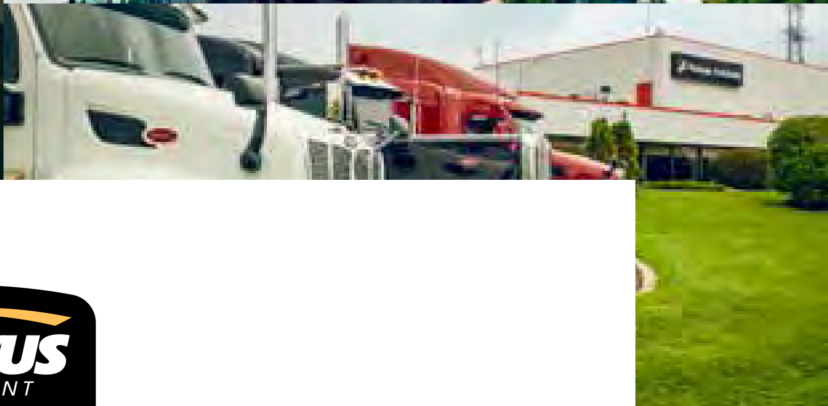


People. Power. Service.™

The Cervus dealership difference.

2014 ANNUAL REPORT

People. Power. Service.

CORPORATE PROFILE

Cervus Equipment Corporation (Cervus) acquires and manages authorized agricultural, commercial, industrial, and transportation equipment dealerships with interests in 75 dealerships located in Canada, New Zealand and Australia.

The primary equipment brands represented by Cervus include John Deere agricultural equipment; Bobcat and JCB construction equipment; Clark, Sellick and Doosan material handling equipment; and Peterbilt transportation equipment.

We are dedicated to ensuring the advancement of these brands within their dynamic industries, and as such, each of our three sectors—agriculture, transportation, and commercial/industrial—specialize in serving our customers and promoting our manufacturers' products and services.

Diversified and positioned for continued success, Cervus is committed to providing genuine customer value, each and every day. Our team of more than 1,700 people collaborates to ensure Cervus leads our industry, maintaining our place as a profitable and competitive organization backed by leading brands.

The common shares of Cervus are listed on the Toronto Stock Exchange (TSX) and trade under the symbol "CVL".

Guiding our success.

VISION, MISSION, VALUES

OUR VISION

Cervus will be the preferred provider of business-to-business equipment solutions in the international agricultural, commercial, and industrial markets it serves as measured by employee, customer, manufacturer, and shareholder satisfaction with $1 billion in revenues by 2018.

OUR MISSION

To grow our business as a well-respected organization based on integrity, hard work, and the way we care for our people, customers, and partners.

OUR VALUES

1. Products and services that deliver value in the eyes of our customers
2. Personal, team, and corporate growth and achievement
3. A leadership culture that values honesty, integrity, taking measured risks, and making decisions as close to our customers as possible
4. Continuous improvement and innovation that drives operational excellence
5. Building strategic relationships with our dealer, manufacturer, and shareholder partners

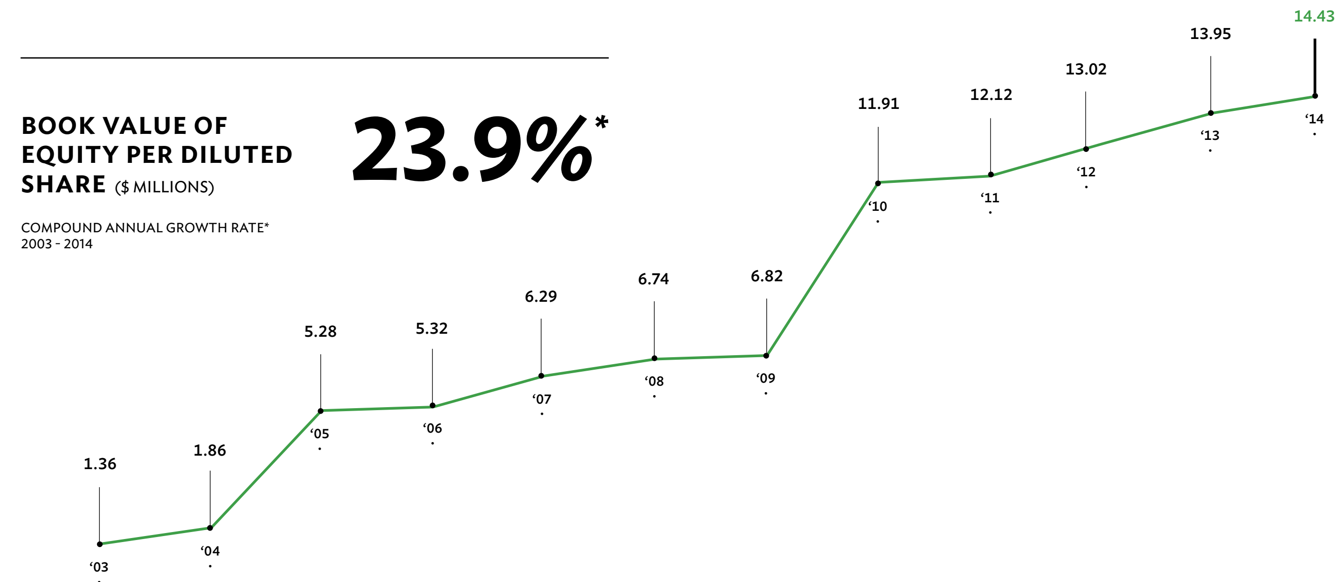
2014 Financial Highlights

PROGRESS POWERED BY PEOPLE

BOOK VALUE OF EQUITY PER DILUTED SHARE ($ MILLIONS)

23.9%*

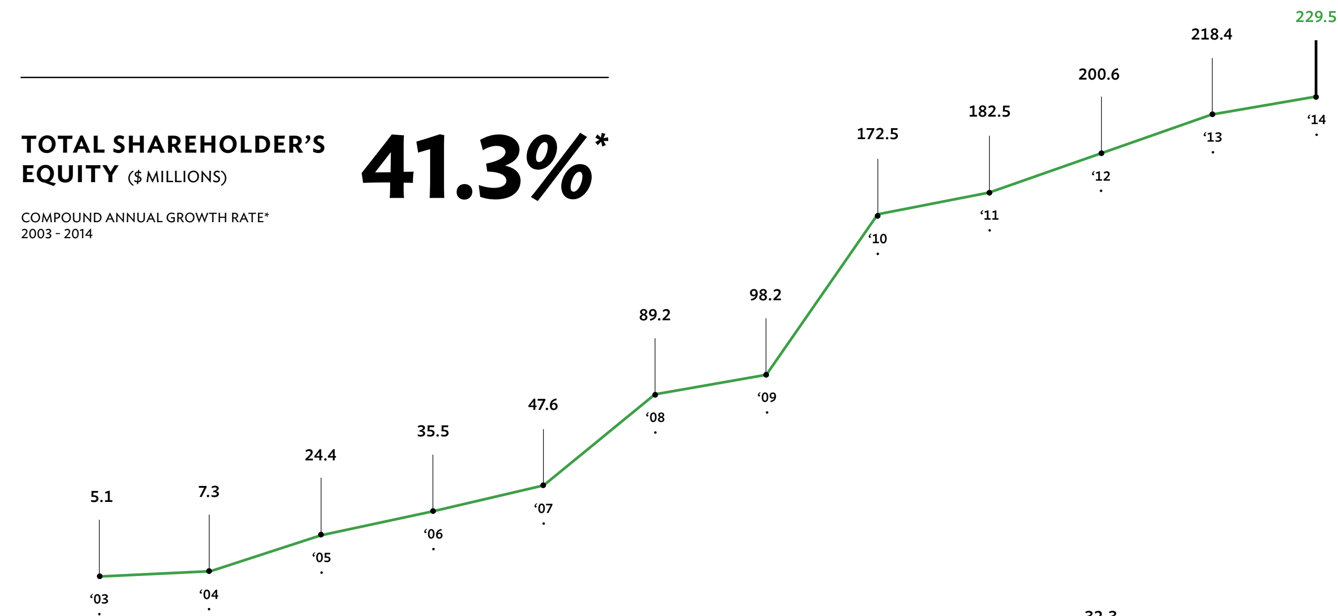
COMPOUND ANNUAL GROWTH RATE*
2003 - 2014



TOTAL SHAREHOLDER'S EQUITY ($ MILLIONS)

41.3%*

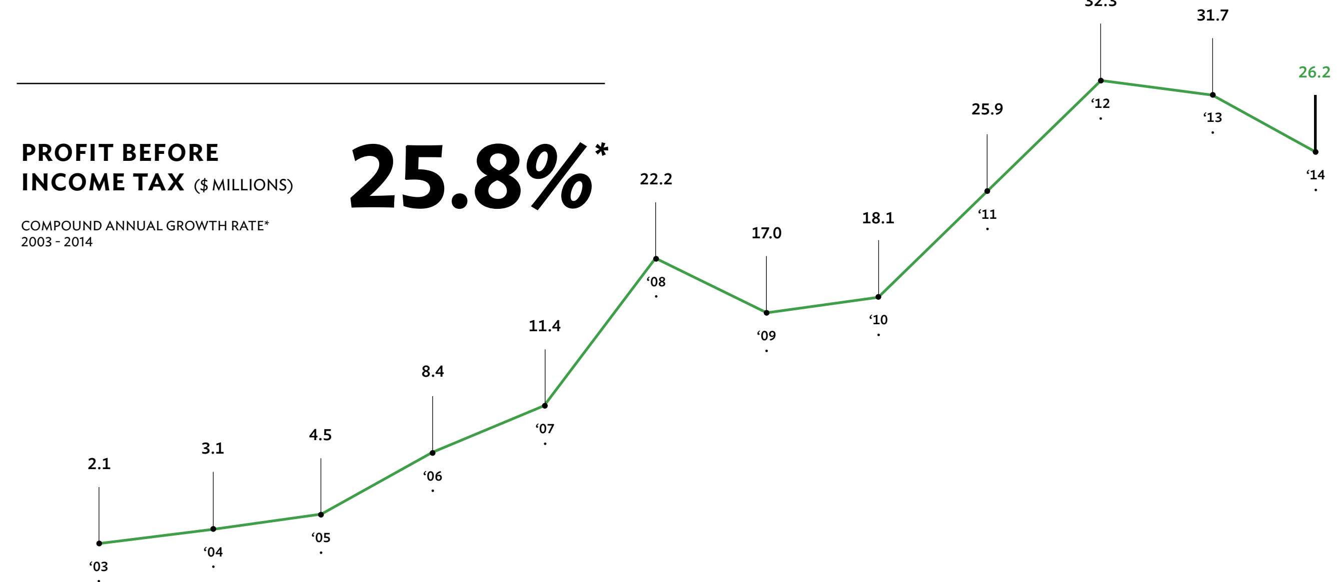
COMPOUND ANNUAL GROWTH RATE*
2003 - 2014



PROFIT BEFORE INCOME TAX ($ MILLIONS)

25.8%*

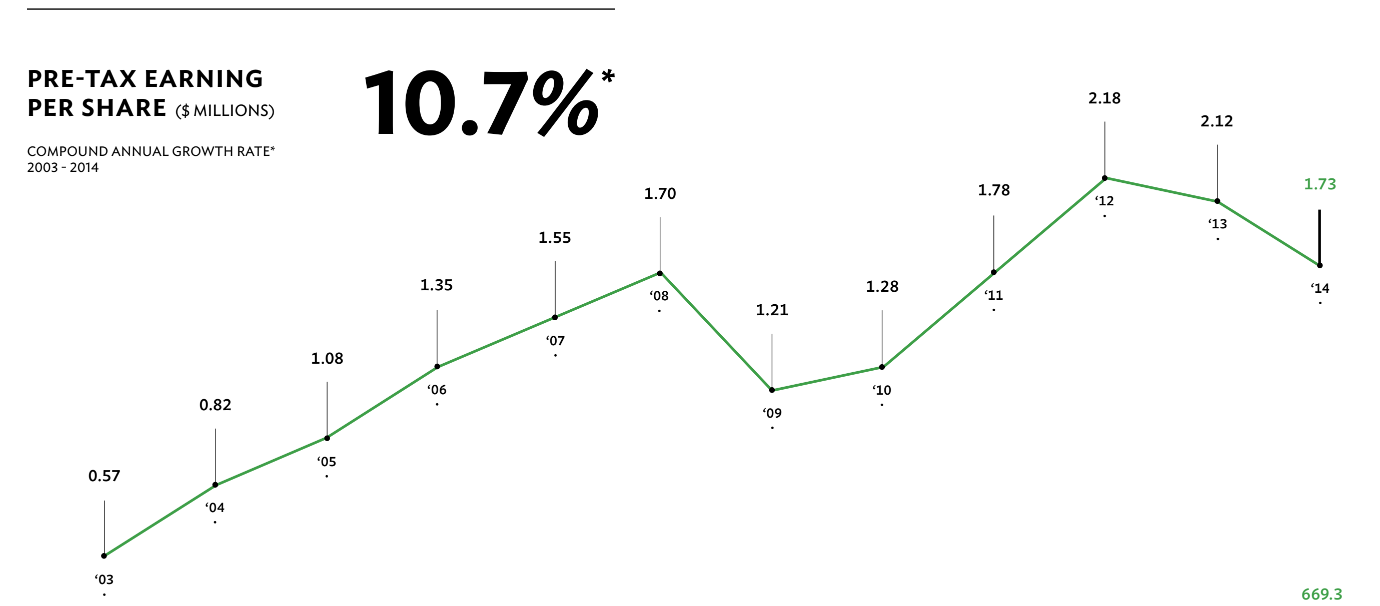
COMPOUND ANNUAL GROWTH RATE*
2003 - 2014



PRE-TAX EARNING PER SHARE ($ MILLIONS)

10.7%*

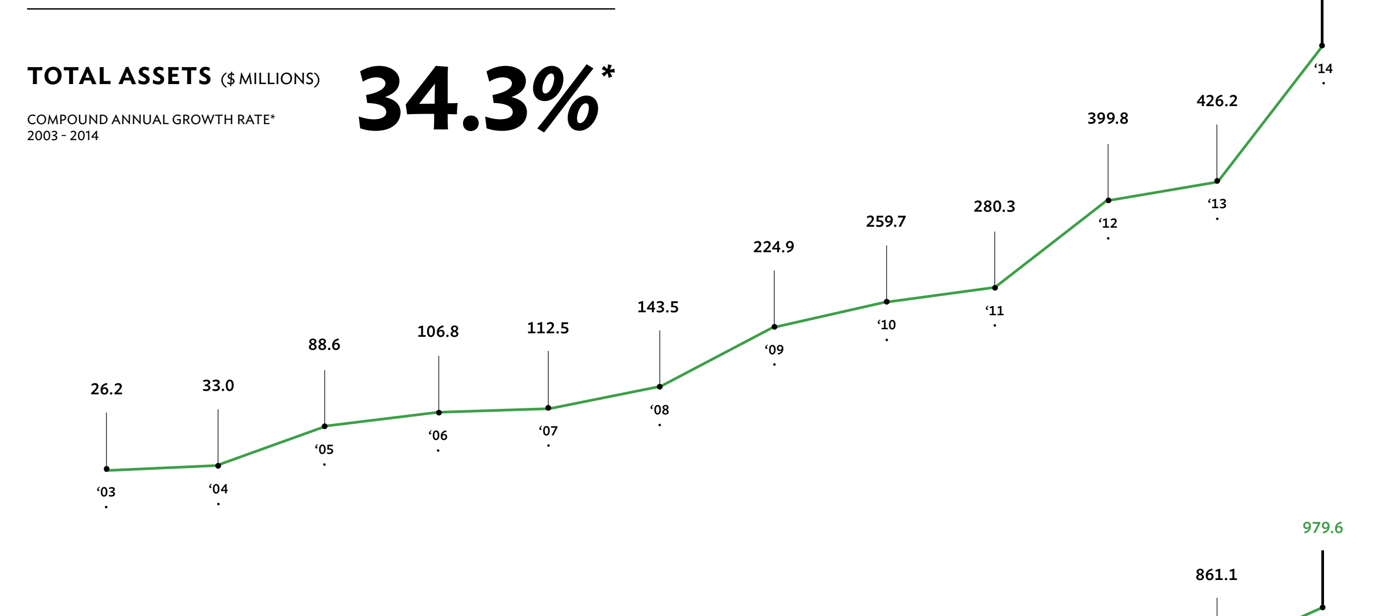
COMPOUND ANNUAL GROWTH RATE*
2003 - 2014



TOTAL ASSETS ($ MILLIONS)

34.3%*

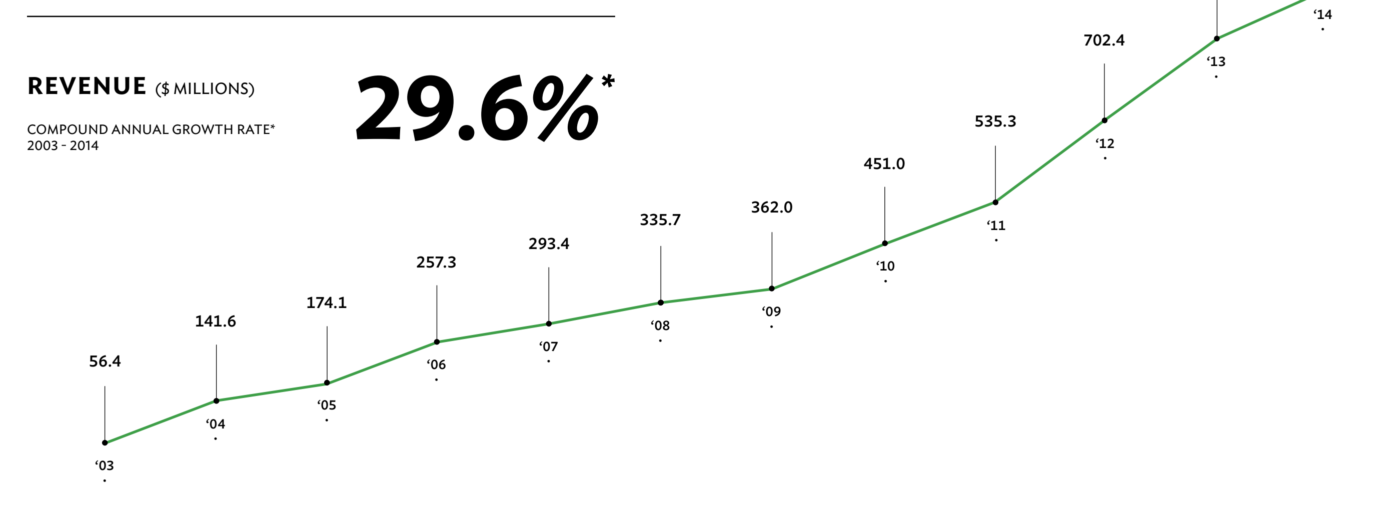
COMPOUND ANNUAL GROWTH RATE*
2003 - 2014



REVENUE ($ MILLIONS)

29.6%*

COMPOUND ANNUAL GROWTH RATE*
2003 - 2014



Mapping our success.

By delivering on our service commitment with the strategies, brands, relationships and resources that are unique to Cervus, we have realized expansion opportunities and strengthened our market position.

1

6 14 6

26

18

5 2 11*

1 1*

2

13

DEALERSHIPS
WESTERN & CENTRAL CANADA

6

DEALERSHIPS
AUSTRALIA

9

DEALERSHIPS
NEW ZEALAND

Wholly-Owned & Managed Dealerships

AGRICULTURE	CONSTRUCTION	FORKLIFT + MATERIAL HANDLING	TRANSPORTATION	
35	6	9	18	68
DEALERSHIPS	DEALERSHIPS	DEALERSHIPS	DEALERSHIPS	DEALERSHIPS

Investment Partnerships*

AGRICULTURE		
7	21% INTEREST MAPLE FARM EQUIPMENT PARTNERSHIP (6 Saskatchewan, 1 Manitoba)	7
DEALERSHIPS		DEALERSHIPS

MAKING CONNECTIONS

Cervus dealerships enjoy all the benefits of belonging to a united network of dealers, including administrative efficiencies, leadership training, and tools and technologies designed to enhance customer service.

Cervus Dealership Guide

BRITISH COLUMBIA
1 DEALERSHIP

Cranbrook
Cervus Equipment Agriculture

ALBERTA
26 DEALERSHIPS

NORTHERN ALBERTA

Edmonton
Cervus Equipment Construction (*2 dealerships*)
Cervus Equipment Forklift & Material Handling

Fort McMurray
Cervus Equipment Construction

Grand Prairie
Cervus Equipment Construction & Forklift & Material Handling (*2 dealerships at 1 location*)

CENTRAL ALBERTA

Coronation
Cervus Equipment Agriculture

Drumheller
Cervus Equipment Agriculture

Hanna
Cervus Equipment Agriculture

Olds
Cervus Equipment Agriculture

Ponoka
Cervus Equipment Agriculture

Red Deer
Cervus Equipment Construction & Forklift & Material Handling (*2 dealerships at 1 location*)

Stettler
Cervus Equipment Agriculture

Trochu
Cervus Equipment Agriculture

SOUTHERN ALBERTA

Bassano
Cervus Equipment Agriculture

Brooks
Cervus Equipment Agriculture

Calgary
Cervus Equipment Agriculture
Cervus Equipment Construction
Cervus Equipment Forklift & Material Handling

Claresholm
Cervus Equipment Agriculture

High River
Cervus Equipment Agriculture

Lethbridge
Cervus Equipment Forklift & Material Handling

Medicine Hat
Cervus Equipment Forklift & Material Handling

Pincher Creek
Cervus Equipment Agriculture

Vulcan
Cervus Equipment Agriculture

SASKATCHEWAN
18 DEALERSHIPS

NORTHERN SASKATCHEWAN

Lloydminster
Cervus Equipment Transportation

Melfort
Cervus Equipment Agriculture

Prince Albert
Cervus Equipment Agriculture

CENTRAL SASKATCHEWAN

Foam Lake
Maple Farm Equipment Partnership

Preeceville
Maple Farm Equipment Partnership

Rosthern
Cervus Equipment Agriculture

Saskatoon
Cervus Equipment Agriculture
Cervus Equipment Transportation (*2 dealerships*)
Cervus Equipment Forklift & Material Handling

Watrous
Cervus Equipment Agriculture

Wynyard
Maple Farm Equipment Partnership

SOUTHERN SASKATCHEWAN

Balcarres
Maple Farm Equipment Partnership

Estevan
Cervus Equipment Transportation

Moosomin
Maple Farm Equipment Partnership

Regina
Cervus Equipment Transportation
Cervus Equipment Forklift & Material Handling

Yorkton
Maple Farm Equipment Partnership

MANITOBA
2 DEALERSHIPS

Russell
Maple Farm Equipment Partnership

Winnipeg
Cervus Equipment Forklift & Material Handling

ONTARIO
13 DEALERSHIPS

Ayr
Cervus Equipment Transportation

Cardinal
Cervus Equipment Transportation

Hagersville
Cervus Equipment Transportation

London
Cervus Equipment Transportation (*2 dealerships*)

Mississauga
Cervus Equipment Transportation

Norfolk
Cervus Equipment Transportation

North Bay
Cervus Equipment Transportation

Stoney Creek
Cervus Equipment Transportation

Whitby
Cervus Equipment Transportation

Windsor-Essex
Cervus Equipment Transportation

Woodstock
Cervus Equipment Transportation

Wroxeter
Cervus Equipment Transportation

DEALERSHIP LEGEND *Ownership & Partnership*

Wholly-Owned & Managed Dealerships — 68 LOCATIONS

Investment Partnerships — *21% Interest Maple Farm Equipment Partnership* — 7 LOCATIONS

BRANDS

JOHN DEERE
BOBCAT
JCB
PETERBILT
DOOSAN
SELLICK
CLARK

AUSTRALIA
6 DEALERSHIPS

Ballarat
Windmill AG Pty. Ltd.

Hamilton
Windmill AG Pty. Ltd.

Leongatha
Windmill AG Pty. Ltd.

Maffra
Windmill AG Pty. Ltd.

Sunshine
Windmill AG Pty. Ltd.

Terang
Windmill AG Pty. Ltd.

NEW ZEALAND
9 DEALERSHIPS

Gisborne
Cervus Equipment Agriculture

Hastings
Cervus Equipment Agriculture

New Plymouth
Cervus Equipment Agriculture

Palmerston North
Cervus Equipment Agriculture

Rotorua
Cervus Equipment Agriculture

Stratford
Cervus Equipment Agriculture

Waipapa
Cervus Equipment Agriculture

Waipukurau
Cervus Equipment Agriculture

Whangarei
Cervus Equipment Agriculture

CERVUS DEALERSHIP DIFFERENCE:

At Cervus, we are equipment dealers at our core.

Business-to-business equipment sales and service is what we live and breathe every day.

Every Cervus dealership has the opportunity to meet its highest potential— supported by experienced, dedicated people, and a winning business model.

So how do we position Cervus as the dealer of choice in agricultural, commercial, industrial, and transportation equipment?

- The best brands
- Talented and trusted people
- Personalized, solutions-based service at the local store level
- We commit to doing our best to deliver for our customers on all of these fronts and more

It's who we are, what makes us different, and it's what moves us forward.

CERVUS DEALERSHIP DIFFERENCE:

Creating opportunity.

As a leading aggregator of business-to-business equipment dealerships, Cervus provides the capital, resources, economies of scale, training, and opportunity needed to position the next generation for profitability and growth.

With a performance record that proves the viability of our business model and strategies, Cervus' formula for success has changed little over the course of our history.

Our core business is as it always has been—the solution to a growing need for viable succession strategies among first and second-generation equipment dealership owners.

Simply put, the cost and complexity of owning and operating a dealership has increased considerably over time. This trend exists among all equipment dealership sectors, regardless of the type of equipment that is sold.

With the full support of our manufacturer partners—John Deere, JCB Construction, Bobcat, Clark, Sellick, Doosan, and Peterbilt Motors—we are able to create new opportunities for our dealers that help them better serve customers, maximize return on investment, and plan for future succession—all the while realizing a secure future for a profitable dealer network.

United by a shared desire to help our customers' business grow, Cervus dealerships bring people, equipment, and systems together to achieve long-term success.

CERVUS DEALERSHIP DIFFERENCE:

Trusted partners.

Strong alliances with class-leading manufacturers position Cervus as the go-to dealership for the world's premier agriculture, commercial/industrial, and transportation equipment in the markets we serve.

With a legacy of innovation and a commitment to ongoing ingenuity, our manufacturer partners have, over generations, built exceptional brands and product lines.

John Deere, Bobcat, Clark, Doosan, Sellick, JCB, and Peterbilt are all names that stand for quality and performance—and we're proud to grow alongside these icons, as they craft the machinery that feeds people, supports local economies, and builds communities.

Our manufacturer partners in turn select Cervus, confident that our strategies build dealership networks that are profitable as they grow in market share, thereby supporting the manufacturer's own fiscal targets and growth strategies. It's a mutually beneficial relationship that is founded on shared values of accountability and integrity, all focused on meeting the needs of our mutual customer.

In 2014, Cervus was honoured to accept Peterbilt's *North American Dealer of the Year Award*. The award is presented yearly to the North American Peterbilt dealer that best demonstrates growth in truck sales, combined with high levels of customer satisfaction. The fact that Peterbilt recognized our dealerships in Ontario and Saskatchewan for their excellence in market share performance, sales performance, and customer centre response time speaks volumes about the efforts of our people, and also about the confidence Peterbilt has in our team, and customer care commitment.

Partnerships like the one we enjoy with Peterbilt, and with all of our manufacturer partners, are integral to Cervus' difference. When our original manufacturers grow and thrive, we share in their success.

In 2014, Cervus was honoured to accept Peterbilt's *North American Dealer of the Year Award.*

CERVUS DEALERSHIP DIFFERENCE:

A culture of leadership.

The driving force behind the success of every Cervus dealership is our proven business strategies, and the people who bring them to life.

With a focus on developing leaders company-wide, Cervus' people are the foundation on which we pursue the goals and strategies that will see us realize our vision for 2018.

Cervus' leaders, many of whom have decades of experience managing equipment dealerships, offer the invaluable insight and experience needed to direct our planning and operations with the five key drivers of our success:

People
The dedication, skill, and enthusiasm of our people will define our success.

Customers
Our caring service ethic, stability, and access to suppliers for quality products and support will ensure customers return to us again.

Brands
Relationships with our equipment manufacturers will ensure we remain powered by the world's leading agricultural, construction/industrial, and transportation equipment brands.

Organizational Excellence
Cervus' performance record will continue to demonstrate the viability of our business model and strategies.

Growth & Acquisitions
Cervus will continue to extend our business and our brand offering further through prudent geographical and market diversification.

With this solid foundation and an enduring commitment to attracting and developing the finest leaders and employees, we stay connected to our vision, mission, and values as we expand into new markets, cultivate new partnerships, and develop new growth opportunities.

CERVUS DEALERSHIP DIFFERENCE:

Building brand equity together.

With dealerships across Canada, Australia, and New Zealand united under the Cervus Equipment brand, we are one team with one shared purpose.

People. Power. Service.

Under the Cervus Equipment brand, operations in our agriculture, commercial/industrial, and transportation sectors move forward as one company with one name and one road to achieving our vision.

While respecting the strategies, relationships, and resources that are unique to each of Cervus' sectors, we linked our network of dealerships to leverage synergies that help us perform for our equipment manufacturers and customers. All Cervus dealerships and sectors today share the same five strategic drivers of success.

With increased recognition in the marketplace, we aim for consistency of experience for every customer at every touch point—from the way they're greeted at the door to our in-the-field training programs. By delivering an engaging and satisfying experience, we build lasting relationships and loyalty that turns our customers into ambassadors for the Cervus Equipment brand.

Collaboration across all Cervus divisions starts with leaders working together toward a common vision. Ours is a bold vision, but as an organization comprised of committed people with one common goal, Cervus is poised to achieve it.

CERVUS DEALERSHIP DIFFERENCE:

Iconic brands.

Our customers count on their local Cervus dealership to keep them moving forward, and we meet that challenge with class-leading brands and outstanding customer care.

Powering Our Growth

We sell the equipment brands our customers count on and are loyal to.

In fact, our business is built on brand legacies created by visionary manufacturers with extraordinary histories. All leaders in their respective fields, our partners provide us with trusted product lines that have for decades, or even centuries, delivered the quality and innovation that customers demand.

Brands like John Deere, Bobcat, Clark, Nissan, Doosan, Sellick, JCB and Peterbilt continue to innovate and evolve today. This, in turn, enables Cervus to deliver value for our customers—and ultimately, ongoing performance for shareholders.

In 2014, our relationship with the John Deere brand continued to power our shared success. We were pleased to announce the acquisitions of:

- **Evergreen Equipment Ltd.,** with four John Deere dealerships located in Bassano, Brooks, Drumheller and Hanna, Alberta
- **Deer-Country Equipment (1996) Ltd.,** with two John Deere dealerships located in High River and Vulcan, Alberta

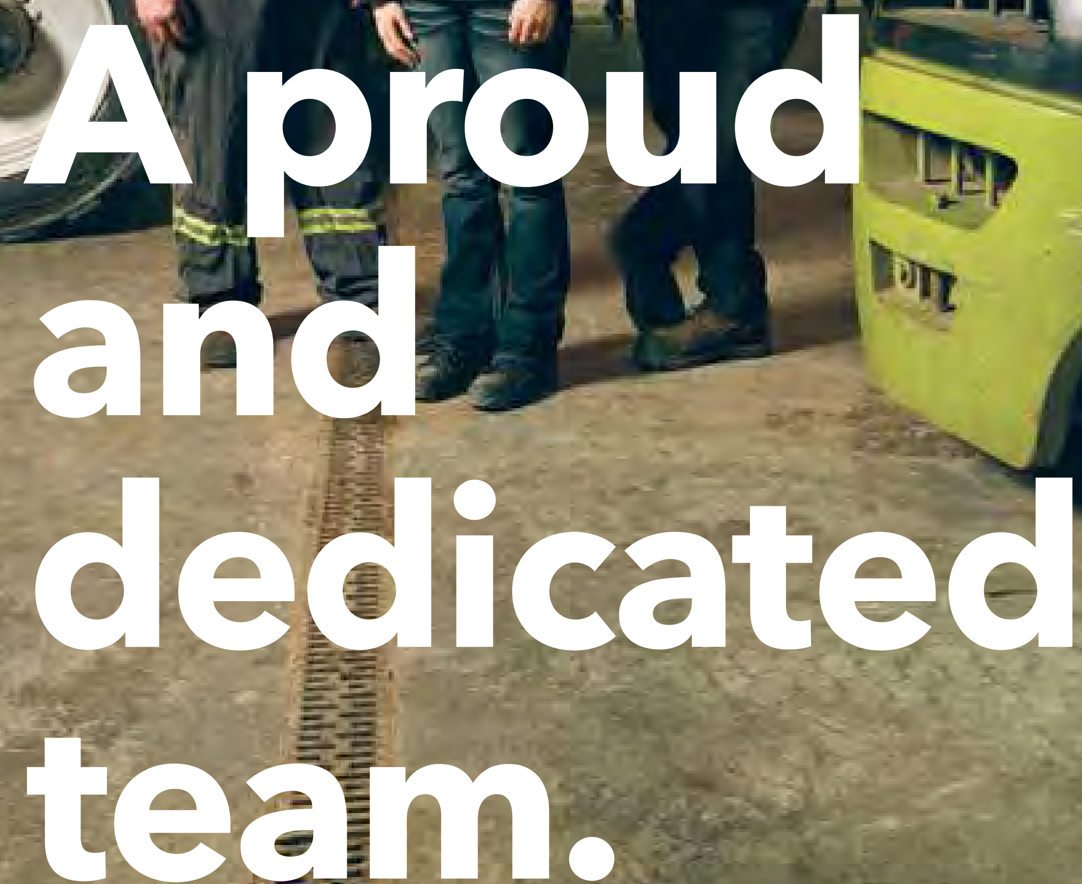
These acquisitions demonstrate Cervus' ability to continue to grow our agricultural business in Canada in partnership with John Deere, while also realizing the efficiencies of expanding our presence in areas adjacent to our established John Deere locations.

We also acquired **Peterbilt of Ontario Inc.** in 2014, with thirteen dealerships locations operating in Ontario's strong freight market. Cervus' successful integration and operation of the transportation business, beginning with our original acquisition of five Saskatchewan-based Peterbilt dealerships in 2012, has demonstrated our expertise in running equipment dealerships—a strength that has proven to be leveraged across multiple product sectors in multiple geographies.

As the newly acquired dealerships are welcomed under the Cervus Equipment name, they will enhance the strength of our brand at the dealership level, where we collaborate every day in meeting the growing needs of our customers and partners.

CERVUS DEALERSHIP DIFFERENCE:

A proud and dedicated team.



Initially, our customers visit our dealerships for the world-class brands we represent. In the end, they return again and again for the people of Cervus.

Friendly, skilled, local people who are part of their communities, who understand their customers' needs, and who supply cutting-edge equipment and personalized after-market care—it is truly our people who define Cervus' success.

As the face of our company and the key link between Cervus' customers and products, our people power our progress. In turn, we invest in our employees by inspiring an entrepreneurial approach to customer service, by providing training and career development opportunities at all levels, by sharing frequent feedback, and by rewarding performance.

Training the Cervus Leaders of Tomorrow

Cervus Leadership University (CLU) is an excellent example of our investment in growing Cervus employees' capacity to lead. This unique, multi-year certification program empowers participants to build leadership and management skills over time. Currently over 96 employees are enrolled in various stages of the program—a testament to their commitment to thoroughly understanding and guiding others in working within Cervus' core values.

Employee Ownership

Recruiting, developing, and retaining top talent is key to the success of our business model. With incentives like CLU and our Employee Stock Purchase Plan (ESPP), we achieve our goals and create opportunities for employees to grow as professionals, while also sharing in ownership of the company—a powerful way to connect their individual successes directly to Cervus' success. The fact that more than 64 percent of our employees are enrolled in the Cervus employee stock purchase program speaks volumes about the depth of our team's commitment and belief in our mission.

Investing in our people through ownership programs, leadership and technical training not only contributes to the long-term personal growth of our employees, but also adds value for our manufacturer partners, our customers, and our shareholders.

CERVUS DEALERSHIP DIFFERENCE:

The store is the core.

We believe true success grows at the dealership level, so we employ a store-centric model that keeps us connected to our customers' businesses as we grow.

There's something different about Cervus—it's the sense of confidence and pride our people exude because they can respond directly to customer needs, ensuring their care for the customer can be put into action. We strive to be much more than an equipment supplier—we see ourselves as partners in our customers' businesses and in the communities where we live and work.

As such, our customer relationships don't end when the sales transaction is complete—in fact, that's just the beginning. We provide regular training and educational opportunities to ensure our customers' businesses remain on the cutting-edge of innovation, plus the ongoing equipment service that keeps them operational.

This service ethic, combined with our long-term stability, purchasing power and access to leading manufacturers, ensures customers return to Cervus to meet their equipment needs. With access to a diverse product range, competitive pricing and skilled personnel, we are positioned to provide the best possible value in the marketplace.

CERVUS DEALERSHIP DIFFERENCE:

Supporting community.

Giving back where we live and work builds healthy, sustainable communities and forges relationships that go far beyond the dealership or jobsite.

For Cervus and our employees, thinking and acting locally is about more than helping our customers' businesses grow and thrive. To us, it means helping entire communities grow and thrive.

Our *local first* philosophy empowers individual dealerships to support the local initiatives of their choosing—the people, charities, and causes that are close to their homes, and their hearts.

Whether coaching a recreational hockey team, mentoring a local 4-H Club, organizing a food bank drive, or volunteering at a neighbourhood school, our stores' efforts support hundreds of causes every year by donating time, resources, and expertise.

It's how we stay connected to our neighbours, and to the deeper meaning of the work we do.

PICTURED IN THIS SPREAD: CERVUS IS PROUD TO SUPPORT MANY MEANINGFUL CAUSES, INCLUDING THE LOCAL ARENA IN TROCHU, ALBERTA, THE HARVEST 4 KIDS WORLD RECORD SETTING HARVEST NEAR SASKATOON, SASKATCHEWAN, AND PETERBILT ONTARIO'S "TRUCKING FOR A CURE" FUNDRAISER IN SUPPORT OF THE CANADIAN BREAST CANCER FOUNDATION.

CERVUS DEALERSHIP DIFFERENCE:

Diversified for growth, and for stability.

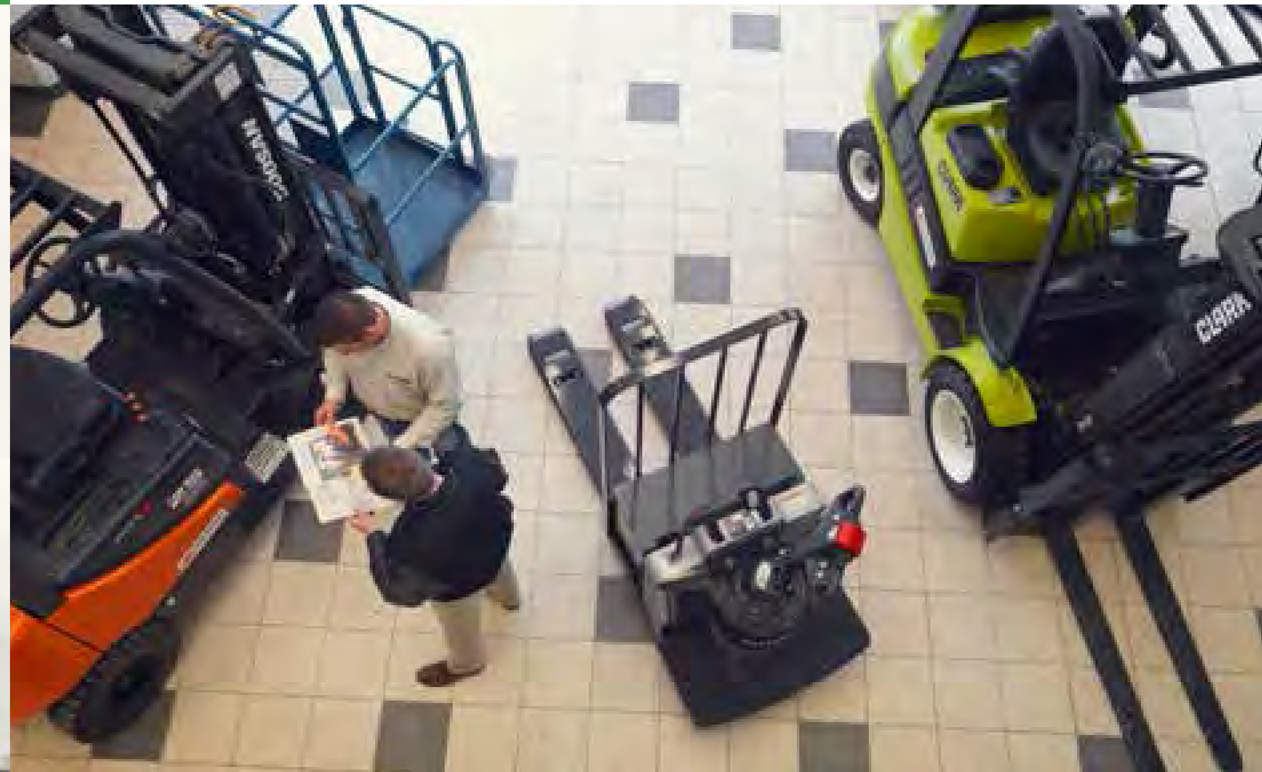
Cervus supports newly acquired equipment dealerships with expertise in organizational and leadership development, aiming to swiftly integrate every new dealership within our distinct brand, culture, and processes.

For Cervus, measured and responsible growth relies on a variety of expansion strategies, including acquisition and diversification.

Over the years, we have grown our business across Canada, into Australia and New Zealand, and today operate in the agricultural, commercial/industrial, and transportation sectors. This product and geographical diversification enables us to perform through changing cycles, with different sectors demonstrating their unique strengths as the economic climate ebbs and flows.

In 2014, by capitalizing on our solid balance sheet, Cervus pursued exciting expansion opportunities. In addition to six John Deere dealerships in Alberta, Canada, we acquired Peterbilt of Ontario Inc., with thirteen dealerships locations operating in the heart of Canada's manufacturing sector.

Moving forward, we will continue to identify and execute expansion and acquisition opportunities throughout our sectors, but will do so only with a sustained investment in our people and facilities. This ensures the Cervus standard of excellence is consistent—regardless of geographic position.



CERVUS DEALERSHIP DIFFERENCE:

Connecting customers and new technologies.

In this technology-driven era, for our customers and manufacturer partners, a trusted Cervus dealership is more important than ever before.

Never before has technology impacted our business, and that of our customers, more than it does today. Developments in automation, intelligent design, data collection, and analysis are driving change almost daily in our agriculture, commercial/industrial, and transportation sectors.

Our manufacturer partners invest billions in advanced research and development. From John Deere's FarmSight™ and Peterbilt's Paccar MX-13 engine—and beyond—the need for qualified experts to install, train, and service new technologies is reinventing our role in customers' business operations.

Cervus not only brings these innovations to market in the communities we serve, but also ensures our technicians are fully trained and ready to service customers with precision and efficiency. Technological advancement means our dealerships are more than simply stores that sell and service equipment—they are connected business advisors.

A KEY PARTNER TO OUR MANUFACTURERS

Cervus' size and economies of scale afford us the rare opportunity to hire in-house technology specialists, whose availability to customers is a distinct competitive advantage that allows us to capture new revenue and profit streams from existing markets.

Staying current in an increasingly technological world requires highly skilled people and a sustained investment. Cervus fulfills these requirements by leveraging in-house resources and aligning with innovative manufacturers. This not only helps our customers realize success, it positions Cervus as a long-term, trusted partner to our manufacturers.

CERVUS INNOVATES

Progressive technological resources empower our team to provide the class-leading support and service our customers expect. Like the innovation our manufacturer partners deliver through their products, Cervus invests in technological tools that help our customers maximize up-time and efficiency in their businesses.

Our dealership-based support centres give customers convenient access to a team of experts. TechLink is a Cervus support resource that serves as a virtual consultant, connecting our John Deere stores and customers for optimized productivity. Conversely, with our PartsLink technology, Cervus staff can diagnose and address technical issues as they happen, saving customers valuable time and resources.

In our transportation dealerships, Peterbilt's Rapid Check is a diagnostics service that offers fast and accurate assessments in two hours or less—getting our customers back on the road as quickly as possible.

Through these and many other advancements and initiatives currently underway, we stay engaged with our customers, helping to build their businesses—and ours.

PICTURED LEFT: JOHN DEERE ENGINEERS CONTINUE TO ENHANCE THE COMPANY'S SPRAYER PRODUCT LINE WITH TECHNOLOGICAL DEVELOPMENTS INCLUDING PRECISION APPLICATION AND INTUITIVE CONTROLS – RESULTING IN INCREASED PERFORMANCE, PRODUCTIVITY, AND RESOURCE SAVINGS FOR CUSTOMERS.

Dear fellow shareholders,

Without question, focusing on our core business is what positions Cervus for long-term success. That's why "The Cervus Dealership Difference" theme serves as a meaningful reflection on 2014. It was a year spent building on the strategies that are at the heart of Cervus' difference—from the way our people embody our values, to our "store is the core" philosophy, to the geographical and product diversification strategies that continue to fuel our growth.

The result of our efforts included a 12 percent increase in revenue and the expansion of our operations in several key markets, including six new John Deere dealerships in Alberta and 13 Peterbilt dealerships in Ontario. 2014 also saw us acquire the remaining interest in five Australian John Deere dealerships, plus one new one in Melbourne, Australia.

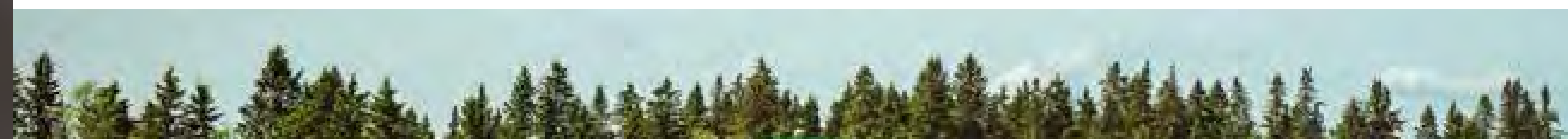
With the energy of these new acquisitions propelling us forward, we're looking toward 2015 with optimism, as always focused on what we do best. We'll continue to forge strong relationships with our manufacturer partners, who are the world's premier brands in their respective industries. Through innovative programs and effective support, we'll invest in our people and in the technology that helps our customers realize success. We'll also build on the legacy of integrity and leadership that strengthens not only our business, but also the communities where we live and work.

On behalf of all of us at Cervus, thank you to everyone who believes in our vision as much as we do—our employees, our board of directors, our customers, and our shareholders. We look forward to another year ahead of building on the Cervus dealership difference.

Yours Sincerely,

Graham Drake

President & Chief Executive Officer
Cervus Equipment Corporation



WITH GRAHAM DRAKE

President & Chief Executive Officer

Looking back on 2014, what do you consider to be the highlights of the year?

Our commitment to sustainable, strategic growth was one of the defining themes of 2014—both in Canada and abroad.

In Australia, we acquired the remaining interest in Windmill AG Pty Ltd., and also Western Farm Service Pty Ltd., a John Deere dealership located in Melbourne. Now, with six wholly-owned stores in Australia, Cervus is well-positioned to capitalize on efficiencies and growth opportunities in the region, as they arise.

In Alberta, Canada, we demonstrated Cervus' ability to continue to grow its agricultural business in partnership with John Deere, with the acquisition of Evergreen Equipment Ltd. (with four John Deere dealerships located in Bassano, Brooks, Drumheller and Hanna), and of Deer-Country Equipment (1996) Ltd., with two John Deere dealerships located in High River and Vulcan. With these dealerships adjacent to many of Cervus' existing John Deere locations, we anticipate a smooth integration in 2015.

Cervus also continued to diversify with the acquisition of 13 Peterbilt dealerships in Ontario, Canada. This acquisition extends our relationship with Peterbilt and expands our transportation business into the largest truck market in Canada.

2014's growth reflects the confidence our manufacturer partners have in Cervus, and is the result of the hard work of our team as they commit to our values, together focused on delivering innovative equipment and service solutions for our customers.

This year's report highlights Cervus' dealership model. In your opinion, what sets Cervus' dealerships apart?

Since the beginning, we have been very diligent in structuring the company so that every dealership is equipped to reach its highest potential with a proven formula for success: skilled and dedicated people; a focus on meeting the needs of customers at the local store level; strategic leadership; the world's leading business-to-business equipment brands; and access to centralized administrative support and resources.

Our approach fosters a strong sense of unity and collaboration throughout our dealership network. Although every dealership is empowered at the local level, organizationally it's a 'one team, one vision' philosophy that supports us as we strive to be best-in-class in all our lines of business.

Cervus announced several new acquisition in 2014. What prompted this expansion?

Cervus is always seeking opportunities for measured and responsible growth. But as stated in the past, we do not grow purely for growth's sake. We do so only when it's the best decision for our stakeholders.

The right acquisitions are the ones that fit the Cervus model, demonstrate a solid performance record, and present opportunities for future success. This strategy has served us well throughout our history and it's one we're confident will continue to create value for our shareholders, customers, employees, and manufacturer partners well into the future.

Our recent John Deere acquisitions in Canada, New Zealand, and Australia validate our approach, and are another strong statement about the confidence our manufacturer partners have in Cervus' business model, philosophies, and values.

In our transportation sector, the success of our Peterbilt stores in Saskatchewan set the stage for future expansion. Prior to that venture, we believed the Cervus model would be a good fit for the transportation industry. With the benefit of a positive experience in Saskatchewan for both Cervus and Peterbilt, we were ready to expand.

We began identifying and analyzing opportunities, and determined that Ontario held the greatest potential. Peterbilt was very supportive of the move, which underscores the importance of building and maintaining strong manufacturer relationships.

What are the first priorities when it comes to integrating the newly acquired Peterbilt Ontario dealerships?

Integration of new dealerships within the Cervus culture is an extensive process that requires the engagement of all levels of management, and of the team as a whole.

We are actively working through that process now, with a focus on building upon Peterbilt of Ontario's history of success to create a shared 'Cervus of Tomorrow' vision. This vision will set key goals and guide the team as they operate within Cervus' values and strategies in 2015 and beyond.

With emerging technologies changing the equipment business every day, how does Cervus handle technological advancement?

Anticipating market needs and capitalizing on growth opportunities is one of our strengths, company-wide. By collaborating with our manufacturer partners and customers, we ensure we're at the forefront of technological change, delivering advanced equipment, solutions-based service and effective support.

Sustained investment in training our people and building in-house parts and technology support networks are other examples of ways we add value for our customers, while also positioning Cervus as a long-term, trusted partner.

How do you anticipate Cervus' three sectors—agriculture, commercial, and industrial—will perform in 2015?

Diversification has helped us not only take advantage of new opportunities, it has also enabled us to mitigate risk by weathering downturns in any one particular sector. While we expect continued success in some industries, we're also prepared for turbulence in others.

What's most important in times of uncertainty is solid leadership, rational decision-making, and a strong balance sheet—three things Cervus has delivered on throughout our history.

With the establishment of Cervus Equipment as one brand for the entire company more than one year ago, what are you seeing today as the result of this investment?

Collaboration across all divisions starts with leaders working together toward a common vision. This attitude of teamwork and purpose spreads throughout the organization, right out on to the store floor and into the fields, warehouses, highways, and jobsites where our customers work everyday.

As our people embrace this shared vision and culture, we are seeing the strength of our brand grow in the marketplace. It's very gratifying to see the enthusiasm our people demonstrate as part of the Cervus team, whether as a new acquisition or an existing store.

What are Cervus' organizational priorities for the coming year?

Over the years, we have seen significant growth both organically and through acquisitions. This year was a busy one for acquisitions—20 stores were added with more than 400 employees joining our team.

Our focus in 2015 is on making sure we stay true to the basics that have defined our success: strengthening the foundation of good business and processes throughout all our stores; investing in the people who deliver solutions and help our customers succeed; maintaining mutually beneficial relationships with manufacturing partners; and identifying strategic growth opportunities. This is how we'll reach our potential in 2015 and beyond.

MD+A

CERVUS MANAGEMENT'S DISCUSSION AND ANALYSIS

&

CONSOLIDATED

Financial Statements

Management's Discussion and Analysis

For the period from January 1, 2014 to December 31, 2014

The following Management's Discussion & Analysis ("MD&A") was prepared as of March 10, 2015 and is provided to assist readers in understanding Cervus Equipment Corporation's ("Cervus" or the "Company") financial performance for the three and twelve month periods ended December 31, 2014 and significant trends that may affect future performance of Cervus. This MD&A should be read in conjunction with the accompanying consolidated financial statements for the period ended December 31, 2014 and notes contained therein. The accompanying consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") and Cervus' functional and reporting currency is the Canadian dollar. Cervus' common shares trade on the Toronto Stock Exchange under the symbol "CVL".

Additional information relating to Cervus, including Cervus' current annual information form, is available on the System for Electronic Document Analysis and Retrieval ("SEDAR") web site at **www.sedar.com.**

This MD&A contains forward-looking statements. Please see the section "Note Regarding Forward-Looking Statements" for a discussion of the risks, uncertainties and assumptions relating to those statements. This MD&A also makes reference to certain non-IFRS financial measures to assist users in assessing Cervus' performance. Non-IFRS financial measures do not have any standard meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other issuers. These measures are identified and described under the section "Non-IFRS Financial Measures."

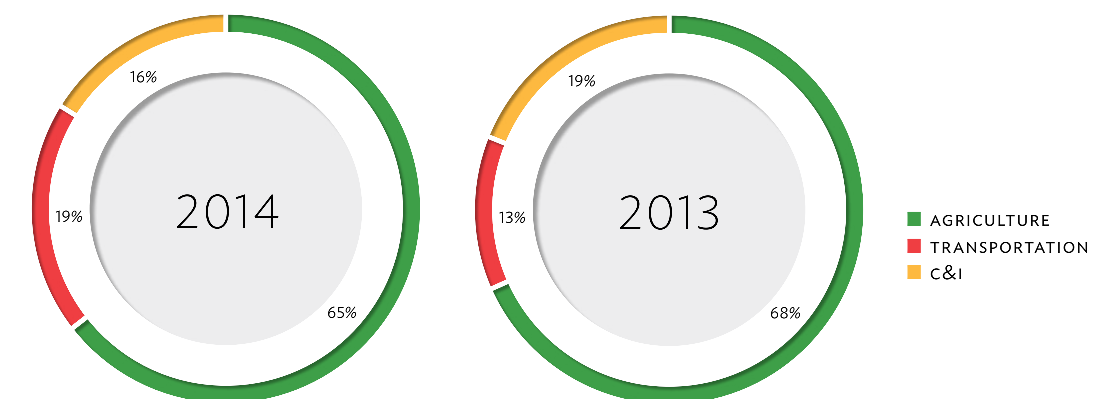
Highlights of the Year

- Revenues increased $118.5 million and gross profit dollars increased $23.4 million compared to 2013.
- Income from operating activities on a same store basis increased $0.3 million to $34.7 million.
- The Company incurred $1.6 million in acquisition and integration costs ("acquisition costs").
- Earnings before interest, taxes, depreciation, and amortization ("EBITDA") increased $0.5 million to $52.4 million, excluding acquisition costs.
- Profit attributable to shareholders decreased $4.7 million.
- Cervus Equipment was awarded Peterbilt's 2014 North American Dealer of the Year award, for the performance of our Peterbilt operations.
- Cervus completed the acquisition of the assets of Peterbilt of Ontario Inc. ("POI"), adding 13 Peterbilt truck dealerships.
- Cervus acquired four John Deere full service dealerships adjacent to the Company's existing Alberta locations, through the acquisition of the shares of Evergreen Equipment Ltd.("Evergreen").
- Cervus acquired two John Deere full service dealerships adjacent to the Company's existing Alberta locations, through the acquisition of the assets of Deer Country Equipment (1996) Ltd. ("Deer Country").
- Cervus acquired the remaining 46.7% of Windmill AG Pty Ltd., bringing the Company's ownership to 100% in Australia.
- The Company entered into a committed, two year, $100 million syndicated credit facility ensuring continued strategic flexibility.
- The Company was ranked #20 on Alberta Venture's *2014 Fast Growth 50 List.*

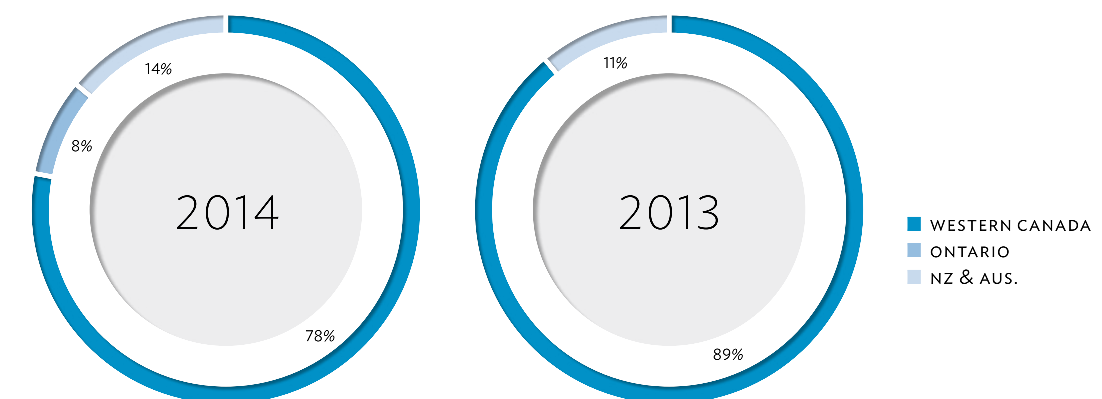
Overview of Cervus

Cervus is a diversified corporation and has historically operated in two separate business segments, an Agricultural equipment segment and a Commercial and Industrial equipment segment. During the fourth quarter of 2014, the Company realigned its operating segments as a result of changes to the governance and organizational structure resulting from the acquisition of 13 Ontario Peterbilt dealerships. The Company realigned the operating segments to be the following: Agricultural, Transportation, and Commercial and Industrial ("C&I") segments comprised of dealerships based on the industry which they serve. While Cervus continues to operate all segments under a unified corporate strategy, the expansion of Peterbilt operations and the appointment of a vice-president dedicated to Transportation operations, caused changes in how management presents and reviews information for financial reporting and management decision making purposes. Each segment continues to operate under the same unified Cervus brand and values, but are managed separately, providing segment leaders latitude to make strategic decisions relevant to the markets they serve. All prior period disclosure has been updated to reflect changes in operating segments, and certain amounts have been reclassified to conform to the current year presentation.

Revenue by Segment



Revenue by Geography



The Agricultural equipment segment consists of interests in 42 John Deere dealership locations with 14 in Alberta, 11 in Saskatchewan, 1 in British Columbia, 1 in Manitoba, 9 in New Zealand and 6 in Australia. Of the 42 John Deere Dealerships, 35 are wholly owned, and the Company holds a minority interest in 7.

The Commercial and Industrial ("C&I") equipment segment consists of 15 dealership locations with 12 Bobcat/ JCB, Clark, Sellick, and Doosan material handling and forklift equipment dealerships operating in Alberta, 2 Clark, Sellick, and Doosan material handling and forklift equipment dealerships operating in Saskatchewan and 1 in Manitoba.

The Transportation segment consists of 18 dealership locations with 4 Peterbilt truck dealerships and 1 collision repair center operating in Saskatchewan, and 13 Peterbilt truck dealerships operating in Ontario.

Note Regarding Forward-Looking Statements

Certain statements contained in this MD&A constitute "forward-looking statements". These forward-looking statements may include words such as "anticipate", "believe", "could", "expect", "may", "objective", "outlook", "plan", "should", "target" and "will". All statements, other than statements of historical fact, that address activities, events, or developments that Cervus or a third party expects or anticipates will or may occur in the future, including our future growth, results of operations, performance and business prospects and opportunities, and the assumptions underlying any of the foregoing, are forward-looking statements. These forward-looking statements reflect our current beliefs and are based on information currently available to us and on assumptions we believe are reasonable. Actual results and developments may differ materially from the results and developments discussed in the forward-looking statements as they are subject to a number of significant risks and uncertainties, including those discussed under "Business Risks and Uncertainties" and elsewhere in this MD&A. Certain of these risks and uncertainties are beyond our control. Consequently, all of the forward-looking statements made in this MD&A are qualified by these cautionary statements and other cautionary statements or factors contained herein, and there can be no assurance that the actual results or developments will be realized or, even if substantially realized, that they will have the expected consequences to, or effects on, Cervus. These forward-looking statements are made as of the date of this MD&A, and we assume no obligation to update or revise them to reflect subsequent information, events, or circumstances unless otherwise required by applicable securities legislation.

The most recent quarterly dividend payment of $0.210 per share was made to the shareholders of record as of December 31, 2014 on January 15, 2015. See "Capital Resources - Cautionary note regarding dividends" for a cautionary note regarding future dividends. In addition, in this MD&A we make certain statements regarding the expected tax consequences of the plan of arrangement involving Cervus LP and Vasogen Inc. completed in October 2009, pursuant to which Cervus LP converted from a limited partnership structure to the current corporate structure of Cervus Equipment Corporation. See "Business Risks and Uncertainties - Other Risks" for a cautionary note regarding deferred income taxes recorded.

Annual Consolidated Results

Throughout this MD&A, same store results in the Agricultural segment exclude the 2014 results of six John Deere dealerships acquired during 2014 in the months of October and December. Further, same store results in the Agricultural segment exclude the results of our Australian operations for the five months ended May 30, 2014, and exclude the consolidated results of Deer Star Systems Inc. ("Deer Star") for the three months ended December 31, 2014, as Cervus did not own a majority interest in these operations for the comparative period in 2013. For the Transportation segment, same store results exclude the 2014 results of thirteen Peterbilt dealerships acquired in August 2014.

	Total 2014		2014 Same Store		
($ thousands, except per share amounts)	2014	% Change Compared to 2013	2014 Same Store[1]	% Change Compared to 2013	2013
Revenue	979,609	14%	854,157	(1%)	861,138
Cost of sales	(792,936)	14%	(687,075)	(2%)	(697,829)
Gross profit	186,673	14%	167,082	2%	163,309
Other income	3,715	(4%)	4,223	9%	3,885
Selling, general and administrative expense	(157,678)	19%	(136,633)	3%	(132,796)
Income from operating activities	32,710	(5%)	34,672	1%	34,398
Finance income	384	(28%)	221	(58%)	532
Finance costs	(7,656)	14%	(6,828)	1%	(6,735)
Share of profit of equity accounted investees, net of income tax	712	(80%)	712	(80%)	3,527
Profit before income tax expense	26,150	(18%)	28,777	(9%)	31,722
Income tax expense	(7,654)	(9%)	(8,387)	(0%)	(8,396)
Profit for the year	18,496	(21%)	20,390	(13%)	23,326
Profit attributable to shareholders	18,362	(20%)	20,256	(12%)	23,090
EBITDA[1]	50,811	(2%)	50,322	(3%)	51,883
EBITDA margin[1]	5.2%		5.9%		6.0%
Ratios as a percentage of revenue:					
Gross profit margin	19.1%		19.6%		19.0%
Selling, general and administrative	16.1%		16.0%		15.4%
Earnings per share					
Basic	1.21	(21%)	1.34	(13%)	1.54
Diluted	1.15	(22%)	1.27	(14%)	1.48

1 Refer to Non-IFRS measures herein.

Operating Summary

Profit attributable to shareholders decreased $4.7 million, primarily due to $1.6 million of non-recurring acquisition costs in the year and a $2.8 million reduction on earnings from equity investments. Excluding the $1.6 million of acquisition costs, EBITDA increased $0.5 million in 2014.

Same Store Highlights

On a same store basis, profit attributable to shareholders decreased $2.8 million, primarily due to a $2.8 million decrease in equity income, partially offset by $0.3 million of additional income from operating activities. Operating income increased due to profit margin growth in the Agricultural segment and positive sales mix shifts in Transportation operations, which offset a 3% increase in SG&A dollars. Income from equity accounted investees decreased due to adverse weather events in the geography of one equity investee, and the exclusion of Deer Star from equity investments in the fourth quarter, as the Company acquired voting control.

Acquisition Performance

Acquisitions contributed $125.5 million of incremental revenue in the year, and generated combined margins commensurate with existing operations. Non-recurring acquisition costs totaled $1.6 million and are included within selling, general and administrative ("SG&A") expense. Excluding acquisition costs, acquired operations generated a $0.3 million loss for the year due to initial results from Peterbilt of Ontario, primarily due to, targeted equipment inventory reductions and unrealized foreign exchange losses.

Annual Business Segment Results

The Company has three reportable segments: Agricultural, Transportation, and Commercial and Industrial, each supported by a single shared resources function. The Company allocates the expenditures of shared resources to each individual segment according to specific identification and usage based metrics as outlined in Note 28 of the accompanying Consolidated Annual Financial Statements.

Agricultural Segment Results

	Total 2014		2014 Same Store		
($ thousands, except per share amounts)	2014	% Change Compared to 2013	2014 Same Store	% Change Compared to 2013	2013
Equipment					
New equipment	**343,473**	8%	312,169	(2%)	317,277
Used equipment	**182,745**	0%	172,500	(5%)	182,306
Total equipment revenue	**526,218**	5%	484,669	(3%)	499,583
Parts	**66,341**	17%	60,703	7%	56,523
Service	**34,444**	21%	30,943	9%	28,467
Rental and other	**4,670**	18%	4,397	11%	3,946
Total revenue	**631,673**	7%	580,712	(1%)	588,519
Cost of sales	**(524,246)**	6%	(481,869)	(2%)	(493,024)
Gross profit	**107,427**	12%	98,843	4%	95,495
Other income	**3,609**	50%	3,514	46%	2,400
Selling, general and administrative expense	**(84,352)**	16%	(76,044)	5%	(72,754)
Income from operating activities	**26,684**	6%	26,313	5%	25,141
EBITDA	**34,095**	1%	32,878	(3%)	33,862
Ratios as a percentage of revenue:					
Gross profit margin	**17.0%**		17.0%		16.2%
Selling, general and administrative	**13.4%**		13.1%		12.4%

Operating Summary

Income from operating activities increased $1.5 million in 2014. New acquisitions contributed $0.4 million of incremental operating income while $1.2 million was contributed by same store operations, primarily due to profit margin growth. Excluding $0.4 million of acquisition costs, total income from Agricultural operating activities increased $1.9 million, and EBITDA increased $0.6 million.

Same Store Highlights

Same store operating income increased $1.2 million primarily due to a $3.3 million increase in gross profit on sales mix changes, combined with a $1.1 million dollar increase in other income primarily due to manufacturer incentives, partially offset by $3.3 million of increased SG&A.

Grain transportation constraints in the first half of 2014 impacted broad acreage farms, particularly in our Saskatchewan geography, while strong cattle prices buoyed the diversified farming which comprises a larger portion of our Alberta market. These factors shifted sales mix and increased profit margin, as reduced demand for harvest equipment in Saskatchewan was replaced by accelerated demand for two wheel drive tractors, parts, and haying equipment in Alberta. Additional other income of $1.1 million was primarily due to additional incentive programs from suppliers, while personnel costs contributed to the $3.3 million increase in SG&A.

Acquisition Performance

Acquisitions contributed $51.0 million of incremental revenue in the year, of which $20.6 million related to fourth quarter acquisitions, and $30.4 million from the inclusion of Australia for a full year. Overall gross profit percentage of acquired entities was consistent with our existing operations. Gross profit increased $8.6 million, partially offset by higher overall SG&A as a percent of revenue in the acquired entities, resulting in $0.4 million of incremental operating income generated from acquisitions in the year.

Transportation Segment Results

	Total 2014		2014 Same Store		
($ thousands, except per share amounts)	2014	% Change Compared to 2013	2014 Same Store	% Change Compared to 2013	2013
Equipment					
New equipment	**104,051**	83%	59,953	5%	56,981
Used equipment	**6,589**	2%	5,554	(14%)	6,436
Total equipment revenue	**110,640**	74%	65,507	3%	63,417
Parts	**54,927**	74%	34,333	8%	31,652
Service	**18,281**	61%	12,757	13%	11,337
Rental and other	**4,990**	143%	1,750	(15%)	2,054
Total revenue	**188,838**	74%	114,347	5%	108,460
Cost of sales	**(153,223)**	81%	(89,739)	6%	(84,727)
Gross profit	**35,615**	50%	24,608	4%	23,733
Other income	**(664)**	(434%)	(61)	(131%)	199
Selling, general and administrative expense	**(34,505)**	64%	(21,768)	3%	(21,055)
Income from operating activities	**446**	(84%)	2,779	(3%)	2,877
EBITDA	**4,574**	(16%)	5,302	(3%)	5,457
Ratios as a percentage of revenue:					
Gross profit margin	**18.9%**		21.5%		21.9%
Selling, general and administrative	**18.3%**		19.0%		19.4%

Operating Summary

Income from operating activities decreased $2.4 million due to $1.2 million of non-recurring acquisition costs and reduced gross profit margin percentage on lower equipment profit margins in the Ontario market. On a same store basis, income from operating activities remained steady as increased gross profit margin offset increased SG&A. Excluding acquisition costs, EBITDA increased $0.3 million for the segment.

Same Store Highlights

On a same store basis, income from operating activities decreased by 3%, due to lower margins on increased additional equipment sales to fleet customers. Additional gross profit of $0.9 million was offset by a $0.7 million increase in SG&A, and a decrease in other income of $0.3 million due to unrealized foreign exchange losses on inventory floor plans.

Acquisition Performance

The acquisition of POI generated a $2.3 million loss from operating activities in the period, due to new equipment profit margins and $1.2 million of non-recurring acquisition costs.

Lower margin on equipment sales in Ontario was the primary factor which decreased overall gross profit percentage to 18.9%. Due to the significant transaction volume of large fleet customers in Ontario, competitive pressures result in lower equipment margins than the Saskatchewan average. This was compounded by the need to reduce inventory levels following acquisition.

Acquisition SG&A expenses were lower as a percent of total revenue, resulting in an overall SG&A decrease to 18.3% as a percent of total revenue, including acquisition costs. The high transaction volume of the fleet market in Ontario positively impacts SG&A on a percent of revenue basis, as the Ontario operating costs as a factor of revenue are below that experienced in the smaller Saskatchewan market.

The acquired operations generated $0.7 million of negative EBITDA, with the primary difference between EBITDA and the $2.3 million loss from operating activities relating to interest on additional floor plan and acquisition borrowing, along with depreciation of capital property and intangible assets identified on acquisition.

Commercial and Industrial Segment Results

($ thousands, except per share amounts)	Total 2014 2014	% Change Compared to 2013	2013
Equipment			
New equipment	**95,681**	(4%)	99,916
Used equipment	**8,533**	(16%)	10,210
Total equipment revenue	**104,214**	(5%)	110,126
Parts	**29,414**	1%	29,084
Service	**16,810**	4%	16,106
Rental and other	**8,660**	(2%)	8,843
Total revenue	**159,098**	(3%)	164,159
Cost of sales	**(115,467)**	(4%)	(120,078)
Gross profit	**43,631**	(1%)	44,081
Other income	**770**	(40%)	1,286
Selling, general and administrative expense	**(38,821)**	(0%)	(38,987)
Income from operating activities	**5,580**	(13%)	6,380
EBITDA	**12,142**	(3%)	12,564
Ratios as a percentage of revenue:			
Gross profit margin	**27.4%**		26.9%
Selling, general and administrative	**24.4%**		23.7%

Operating Summary

Income from operating activities decreased $0.8 million in the Commercial and Industrial (C&I) segment, primarily due to timing differences of gains on rental equipment replacement and disposal. EBITDA decreased by $0.4 million.

For the year ended December 31, 2014, revenue decreased by $5.1 million primarily due to the non-recurrence of a single $4.0 million mulcher order received in 2013. Excluding the impact of the one-time order, the segment maintained steady overall equipment sales. Parts and service revenue increased $1.0 million, generating increased gross profit margin percentage on sales mix shifts, while gross profit dollars were impacted by lower equipment sale revenue.

In 2013, rental equipment was replaced according to its planned life cycle, and was sold for a gain which was included in other income in 2013. The rental fleet was not due for a substantial replacement in 2014, resulting in a $0.5 million reduction in gains on sale compared to 2013.

Income from operating activities decreased $0.8 million compared to 2013, as gross profit margin growth partially offset reduced revenue, with the remaining variance due to the occurrence and timing of gains on sale of rental equipment.

Cash and Cash Equivalents – Year Ended December 31, 2014

Cervus' primary sources and uses of cash flow for the year ended December 31, 2014 are as follows:

Operating Activities
Net cash provided by operating activities was $69.1 million for the year ended December 31, 2014 when compared to $30.5 million for the same period of 2013, an increase of $38.6 million. The primary reason for this increase is $23.2 million of net cash received from working capital items, compared to $13.5 million used in 2013, primarily due to an $20.8 million increase in accounts payable compared to a $4.5 million decrease in 2013 and a $6.5 million decrease in accounts receivable compared to a $4.1 million increase in 2013.

Investing Activities
During the year ended December 31, 2014, the Company used $101.2 million of net cash from investing activities compared to a use of cash of $18.4 million for the same period in 2013, for a net use of $82.8 million. Primary drivers of the change when compared to the same period in 2013 were $84.4 million in business acquisitions in 2014 related to Agriculture and Transportation, compared to $1.4 million for the step acquisition of Australia Ag in 2013. In addition, there were fewer capital additions in 2014 ($3.1 million), largely due to construction of the Balzac facility in 2013 of $11.6 million.

Financing Activities
During the year ended December 31, 2014, the Company's financing activities provided $36.1 million of cash, compared to a use of $6.1 million in 2013, for a net source of $42.2 million. The primary driver of the change when compared to the same period in 2013 is due to net proceeds from term debt of $50.9 million in 2014, compared to $6.9 million in 2013. In addition, to these 2014 cash inflows, there was also a $1.5 million source of cash from issuance of shares which did not occur in 2013.

Fourth Quarter Consolidated Results

For the fourth quarter consolidated results, same store results in the Agricultural segment exclude the 2014 results of six John Deere dealerships and Deer Star Systems Inc. as these operations were acquired or gained a majority control during 2014 in the months of October and December. For the Transportation segment, same store results exclude the 2014 results of thirteen Peterbilt dealerships acquired in August 2014.

($ thousands, except per share amounts)	Total 2014 2014	Total 2014 % Change Compared to 2013	2014 Same Store 2014 Same Store	2014 Same Store % Change Compared to 2013	2013
Revenue	**289,040**	28%	211,949	(6%)	225,813
Cost of sales	**(233,086)**	28%	(166,790)	(9%)	(182,625)
Gross profit	**55,954**	30%	45,159	5%	43,188
Other income	**406**	(81%)	1,028	(51%)	2,097
Selling, general and administrative expense	**(45,966)**	23%	(33,906)	(9%)	(37,227)
Income from operating activities	**10,394**	29%	12,281	52%	8,058
Finance income	**181**	85%	73	(26%)	98
Finance costs	**(2,028)**	39%	(1,775)	22%	(1,456)
Share of profit of equity accounted investees, net of income tax	**(91)**	(107%)	(91)	(107%)	1,386
Profit before income tax expense	**8,456**	5%	10,488	30%	8,086
Income tax expense	**(2,528)**	48%	(3,197)	87%	(1,713)
Profit for the period	**5,928**	(7%)	7,291	14%	6,373
Profit attributable to shareholders	**5,870**	(6%)	7,233	16%	6,250
EBITDA	**15,909**	21%	16,055	22%	13,120
EBITDA margin	**5.5%**		7.6%		5.8%
Ratios as a percentage of revenue:					
Gross profit margin	**19.4%**		21.3%		19.1%
Selling, general and administrative	**15.9%**		16.0%		16.5%
Earnings per share					
Basic	**0.38**	(10%)	0.47	12%	0.42
Diluted	**0.37**	(8%)	0.45	13%	0.40

Operating Summary

Overall profit available to shareholders decreased $0.4 million, and increased $0.3 million when acquisition costs are excluded. Income from operations increased $2.3 million on increased revenues and consistent gross profit margins, while SG&A expenses decreased as a percentage of revenue. Total EBITDA increased $2.8 million or 21% compared to 2013, and increased $3.5 million or 27% excluding acquisition costs in the quarter.

Same Store Highlights

On a same store basis, profit attributable to shareholders increased $1.0 million, primarily due to $4.2 million of incremental income from operating activities, partially offset by a $1.5 million decrease in earnings from equity investments and $1.5 million of additional tax expense related to timing differences between accounting income and taxable income.

The $4.2 million increase in operating income resulted from growth in gross profit percentage due to sales mix shifts towards parts and service in all segments, combined with a $3.3 million decrease in SG&A expenses. A significant factor in decreased SG&A levels is the allocation of shared costs to the operations of acquired entities. A portion of incremental SG&A costs in recent periods was incurred in preparation for acquisition activity, and subsequent to acquisition the ongoing SG&A costs have been allocated to the segments to which they relate. Additionally, SG&A within the Commercial and Industrial segment decreased $2.3 million, primarily related to recoveries of bad debts and non-recurrence of 2013 branding expenses.

Earnings from equity investments decreased due to adverse weather events impacting the geography where the Company holds a minority interest in seven Agriculture dealerships, combined with the results of Deer Star being excluded from equity investments due to Deer Star being consolidated upon acquisition in the fourth quarter of 2014. Income tax expense has increased due to current period timing differences between the taxation of income and deductions of expense between accounting and taxation basis. The Company continues to expect long term effective tax rates to approximate 26% to 28%.

EBITDA increased $2.9 million or 22% during the period due to increases in operating income as discussed herein, and the exclusion of incremental additional income tax in the calculation of EBITDA.

Acquisition Performance

Acquisitions contributed a $1.9 million loss from operating activities due to the factors outlined in the discussion of annual results. Excluding $0.7 million of acquisition expenses, Ontario generated an operating loss of $1.6 million while agriculture acquisitions generated $0.4 million of operating income.

The $1.9 million operating loss from acquisitions was partially offset by reduced tax expense of $0.7 million, resulting in the net loss attributable to shareholders of $1.4 million. Excluding the impact of income taxes, depreciation of acquired intangibles, and incremental interest on additional floor planned inventory, EBITDA of the acquired operations was a $0.1 million loss.

Fourth Quarter Segment Results

Agricultural Segment Results

	Total 2014		2014 Same Store		
($ thousands, except per share amounts)	2014	% Change Compared to 2013	2014 Same Store	% Change Compared to 2013	2013
Equipment					
New equipment	**84,506**	10%	73,291	(5%)	76,783
Used equipment	**50,648**	1%	44,858	(11%)	50,321
Total equipment revenue	**135,154**	6%	118,149	(7%)	127,104
Parts	**16,417**	16%	14,530	3%	14,144
Service	**10,082**	18%	8,648	1%	8,549
Rental and other	**2,634**	68%	2,404	53%	1,570
Total revenue	**164,287**	9%	143,731	(5%)	151,367
Cost of sales	**(132,869)**	5%	(115,767)	(8%)	(126,262)
Gross profit	**31,418**	25%	27,964	11%	25,105
Other income	**1,382**	(19%)	1,127	(34%)	1,700
Selling, general and administrative expense	**(23,232)**	17%	(19,644)	(1%)	(19,900)
Income from operating activities	**9,568**	39%	9,447	37%	6,905
Ratios as a percentage of revenue:					
Gross profit margin	**19.1%**		19.5%		16.6%
Selling, general and administrative	**14.1%**		13.7%		13.1%

Operating Summary

Income from operating activities in the fourth quarter of 2014 increased $2.7 million compared to Q4 2013, $0.1 million of which was contributed by the Alberta acquisitions, combined with a $2.5 million increase in same store results driven by gross profit margin growth.

Same Store Highlights

Income from operating activities increased $2.5 million primarily due to margin growth across all revenue streams. Gross profit margin percentage increased 2.9% primarily due to shifts in sales mix towards higher parts and service sales. The timing of rebates and incentives in 2014 were weighted towards the fourth quarter compared to being more evenly distributed through 2013, further bolstering margin in the quarter. Australia and NZ contributed $1.3 million of incremental equipment gross profit margin dollars due to accelerated demand and margin growth over the prior period. SG&A dollars were consistent, resulting in incremental margin dollars driving the 37% growth in income from operating activities.

Acquisition Performance

The acquired entities contributed $20.6 million of incremental revenue and $0.1 million of operating income in the period. The sales mix and gross profit margins of acquired operations were consistent with our existing operations, while SG&A as a percent of revenue was 17.5% for the period. Excluding acquisition costs of $0.3 million, the acquired operations contributed $0.4 million of incremental income from operations in the period.

Transportation Segment Results

	Total 2014		2014 Same Store		
($ thousands, except per share amounts)	2014	% Change Compared to 2013	2014 Same Store	% Change Compared to 2013	2013
Equipment					
New equipment	**50,007**	186%	13,786	(21%)	17,489
Used equipment	**1,954**	58%	1,005	(19%)	1,238
Total equipment revenue	**51,961**	177%	14,791	(21%)	18,727
Parts	**21,634**	156%	7,992	(5%)	8,436
Service	**6,715**	144%	3,168	15%	2,753
Rental and other	**2,627**	348%	451	(23%)	587
Total revenue	**82,937**	172%	26,402	(13%)	30,503
Cost of sales	**(69,798)**	188%	(20,604)	(15%)	(24,272)
Gross profit	**13,139**	111%	5,798	(7%)	6,231
Other income	**(1,132)**	(2019%)	(255)	(532%)	59
Selling, general and administrative expense	**(13,508)**	135%	(5,036)	(13%)	(5,760)
Income (loss) from operating activities	**(1,501)**	(383%)	507	(4%)	530
Ratios as a percentage of revenue:					
Gross profit margin	**15.8%**		22.0%		20.4%
Selling, general and administrative	**16.3%**		19.1%		18.9%

Operating Summary

Total income from operating activities decreased $2.0 million, or $1.6 million excluding acquisition costs, due to initial losses in the Ontario operations.

Same Store Highlights

Income from operating activities remained consistent. The revenue weighting shifted towards parts and service primarily due to the timing of fleet sales within new equipment. The decrease in equipment sales reduced gross profit dollars, partially offset by stable margins within revenue streams and growth in parts and service revenues. SG&A expenses decreased, as incremental costs incurred in anticipation of acquisition are now prospectively allocated to the acquired entity.

Acquisition Performance

The acquired Ontario operations generated a $2.0 million loss from operating activities during the period, primarily due to lower profit margins due to the need to work through excess inventory levels, an unrealized foreign exchange related loss of $0.6 million included in other income, and $0.4 million of acquisition costs within SG&A. Excluding the impact of acquisition costs and foreign exchange, acquisitions generated a $0.7 million loss from operating activities in the period.

As noted in the discussion of annual results, the concentration of fleet customers in Ontario resulted in a lower margin on equipment sales, which was not fully offset in the period by lower SG&A in the acquired entities. Foreign exchange losses primarily relate to unrealized losses on inventory floor planned in US dollars. These inventory units are priced to the customer at the US exchange rate at the date of sale, which has not historically resulted in material realized exchange gains or losses upon sale to the customer.

Commercial and Industrial Segment Results

($ thousands, except per share amounts)	Total Q4 2014 2014	% Change Compared to 2013	2013
Equipment			
New equipment	**25,061**	(8%)	27,195
Used equipment	**2,509**	0%	2,499
Total equipment revenue	**27,570**	(7%)	29,694
Parts	**7,932**	(2%)	8,104
Service	**4,108**	3%	4,000
Rental and other	**2,206**	3%	2,145
Total revenue	**41,816**	(5%)	43,943
Cost of sales	**(30,419)**	(5%)	(32,091)
Gross profit	**11,397**	(4%)	11,852
Other income	**156**	(54%)	338
Selling, general and administrative expense	**(9,226)**	(20%)	(11,567)
Income from operating activities	**2,327**	274%	623
Ratios as a percentage of revenue:			
Gross profit margin	**27.3%**		27.0%
Selling, general and administrative	**22.1%**		26.3%

Operating Summary

Income from operating activities increased $1.7 million in the C&I segment, primarily due to decreased SG&A on reduced branding costs and increased recoveries of bad debts in the quarter.

For the quarter ended December 31, 2014, revenue decreased by $2.1 million, due to a decrease in mulcher sales of $1.2 million, however, parts and service sales were in line with the prior period. Gross profit margin percentage increased 0.3% due to product mix within new equipment sales, partially offset by shifts in sales mix.

SG&A expenses decreased $2.3 million compared to the prior quarter, primarily due to a $1.1 million reduction in marketing expense as the 2013 branding initiative was non-recurring, and a $0.5 million recovery of bad debt allowance.

Income from operating activities increased $1.7 million compared to the fourth quarter of 2013, largely tied to the non-recurrence of 2013 branding costs and recovery of bad debts expense which offset the impact of reduced revenues.

Fourth Quarter Cash Flows

Cervus' primary sources and uses of cash flow for the three month period ended December 31, 2014 are as follows:

Operating Activities
Net cash provided in operating activities was $26.9 million, compared to cash provided of $10.0 million for the same period of 2013, an increase of $16.9 million. The primary reason for this increase is $10.8 million of net cash received from working capital items, compared to $0.3 million in 2013. The $10.5 million increase in cash from working capital items is primarily due to $23.5 million of cash provided by accounts receivable and prepaid expenses, a source of cash of $3.6 million from accounts payable and customer deposits, offset by a net use of cash for inventories and floor plan payables of $16.7 million.

Investing Activities
The Company used $56.2 million in net cash for investing activities. The most significant use of cash for investing activities was $49.8 million in business acquisitions for the purchase of Evergreen Equipment Ltd. and Deer-Country Equipment (1996) Ltd. In addition, the purchase of property and equipment used $3.6 million of cash, which primarily related to the construction of a replacement Agriculture Store in Ponoka, Alberta.

Financing Activities
Financing activities provided $39.6 million in cash flows in the period, primarily from $43.7 million advanced under the Company's debt facilities, offset by the payment of dividends of $2.9 million.

Consolidated Financial Position

Liquidity

($ thousands, except ratio amounts)	2014	2013
Current assets	**410,214**	242,454
Total assets	**669,303**	426,230
Current liabilities	**290,838**	129,270
Long-term liabilities	**148,974**	78,540
Shareholders' equity	**229,491**	218,420
Working capital (see "Non-IFRS Measures")	**119,376**	113,184
Working capital ratio (see "Non-IFRS Measures")	**1.41**	1.88

Working Capital

Cervus' working capital increased by $6.2 million to $119.4 million at December 31, 2014 when compared to $113.2 million at December 31, 2013. As at the date of this report, the Company is in compliance with all of its covenants.

Based on inventory levels at December 31, 2014, the Company had the ability to floor plan an additional $40.5 million of inventory, and $263.8 million of undrawn floor plan capacity.

The Company's ability to maintain sufficient liquidity is primarily driven by revenue, gross profit realization, and judicious allocation of resources. At this time, there are no known factors that management is aware of that would affect its short and long-term objectives of meeting the Company's obligations as they come due. Working capital may fluctuate from time to time based primarily on the use of cash and cash equivalents to fund future business acquisitions, as well as due to the seasonal nature of our business. Cash resources can normally be restored by accessing floor plan monies from unencumbered equipment inventories or accessing undrawn credit facilities. Also, the seasonality of our business requires greater use of cash resources in the first and fourth quarter of each year to fund general operations caused by the seasonal nature of our sales activity.

Further, if the Company is reassessed by the CRA as discussed in Business Risks and Uncertainties, the Company expects to appeal such reassessment. If the Company was reassessed up to and including its December 31, 2014 tax year, the amount due on appeal is expected to approximate $21.6 million. The Company anticipates making this deposit would not adversely impact its working capital position.

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, 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. The Company's contractual obligations at December 31, 2014 are described below.

The Company has bank credit facilities available for its current use of $58.6 million as follows:

Balance as at December 31, 2014 ($ thousands)	Limit	Borrowings and pledged amounts	Available
Operating	**100,000**	44,161	55,839
Flexible credit, New Zealand	**2,715**	-	2,715
Australia operating	**569**	569	-
Total	**103,284**	44,730	58,554

The Company has guaranteed the net residual value of certain customer leases, for leases between customers and John Deere Financial ("JDF") as set out in Note 29 to the consolidated financial statements. The Company regularly assesses the residual value of the JDF lease portfolio relative to wholesale values for comparable equipment. On the maturity of customer's leases, the equipment is returned to the Company and sold as used equipment. Upon the return of equipment, JDF will provide the Company floor planning based on John Deere's pricing guide. Of the lease portfolio at December 31, 2014, leases with a residual value of $7.5 million are scheduled to mature in 2015.

Contractual Obligations

The Company has certain contractual obligations including payments under long-term debt agreements, finance and operating lease commitments. A summary of the Company's principal contractual obligations are as follows:

($ thousands)	Total carrying value	Due 2015	Due 2016 through 2017	Due 2017 through 2018	Due thereafter
Long-term debt	106,817	9,974	60,519	32,253	4,535
Finance lease obligation	24,509	6,175	5,295	5,458	7,581
Convertible debenture	32,065	-	-	34,500	-
Operating leases	-	5,387	4,472	3,976	9,430
Total	163,391	21,536	70,286	76,187	21,546

Inventories

As at December 31, 2014, inventories had increased by $146.1 million to $324.6 million when compared to $178.5 million at December 31, 2013. Of the $146.1 million increase, $86.4 million relates to inventory from business acquisitions during the year.

On a same store basis, inventory has increased by $59.7 million, comprised of a $45.6 million increase in new equipment, a $13.2 million increase in used equipment, and a $3.7 million increase in parts. In the Canadian agriculture sector, a later harvest in 2014 drove increased in season new sales, which generally come with used equipment taken on trade, increasing used inventory levels at December 31, 2014 compared to 2013. In Australia Ag, new inventory has increased to service higher demand year over year, as well as in preparation for a busy winter season. Further, our new construction inventory has increased to facilitate adequate product as construction OEM manufacturing lead times have increased.

The nature of the business has a significant impact on the amount of equipment that is owned by our various dealerships. The majority of our Agricultural equipment sales come with a trade-in, a limited portion of our Transportation sales come with a trade-in, and our Commercial and Industrial equipment sales usually do not have trade-ins. This results in a higher amount of used agriculture equipment than used Transportation and Commercial and Industrial equipment. In addition, the majority of our new John Deere equipment is on consignment from John Deere, whereas we purchase the new equipment from our other manufacturers. These factors directly impact the amount of used and new equipment carried on our books. The majority of our product lines, in all segments, are manufactured in the US with pricing based in US dollars, but invoiced in Canadian dollars.

As at December 31, 2014, the Company believes that its recoverable amounts on its used equipment inventories exceed their respective carrying values and no general impairment reserve is required or has been recorded.

Accounts Receivable

For the year ended December 31, 2014 the average time to collect the Company's outstanding accounts receivable was approximately 18 days as compared to 16 days for the year ended December 31, 2013. At December 31, 2014 no single outstanding customer balance, excluding sales contract financing receivables, represented more than 10% of total accounts receivable. The Company closely monitors the amount and age of balances outstanding on an on-going basis and establishes provisions for bad debts based on account aging, combined with specific customers' credit risk, historical trends, and other economic information.

The Company's allowance for doubtful collections has increased to $1.4 million (2013 - $0.7 million) at December 31, 2014, which represents 2.4% (2013 - 1.7%) of outstanding trade accounts receivable and 0.1% (2013 - 0.1%) of gross revenue on an annual basis. Bad debt expense for the year ended December 31, 2014 amounted to a $0.8 million (2013 - $0.2 million recovery).

Capital Resources

We use our capital to finance our current operations and growth strategies. Our capital consists of both debt and equity and we believe the best way to maximize our shareholder value is to use a combination of equity and debt financing to leverage our operations. A summary of the Company's available credit facilities as at December 31, 2014 is as follows:

($ thousands)	Total Amount	Borrowings	Letters of Credit	Consigned Inventory	Amount Available
Operating and other bank credit facilities	103,284	42,174	2,556		58,554
Floor plan facilities and rental equipment floor plan facilities	507,927	195,596		48,493	263,838
Capital facilities	64,169	44,546			19,623
Total	675,380	282,316	2,556	48,493	342,015

Operating and Other Bank Credit Facilities

At December 31, 2014, the Company has a committed revolving credit facility with a syndicate of underwriters. The principal amount available under this facility as amended December 17, 2014 is $100.0 million, representing an increase from the principal amount previously available of $60.0 million. The facility is committed for a two year term, but may be extended on or before the anniversary date with the consent of the lenders. The facility contains an $80.0 million accordion which the Company may request as an increase to the total available facility, subject to lender approval. As at December 31, 2014 there was $41.6 million drawn on the facility and $2.4 million had been utilized for outstanding letters of credit to John Deere.

Operating and other bank credit facilities include both the Canadian and New Zealand amounts. The New Zealand operating facility of NZ $1.5 million (CAD $1.3 million), represents the Company's operating credit facility with its New Zealand bank.

We believe that the credit facilities available to the Company outlined above are sufficient to meet our market share targets and working capital requirements for 2015.

Floor Plan Facilities

Floor plan payables consist of financing arrangements for the Company's inventories and rental equipment financing with John Deere Canada ULC, GE Canada Equipment Financing G.P., General Electric Canada Equipment Financing G.P., GE Commercial Distribution Finance Canada, De Lage Landen Financial Services Canada Inc., PACCAR Financial Ltd., US Bank, and Canadian Imperial Bank of Commerce. At December 31, 2014, floor plan payables related to inventories was $175.0 million. Floor plan payables at December 31, 2014 and December 31, 2013 represented approximately 54.3% and 37.6% of our inventories, respectively. Floor plan payables fluctuate significantly from quarter to quarter based on the timing between the receipt of equipment inventories and their actual repayment so that the Company may take advantage of any programs made available to the Company by its key suppliers. In addition to cyclical industry factors, floor planned inventory has been intentionally increased through December 31, 2014 to reallocate the proceeds of the 2012 convertible debenture for acquisition purposes. Interest on floor plans at the contractual rate were largely offset by dealer rebates and interest free periods. Total Agricultural segment interest otherwise payable on John Deere floor plans approximates $1.9 million for the year ended December 31, 2014. This amount was offset by rebates applied during the year ended December 31, 2014 of $1.5 million. At December 31, 2014 approximately 71% of the C&I and Transportation segment's outstanding floor plan balance was non-interest bearing due to various incentives and interest free periods in place.

Outstanding Share Data

As of the date of this MD&A, there are 15,435 thousand common shares, 57 thousand share options, and 716 thousand deferred shares outstanding. The Company also has convertible debentures with a face value of $34.5 million, convertible at the holder's option, into common shares prior to the maturity date at a conversion price of $26.15 per common share see "Contractual Obligations"). As at December 31, 2014 and 2013, the Company had the following weighted average shares outstanding:

(thousands)	2014	2013
Basic weighted average number of shares outstanding	**15,147**	14,968
Dilutive impact of deferred share plan	**745**	677
Dilutive impact of share options	**11**	8
Diluted weighted average number of shares outstanding	**15,903**	15,653

Dividends Paid and Declared to Shareholders

The Company, at the discretion of the board of directors, is entitled to make cash dividends to its shareholders. The following table summarizes our dividends paid for the year ended December 31, 2014:

($ thousands, except per share amounts)				
Record Date	**Dividend per Share**	**Dividend Payable**	**Dividends Reinvested**	**Net Dividend Paid**
March 31, 2014	$ 0.2025	$ 3,075	$ 250	$ 2,825
June 28, 2014	0.2050	3,116	265	2,851
September 30, 2014	0.2075	3,159	272	2,887
December 31, 2014	0.2100	3,233	288	2,945
Total	**$ 0.8250**	**$ 12,583**	**$ 1,075**	**$ 11,508**

As of the date of this MD&A, all dividends as described above were paid (see "Capital Resources - Cautionary note regarding dividends").

Dividend Reinvestment Plan ("DRIP")

The DRIP was implemented to allow shareholders to reinvest quarterly dividends and receive Cervus shares. Shareholders who elect to participate will see their periodic cash dividends automatically reinvested in Cervus shares at a price equal to 95% of the volume-weighted average price of all shares for the ten trading days preceding the applicable record date. Eligible shareholders can participate in the DRIP by directing their broker, dealer, or investment advisor holding their shares to notify the plan administrator, Computershare Trust Company of Canada Ltd., through the Clearing and Depository Services Inc. ("CDS"), or directly where they hold the certificates personally.

During the year ended December 31, 2014, 52 thousand common shares were issued through the Company's dividend reinvestment plan.

Taxation

Cervus' dividends declared and paid to December 31, 2014 are considered to be eligible dividends for tax purposes on the date paid.

Cautionary Note Regarding Dividends (see "Note Regarding Forward-Looking Statements")

The payment of future dividends is not assured and may be reduced or suspended. Our ability to continue to declare and pay dividends will depend on our financial performance, debt covenant obligations and our ability to meet our debt obligations and capital requirements. In addition, the market value of the Company's common shares may decline if we are unable to meet our cash dividend targets in the future, and that decline may be significant. Under the terms of our credit facilities, we are restricted from declaring dividends or distributing cash if the Company is in breach of its debt covenants. As at the date of this report, the Company is not in violation of any of its covenants.

Summary of Results

Annual Results Summary

($ thousands, except per share amounts)	2014	2013	2012
Total Revenues	**979,609**	861,138	702,352
Profit for the year	**18,496**	23,326	23,625
Profit for the year attributable to shareholders	**18,362**	23,090	23,437
Net earnings per share - basic	**1.21**	1.54	1.58
Net earnings per share - diluted	**1.15**	1.48	1.52
Cash provided by operating activities	**69,094**	30,480	18,951
EBITDA	**50,811**	51,883	46,856
Total assets	**669,303**	426,230	399,816
Total long-term liabilities	**148,974**	78,540	69,562
Total liabilities	**439,812**	207,810	199,172
Shareholders' equity	**229,491**	218,420	200,644
Net book value per share - diluted	**14.43**	13.95	13.02
Dividends declared to shareholders	**12,583**	11,759	11,031
Dividends declared per share	**0.825**	0.785	0.745
Weighted average shares outstanding			
Basic	**15,147**	14,968	14,791
Diluted	**15,903**	15,653	15,406
Actual shares outstanding	**15,325**	15,012	14,900

Quarterly Results Summary

($ thousands, except per share amounts)	December 31, 2014	September 30, 2014	June 30, 2014	March 31, 2014
Revenues	289,040	286,192	237,488	166,889
Profit attributable to the shareholders	5,870	7,707	5,618	(833)
Gross profit dollars	55,954	52,345	45,253	33,121
Gross margin percentage	19.4%	18.3%	19.1%	19.8%
EBITDA	15,909	17,599	13,247	4,053
Basic earnings per share	0.38	0.51	0.37	(0.06)
Diluted earnings per share	0.37	0.49	0.35	(0.05)
Weighted average shares outstanding				
- Basic	15,273	15,148	15,130	15,034
- Fully diluted	16,023	15,884	15,835	15,728

($ thousands, except per share amounts)	December 31, 2013	September 30, 2013	June 30, 2013	March 31, 2013
Revenues	225,813	249,394	244,245	141,686
Profit attributable to the shareholders	6,250	8,646	8,318	(122)
Gross profit dollars	43,188	47,445	45,001	27,674
Gross margin percentage	19.1%	19.0%	18.4%	19.5%
EBITDA	13,120	17,242	17,081	4,441
Basic earnings per share	0.42	0.58	0.56	(0.01)
Diluted earnings per share	0.40	0.55	0.53	(0.01)
Weighted average shares outstanding				
- Basic	15,005	14,989	14,956	14,918
- Fully diluted	15,689	15,650	15,576	15,535

Sales activity for the Agricultural segment is normally highest between April and September during growing seasons in Canada and the impact on the growing seasons for New Zealand and Australia has not materially impacted the above results. The Transportation and Commercial and Industrial equipment sectors are not as volatile. Activity in the Transportation sector generally increases in winter months, while the Commercial and Industrial sector generally slows in the winter months. As a result, earnings or losses may not accrue uniformly from quarter to quarter. The primary reason for the change in net profit for the four quarters of 2014 when compared to 2013 is due to shifts in equipment demand within the Agricultural sector, driven by grain transportation constraints combined with softer commodity prices in the first and second quarter of 2014, compared to the same period in 2013.

Market Outlook (see "Note Regarding Forward-Looking Statements")

The Company's three operational segments are subject to broad market forces in addition to the underlying economic factors specific to the industries they serve. Further, the geographical diversity of the Company's operations may temper or accelerate broader market forces in their significance region to region. The following provides an overview of Management's market outlook as it relates to the Company's operations.

Alberta & Saskatchewan
Agriculture remains the driving variable in the Company's western Canadian operations, and is in a positive position heading into the calendar 2015 crop year. Current strength in livestock prices are a boon for mixed farms which are dominant in Alberta, while a successful 2014 crop is positive for broad acre farmers who are concentrated in our Saskatchewan geography. Farm income is a leading indicator of equipment demand, and Agriculture and Agri-Food Canada ("AAFC") is estimating Canadian farmer's aggregate 2014 net cash farm income will be $14 billion. If achieved this is reflects a 10% increase above the previous record set in 2013.[1] Of the total forecast 2014 farm income, Saskatchewan generated $4.3 billion (an 11% increase over prior year), followed by Alberta totalling $2.7 billion (a 16% increase).[2] Driving the increases were record cattle receipts, stable input costs, and record 2013 yield. Cumulative annual records in Canadian net cash farm income support the capital investment required of today's farmers, and is a positive indicator for farmers in our geography. Further, AAFC is forecasting calendar 2015 seeded acres surpassing seeded acres in 2014, supporting both equipment demand and utilization into 2015.

Our Commercial and Industrial operations are indirectly impacted by petroleum prices, linked through the impact resource prices have on residential and commercial construction in western Canada. As a result of the decline in oil prices in the fourth quarter of 2014, TD Economics is forecasting Alberta's 2015 GDP growth to slow to 0.5%. Decreased capital outlays in the oil industry are expected to translate to weaker employment and wage growth, in turn driving a slower resale housing market and corresponding decrease in new residential construction activity. TD Economics notes Saskatchewan's increased resource diversity, however a period of housing price correction, accompanied with reduced government spending is forecast.[3] Outlook for mid-term oil prices remain uncertain, with TD Economics forecasting West Texas Intermediate climbing to the $60 range by 2016, and when combined with a lower Canadian dollar, may improve fundamentals from current levels.[4] At present, construction projects in progress are expected to continue, however a prolonged decline in oil prices would have a noticeable impact as the broader economy slows.

Our Saskatchewan Transportation operations have also benefited from a strong resource extraction sector, as a number of customers provide transportation for the industry. However, the majority of our Transportation customers in Saskatchewan are consumer freight and agricultural driven. We expect a prolonged depression in oil prices would temper growth in Saskatchewan compared to recent years, however potential for continued transportation activity driven by other Saskatchewan industries remains.

Ontario
The same factors creating headwinds for some segments in western Canada, have generated tailwinds for the Ontario economy, including the transportation sector. TD Economics is forecasting Ontario to lead the Country in real GDP growth at 2.8%,[5] with a lower Canadian dollar and interest rate reductions driving manufacturing activity and cross border trade. These macroeconomic factors are corroborated by trends in the transportation industries. TransCore's Freight index reported record annual Canadian freight volumes in 2014, 33% above 2013 levels, and fourth quarter 2014 volumes 20% higher than Q4 2013. Further, TransCore reports US and Canada cross-border trade volumes averaged 70% of total volumes, while cross border loads leaving Canada increased 41% year over year.[6] Ontario is ideally positioned to benefit, as Today's Trucking reports that the balance of these cross border loads originate in Ontario.[7] Accelerated transportation activity has driven increased demand for highway tractors. PACCAR reported 2014 US and Canada Class 8 truck sales of 250,000, the highest since 2006, while Today's trucking reports a 14% increase in commercial trucks operating in North America in the first nine months of 2014 compared to the same period in 2013.[8] Our Ontario transportation operations are well positioned within the emerging regional economic climate.

New Zealand & Australia
New Zealand (NZ) is the world's largest dairy exporter, as a result, dairy prices are a significant economic driver for the country as a whole, and a bellwether for its Agricultural industry specifically. Dairy prices were at record levels in 2013 and the early part of 2014, however strong global supply combined with political events in a number of major dairy importing nations resulted in NZ dairy prices falling by half in late 2014. The ANZ New Zealand ("ANZ") economics team is expecting a 30-40% increase in Global Dairy Trade auction prices by the end of 2015, indicating that a recovery is likely. However global demand and political factors add uncertainty, particularly with respect to farm cash flows. ANZ expects conservatism in farm capital and discretionary spending until price stability returns to the market.[9] Under such circumstances, we expect farmers to be cautious with investments in equipment, although existing equipment population will continue to drive parts and service requirements.

The outlook for our Australian operations is influenced by a number of factors, reflecting the mixed farming prevalent in the geography served by our dealerships. Pricing for farm outputs is positive, with livestock prices at or near five year highs, while grain and oilseed pricing approximate the five year average.[10] Precipitation remains a key variable in our south-eastern geography, which received adequate but below average rainfall through the 2014 growing season. The Australian Bureau of Meteorology is forecasting slightly below average rainfall in our region for 2015. Our dealership activity in 2015 is contingent on the continuation of positive pricing trends and sufficient precipitation in our geography.

FOOTNOTES

1 Agriculture and Agri-Food Canada 2015 *Canadian Agricultural Outlook* February, 12, 2015
2 FCC Express *Domestic Ag Strength Forecasted* February 20, 2015, retrieved from www.fcc-fac.ca/eng
3 TD Economics *Provincial Economic Forecast Update,* January26, 2015
4 TD Economics *Economic Forecast Update,* January 26,2015, www.td.com/economics
5 TD Economics *Provincial Economic Forecast Update,* January26, 2015
6 TransCore Link Logistics 2014 Canadian Freight Index, retrieved February 20, 2015, from: www.transcore.ca/news
7 Today's Trucking, *Truckers Had Second Busiest January on Record,* retrieved February 20, 2015, from: www.todaystrucking.com
8 Today's Trucking, *New, Used Truck Registrations up Year-Over-Year,* retrieved February 21, 2015, from: www.todaystrucking.com
9 ANZ New Zealand Economics, *Our Key Downside Risk,* Cameron Bagrie et. al., February 10, 2014, retrieved from www.interest.co.nz
10 NAB *Economic Report: Rural Commodities Wrap - February 2014,* Phin Ziebell http://business.nab.com/au

Off-Balance Sheet Arrangements

In the normal course of business, we enter into agreements that include indemnities in favor of third parties, such as engagement letters with advisors and consultants, and service agreements. We have also agreed to indemnify our directors, officers, and employees and those of our subsidiaries, in accordance with our governing legislation, our constating documents and other agreements. Certain agreements do not contain any limits on our liability and, therefore, it is not possible to estimate our potential liability under these indemnities. In certain cases, we have recourse against third parties with respect to these indemnities. Further, we also maintain insurance policies that may provide coverage against certain claims under these indemnities.

John Deere Credit Inc. ("Deere Credit") provides financing to certain of the Company's customers. A portion of this financing is with recourse to the Company if the amounts are uncollectible. At December 31, 2014, payments in arrears by such customers aggregated $304 thousand. In addition, the Company is responsible for assuming all lease obligations held by its customers with Deere Credit for the net residual value of the lease outstanding at the maturity of the contract. At December 31, 2014, the net residual value of such leases aggregated $166.7 million of which the Company believes all are recoverable.

The Company is liable for a potential deficiency in the event that the customer defaults on their lease obligation or retail finance contract. Deere Credit retains 1% of the face amount of the finance or lease contract for amounts that the Company owes Deere Credit under this obligation. The deposits are capped at between 1% and 3% of the total dollar amount of the lease and finance contracts outstanding. The maximum liability that can arise related to these arrangements is limited to the deposits of $3.5 million at December 31, 2014. Deere Credit reviews the deposit account balances quarterly and if the balances exceed the minimum requirements, Deere Credit refunds the difference to the Company.

The Company has issued irrevocable standby Letters of Credit to Deere Credit and another supplier in the aggregate amount of $2.4 million. The Letters of Credit were issued in accordance with the dealership arrangements with the suppliers that would allow the supplier to draw upon the letter of credit if the Company was in default of any of its obligations.

Transactions with Related Parties

Key Management Personnel Compensation

In addition to their salaries, the Company also provides non-cash benefits to its directors and executive officers. The Company contributes to the deferred share plan on behalf of directors and executive officers, and to the employee share purchase plan on behalf of executive officers, 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, aside from permitting unvested deferred share units earned during employment to continue vesting upon retirement. In addition, no directors or executive officers are part of the share option plan.

Total remuneration of key management personnel and directors during the year ended December 31, 2014 and 2013 was:

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

Key Management Personnel and Director Transactions
Key management and directors of the Company control approximately 28% of the common voting shares of the Company.

Other Related Party Transactions
Certain officers and dealer managers of the Company have provided guarantees to John Deere as required by John Deere aggregating $6.5 million. The guarantees are kept in place until released by John Deere. During the twelve month periods ended December 31, 2014 and 2013, the Company paid those individuals $184 thousand and $177 thousand, respectively, for providing these guarantees which represents a similar amount to guarantee fees otherwise paid to financial institutions. These transactions were recorded at the amount agreed to between the Company and the guarantors and are included in selling, general and administrative expenses.

Business Risks and Uncertainties

Reliance on Our Key Manufacturers and Dealership Arrangements

Cervus' primary source of income is from the sale of agricultural, transportation, and commercial and industrial equipment and products and services pursuant to agreements to act as an authorized dealer. The agreement with John Deere Limited ("JDL") provides a framework under which JDL can terminate a John Deere dealership if such dealership fails to maintain certain performance and equity covenants. Each contract also provides a one-year remedy period whereby the Company has one year to restore any deficiencies.

The Company also has dealership agreements in place with Peterbilt, Bobcat, JCB, CMI, Clark, Sellick, and Doosan. These agreements are one to three year agreements and are normally renewed annually, except for unusual situations such as bankruptcy or fraud.

The success of our dealerships depend on the timely supply of equipment and parts from our manufacturers to ensure the timely delivery of products and services to our customers. We also depend on our suppliers to provide competitive prices and quality products. Currently all of our dealership contracts are in good standing with our suppliers. There can be no guarantee that: (i) circumstances will not arise which give these equipment manufacturers the right to terminate their dealership agreements or (ii) one or more of the equipment manufacturers will decide not to renew their dealership agreements with us upon expiry.

Dependence on Industry Sectors

Authorized John Deere agricultural dealerships sell John Deere agricultural, turf, and sport products and equipment. The majority of sales are derived from the Agricultural sector. Consequently, grain and livestock prices, weather conditions, Canadian vs. U.S. currency exchange rates, interest rates, disease, Canadian and U.S. government trade policies and customer confidence have an impact on demand for equipment, parts and service.

The retail agricultural equipment industry is very competitive. The Company faces a number of competitors, including other "in-line" John Deere dealerships and other competitors including authorized Agco, Case, Kubota and New Holland dealerships that may be located in and around communities in which the Company's dealerships are located. Deere & Company has a reputation for the manufacture and delivery of high quality, competitively priced products. John Deere has the largest market share of manufacturing and sales of farm equipment in North America. There can be no assurance that John Deere will continue to manufacture high quality, competitively priced products or maintain its market share in the future. We have mitigated these risks by geographical diversification in Western Canada, New Zealand and Australia within the agricultural sector and industry diversification into the transportation, and construction and industrial sector.

The Commercial and Industrial segment sells light and medium construction equipment and is comprised of several lines of commercial equipment from major manufacturers, Bobcat and JCB. The major competitors are Caterpillar, Komatsu, CNH (Case), John Deere, Volvo, Hitachi and Liebherr. The light and medium commercial equipment market is very much dependent upon residential and commercial construction. The segment also sells industrial equipment from several manufacturers, Clark, Sellick, and Doosan being the major suppliers. Their major competitors are Toyota, Hyster, Crown, and Caterpillar. Industrial equipment is primarily sold to building supply companies, warehousing, food processors, oilfield supply companies, and the grocery industry. This customer diversity mitigates to some degree the risks inherent in any one of these customer segments.

The Transportation equipment group primarily sells transport equipment through PACCAR, which manufacturers Peterbilt and Kenworth trucks. The major competitors to Peterbilt are Kenworth, International, Freightliner, Volvo, and Mack trucks. The segment is highly dependent on consumer and commercial transportation of goods, as well as service based industries including oil and gas in western Canada, and manufacturing in eastern Canada. This diverse customer base does mitigate the risks inherent in any one of those customer segments.

Presently the majority of the Transportation, and Commercial and Industrial equipment segment revenues are derived from the sale of Peterbilt, Bobcat, JCB, Sellick, and Doosan equipment and products. All these equipment manufacturers have established themselves as industry leaders in our markets for the manufacture and delivery of Commercial, Industrial and Transportation equipment. There can be no assurance however that these suppliers will continue to manufacture high quality, competitively priced products or maintain its market share in the future.

Market Risk

Market risk is the risk that the fair value of financial instruments will fluctuate due to changes in market factors and is comprised of currency risk, interest rate risk and other price risks. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing return.

Foreign Currency Exposure
The Company is exposed to foreign currency fluctuation related to translation adjustments upon consolidation of its Australian and New Zealand operations. Based on the Company's results reported from its foreign subsidiaries, a strengthening or weakening of the Canadian dollar by 5% against the New Zealand dollar at December 31, 2014 would have increased (decreased) profit or loss by $54 thousand (2013 - $34 thousand). A strengthening or weakening of the Canadian dollar by 5% against the Australian dollar at December 31, 2014 would have increased (decreased) profit or loss by $20 thousand (2013 - $25 thousand).

Other than the Company's exposure on its translation of its foreign subsidiaries, the Company's exposure to fluctuations in foreign currency is limited, as its sales and expenditures are primarily incurred in Canadian dollars. 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 but are settled in Canadian dollars as they are received. However, 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 profit margins may fluctuate based on the foreign exchange rate in effect at the time of purchase. Certain of the Company's manufacturers also have programs in place to facilitate and/or reduce the effect of foreign currency fluctuations, primarily on new equipment inventory purchases.

A portion of the Company's owned inventory is floor planned in U.S. dollars. As such, a portion of the floor plan payable is exposed to fluctuations in the U.S. dollar exchange rate. As discussed above, this contributes to fluctuations in sales values based on the U.S. dollar exchange rate. The Company's objective is to maintain consistent gross margins by pricing equipment carried in U.S. dollars according to the exchange rate at the sale date. If the Company was unable to capture fluctuations in the US/CAD dollar in the sales price, a $0.01 change in the U.S. exchange rate would have increased (decreased) profit or loss by $260 thousand based on the U.S. dollar floor plan balances at December 31, 2014.

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.

Based on the Company's outstanding long-term debt at December 31, 2014, a one percent increase or decrease in market interest rates would impact the Company's annual interest expense by approximately $2.0 million (2013 - $1.2 million).

Operational Risk

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

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

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

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

Environmental Risks
Our dealerships routinely handle hazardous and non-hazardous waste as part of their day-to-day operations and though the Company believes it is in full compliance with applicable laws, from time-to-time, the Company may be involved in, and subject to, incidents and conditions that render us in non-compliance with environmental laws and regulations. The Company has established safety programs to help reduce these risks. The Company is not aware of any material environmental liabilities at this time.

Credit Risk
By granting credit sales to customers, it is possible these customers may experience financial difficulty and be unable to fulfill their repayment obligations. The Company's revenue is generated from customers in the farming, construction, industrial, and transportation industries, resulting in a concentration of credit risk from customers in these industries. The strength of our Agricultural segment is influenced by the prices of crop inputs, commodity prices, as well as local and global weather patterns in a growing season. Our Commercial and Industrial equipment sector is influenced by general economic and construction activity, and due to location, oil prices for Western Canadian crude oil. Our Transportation segment is influenced by regional, national, and North American economic activity, particularly factors impacting manufacturing and the demand for, and transportation of, consumer and industrial goods.

A significant decline in economic conditions within these industries would increase the risk that 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, and deposits and guarantees with John Deere. The Company's revenues are normally invoiced with payment terms of net, 30 days. The average time to collect the Company's outstanding accounts receivable was approximately 18 days for the year ended December 31, 2014 (16 days for the year ended December 31, 2013) and no single outstanding customer balance, excluding sales contract financing receivables, 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 on an on-going basis and establishes provisions for bad debts based on specific customers' credit risk, historical trends, and other economic information.

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

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

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

Income Taxes
The Canada Revenue Agency has previously requested information relating to the conversion transaction involving Cervus LP and Vasogen Inc. completed in October 2009 pursuant to which Cervus LP converted from a limited partnership structure to the current corporate structure of Cervus Equipment Corporation.

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 has 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 proposes that the Company's 2014 non-capital carry forward balance of $82 million; capital loss carry forward balances of $146 million; scientific research and experimental development expenditure pool of $29 million and investment tax credits of $12 million, are not available for deduction against future taxable income. To date, Cervus has not yet received a formal reassessment of its previous income tax filings but expects to receive one in due course. Upon reassessment, Cervus is able to appeal.

Cervus remains confident in the appropriateness of its tax-filing position and the expected tax consequences of the conversion transaction and intends to defend such position vigorously if a notice of reassessment is received from the Canada Revenue Agency. Cervus strongly believes that the acquisition of control and general anti-avoidance rules do not apply to the conversion transaction and intends to file its future tax returns on a basis consistent with its view of the outcome of the conversion transaction. In order to appeal, 50% of any reassessed amount is due. Based on Cervus' taxation years since the conversion transaction and ending with the taxation year ended December 31, 2014, if Cervus is reassessed on the basis of the proposal letter, Cervus expects the 50% amount to approximate $21.6 million. Cervus would also be required to make a payment of 50% of the taxes the 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.

While Cervus is confident in the appropriateness of its tax-filing position and the expected tax consequences of the conversion transaction, there remains a possibility that, if the Canada Revenue Agency elects to challenge Cervus tax filings and such challenge is successful, it will negatively affect the availability or quantum of the tax losses or other tax accounts of Cervus. 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.

Acquisition and Integration Risks
Strategic acquisitions have been an important element of Cervus' business strategy, and Cervus expects to continue to pursue such acquisitions in the future. Although Cervus engages in discussions with, and submits proposals to acquisition candidates, suitable acquisitions may not be available in the future on reasonable terms. If Cervus does identify an appropriate acquisition candidate, Cervus may not be able to successfully negotiate the terms of the acquisition, finance the acquisition or, if the acquisition occurs, effectively integrate the acquired business into Cervus' existing business. In addition, the negotiation of a potential acquisition and the integration of an acquired business may require a disproportionate amount of management's attention and resources.

Cervus' inability to successfully identify, execute, or effectively integrate future or previous acquisitions may negatively affect its results of operations. Even though Cervus performs a due diligence review of the businesses it acquires that it believes is consistent with industry practices, such reviews are inherently incomplete. Even an in-depth due diligence review of a business may not necessarily reveal existing or potential problems or permit Cervus to become familiar enough with the business to fully assess its deficiencies and potential. Even when problems are identified, Cervus may assume certain risks and liabilities in connection with the acquired business.

Other Risks
Although the Company has conducted investigations of, and engaged legal counsel to review, the corporate, legal, financial and business records of Vasogen Inc., with whom Cervus underwent its conversion from a limited partnership structure to that of a corporation in 2009, there may be liabilities and risks that the Company did not uncover in its due diligence investigation and that these liabilities and risks could have, individually or in the aggregate, a material adverse effect on the business, financial condition and results of operations of Cervus.

Further, there is a risk that the tax consequences contemplated by Cervus may be materially different from the tax consequences anticipated by Cervus in undertaking the conversion transaction. The Canada Revenue Agency has requested information relating to the plan of arrangement involving Cervus LP and Vasogen Inc. completed in October 2009 pursuant to which Cervus LP converted from a limited partnership structure to the current corporate structure of Cervus Equipment Corporation.

Critical Accounting Estimates and Judgements

Preparation of unaudited and audited consolidated financial statements requires that we make assumptions regarding accounting estimates for certain amounts contained within the unaudited and audited consolidated financial statements. We believe that each of our assumptions and estimates is appropriate to the circumstances and represents the most likely future outcome. However, because of the uncertainties inherent in making assumptions and estimates regarding unknown future outcomes, future events may result in significant differences between estimates and actual results.

Determination of Fair Values

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

Fair Value of Assets and Liabilities Acquired In Business Combinations

The value of acquired assets and liabilities on the acquisition date require the use of estimates to determine the purchase price allocation. Estimates are made as to the valuations of property, plant, and equipment, intangible assets, and goodwill, among other items. These estimates have been discussed further below.

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

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

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

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

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

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

Taxation Matters

Income tax provisions, including current and future income tax assets and liabilities, require estimates and interpretations of federal and provincial income tax rules and regulations, and judgments as to their interpretation and application to our specific situation. Estimates are also made as to the availability of future taxable profit against which carryforward tax losses can be used. Although there are tax matters that have not yet been confirmed by taxation authorities, we believe that the provision for the Company's income taxes is adequate (see "Business Risks and Uncertainties - Other Risks").

Lease Arrangements

In determining classification of leases as an operating or finance lease, the Company applies judgement to determine whether substantially all of the significant risks and rewards of ownership are transferred to the customer or remain with the Company; or where the Company is the lessee, whether substantially all the significant risks and rewards of ownership are transferred to the Company or remain with the lessor. These judgements can be significant as to how the Company classifies amounts related to the arrangements as rental equipment, net investment in finance lease, or lease obligation of these arrangements.

Net Realizable Value of Inventories

Inventories are recorded at the lower of cost and net realizable value. The most significant area of accounting estimate involves our evaluation of used equipment inventory net realizable value. We perform ongoing quarterly reviews of our used equipment inventories based upon local market conditions and the changes in the U.S. currency exchange rates to determine whether any adjustments are required to our carrying cost of inventory balances to ensure they are properly stated.

Asset Impairment

We assess the carrying value of long-lived assets, which include property, plant, and equipment and intangible assets, for indications of impairment when events or circumstances indicate that the carrying amounts may not be recoverable from estimated cash flows. Estimating future cash flows requires assumptions about future business conditions and technological developments. Significant, unanticipated changes to these assumptions could require a provision for impairment in the future.

Goodwill is assessed for impairment at least annually. This assessment includes a comparison of the carrying value of the Cash Generating Unit ("CGU") to its estimated recoverable amount to ensure that the recoverable amount is greater than the carrying value. 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. These valuation methods employ a variety of assumptions, including future revenue growth, expected profit, and profit multiples. Estimating the recoverable amount of a CGU is a subjective process and requires the use of our best estimates. If our estimates or assumptions change from those used in our current valuation, we may be required to recognize an impairment loss in future periods.

Future Accounting Standards

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

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

New Standards Not Yet Adopted

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

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

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

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

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

Responsibility of Management and Board

Disclosure Controls

The CEO and the CFO are also responsible for establishing and maintaining adequate disclosure controls and procedures ("DC&P"). Disclosure controls and procedures are controls and other procedures designed to provide reasonable assurance that information required to be disclosed in documents filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation and includes controls and procedures designed to ensure that information required to be disclosed in documents filed or submitted under securities legislation is accumulated and communicated to the Company's management, including the CEO and CFO, as appropriate to allow timely decisions regarding required disclosure.

The CEO and the CFO evaluated, or caused to be evaluated under their supervision, the effectiveness of our disclosure controls and procedures and based on this evaluation, the CEO and the CFO concluded that, as of December 31, 2014, Cervus' disclosure controls and procedures are effective.

Internal Controls Over Financial Reporting

The Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO") of Cervus are responsible for establishing and maintaining adequate internal control over financial reporting ("ICFR"). Internal control over financial reporting is a process designed by, or under the supervision of, the CEO and the CFO and effected by the Board of Directors, management and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

The CEO and the CFO evaluated, or caused to be evaluated under their supervision, the effectiveness of the Corporation's internal control over financial reporting as of December 31, 2014, based on the criteria set forth in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"), (2013). Based on this assessment, the CEO and the CFO concluded that, as of December 31, 2014, Cervus' internal control over financial reporting are effective.

It should be noted a control system, including the Company's DC&P and ICFR, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objective of the control system will be met, and it should not be expected that DC&P and ICFR will prevent all errors or fraud.

Exclusion of Acquired Entities: Internal Controls Over Financial Reporting and Disclosure Controls

Section 3.3(1)(b) of NI 52-109 allows an issuer to limit the scope of its design of DC&P and ICFR to exclude controls, policies and procedures of a business that the issuer acquired not more than 365 days before the end of the financial period that the issuer is reporting on. Accordingly, Management has limited the scope of the design of DC&P and ICFR to exclude controls, policies and procedures of the POI business that was acquired on August 11, 2014, the Evergreen business that was acquired on October 16, 2014 and the Deer Country business that was acquired on December 10, 2014.

Financial information of the businesses acquired and excluded from DC&P and ICFR from the date of acquisition to December 31, 2014, (excluding allocation of shared resource expenditures) is summarized below:

($ thousands)				
Selected balance sheet information	**POI**	**Evergreen**	**Deer Country**	**Total**
Current assets	66,994	21,575	9,639	**98,208**
Long term assets	28,373	2,032	827	**31,232**
Current liabilities	77,531	2,446	6,190	**86,167**
Long term liabilities	18,334	410	-	**18,744**

($ thousands)				
Selected balance sheet information	**POI**	**Evergreen**	**Deer Country**	**Total**
Revenue	74,490	12,508	69	**87,067**
Costs of sales	(63,483)	(10,093)	(31)	**(73,607)**
Profit (loss)	(498)	913	(20)	**395**

Non-IFRS Financial Measures

This MD&A contains certain financial measures that do not have any standardized meaning prescribed by IFRS. Therefore, these financial measures may not be comparable to similar measures presented by other issuers. Investors are cautioned that these measures should not be construed as an alternative to profit or to cash flow from operating, investing, and financing activities determined in accordance with IFRS as indicators of our performance. These measures are provided to assist investors in determining our ability to generate profit and cash flow from operations and to provide additional information on how these cash resources are used. These financial measures are identified and defined below:

EBITDA

Throughout the MD&A, reference is made to EBITDA, which Cervus' management defines as earnings before interest, income taxes and depreciation and amortization. Management believes that EBITDA is a key performance measure in evaluating the Company's operations and is important in enhancing investors' understanding of the Company's operating performance. As EBITDA does not have a standardized meaning prescribed by IFRS, it may not be comparable to similar measures presented by other companies. As a result, we have reconciled profit as determined in accordance with IFRS, to EBITDA, as follows:

($ thousands)				
EBITDA - Year ended December 31, 2014	**Total**	**Agricultural**	**Transportation**	**Commercial & Industrial**
Net profit	**18,362**	16,061	(876)	3,177
Add:				
Interest	**8,352**	4,980	1,927	1,445
Income taxes	**7,654**	6,703	(362)	1,313
Depreciation and Amortization	**16,443**	6,351	3,885	6,207
EBITDA	**50,811**	34,095	4,574	12,142

($ thousands)				
EBITDA - Year ended December 31, 2013	**Total**	**Agricultural**	**Transportation**	**Commercial & Industrial**
Net profit	**23,090**	17,834	1,450	3,806
Add:				
Interest	**7,089**	4,536	1,202	1,351
Income taxes	**8,396**	6,505	521	1,370
Depreciation and Amortization	**13,308**	4,987	2,284	6,037
EBITDA	**51,883**	33,862	5,457	12,564

EBITDA is defined as profit before interest, taxes, depreciation, and amortization. We believe, in addition to profit, EBITDA is a useful supplemental profit measure as it provides an indication of the financial results generated by our principal business activities prior to consideration of how these activities are financed or how the results are taxed in various jurisdictions and before non-cash amortization expense.

EBITDA Margin

EBITDA margin is calculated as EBITDA divided by gross revenue.

Same Store

Same store illustrates the current period results for stores that were included in the comparable period for the prior year. Excluded from same store are the incremental results for newly acquired stores for the period they were not owned in the prior year, including any current year acquisition related costs and amortization of intangibles.

Price Earnings Ratio

Price earnings ratio is calculated by dividing the Company's market capitalization by its total annual profit.

Working Capital

Working capital is calculated as current assets less current liabilities. Working capital ratio is calculated as current assets divided by current liabilities.

Market Capitalization

Market capitalization is calculated as current common shares outstanding at a particular time multiplied by the market value of those respective shares at that time.

Net Book Value Per Share - Diluted

Net book value per share - diluted is calculated as shareholders' equity divided by the weighted average number of shares outstanding on a diluted basis.

Consolidated Financial Statements of Cervus Equipment Corporation

For the years ended December 31, 2014 and 2013

Independent Auditors' Report

To the Shareholders of Cervus Equipment Corporation

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

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

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

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

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

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

Chartered Accountants
March 10, 2015
Calgary, Canada

Consolidated Statements of Financial Position

As at December 31, 2014 and 2013

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

Consolidated Statements of Financial Position (continued)

As at December 31, 2014 and 2013

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

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

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

Consolidated Statements of Comprehensive Income

For the year ended December 31, 2014 and 2013

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

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

Consolidated Statements of Changes in Equity

For the year ended December 31, 2014 and 2013

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

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

Consolidated Statements of Cash Flows

For the years ended December 31, 2014 and 2013

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

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

Consolidated Financial Statements

For the years ended December 31, 2014 and 2013

1. Reporting Entity

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

2. Basis of Preparation

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

PROPERTY, PLANT AND EQUIPMENT

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

INTANGIBLE ASSETS

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

INVENTORIES

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

TRADE AND OTHER RECEIVABLES

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

OTHER NON-DERIVATIVE FINANCIAL LIABILITIES

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

DERIVATIVE FINANCIAL INSTRUMENTS

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

3. Significant Accounting Policies

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

Business Segments

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

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

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

Business Combinations

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

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

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

Foreign Currency Translation

SUBSIDIARIES AND ASSOCIATES

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

FOREIGN CURRENCY ON CONSOLIDATION

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

Cash and Cash Equivalents

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

Inventories

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

Property and Equipment

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

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

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

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

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

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

Intangible Assets

INTANGIBLE ASSETS

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

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

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

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

GOODWILL

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

Investments in Associates

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

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

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

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

Assets Held for Sale

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

Lease Arrangements

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

A) THE COMPANY AS THE LESSEE

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

B) THE COMPANY AS THE LESSOR

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

Impairment

FINANCIAL ASSETS (INCLUDING RECEIVABLES)

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

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

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

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

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

NON-FINANCIAL ASSETS

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

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

GOODWILL AND INTANGIBLE ASSETS

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

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

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

REVERSALS OF PREVIOUSLY RECOGNIZED IMPAIRMENTS

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

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

Income Tax

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

4. Changes in Accounting Policies

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

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

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

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

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

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

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

5. Business Combinations

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

6. Cash and Cash Equivalents

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

7. Trade and Other Accounts Receivable

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

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

8. Inventories

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

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

9. Finance Leases

a) As Lessor - Finance Lease Receivables

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

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

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

b) As Lessee - Finance Lease Liabilities

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

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

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

10. Equity Accounted Associates

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

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

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

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

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

11. Deposits With Manufacturers

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

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

12. Property and Equipment

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

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

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

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

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

13. Income Taxes

TAX EXPENSE

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

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

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

DEFERRED TAX ASSETS AND LIABILITIES

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

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

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

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

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

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

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

14. Intangible assets

Intangible assets are comprised of the following:

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

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

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

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

15. Goodwill

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

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

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

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

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

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

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

16. Trade and Other Payables

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

17. Loans and Borrowings

BANK INDEBTEDNESS

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

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

TERM DEBT

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

FLOOR PLAN PAYABLES

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

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

CONVERTIBLE DEBENTURE

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

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

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

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

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

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

18. Financial Instruments

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

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

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

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

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

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

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

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

a The carrying value approximates fair value for cash and cash equivalents, trade and other accounts receivable, trade and other accrued liabilities, floor plan payables, and dividends payable in the fair value hierarchy due to the immediate or short-term maturity.
b The carrying values of the current and long-term portions of term debt and notes payable approximate fair value because the applicable interest rates on these liabilities are fixed at rates similar to prevailing market rates.
c Debenture payable is measured at amortized cost using the effective interest method. The fair value of debenture payable at December 31, 2014 is the quoted market trading price for the debentures as at December 30, 2014, as the debentures did not trade on December 31, 2014.

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

19. Capital and Other Components of Equity

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

COMMON SHARES

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

SHARE CAPITAL

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

ISSUANCE OF COMMON SHARES

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

ACCUMULATED AND OTHER COMPREHENSIVE INCOME

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

DIVIDENDS

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

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

DIVIDEND REINVESTMENT PLAN

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

OTHER RESERVES

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

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

20. Share Based Payments

Included in share based payments are the following:

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

DEFERRED SHARE PLAN

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

21. Cost of Sales

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

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

22. Other Income

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

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

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

23. Wages and Benefits

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

EMPLOYEE SHARE PURCHASE PLAN

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

24. Finance Income and Finance Costs

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

25. Earnings Per Share

PER SHARE AMOUNTS

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

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

DILUTED EARNINGS PER SHARE

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

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

26. Operating Leases

a) As Lessee

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

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

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

b) As Lessor

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

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

27. Financial Risk Management

Overview

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

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

Risk Management Framework

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

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

CREDIT RISK

Trade and Other Receivables

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

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

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

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

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

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

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

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

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

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

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

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

Guarantees

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

Liquidity Risk

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

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

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

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

Market Risk

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

Currency Risk

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

28. Segment Information

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

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

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

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

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

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

29. Commitments and Contingencies

Financing Arrangements

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

Deferred Tax Asset

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

30. Related Party Transactions

Key Management Personnel Compensation

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

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

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

Key Management Personnel and Director Transactions

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

Other Related Party Transactions

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

NOTES

Corporate directory.

PETER LACEY
Executive Chairman

GRAHAM DRAKE
President & Chief Executive Officer

RANDALL MUTH
Chief Financial Officer

JOHN HIGGINS
Vice President Operations, Transportation

CAL JOHNSON
Vice President Operations, Agriculture

FRED HNATIW
Vice President Operations, Commercial & Industrial

STELLA COSBY
Vice President, People

DON BELL
Director

LARRY BENKE
Director

STEVEN COLLICUTT
Director

GARY HARRIS
Director

ANGELA LEKATSAS
Director

PRINCIPAL BANK
TD Canada Trust

AUDITORS
KPMG LLP

LEGAL COUNSEL
Shea, Nerland, Calnan
Calgary, Alberta

TRANSFER AGENT
Computershare Trust
Company of Canada

TRADING SYMBOL
"CVL" Toronto Stock Exchange (TSX)

Annual Special Meeting

APRIL 23, 2015 @ 4:30 PM

Cervus Ponoka
3600 Hwy 2A, South
Ponoka, Alberta, Canada
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People. Power. Service.™

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