Coopers Park Corporation

Consolidated Financial Statements
December 31, 2014 and 2013
(expressed in Canadian dollars)

April 8, 2015

Independent Auditor's Report

To the Shareholders of
Coopers Park Corporation

We have audited the accompanying consolidated financial statements of Coopers Park Corporation and its subsidiaries, which comprise the consolidated statements of financial position as at December 31, 2014 and December 31, 2013 and the consolidated statements of operations and comprehensive loss, changes in equity and cash flows for the years then ended, and the related notes, which comprise 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.

Auditor's 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 the auditor's 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, the auditor considers 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.

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Opinion

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

(Signed) "PricewaterhouseCoopers LLP"

Chartered Accountants

Coopers Park Corporation

Consolidated Statements of Financial Position

As at December 31, 2014 and 2013

(expressed in Canadian dollars)

	2014 $	2013 $
Assets		
Current assets		
Cash and cash equivalents	45,507,574	9,555,178
Short-term investments	52,840,579	102,832,821
Amounts receivable (note 7)	611,687	620,815
Prepaid expenses	-	20,695
Current income taxes receivable	175,322	169,905
	99,135,162	113,199,414
Non-current assets		
Properties (note 4)	334,517	357,392
Deposits (note 8)	29,422,967	14,445,771
Investments (note 5)	2,434,080	4,192,605
Deferred income taxes (note 8)	134,000	177,000
	32,325,564	19,172,768
	131,460,726	132,372,182
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	201,981	244,262
Shareholders' Equity		
Share capital (note 6)	13,500,001	13,500,001
Retained earnings	117,758,744	118,627,919
	131,258,745	132,127,920
	131,460,726	132,372,182

Commitments (notes 5 and 7)

Subsequent event (note 12)

Approved by the Board of Directors

(signed) Terence Hui Director (signed) Thomas S. Chambers Director

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

Coopers Park Corporation

Consolidated Statements of Operations and Comprehensive Loss

For the years ended December 31, 2014 and 2013

(expressed in Canadian dollars)

	2014 $	2013 $
Property sales	113,500	17,000
Cost of properties sold	22,947	4,208
	90,553	12,792
Expenses		
General and administrative (notes 7 and 11)	320,686	307,940
Legal fees	47,363	235,917
	368,049	543,857
Other income (loss)		
Impairment provision of investment (note 5)	(2,059,016)	-
Unrealized increase (decrease) in fair value of investments (note 5)	172,637	(64,737)
Interest	1,614,117	1,909,185
Foreign exchange gain	-	281,002
Other	2,583	41,161
	(269,679)	2,166,611
(Loss) income before income taxes	(547,175)	1,635,546
Provision for income taxes (note 8)		
Current	279,000	337,211
Deferred	43,000	1,000
	322,000	338,211
(Loss) net income and comprehensive (loss) income for the year	(869,175)	1,297,335
Weighted average number of voting and non-voting common shares outstanding	80,988,406	80,988,406
Basic and diluted (loss) earnings per share	(0.01)	0.02

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

Coopers Park Corporation

Consolidated Statements of Changes in Equity

For the years ended December 31, 2014 and 2013

(expressed in Canadian dollars)

	Share capital $	Retained earnings $	Total equity $
Balance - January 1, 2013	13,500,001	117,330,584	130,830,585
Net income for the year	-	1,297,335	1,297,335
Balance - December 31, 2013	13,500,001	118,627,919	132,127,920
Balance - January 1, 2014	13,500,001	118,627,919	132,127,920
Loss for the year	-	(869,175)	(869,175)
Balance - December 31, 2014	13,500,001	117,758,744	131,258,745

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

Coopers Park Corporation

Consolidated Statements of Cash Flows

For the years ended December 31, 2014 and 2013

(expressed in Canadian dollars)

	2014 $	2013 $
Cash flows from operating activities		
(Loss) net income for the year	(869,175)	1,297,335
Expenditures on properties	(20,520)	(13,750)
Deposits	(14,977,196)	(9,143,500)
Items not affecting cash		
Cost of properties sold	22,947	4,208
Deferred income taxes	43,000	1,000
Impairment provision of investment	2,059,016	-
Unrealized (increase) decrease in fair value of investments	(172,637)	64,737
Foreign exchange gain	-	(281,002)
Changes in non-cash working capital		
Amounts receivable	9,128	(130,128)
Prepaid expenses	20,695	(2,163)
Current income taxes receivable	(5,417)	185,212
Accounts payable and accrued liabilities	(21,833)	(77,348)
	(13,911,992)	(8,095,399)
Cash flows from investing activities		
Purchase of investments	(348,000)	(100,000)
Distribution from investment	220,146	-
Short-term investments	49,992,242	(1,180,730)
	49,864,388	(1,280,730)
Increase (decrease) in cash and cash equivalents	35,952,396	(9,376,129)
Cash and cash equivalents - Beginning of year	9,555,178	18,931,307
Cash and cash equivalents - End of year	45,507,574	9,555,178
Supplemental disclosure of cash payments		
Income taxes paid	290,000	152,000

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

(expressed in Canadian dollars)

1 General information

The principal business of Coopers Park Corporation and its subsidiaries (together, the Company) was the acquisition, development and marketing of three residential condominium properties in Vancouver, British Columbia on two building sites the Company purchased from Concord Pacific Group Inc. On April 6, 2009, Concord Pacific Group Inc. changed its name to One West Holdings Ltd. (One West). Coopers Park Corporation is incorporated and domiciled in Canada. The address of its registered office is 208 West 1st Avenue, Vancouver, British Columbia.

"Coopers Pointe", an 86-unit high rise condominium tower on Site 6A, was completed in November 2007. "Flagship", a 112-unit high rise condominium tower, and "Mariner", a 133-unit high rise condominium tower, located on Site 6BD were both completed in December 2008.

The Company currently holds investments in private and public technology companies and evaluates other opportunities in the real estate and technology sectors.

2 Basis of preparation

Statement of compliance

These consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and interpretations issued by the IFRS Interpretations Committee (IFRIC). The Company has consistently applied the same accounting policies throughout all periods presented. These consolidated financial statements were authorized for issue by the Board of Directors on April 8, 2015.

Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency. All financial information presented in Canadian dollars has been rounded to the nearest dollar.

Use of estimates and judgements

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Uncertainty is inherent in estimating the provision for legal and tax contingencies and the fair value of financial instruments. The impact on the consolidated financial statements of future changes in such estimates could be material.

(expressed in Canadian dollars)

3 Significant accounting policies, judgements and estimation uncertainty

Consolidation

These consolidated financial statements include the accounts of the Company and its subsidiaries. A subsidiary is an entity in which the Company has control, directly or indirectly. Under IFRS 10, an investor controls an investee if and only if the investor has power over the investee, exposure, or rights, to variable returns from its involvement with the investee , and the ability to use its power over the investee to affect the amount of the investor's returns. All material intercompany transactions and balances have been eliminated on consolidation.

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

	Country	Ownership
Coopers Park Real Estate Development Corporation	Canada	100%
Coopers Park Real Estate Trust	Canada	100%
Coopers Park Investment Holdings Limited	Canada	100%
Mariner Towers Limited	Canada	100%
Mariner Towers Limited Partnership	Canada	100%

Properties

Properties are stated at the lower of cost and net realizable value, being the estimated selling price less costs to complete and sell. Properties include capitalized construction and development costs and where applicable, borrowing costs incurred in qualifying developments. At each reporting date, properties are assessed for impairment. If found to be impaired, the carrying amount is reduced to net realizable value; the impairment loss is recognized immediately in profit or loss.

Management's estimates of the net realizable value of its properties are based on the best available information at the time of assessment. Costs are inherently subject to fluctuation and unforeseen costs or expenses could be incurred in the holding, development and construction processes. The costs associated with the Company's projects could be significantly increased by events outside the Company's control, including increases in interest rates and increases in development and construction costs. The Company's anticipated revenues from its properties are based on the sale of units of each project at estimated prices that are subject to market forces. There can be no assurance that the various assumptions will be realized or that the properties will not be adversely affected by unforeseen economic factors, resulting in a diminution in the anticipated value of the Company's projects.

Revenue recognition

Revenue from the sale of parking stalls and storage lockers is recognized when the significant risks and rewards have transferred to the buyer. This will normally take place when title transfers to the purchasers, they are entitled to occupancy, there is persuasive evidence of an arrangement for the sale of the property, the proceeds are fixed and determinable, and collection of the sale proceeds is reasonably assured.

(expressed in Canadian dollars)

Cost of properties sold

Cost of properties sold is determined using the net yield method whereby the cost of properties sold for the period is a pro-rated amount of the total estimated capitalized costs for the project based on sales for the period versus projected sales for the entire project.

Warranty costs

Estimated future warranty costs are accrued and charged to cost of properties sold in the period in which revenues are recognized from the sale of properties. The recognized amount of future warranty costs is based on management's best information and judgment and is based in part upon the Company's historical experience. The inherent uncertainty associated with real estate development makes it reasonably possible that future conditions may materially affect the amount of any warranty obligations. An increase in the provision for warranty costs, with a corresponding charge to earnings, is recorded in the period in which management estimates that additional warranty obligations are likely.

Cash and cash equivalents

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

Short-term investments

Short-term investments include deposits with banks with original maturities of more than three months but not more than one year.

Financial instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Financial assets and liabilities are offset and the net amount is reported in the statements of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

At initial recognition, the Company classifies its financial instruments in one of the following categories: fair value through profit and loss, held-to-maturity investments, loans and receivables, available-for-sale investments or other financial liabilities.

A financial asset or liability is classified as fair value through profit or loss if acquired principally for the purpose of selling or repurchasing in the short term. Derivatives are also included in this category unless they are designated as hedges. Financial instruments in this category are recognized initially and subsequently at fair value. Transaction costs are expensed in the statements of income. Gains and losses arising from changes in fair value are presented in the statements of income in the period in which they arise.

(expressed in Canadian dollars)

Held-to-maturity investments and loans and receivables are initially recognized at the amount expected to be received, less, when material, a discount to reduce the amount to fair value. Subsequently, held-to-maturity investments and loans and receivables are measured at amortized cost using the effective interest method less a provision for impairment. The Company classifies its cash and cash equivalents and short-term investments as loans and receivables.

Available-for-sale investments are recognized initially at fair value plus transaction costs and are subsequently carried at fair value except for equity instruments that do not have a quoted price in an active market and whose fair value cannot be reliably measured are carried at cost. Gains or losses arising from changes in fair value are recognized in other comprehensive income.

Other financial liabilities are initially recognized at the amount required to be paid, less, when material, a discount to reduce the payables to fair value. Subsequently, other financial liabilities are measured at amortized cost using the effective interest method.

At each reporting date, the Company assesses whether there is objective evidence that a financial asset is impaired. If such evidence exists, the Company recognizes an impairment loss, as follows:

Financial assets carried at amortized cost: The impairment loss is the difference between the amortized cost of the loan or receivable and the present value of the estimated future cash flows, discounted using the instrument's original effective interest rate. The carrying amount of the asset is reduced by this amount. Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized.

Available-for-sale financial assets: The impairment loss is the difference between the original cost of the asset and its fair value at the measurement date, less any impairment losses previously recognized in the statements of income and comprehensive income. This amount represents the cumulative income in accumulated other comprehensive income that is reclassified to net income. Impairment losses on available-for-sale equity instruments are not reversed.

Impairment

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a loss event) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

(expressed in Canadian dollars)

The criteria that the Company uses to determine that there is objective evidence of an impairment loss includes:

- significant financial difficulty of the issuer or obligor
- a breach of contract, such as a default of delinquency in interest or principal payments
- the probability that the borrower will enter bankruptcy or other financial reorganization

For the loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognized in the consolidated income statements. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the reversal of the previously recognized impairment loss is recognized in the consolidated income statements.

Income taxes

The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except that a change attributable to an item of income or expense recognized as other comprehensive income is also recognized directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted at the date of the statements of financial position.

Deferred income tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements and on unused tax losses or tax credits in the group. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Earnings per share

Earnings per share are computed by dividing the net income by the weighted average number of voting and non-voting common shares outstanding during the year using the treasury stock method.

(expressed in Canadian dollars)

Significant accounting judgements and estimation uncertainties

The Company makes estimates and assumptions concerning the future that will, by definition, seldom equal actual results. These estimates and judgments have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

- The Company has recorded liabilities for warranties on the condominium units it sold. The amount was based on the best estimates of the Company. The actual amount of warranty claims may be significantly different from the amount estimated resulting in a material adjustment to the liabilities of the Company.

- The Company has applied losses, deductions and credits from periods prior to January 21, 2005 to reduce the taxable income of and tax payable by the Company for taxation years 2007 to 2009 and has recorded the tax liabilities according to its tax filing position. The Canada Revenue Agency (CRA) has reassessed the taxation years 2007, 2008 and 2009 and has subsequently disallowed the Company's objections to the notices of reassessments. The Company has engaged legal counsel and remains confident in the appropriateness of its tax filing position. However, there is no assurance that the appeal will be successful. If the appeal is not successful, there will be a material reduction in equity of the Company equal to the deposit paid to the CRA. See note 8.

Accounting standards adopted

IAS 32, Financial Instruments: Presentation

IAS 32 was amended to clarify requirements for offsetting of financial assets and financial liabilities. The Company adopted IAS 32 on January 1, 2014 without any changes to its consolidated financial statements.

IFRIC 21, Levies

Effective January 1, 2014, the Company adopted the new IFRIC 21, *Levies*. This interpretation provides guidance on when a liability should be recognized for a government legislated levy. The adoption of this guidance had no impact on the consolidated financial statements.

Accounting standards issued and not yet effective

IFRS 9, Financial Instruments

In November 2009, IFRS 9 was issued and in October 2010 was further amended. IFRS 9 addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39, *Financial Instruments: Recognition and Measurement*, for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments and such instruments are either recognized at fair value through profit or loss or at fair value through other comprehensive income. This standard is effective for annual periods beginning on or after January 1, 2018. The Company has not assessed the impact of this new standard.

(expressed in Canadian dollars)

IFRS 7, Financial Instruments: Disclosures

IFRS 7 is amended to require additional disclosures on transition from IAS 39 to IFRS 9. These changes are effective on adoption IFRS 9.

IFRS 15, Revenue from Contracts with Customers

In May 2014, IFRS 15 was issued. This standard addresses revenue recognition and establishes principles for reporting information about the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognized when a customer obtains control of a good or service and thus has the ability to control its use and obtain the benefits from the good or service. The standard replaces IAS 18, *Revenue*, IAS 11, *Construction Contracts*, and the related interpretations. The standard is effective for annual periods beginning on or after January 1, 2017 with earlier application permitted. The Company has not assessed the impact of this new standard.

4 Properties

			December 31, 2014
	Site 6A **$**	**Site 6BD** **$**	**Total** **$**
Land	3,812,959	14,007,968	17,820,927
Development costs (note 7)	27,302,279	93,023,020	120,325,299
Interest	1,673,555	6,480,121	8,153,676
Cost of properties sold	(32,651,240)	(113,314,145)	(145,965,385)
	137,553	196,964	334,517

			December 31, 2013
	Site 6A **$**	**Site 6BD** **$**	**Total** **$**
Land	3,812,959	14,007,968	17,820,927
Development costs (note 7)	27,302,240	93,022,987	120,325,227
Interest	1,673,555	6,480,121	8,153,676
Cost of properties sold	(32,647,136)	(113,295,302)	(145,942,438)
	141,618	215,774	357,392

(expressed in Canadian dollars)

5 Investments

The Company has made the following investments which have been classified as available-for-sale:

a) During 2006, the Company acquired retractable voting preferred shares of a private technology company from One West for cash of $538,555, representing the carrying value of the shares to One West. During 2008, the retraction rights associated with the shares were removed and, as a result, the investment was classified as available-for-sale. During 2008, the Company acquired $300,000 of additional voting preferred shares from the private technology company. In May 24, 2012, the Company acquired $335,895 of Class E preferred shares from the private technology company. At December 31, 2014, the Company owns 1% of the shares issued. At December 31, 2014, the investment is carried at $1,174,450 (2013 - $1,174,450).

b) During 2007, the Company acquired, for $200,000, 2.35% of the retractable preferred shares of a private technology company. One of the directors of the Company was the Chief Executive Officer of the private technology company at the time of acquisition. The Company immediately waived its right of retraction and, accordingly, classified the investment as available-for-sale. In the years ended December 31, 2008 and 2010, based primarily on a comparison to subsequent issuances of similar securities, the Company wrote down the investment by $129,769 and $67,231 respectively. During the year ended December 31, 2013, the Company wrote down the investment by $3,000 to $nil.

c) During 2010, the Company subscribed for 2,000 Class A limited partnership units at a subscription price of $2,000,000 representing about 2% of that class of limited partnership units of a limited partnership that was formed to invest in a portfolio of equities or to acquire existing debts as an investment in technology companies. During the year ended December 31, 2014, the Company made a capital contribution of $260,000 (2013 - $100,000) towards the subscription price and received a cash distribution of $220,146 (2013 - $nil). As at December 31, 2014 the Company has contributed $893,000 (2013 - $633,000) towards the subscription price. During the year ended December 31, 2014, the Company recorded an unrealized increase in fair value of $233,859 (2013 - loss of $38,500) on this investment. At December 31, 2014, the investment is carried at $612,054 (2013 - $338,341).

d) During 2011, the Company acquired 75,758 Class A common shares for $2,378,013 with an option to acquire up to 63,291 Class A common shares at a price of US$39.50 per share exercisable in whole or in part at any time prior to October 28, 2013, of a private medical technology company in the United States. The option was not exercised and, accordingly, expired. During the year ended December 31, 2014, the Company recorded a foreign exchange gain of $nil (2013 - $281,002). During the year ended December 31, 2014, the Company recorded an impairment loss of $2,059,016 (2013 - $nil) on this investment. At December 31, 2014, the investment is carried at $600,000 (2013 - $2,659,016).

(expressed in Canadian dollars)

The Company has also made the following investments which have been classified as financial assets at fair value through profit or loss:

e) During May 2011, the Company acquired 11,111 common shares for $99,999 pursuant to the initial public offering of NexJ Systems Inc., which is a provider of enterprise customer relationship management applications for the financial services, insurance and healthcare industries. At December 31, 2014, the common shares of NexJ Systems Inc. were trading at $1.27 (2013 - $1.96) per share. During the year ended December 31, 2014, the Company recorded an unrealized decrease in fair value of $7,322 (2013 - $23,237) on this investment. At December 31, 2014, the investments is carried at $13,476 (2013 - $20,798).

f) In September 2014, the Company acquired 11,000 common shares for $88,000 pursuant to the short form prospectus offering of WesternOne Inc., a company in the construction and infrastructure services sector. At December 31, 2014, the common shares of WesternOne Inc. were trading at $3.10 per share. During the year ended December 31, 2014, the Company recorded an unrealized decrease in fair value of $53,900 (2013 - $nil) and a dividend income of $1,683 (2013 - $nil) on this investment. At December 31, 2014, the investment is carried at $34,100 (2013 - $nil).

6 Share capital

Authorized
Unlimited number of voting common shares without par value
Unlimited number of non-voting common shares without par value

Issued

	Voting common shares	Non-voting common shares	Amount $
Balance - December 31, 2012, 2013 and 2014	846,953	80,141,453	13,500,001

7 Related party transactions and commitments

Compensation of key management

Key management is the Company's directors. Compensation awarded to key management is:

	2014 $	2013 $
Salaries and short-term benefits	43,500	43,500

(expressed in Canadian dollars)

The Company has no employees and accordingly has entered into the following agreement with related parties:

Administration agreement

The Company has entered into an administration agreement with Concord Pacific Developments Inc. (CPDI), an affiliate of One West. In exchange for providing administrative services, CPDI will be reimbursed for all expenses, as defined in the agreement, incurred with respect to providing such services and will receive a monthly fee of 3% of the amount of the expenses. The Company and CPDI have agreed that the monthly expenses and fee (excluding miscellaneous out-pocket-expenses) aggregate $12,200 and accordingly have agreed to the fixed monthly charge of $12,200 through January 2015. The administration agreement expired in January 2015 and was renewed for one year subsequent to year-end.

During the year ended December 31, 2014, expenses and administration fees of $146,400 (2013 - $146,400) were charged by CPDI and have been included in general and administrative expenses.

8 Income taxes

The provision for income taxes differs from the amount obtained by applying the statutory Canadian federal and provincial income tax rates to earnings before income taxes as follows:

	2014 $	2013 $
(Recovery of) provision for income taxes based on the combined statutory income tax rate of 26% (2013 - 25.75%)	(142,000)	421,000
Difference between current and future statutory tax rates expected to apply to current year	-	(52,000)
Adjustment for changes in future tax rates	-	1,000
Change in unrecognized tax benefits	220,000	10,000
Change in estimated tax provision for previous years	-	(9,789)
Change in valuation of investments	244,000	(32,000)
Provision for income taxes	322,000	338,211

The continuity of the deferred income tax asset is as follows:

	2014 $	2013 $
Balance - Beginning of year	177,000	178,000
Provision for deferred income taxes	(43,000)	(1,000)
Balance - End of year	134,000	177,000

(expressed in Canadian dollars)

The tax effect of temporary differences that give rise to deferred income tax assets are as follows:

	2014 $	2013 $
Deferred income tax assets		
Non-capital losses carry-forward	4,000	33,000
Taxable capital losses carry-forward	1,086,000	1,086,000
Investments	235,000	16,000
Properties	58,000	66,000
Eligible capital expenditures	72,000	78,000
	1,455,000	1,279,000
Unrecognized deferred tax assets	(1,321,000)	(1,102,000)
Net deferred income tax asset	134,000	177,000

As at December 31, 2014, the Company has non-capital losses of approximately $15,000 (2013 - $127,000) available to reduce taxable income in future years. These losses expire as follows:

	$
2015	4,000
2026	3,000
2027	1,000
2028	1,000
2029	1,000
2030	1,000
2031	2,000
2032	1,000
2033	-
2034	1,000
	15,000

In September 2012, the Company received a notice of reassessment for the year ended December 31, 2007. The reassessment denies the application of losses, deductions and credits from periods prior to January 21, 2005 to reduce the taxable income of and tax payable by the Company for 2007. The reassessment revises the Company's taxable income for that year by $24,105,172, resulting in income taxes and interest payable of $10,570,383 to the date of the reassessment.

During the year ended December 31, 2012, the Company made a payment of 50% of the taxes and interest the CRA claimed are owed for the 2007 taxation year, being $5,302,271.

(expressed in Canadian dollars)

In August 2013, the Company received notices of reassessment for the years ended December 31, 2008 and 2009. The reassessments deny the application of losses, deductions and credits from periods prior to January 21, 2005 to reduce the taxable income of and tax payable by the Company for 2008 and 2009. The reassessments revise the Company's taxable income for 2008 and 2009 by $41,789,445 and $1,727,073 respectively, resulting in income tax and interest payable of $16,738,271 and $1,588,580 respectively to the date of the reassessment.

During the year ended December 31, 2013, the Company made a payment of 50% of the taxes and interest the CRA claimed are owed for the 2008 and 2009 taxation years, being $9,143,500.

During the year ended December 31, 2014, the Company made a payment of $14,971,544 and transferred $5,652 from it taxes receivable from the taxation year ended December 31, 2013 towards the amount the CRA claims were owed by the Company. These amounts together represent the remaining taxes and interest the CRA claims were owed for 2007, 2008 and 2009 taxation years, being $14,977,196.

In September 2014, the Company received notices of confirmation from CRA disallowing the Company's objections to the notices of reassessments for the taxation years 2007, 2008 and 2009 issued earlier and confirming CRA's tax position for the taxation years 2007, 2008 and 2009. In December 2014, the Company filed a notice of appeal with the Tax Court of Canada to appeal CRA's reassessments and the confirmations. However, there is no assurance that the appeal will be successful.

As the Company does not consider it probable that an outflow of economic resources will result based on its tax filing position, there is no provision recorded in the consolidated financial statements and the payments made to the CRA, that aggregate to $29,422,967 (2013 - $14,445,771), have been reflected as a deposit. If the Company is ultimately successful in defending its position, such payments plus applicable interest will be refunded to the Company.

(expressed in Canadian dollars)

9 Financial instruments

Fair values

	2014		2013	
	Carrying value $	Fair value $	Carrying value $	Fair value $
Cash and cash equivalents	45,507,574	45,507,574	9,555,178	9,555,178
Short-term investments	52,840,579	52,840,579	102,832,821	102,832,821
Investments carried at cost (b)	1,774,450	n/a	3,833,466	n/a
Investments carried at fair value (a)	659,630	659,630	359,139	359,139
	2,434,080	659,630	4,192,605	359,139
Amounts receivable	611,687	611,687	620,815	620,815
Deposits	29,422,967	29,422,967	14,445,771	14,445,771
Accounts payable and accrued liabilities	201,981	201,981	244,262	244,262

a) Investments in publicly listed shares, which are measured at fair value in the consolidated statements of financial position as at December 31, 2014, total $47,576 (2013 - $20,798) and are classified as Level 1 in the fair value hierarchy. An investment in limited partnership units, which is measured at fair value in the consolidated statements of financial position as at December 31, 2014, is $612,054 (2013 - $338,341) and is classified as Level 3 in the fair value hierarchy.

b) The fair value of investments carried at cost, net of impairment provisions, are not reliably measured.

The fair value hierarchy has the following levels:

Level 1 - quoted prices in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly as prices or indirectly derived from prices; and

Level 3 - inputs from the asset or liability that are not based on observable market data.

(expressed in Canadian dollars)

Interest rate risk

All of the Company's financial instruments are non-interest bearing except for cash and cash equivalents that earn interest at variable market rates and short-term investments that earn interest at a fixed interest rate. The Company's cash and cash equivalents and short-term investments are held at various Canadian chartered banks to maximize interest and to diversify risk. For the year ended December 31, 2014, the weighted average interest rate on the interest earned on the Company's cash and cash equivalents was 1.47% (2013 - 1.43%) per annum and the weighted average interest rate earned on short-term investments was 1.66% (2013 - 1.51%) per annum. The impact of a 1% strengthening or weakening of interest rates on the Company's cash and cash equivalents at December 31, 2014 is estimated to be a $455,000 increase or decrease in interest income per year.

Credit risk exposures

Credit risk arises when the borrowers are unable to repay the loans and debts due to the Company on time and in full. The financial instruments that potentially expose the Company to a concentration of credit risk are cash and cash equivalents, short-term investments and amounts receivable. The Company limits its exposure to credit loss by placing its cash and cash equivalents and short-term investments with high quality financial institutions.

Liquidity risk

The Company manages liquidity risk by maintaining adequate cash balances compared to the amount of liabilities at the statement of financial position date. In addition, the Company regularly monitors and reviews both actual and forecasted cash flows. The Company's estimated minimum contractual undiscounted cash flow requirements for its financial liabilities at December 31, 2014 is $201,981, all of which is within the next 12 months.

10 Capital management

The capital structure of the Company consists of shareholders' equity. The Company's objectives when managing capital are to safeguard its ability to continue as a going concern and to provide returns for shareholders .

The Company is not subject to externally imposed capital requirements and there has been no change with respect to the overall capital risk management strategy during the year ended December 31, 2014.

(expressed in Canadian dollars)

11 Expenses by nature

The Company presents its expenses by function on the consolidated statements of operations and comprehensive loss. Additional disclosure of the nature of expenses is as follows:

	2014 $	2013 $
Changes in inventories of finished goods	22,947	4,208
General and administrative	277,186	264,440
Salaries and short-term benefits	43,500	43,500
Legal and professional	47,363	235,917
	390,996	548,065

12 Subsequent event

On April 8, 2015 the Company announced that it had received a proposal from its President, Mr. Terence Hui, on behalf of 0698500 B.C. Ltd., a personal holding company wholly owned by Mr. Hui, and shareholder of the Company, for the acquisition of all of the shares of the Company, other than those held by 0698500 B.C. Ltd., for $1.62071 per share. The proposed transaction is a "going private transaction" and is to be effected by the consolidation of all of the voting common shares of the Company on the basis of one common share for each 254,084 existing voting common share. As a result of the consolidation, holders of voting common shares, other than 0698500 B.C. Ltd., will not receive fractional shares but will be paid $1.62071 for each voting common share held by them prior to the share consolidation. Completion of the proposed "going private transaction" is subject to regulatory approval and the approval of the proposed share consolidation by voting shareholders, including by a majority of the holders of the voting common shares held by shareholders of the Company other than 0698500 B.C. Ltd., at the meeting of voting shareholders of the Company to be held on May 14, 2015.

If the conditions to the completion of the going private transaction are satisfied, the Company will pay up to a total of $970,000 to the holders of its voting common shares, other than 0698500 B.C. Ltd. The voting common shares of the Company will no longer be listed on the TSX Venture Exchange and the Company will take steps to cease being a reporting issuer under applicable securities laws.