

UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF
CERVUS EQUIPMENT CORPORATION
FOR THE THREE MONTH PERIODS ENDED MARCH 31, 2013 AND 2012

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2013 AND DECEMBER 31, 2012

(In \$ thousands)	Note	March 31, 2013	December 31, 2012
Assets			
Current assets			
Cash and cash equivalents	\$	-	\$ 8,156
Trade and other accounts receivable	10	39,982	38,810
Inventories	11	189,866	172,857
Total current assets		229,848	219,823
Non-current assets			
Long-term receivables		1,549	1,665
Investments in associates, at equity		10,341	9,797
Deposits with manufacturers		1,501	1,855
Property and equipment		95,387	92,091
Deferred tax asset		44,022	44,197
Intangible assets		25,948	26,717
Goodwill		5,812	5,812
Total non-current assets		184,560	182,134
Total assets	\$	414,408	401,957

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT MARCH 31, 2013 AND DECEMBER 31, 2012

(In \$ thousands)	Note	March 31, 2013	December 31, 2012
Liabilities			
Current liabilities			
Bank indebtedness	\$	3,846	\$ -
Trade and other accrued liabilities		32,353	37,655
Customer deposits		5,967	8,188
Floor plan payables		88,417	73,626
Dividends payable		2,877	2,831
Current portion of term debt		4,354	4,658
Current portion of notes payable		2,697	2,652
Total current liabilities		140,511	129,610
Non-current liabilities			
Term debt		42,097	39,028
Debenture payable		30,711	30,534
Total non-current liabilities		72,808	69,562
Total liabilities		213,319	199,172
Equity			
Shareholders' capital	12	76,907	76,503
Deferred share plan		5,361	5,133
Other reserves		5,149	5,136
Accumulated other comprehensive income		257	221
Retained earnings		113,415	115,792
Total equity		201,089	202,785
Total liabilities and equity	\$	414,408	\$ 401,957

Approved by the Board:

"Peter Lacey" Director

"Gary Harris" Director

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE THREE MONTH PERIODS ENDED MARCH 31, 2013 AND 2012

(In \$ thousands)	Note	2013	2012
Revenue			
Equipment sales		\$ 104,492	\$ 78,315
Parts		25,462	17,329
Service		15,651	11,331
Rentals		3,327	2,807
Total revenue		148,932	109,782
Cost of sales	6,8	(120,410)	(86,727)
Gross profit		28,522	23,055
Other income	7	722	578
Selling, general and administrative	8	(27,458)	(21,289)
Results from operating activities		1,786	2,344
Finance income		212	338
Finance costs		(1,720)	(586)
Net Finance Costs	9	(1,508)	(248)
Share of profit of equity accounted investees, net of income tax		404	154
Profit before income tax expense		682	2,250
Income tax expense		(182)	(854)
Profit for the period		500	1,396
Other comprehensive income			
Foreign currency translation differences for foreign operations		36	90
Total comprehensive income for the period		\$ 536	1,486

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

FOR THE THREE MONTH PERIODS ENDED MARCH 31, 2013 AND 2012

(In \$ thousands, except per share amounts)	Note	2013		2012	
Profit attributable to:					
Shareholders of the Company		\$	500	\$	1,218
Non-controlling interest			-		178
Profit for the period		\$	500	\$	1,396
Total comprehensive income attributable to:					
Shareholders of the Company		\$	536	\$	1,295
Non-controlling interest			-		191
Total comprehensive income for the period		\$	536	\$	1,486
Net income per share attributable to shareholders of the Company					
Basic	13	\$	0.03	\$	0.08
Diluted	13	\$	0.03	\$	0.08

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE THREE MONTH PERIODS ENDED MARCH 31, 2018 AND 2012

(In \$ thousands)	Note	Share capital	Deferred share plan	Other reserves	Cumulative translation account	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		-	-	-	-	1,218	1,218	178	1,396
Other comprehensive income									
Foreign currency translation adjustments		-	-	-	77	-	77	13	90
Total comprehensive income for the period		-	-	-	77	1,218	1,295	191	1,486
Transactions with owners, recorded directly in equity									
Dividends to equity holders		-	-	-	-	(2,686)	(2,686)	-	(2,686)
Shares issued through DRIP	15	197	-	-	-	-	197	-	197
Share-based payment transactions		-	270	36	-	-	306	-	306
Total transactions with owners		197	270	36	-	(2,686)	(2,183)	-	(2,183)
Balance March 31, 2012		\$ 73,122	\$ 4,055	\$ 3,072	\$ 227	\$ 100,616	\$ 181,092	\$ 1,930	\$ 183,022
Balance December 31, 2012		\$ 76,503	\$ 5,133	\$ 5,136	\$ 221	\$ 115,792	\$ 202,785	\$ -	\$ 202,785
Comprehensive income for the period									
Profit		-	-	-	-	500	500	-	500
Other comprehensive income									
Foreign currency translation adjustments		-	-	-	36	-	36	-	36
Total comprehensive income for the period		-	-	-	36	500	536	-	536
Transactions with owners, recorded directly in equity									
Dividends to equity holders		-	-	-	-	(2,877)	(2,877)	-	(2,877)
Shares issued through DRIP	15	206	-	-	-	-	206	-	206
Shares issued through deferred share plan	15	102	(102)	-	-	-	-	-	-
Shares issued through option plan	15	96	-	(22)	-	-	74	-	74
Share-based payment transactions		-	330	35	-	-	365	-	365
Total transactions with owners		404	228	13	-	(2,877)	(2,232)	-	(2,232)
Balance March 31, 2013		\$ 76,907	\$ 5,361	\$ 5,149	\$ 257	\$ 113,415	\$ 201,089	\$ -	\$ 201,089

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE THREE MONTH PERIODS ENDED MARCH 31, 2013 AND 2012

(In \$ thousands)	Note	2013	2012
Cash flows from operating activities			
Profit for the period	\$	500	\$ 1,396
Depreciation		2,050	1,745
Amortization of intangibles		769	614
Equity-settled share-based payment transactions		179	306
Net finance costs	9	1,576	343
Gain on sale of property and equipment		(346)	(34)
Share of profit of equity accounted investees, net of tax		(404)	(154)
Income tax expense		182	854
Change in non-cash working capital		(10,296)	11,450
Interest paid	9	(2,081)	(681)
Net cash (used in) from operating activities		(7,871)	15,839
Cash flows from investing activities			
Interest received	9	212	338
Business acquisitions		-	(17,648)
Advances from related parties		-	15,930
Purchase of property and equipment		(5,761)	(19,537)
Proceeds from disposal of property and equipment		1,004	59
Proceeds from investments, at equity		(141)	163
Increase in other investments, at cost		-	(8)
Net cash used in investing activities		(4,686)	(20,703)
Cash flows from financing activities			
Advances from credit facility, net of repayment		3,846	-
Advances from term debt, net of repayment		2,748	6,926
Dividends		(2,625)	(2,449)
Proceeds from exercise of share options		74	-
Decrease in deposits with John Deere		358	156
Net cash from financing activities		4,401	4,633
Net decrease in cash and cash equivalents		(8,156)	(231)
Cash and cash equivalents, beginning of period		8,156	6,536
Cash and cash equivalents, end of period	\$	-	\$ 6,305

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

CERVUS EQUIPMENT CORPORATION

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIODS ENDED MARCH 31, 2013 AND 2012

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 condensed consolidated financial statements of the Company as at and for the period ended March 31, 2013 comprise of the Company and its subsidiaries (“the Group”). The Company is primarily involved in the sale, after-sale service and maintenance of agricultural, construction and industrial equipment. The Company also provides equipment rental, primarily in the construction and industrial equipment segment. The Company operates 46 John Deere agricultural equipment, Bobcat and JCB construction equipment and Clark, Sellick, Nissan and Doosan material handling equipment and Peterbilt truck dealerships in 43 locations with 33 locations in Western Canada and 10 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, 2012.

The Board of Directors authorized the issue of these condensed consolidated financial statements on May 8, 2013.

(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, 2012.

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.

4. Significant accounting policies

The accounting policies applied are consistent with those of the annual financial statements prepared for the year ended December 31, 2012 and as described in note 3 in those financial statements, except as follows:

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

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.

CERVUS EQUIPMENT CORPORATION

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIODS ENDED MARCH 31, 2013 AND 2012

6. Cost of sales

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

(In \$ thousands)	2013	2012
Depreciation of rental equipment	\$ 766	\$ 757
Interest paid on rental equipment financing	68	95
	\$ 834	\$ 852

7. Other income

Interest and other income for the periods ended March 31, 2013 and 2012 are comprised of the following:

(In \$ thousands)	2013	2012
Net gain on sale of property and equipment	\$ 346	\$ 34
Other income ¹	376	544
	\$ 722	\$ 578

¹ Includes net training support, consignment commissions, commissions on extended warranty products, finance fees, net foreign exchange and other sundry items.

8. Wages and benefits

(In \$ thousands)	2013	2012
Included in cost of sales:		
Short-term wages and benefits	\$ 5,897	\$ 3,413
Included in selling, general and administrative expenses:		
Short-term wages and benefits	\$ 16,244	\$ 12,712
Share-based payments	179	306
	16,423	13,018
	\$ 22,320	\$ 16,431

CERVUS EQUIPMENT CORPORATION

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIODS ENDED MARCH 31, 2013 AND 2012

9. Finance income and finance costs

Finance income and finance costs for the three month periods ended March 31, 2013 and 2012 are comprised of the following:

(In \$ thousands)	2013		2012	
Interest income on amounts due the Company	\$	89	\$	335
Interest income on long-term lease receivables		122		-
Interest income on held-to-maturity investments		1		3
Finance income		212		338
Interest expense on convertible debenture		(742)		-
Interest expense on mortgage and term debt obligations		(224)		(142)
Interest expense on note payable		(46)		(90)
Interest expense on vendor take back financing		(153)		-
Interest expense on financial liabilities		(555)		(354)
Finance costs		(1,720)		(586)
Net finance costs recognized in net finance costs		(1,508)		(248)
Finance costs recognized in cost of sales		(68)		(95)
Total net finance costs	\$	(1,576)	\$	(343)

10. Trade and other accounts receivable

(In \$ thousands)	March 31,		December 31,	
		2013		2012
Trade receivables	\$	24,292	\$	27,244
Advances to equity accounted investees		645		958
Prepaid expenses		1,995		2,414
Current portion of long-term finance contracts		785		971
Volume bonus		1,095		15
Contracts in transit		12,284		8,329
Allowance for doubtful debts		(1,114)		(1,121)
	\$	39,982	\$	38,810

CERVUS EQUIPMENT CORPORATION

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIODS ENDED MARCH 31, 2013 AND 2012

11. Inventories

(In \$ thousands)	March 31, 2013	December 31, 2012
New equipment	\$ 89,099	\$ 82,619
Used equipment	74,216	66,719
Parts and accessories	24,814	22,229
Work-in-progress	1,737	1,290
	\$ 189,866	\$ 172,857

During the three month period ended March 31, 2013, inventories recognized in cost of sales amounted to \$103,403 thousand (2012 - \$55,156 thousand).

12. Capital and other components of equity

Share capital

(In thousands)	Number of common shares		Amount
Balance December 31, 2011	14,703	\$	72,925
Issued under the DRIP plan	12		197
Balance March 31, 2012	14,715		73,122
Issued under the DRIP plan	44		748
Issued under the deferred share plan	1		3
Issued for business acquisitions	138		2,609
Issued under the share option plan	2		21
Balance December 31, 2012	14,900		76,503
Issued under the DRIP plan	12		206
Issued under the deferred share plan	19		102
Issued under the share option plan	12		96
Balance March 31, 2013	14,943	\$	76,907

13. 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 month periods ended March 31, 2013 and 2012. The weighted average number of shares for the purposes of diluted earnings per share can be reconciled to the weighted average number of basic shares as follows:

CERVUS EQUIPMENT CORPORATION

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIODS ENDED MARCH 31, 2013 AND 2012

(In thousands of shares)	2013	2012
Issued common shares January 1	14,900	14,703
Effect of shares issued under the DRIP plan	10	12
Effect of shares issued under the deferred share plan	3	-
Effect of shares issued under the share option plan	5	-
Weighted average number of common shares at March 31	14,918	14,715

Diluted earnings per share

The calculation of diluted earnings per share at March 31, 2013 and 2012 was based on the profit attributable to common shareholders and the weighted average number of common shares outstanding after adjustment for the effects of dilutive potential common shares which consist of the following:

(In thousands of shares)	2013	2012
Weighted average number of common shares - basic	14,918	14,715
Effect of dilutive securities:		
Deferred share plan	606	504
Share options	11	21
Weighted average number of shares - diluted	15,535	15,240

14. Segment information

The Company has two reportable segments which include the agricultural equipment segment which primarily distributes agricultural related equipment and services and the construction and industrial equipment segment which includes primarily the sale of construction and industrial equipment and related services. 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 month period ended March 31, 2013 are \$2,210 thousand (2012 - \$1,610 thousand).

CERVUS EQUIPMENT CORPORATION

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIODS ENDED MARCH 31, 2013 AND 2012

(In \$ thousands)

March 31, 2013	Agricultural Equipment	Commercial and Industrial Equipment	Total
Revenue	\$ 91,786	\$ 57,146	\$ 148,932
Profit for the period	205	295	500
Share of profit of equity accounted investees	404	-	404
Investment in associates	10,341	-	10,341
Depreciation and amortization	1,220	1,599	2,819
Finance income	33	179	212
Finance expense	1,006	782	1,788
Capital expenditures	2,454	3,307	5,761
Reportable segment assets	237,530	176,878	414,408
Reportable segment liabilities	123,086	90,233	213,319
Other intangible assets	4,111	21,837	25,948
Goodwill	3,618	2,194	5,812

(In \$ thousands)

March 31, 2012	Agricultural Equipment	Commercial and Industrial Equipment	Total
Revenue	\$ 71,429	\$ 38,353	\$ 109,782
Profit for the period	301	1,095	1,396
Share of profit of equity accounted investees	154	-	154
Investment in associates	5,137	-	5,137
Depreciation and amortization	1,061	1,298	2,359
Finance income	116	222	338
Finance expense	463	218	681
Capital expenditures	1,043	30,136	31,179
Reportable segment assets	200,163	151,673	351,836
Reportable segment liabilities	99,302	69,512	168,814
Other intangible assets	4,716	24,064	28,780
Goodwill	2,960	2,194	5,154

The Company primarily operates in Western Canada but has a subsidiary, Cervus NZ Equipment Ltd. which operates in the agricultural equipment segment in New Zealand. Gross revenue and non-current assets for the New Zealand geographic segment were \$12,974 thousand (2012 - \$10,745 thousand) and \$9,160 thousand (2012 - \$4,216 thousand) respectively.

15. Related party transactions

Certain officers and dealer managers of the Company have provided guarantees to John Deere aggregating \$6,400 thousand. During the period ended March 31, 2013 and 2012, the Company paid those individuals \$48 thousand for providing these guarantees. These transactions were recorded at the amount agreed to between the Company and the guarantors and are included in selling, general and administrative expense.