounts recorded in the financial statements.

Effective January 1, 2014, the Company adopted amendments to IAS 32, primarily related to the accounting and presentation of offsetting financial assets and liabilities. The adoption of these amendments had no significant change to our existing accounting policies and had no impact on the amounts recorded in the financial statements.

New Standards Not Yet Adopted
Certain new or amended standards or interpretations have been issued by the IASB or IFRIC that are required to be adopted in the current or future periods. The new standards, amendments to existing standards effective for annual periods beginning on or after January 1, 2015 and have not been applied in preparing these consolidated financial statements are set out below.

Effective January 1, 2014, the Company was required to adopt IFRIC 21 Levies which provides guidance on when to recognize a financial liability imposed by a government, if the levy is accounted for in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets, or where the timing and amount of the levy is certain. The amendments did not have a material impact on the Company's financial statements.

Effective January 1, 2016, the Company will be required to adopt amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible for clarification on acceptable methods of depreciation and amortization. The amendments are to be applied prospectively for the annual period commencing January 1, 2016. The Company does not expected the amendments to have a material impact on the Company's financial statements.

Effective January 1, 2017, the Company will be required to adopt IFRS 15 related to revenue from contracts with customers. Revenue from Contracts with Customers, was issued in May 2014 and replaces IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programs, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC-31 Revenue - Barter Transactions Involving Advertising Services. The new standard requires revenue to be recognized to depict the transfer of promised goods or services to customers in an amount that reflects the consideration expected to be received in exchange for those goods or services. The principles are to be applied in the following five steps: (1) identify the contract(s) with a customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract, and (5) recognize revenue when (or as) the entity satisfies a performance obligation. The extent of the impact of adoption has not yet been determined. The impact on the financial statements has yet to be determined.

The IASB has released updates to IFRS 9, related to the accounting and presentation of financial instruments and applies a principal-based approach to the classification and measurement of financial assets and financial liabilities, including an expected credit loss model for calculating impairment, and includes new requirements for hedge accounting. The mandatory effective date is January 1, 2018; however, early adoption is permitted. The Company does not intend to adopt IFRS 9 (2009), IFRS 9 (2010), or IFRS 9 (2013) in its financial statements in this annual period beginning on January 1, 2015. The impact on the financial statements has yet to be determined.

5. Business Combinations

a) Deer-Country Equipment (1996) Ltd.
Effective December 10, 2014, the Company acquired certain business assets and assumed certain business liabilities of Deer-Country Equipment (1996) Ltd. ("Deer-Country") for consideration of $9,711 thousand. The consideration paid on closing was $9,711 thousand, paid in $8,997 thousand of cash drawn from the Company's existing credit facilities and $714 thousand of the Company's common shares issued at $18.94 per share.

Deer-Country owns and operates two John Deere dealerships located in southern Alberta which sell new and used John Deere agricultural equipment and offer equipment parts and servicing. The addition of two Deer-Country locations represents a strategic opportunity to expand in geography adjacent to existing Cervus locations in Western Canada. The following table summarizes the preliminary purchase price paid for the net assets of Deer-Country:

($ thousands)		
Recognized amounts of acquired assets and liabilities:		
Inventory	$	**8,037**
Property and equipment		**1,651**
Identifiable intangible assets		**3,350**
Goodwill		**1,081**
Deposits with manufacturers		**377**
Accounts payable and accrued liabilities		**(4,568)**
Deferred tax liability		**(217)**
Purchase Price	$	**9,711**
Financed by:		
Cash	$	**8,997**
Common shares issued at $18.94 a share		**714**
	$	**9,711**

Included in these consolidated financial statements are revenues of $69 thousand and a net loss of $20 thousand related to Deer-Country since acquisition, prior to allocation of corporate expenditures and income tax expense. The goodwill relates to intangible assets which do not qualify for separate recognition. The goodwill acquired is not deductible for tax purpose.

The Company incurred acquisition-related costs of $72 thousand in the year ended December 31, 2014, which have been recorded as selling, general and administrative expense. Had the Company purchased the additional interest and acquired control of Deer-Country on January 1, 2014, revenue for the year ended December 31, 2014, would have been $17,410 thousand higher and profit before tax for the period would have been $2,859 thousand higher.

The Company's preliminary estimates of expected future cash flows are based on significant management judgements and as in a business combination, it generally takes time to obtain the information necessary to measure the fair values of assets acquired and liabilities assumed and the resulting goodwill, if any. Changes to the provisional measurements of assets and liabilities acquired and resulting goodwill may be retrospectively adjusted when new information is obtained until the final measurements are determined.

b) Evergreen Equipment Ltd.
Effective October 15, 2014, the Company acquired 100% of the issued and outstanding shares of Evergreen Equipment Ltd. ("Evergreen") for consideration of $29,400 thousand with additional payments for excess net assets of $13,330 thousand, including the land and building for one of Evergreen's locations. The consideration paid on closing was $35,706 thousand, paid in $33,730 thousand (net of $1,470 thousand of holdback) of cash drawn from the Company's existing credit facilities, and $1,976 thousand of the Company's common shares issued at $17.92 per share. The additional payment for excess net assets on closing was accrued at year end as $6,047 thousand and will be paid via cash drawn from the Company's current credit facilities.

Evergreen operates four dealerships in southern Alberta, which sell and service the full line of John Deere agricultural equipment. The addition of Evergreen will expand the Company's service area in geography adjacent to existing Cervus locations, and continue the Company's relationship with John Deere. The following table summarizes the purchase price paid for the net assets of Evergreen:

($ thousands)		
Recognized amounts of acquired assets and liabilities:		
Accounts receivable	$	8,081
Inventory		15,918
Property and equipment		2,912
Investments in Deer Star Systems Inc (Note 5c)		701
Identifiable intangible assets		16,620
Goodwill		9,081
Accounts payable and accrued liabilities		(5,849)
Deferred tax liability		(4,734)
Purchase Price	$	42,730
Financed by:		
Cash on closing - operations value net of holdback	$	25,730
Common shares issued at $17.92 a share - operations value net of holdback		1,976
Holdback - payable 180 days after closing		1,470
Price paid for operations		29,176
Cash on closing - preliminary working capital adjustment		8,000
Cash due, final working capital payment ($6,047 thousand, net of $493 thousand cash acquired)		5,554
	$	42,730

Included in accounts receivable are trade receivables with a fair value of $8,081 thousand, which we believe are collectible. The gross contractual amounts of the trade and other receivables is $8,132 thousand. Included in these consolidated financial statements are revenues of $12,508 thousand and net profit before tax of $913 thousand related to Evergreen since acquisition, prior to allocation of corporate expenditures and income tax expense. The Company incurred acquisition costs related to Evergreen of $259 thousand in the year ended December 31, 2014, which have been recorded as selling, general and administrative expense. Had the Company acquired control of Evergreen on January 1, 2014, revenue for the year ended December 31, 2014, would have been $84,101 thousand higher and net profit before tax for the period would have been $7,694 thousand higher.

The Company used various valuation techniques including income based approaches, which involves estimating the future net cash flows and applying the appropriate discount rate to those future cash flows to determine the fair value of the identifiable intangible assets acquired. The goodwill relates to intangible assets which do not qualify for separate recognition. The goodwill assets acquired are not deductible for tax purposes.

c) Deer Star Systems Inc.

Upon the acquisition of Evergreen, the Company acquired an additional 21.4% interest in Deer Star Systems Inc. (“Deer Star”) bringing its total interest in Deer Star from 35.7% to 57.1%. Deer Star is a John Deere commercial application dealer with seventeen established John Deere dealer partner locations. This increase in ownership interest has resulted in the acquisition of control of Deer Star, and the transaction has been accounted for as a business combination achieved in stages. The fair values of identifiable assets and liabilities and the determination of goodwill acquired is as follows:

($ thousands)		
Recognized amounts of acquired assets and liabilities:		
Accounts receivable	$	1,140
Inventory		12,077
Property and equipment		122
Deposits with manufacturers		480
Accounts payable and accrued liabilities		(1,943)
Floor plan payable		(8,071)
Term debt		(716)
Purchase Price	$	3,089
Financed by:		
Cash ($701 thousand paid, net of $181 thousand cash acquired)	$	520
Fair value of existing equity investment		1,170
Non-controlling interest		1,399
	$	3,089

The fair value of the non-controlling interest was determined based on the estimated fair values at date of acquisition. No gain or loss was recognized as a result of measuring to fair value the existing equity interest the Company held in Deer Star immediately prior to the transaction. Included in these consolidated financial statements are revenues of $7,979 thousand and net profit of $218 thousand related to Deer Star since acquisition of control, prior to allocation of corporate expenditures and income tax expense. Had the Company purchased additional interest an acquired control of Deer Star on January 1, 2014, revenue for the year ended December 31, 2014 would have been $25,689 thousand higher and profit before tax for the period would have been $131 thousand higher.

The Company's preliminary estimates of expected future cash flows are based on significant management judgments and as in a business combination, it generally takes time to obtain the information necessary to measure the fair values of assets acquired and liabilities assumed and the resulting goodwill, if any. Changes to the provisional measurements of assets and liabilities acquired and resulting goodwill may be retrospectively adjusted when new information is obtained until the final measurements are determined.

d) Peterbilt of Ontario Inc.

Effective August 11, 2014, the Company acquired certain business assets and assumed certain business liabilities of Peterbilt of Ontario Inc. ("POI") for cash consideration of $25,500 thousand, and net working capital adjustments of $5,648 thousand. POI operates 13 dealerships in Ontario, which sell and service the full line of Peterbilt Trucks. The consideration paid was $31,148 thousand from available cash. The addition of POI is anticipated to enable the Company to strategically expand its transportation business into Ontario and to extend the Company's relationship with Peterbilt. The following table summarizes the preliminary purchase price paid for the net assets of POI:

($ thousands)		
Recognized amounts of acquired assets and liabilities:		
Accounts receivable	$	10,080
Finance lease receivables		3,169
Inventory		38,173
Property and equipment		26,335
Identifiable intangible assets		10,860
Goodwill		2,546
Accounts payable and accrued liabilities		(10,114)
Floor plan payables		(25,209)
Lease liability		(24,692)
Purchase Price	$	31,148
Financed by:		
Cash - operations value	$	25,500
Cash - closing working capital adjustment		5,648
	$	31,148

The consideration transferred has been allocated to the assets acquired and liabilities assumed based upon their estimated fair values at the date of acquisition. Included in accounts receivable and finance lease receivables are receivables with a fair value of $13,249 thousand, which we believe are collectible. The gross contractual amounts of the trade and other receivables is $13,417 thousand. Included in these consolidated financial statements are revenues of $74,490 thousand and net loss of $498 thousand related to POI since acquisition, prior to allocation of corporate expenditures and income tax expense. The Company incurred acquisition-related costs of $1,104 thousand in the year ended December 31, 2014, which have been recorded as selling, general and administrative expense. Had the Company purchased the additional interest and acquired control of POI on January 1, 2014, revenue for the year ended December 31, 2014, would have been $106,389 thousand higher and profit before tax for the period would have been $1,921 thousand higher.

The Company used various valuation techniques including income based approaches, which involves estimating the future net cash flows and applying the appropriate discount rate to those future cash flows to determine the fair value of the identifiable intangible assets acquired. The goodwill relates to intangible assets which do not qualify for separate recognition. The goodwill assets acquired are deductible for tax purposes. The Company's preliminary estimates of expected future cash flows are based on significant management judgments and as in a business combination, it generally takes time to obtain the information necessary to measure the fair values of assets acquired and liabilities assumed and the resulting goodwill, if any. Changes to the provisional measurements of assets and liabilities acquired and resulting goodwill may be retrospectively adjusted when new information is obtained until the final measurements are determined.

e) Acquisition of Non-Controlling Interest (NCI) - Windmill Ag Pty Ltd.
On March 25th, 2014, the Company completed the acquisition of the remaining 46.7% interest in Windmill Ag Pty Ltd. ("Windmill"), increasing its ownership from 53.3% to 100%. The purchase price of $4,370 thousand was paid via the issuance of 44,989 common shares in reserve of Cervus at a deemed price of $22.59 per share, the assumption and payment of a shareholder loan to Windmill in the amount of $3,224 thousand, and $130 thousand in cash to the vendor. The reserved common shares are recognized in Other Reserves at the deemed value and will be transferred to the vendor on the first and second anniversaries of the closing date at which time they will be recognized into Share Capital.

Changes in the Company's interest in a subsidiary that do not result in a change of control are accounted for as equity transactions. The Company recognized a decrease in NCI of $3,603 thousand and a decrease in retained earnings of $725 thousand.

The following summarizes the changes in the Company's ownership interest in Windmill:

($ thousands)		
Company's ownership interest at January 1, 2014	**$**	**4,336**
Effect of increase in Company's ownership interest		**3,603**
Share of comprehensive income		**113**
Company's ownership interest at date of acquiring 100% ownership	**$**	**8,052**

As part of the purchase agreement, 22,494 common shares will be transferred contingent on the vendors continued employment with Cervus at March 25, 2017, and will be amortized into income as SG&A expense evenly over the three year period. In addition, the vendor is eligible for certain performance based management fees of up to $1,000 thousand on account of future employment, should Windmill achieve specific financial and operating targets by March 25, 2017. The Company has not recognized this contingent liability as the outflow is not yet probable.

Additionally, in March 2014, the Company exercised an option to purchase 100% of PPJ Investments Pty Ltd. ("PPJ") for $1. PPJ holds land and buildings in use by Windmill. The total fair value of PPJ's land and building assets acquired of $3,306 thousand were equally offset by the fair value of liabilities assumed. At the time of purchase the Company recognized a loss of $472 thousand on the impairment of receivables related to amounts due from PPJ Investments. This loss has been recorded in other income.

During the year ended December 31, 2014, there were other immaterial business combinations for total cash consideration of $3,661 thousand.

6. Cash and Cash Equivalents

($ thousands)		**2014**		**2013**
Bank and cash balances	**$**	**18,518**	$	10,421
Money market funds		**269**		4,257
	$	**18,787**	$	14,678

7. Trade and Other Accounts Receivable

($ thousands)		**2014**		**2013**
Trade receivables	**$**	**42,391**	$	27,226
Contracts in transit		**10,777**		12,576
Current portion of long-term finance contracts		**789**		983
Volume bonus		**352**		75
		54,309		40,860
Allowance for doubtful debts		**(1,386)**		(681)
		52,923		40,179
Prepaid expenses		**5,539**		5,405
	$	**58,462**	$	45,584

Movement in allowance for doubtful debts during the year have been recorded in selling, general and administrative expense, the details of which are disclosed in Note 27.

8. Inventories

($ thousands)		2014		2013
New equipment	$	163,815	$	78,060
Used equipment		111,505		73,011
Parts and accessories		47,047		26,209
Work-in-progress		2,258		1,231
	$	324,625	$	178,511

During the year ended December 31, 2014, included in costs of sales are amounts related to inventories of $767,379 thousand (2013 - $727,773 thousand). The total inventory write-downs recorded during the years ended December 31, 2014 and included in cost of goods sold was $1,828 thousand (2013 - $3,428 thousand).

9. Finance Leases

a) As Lessor - Finance Lease Receivables

The Company has entered into fixed term contractual arrangements to allow customers to have dedicated use of certain heavy trucks and equipment owned by the Company, where substantially all the risks and rewards of ownership are held by the customer. These arrangements are accounted for as finance leases.

The Company's net investment in finance lease receivables as at December 31, 2014 are as follows:

	Gross Investment in Finance Lease Receivables				Future Finance Income				Present Value of Minimum Lease Payments Receivable			
($ thousands)		2014		2013		2014		2013		2014		2013
Less than one year	$	1,686	$	-	$	(86)	$	-	$	1,600	$	-
Between one and five years		1,676		-		(369)		-		1,307		-
More than five years		237		-		(111)		-		126		-
Total	$	3,599	$	-	$	(566)	$	-	$	3,033	$	-

b) As Lessee - Finance Lease Liabilities

Finance lease liabilities reflect the total future payments on leases for heavy trucks and equipment, including final payments or buyouts. Based on the effective interest rate implicit in each lease these future payments are discounted to determine the net scheduled lease payments on each lease. The leases have terms typically between 1 and 7 years. On the maturity of the lease, the Company will sell the equipment. The difference between the Company's proceeds and the residual value per the lease agreement remains with the Company.

Finance lease liabilities as at December 31, 2014 are payable as follows:

	Future Minimum Lease Payments				Interest				Present Value of Minimum Lease Payments			
($ thousands)		2014		2013		2014		2013		2014		2013
Less than one year	$	6,398	$	-	$	(223)	$	-	$	6,175	$	-
Between one and five years		20,844		-		(3,501)		-		17,343		-
More than five years		1,401		-		(410)		-		991		-
Total	$	28,643	$	-	$	(4,134)	$	-	$	24,509	$	-

10. Equity Accounted Associates

($ thousands)	Ownership %		2014		2013
Prairie Precision Network Inc.	22.2%	$	29	$	29
JD Integrated Solutions Inc. (formerly 1595672 Alberta Ltd.) [a]	18.2%		550		550
Deer Star Systems Inc. [b]	57.4%		-		2,322
Maple Farm Equipment Partnership [c]	21.4%		4,689		4,884
PPJ Investments Pty Ltd. [b]	100.0%		-		1
		$	5,268	$	7,786

The Company's share of profit in its equity accounted investees for the year ended December 31, 2014 was $712 thousand (2013 - $3,527 thousand). All of the Company's investments in associates are measured under the equity method. During the year ended December 31, 2014, the Company received $2,063 thousand (2013 - $2,187 thousand) of repayments from its investees.

a The Company has determined it has significant influence with respect to JD Integrated Solutions Inc. ("JDIS") as the Company holds a seat on JDIS's board of directors.
b During 2014, the Company acquired additional interests in Deer Star Systems Inc. and PPJ Investments Pty Ltd., as disclosed in Note 5, as a result, the results of these entities are no longer treated as equity accounted investees and are consolidated from the date that control was achieved.
c Maple Farm Equipment Partnership ("Maple") holds investments in seven John Deere agricultural dealerships headquartered in Yorkton, Saskatchewan, and operates in similar markets and geography as the Company's Agricultural segment.

Summary financial information for the Company's equity accounted investees, had the Company owned 100% of investees, is as follows:

($ thousands)		2014		2013
Current Assets	$	57,932	$	66,048
Long-term assets		31,248		14,566
Current liabilities		34,910		34,983
Long-term liabilities		5,386		8,211
Revenue and other income		203,048		247,445
Expenses		196,466		231,757

11. Deposits With Manufacturers

John Deere Credit Inc. ("Deere Credit") provides and administers financing for retail purchases and leases of new and used equipment. Under the financing and lease plans, Deere Credit retains the security interest in the financed equipment. The Company is liable for a portion of the deficiency in the event that the customer defaults on their lease obligation. Deere Credit retains 1% to 2% of the face amount of the finance or lease contract for amounts that the Company may have to pay Deere Credit under this arrangement. The deposits are capped at 3% of the total dollar amount of the lease finance contracts outstanding.

The maximum liability that may arise related to these arrangements is limited to the deposits of $3,479 thousand (December 31, 2013 - $1,977 thousand). Deere Credit reviews the deposit account balances quarterly and if the balances exceed the minimum requirements, Deere Credit refunds the difference to the Company.

12. Property and Equipment

Cost	Land and Buildings	Short-term Rental Equipment	Automotive and Trucks	Furniture and Fixtures	Parts and Shop Equipment	Computers and Software	Leasehold improvements	Total
Balance at January 1, 2013	67,874	21,788	10,442	3,564	4,626	3,349	1,156	$ 112,799
Additions	13,482	9,073	3,437	381	943	376	227	27,919
Additions through business acquisition	684	-	1,197	207	377	-	42	2,507
Disposals	(4,153)	(7,168)	(1,183)	(52)	(289)	(370)	(101)	(13,316)
Assets held for sale	(3,260)	-	-	-	-	-	-	(3,260)
Transfers	-	(998)	-	-	-	-	-	(998)
Effect of movements in exchange rates	37	295	(57)	7	33	98	3	416
Balance at December 31, 2013	74,664	22,990	13,836	4,107	5,690	3,453	1,327	126,067
Additions	**8,515**	**9,219**	**4,205**	**982**	**726**	**621**	**509**	**24,777**
Additions for finance lease asset	**-**	**1,181**	**-**	**-**	**-**	**-**	**-**	**1,181**
Additions through business acquisition	**5,963**	**21,975**	**1,876**	**279**	**2,729**	**640**	**1,418**	**34,880**
Disposals	**-**	**(5,853)**	**(795)**	**(12)**	**(63)**	**(74)**	**(1)**	**(6,798)**
Transfers	**-**	**483**	**(21)**	**-**	**-**	**-**	**-**	**462**
Effect of movements in exchange rates	**(210)**	**44**	**280**	**2**	**(268)**	**15**	**3**	**(134)**
Balance at December 31, 2014	**88,932**	**50,039**	**19,381**	**5,358**	**8,814**	**4,655**	**3,256**	**$ 180,435**

Accumulated depreciation and impairment	Land and Buildings	Short-term Rental Equipment	Automotive and Trucks	Furniture and Fixtures	Parts and Shop Equipment	Computers and Software	Leasehold improvements	Total
Balance at January 1, 2013	1,261	7,038	4,833	2,101	2,690	1,932	853	$ 20,708
Depreciation expense	1,731	2,855	2,075	387	643	674	118	8,483
Disposals	-	(3,894)	(680)	(12)	(100)	(283)	(89)	(5,058)
Assets held for sale	(165)	-	-	-	-	-	-	(165)
Transfers	-	11	-	-	-	-	-	11
Effects of movements in exchange rates	-	78	48	10	26	29	1	192
Balance at December 31, 2013	2,827	6,088	6,276	2,486	3,259	2,352	883	24,171
Depreciation expense	**1,969**	**3,545**	**2,787**	**538**	**872**	**676**	**223**	**10,610**
Disposals	**-**	**(2,604)**	**(428)**	**(26)**	**(20)**	**(65)**	**(29)**	**(3,172)**
Transfers	**-**	**(128)**	**-**	**-**	**-**	**-**	**-**	**(128)**
Effects of movements in exchange rates	**(6)**	**25**	**(52)**	**2**	**1**	**10**	**26**	**6**
Balance at December 31, 2014	**4,790**	**6,926**	**8,583**	**3,000**	**4,112**	**2,973**	**1,103**	$ **31,487**

Carrying value	Land and Buildings	Short-term Rental Equipment	Automotive and Trucks	Furniture and Fixtures	Parts and Shop Equipment	Computers and Software	Leasehold improvements	Total
Balance at December 31, 2013	71,837	16,902	7,560	1,621	2,431	1,101	444	$ 101,896
Balance at December 31, 2014	**84,142**	**43,113**	**10,798**	**2,358**	**4,702**	**1,682**	**2,153**	**$ 148,948**

Depreciation expense has been recorded in cost of sales in the amount of $3,509 thousand (2013 - $2,883 thousand) and selling, general and administrative expenses of $7,101 thousand (2013 - $5,600 thousand).

Included in total additions were amounts for short-term rental equipment relating to additions for lease arrangements classified as finance lease of $1,181 thousand (2013 - nil). At December 31, 2014, land and buildings included construction in progress costs of $7,864 thousand for the construction of a new John Deere dealership in Ponoka, Alberta.

13. Income Taxes

TAX EXPENSE

($ thousands)		2014		2013
Current income tax	$	113	$	279
Deferred tax expense		7,541		8,117
Total tax expense relating to continuing operations	$	7,654	$	8,396

The expense for the year can be reconciled to the accounting profit (loss) based on using federal and provincial statutory rates of 25.9% (2013 - 25.8%) as follows:

($ thousands)		2014		2013
Profit before income tax expense	$	26,150	$	31,722
Expected income tax expense		6,774		8,184
Non-deductible costs and temporary differences between tax and accounting basis		880		212
Income tax recovery recognized in profit or loss	$	7,654	$	8,396

DEFERRED TAX ASSETS AND LIABILITIES

The Company has recognized deferred tax assets to the extent it is probable that future taxable profit will be available against which the Company can utilize the benefits of the tax loss carry forwards and investment tax credits. The Company's investment tax credits will commence expiring in 2019 and non-capital losses commence expiring in 2027. The availability of deferred tax assets is subject to the risks and uncertainties as disclosed in Note 29 herein.

($ thousands)		2014		2013
Carrying value over the tax value of tangible assets	$	(8,995)	$	(1,487)
Carrying value over the tax value of convertible debenture liability		(479)		(582)
Carrying value over the tax value of intangible assets		(6,635)		(2,022)
Carrying value over the tax value of finance lease obligation		6,349		-
Federal investment tax credits		12,841		12,841
Non-capital losses		21,437		28,259
Deferred tax asset	$	24,518	$	37,009

The Company's deferred tax liabilities are primarily a result of allocation of purchase price to intangible assets on acquisition which have no corresponding tax basis.

($ thousands)		2014		2013
Carrying values over tax values of intangible assets	$	(1,150)	$	(1,226)
Carrying values over tax values of tangible assets		(49)		(47)
Deferred tax liability	$	**(1,199)**	$	(1,273)

Continuity of the Company's tax balances in during the year are as follows:

($ thousands)		2013	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Acquired in Business Combinations		2014
Tax values over carrying value of tangible assets	$	(1,487)	(1,558)	-	(5,950)	$	**(8,995)**
Carrying value over the tax value of convertible debenture liability		(582)	103	-	-		**(479)**
Carrying value over the tax value of intangible assets		(2,022)	785	-	(5,398)		**(6,635)**
Carrying value over the tax value of finance lease obligation		-	(49)	-	6,398		**6,349**
Federal investment tax credits		12,841	-	-	-		**12,841**
Non-capital losses		28,259	(6,822)	-	-		**21,437**
Deferred tax asset		**37,009**	**(7,541)**	**-**	**(4,950)**		**24,518**
Accounting values over tax values of intangible assets		(1,226)	74	2	-		**(1,150)**
Accounting values over tax values of tangible assets		(47)	(2)	-	-		**(49)**
Deferred tax liability		**(1,273)**	**72**	**2**	**-**		**(1,199)**
Net	**$**	**35,736**	**(7,469)**	**2**	**(4,950)**	**$**	**23,319**

The Company has not recognized the benefits associated with capital losses of $74,025 thousand (2013 - $74,283 thousand) and non-capital losses of $943 thousand (2013 - $946 thousand).

14. Intangible assets

Intangible assets are comprised of the following:

Cost	Dealership Distribution Agreements	Trade Name	Customer Lists	Non-Competition Agreements	Software Costs	Total
Balance at January 1, 2013	22,580	4,715	9,829	1,891	-	$ 39,015
Additions	4,070	-	200	200	-	4,470
Impact of translation of intangibles held in foreign currencies	(203)	-	(10)	(10)	-	(223)
Balance at December 31, 2013	26,447	4,715	10,019	2,081	-	43,262
Additions through business acquisition (Note 5)	**25,601**	**-**	**5,944**	**1,420**	**-**	**32,965**
Additions	**-**	**-**	**-**	**-**	**882**	**882**
Impact of translation of intangibles held in foreign currencies	**(106)**	**-**	**(39)**	**1**	**-**	**(144)**
Balance at December 31, 2014	**51,942**	**4,715**	**15,924**	**3,502**	**882**	**$ 76,965**

Accumulated Depreciation and Impairment	Dealership Distribution Agreements	Trade Name	Customer Lists	Non-Competition Agreements	Software Costs	Total
Balance at January 1, 2013	4,433	529	5,513	1,823	-	$ 12,298
Amortization expense	1,243	1,827	1,630	125	-	4,825
Balance at December 31, 2013	5,676	2,356	7,143	1,948	-	17,123
Amortization expense	**1,717**	**2,241**	**1,791**	**84**	**-**	**5,833**
Balance at December 31, 2014	**7,393**	**4,597**	**8,934**	**2,032**	**-**	**$ 22,956**

Carrying Value	Dealership Distribution Agreements	Trade Name	Customer Lists	Non-Competition Agreements	Software Costs	Total
Balance at December 31, 2013	20,771	2,359	2,876	133	-	$ 26,139
Balance at December 31, 2014	**44,549**	**118**	**6,990**	**1,470**	**882**	**$ 54,009**

Amortization expense of $5,833 thousand (2013 - $4,825 thousand) has been recorded in selling, general and administrative expense. As of December 2014, the Corporation performed impairment tests, based on value in use of intangible assets.

15. Goodwill

The aggregate carrying amounts of goodwill allocated to each CGU are as follows:

($ thousands)	2014	2013
Agricultural equipment segment		
Agricultural equipment - Alberta	**$ 11,509**	$ 1,346
Agricultural equipment - Saskatchewan	**327**	327
Agricultural equipment - New Zealand	**1,946**	1,946
Agricultural equipment - Australia	**1,210**	1,054
Commercial and industrial equipment segment		
Commercial equipment	**1,527**	1,527
Industrial equipment	**666**	666
Transportation segment		
Transportation equipment - Ontario	**2,547**	-
	$ 19,732	$ 6,866

The continuity of the Company`s goodwill is as follows:

($ thousands)		2014		2013
Opening balance, January 1	**$**	**6,866**	$	5,812
Additions through business acquisition (Note 5)		**12,876**		1,110
Impairment		**-**		-
Impact of translation of goodwill held in foreign currencies		**(10)**		(56)
Ending balance, December 31	**$**	**19,732**	$	6,866

The Company conducted the annual impairment test of goodwill in December 2014. The recoverable amount of the cash generating units' (CGU's) was calculated based on value in use. Value in use was determined by discounting the future cash flows anticipated to be generated from the CGU or groups of CGU's. Future cash flow estimates are based on historical performance of the CGU`s adjusted for prospective changes in the business and economic climate as reflected in our approved financial budgets.

Cash flows were projected for a 5-year period for the CGU, excluded any assumptions regarding revenue growth during the forecast period, and resulted in all CGU`s supporting the carrying value of their respective net assets utilizing an after tax discount rates not less than 15%. This discount rate is equivalent to a pre-tax discount rate of 20%. As at December 31, 2014, the Company considers a 15% after tax or less discount rate, to adequately reflect any risk premia applicable to its CGU's in excess of the overall corporate WACC. As such, the Company concludes that no impairment of goodwill or intangible assets is present at December 31, 2014. Sensitivity testing was performed as part of 2014 annual impairment test, concluding that by increasing the after tax discount rate applied to 16%, an impairment of $6 thousand would exist based on zero growth in income from 2014 levels.

The impairment calculations require the use of estimates related to the future operating results and cash generating ability of the assets. Judgment is also used in identifying the cash generating unit or group of cash generating units at which goodwill, intangible assets and property and equipment are monitored for internal management purposes and identifying an appropriate discount rate for these calculations.

16. Trade and Other Payables

($ thousands)		2014		2013
Trade and other payables	**$**	**48,990**	$	27,842
Non-trade payables and accrued expenses		**32,247**		20,979
	$	**81,237**	$	48,821

17. Loans and Borrowings

BANK INDEBTEDNESS

At December 31, 2014, the Company has a revolving credit facility with a syndicate of underwriters. The principal amount available under this facility as amended December 17, 2014 is $100,000 thousand, representing an increase from the principal amount previously available of $60,000 thousand. The facility is committed for a two year term, but may be extended on or before the anniversary date with the consent of the lenders. The facility contains a $80,000 thousand accordion which the Company may request as an increase to the total available facility, subject to lender approval. As at December 31, 2014 there was $41,605 thousand drawn on the facility and $2,400 thousand had been utilized for outstanding letters of credit to John Deere. The Company's credit facility bears interest at the lender's prime rate plus the Applicable Margin (currently 0.50%). Applicable Margin can range from 0.25% to 0.75% and is based on a liabilities to income ratio. The Canadian facility is secured by a general security agreement, a priority agreement; trade accounts receivable, unencumbered inventories, assignment of fire insurance and guarantees from the Company's subsidiaries and the general partner. As terms under the Canadian credit facility, the Company must maintain certain leverage, income coverage, and asset coverage ratios, which the Company has complied with throughout 2014. Costs of $464 thousand directly attributable to the completion of the Syndicated Facility have been deferred and will be amortized over the two year term.

In addition, New Zealand has a $1,500 thousand credit facility agreement which is secured by a general security agreement covering all property.

TERM DEBT

($ thousands)	Year of Maturity		2014		2013
Revolving credit facility, lenders prime rate plus the Applicable Margin (currently 0.50%). Applicable Margin can range from 0.25% to 0.75% and is based on a liabilities to income ratio	2016	$	41,605	$	-
Farm Credit Corporation, mortgage funding on land and buildings under construction, repayable, interest only until completion at a rate of lenders prime plus 1% per annum	2019		4,962		9,756
Farm Credit Corporation, mortgages payable in monthly installments ranging from $39 thousand to $95 thousand including interest at a rate of lenders prime plus 1% per annum	2017		25,415		17,419
Affinity Credit Union, mortgages payable in monthly installments ranging from $8 thousand to $17 thousand, including interest at lenders prime plus 1% per annum	2016		10,266		10,524
ANZ National Bank Ltd., New Zealand, mortgage payable, interest only at the rate of 6.9% per annum	2015		1,168		1,174
HSBC Bank Canada, central lease loan, repayable in monthly installments ranging from $2 thousand to $12 thousand including interest at rates ranging from 4.98% to 5.03%, secured by short-term rental equipment	2019		453		375
Finance contracts, payable in monthly interest installments ranging up to $4 thousand including interest of 90 day bankers acceptance plus 3.7%, secured by short-term rental equipment	Various		3,909		1,335
John Deere finance contracts, payable in monthly installments ranging up to $6 thousand including interest at a rate of 3.652% to 4.75%, secured by related equipment	2018 - 2019		6,766		5,869
John Deere finance contracts, New Zealand, payable in monthly installments including interest at the rate of 5.5% per annum, secured by related equipment	Various		7,429		3,635
National Australia Bank, Australia, mortgage, payable monthly payments of $25K and a floating interest rate (December 31, 2014 - 6.44%)	2017		3,303		570
Hire purchase contracts, Australia, finance contracts payable in monthly installments ranging up to AU$5 thousand including interest at a rate of 5.85% to 9.75%, secured by related equipment	Various		1,279		700
Finance contracts, New Zealand, various, repayable in monthly installments ranging per month including interest from 9.11%, secured by related equipment	Various		726		813
			107,281		52,170
Less current portion			(9,974)		(6,168)
Less deferred debt issuance costs			(464)		-
		$	96,843	$	46,002

FLOOR PLAN PAYABLES

The Company utilizes floor plan financing arrangements with various suppliers for inventory purchases. The terms of these arrangements may include an interest-free period followed by a term during which interest is charged at rates ranging from 2.75% to 9.20% at December 31, 2014. Settlement of the floor plan liability occurs at the earlier of sale of the inventory, in accordance with terms of the financing arrangement, or based on management's assessment. Floor plan payables are secured by specific new and used equipment inventories.

($ thousands)	Interest Rate		2014		2013
John Deere Financial, Canada	4.25%	$	69,895	$	34,879
GE Capital Vendor Finance	3.00% - 5.19%		34,895		13,570
John Deere Financial, New Zealand and Australia	7.10 - 9.20%		9,124		7,302
PACCAR Financial	2.904% - 4.03%		47,557		6,873
CIBC Floor plan facility	2.75%		8,742		-
Other floor plan facilities	3.00% - 6.44%		4,822		4,574
Total floor plan		$	175,035	$	67,198

CONVERTIBLE DEBENTURE

On July 24, 2012, the Company issued $34,500 thousand of convertible unsecured subordinated debentures with a face value of $1,000 per debenture that mature on July 31, 2017 and bear interest at 6.0% per annum paid semi-annually on January 31 and July 31 of each year. The debentures are convertible at the option of the holder into shares of the Company at any time prior to the maturity date at a rate of $26.15 (the "conversion price") per share. The Company may redeem the debentures at its option after July 31, 2015 if the current market price of the shares on the date of the notice of redemption exceeds 125% of the conversion price.

The convertible debentures are considered a compound financial instrument as they can be converted to a fixed number of common shares at the option of the holder. The liability component of a compound financial instrument is recognized initially at the fair value of a similar liability that does not have an equity conversion option, and subsequently accounted for under the effective interest rate method. The equity component is recognized initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Aggregate interest and accretion and amortization expense recorded in finance costs to December 31, 2014 was $2,870 thousand (2013 - $2,849 thousand). Changes in the debenture liability are as follows:

($ thousands)		2014		2013
Face value of convertible debenture	$	34,500	$	34,500
Discount to face value at issuance under effective interest method		(4,251)		(4,251)
Cumulative amortization of discount through December 31		1,816		1,016
Carrying value of debenture payable at December 31	$	32,065	$	31,265

For these credit facilities, the amount available under which are limited to the lesser of pre-approved credit limits or the available unencumbered assets. A summary of the Company's maximum pre-approved credit limits on available credit facilities as at December 31, 2014 are as follows:

	2014				2013			
(in $ thousands)		Total Limits		Borrowings		Total Limits		Borrowings
Operating and other bank credit facilities	$	103,284	$	42,174	$	50,633	$	1,883
Capital facilities and rental equipment term loan financing		64,169		44,546		69,943		42,707
Floor plan facilities		507,927		195,596		297,697		74,778
Total borrowing	$	675,380	$	282,316	$	418,273	$	119,368
Total current portion long term debt				(9,974)				(6,168)
Total inventory floor plan facilities				(175,035)				(67,198)
Deferred debt issuance costs				(464)				-
Total long term debt	$	675,380	$	96,843	$	418,273	$	46,002

18. Financial Instruments

Fair values are approximate amounts at which financial instruments could be exchanged between willing parties based on current markets for instruments with similar characteristics, such as risk, principal and remaining maturities.

Financial instruments recorded at fair value on the balance sheet are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - reflects valuation based on quoted prices observed in active markets for identical assets or liabilities;

Level 2 - reflects valuation techniques based on inputs other than quoted prices included in level 1 that are observable either directly or indirectly;

Level 3 - reflects valuation techniques with significant unobservable market inputs.

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured a fair value if the carrying amount is a reasonable approximation of fair value.

($ thousands)	Carrying Amount			Fair Value			
December 31, 2014	Category		Carrying value	Level 1	Level 2	Level 3	Total
Financial Assets							
Cash and cash equivalents [(a)]	Loans and receivable	$	18,787				
Trade and other accounts receivable [(a)]	Loans and receivable		58,462				
Derivative financial instruments	Held-for-trading		6,559		6,559		
Long term receivables [(a)]	Loans and receivable		1,702				
Finance lease receivables	Loans and receivable		3,033		3,033		
Deposits with manufacturers [(a)]	Loans and receivable		3,479				
Financial Liabilities							
Trade and other accrued liabilities [(a)]	Other liabilities		81,237				
Customer deposits [(a)]	Other liabilities		8,594				
Floor plan payables [(a)]	Other liabilities		175,035				
Dividends payable [(a)]	Other liabilities		3,233				
Term debt [(b)]	Other liabilities		106,817				
Derivative financial liability	Other liabilities		6,590		6,590		
Finance lease obligation	Other liabilities		24,509		24,881		
Notes payable [(b)]	Other liabilities		533				
Debenture payable [(c)]	Other liabilities		32,065	35,297			

($ thousands)	Carrying Amount			Fair Value			
December 31, 2013	Category		Carrying value	Level 1	Level 2	Level 3	Total
Financial Assets							
Cash and cash equivalents [(a)]	Loans and receivable	$	14,678				
Trade and other accounts receivable [(a)]	Loans and receivable		45,584				
Long term receivables [(a)]	Loans and receivable		2,103				
Deposits with manufacturers [(a)]	Loans and receivable		1,977				
Financial Liabilities							
Trade and other accrued liabilities [(a)]	Other liabilities		48,821				
Customer deposits [(a)]	Other liabilities		4,081				
Floor plan payables [(a)]	Other liabilities		67,198				
Dividends payable [(a)]	Other liabilities		3,002				
Term debt [(b)]	Other liabilities		52,170				
Debenture payable [(c)]	Other liabilities		31,265	36,915			

a The carrying value approximates fair value for cash and cash equivalents, trade and other accounts receivable, trade and other accrued liabilities, floor plan payables, and dividends payable in the fair value hierarchy due to the immediate or short-term maturity.

b The carrying values of the current and long-term portions of term debt and notes payable approximate fair value because the applicable interest rates on these liabilities are fixed at rates similar to prevailing market rates.

c Debenture payable is measured at amortized cost using the effective interest method. The fair value of debenture payable at December 31, 2014 is the quoted market trading price for the debentures as at December 30, 2014, as the debentures did not trade on December 31, 2014.

For other financial liabilities where the carrying value does not approximate the fair value a discounted cash flows approach was used to determine the fair value.

19. Capital and Other Components of Equity

The Company has unlimited authorized share capital without par value for all common shares. All issued common shares have been fully paid.

COMMON SHARES

Shareholders are entitled to: (i) dividends if, as and when declared by the Board of Directors of the Company; (ii) to one vote per share at meetings of the holders of Common Shares; and (iii) upon liquidation, dissolution or winding up of Cervus to receive pro-rata the remaining property and assets of the Company, subject to the rights of shares having priority over the Common Shares.

SHARE CAPITAL

($ thousands)	Number of Common Shares		Total Carrying Amount
Balance January 1, 2013	14,900	$	76,503
Issued under the DRIP plan	59		1,097
Issued under the deferred share plan	22		180
Issued under the share option plan	31		346
Balance December 31, 2013	15,012	$	78,126
Issued under the DRIP plan	**52**		**1,040**
Issued under the deferred share plan	**38**		**359**
Issued under the share option plan	**8**		**69**
Issued for business acquisitions	**148**		**2,690**
Issued common shares	**67**		**1,530**
Balance December 31, 2014	**15,325**	**$**	**83,814**

ISSUANCE OF COMMON SHARES

During the year ended December 31, 2014, the Company issued 148 thousand (2013 - nil) common shares for business acquisitions (Note 5), 67 thousand (2013 - nil) common shares issued for cash, 52 thousand (2013 - 59 thousand) common shares to shareholders participating in the Company's dividend reinvestment plan ("DRIP"), 38 thousand (2013 - 22 thousand) common shares as a result of redemptions of vested shares from the deferred share plan, and 8 thousand (2013 - 31 thousand) common shares as a result of share options exercised.

ACCUMULATED AND OTHER COMPREHENSIVE INCOME

Accumulated and Other Comprehensive Income is comprised of a cumulative translation account that comprises all foreign currency differences that arise on the translation of the financial statements of the Company's investment in its foreign operations, Cervus New Zealand Equipment Ltd., and Cervus Equipment Australia Pty Ltd.

DIVIDENDS

($ thousands)		2014		2013
$0.825 per qualifying common share	**$**	**12,583**	$	11,759
	$	**12,583**	$	11,759

Total dividends paid in cash during the year were $11,358 thousand (2013 - $10,561 thousand).

DIVIDEND REINVESTMENT PLAN

The Company has a Dividend Reinvestment Plan ("DRIP") entitling shareholders to reinvest cash dividends in additional common shares. The DRIP allows shareholders to reinvest dividends into new shares at 95 percent of the average share price of the previous 10 trading days prior to distribution. The company has 117 thousand shares reserved for issuance under this plan.

OTHER RESERVES

Other reserves consists of contributed surplus of accumulated stock option expense less the fair value of the options at the grant data that have been exercised and reclassified to share capital. Also included in other reserves are amounts for shares held in reserve issued for business acquisitions (Note 5), expired private placement warrants, and conversion feature for convertible debenture. Changes in other reservers were as follows:

($ thousands)		2014		2013
Balance January 1	$	5,176	$	5,136
Share-based compensation		258		143
Exercise of stock options		(17)		(103)
Shares issued in reserve		1,016		-
Balance December 31	$	6,433	$	5,176

20. Share Based Payments

Included in share based payments are the following:

($ thousands)		2014		2013
Deferred share plan	$	1,267	$	1,285
Share options		259		143
	$	1,526	$	1,428

DEFERRED SHARE PLAN

The Company has a deferred share plan available to officers, directors and employees whereby, if elected, certain payments to these individuals can be deferred, ranging in amounts up to $50 thousand per individual, where the Company also matches the deferred portion. The deferred shares are granted as approved by the board of directors based on 95% of the 10-day average share price prior to the date of grant. The matched component of the plan vests over a period of 5 years (50% after 3 years, 25% after 4 years and 25% after 5 years) and is recorded as selling, general and administrative expense as it vests. The Company has 1,181 thousand shares reserved for issuance under this plan. As at December 31, 2014, 745 thousand (2013 - 677 thousand) deferred shares have been issued under the deferred share plan and remain outstanding. The total deferred share plan balance as at December 31, 2014, was $7,559 thousand (2013 - $6,426 thousand). As at December 31, 2014, the matching component of the plan aggregated $4,224 thousand (2013 - $3,640 thousand) of which $3,067 thousand (2013 - $1,997 thousand) has been amortized into selling, general and administrative expense. Of the outstanding deferred shares, 609 thousand (2013 - 538 thousand) can be converted to common shares.

21. Cost of Sales

The following amounts have been included in cost of sales for the years ended December 31, 2014 and 2013:

($ thousands)		2014		2013
Depreciation of rental equipment	$	3,509	$	2,883
Interest paid on rental equipment financing		696		353
	$	4,205	$	3,236

22. Other Income

Other income for the years ended December 31, 2014 and 2013 are comprised of the following:

($ thousands)		2014		2013
Net gain on sale of property and equipment	$	1,337	$	2,073
Net loss on acquiring controlling interest of subsidiary (note 5)		(472)		(598)
Extended warranty commission		397		236
Realized foreign exchange loss		(16)		(82)
Unrealized foreign exchange loss [a]		(952)		-
Financial compensation and consignment commissions		2,022		1,125
Other income		1,399		1,131
	$	3,715	$	3,885

a Unrealized foreign exchange loss is due to changes in fair value of our derivative financial asset and from period close translation of floor plan payables denominated in US dollars.

23. Wages and Benefits

($ thousands)		2014		2013
Included in cost of sales:				
Short-term wages and benefits	$	32,858	$	27,739
Included in selling, general and administrative expenses:				
Short-term wages and benefits		92,766		77,842
Share-based payments		1,526		1,428
		94,292		79,270
	$	127,150	$	107,009

EMPLOYEE SHARE PURCHASE PLAN

The Company has an employee share purchase plan available to all employees on a voluntary basis. Under the plan, employees are able to contribute 2% to 4% of their annual salaries, based on years of service. The Company contributes between 15% and 150% on a matching basis to a maximum of $5,000 per year, per employee. The shares are purchased on the open market through a trustee; therefore, there is no dilutive effect to existing shareholders. Included in selling, general and administrative expenses are $1,393 thousand (2013 - $1,225 thousand) of expenses incurred by the Company to match the employee contributions.

24. Finance Income and Finance Costs

($ thousands)		2014		2013
Finance income	$	384	$	532
Interest expense on convertible debenture		(2,870)		(2,849)
Interest expense on mortgage and term debt obligations		(1,750)		(1,075)
Interest expense on note payable		-		(186)
Interest expense on vendor take back financing		-		(276)
Interest expense on financial liabilities		(3,036)		(2,349)
Finance costs		(7,656)		(6,735)
Net finance costs recognized separately		(7,272)		(6,203)
Net finance costs recognized in cost of sales		(696)		(353)
Total net finance costs	$	(7,968)	$	(6,556)

25. Earnings Per Share

PER SHARE AMOUNTS

Both basic and diluted earnings per share have been calculated using the net earnings attributable to the shareholders of the Company as the numerator. No adjustments to net earnings were necessary for the years ended December 31, 2014 and 2013. The weighted average number of shares for the purposes of diluted earnings per share can be reconciled to the weighted average number of basic shares as follows:

(thousands of shares)	2014	2013
Issued common shares January 1	15,012	14,900
Effect of shares issued under the DRIP plan	29	33
Effect of shares issued for the business acquisitions	25	-
Effect of shares issued under the deferred share plan	22	17
Effect of shares issued under the share option plan	7	18
Effect of shares issued through common shares issuance	52	-
Weighted average number of common shares at December 31	15,147	14,968

DILUTED EARNINGS PER SHARE

The calculation of diluted earnings per share at December 31, 2014 and 2013 was based on the profit attributable to common shareholders and the weighted average number of common shares outstanding after adjustment for the effects of dilutive potential common shares which consist of the following:

(thousands of shares)	2014	2013
Weighted average number of common shares (basic)	15,147	14,968
Effect of dilutive securities:		
Deferred share plan	745	677
Share options	11	8
Weighted average number of shares (diluted) at December 31	15,903	15,653

26. Operating Leases

a) As Lessee

The Company leases a number of lands and building facilities, office equipment and vehicles. The leases typically run for a period of between 3 and 10 years with options to renew the leases on the lands and buildings after that date. The land and building leases do not include any provisions for transfer of title, nor does the Company participate in the residual value of the land and buildings. Therefore, it was determined that substantially all the risks and rewards of ownership of the land and buildings remains with the landlord. As such, the Company has determined that the leases are operating leases.

The Company is committed to the following minimum payments under operating leases for land and buildings, equipment and vehicles:

($ thousands)		
Less than 1 year	$	5,387
Between 1 and 5 years		14,771
More than 5 years		3,107
	$	23,265

b) As Lessor

The Company has entered into fixed term contractual arrangements to allow customers to have dedicated use of certain heavy trucks and equipment owned by the Company. These leases are classified as operating leases where the lessor retains the rewards and associated risks of ownership of that asset for a period of time. Where the Company's equipment rentals and leases to customers are classified as operating leases the payments received are included in revenue on a straight-line basis over the term of the lease. The minimum payments for the non-cancellable operating leases for rental fleet is as follows:

($ thousands)		
Less than 1 year	$	3,592
Between 1 and 5 years		12,297
More than 5 years		287
	$	16,176

27. Financial Risk Management

Overview

The Company has exposure to the following risks from its use of financial instruments: credit risk; liquidity risk; market risk; and operational risk.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

Risk Management Framework

The Board of Directors ("Board") has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board, together with the Audit Committee are responsible for developing and monitoring the Company's risk management policies. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Company's Audit Committee is assisted in its oversight role by an internal audit firm. The audit firm undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

CREDIT RISK

Trade and Other Receivables

By granting credit sales to customers, it is possible these entities, to which the Company provides services, may experience financial difficulty and be unable to fulfill their obligations. A substantial amount of the Company's revenue is generated from customers in the farming and construction and industrial equipment industries. This results in a concentration of credit risk from customers in these industries. A significant decline in economic conditions within these industries would increase the risk customers will experience financial difficulty and be unable to fulfill their obligations to the Company. The Company's exposure to credit risk arises from granting credit sales and is limited to the carrying value of accounts receivable, long-term receivables and deposits with manufacturers (see Note 7).

Goods are sold subject to retention of title clauses so that in the event of non-payment, the Company may have a secured claim. The Company will also register liens in respect to trade and other long-term receivables as deemed necessary and dependent on the value of the receivable.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting dates was:

($ thousands)		2014		2013
Trade and other accounts receivables	$	54,309	$	40,860
Long term receivables		1,702		2,103
Long term lease receivables		3,033		-
Derivative financial asset		6,559		-
Deposits with manufacturers		3,479		1,977
	$	69,082	$	44,940

The maximum exposure to credit risk at the reporting date by geographic region was:

($ thousands)		2014		2013
Domestic	$	48,467	$	36,386
New Zealand		2,963		2,151
Australia		2,879		2,323
	$	54,309	$	40,860

The aging of loans and receivables at the reporting date was:

($ thousands)		2014		2013
Current - 60 days	$	45,871	$	36,151
Past due - 61-90 days		3,043		1,992
Past due - 91 to 120 days		2,808		1,503
Past due more than 120 days		2,587		1,214
	$	54,309	$	40,860

The Company recorded the following activity in its allowance for impairment of loans and receivables:

($ thousands)		2014		2013
Balance at January 1	$	681	$	916
Additional allowance recorded (recovery)		821		118
Amounts written-off as uncollectible		(116)		(353)
Balance at December 31	$	1,386	$	681

In our industries, customers typically pay invoices within 30 to 60 days. The average time to collect Company's outstanding accounts receivable was approximately 19 days for the year ended December 31, 2014 (2013 - 16 days). No single outstanding customer balance represented more than 10% of total accounts receivable.

The Company mitigates its credit risk by assessing the credit worthiness of its customers on an ongoing basis. The Company closely monitors the amount and age of balances outstanding and establishes a provision for bad debts based on specific customers' credit risk, historical trends, and other economic information. For the year ended December 31, 2014 and 2013 all customer balances provided as bad debts were calculated based on 25% of accounts between 90 to 120 days outstanding and 85% on amounts over 120 days outstanding unless allowance for certain specified accounts requires a greater amount to be allowed for.

Guarantees
The Company has irrevocable standby letters of credit to John Deere in the amount of $2,400 thousand (2013 - $2,400). The letter of credit agreements allow for John Deere to draw upon it in whole or in part in the event of any default by the Company of any or all obligations.

Liquidity Risk
The Company's exposure to liquidity risk is dependent on the collection of accounts receivable and the ability to raise funds to meet purchase commitments and financial obligations and to sustain operations. The Company controls its liquidity risk by managing its working capital, cash flows, and the availability of borrowing facilities. As described in Note 17, the Company has available for its current use, $100,000 thousand and NZ$1,500 thousand of operating credit facilities less $2,400 thousand for irrevocable letters of credit issued to John Deere.

The Company believes that it has sufficient operating funds available as described above to meet expected operational expenses, including the services of financial obligations.

The following are the contractual maturities of financial liabilities existing as at December 31, 2014.

($ thousands)	Carrying Amount	Contractual Maturities	6 Months or Less	7-12 Months	1-2 Years	2-5 Years
Trade and other accrued liabilities	$ 81,237	$ 81,237	$ 81,237	$ -	$ -	$ -
Floor plans payable	175,035	175,035	175,035	-	-	-
Dividends payable	3,233	3,233	3,233	-	-	-
Term debt payable	106,817	107,281	4,733	5,241	60,519	36,788
Derivative financial liability	6,590	6,590	6,590			
Finance lease obligation	24,509	24,509	3,034	3,141	5,295	12,048
Debenture payable	32,065	34,500	-	-	-	34,500
	$ 429,486	$ 432,385	$ 273,862	$ 8,382	$ 65,814	$ 83,336

Market Risk
Market risk is the risk that changes in the market place such as foreign exchange rates, interest rates and commodity prices that will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing return.

Currency Risk
The Company is exposed to foreign currency fluctuation related to translation adjustments upon consolidation of its Australian and New Zealand operations. A strengthening or weakening of the Canadian dollar by 5% against the New Zealand dollar at December 31, 2014 would have increased (decreased) equity by $105 thousand (2013 - $142 thousand) and profit or loss by $54 thousand (2013 - $34 thousand). A strengthening or weakening of the Canadian dollar by 5% against the Australian dollar at December 31, 2014 would have increased (decreased) equity by $204 thousand (2013 - $394 thousand) and profit or loss by $20 thousand (2013 - $25 thousand). This analysis is based on foreign currency exchange rate the Company considered to be reasonably possible at the end of the reporting period and assumes that all other variables, including interest rates, remain constant.

All North American sales and expenditures are incurred in Canadian dollars. However, many of our products, including equipment and parts are based on a U.S. dollar price as they are supplied primarily by U.S. manufacturers. This may cause fluctuations in the sales values assigned to equipment and parts inventories as the Company's price structure is to maintain consistent gross margins. Both sales revenues and gross margins may fluctuate based on the foreign exchange rate in effect at the time of purchase. Certain of the Company's manufacturers also have programs in place to facilitate and/or reduce the effect of foreign currency fluctuations, primarily on new equipment inventory purchases.

A portion of the Company's owned inventory is floor planned in U.S. dollars. As such, a portion of the floor plan payable is exposed to fluctuations in the U.S. dollar exchange rate. As discussed above, this contributes to fluctuations in sales values based on the U.S. dollar exchange rate as the Company's objective is to maintain consistent gross margins. Based on the U.S. dollar floor plan balances at December 31, 2014, a $0.01 change in the U.S. exchange rate would have increased (decreased) profit or loss by $260 thousand.

Interest Rate Risk

The Company's cash flow is exposed to changes in interest rates on its floor plan arrangements and certain term debt which bear interest at variable rates. The cash flows required to service these financial liabilities will fluctuate as a result of changes in market interest rates. The Company mitigates its exposure to interest rate risk by utilizing excess cash resources to buy-down or pay-off interest bearing contracts and by managing its floor plan payables by maximizing the interest-free periods. At the reporting dates, the interest bearing financial instruments were:

($ thousands)		2014		2013
Floor plan payables [(a)]	$	145,947	$	54,237
Term debt		107,281		52,170
Finance lease obligation		24,509		-
Debenture payable		32,065		31,265
	$	309,802	$	137,672

a Various floor plan facilities include an interest free period, further certain incentives and rebates may be available to reduce interest expense otherwise due on interest bearing portions of floor plans.

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. A change in 100 basis points in interest rates would have increased or decreased equity for the year ended December 31, 2014 by approximately $2,027 thousand (2013 -$1,176 thousand).

Operational Risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Company's operations.

The Company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Company's reputation with overall cost effectiveness and to avoid control procedures that restrict innovation and creativity. The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. This responsibility is supported by the development of overall Company standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorization of transactions;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- requirements for the reporting of operational losses and proposed remedial action;
- development of contingency plans;
- training and professional development;
- ethical and business standards; and
- risk mitigation, including maintaining insurance coverage.

Compliance with Company standards is supported by a program of periodic reviews in consultation with an internal audit firm. The results of Internal Audit reviews are discussed with the management of the business unit to which they relate, with summaries submitted to the Audit Committee and senior management of the Company.

Capital Risk Management

The Company's objective when managing its capital is to safeguard its ability to continue as a going concern, so that it can continue to provide returns for Shareholders and benefits for other stakeholders and to provide an adequate return to Shareholders by pricing products and services commensurately with the level of risk. In the management of capital, the Company monitors its adjusted capital which comprises all components of equity (i.e. shares issued, accumulated earnings, shareholder distributions and dilutive instruments).

The Company sets the amount of capital in proportion to risk. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue shares/units to facilitate business combinations and or retire term debt or may adjust the amount of distributions paid to the Shareholders.

The Company uses the following ratios in determining its appropriate capital levels; a) a debt to total capital ratio (total interest bearing debt divided by total interest bearing debt plus book value of equity); b) an adjusted debt to adjusted earnings ratio (adjusted debt divided by adjusted earnings); c) an adjusted debt to adjusted assets ratio (calculated as adjusted debt divided by adjusted assets); d) a fixed charge coverage ratio (calculated as adjusted earnings divided by contractual principle, interest, dividend, and operating lease payments); and e) an asset coverage ratio (tangible assets divided by specific drawn amounts under certain credit facilities). Adjusted assets comprise all components of assets other than other intangible assets and goodwill. Adjusted equity comprises of all components of shareholders' equity and is reduced by other intangible assets and goodwill.

The Company must meet certain financial covenants as part of its current Canadian credit facility, all of which the Company was in compliance as at December 31, 2014. The relating three core covenants are summarized as:

- Maintaining "total liabilities to tangible net worth ratio" not exceeding 4.0:1.0 calculated from adjusted total liabilities over adjusted equity.
- Maintaining "fixed charge coverage ratio" greater to or equal to 1.2:1.0, calculated as adjusted EBITDA net of any Canadian debt or equity financing utilized over the sum of interest expense, scheduled principal payments, operating lease payments, and distributions paid to shareholders in the twelve months prior to the calculation date.
- Maintaining "asset coverage ratio" greater than 3.0:1.0, calculated as North American adjusted net tangible total assets less consolidated debt excluding floor plan liabilities, plus debt due under the Canadian credit facility, divided by the amount due under the Canadian credit facility.
- There were no changes in the Company's approach to capital management in the period. Neither the Company, nor any of its other subsidiaries are subject to externally imposed capital requirements, other than as identified in Note 17.

28. Segment Information

During the fourth quarter of 2014, the addition of Peterbilt of Ontario combined with the addition of a Vice President, Transportation resulted in the Company operating under three segments: Agriculture, Construction and Industrial, and Transportation. These segments are managed separately, and strategic decisions are made on the basis of their respective operating results. Prior to October 1, 2014 the Company operated under two separate segments. The realignment gave rise to changes in how management presents and reviews information for financial reporting and management decision making purposes. All prior period disclosure has been updated to reflect the change in operating segments, and certain amounts have been reclassified to conform to the current year presentation.

Each of these business segment operations are supported by a single shared corporate head office. Certain corporate head office expenses are allocated to the business segments under either specific identification approach or a usage based metric. The corporate head office also incurs certain costs which are considered as public company costs, which are allocated to the segments based on the gross margin of the Canadian operations. Total corporate related expenditures, excluding income taxes, that have been allocated for the year ended December 31, 2014 are $6,424 thousand (2013 - $5,373 thousand).

These three business segments are described in Note 3 and are considered to be the Company's three strategic business units. The three business segments offer different products and services and are managed separately as they operate in different markets and require separate strategies. For each of the strategic business units, the Company's key decision makers review internal management reports on a monthly basis. The following is a summary of financial information for each of the reportable segments.

December 31, 2014	Agricultural Equipment	Transportation Equipment	Commercial and Industrial Equipment	Total
Segmented income figures:				
Revenue	$ 631,673	$ 188,838	$ 159,098	**$ 979,609**
Profit for the year attributable to shareholders	16,061	(876)	3,177	**18,362**
Share of profit of equity accounted investees	712	-	-	**712**
Depreciation and amortization	6,351	3,885	6,207	**16,443**
Finance income	218	151	15	**384**
Finance expense including amounts in costs of sales	(4,980)	(1,927)	(1,445)	**(8,352)**
Capital additions	21,046	2,204	2,708	**25,958**
Segmented assets:				
Reportable segment assets	386,260	169,848	113,195	**669,303**
Reportable segment liabilities	231,500	139,009	69,303	**439,812**
Investment in associates	5,268	-	-	**5,268**
Intangible assets	29,665	16,640	7,704	**54,009**
Goodwill	14,992	2,547	2,193	**19,732**

December 31, 2013		Agricultural Equipment		Transportation Equipment		Commercial and Industrial Equipment		**Total**
Segmented income figures:								
Revenue	$	588,519	$	108,460	$	164,159	**$**	**861,138**
Profit for the year attributable to shareholders		17,834		1,450		3,806		**23,090**
Share of profit of equity accounted investees		3,527		-		-		**3,527**
Depreciation and amortization		4,987		2,284		6,037		**13,308**
Finance income		282		224		26		**532**
Finance expense including amounts in costs of sales		(4,536)		(1,202)		(1,351)		**(7,089)**
Capital additions		17,804		527		9,588		**27,919**
Segmented assets:								
Reportable segment assets		260,795		59,961		105,474		**426,230**
Reportable segment liabilities		137,919		29,262		40,629		**207,810**
Investment in associates		7,786		-		-		**7,786**
Intangible assets		7,769		7,727		10,643		**26,139**
Goodwill		4,673		-		2,193		**6,866**

The Company primarily operates in Canada but includes subsidiaries in Australia (Cervus Australia PTY Ltd.) and, in New Zealand (Cervus NZ Equipment Ltd.) which operate 15 agricultural equipment dealerships. Gross revenue and non-current assets for the geographic territories of New Zealand and Australia were $139,487 thousand (2013 - $89,758 thousand) and $26,577 thousand (2013 - $17,454 thousand) respectively.

29. Commitments and Contingencies

Financing Arrangements

John Deere Credit Inc. (“Deere Credit”) and other financing companies provide financing to certain of the Company’s customers. A portion of this financing is with recourse to the Company if the amounts are uncollectible. At December 31, 2014 payments in arrears by such customers aggregated $304 thousand (2013 - $64 thousand). In addition, the Company is responsible for assuming all lease obligations held by its customers with Deere Credit and other financing companies through recourse arrangements for the net residual value of the lease outstanding at the maturity of the contract. At December 31, 2014, the net residual value of such leases aggregated $166,703 thousand (2013 - $123,862 thousand). Management believes that the potential liability in relation to the amounts outstanding is negligible and consequently, no accrual has been made in these financial statements in relation to any potential loss on assumed lease obligations.

Deferred Tax Asset

As previously disclosed, the Corporation received a proposal letter from the Canada Revenue Agency on March 4, 2014, regarding the October 2009 transaction involving Cervus LP and Vasogen Inc. At the date of these financials, the Corporation has not received a formal reassessment of its previous income tax filings. Cervus remains confident in the appropriateness of its tax-filing positions and the expected tax consequences of the conversion transaction and intends to defend such position vigorously through appeal if a notice of reassessment is received from the Canada Revenue Agency. As of the date of these financial statements, no amount has been accrued. In order to appeal any reassessment, 50% of any reassessed amount is due. Based on the CRA’s March 4, 2014 proposal letter, any reassessment received in the near term would be of the Company’s taxation years ending November 30, 2009, January 3, 2010, December 31, 2010 and December 31, 2011. Based on these figures, the Company expects $10.6 million would be required on appeal, should the CRA reassess the Company’s tax filings through to December 31, 2011. If the CRA proceeds with reassessment of tax filings through December 31, 2011, we believe that the CRA will also proceed with reassessment of the December 31, 2012, 2013, and 2014 tax filings under the same basis. Should the tax filings of the Company’s tax be reassessed for the November 30, 2009 through to the December 31, 2014 inclusive, the Company expects approximately $21.6 million would be required to appeal.

30. Related Party Transactions

Key Management Personnel Compensation

In addition to their salaries, the Company also provides non-cash benefits to directors and executive officers, and contributes to the deferred share plan and the employee share purchase plan, if enrolled, in accordance with the terms of the plans. The Company has no retirement or post-employment benefits available to its directors and executive officers. In addition, no directors or executive officers are part of the share option plan.

The remuneration of key management personnel and directors during the year ended December 31 was:

($ thousands)		2014		2013
Short-term benefits	$	2,684	$	2,028
Share-based payments		573		517
	$	3,257	$	2,545

Key Management Personnel and Director Transactions

Key management and directors of the Company control approximately 28% of the common voting shares of the Company.

Other Related Party Transactions

Certain officers and dealer managers of the Company have provided guarantees to John Deere aggregating $6,500 thousand. During the year ended December 31, 2014 and 2013, the Company paid those individuals $184 thousand (2013 - $177 thousand) for providing these guarantees. These transactions were recorded at the amount agreed to between the Company and the guarantors, are included in selling, general and administrative expense and have been fully paid during the year.