Restated Consolidated Financial Statements of

CERVUS EQUIPMENT CORPORATION

For the years ended December 31, 2013 and 2012

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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, 2013, December 31, 2012 and January 1, 2012, 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, 2013, December 31, 2012 and January 1, 2012, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

Restatement of Financial Statements

Without modifying our opinion, we draw attention to Note 6 to the consolidated financial statements as at and for the year ended December 31, 2013 which indicate that these consolidated financial statements have been restated from those on which we originally reported on March 11, 2014 and more extensively discusses the reason for the restatement.

KPMG LLP

Chartered Accountants

July 23, 2014
Calgary, Canada

CERVUS EQUIPMENT CORPORATION

Restated Consolidated Statements of Financial Position
As at December 31, 2013 and 2012, and January 1, 2012 (Note 6)

($ thousands)	Note	**2013**	**2012**	**January 1, 2012**
Assets				
Current assets				
Cash and cash equivalents	8	$ **14,678**	$ 8,156	$ 6,536
Trade and other accounts receivable	9	**45,584**	38,810	50,189
Deposit for business acquisition		**-**	-	2,000
Inventories	10	**178,511**	169,787	105,075
Assets held for sale	11	**3,681**	-	1,447
Total current assets		**242,454**	**216,753**	**165,247**
Non-current assets				
Long-term receivables	12	**2,103**	1,665	-
Investments in associates, at equity	13	**7,786**	9,797	5,146
Deposits with manufacturers	14	**1,977**	1,855	1,459
Other long-term assets		**-**	-	112
Property and equipment	15	**101,896**	92,091	29,185
Deferred tax asset	16	**37,009**	45,126	54,063
Intangible assets	17	**26,139**	26,717	19,905
Goodwill	18	**6,866**	5,812	5,154
Total non-current assets		**183,776**	**183,063**	**115,024**
Total assets		**$ 426,230**	**$ 399,816**	**$ 280,271**

See accompanying notes

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

CERVUS EQUIPMENT CORPORATION

Restated Consolidated Statements of Financial Position (continued)
As at December 31, 2013 and 2012, and January 1, 2012 (Note 6)

(In $ thousands)	Note	2013	2012	January 1, 2012
Liabilities				
Current liabilities				
Trade and other accrued liabilities	19	$ **48,821**	$ 37,655	$ 22,514
Customer deposits		**4,081**	8,188	5,269
Floor plan payables	20	**67,198**	73,626	51,944
Dividends payable		**3,002**	2,831	2,647
Current portion of term debt	20	**6,168**	4,658	2,957
Current portion of notes payable		**-**	2,652	2,477
Total current liabilities		**129,270**	**129,610**	**87,808**
Non-current liabilities				
Term debt	20	**46,002**	39,028	7,276
Notes payable		**-**	-	2,652
Debenture payable	20	**31,265**	30,534	-
Deferred income tax liability	16	**1,273**	-	-
Total non-current liabilities		**78,540**	**69,562**	**9,928**
Total liabilities		**207,810**	**199,172**	**97,736**
Equity				
Shareholders' capital	21	**78,126**	76,503	72,925
Deferred share plan		**6,426**	5,133	3,785
Other reserves		**5,176**	5,136	3,036
Accumulated other comprehensive income		**139**	221	150
Retained earnings		**124,982**	113,651	100,900
Total equity attributable to equity holders of the Company		**214,849**	200,644	180,796
Non-controlling interest		**3,571**	-	1,739
Total equity		**218,420**	**200,644**	**182,535**
Total liabilities and equity		**$ 426,230**	**$ 399,816**	**$ 280,271**

See accompanying notes

Approved by the Board:

"Peter Lacey" Director   "Gary Harris" Director

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

CERVUS EQUIPMENT CORPORATION

Restated Consolidated Statements of Comprehensive Income

For the year ended December 31, 2013 and 2012 (Note 6)

(In $ thousands)	**Note**	**2013**	**2012**
Revenue			
Equipment sales		$ **673,123**	$ 554,349
Parts		**117,261**	89,919
Service		**55,911**	45,237
Rentals		**14,843**	12,847
Total revenue		**861,138**	702,352
Cost of sales	23, 25	**(697,829)**	(563,542)
Gross profit		**163,309**	138,810
Other income	24	**3,885**	2,984
Selling, general and administrative expense	25	**(132,796)**	(108,667)
Income from operating activities		**34,398**	33,127
Finance income		**532**	1,271
Finance costs		**(6,735)**	(4,536)
Net finance costs	26	**(6,203)**	(3,265)
Share of profit of equity accounted investees, net of income tax	13	**3,527**	2,457
Profit before income tax expense		**31,722**	32,319
Income tax expense	16	**(8,396)**	(8,694)
Profit for the year		**23,326**	23,625
Other comprehensive income			
Foreign currency translation differences for foreign operations (net of tax)		**(82)**	71
Total comprehensive income for the year		$ **23,244**	$ 23,696
Profit attributable to:			
Shareholders of the Company		**23,090**	23,437
Non-controlling interest		**236**	188
Profit for the year		**23,326**	23,625
Total comprehensive income attributable to:			
Shareholders of the Company		**23,008**	23,508
Non-controlling interest		**236**	188
Total comprehensive income for the year		**23,244**	23,696
Net income per share attributable to shareholders of the Company:			
Basic	27	1.54	$ 1.58
Diluted	27	1.48	$ 1.52

See accompanying notes

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

CERVUS EQUIPMENT CORPORATION

Restated Consolidated Statements of Changes in Equity
For the Years Ended December 31, 2013 and 2012

Attributable to equity holders of the Company

(In $ thousands)	Note	Share capital	Deferred share plan	Other reserves	Cumulative translation account	Retained earnings	Total	Non-controlling interest	Total equity
Balance January 1, 2012		**$ 72,925**	**$ 3,785**	**$ 3,036**	**$ 150**	**$ 100,900**	**$ 180,796**	**$ 1,739**	**$ 182,535**
Comprehensive income for the year									
Profit		-	-	-	-	23,437	23,437	188	23,625
Other comprehensive income									
Foreign currency translation adjustments		-	-	-	71	-	71	-	71
Total comprehensive income for the year		-	-	-	71	23,437	23,508	188	23,696
Transactions with owners, recorded directly in equity									
Dividends to equity holders		-	-	-	-	(11,031)	(11,031)	-	(11,031)
Shares issued for the purchase of minority interest		1,582	-	-	-	345	1,927	(1,927)	-
Shares issued for business acquisitions		1,027	-	-	-	-	1,027	-	1,027
Shares issued through DRIP		945	-	-	-	-	945	-	945
Shares issued through deferred share plan		3	(3)	-	-	-	-	-	-
Share-based payment transactions		21	1,351	151	-	-	1,523	-	1,523
Conversion feature of convertible debenture issued		-	-	1,949	-	-	1,949	-	1,949
Transactions with owners		3,578	1,348	2,100	-	(10,686)	(3,660)	(1,927)	(5,587)
Balance December 31, 2012		**$ 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	21	-	-	-	-	(11,759)	(11,759)	-	(11,759)
Distributions to non-controlling interests		-	-	-	-	-	-	(70)	(70)
Shares issued through DRIP	21	1,097	-	-	-	-	1,097	-	1,097
Shares issued through deferred share plan	21	180	(180)	-	-	-	-	-	-
Shares issued through option plan		346	-	(103)	-	-	243	-	243
Share-based payment transactions	22	-	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**

See accompanying notes

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

CERVUS EQUIPMENT CORPORATION

Restated Consolidated Statement of Cash Flows
For the years ended December 31, 2013 and 2012

(In $ thousands)	Note	2013	2012
Cash flows from operating activities			
Profit for the year		$ 23,326	$ 23,625
Depreciation	15	8,483	7,253
Amortization of intangibles	17	4,825	2,677
Equity-settled share-based payment transactions	22	1,428	1,506
Net finance costs	26	6,556	3,524
Gain on sale of property and equipment	24	(2,073)	(775)
Share of profit of equity accounted investees, net of tax	13	(3,527)	(2,457)
Loss on revaluation of equity investment	7	598	-
Income tax expense	16	8,396	8,694
Change in non-cash working capital		(13,477)	(20,352)
		34,535	23,695
Cash taxes paid		(122)	-
Interest paid		(6,120)	(4,744)
Net cash from operating activities		28,293	18,951
Cash flows from investing activities			
Interest received	26	532	1,271
Business acquisitions	7	(1,352)	(22,260)
Advances to related party		-	15,354
Purchase of property and equipment	15	(27,919)	(42,832)
Proceeds from disposal of property and equipment		5,400	4,888
Proceeds from investments, at equity, net of purchases	13	2,187	(2,193)
Proceeds from asset held for sale	11	4,931	1,501
Increase in other investments, at cost		-	112
Net cash used in investing activities		(16,221)	(44,159)
Cash flows from financing activities			
Net proceeds from term debt		6,904	6,680
Proceeds from exercise of share options		243	17
Advance from debenture offering, net of costs	20	-	33,159
Cash dividends paid	21	(10,561)	(9,902)
Decrease in deposits with John Deere		148	(289)
Repayment of notes payable		(2,838)	(2,837)
Net cash used in financing activities		(6,104)	26,828
Net increase in cash and cash equivalents		5,968	1,620
Effect of foreign currency translation on cash		554	-
Cash and cash equivalents, beginning of year		8,156	6,536
Cash and cash equivalents, end of year	8	$ 14,678	$ 8,156

See accompanying notes

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, 2013 comprise of the Company and its subsidiaries ("the Group"). The Company is primarily involved in the sale, after-sale service and maintenance of agricultural, construction and industrial equipment. The Company also provides equipment rental, primarily in the construction and industrial equipment segment. The Company operates 48 John Deere agricultural equipment, Bobcat and JCB construction equipment and Clark, Sellick, Doosan material handling equipment and Peterbilt truck dealerships in 48 locations with 34 locations in Western Canada and 9 locations on the north island of New Zealand and 5 locations in Victoria, Australia. 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").

The Board of Directors authorized the issue of these consolidated financial statements on July 23, 2014.

Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis under a going concern assumption.

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.

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 and allocation of fair value amongst assets acquired and liabilities assumed in business combinations (note 7).
- Expectation that the Company would 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 34).

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 (note 10)
- Impairment of intangibles and goodwill (notes 17 and 18);
- Recognition of deferred tax assets (note 16 and note 34)

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.

Basis of consolidation

These consolidated financial statements include the accounts of the parent company Cervus Equipment Corporation and its wholly-owned subsidiaries, Cervus NZ Equipment Ltd., Cervus Rental & Leasing NZ Ltd., and Cervus Equipment Australia Pty Ltd. Cervus Contractors Equipment LP and Cervus AG Equipment LP and their respective general partners, Cervus Contractors Equipment Ltd. and Cervus AG Equipment Ltd.

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.

Business segments

The Company has historically operated two distinct business segments, an agricultural equipment segment and a commercial and industrial equipment segment. These segments are managed separately and strategic decisions are made on the basis of their respective operating results. All business segments' operating results are reviewed regularly by the Company's CEO to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. The agricultural equipment segment consists primarily of John Deere dealership locations in Alberta, Saskatchewan, British Columbia, New Zealand and Australia. The commercial and industrial equipment segment consists primarily of Bobcat, JCB, Clark, Sellick, Doosan, and Peterbilt dealership locations in Alberta, Saskatchewan and Manitoba.

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.

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 companies' functional currency, are translated into the companies' 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.

3. Significant accounting policies (continued)

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.

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.

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.

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.

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

Assets	Method	Rate
Buildings	Straight-line	15 to 40 years
Leasehold improvements	Straight-line	Over period of lease
Short-term rental equipment	Straight-line	12% to 20%
Automotive and trucks and computers	Declining balance	30%
Furniture and fixtures, parts and shop equipment	Declining balance	20%

Intangible assets

Intangible assets include dealership distribution agreements, trade names, customer lists and non-competition agreements and are recorded at cost and are amortized on a straight-line basis. Dealership distribution agreements and non-competition agreements are amortized over the expected term of the agreements. Customer lists and computer software are amortized over the estimated useful lives of the lists and software. 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).

3. Significant accounting policies (continued)

Effective April 1, 2013, the Company determined the remaining useful life of trade name intangible assets related to transportation and material handling operations were limited due to the Company initiating a unified branding strategy. As a result, the estimated remaining useful life of these intangible assets was determined to be 24 months at April 1, 2013 (compared to 20 years at initial recognition). Accordingly, increased amortization expense of $1,778 thousand has been recognized in the twelve months ended December 31, 2013. The Company has determined the change in useful life is a change in accounting estimate, and has been recorded prospectively herein.

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

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

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.

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.

3. Significant accounting policies (continued)

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.

Revenue recognition

Revenue is recorded based on the fair value of the consideration received or receivable. Revenue on agricultural equipment is recorded once all financial obligations have been received and settled. This includes, but is not limited to, the receipt of required equipment deposits or any necessary approvals of debt loan arrangements, substantial completion of all required presale work orders, and delivery of equipment to customers. Revenue on construction equipment is recorded upon the customer receiving receipt of the related equipment. Rental and service revenue are recognized at the time the service is provided.

Revenue is not recognized before there is persuasive evidence that an arrangement exists, 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.

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.

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.

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. 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 as follows:

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

3. Significant accounting policies (continued)

earnings for the period in which the change occurs. Upon initial recognition, attributable transaction costs are recognized in profit or loss as incurred. As at December 31, 2013 and 2012, the Company does not have any financial assets classified as held-for-trading.

Financial assets classified as loans and receivables are measured at amortized cost using the effective interest method. Loans and receivables include trade and other accounts receivable, employee housing loan, loans to related parties both of which are part of other long-term assets.

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, dividend payable, floor plan payables, term debt and notes payable.

The Company does not currently have any derivative financial instruments.

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.

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.

3. Significant accounting policies (continued)

Lease payments

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. 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.

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.

Impairment losses on available-for-sale investment securities are recognized by transferring the cumulative loss that has been recognized in other comprehensive income, and presented in unrealized gains/losses on available-for-sale financial assets in equity, to profit or loss. The cumulative loss that is removed from other comprehensive income and recognized in profit or loss is the difference between the acquisition cost, net of any principal repayment and amortization, and the current fair value, less any impairment loss previously recognized in profit or loss. Changes in impairment provisions attributable to time value are reflected as a component of interest income.

3. Significant accounting policies (continued)

If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognized in profit or loss, then the impairment loss is reversed, with the amount of the reversal recognized in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognized in other comprehensive income.

The company's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities, credit and currency and liquidity risks related to trade and other payables and trade and other receivables is disclosed in note 29.

Non-financial assets

The carrying values of intangible assets with indefinite lives and goodwill 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 is allocated to each of the CGUs (or groups of CGUs) expected to benefit from the synergies of the combination. 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 calculations require the use of estimates related to the future operating results and cash generating ability of the underlying assets. Judgment is also used in identifying the cash generating unit or group of cash generating units at which goodwill and intangible assets are monitored for internal management purposes and identifying an appropriate discount rate for these calculations.

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.

3. Significant accounting policies (continued)

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.

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

On January 1, 2013, the Company adopted IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements, IFRS 12 Disclosure of Interests in Other entities, as well as the consequential amendments to IAS 28 Investments in Associates and Joint Ventures (2011), IFRS 13 Fair Value Measurement and IFRS 7 Amendments to Financial Instrument Disclosures. The adoption of these standards had no significant change to our existing accounting policies and had no impact on the amounts recorded in the financial statements as at January 1, 2013.

The Company has elected to early adopt amendments to IAS 36, related to process for determining and disclosing the Recoverable Amount Disclosures for Non-Financial Assets. As the amendments impact certain disclosure requirements only, it did not have a material impact on the financial statements.

New standards not yet adopted

The new standards, amendments to existing standards effective for annual periods beginning on or after January 1, 2014 and have not been applied in preparing these consolidated financial statements are set out below.

Effective January 1, 2014, The Company will be required to adopt amendments to IFRS 10, IFRS 12 and IAS 27, related to the consolidation and presentation of investment entities. The Company does not expect these amendments to have a material impact on the financial statements.

4. Changes in accounting policies (continued)

The Company is required to adopt amendments to IAS 32, primarily related to the accounting and presentation of Offsetting Financial Assets and Liabilities, effective January 1, 2014. The Company does not expect the amendments to have a material impact on the financial statements.

The IASB has released updates to IFRS 9, related to the accounting and presentation of financial instruments. The mandatory effective date is not yet determined; however, early adoption of the new standard is permitted. The Company does not intend to adopt IFRS 9 (2009), IFRS 9 (2010) or IFRS 9 (2013) in its financial statements for the annual period beginning on January 1, 2014.

The Company intends to adopt the annual improvements to IFRS (2010 – 2012) and (2011-2013) in its financial statements for the annual period beginning on January 1, 2014. The extent of the impact of adoption of the amendments has not yet been determined.

5. 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 relationships 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 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.

5. Determination of fair value (continued)

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.

Share based payment transactions

The issue date fair value of employee share options is measured using the Black-Scholes formula. Measurement inputs include the share price on the measurement date, the exercise price of the instrument, expected volatility (based on an evaluation of the Company's historic volatility, particularly over the historic period commensurate with the expected term), expected term of the instruments, (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transaction are not taken into account in determining fair value.

6. Restatement of consolidated financial statements

A restatement has been made both to the 2013 and 2013 periods for inter-department revenue and related cost of sales. The restatement adjustment arose from the Company's historical practice of recording internal parts and service revenue, related to preparing new and used equipment for sale, as a component of the equipment's cost. This resulted in increased parts and service revenue and increased equipment cost of sales, by equal and offsetting amounts.

There is no impact to total comprehensive income, the statement of financial position, statement of changes in equity, or statement of cash flows as a result of this restatement. The adjustment recorded in the December 31, 2013, and December 31, 2012, comparative figures, is limited to an equal reduction in revenues and cost of goods sold related to intercompany revenue and is summarized as follows:

Continuity of Recast	Previously Reported	Correction	As Restated
Consolidated statement of comprehensive income – Year ended December 31, 2012:			
Revenue - parts	$ 103,312	$ (13,393)	$ 89,919
Revenue - service	61,078	(15,841)	45,237
Cost of sales	592,776	(29,234)	563,542
Consolidated statement of comprehensive income – Year ended December 31, 2013:			
Revenue - parts	$ 133,959	$ (16,698)	$ 117,261
Revenue - service	77,881	(21,970)	55,911
Cost of sales	736,497	(38,668)	697,829

7. Business combinations

On May 27, 2013, the Company acquired an additional 18.6% interest in Windmill AG Pty Ltd ("Windmill") bringing its total interest in Windmill to 53.3%. Windmill is a John Deere agricultural machinery dealership operating out of five locations in the state of Victoria, Australia. The Company purchased the additional interest in Windmill in order to further pursue its growth strategy in Australia.

As this increase in ownership interest has resulted in the acquisition of control of Windmill, 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:

Cash ($1,800 thousand paid, net of $448 thousand cash acquired)	$	**1,352**
Fair value of existing equity investment		**2,753**
Non-controlling interest		**3,405**
		7,510
Fair value of acquired assets and liabilities:		
Accounts receivable		**3,135**
Inventory		**16,307**
Property and equipment		**2,507**
Identifiable intangible assets		**4,470**
Other assets		**274**
Accounts payable and accrued liabilities		**(11,749)**
Floor plan payable		**(5,938)**
Long-term debt		**(1,364)**
Deferred tax liability		**(1,242)**
		6,400
Goodwill	**$**	**1,110**

The fair value of the non-controlling interest was determined using a going concern approach and the application of a capitalized risk adjusted earnings technique. A loss of $598 thousand was recognized as a result of remeasuring to fair value the existing equity interest the Company held in Windmill immediately prior to the transaction; this loss is recorded in other income. The goodwill relates to intangible assets and expected synergies on acquisition which do not qualify for separate recognition. The goodwill and identifiable intangible assets acquired are not deductible for tax purposes. At December 31, 2013, the purchase price allocation for Windmill was finalized resulting in an increase to previously reported acquired goodwill and assumed future income tax liability of $442 thousand, which has been reflected in the amounts above.

Included in these consolidated financial statements are revenues of $36,554 thousand and net profit of $506 thousand related to Windmill since the acquisition of control, prior to allocation of corporate expenditures and income tax expense. Had the Company purchased the additional interest and acquired control of Windmill on January 1, 2013, revenue for the year ended December 31, 2013 would have been $25,946 thousand higher and profit for the period would have been $279 thousand lower. The results of operations of this acquisition are part of the agricultural equipment segment.

8. Cash and cash equivalents

($ thousands)	2013	2012
Bank and cash balances	$ 11,734	$ 6,638
Money market funds	4,257	2,751
	15,991	9,389
Credit facilities used for cash management purposes (note 20)	(1,313)	(1,233)
	$ 14,678	$ 8,156

9. Trade and other accounts receivable

($ thousands)	2013	2012
Trade receivables	$ 27,226	$ 25,939
Contracts in transit	12,576	8,329
Advances to Summit REIT, formerly Proventure Income Fund	-	1,100
Advances to equity accounted investees	-	958
Current portion of long-term finance contracts	983	971
Volume bonus	75	15
	40,860	37,312
Allowance for doubtful debts	(681)	(916)
	40,179	36,396
Prepaid expenses	5,405	2,414
	$ 45,584	$ 38,810

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 29.

10. Inventories

($ thousands)	2013	2012
New equipment	$ 78,060	$ 80,432
Used equipment	73,011	65,836
Parts and accessories	26,209	22,229
Work-in-progress	1,231	1,290
	$ 178,511	$ 169,787

During the year ended December 31, 2013, included in costs of sales are amounts related to inventories of $727,773 thousand (2012 - $527,984 thousand). There were no significant inventory write-downs recorded during the years ended December 31, 2013 and 2012.

11. Assets held for sale

As at December 31, 2013, agricultural equipment segment land and buildings with a net book value of $3,095 thousand are classified as held for sale. The company had an offer to sell the location that was outstanding as at December 31, 2013, subject to certain conditions. The operations from the location classified as held for sale had been relocated to new facilities at December 31, 2013. The company sold this location on March 5th, 2014, for net proceeds of $3,775 thousand.

During the year ended December 31, 2013, a net gain of $68 thousand was recognized in other income upon the sale of agricultural rental equipment that was previously classified as held for sale. As at December 31, 2013, $586 thousand of agricultural rental equipment remains classified as held for sale. Additionally, a net gain of $779 thousand was recognized in other income on the sale of 10 acres of land. The $4,152 thousand of capitalized costs associated with this land was included in the total assets of the agricultural equipment segment and was previously classified as held for sale.

12. Long-term receivables

Long-term receivables consist of internal finance agreements with certain customers for the purchase of equipment. The agreements range from periods of repayment between 1 to 46 months, and require blended principal and interest repayments of up to $55 thousand with interest at rates ranging from 5.9% to 12.5%.

($ thousands)	**2013**	**2012**
Long-term receivables outstanding	**$ 3,086**	$ 2,636
Less: current portion	**(983)**	(971)
	$ 2,103	$ 1,665

13. Equity accounted investees

($ thousands)	**Ownership %**	**2013**	**2012**
Prairie Precision Network Inc.	22.2%	**$ 29**	$ 29
JD Integrated Solutions Inc. (formerly 1595672 Alberta Ltd.)	18.2%	**550**	550
Deer Star Systems Inc.	35.7%	**2,322**	1,299
Maple Farm Equipment Partnership	21.4%	**4,884**	4,511
Windmill AG Pty Ltd. (a)	34.6%	**-**	3,407
PPJ Investments Pty Ltd.	45.0%	**1**	1
		$ 7,786	$ 9,797

The Company's share of profit in its equity accounted investees for the year ended December 31, 2013 was $3,527 thousand (2012 - $2,457 thousand). During the year ended December 31, 2013, the Company received $2,187 thousand (2012 - $1,152 thousand) of repayments from its investees.

13. Equity accounted investees (continued)

a) On May 28, 2013, the Company purchased an additional 18.3% of Windmill AG Pty Ltd. ("Windmill"), through its subsidiary Cervus Equipment Australia Pty Ltd., bringing its total ownership interest in Windmill to 53.3%. The operating results of Windmill have been consolidated in these financial statements from the date of acquisition. See note 7.

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

($ thousands)	2013	2012
Current Assets	**$ 66,048**	$ 70,411
Long-term assets	**14,566**	21,641
Current liabilities	**34,983**	49,735
Long-term liabilities	**8,211**	6,727
Revenue and other income	**247,445**	226,126
Expenses	**231,757**	215,757

14. 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 $1,977 thousand (December 31, 2012 - $1,855 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.

15. 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, 2012	6,526	21,174	8,275	2,775	3,653	2,282	1,858	$ 46,543
Additions and additions through business acquisition	61,348	5,712	3,115	789	1,067	1,085	863	73,979
Disposals	-	(5,138)	(987)	(6)	(109)	(30)	(1,567)	(7,837)
Effect of movements in exchange rates	-	40	39	6	15	12	2	114
Balance at December 31, 2012	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**

15. Property and equipment (continued)

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, 2012	-	6,779	3,945	1,792	2,188	1,368	1,286	$ 17,358
Depreciation expense	1,261	2,891	1,615	282	545	566	93	7,253
Disposals	-	(2,655)	(734)	26	(86)	(10)	(526)	(3,985)
Effects of movements in exchange rates	-	23	7	1	43	8	-	82
Balance at December 31, 2012	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**

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, 2012	66,613	14,750	5,609	1,463	1,936	1,417	303	$ 92,091
Balance at December 31, 2013	**71,837**	**16,902**	**7,560**	**1,621**	**2,431**	**1,101**	**444**	**$ 101,896**

Depreciation expense has been recorded in cost of sales in the amount of $2,883 thousand (2012 - $2,928 thousand) and selling, general and administrative expenses of $5,600 thousand (2012 - $4,325 thousand).

At December 31, 2013, land and buildings included construction in progress costs of $11.6 million for the construction of a new John Deere dealership in Calgary, Alberta. The facility was substantially complete at December 31, 2013 and placed into service at that date.

16. Income taxes

Tax expense

($ thousands)	2013	2012
Current income tax	$ 279	$ 11
Deferred tax expense	8,117	8,683
Total tax expense relating to continuing operations	$ 8,396	$ 8,694

The expense for the year can be reconciled to the accounting profit (loss) based on using federal and provincial statutory rates of 25.8% (2012 – 25.8%) as follows:

($ thousands)	2013	2012
Profit before income tax expense	$ 31,722	$ 32,319
Expected income tax expense	8,184	8,338
Non-deductible costs and temporary differences between tax and accounting basis	212	356
Income tax recovery recognized in profit or loss	$ 8,396	$ 8,694

Deferred tax assets and liabilities

($ thousands)	2013	2012
Carrying value over the tax value of tangible assets	$ (1,487)	$ (930)
Carrying value over the tax value of convertible debenture liability	(582)	(676)
Carrying value over the tax value of intangible assets	(2,022)	(2,830)
Federal investment tax credits	12,841	12,842
Benefit of tax losses to be carried forward	48,005	56,425
Unrecognized deferred tax asset (income)	(244)	(221)
Unrecognized deferred tax asset (capital)	(19,502)	(19,484)
Deferred tax asset	$ 37,009	$ 45,126

The Company believes that 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 except for the unrecognized amounts shown below where the Company does not believe certain capital losses and other tax loss carry forwards can be utilized. 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 34 herein.

($ thousands)	2013	2012
Benefit of tax losses to be carried forward (capital)	$ 422	$ -
Unrecognized deferred tax asset (capital)	(422)	-
Carrying values over tax values of intangible assets	(1,226)	-
Carrying values over tax values of tangible assets	(47)	-
Deferred tax liability	$ (1,273)	$ -

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

16. Income taxes (continued)

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

($ thousands)	2012	Recognized in profit or loss	Recognized in other comprehensive income	Aquired in business combinations	2013
Tax values over carrying value of tangible assets	$ (930)	$ (557)	$ -	$ -	**$ (1,487)**
Carrying value over the tax value of convertible debenture liability	(676)	94	-	-	**(582)**
Carrying value over the tax value of intangible assets	(2,830)	808	-	-	**(2,022)**
Federal investment tax credits	12,842	(1)	-	-	**12,841**
Benefit of tax losses to be carried forward	56,425	(8,420)	-	422	**48,427**
Unrecognized deferred tax asset (income)	(221)	(23)	-	(422)	**(666)**
Unrecognized deferred tax asset (capital)	(19,484)	(18)	-	-	**(19,502)**
Accounting values over tax values of intangible assets	-	-	(31)	(1,195)	**(1,226)**
Accounting values over tax values of tangible assets	-	-	-	(47)	**(47)**
	$ 45,126	$ (8,117)	$ (31)	$ (1,242)	**$ 35,736**

17. Intangible assets

Intangible assets are comprised of the following:

Cost	Dealership distribution agreements	Trade Name	Customer lists	Non-competition agreements	Total
Balance at January 1, 2012	17,145	3,100	7,390	1,891	$ 29,526
Additions	5,435	1,615	2,439	-	9,489
Balance at December 31, 2012	22,580	4,715	9,829	1,891	39,015
Additions (Note 7)	**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**

Accumulated depreciation and impairment	Dealership distribution agreements	Trade Name	Customer lists	Non-competition agreements	Total
Balance at January 1, 2012	3,360	310	4,260	1,691	$ 9,621
Amortization expense	1,073	219	1,253	132	2,677
Balance at December 31, 2012	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**

Carrying value	Dealership distribution agreements	Trade Name	Customer lists	Non-competition agreements	Total
Balance at December 31, 2012	18,147	4,186	4,316	68	$ 26,717
Balance at December 31, 2013	**20,771**	**2,359**	**2,876**	**133**	**$ 26,139**

Amortization expense of $4,825 thousand (2012 - $2,677 thousand) has been recorded in selling, general and administrative expense. The Company implemented a branding unified initiative in 2013. As a result, intangible assets was determined to be 24 months at April 1, 2013 (compared to 20 years at initial recognition). Accordingly, increased amortization expense $1,778 thousand has been recognized in the twelve months ended December 31, 2013.

As of December 2013, the Corporation performed impairment tests, based on value in use of intangible assets. The Corporation concluded that no impairment existed for intangible assets.

18. Goodwill

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

($ thousands)	2013	2012
Agricultural equipment segment		
AG Alberta division	**$ 1,346**	$ 1,346
AG Saskatchewan division	**327**	327
AG New Zealand division	**1,946**	1,946
Windmill AG Pty Ltd	**1,054**	-
Commercial and industrial equipment segment		
Bobcat/JCB division	**1,527**	1,527
Material Handling and Forklift division	**666**	666
	$ 6,866	$ 5,812

The Company conducted the annual impairment test of goodwill in December 2013. 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 to 10-year period for the CGU, excluded any assumptions regarding 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%, well in excess of the Company`s current estimated weighted average cost of capital (WACC) of 9%. This discount rate is equivalent to a pre-tax discount rate of 20%. The Company considers the positive value result for its CGU`s when utilizing a 15% after tax or greater discount rate, to adequately reflect any risk premia applicable to the CGU in excess of the overall corporate WACC, and conclude no impairment of goodwill or intangibles is present at December 31, 2013. Sensitivity testing was performed as part of 2013 annual impairment test, concluding that by increasing the after tax discount rate applied to 16%, an impairment of $981 would exist based on zero growth in income from 2013 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 and intangible assets are monitored for internal management purposes and identifying an appropriate discount rate for these calculations.

18. Goodwill (continued)

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

($ thousands)	2013	2012
Opening balance, January 1	**$ 5,812**	$ 5,154
Acquisition of business (note 7)	**1,110**	658
Impairment	**-**	-
Foreign exchange translation	**(56)**	-
Disposals	**-**	-
Ending balance, December 31	**$ 6,866**	$ 5,812

19. Trade and other payables

($ thousands)	2013	2012
Trade and other payables	**$ 27,842**	$ 21,822
Non-trade payables and accrued expenses	**20,979**	15,833
	$ 48,821	$ 37,655

20. Loans and borrowings

Bank indebtedness

At December 31, 2013, the Company has a combined credit facility agreement aggregating $45,000 thousand Canadian dollars and $1,500 thousand New Zealand dollars. The Canadian credit facility consists of an operating facility of $45,000 thousand, of which $2,400 thousand has been utilized for outstanding letters of credit to John Deere (see note 29). The Company’s credit facilities bear interest at the Banks 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 2013.

New Zealand facility is secured by a general security agreement covering all property. At December 31, 2013 and December 31, 2012, NZ$1,500 thousand has been drawn on the New Zealand facility which for the purposes of consolidation has been included in cash and cash equivalents as described in note 8.

Floor plan payables

The Company utilizes floor plan financing arrangements with various suppliers for inventory purchases. The terms of these arrangements may include a 15-day to eleven-month interest-free period followed by a term during which interest is charged at rates ranging from 3.96% to 10.83%. 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.

20. Loans and borrowings (continued)

Term debt

($ thousands)	2013	2012
Farm Credit Corporation, mortgage funding on land and buildings under construction, repayable, interest only until completion at a rate of prime plus 1% per annum	**$ 9,756**	$ 3,375
Farm Credit Corporation, mortgage payable in monthly instalments ranging from $39 thousand to $90 thousand including interest at a rate of prime plus 1% per annum	**17,419**	17,249
Affinity Credit Union, mortgage payable in monthly installments ranging from $8 thousand to $17 thousand, including interest at prime plus 1% per annum	**10,524**	-
Frontier Developments Ltd., vendor take back mortgage, payable in monthly instalments of $86 thousand including interest at the rate of 4.75%	**-**	13,052
ANZ National Bank Ltd., mortgage payable, interest only until 2014 at the rate of 6.9% per annum	**1,174**	1,104
HSBC Bank Canada, central lease loan, repayable in monthly instalments ranging from $2 thousand to $12 thousand including interest at rates ranging from 4.62% to 7.44%, secured by short-term rental equipment	**375**	1,303
Finance company, payable in monthly interest instalments ranging up to $6 thousand including interest of 3% to 5.75%, secured by short-term rental equipment	**1,335**	1,234
John Deere finance contracts, payable in monthly instalments ranging up to $6 thousand including interest at a rate of 3.49% to 5.07%, secured by related equipment	**5,869**	2,441
John Deere Financial, Australia, finance contracts, payable in monthly instalments ranging up to NZ$5 thousand including interest at the rate of 5.5% per annum, secured by related equipment	**3,635**	3,415
National Austriailian Bank, mortgage, interest only, payable monthly at a floating interest rate (December 31, 2013 - 6.513%)	**570**	-
Hire purchase contracts, Australia, finance contracts payable in monthly installments ranging up to AU$3 thousand including interest at a rate of 5.85% to 9.75%, secured by related equipment	**700**	
Finance contracts, New Zealand, various, repayable in monthly instalments ranging up to NZ$2 thousand per month including interest from 8.85% to 17.5%, secured by related equipment	**813**	513
	52,170	43,686
Less current portion	**(6,168)**	(4,658)
	$ 46,002	$ 39,028

20. Loans and borrowings (continued)

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, 2013 was $2,849 thousand (2012 - $1,148 thousand). Changes in the debenture liability are as follows:

($ thousands)	2013	2012
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	1,016	285
Carrying value of debenture payable at December 31	$ 31,265	$ 30,534
Estimated fair value of debenture at December 31	36,915	35,900

Other financial liabilities, including convertible debenture, are measured at amortized cost using the effective interest method. The debenture is classified as a level one financial instrument and its fair value is based on quoted market trading prices as at the balance sheet date.

21. 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.

Share capital

($ thousands)	Number of common shares		Total carrying amount
Balance January 1, 2012	14,703	$	72,925
Issued under the DRIP plan	56		945
Issued under the deferred share plan	1		3
Shares issued for business acquisitions	138		2,609
Issued under the share option plan	2		21
Balance December 31, 2012	**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**

Issuance of common shares

During the year ended December 31, 2013, the Company issued 59 thousand (2012 - 56 thousand) common shares to shareholders participating in the Company's dividend reinvestment plan ("DRIP"), 22 thousand (2012 – 1 thousand) common shares as a result of redemptions of vested shares from the deferred share plan, and 31 thousand (2012 – 2 thousand) common shares as a result of share options exercised.

Common shares and preference shares

Shareholders are entitled to: (i) dividends if, as and when declared by the Board of Directors of the Comany; (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.

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)		**2013**		**2012**
$0.785 per qualifying common share	**$**	**11,759**	$	11,031
	$	**11,759**	$	11,031

Total dividends paid in cash during the year were $10,561 thousand (2012 - $9,902 thousand).

21. Capital and other components of equity (continued)

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 38 thousand shares reserved for issuance under this plan.

22. Share based payments

Included in share based payments are the following:

($ thousands)	**2013**	**2012**
Deferred share plan	**$ 1,285**	$ 1,352
Share options	**143**	154
	$ 1,428	$ 1,506

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 1,250 thousand shares reserved for issuance under this plan. As at December 31, 2013, 677 thousand (2012 – 600 thousand) deferred shares have been issued under the deferred share plan and remain outstanding. As at December 31, 2013, the matching component of the plan aggregated $3,640 thousand (2012 - $2,944 thousand) of which $1,997 thousand (2012 - $1,693 thousand) has been amortized into selling, general and administrative expense. Of the outstanding deferred shares, $538 thousand (2012 – $452 thousand) can be converted to common shares.

23. Cost of sales

The following amounts have been included in cost of sales for the years ended December 31, 2013 and 2012:

($ thousands)	**2013**	**2012**
Depreciation of rental equipment	**$ 2,883**	$ 2,928
Interest paid on rental equipment financing	**353**	259
	$ 3,236	$ 3,187

24. Other income

Other income for the years ended December 31, 2013 and 2012 are comprised of the following:

($ thousands)	2013	2012
Net gain on sale of property and equipment	$ 2,073	$ 720
Net gain (loss) on other long-term assets	-	55
Net loss on acquiring controlling interest of subsidiary (note 7)	(598)	-
Extended warranty commission	236	211
Foreign exchange gain (loss)	(82)	356
Financial compensation and consignment commissions	1,125	578
Other income	1,131	1,064
	$ 3,885	$ 2,984

25. Wages and benefits

($ thousands)	2013	2012
Included in cost of sales:		
Short-term wages and benefits	$ 27,739	$ 17,988
Included in selling, general and administrative expenses:		
Short-term wages and benefits	77,842	49,710
Share-based payments	1,428	1,523
	79,270	51,233
	$ 107,009	$ 69,221

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 $1,225 thousand (2012 - $847 thousand) of expenses incurred by the Company to match the employee contributions.

26. Finance income and finance costs

($ thousands)	2013	2012
Finance income	**$ 532**	$ 1,271
Interest expense on convertible debenture	**(2,849)**	(1,148)
Interest expense on mortgage and term debt obligations	**(1,075)**	(1,006)
Interest expense on note payable	**(186)**	(360)
Interest expense on vendor take back financing	**(276)**	(467)
Interest expense on financial liabilities	**(2,349)**	(1,555)
Finance costs	**(6,735)**	(4,536)
Net finance costs recognized seperately	**(6,203)**	(3,265)
Net finance costs recognized in cost of sales	**(353)**	(259)
Total net finance costs	**$ (6,556)**	$ (3,524)

27. 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, 2013 and 2012. 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)	2013	2012
Issued common shares January 1	**14,900**	14,703
Effect of shares issued under the DRIP plan	**33**	31
Effect of shares issued for the business acquisitions	**-**	56
Effect of shares issued under the deferred share plan	**17**	1
Effect of shares issued under the share option plan	**18**	-
Weighted average number of common shares at December 31	**14,968**	14,791

Diluted earnings per share

The calculation of diluted earnings per share at December 31, 2013 and 2012 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)	2013	2012
Weighted average number of common shares (basic)	**14,968**	14,791
Effect of dilutive securities:		
Deferred share plan	**677**	600
Share options	**8**	15
Weighted average number of shares (diluted) at December 31	**15,653**	15,406

28. Operating leases

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:

Less than 1 year	**$ 3,835**
Between 1 and 5 years	**8,549**
More than 5 years	**1,112**
	$ 13,496

29. 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.

Fair value of financial instruments

The carrying amounts of cash and cash equivalents, trade and other accounts receivable, trade and other accrued liabilities, floor plan payables and dividends payable approximate their fair values given the short-term maturity of these instruments. 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. The

29. Financial risk management (continued)

carrying value of the convertible debentures differs from fair value as the convertible debentures are publicly traded and quoted market prices are available.

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 14).

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)	**2013**	**2012**
Trade and other accounts receivables	**$ 40,860**	$ 37,312
	$ 40,860	$ 37,312

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

($ thousands)	**2013**	**2012**
Domestic	**$ 36,386**	$ 34,870
New Zealand	**2,151**	2,442
Australia	**2,323**	-
	$ 40,860	$ 37,312

29. Financial risk management (continued)

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

($ thousands)	2013	2012
Current - 60 days	**$ 36,151**	$ 33,470
Past due – 61-90 days	**1,992**	2,134
Past due – 91 to 120 days	**1,503**	909
Past due more than 120 days	**1,214**	799
	$ 40,860	$ 37,312

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

($ thousands)	2013	2012
Balance at January 1	**$ 916**	$ 851
Additional allowance recorded (recovery)	**118**	858
Amounts written-off as uncollectible	**(353)**	(793)
Balance at December 31	**$ 681**	$ 916

In our industries, customers typically pay invoices within 30 to 60 days. The average time to collect Company's outstanding accounts receivable was approximately 16 days for the year ended December 31, 2013 (2012 – 17 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, 2013 and 2012, 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 (2012 - $1,500). 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 20, the Company has available for its current use, $45,000 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.

29. Financial risk management (continued)

The following are the contractual maturities of financial liabilities existing as at December 31, 2013.

($ thousands)	Carrying amount	Contractual cash flows	6 months or less	7-12 Months	1-2 Years	2 – 5 Years
Trade and other accrued liabilities	$ 48,821	48,821	48,821	-	-	-
Floor plans payable	67,198	67,198	67,198	-	-	-
Dividends payable	3,002	3,002	3,002	-	-	-
Term debt payable	52,170	52,170	2,799	3,369	6,334	33,106
Debenture payable	31,265	31,265				31,265
	$ 202,456	202,456	121,820	3,369	6,334	64,371

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, 2013 would have increased (decreased) equity by $142 thousand (2012 - $4 thousand) and profit or loss by $34 thousand (2012 - $12 thousand). A strengthening or weakening of the Canadian dollar by 5% against the Australian dollar at December 31, 2013 would have increased (decreased) equity by $394 thousand and profit or loss by $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.

29. Financial risk management (continued)

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)	2013	2012
Floor plan payables	$ 54,237	$ 61,952
Term debt	52,170	43,686
Notes payable	-	2,651
Debenture payable	31,265	30,534
	$ 137,672	$ 138,823

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore a change in interest rates would not affect profit or loss. A change in 100 basis points in interest rates would have increased or decreased equity for the year ended December 31, 2013 by approximately $1,176 thousand (2012 -$1,388 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 insurance when this is effective.

Compliance with Company standards is supported by a program of periodic reviews undertaken by 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.

29. Financial risk management (continued)

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) total debt to adjusted equity ratio (calculated as total debt divided by adjusted equity) and; b) adjusted assets to adjusted equity ratio (adjusted assets divided by adjusted equity). 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, 2013. The relating three core covenants are summarized as:

- Maintaining "total liabilities to tangible net worth ratio" not exceeding 4.0:1.0 calculated from North American operations of adjusted total liabilities over adjusted equity.
- Maintaining "fixed charge coverage ratio" greater to or equal to 1.1:1.0, calculated as an adjusted EBITDA net of any Canadian debt or equity financing utilized over the sum of interest expense, scheduled principal payments and operating leases in the following twelve months, 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 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 20.

30. Segment information

The Company has two reportable segments which include the agricultural equipment segment which primarily distributes agricultural related equipment and services and the construction and industrial equipment segment which includes primarily the sale of construction and industrial equipment and related services. These two business segments are described in note 3 and are considered to be the Company's two strategic business units. The two 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 CEO reviews internal management reports on a monthly basis. The following is a summary of financial information for each of the reportable segments.

The Company allocates corporate expenditures to each individual segment based on a direct allocation method. Total corporate related expenditures, excluding income taxes, that have been allocated for the year ended December 31, 2013 are $5,373 thousand (2012 - $3,703 thousand).

December 31, 2013	Agricultural Equipment	Commercial and Industrial Equipment	Restated Total
Segmented income figures:			
Revenue	$ 588,518	$ 272,620	**$ 861,138**
Profit for the year	18,443	4,883	**23,326**
Share of profit of equity accounted investees	3,527	-	**3,527**
Depreciation and amortization	4,980	8,328	**13,308**
Finance income	282	250	**532**
Finance expense including amounts in costs of sales	(4,063)	(3,025)	**(7,088)**
Capital expenditures	17,804	10,115	**27,919**
Segmented assets:			**-**
Reportable segment assets	258,552	167,678	**426,230**
Reportable segment liabilities	130,966	76,844	**207,810**
Investment in associates	7,786	-	**7,786**
Intangible assets	7,769	18,370	**26,139**
Goodwill	4,673	2,193	**6,866**

30. Segment information (continued)

December 31, 2012	Agricultural Equipment	Commercial and Industrial Equipment	Restated Total
Segmented income figures:			
Revenue	$ 460,933	$ 241,419	$ 702,352
Profit for the year	17,507	6,118	23,625
Share of profit of equity accounted investees	2,457	-	2,457
Depreciation and amortization	4,836	5,094	9,930
Finance income	342	929	1,271
Finance expense including amounts in costs of sales	2,766	2,029	4,795
Capital expenditures	44,343	28,329	72,672
Segmented assets:			
Reportable segment assets	231,725	168,091	399,816
Reportable segment liabilities	119,296	79,876	199,172
Investment in associates	9,797	-	9,797
Intangible assets	4,255	22,462	26,717
Goodwill	3,618	2,194	5,812

The Company primarily operates in Western 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 $89,758 thousand (2012 - $37,625 thousand) and $17,454 thousand (2012 - $9,643 thousand) respectively.

31. Commitments and contingencies

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, 2013 payments in arrears by such customers aggregated $64 thousand (2012 - $183 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, 2013, the net residual value of such leases aggregated $123,862 thousand (2012 - $94,956 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.

32. 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)	**2013**	**2012**
Short-term benefits	**$ 1,881**	$ 1,651
Share-based payments	**442**	444
	$ 2,323	$ 2,095

Key management personnel and director transactions

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

($ thousands)	**2013**	**2012**
Expenses:		
Real estate leases and guarantee fees	**$ 177**	$ 356
Revenue:		
Management fees for administration	**-**	23
Interest on advances	**-**	35

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, 2013 and 2012, the Company paid those individuals $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.

33. Subsidiaries

Details of the Company's subsidiaries at December 31, 2013 and December 31, 2012 are as follows:

Propotion of ownership interest and voting power held	2013	2012
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 Australia Pty Ltd.	**100%**	100%
Cervus GP Ltd (a)	**-**	100%
Cervus LP (a)	**-**	100%
Cervus NZ Equipment Ltd.	**100%**	100%
Cervus Rental & Leasing NZ Ltd., a wholly-owned subsidiary of Cervus NZ Equipment Ltd.	**100%**	100%
Windmill AG Pty Ltd., a 53.3% subsidiary of Cervus Equipment Australia Pty Ltd. (note 7)	**53%**	-

(a) Effective January 1, 2013, Cervus LP and Cervus GP Ltd. were combined with Cervus Equipment Corporation.

34. Subsequent events

Sale of property

As discussed in note 11, the Company had assets held of sale as at December 31, 2013, relating to agricultural equipment segment land and buildings. Effective March 5th, 2014, the Company has sold these assets for net proceeds of $3,775 thousand.

Deferred tax assets

On March 4, 2014 Cervus received a proposal letter from the Canada Revenue Agency ("CRA") indicating that it intends to challenge Cervus' tax filing position stemming from the conversion transaction. In its proposal letter, the CRA informed the Company of their proposed position that non-capital tax losses of $138.6 million claimed or pending claim by the Company through to December 31, 2013 are ineligible for deduction against taxable income. Further, it is the CRA's proposed position that the Company's unclaimed capital and non-capital tax losses of $267.4 million at December 31, 2013 are ineligible for deduction against future taxable income.

Cervus and our advisors remain confident in the appropriateness of the Company's tax-filing position and the ultimate tax consequences of the conversion transaction. As such, the Company intends to defend such position vigorously if a notice of reassessment is received from the CRA. In order to appeal any eventual reassessment, 50% of any reassessed amount is due upon reassessment. Based on Cervus' taxation years since the conversion transaction and ending with the taxation year ended December 31, 2013, if Cervus is reassessed on the basis of the proposal letter, Cervus expects the 50% amount to equal $17.7 million. Cervus would also be required to make a payment of 50% of the taxes CRA claims are owed in any future tax year if the Canada Revenue Agency issues a similar notice of reassessment for such years and Cervus appeals it. If Cervus is ultimately successful in defending its position, such payments, plus applicable interest, will be refunded to Cervus. If the Canada Revenue Agency is successful, Cervus will be required to pay the balance of the taxes claimed plus applicable interest, which at December 31, 2013 would be an additional $17.7 million.

34. Subsequent events (continued)

Acquisition of Non-Controlling Interest (NCI) of Windmil 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 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.

Acquisition of Western Farm Service Pty Ltd.

On April 1st, 2014, Western Farm Service Pty Ltd., a John Deere dealership located in Melbourne, was purchased for $4,277 thousand by Windmill Ag, a 100% owned subsidiary of the Company. Results will be consolidated in future reporting periods within the agricultural segment.

Acquisition of Peterbilt of Ontario Inc.

On July 2nd, 2014, the Company announced that it has entered into a Definitive Agreement to acquire the business and assets of Peterbilt of Ontario Inc. ("POI") for a purchase price of approximately $25,500 thousand. Under the terms of the Definitive Agreement, Cervus will acquire the business and assets of POI for approximately $25,500 thousand, comprised of $20,000 thousand in cash and $5,500 thousand in cash drawn from its current credit facilities, subject to closing working capital targets. Closing of the transaction is subject to, among other things, the completion of due diligence activities, lender approval, and the receipt of all required regulatory and third party approvals. There can be no assurance that these conditions precedent, or any other conditions precedent, will be satisfied. Upon completion of satisfactory due diligence, lender approval, and the receipt of all required regulatory and third party approvals, Cervus anticipates closing of the transaction to occur by the end of August 2014.