Unaudited Condensed Consolidated Financial Statements of

CERVUS EQUIPMENT CORPORATION

For the three and nine month periods ended September 30, 2012 and 2011

CERVUS EQUIPMENT CORPORATION

Unaudited Condensed Consolidated Statement of Financial Position
As at September 30, 2012 and December 31, 2011

($ thousands)	Note	September 30, 2012	December 31, 2011
Assets			
Current assets			
Cash and cash equivalents		$ 20,600	$ 6,536
Deposit for business acquisition and investment		—	2,000
Asset held for sale		—	1,448
Trade and other accounts receivable	11	53,578	50,189
Inventories	12	164,364	106,775
Total current assets		**238,542**	**166,948**
Non-current assets			
Long-term receivables		3,090	—
Investments in associates, at equity		9,249	5,146
Other long-term assets		127	112
Deposits with manufacturers		1,769	1,459
Intangible assets		27,354	19,905
Goodwill		5,812	5,154
Property and equipment	13	89,417	29,185
Deferred tax asset		45,736	53,546
Total non-current assets		**182,554**	**114,507**
Total assets		**$ 421,096**	**$ 281,455**

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

CERVUS EQUIPMENT CORPORATION

Unaudited Condensed Consolidated Statement of Financial Position (continued)
As at September 30, 2012 and December 31, 2011

(In $ thousands)	Note	September 30, 2012	December 31, 2011
Liabilities			
Current liabilities			
Trade and other accrued liabilities		$ 40,324	$ 22,514
Customer deposits		8,287	5,269
Floor plan payables		91,144	51,944
Dividends payable		2,790	2,647
Current portion of term debt	14	2,359	2,957
Current portion of notes payable		2,608	2,477
Total current liabilities		**147,512**	**87,808**
Non-current liabilities			
Term debt	14	42,214	7,276
Debenture payable	15	30,362	—
Notes payable		2,790	2,652
Total non-current liabilities		**75,366**	**9,928**
Total liabilities		**222,878**	**97,736**
Equity			
Shareholders' capital	16	76,151	72,925
Deferred share plan		4,719	3,785
Other reserves		5,780	3,036
Accumulated other comprehensive income		202	150
Retained earnings		111,366	102,084
Total equity attributable to equity holders of the Company		198,218	181,980
Non-controlling interest		—	1,739
Total equity		**198,218**	**183,719**
Total liabilities and equity		**$ 421,096**	**$ 281,455**

Approved by the Board:

"Peter Lacey" Director "Gary Harris" Director

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

CERVUS EQUIPMENT CORPORATION

Unaudited Condensed Consolidated Statement of Comprehensive Income
For the three and nine month periods ended September 30, 2012 and 2011

		Three month period ended September 30,		Nine month period ended September 30,	
(In $ thousands)	**Note**	**2012**	**2011**	**2012**	**2011**
Revenue					
Equipment sales		$ 180,295	$ 147,923	$ 409,859	$ 319,806
Parts		33,277	23,336	77,088	56,137
Service		17,031	12,690	44,696	34,231
Rentals		4,077	2,929	9,473	8,068
Total revenue		234,680	186,878	541,116	418,242
Cost of sales	6, 8	(192,343)	(154,592)	(438,114)	(340,053)
Gross profit		42,337	32,286	103,002	78,189
Other income	7	1,034	334	3,000	1,015
Selling, general and administrative	8	(29,804)	(21,987)	(79,898)	(60,577)
Results from operating activities		13,567	10,633	26,104	18,627
Finance income		335	53	979	217
Finance costs		(1,450)	(355)	(3,045)	(1,050)
Net Finance Costs		(1,115)	(302)	(2,066)	(833)
Share of profit of equity accounted investees, net of income tax		868	624	1,953	1,202
Profit before income taxes		13,320	10,955	25,991	18,996
Income taxes	9	(4,484)	(2,930)	(8,321)	(5,394)
Profit for the period		8,836	8,025	17,670	13,602
Other comprehensive income					
Foreign currency translation differences for foreign operations		(371)	8	(293)	245
Total comprehensive profit for the period		**$ 8,465**	**$ 8,033**	**$ 17,377**	**$ 13,847**

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

CERVUS EQUIPMENT CORPORATION

Unaudited Condensed Consolidated Statement of Comprehensive Income (continued)
For the three and nine month periods ended September 30, 2012 and 2011

(in $ thousands)	Three month period ended September 30, 2012	Three month period ended September 30, 2011	Nine month period ended September 30, 2012	Nine month period ended September 30, 2011
Net profit attributable to:				
Shareholders of the Company	$ 8,836	$ 8,193	$ 17,482	$ 14,049
Non-controlling interest	—	(168)	188	(447)
Profit for the period	**$ 8,836**	**$ 8,025**	**$ 17,670**	**$ 13,602**
Total comprehensive income attributable to:				
Shareholders of the Company	$ 8,836	$ 8,201	$ 17,189	$ 14,170
Non-controlling interest	—	(168)	188	(295)
Total comprehensive profit for the period	**$ 8,836**	**$ 8,033**	**$ 17,377**	**$ 13,875**
Earnings per share (note 17):				
Basic	$ 0.60	$ 0.56	$ 1.18	$ 0.97
Diluted	$ 0.57	$ 0.54	$ 1.14	$ 0.94

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

CERVUS EQUIPMENT CORPORATION

Unaudited Condensed Consolidated Statement of Changes in Equity
For the nine month period ended September 30, 2012 and 2011

		Attributable to equity holders of the Company									
(In $ thousands)	Note	Share capital	Preferred shares	Share purchase plan	Deferred share plan	Other reserves	Cumulative translation reserve	Retained earnings	Total	Non-controlling interest	Total equity
Balance, January 1, 2011		$ 66,350	$ 5,361	$ (70)	$ 2,823	$ 2,927	$ 157	$ 94,202	$ 171,750	$ 1,837	$ 173,587
Comprehensive income for the period											
Profit or loss		—	—	—	—	—	—	14,049	14,049	(447)	13,602
Other comprehensive income											
Foreign currency translation adjustments		—	—	—	—	—	121	—	121	152	273
Total comprehensive income for the period		—	—	—	—	—	121	14,049	14,170	(295)	13,875
Transactions with owners, recorded directly in equity											
Dividends to equity holders		—	—	—	—	—	—	(7,916)	(7,916)	—	(7,916)
Conversion of shares and cumulative dividends to share capital		5,440	(5,361)	—	—	—	—	—	79		79
Shares issued through DRIP	16	492	—	—	—	—	—	—	492	—	492
Shares issued for land purchase		381	—	—	—	—	—	—	381	—	381
Share-based payment transactions		42	—	—	631	—	—	—	673	—	673
Stock options issued		—	—	—	—	73	—	—	73	—	73
Amortized to profit during the year		—	—	56	—	—	—	—	56	—	56
Total transactions with owners		6,355	(5,361)	56	631	73	121	6,133	8,008	(295)	7,713
Balance September 30, 2011		72,705	—	(14)	3,454	3,000	278	100,335	179,758	1,542	181,300

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

CERVUS EQUIPMENT CORPORATION

Unaudited Condensed Consolidated Statement of Changes in Equity (continued)
For the nine month period ended September 30, 2012 and 2011

		Attributable to equity holders of the Company							
(In $ thousands)	Note	Share capital	Deferred share plan	Other reserves	Cumulative translation reserve	Retained earnings	Total	Non-controlling interest	Total equity
Balance December 31, 2011		72,925	3,785	3,036	150	102,084	181,980	1,739	183,719
Comprehensive income for the Period									
Profit or loss		—	—	—	—	17,482	17,482	188	17,670
Other comprehensive income									
Foreign currency translation adjustments		—	—	(91)	(202)	—	(293)	—	(293)
Total comprehensive income for the period		—	—	(91)	(202)	17,482	17,189	188	17,377
Transactions with owners, recorded directly in equity									
Dividends to equity holders		—	—	—	—	(8,200)	(8,200)	—	(8,200)
Shares issued for the purchase of minority interest		1,582	—	345	—	—	1,927	(1,927)	—
Shares issued through DRIP	16	614	—	—	—	—	614	—	614
Shares issued for business acquisitions	10	1,026	—	—	—	—	1,026	—	1,026
Shares issued through deferred share plan		4	(4)	—	—	—	—	—	—
Share-based payment transactions		—	938	—	—	—	938	—	938
Conversion feature of convertible debenture issued	15	—	—	2,625	—	—	2,625	—	2,625
Stock options issued		—	—	119	—	—	119	—	119
Total transactions with owners		3,226	934	2,998	(202)	9,282	16,583	(1,927)	14,499
Balance September 30, 2012		76,151	4,719	6,034	(52)	111,366	198,218	—	198,218

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

CERVUS EQUIPMENT CORPORATION

Unaudited Condensed Consolidated Statement of Cash Flows
For the nine month periods ended September 30, 2012 and 2011

(in $ thousands)	Note	Three month period ended September 30, 2012	Three month period ended September 30, 2011	Nine month period ended September 30, 2012	Nine month period ended September 30, 2011
Cash flows from operating activities					
Profit for the period		$ 8,836	$ 8,025	$ 17,670	$ 13,601
Depreciation		1,788	1,404	5,412	4,058
Amortization of intangibles		713	609	2,039	1,843
Equity-settled share-based payment transactions		451	414	1,057	803
Net finance costs		1,177	526	2,298	1,075
Gain on sale of property and equipment		(330)	(52)	(456)	(276)
Share of profit of equity accounted investees, net of tax		(868)	(624)	(1,952)	(1,202)
Income tax expense	9	4,484	2,930	8,321	5,394
Change in non-cash working capital		(11,846)	1,712	(10,963)	(1,781)
		4,405	14,944	23,426	23,515
Interest paid		(1,469)	(270)	(2,959)	(913)
Net cash from operating activities		2,936	14,674	20,467	22,602
Cash flows from investing activities					
Interest received		335	53	979	217
Business acquisitions	10	(2,593)	—	(20,241)	—
Advances from (to) related party		(201)	18	15,637	(2)
Purchase of property and equipment	13	(5,189)	(5,662)	(37,911)	(8,153)
Proceeds from disposal of property and equipment		1,877	1,008	3,168	1,740
Proceeds from asset held for sale		1,501	—	1,501	—
Proceeds from (increase in) investments at equity		343	571	(2,150)	462
Decrease (increase) in other investments		(6)	5	(15)	1
Net cash used in investing activities		(3,933)	(4,007)	(39,032)	(5,735)
Cash flows from financing activities					
Advances from (repayments of) term debt	10, 14	(6,020)	(272)	7,273	(6,027)
Advance from debenture offering, net of costs		32,987	—	32,987	—
Dividends		(2,515)	(2,459)	(7,444)	(7,336)
Decrease (increase) in deposits with John Deere		(207)	(151)	(187)	213
Repayment of notes payable		—	(225)	—	(492)
Net cash provided by (used in) financing activities		24,245	(3,107)	32,629	(13,642)
Net increase in cash and cash equivalents		23,248	7,560	14,064	3,225
Cash and cash equivalents, beginning of period		(2,648)	15,270	6,536	19,605
Cash and cash equivalents, end of period		$ 20,600	$ 22,830	$ 20,600	$ 22,830

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

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 period ended June 30, 2012 comprise of the Company and its subsidiaries ("the Group"). The Company is primarily involved in the sale, after-sale service and maintenance of agricultural, commercial and industrial equipment. The Company also provides equipment rental, primarily in the commercial and industrial equipment segment. The Company operates 35 John Deere agricultural equipment, Bobcat and JCB construction equipment, and Clark, Sellick, Nissan and Doosan material handling equipment and Peterbilt truck dealerships in 33 locations across Western Canada. Cervus also has 11 locations on the north island of New Zealand. The Company's shares are listed on the Toronto Stock Exchange ("TSX") and trade under the symbol "CVL".

2. Basis of preparation

(a) Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34, "Interim Financial Reporting". The condensed consolidated interim financial information should be read in conjunction with the annual financial statements prepared for the year ended December 31, 2011.

The Board of Directors authorized the issue of these consolidated financial statements on November 7, 2012.

(b) The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended December 31, 2011.

(c) Certain of the 2011 comparative financial information have been reclassified to conform to the presentation used in the preparation of these condensed consolidated interim financial statements.

3. New and amended IFRSs

Certain new or amended standards or interpretations have been issued by the IASB or IFRIC that are not required to be adopted in the current period. None of these changes in standards or interpretations will have a material effect on the consolidated financial statements or note disclosures as currently presented.

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

4. Significant accounting policies

Except as described below, the accounting policies applied are consistent with those of the annual financial statements prepared for the year ended December 31, 2011 and as described in note 4 in those financial statements.

Financial instruments

Convertible debentures

The convertible debentures are considered a compound 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. 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.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method.

5. Seasonality

The Canadian and New Zealand retailing of agricultural and commercial and industrial equipment are influenced by seasonality. Sales activity for the agricultural equipment segment is normally highest between April and September during growing seasons in Canada and July through December in New Zealand. Sales in the commercial and industrial equipment segment are not as heavily impacted by seasonality but do see slower sales activity in the winter months. As a result, earnings or losses may not accrue uniformly from quarter to quarter.

6. Cost of sales

The following amounts have been included in cost of sales for the three and nine month periods ended September 30, 2012 and 2011:

(in $ thousands)	**Three month period ended September 30**		**Nine month period ended September 30**	
	2012	**2011**	**2012**	**2011**
Depreciation of rental equipment	$ 706	$ 731	$ 2,208	$ 1,033
Interest paid on rental equipment financing	62	118	232	184
	$ 768	**$ 849**	**$ 2,440**	**$ 1,217**

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

7. Other income

(In $ thousands)	Three month period ended September 30		Nine month period ended September 30	
	2012	**2011**	**2012**	**2011**
Net gain on sale of property and	330	52	456	276
Other income, including net training support, consignment commissions, commissions on extended warranty products, finance fees and other	704	282	2,544	739
	1,034	**334**	**3,000**	**1,015**

8. Wages and benefits

Included in selling, general and administrative expenses are the following related to total employee expense:

(in $ thousands)	Three month period ended September 30		Nine month period ended September 30	
	2012	**2011**	**2012**	**2011**
Included in cost of sales:				
Short-term wages and benefits	**4,914**	**3,814**	**12,846**	**10,083**
Included in selling, general and administrative expenses:				
Short-term wages and benefits	17,375	13,266	47,254	35,625
Share-based payments	451	401	1,057	747
	17,826	**13,667**	**48,311**	**36,372**
	22,740	**17,481**	**61,157**	**46,455**

9. Income taxes

The expense for the year can be reconciled to the accounting profit based on using federal and provincial statutory rates of 25.7% (2011 – 27.2%). The primary reason for the reduction in the overall tax rate was due to a reduction in the federal income tax rate of 1.5% and the allocation of taxable income to provincial jurisdictions with different income tax rates.

(in $ thousands)	Three month period ended September 30, 2012	Three month period ended September 30, 2011	Nine month period ended September 30, 2012	Nine month period ended September 30, 2011
Profit for the period before tax	$ 13,320	$ 10,955	$ 25,991	$ 18,996
Expected income tax	3,423	2,968	6,680	5,147
Non-deductible costs and other	1,061	(38)	1,641	247
Income tax expense recognized in profit	$ 4,484	$ 2,930	$ 8,421	$ 5,394

10. Business combinations

a. On August 10, 2012, the Company acquired the business assets and assumed the business liabilities of Bayquip Agricultural Limited ("Bayquip") and Fieldpower Northland Limited ("Fieldpower"). The Company purchased Bayquip and Fieldpower in order to expand and consolidate its agricultural equipment dealerships in New Zealand. Bayquip and Fieldpower operated 5 John Deere dealerships on the north island of New Zealand. The purchase price paid for the net assets of Bayquip and Field Power are as follows:

Net assets purchased (in $ thousands):	
Inventories	$ 4,987
Prepaid expenses	24
John Deere dealer reserve	117
Property and equipment	828
Intangible assets	658
Accounts payable and accrued liabilities	(2,330)
Floor plan payable	(664)
Purchase price	$ 3,620
Financed by:	
Cash	2,593
Issuance of company shares	1,027
Purchase price	3,620

The amounts in the above table have been determined on a provisional basis, and may be revised when new information identifies adjustments to the above amounts, or any additional provisions that existed at the acquisition date. Such revisions will only be made if the new information is obtained within one year of the acquisition date about the facts and circumstances that existed at the acquisition date.

Included in these condensed financial statements for the three and nine month periods ended September 30, 2012 are revenues of $1,857 thousand and a net loss of $38 thousand, and prior to allocation of corporate expenditures and income tax expense. Had the Company purchased this acquisition at the beginning of the reporting period, January 1, 2012, revenues and profit for the nine month period ended September 30, 2012 would have been $14,965 thousand and $129 thousand respectively, excluding allocation of corporate expenditures and income tax expense. The results of operations of this acquisition are part of the agricultural equipment segment.

b. On August 1, 2012, the Company acquired the remaining 39.7% interest in Cervus Equipment NZ Ltd. for $1,582 thousand through the issuance of 84 thousand common shares of the Company. The acquisition was an important component of the Company's expansion and consolidation of dealerships in New Zealand.

c. On March 15, 2012, the Company completed a transaction whereby it has acquired the business assets and assumed the business liabilities of Frontier Peterbilt Sales Ltd. (“Frontier”) and Frontier Developments Ltd. (“Developments”). The Company purchased Frontier and Developments for the purposes of expanding and diversifying its commercial and industrial equipment segment. The Company acquired the dealership agreements, trade name and customer lists from the former owner as the Company required these assets to continue operations in future years, of which $9,430 is tax deductible. Frontier operates 4 Peterbilt truck dealerships and 1 Autopro Collision center in 4 locations in Saskatchewan. Development's owns the 5 land and building locations directly related to the operations of Frontier. The purchase price paid for the net assets of Frontier and Developments is as follows:

Net assets purchased (in $ thousands):	
Trade and other accounts receivable	$ 7,700
Inventories	16,985
Property and equipment	15,903
Intangible assets	9,489
Accounts payable and accrued liabilities	(2,494
Customer deposits	(217
Floor plan payable	(10,279
Term debt	(2,060
Purchase price	$ 35,027
Financed by:	
Cash, net of cash received of $102 thousand	$ 19,648
Vendor take back mortgage, due March 15, 2014, repayable in equal annual instalments of $85,998 including interest at the rate of 4.75% per annum	13,360
Balance payable on May 15, 2012	2,019
Purchase price	$ 35,027

The amounts in the above table have been determined on a provisional basis, and may be revised when new information identifies adjustments to the above amounts, or any additional provisions that existed at the acquisition date. Such revisions will only be made if the new information is obtained within one year of the acquisition date about the facts and circumstances that existed at the acquisition date.

Included in these condensed financial statements for the three and nine month periods ended September 30, 2012 are revenues of $30,195 thousand and $64,591 thousand and net profit of $1,530 thousand and $3,797 thousand respectively, and prior to allocation of corporate expenditures and income tax expense. Had the Company purchased this acquisition at the beginning of the reporting period, January 1, 2012, revenues and profit for the nine month period ended September 30, 2012 would have been $85,149 thousand and $4,330 thousand respectively, excluding allocation of corporate expenditures and income tax expense. The results of operations of this acquisition are part of the commercial and industrial equipment segment.

11. Trade and other accounts receivable

(In $ thousands)	September 30, 2012	December 31, 2011
Trade receivables	$ 27,149	$ 23,095
Current portion of long-term lease receivables	828	—
Advances to related parties	1,775	15,123
Advances to Chief Executive Officer	—	2,289
Prepaid expenses	2,561	2,248
Volume bonus	2,388	221
Contracts in transit	20,141	8,064
Allowance for doubtful debts	(1,264)	(851)
	$ 53,578	$ 50,189

12. Inventories

(in $ thousands)	September 30, 2012	December 31, 2011
New equipment	$ 83,323	$ 44,296
Used equipment	55,612	46,550
Parts and accessories	23,261	15,246
Work-in-progress	2,168	683
	$ 164,364	$ 106,775

During the three and nine month period ended September 30, 2012, inventories recognized as cost of sales amounted to $184,726 thousand and $380,526 thousand (2011 - $164,341 thousand and $335,931 thousand).

13. Property and equipment, net

During the nine month period ended September 30, 2012 and in addition to the business acquisitions described in note 10, the Company purchased $26.3 million of land and buildings from a related party, Proventure Income Fund ("Proventure"). The purchase price was comprised of lands of $7.3 million and buildings and paving of $19 million. Also included in property and equipment is $8,652 thousand of land purchased for the future construction of a new John Deere store in Calgary, Alberta area. The Company is in the process of sub-dividing the land purchase and upon completion will record the excess land as an asset held for sale. The excess portion of the land cost is approximately $4,150 thousand. It is anticipated that total construction costs will be approximately $14 million for the project and it is expected that the building will be available for occupancy during the third quarter of 2013. Until the buildings are available for occupancy, no depreciation is recorded on the capitalized amounts.

Assets pledged as security
All of the Company's assets are pledged under a general security agreement with the Company's bank. Assets with a carrying amount of $5,974 thousand are pledged as security to a bank in New Zealand on behalf of our subsidiary, Agriturf.

14. Loans and borrowings

During the nine month period ended September 30, 2012, the Company assumed $11.5 million of mortgages related to the purchase of land and buildings from Proventure. The mortgages assumed were with Farm Credit Canada and consisted of $6.3 million with payments required of $59 thousand per month at a rate of 6.95% per annum which has subsequently been repaid and $5.2 million with payments required of $39 thousand per month at a rate of FCC prime plus 0.75%. Including the above assumption, the Company has entered into a credit agreement with FCC for a total of $41 million to fund the property purchase from Proventure, upgrades to existing facilities, future acquisition line for future capital purchases and construction of new facilities in Saskatoon, Saskatchewan and Calgary, Alberta. At September 30, 2012, $15,509 thousand is outstanding and bears interest at the rate of FCC prime plus 0.75%.

As part of the acquisition of Frontier, the Company assumed $2,060 thousand of central lease loan liabilities with the HSBC Bank Canada ("HSBC"). The facility is for the purpose of financing new and used heavy trucks and trailers that are leased to third parties or are sold and financed under conditional sales contracts and allows the Company to borrow to a maximum of $5.5 million ($4.5 million for new and $1 million for used) and bears interest at the rate of HSBC prime rate plus 1.35% per annum. Repayments of the facility are dependent on the initial terms of the leases and sales contracts but range from 12 to 60 months with monthly repayments of principal amounts between 1.3% and 3.0% of the amounts borrowed. In addition, the Company has a $2.15 million used lease line of credit with HSBC for the purposes of financing used heavy trucks and trailers. The line of credit bears interest at the rate of HSBC prime rate plus 1.85% per annum and requires principal repayments between 12 and 48 months at monthly rates of 1.5% to 3.0% of the amount borrowed.

15. Convertible debentures

On July 24, 2012, the Company issued $34.5 million 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 subsequent to July 31, 2015 and 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 issuance of the debentures, net of costs was $32,987 thousand and the value of the conversion feature recorded in equity was $2,625 thousand for a net liability recorded of $30,362 thousand. Aggregate interest and accretion and amortization expense recorded in finance costs to September 30, 2012 was $458 thousand.

16. Capital and other components of equity

Share capital (In thousands)	Number of preferred shares	Amount	Number of common shares	Amount	Share purchase loan	Carrying amount
Balance December 31, 2010	**425**	**$ 5,361**	**14,191**	**$ 66,350**	**$ (70)**	**$ 71,641**
Issued under the DRIP plan	—	—	32	314	—	314
Issued under the deferred share plan	—	—	4	43	—	43
Issued from treasury on acquisition of land			26	382		
Amortized to profit	—	—	—	—	56	42
Conversion of shares and accrued dividends to share capital	(425)	(5,361)	433	5,439		78
Balance September 30, 2011	**—**	**—**	**14,686**	**72,705**	**(14)**	**72,691**
Issued under the DRIP plan	—	—	13	182	—	360
Issued under the deferred share plan	—	—	4	37	—	37
Amortized to profit	—	—	—	—	14	28
Balance December 31, 2011	**—**	**—**	**14,703**	**72,925**	**—**	**72,925**
Issued under the deferred share plan			1	4	—	4
Issued under the DRIP plan	—	—	38	614	—	614
Issued for the purchase of minority interest	—	—	84	1,582	—	1,582
Issued for business acquisition	—	—	54	1,026	—	1,026
Balance, September 30, 2012	**—**	**$ —**	**14,880**	**$ 76,151**	**$ —**	**$ 76,151**

17. 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 Cervus as the numerator. No adjustments to net earnings were necessary for the three and nine month periods ended September 30, 2012 and 2011. 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:

(In thousands)	Three month period ended September 30		Nine month period ended September 30	
	2012	**2011**	**2012**	**2011**
Issued common shares, beginning of period	14,729	14,649	14,703	14,191
Effect of shares issued under the DRIP plan	10	9	24	20
Effect of shares issued for purchase of minority interest and business acquisitions	86	—	29	—
Effect of conversion of preferred shares	—	—	—	281
Effect of shares issued under the deferred share plan	—	1	—	2
Weighted average number of common shares	14,825	14,659	14,756	14,494

Diluted earnings per share

The calculation of diluted earnings per share at September 30, 2012 and 2011 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:

	Three month period ended September 30		Nine month period ended September 30	
(In thousands)	**2012**	**2011**	**2012**	**2011**
Weighted average shares issued at end of period	14,825	14,659	14,756	14,494
Effect of dilutive securities:				
Deferred share plan	561	463	561	463
Share options	30	30	27	31
Weighted average number of common shares	15,416	15,152	15,344	14,988

18. Segment information

The Company has two reportable segments which include the agricultural equipment segment which primarily distributes agricultural related equipment and services and the commercial and industrial equipment segment which includes primarily the sale of construction, material handling and transportation equipment and related services. The two business segments offer different products and services and are managed separately as they operate in different markets and require separate strategies. For each of the strategic business units, the Company's CEO reviews internal management reports on a monthly basis. The following is a summary of financial information for each of the reportable segments.

The Company allocates corporate expenditures to each individual segment based on a direct allocation method. Total corporate related expenditures, excluding income taxes that have been allocated for the three and nine month periods ended September 30, 2012 are $1,682 thousand and $5,331 thousand (2011 - $183 thousand and $546 thousand) respectively.

CERVUS EQUIPMENT CORPORATION

Notes to the Unaudited Consolidated Financial Statements
For the period ended September 30, 2012

Three months ended September 30, 2012	Agricultural Equipment	Commercial and Industrial Equipment	Total
Revenue	$ 170,569	$ 64,112	$ 234,681
Profit for the period	7,457	1,379	8,836
Share of profit of equity accounted investees	868	—	868
Investment in associates	5,527	—	5,527
Depreciation and amortization	1,052	1,449	2,501
Finance income	43	292	335
Finance costs, including interest in cost of sales	(869)	(643)	(1,512)
Capital expenditures	5,800	3,802	9,602
Reportable segment assets	258,930	162,066	420,996
Reportable segment liabilities	138,420	84,057	222,477
Other intangible assets	4,358	22,996	27,354
Goodwill	3,619	2,193	5,812

Three months ended September 30, 2011	Agricultural Equipment	Commercial and Industrial Equipment	Total
Revenue	$ 149,433	$ 37,445	$ 186,878
Profit for the period	6,534	1,491	8,025
Share of profit of equity accounted investees	624	—	624
Investment in associates	5,527	—	5,527
Depreciation and amortization	905	1,108	2,013
Finance income	30	23	53
Finance costs, including interest in cost of sales	(156)	(174)	(330)
Capital expenditures	5,410	252	5,662
Reportable segment assets	176,341	105,765	282,106
Reportable segment liabilities	70,407	30,399	100,806
Other intangible assets	5,085	15,424	20,509
Goodwill	2,898	2,193	5,091

Nine months ended September 30, 2012		Agricultural Equipment		Commercial and Industrial Equipment		Total
Revenue	$	365,440	$	175,676	$	541,116
Profit for the period		13,247		4,423		17,670
Share of profit of equity accounted investees		1,953		—		1,953
Investment in associates		9,249		—		9,249
Depreciation and amortization		3,297		4,154		7,451
Finance income		201		778		979
Finance costs, including interest in cost of sales		(1,833)		(1,444)		(3,277)
Capital expenditures		48,258		19,985		68,243
Reportable segment assets		258,930		162,066		420,996
Reportable segment liabilities		138,420		84,057		222,477
Other intangible assets		4,358		22,996		27,354
Goodwill		3,619		2,193		5,812

Nine months ended September 30, 2011		Agricultural Equipment		Construction and Industrial Equipment		Total
Revenue	$	315,133	$	103,109	$	418,242
Profit for the period		10,352		3,250		13,602
Share of profit of equity accounted investees		1,202		—		1,202
Investment in associates		5,527		—		5,527
Depreciation and amortization		2,587		3,314		5,901
Finance income		147		70		217
Finance costs, including interest in cost of sales		(648)		(644)		(1,292)
Capital expenditures		6,452		1,449		7,901
Reportable segment assets		176,341		105,765		282,106
Reportable segment liabilities		70,407		30,399		100,806
Other intangible assets		5,085		15,424		20,509
Goodwill		2,898		2,193		5,091

The Company primarily operates in Western Canada but has a subsidiary, Cervus NZ Agriculture Ltd. that operates in the agricultural equipment business segment on the north island of New Zealand.

Gross revenue and non-current assets for the geographic segment for the nine month period ended September 30, 2012 was $26,171 thousand (2011 - $18,722 thousand) and $8,661 thousand (2011 - $6,661 thousand), respectively. Gross revenue for the three month period ended September 30, 2012 was $9,407 thousand (2011 - $7,679 thousand).

19. Related party transactions

Key management personnel and director transactions

Key management and directors of the Company control approximately 28% of the common voting shares of the Company. In October 2011, the Company provided its Executive Chairman of the Board of Directors ("EC") and former Chief Executive Officer ("CEO") and an immediate family member with a $10,212 thousand short-term loan to assist them in transactions involving securities held in their Registered Retirement Savings Plans as a result of recent amendments to the Income Tax Act (Canada). The loan bore interest at the rate of bank prime plus 0.25%. The outstanding amount plus accrued interest was repaid in February 2012.

20. Subsequent events

Subsequent to September 30, 2012, the Company has entered into an agreement to purchase the assets of a John Deere dealership in Australia, through its investment in Windmill AG Pty Ltd. ("Windmill"). The purchase is expected to cost approximately AUD $1.7 million and will be funded 100% by Cervus in the form of AUD $460 thousand of equity and a short-term loan of AUD $1.1 million. As a result of funding this purchase, Cervus' overall equity investment in Windmill is expected to increase from 30% to approximately 35%. It is anticipated that this purchase will close on November 1, 2012.