CERVUS EQUIPMENT CORPORATION

MANAGEMENT'S DISCUSSION + ANALYSIS

For the period from January 1, 2014 to June 30, 2014

The following Management's Discussion & Analysis ("MD&A") was prepared as of August 13, 2014 and is provided to assist readers in understanding Cervus Equipment Corporation's ("Cervus" or the "Company") financial performance for the three and six month period ended June 30, 2014 and significant trends that may affect future performance of Cervus. This MD&A should be read in conjunction with the accompanying interim unaudited condensed consolidated financial statements for the period ended June 30, 2014 and the notes contained therein. The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") and Cervus' functional and reporting currency is the Canadian dollar. Cervus' common shares trade on the Toronto Stock Exchange under the symbol "CVL". Additional information relating to Cervus, including Cervus' current annual information form, is available on the System for Electronic Document Analysis and Retrieval ("SEDAR") web site at www.sedar.com.

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

OVERVIEW OF CERVUS

Cervus is a diversified corporation and has historically operated in two separate business segments, an Agricultural equipment segment and a Commercial, Industrial and Transportation ("CIT") equipment segment. These segments are managed separately and strategic decisions are made on the basis of their respective operating results. The Agricultural equipment segment consists of 29 John Deere dealership locations with 8 in Alberta, 5 in Saskatchewan, 1 in British Columbia, 9 in New Zealand and 6 in Australia. The CIT equipment segment consists of 32 dealership locations with 12 Bobcat/ JCB, Clark, Sellick, and Doosan material handling and forklift equipment dealerships operating in Alberta, 2 Clark, Sellick, and Doosan material handling and forklift equipment dealerships operating in Saskatchewan and 1 in Manitoba; 4 Peterbilt truck dealerships and 1 collision repair center operating in Saskatchewan; and 12 Peterbilt truck dealerships operating in Ontario. Cervus owns directly or indirectly, 100% of Cervus AG Equipment LP and Cervus Contractors Equipment LP, Cervus Agriculture NZ Ltd. ("AG New Zealand") and its subsidiary, Cervus Rental & Leasing NZ Ltd., Cervus Equipment Holdings Australia Pty Ltd., and its 100% owned subsidiaries Cervus Equipment Australia Pty Ltd. ("Australia Ag") and PPJ Investment Pty Ltd., Cervus Collision Center LP and 101169185 Saskatchewan Ltd., together with 100% of the outstanding and issued shares of their respective general partners, Cervus AG Equipment Ltd. and Cervus Contractors Equipment Ltd. In addition to the aforementioned subsidiaries, Cervus owns a 21% interest in Maple Farm Equipment Partnership ("Maple") that is based in Saskatchewan and Manitoba, which is comprised of 7 John Deere dealerships. The cash flow of Cervus is primarily dependent on the results of the underlying limited partnerships and is derived from the flow-through of income from those limited partnerships to Cervus by means of partnership allocations.

NOTE REGARDING FORWARD-LOOKING STATEMENTS

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

MD&A, and we assume no obligation to update or revise them to reflect subsequent information, events, or circumstances unless otherwise required by applicable securities legislation.

In this MD&A we state that the Company expects to continue making quarterly dividend payments to its shareholders. The most recent quarterly dividend payment of $0.2050 per share was made to the shareholders of record as of June 30 on July 15, 2014. See "Capital Resources - Cautionary note regarding dividends" for a cautionary note regarding future dividends. In addition, in this MD&A we make certain statements regarding the expected tax consequences of the plan of arrangement involving Cervus LP and Vasogen Inc. completed in October 2009, pursuant to which Cervus LP converted from a limited partnership structure to the current corporate structure of Cervus Equipment Corporation. See "Business Risks and Uncertainties – Other Risks" for a cautionary note regarding deferred income taxes recorded.

Non-IFRS Measures

Throughout the MD&A, reference is made to certain non-IFRS measures. Readers are cautioned that the MD&A should be read in conjunction with the "Non-IFRS Financial Measures" section at the end of this MD&A.

Internal Controls over Financial Reporting

The Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO") of Cervus are responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process designed by, or under the supervision of, the CEO and the CFO and effected by the Board of Directors, management and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The material weakness identified in our 2013 re-stated MD&A issued on July 23rd has now been remediated. Management has updated the disclosure procedures whereby inter-department revenues and costs are captured and eliminated on a quarterly basis. There have been no other significant changes in the design of the Company's internal controls over financial reporting during the six-month period ended June 30, 2014 that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

Disclosure Controls

The CEO and the CFO are also responsible for establishing and maintaining adequate disclosure controls and procedures. Disclosure controls and procedures are controls and other procedures designed to provide reasonable assurance that information required to be disclosed in documents filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation. It also includes controls and procedures designed to ensure that information required to be disclosed in documents filed or submitted under securities legislation is accumulated and communicated to the Company's management, including the CEO and CFO, as appropriate, to allow timely decisions regarding required disclosure. The CEO and the CFO, together with other members of management, have designed the Company's disclosure controls and procedures in order to provide reasonable assurance that material information relating to the Company and its consolidated subsidiaries would have been known to them, and by others, within those entities.

Due to the material weakness in internal controls over financial reporting identified in our restated 2013 MD&A, we have also identified a material weakness in our disclosure controls for the period ended December 31, 2013. This material weakness related to disclosure controls has been remediated effective June 30, 2014, upon the remediation of our internal controls over financial reporting.

In 2014, the Company will transition from the 1992 COSO framework, to the 2013 COSO framework. The 2013 COSO framework includes various updates and enhancements to the 1992 framework, including the identification and mitigation of enterprise risks which are beyond the financial reporting function. The Company is executing its testing plan for 2014 and expects to certify compliance with the 2013 COSO framework in 2014.

MARKET OUTLOOK (SEE "NOTE REGARDING FORWARD-LOOKING STATEMENTS")

Agricultural Equipment

Agriculture and Agri-Food Canada's (AAFC) updated forecast for 2014 total principal crop yield is 81.2 million tonnes, consistent with their March 2014 forecast. If achieved, forecast 2014 production would be 17% below 2013 production levels, but 6% higher than 2012 achieved production. AAFC is forecasting 2014 Canadian grain prices to be consistent or slightly lower than 2013 levels, based on significant supply partially offset by their expectation of the Canadian dollar trading at a discount to the US dollar through 2014.[1]

Notably AAFC is forecasting carry out stocks of the 2013 farm year, for the year ending July 31, 2014, of 21.8 million tonnes, compared to a 10 year average of 14.4 million tonnes, indicating approximately 14 million tonnes of 2013 production has shipped since early April 2014. [2] Notwithstanding this substantial grain movement, remaining inventory levels have weighed on farmers cash flow through the spring of 2014, while strong world grain supplies have had moderate pressure on grain prices. Despite these near term factors, the AAFC is forecasting historically strong net operating farm income for 2014, decreasing 5% from the anticipated 2013 record high. The 2014 farm income forecasts are buoyed by a lower Canadian dollar and extended sale of the 2013 crop, offset by lower 2014 production and slightly lower grain prices.

Within these macro factors, we have seen a favorable spring seeding season with positive growing conditions to date. Grain movement constraints have had a smaller impact on Alberta's more diversified agriculture economy when compared to Saskatchewan. We see positive mid-term trends across our agricultural sector as the 2013 crop inventory is shipped through the summer and fall months, combined with historically strong 2014 production forecasts and preliminary indications of record 2013 farm income.

Commercial, Industrial and Transportation Equipment

The Canadian transportation sector has experienced the highest shipping volume on record through the first six months of 2014, up 79% year to date from 2009 recessional lows, and up 42% in June 2014 compared to June 2013.[3] This increase in shipping volume has translated into increased North American demand for class 8 trucks, with ACT Research reporting a 41% increase in sales volume for the month of June 2014 compared to June 2013, while PACCAR is forecasting North American total class 8 2014 truck sales of 230,000 to 250,000, up from 212,000 sold in 2013.[4] These indicators are positive as we expand into the Ontario transportation market, while our existing Saskatchewan operations continue to show year over year growth.

In their second quarter 2014 Housing Outlook, CMHC projected growth in the Alberta construction market to lead the country for 2014, with new home construction increases of 3.9% over 2013, consistent with their first quarter 2014 forecast.[5] In their July 8, 2014 Provincial Economic Forecast, TD Economics expects nation leading 3.2% real GDP growth for Alberta, along with forecast 2.4% real GDP growth for Ontario in 2014 and 2015, up from just over 1% in 2013.[6] Sproule forecasts Light Edmonton Par Crude remaining above $100/bbl through 2020, an increase of $16/bbl from the minimum price forecast over the same period as at January 31, 2014[7]. In combination, these indicators provide solid footing for performance of the Company's Construction and Industrial operations, which are located primarily in Alberta.

[1] Agriculture and Agri-Food Canada; *Outlook for Principal Field Crops*, June 20, 2014
[2] Compared to the crop inventory levels at early April 2014 as reported in Bloomberg Businessweek; *Canada Grain Backlog Eases First Time This Season on New Rules*, Dated April 8, 2014, retrieved
April 21, 2014 from http://www.businessweek.com/news/2014-04-08/canada-grain-backlog-eases-first-time-this-season-on-new-rules
[3] Today's Trucking *Truckers Shatter Six Month Record for Goods Hauled in '14 Q2* Retrieved July 24, 2014 from www.todaystrucking.com
[4] PACCAR Inc. *PACCAR Second Quarter 2014 MD&A* retrieved August 8, 2014 from: www.paccar.com
[5] *CMHC Second Quarter 2014 Housing Market Outlook*
[6] TD Economics *Provincial Economic Forecast, July 9, 2014*, retrieved July 24, 2014 from
http://www.td.com/economics/analysis/forecasts/forecasts.jsp
[7] Sproule *Forecasts, March 31, 2014* retrieved from www.sproule.com/forecasts

Overall

Market and economic conditions experienced in the first half of 2014 softened demand for agricultural equipment, while our parts and service departments experienced significant growth, sustaining overall agriculture equipment segment margins. As shipping constraints ease and farm income remains high, the mid-term outlook remains positive. Our CIT segment remains on solid footing within a comparatively strong western Canadian economy, with our Transportation operations showing particular strength.

HIGHLIGHTS OF THE QUARTER

- Parts and service sales in our agricultural equipment segment for the three months ended June 30, 2014 increased $6.0 million, or 30.6%, over the same period in 2013, and increased $4.2 million, or 21.5%, on a same store basis.
- An increase in same store revenues in our CIT segment of $2.2 million.
- Overall gross profit percentage increased to 19.1% compared to 18.4%, and gross profit dollars increased $0.3 million to $45.3 million for the three months ended June 30, 2014, when compared to the period ended June 30, 2013.
- Net profit attributable to shareholders for the three months ended June 30, 2014 decreased $2.7 million to $5.6 million, compared to $8.3 million for the same period in 2013.
- Dividends of $0.2050 per share were declared to shareholders of record as at June 30, 2014.

OVERALL PERFORMANCE

During the three month period ended June 30, 2014, overall revenue decreased $6.8 million, comprised of a $9.0 million or 5.2% decrease from our Agricultural equipment segment partially offset by a $2.2 million increase in our CIT equipment segment. Same store revenue decreased $21.5 million or 8.8%, on a $23.7 million decrease in our Agricultural segment on new sales decreases, offset by a $2.2 million increase from our CIT segment. The 2014 growing season to date has been generally favorable in our area of operations, as the flooding experienced by much of south east Saskatchewan did not impact a significant portion of growers in our service area. Although we experienced a 8.8% decrease in overall same store revenue, overall same store gross profit decreased by 4.3% for the three months ended June 30, 2014. The resilience in gross profit despite revenue declines was a result of sales mix shifts. Total same store parts and service sales increased 10.1% and 12.3% respectively, offsetting the decrease in new equipment gross profit. However, due to the higher selling, general, and administrative costs ("SG&A") associated with increased parts and service activity, overall net income declined $2.7 million for the three months ended June 30, 2014 compared to the same period in 2013.

Performance of the Agricultural segment in the second quarter of 2014 was impacted by Canadian grain transportation constraints which contributed to farm cash flow constraints. This primarily impacted new equipment sales, with sales of same store new equipment decreasing $25.8 million for the three months ended June 30, 2014. Total net profit attributed to shareholders generated by the Agricultural equipment segment has decreased by $2.0 million for the three month period ended June 30, 2014, primarily due to consistent gross profit driven by significant growth in parts and service sales, offset by increases in SG&A costs when compared to the same period in 2013. Factors influencing our Agricultural segment results for the six month period ended June 30, 2014, are generally the same as those experienced in the three months ended June 30, 2014. Total net profit attributed to shareholders decreased by $2.9 million due to a decline in new equipment sales, despite overall increases in parts and service sales dollars and sales mix. As the rail backlog has begun to ease, combined with strong farm income forecasts for 2014 and the harvest season yet to come, agricultural fundamentals remain positive.

For our CIT segment in the three month period ended June 30, 2014, increased revenues in the Transportation and Construction sectors of $2.9 million and $1.3 million respectively, were partially offset by a $2.0 million decrease in the Industrial sector. While recovery in the transportation market is taking hold across a significant portion of Canada, Saskatchewan has been a lead performer for a number of years and continues this trend, posting double digit revenue growth in the second quarter and year to date 2014. Transportation results for the overall Canadian market are positive indicators as the Company extends into Ontario. During the six month period ended June 30, 2014, total CIT net profit decreased by $0.5 million when compared to the same period in 2013. Revenue increases in the Transportation and Construction sectors of $9.5 million and $5.1 million, respectively, were partially offset by a decrease of $2.8 million in the Industrial sector, resulting in an overall increase of $11.8 million or 9.4% in revenue. This drove a $2.7 million increase in gross profit, offset by an increase in SG&A expenses of $2.8 million largely due to an increase in personnel costs, combined with accelerated amortization on brand name intangible assets of $0.5 million.

SELECTED QUARTERLY INFORMATION

	Three months ended			Six months ended		
(in $ thousands, except per share amounts)	**June 30, 2014**	June 30, 2013	% change	**June 30, 2014**	June 30, 2013	% change
Revenues	**237,488**	244,245	-2.8%	**404,377**	385,931	4.8%
Gross profit	**45,253**	45,001	0.6%	**78,374**	72,675	7.8%
Gross profit percentage	**19.1%**	18.4%	3.8%	**19.4%**	18.8%	3.2%
Net profit	**5,618**	8,336	-32.6%	**4,861**	8,214	-40.8%
Net profit attributable to shareholders	**5,618**	8,318	-32.5%	**4,785**	8,196	-41.6%
Per share - Basic	**0.37**	0.56	-33.9%	**0.32**	0.55	-41.8%
Per share - Diluted	**0.35**	0.53	-34.0%	**0.30**	0.53	-43.4%
Cash provided (used) in operating activities	**19,133**	6,076	214.9%	**18,686**	(1,796)	1140.4%
Per share – Basic	**1.26**	0.41	207.3%	**1.24**	(0.12)	1133.3%
EBITDA[2]	**13,247**	17,081	-22.4%	**17,300**	21,522	-19.6%
EBITDA margin [2]	**5.6%**	7.0%	-20.0%	**4.3%**	5.6%	-23.2%
Per share – basic	**0.88**	1.14	-22.8%	**1.15**	1.44	-20.1%
Dividends declared to shareholders	**3,117**	2,918	6.8%	**6,192**	5,795	6.9%
Per share	**0.2050**	0.1900	7.9%	**0.4075**	0.3880	5.0%
Weighted average shares outstanding						
Basic	**15,130**	14,956	1.2%	**15,084**	14,937	1.0%
Diluted	**15,835**	15,576	1.7%	**15,791**	15,557	1.5%
Actual shares outstanding	**15,132**	14,967	1.1%	**15,132**	14,967	1.1%
Closing market price per share	**21.18**	19.91	6.4%	**21.18**	19.91	6.4%
Total assets				**501,262**	461,428	8.6%
Long-term liabilities				**84,337**	75,111	12.3%
Total liabilities				**283,466**	254,357	11.4%
Shareholders' equity				**217,796**	207,071	5.2%
Net book value per share - diluted				**13.79**	13.31	3.6%

[2] Refer to "Non-IFRS Measures" herein

UPDATE ON CRA PROPOSAL LETTER

As previously disclosed, the Corporation received a proposal letter from the Canada Revenue Agency on March 4, 2014, regarding the October 2009 transaction involving Cervus LP and Vasogen Inc. At the date of this MD&A, the Corporation has not received a formal reassessment of its previous income tax filings. Cervus remains confident in the appropriateness of its tax-filing positions and the expected tax consequences of the conversion transaction and intends to defend such position vigorously through appeal if a notice of reassessment is received from the Canada Revenue Agency.

In order to appeal any reassessment, 50% of any reassessed amount is due. Based on the CRA's March 4, 2014 proposal letter, any reassessment received in the near term would be of the Company's taxation years ending November 30, 2009, January 3, 2010, December 31, 2010 and December 31, 2011. Based on these figures, the Company expects $10.6 million would be required on appeal, should the CRA reassess the Company's tax filings through to December 31, 2011. If the CRA proceeds with reassessment of tax filings through December 31, 2011, the CRA may also proceed with reassessment of the December 31, 2012 and 2013 tax filings under the same basis. Should the 2012 and 2013 tax filings of the Company be reassessed at a future date, the Company expects approximately $7.1 million would be required in order to appeal these years.

RESULTS OF OPERATIONS

Revenues by segment:

	Three Months Ended			Six Months Ended		
(in $ thousands)	**June 30, 2014**	June 30, 2013	% change	**June 30, 2014**	June 30, 2013	% change
Agricultural equipment						
Equipment						
New	**88,631**	103,601	-14.4%	**147,233**	154,856	-4.9%
Used	**48,689**	48,740	-0.1%	**73,559**	70,196	4.8%
Total equipment	**137,320**	152,341	-9.9%	**220,792**	225,052	-1.9%
Parts	**16,771**	12,707	32.0%	**28,272**	21,434	31.9%
Service	**8,691**	6,792	28.0%	**16,244**	11,885	36.7%
Rental and other	**756**	658	14.9%	**1,452**	1,724	-15.8%
Total for segment	**163,538**	172,498	-5.2%	**266,760**	260,095	2.6%
Commercial, industrial and transportation equipment						
Equipment						
New	**44,130**	42,402	4.1%	**77,997**	70,966	9.9%
Used	**3,453**	3,338	3.4%	**6,905**	6,555	5.3%
Total equipment	**47,583**	45,740	4.0%	**84,902**	77,521	9.5%
Parts	**15,875**	15,502	2.4%	**32,495**	29,169	11.4%
Service	**7,727**	7,671	0.7%	**15,163**	14,051	7.9%
Rental and other	**2,765**	2,834	-2.4%	**5,057**	5,095	-0.7%
Total for segment	**73,950**	71,747	3.1%	**137,617**	125,836	9.4%
Total	**237,488**	244,245	-2.8%	**404,377**	385,931	4.8%

Agricultural Equipment

Throughout this MD&A, same store results in the Agricultural equipment segment exclude the January to May 2014 results of five Australian John Deere dealerships ("Australia Ag"), which Cervus acquired control of in May of 2013. The consolidation of Australia Ag contributed $30.4 million of additional revenue in the year to date period, as these operations were controlled for six months in year to date 2014, compared to one month in the six months ended June 30, 2013.

Overall for the three months ended June 30, 2014, the Agricultural segment revenue decreased by $9.0 million or 5.2% compared to the three months ended June 30, 2013, despite the consolidation of Australia Ag contributing $14.7 million of additional sales to Cervus' consolidated results in Q2 2014. On a standalone basis, Australia Ag's operations have improved compared to the same periods in 2013.

Excluding the impact of Australia Ag, same store sales for the three months ended June 30, 2014 decreased $23.7 million or 13.7%, driven by decreases in same store new equipment sales of $25.8 million or 24.9%. Sales of used equipment remained relatively consistent decreasing $2.1 million or 4.4%, as used inventory remained a focus. Same store parts and service revenue increased $4.2 million or 21.5% in the three months ended June 30, 2014 compared to the same period in 2013. We see the continued demand for parts and service to reflect sustained underlying agricultural activity despite near term grain transportation constraints, as well as growth in the machine population in the geography we serve.

For the six month period ending June 30, 2014, revenue increased by $6.7 million or 2.6%, driven by the addition of Australia Ag in May of 2013, which contributed revenues of $30.4 million in the 2014 year to date period. On a same store basis, overall agricultural revenue decreased $23.7 million or 9.1%, driven by a $27.7 million or 17.9%, decrease in new equipment sales. Of the decrease in same store new equipment sales, $17.5 million relates to decreased harvest equipment sales year to date. Same store parts and service revenues increased $5.4 million or 16.1%, largely driven by continued agricultural activity and machine population, combined with our success in increasing the average number of service technicians by 10.3% year to date, despite a highly competitive labour market.

Commercial, Industrial and Transportation Equipment

Throughout this MD&A, total results are equal to same store results for the CIT segment in the three and six months ended June 30, 2014.

CIT segment revenue increased by $2.2 million or 3.1% for the three month period ended June 30, 2014, when compared to the same period of 2013, driven by revenue increases of 10.5% in Transportation, 5.1% in Construction, and a decline of 11.4% in Industrial. Overall, new equipment sales contributed $1.7 million of the increase, with parts and service also increasing by $0.4 million in the three month period ended June 30, 2014. Of the increase in new equipment sales, Transportation experienced a 14.8% revenue increase on continued class 8 truck demand and industry growth. The Saskatchewan market continues to provide strong growth, albeit below the national average sales volume results as identified by ACT Research. We believe national results are reflective of recovery outside of western Canada; our expansion into the Ontario market positions the Company to participate in this growth.

For the three month period ended June 30, 2014, our Construction sector increased primarily due to new and used equipment sales increasing 3% and 57% respectively, with the remaining revenue streams consistent over prior year. Demand for new construction equipment in our sector, although positive, has lagged behind expectation due to market resistance on the increased cost of new Tier 4 compliant equipment. For the three months ended June 30, 2014 our Industrial sector declined by 11.4%, primarily attributable to softer overall industry demand combined with increased competition. Our Industrial new and used equipment sales declined 16.2%, while parts, service, training and rental revenue decreased 5.4%.

During the six month period ended June 30, 2014, overall CIT revenue increased $11.8 million on the strength of the Transportation and Construction sector. Transportation sector revenues increased 19.3%, while Construction increased 11.7%, on collective increases in parts and service revenue. The Industrial sector decreased 8.3%, primarily on decreased new and used equipment sales. Fundamentals for year to date 2014 variances are consistent with those related to the three months ended June 30, 2014 as discussed above.

GROSS PROFIT

(in $ thousands)	Three Months Ended June 30, 2014	Three Months Ended June 30, 2013	Three Months Ended % change	Six Months Ended June 30, 2014	Six Months Ended June 30, 2013	Six Months Ended % change
Agricultural equipment - gross profit $	**$ 26,738**	$ 26,900	-0.6%	**$ 43,784**	$ 40,781	7.4%
Commercial, industrial and transportation equipment - gross profit $	**18,515**	18,101	2.3%	**34,590**	31,894	8.5%
Total gross profit dollars	**$ 45,253**	$ 45,001	0.6%	**$ 78,374**	$ 72,675	7.8%
Agricultural equipment - gross profit %	**16.3%**	15.6%	4.5%	**16.4%**	15.7%	4.5%
Commercial, industrial and transportation equipment - gross profit %	**25.0%**	25.2%	-0.8%	**25.1%**	25.3%	-0.8%
Total gross profit percent	**19.1%**	18.4%	3.8%	**19.4%**	18.8%	3.2%

Agricultural Equipment

For the three months ended June 30, 2014, overall Agricultural segment gross profit remained consistent with the comparative period, supported by growth in high margin parts and service sales, offset by decreases in new equipment sales. For the three months ended June 30, 2014, parts and service contributed 15.6% of total revenue, compared to 11.3% in Q2 2013. The growth of same store parts and service revenue is a factor of sustained agricultural activity and machine population. Consistent used sales revenue was achieved due to continued focus on selling the used inventory accumulated from trade-ins after high new equipment sales in 2013.

Excluding Australia Ag, same store gross profit decreased $2.4 million (8.8%). Gross profit forgone due to decreases in new revenue of $25.8 million (24.9%) was not fully offset by increased same store parts and service revenues, which generated $0.9 million (10.2%) of additional gross profit. Of particular note, used equipment gross profit increased $0.3 million despite a $2.1 million reduction in used equipment sales revenue. Overall, same store gross profit percentage increased 0.9% to 16.5% on a shift in sales mix for the three months ended June 30, 2014, with parts and service contributing 16% of total revenue, compared to 11% in Q2 2013.

During the six month period ended June 30, 2014, overall Agricultural segment gross profit increased $3.0 million, primarily driven by sales mix changes with increased parts and service sales of $11.2 million (33.6%) offsetting a $7.6 million decrease in new equipment sales. As a percent of revenue, overall year to date parts and service increased to 17% from 13%, and contributed an additional $4.2 million of gross profit dollars compared to the six months ended June 30, 2013.

Excluding Australia Ag, same store agricultural gross profit decreased by $2.1 million or 5.2% compared to the six months ended June 30, 2013. The decline in same store sales is attributable to a $4.6 million (23.5%) decrease in new equipment gross profit, offset by a $0.8 million (13.5%) increase in used equipment gross profit, and a $1.9 million (12.9%) increase in same store parts and service gross profit. The drivers of the remaining variances for the six months ended June 30, 2014 are consistent with those described for the three month period ended June 30, 2014.

Commercial, Industrial and Transportation Equipment

For the three months ended June 30, 2014, overall CIT gross profit increased by $0.4 million or 2.3%, driven by a 5.9% increase in Transportation gross profit, a 12.2% increase in construction gross profit and a 13.8% decrease in Industrial gross profit. The change in gross profit was driven primarily by the underlying revenue fluctuations within sector departments, as previously discussed, with overall gross profit percentage and sales mix percentage remaining consistent. Overall gross profit percentage in the CIT segment for the three months ended June 30, 2014 declined slightly by 0.8% to 25.0% compared to 25.2% in the 2013 comparative period.

For the six month period ending June 30, 2014, CIT gross profit dollars have increased by $2.7 million or 8.5% on increased revenue of $11.8 million in the year to date period (as discussed above). Gross profit percentage remained steady, declining slightly by 0.2% to 25.1% compared to 25.3% in the 2013 comparative period, largely due to a consistent sales mix when compared to the prior year.

OTHER INCOME

Total other income increased $0.7 million and $1.3 million in the three and six month periods ended June 30, 2014, respectively, compared to the same period in 2013. For the three months ended June 30, 2014, costs of $0.6 million recognized in 2013 upon acquiring control of Australia Ag, were non-recurring. The increase in the six month period ended June 30, 2014 primarily relates to a $0.7 million gain on sale of land and building of the previous Calgary, AB John Deere dealership premises in Q1 2014, combined with $0.6 million of non-recurring costs recorded in Q2 2013 on acquiring control of Australia Ag.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

	Three Months Ended			Six Months Ended		
(in $ thousands)	**June 30, 2014**	June 30, 2013	% change	**June 30, 2014**	June 30, 2013	% change
Agricultural equipment						
Selling, general and administrative	**20,237**	17,207	17.6%	**37,204**	30,393	22.4%
Depreciation and amortization	**1,186**	945	25.5%	**2,165**	1,907	13.5%
Total for segment	**21,423**	18,152	18.0%	**39,369**	32,300	21.9%
Commercial, industrial and transportation equipment						
Selling, general and administrative	**14,160**	13,093	8.1%	**27,640**	25,312	9.2%
Depreciation and amortization	**1,669**	1,737	-3.9%	**3,331**	2,828	17.8%
Total for segment	**15,829**	14,830	6.7%	**30,971**	28,140	10.1%
Total	**37,252**	32,982	12.9%	**70,340**	60,440	16.4%
% of revenue						
Agricultural equipment	**13.1%**	10.5%	24.8%	**14.8%**	12.4%	19.4%
Commercial, industrial and transportation equipment	**21.4%**	20.7%	3.4%	**22.5%**	22.4%	0.4%
Total	**15.7%**	13.5%	16.3%	**17.4%**	15.7%	10.8%

Agricultural Equipment

For the three months ended June 30, 2014, SG&A expenses increased in the Agricultural equipment segment by $3.3 million or 18.0%, $1.9 million of which related to the inclusion of Australia Ag in the current quarter.

On a same store basis, for the three months ended June 30, 2014, SG&A expenses increased $1.4 million or 7.8% over the same period in 2013. Personnel costs increased $0.7 million primarily due to a 15% increase in parts employees, increased training and benefit costs for technicians on a 13% increase in technician headcount, and the overall impact of inflation on wages. These wage costs included in SG&A facilitated the $4.2 million and $0.9 million increase in parts and service revenue and gross profit, respectively. Marketing expenses increased by $0.5 million, related to focused sales efforts in the quarter. Commission expense decreased $0.3 million, although commissions increased slightly on a percentage of sales basis, as higher commissions continue to be paid to incentivize used equipment sales.

SG&A expenses increased $7.1 million or 21.9% in the six month period ended June 30, 2014, primarily due to $4.7 million on inclusion of Australia Ag. During the six month period, same store SG&A costs increased $2.4 million or 7.4% over the prior year, consistent with the same store increase in the three months ended June 30, 2014. Personnel costs increased $2.0 million (12.9%), marketing increased $0.5 million, while commissions decreased $0.5 million. Factors impacting SG&A for the six months ended June 30, 2014 are consistent with those for the three month period then ended, as discussed above.

Commercial, Industrial and Transportation Equipment

The CIT segment's SG&A expenses increased $1.0 million or 6.7% for the three month period ended June 30, 2014, when compared to the same period of 2013. Overall, $0.6 million of the increase in SG&A expenditures in the three months ending June 30, 2014 was due to additional personnel costs from increases in parts employees, and the additional training and benefits associated with a 9.0% increase in technicians across our Construction and Transportation sectors.

For the six month period ended June 30, 2014, CIT SG&A expense increased $2.8 million or 10.1%. The increase in the six month period was primarily related to a $1.7 million or 12.1% increase in personnel costs, combined with $0.5 million of accelerated amortization on brand name intangible assets compared to the same period in 2013.

FINANCE INCOME

Finance income is comprised of interest earned on customer accounts receivable, contract lease receivables and held-to-maturity investments. Total finance income was $0.1 million for the three month period ended June 30, 2014, compared to $0.2 million for the same period of 2013. For the six months ended June 30, 2014, finance income was $0.1 million compared to $0.4 million for the same period of 2013.

FINANCE COSTS AND OTHER INTEREST

Finance costs are comprised of interest expense related to the Company's loans and borrowings, as well as floor plan payables and other financial liabilities. Interest expense is also recorded on loans and borrowings related to the Company's rental fleet which is recorded in cost of sales. The following analysis includes both the interest expense on financial liabilities recorded in finance costs and interest on financial liabilities recorded directly in cost of sales.

Interest by segment:	Three Months Ended			Six Months Ended		
(in $ thousands)	**June 30, 2014**	June 30, 2013	% change	**June 30, 2014**	June 30, 2013	% change
Agricultural equipment						
Interest expense	**1,032**	1,041	-0.9%	**2,064**	1,989	3.8%
Interest in cost of sales	**97**	95	2.1%	**102**	153	-33.3%
Total for segment	**1,129**	1,136	-0.6%	**2,166**	2,142	1.1%
Commercial, industrial and transportation equipment						
Interest expense	**654**	643	1.7%	**1,274**	1,415	-10.0%
Interest in cost of sales	**80**	17	370.6%	**153**	27	466.7%
Total for segment	**734**	660	11.2%	**1,427**	1,442	-1.0%
Total	**1,863**	1,796	3.7%	**3,593**	3,584	0.3%
% of revenue	**0.8%**	0.7%	14.3%	**0.9%**	0.9%	0.0%

Overall interest expense for the three and six month period ended June 30, 2014, has remained relatively consistent when compared to the same period in 2013, despite increased floor plan levels as a percent of inventory. Interest on the floor plans was largely offset by dealer rebates and interest free periods. Total interest otherwise payable on John Deere floor plans approximates $0.4 million and $0.7 million for the three and six month period ended June 30, 2014, respectively. This amount was offset by rebates applied during the three and six months ended June 30, 2014 of $0.3 million and $0.6 million, respectively. At June 30, 2014, approximately 37% of the CIT segment's outstanding floor plan balance was non-interest bearing due to various incentives and interest free periods in place.

SHARE OF PROFIT OF EQUITY ACCOUNTED INVESTEES

For the three months ended June 30, 2014 the share of profit of equity accounted investees decreased $0.5 million compared to the same period in 2013, as our equity accounted investees have been impacted by grain transportation constraints and other seasonal variables. For the six months ended June 30, 2014 earnings from equity investments decreased $1.6 million, an impact of $0.11 on our basic earnings per share, primarily due to revenues occurring earlier (in the fourth quarter of 2013 compared to the first quarter of 2014), combined with grain transportation constraints also impacting our equity accounted investees.

NET PROFIT ATTRIBUTABLE TO SHAREHOLDERS

The net profit attributed to shareholders for the period excludes the allocation of profit to non-controlling interests. Under IFRS, the non-controlling interest share of profit is shown in profit for the year. Earnings per share are calculated based on the profit for the year attributed to shareholders of the Company only.

	Three Months Ended			Six Months Ended		
(in $ thousands except net earnings per share)	**June 30, 2014**	June 30, 2013	% change	**June 30, 2014**	June 30, 2013	% change
Net profit by segment:						
Agricultural equipment segment	**4,018**	6,063	-33.7%	**2,914**	5,758	-49.4%
Adjust for (income) from non-controlling interest	-	(18)	-100.0%	**(76)**	(18)	322.2%
Net profit attributable to shareholders from agricultural equipment segment	**4,018**	6,045	-33.5%	**2,838**	5,740	-50.6%
Commercial, industrial and transportation equipment	**1,600**	2,273	-29.6%	**1,947**	2,456	-20.7%
Net profit attributable to shareholders	**5,618**	8,318	-32.5%	**4,785**	8,196	-41.6%
Profit as a % of total segment revenues						
Agricultural equipment	**2.5%**	3.5%	-28.6%	**1.1%**	2.2%	-50.0%
Commercial, industrial and transportation equipment	**2.2%**	3.2%	-31.3%	**1.4%**	2.0%	-30.0%
Total	**2.4%**	3.4%	-29.4%	**1.2%**	2.1%	-42.9%
Net earnings per share by segment:						
Weighted average shares outstanding basic	**15,130**	14,956	1.2%	**15,084**	14,937	1.0%
Agricultural equipment	**0.27**	0.40	-32.5%	**0.19**	0.38	-50.0%
Commercial, industrial and transportation equipment	**0.11**	0.15	-26.7%	**0.13**	0.16	-18.8%
Total	**0.37**	0.56	-33.9%	**0.32**	0.55	-41.8%

Agricultural Equipment

For the three months ended June 30, 2014, net profit available to shareholders generated by the Agricultural segment decreased $2.0 million due to $9.0 million of decreased revenue, and $3.3 million of SG&A increases. These results are inclusive of $14.7 million of additional revenue and $1.9 million of additional SG&A costs upon the consolidation of Australia Ag for three months in Q2 2014 compared to one month in Q2 2013. Despite the decrease in revenues, gross profit increased $0.3 million on a 30.6% increase in high margin parts and service, backfilling decreased gross profit on reduced new equipment sales. Although increases in parts and service revenues maintained overall gross profit, parts and service are SG&A intensive while the sale of new equipment has a marginal impact on SG&A. As a result, quarter over quarter increases in SG&A were driven primarily by costs incurred to sustain and generate growth in parts and service volume, while the decrease in new sales had a negligible corresponding decrease to SG&A.

For the six months ended June 30, 2014, net profit available to shareholders generated by the Agricultural segment decreased by $2.9 million, due to a change in sales mix. This decline includes a $1.6 million decrease in profit from equity accounted investees within the Agricultural segment.

Commercial, Industrial and Transportation Equipment

For the three months ended June 30, 2014, net profit attributable to shareholders generated by the CIT segment has decreased by $0.7 million compared to the same period in 2013. Segment revenue increases of $2.2 million generated a $0.4 million gross profit increase, offset by a $1.0 million increase in SG&A costs. The increase in SG&A relate to incremental costs to generate the growth within the Construction and Transportation sectors, which was offset in part by the decline in both revenue and margin in our Industrial segment. For the six months ended June 30, 2014 compared to 2013, CIT net profit attributable to shareholders decreased $0.5 million, equal to the additional amortization of brand name intangibles in the period.

COMPREHENSIVE INCOME ATTRIBUTABLE TO SHAREHOLDERS

The Company has two foreign subsidiaries, Ag New Zealand, and Australia Ag, which upon consolidation, result in unrealized gains and losses on the currency translation of financial statements of foreign operations which use a currency other than the Canadian dollar as their functional currency. During 2014, the New Zealand dollar exchange rate strengthened relative to the Canadian dollar by approximately 6.8% and the Australia dollar exchange rate strengthened 6.0% when compared to December 31, 2013. During the three months ended June 30, 2014, the New Zealand dollar exchange rate weakened relative to the Canadian dollar by approximately 2.6% and the Australia dollar exchange rate weakened 1.8% when compared to March 31, 2014. As a result, recoveries of $1.2 million and losses of $0.6 million are recorded as other comprehensive income for the three and six month period ended June 30, 2014, respectively. This translation adjustment is the only difference between the profit for the period and total comprehensive profit for the period.

EBITDA (SEE "NON-IFRS FINANCIAL MEASURES")

EBITDA is used by management to monitor its results and benchmark profitability. It is also considered in evaluating potential business acquisitions. For the three and six month period ended June 30, 2014, EBITDA decreased $3.8 million and $4.2 million, respectively, when compared to the same period in 2013. The EBITDA decrease for the three and six months ended June 30, 2014 is a primarily a factor of lower net profit in our Agricultural segment driven by a decrease in equipment sales.

	Three Months Ended			Six Months Ended		
(in $ thousands, except %)	**June 30, 2014**	June 30, 2013	% change	**June 30, 2014**	June 30, 2013	% change
Agricultural equipment						
Net profit (loss)	**4,018**	6,045	-33.5%	**2,838**	5,740	-50.6%
Add:						
Interest	**1,129**	1,136	-0.6%	**2,166**	2,142	1.1%
Income taxes	**1,686**	2,499	-32.5%	**1,258**	2,377	-47.1%
Depreciation and amortization	**1,269**	1,299	-2.3%	**2,474**	2,519	-1.8%
EBITDA for segment	**8,102**	10,979	-26.2%	**8,736**	12,778	-31.6%
% of segment revenue	**5.0%**	6.4%		**3.3%**	4.9%	
Commercial, industrial and transportation equipment						
Net profit	**1,600**	2,273	-29.6%	**1,947**	2,456	-20.7%
Add:						
Interest	**734**	660	11.2%	**1,427**	1,442	-1.0%
Income taxes	**601**	913	-34.2%	**799**	991	-19.4%
Depreciation and amortization	**2,210**	2,256	-2.0%	**4,391**	3,855	13.9%
EBITDA for segment	**5,145**	6,102	-15.7%	**8,564**	8,744	-2.1%
% of segment revenue	**7.0%**	8.5%		**6.2%**	6.9%	
Total EBITDA	**13,247**	17,081	-22.4%	**17,300**	21,522	-19.6%
% of revenue	**5.6%**	7.0%		**4.3%**	5.6%	

SUMMARY OF QUARTERLY RESULTS

(in $ thousands, except per share amounts)	June 30, 2014	March 31, 2014	December 31, 2013	September 30, 2013
Revenues	**237,488**	166,889	225,813	250,595
Net profit (loss)	**5,618**	(757)	6,373	8,739
Net profit (loss) attributable to the shareholders	**5,618**	(833)	6,250	8,643
Gross profit dollars	**45,253**	33,121	43,188	47,445
Gross profit percentage	**19.1%**	19.8%	19.1%	18.9%
EBITDA	**13,247**	4,053	13,120	17,241
Basic earnings (loss) per share	**0.37**	(0.06)	0.42	0.58
Diluted earnings (loss) per share	**0.35**	(0.05)	0.40	0.56
Weighted average shares outstanding				
- Basic	**15,130**	15,034	15,005	14,989
- Fully diluted	**15,835**	15,728	15,689	15,650

(in $ thousands, except per share amounts)	June 30, 2013	March 31, 2013	December 31, 2012	September 30, 2012
Revenues	244,245	141,686	184,533	225,550
Net profit (loss)	8,336	(122)	6,908	8,606
Net profit (loss) attributable to the shareholders	8,318	(122)	6,908	8,606
Gross profit dollars	45,001	27,674	37,213	41,990
Gross profit percentage	18.4%	19.5%	20.2%	18.6%
EBITDA	17,081	4,441	11,729	16,984
Basic earnings (loss) per share	0.56	(0.01)	0.46	0.58
Diluted earnings (loss) per share	0.53	(0.01)	0.45	0.56
Weighted average shares outstanding				
- Basic	14,956	14,918	14,895	14,825
- Fully diluted	15,576	15,535	15,513	15,416

Sales activity for the Agricultural segment is normally highest between April and September, during growing seasons in Canada, and the impact on the growing seasons for New Zealand and Australia has not materially impacted the above results. The CIT equipment segment is not as volatile, but does see slower sales activity in the winter months. As a result, profit or loss may not accrue uniformly from quarter to quarter.

LIQUIDITY

(in $ thousands, except ratio amounts)	**June 30, 2014**	December 31, 2013
Current assets	**311,686**	242,454
Total assets	**501,262**	426,230
Current liabilities	**199,129**	129,270
Long-term liabilities	**84,337**	78,540
Shareholders' equity	**217,796**	218,420
Working capital (see "Non-IFRS Measures")	**112,557**	113,184
Working capital ratio (see "Non-IFRS Measures")	**1.57**	1.88

Working capital

Our working capital held constant, decreasing by $0.6 million to $112.6 million at June 30, 2014, when compared to $113.2 million at December 31, 2013. As at June 30, 2014 and at the date of this report, the Company is in compliance with all of its covenants.

Based on inventory levels at June 30, 2014, the Company had the ability to floor plan an additional $19.1 million of existing inventory, and had $74.2 million of undrawn floor plan capacity.

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

As at June 30, 2014, inventories had increased by $54.4 million to $232.9 million when compared to December 31, 2013. Wholegoods inventory increased by a total of $46.7 million with both new and used increasing $38.5 million and $8.2 million, respectively. Parts inventories have also had an increase of $6.9 million. The increase in our new and used inventories during the six months ended June 30, 2014, is primarily attributable to the seasonality of the Agricultural equipment segment and the buildup of inventory in months leading up to the growing season.

Comparing inventory levels at June 30, 2014 to June 30, 2013, total inventory increased $9.2 million. The increase of $9.2 million, or 4.1%, is a result of decreased used equipment of $9.9 million, offset by an increase in parts and new equipment inventory of $5.3 million and $13.6 million, respectively.

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

As at June 30, 2014, the Company believes that the recoverable amounts on its used equipment inventories exceed their respective carrying values and no significant impairment reserve has been recorded or is required.

The rolling twelve month average time to collect the Company's outstanding accounts receivable was approximately 19 days as at June 30, 2014 (16 days for the year ended December 31, 2013) and no single outstanding customer balance, excluding sales contract financing receivables, represented more than 10% of total accounts receivable. The Company closely monitors the amount and age of balances outstanding on an on-going basis and establishes provisions for bad debts based on specific customers' credit risk, historical trends, and other economic information.

The Company's allowance for doubtful collections has increased by $0.2 million to $0.9 million at June 30, 2014, which represents 2.9% of outstanding trade accounts receivable and 0.1% of gross revenue on a rolling twelve month basis. Recoveries and write-offs of allowance for doubtful accounts during the six month period ended June 30, 2014 amounted to a $63 thousand recovery and $282 thousand write-off.

Cash and Cash Equivalents

The Company is not in an overdraft position as at June 30, 2014. The Company's primary sources and uses of cash flow for the three and six month period ended June 30, 2014 when compared to June 30, 2013 is as follows:

OPERATING ACTIVITIES

Net cash provided in operating activities for the three months ended was $19.1 million compared to $6.1 million for the same period of 2013, representing an increase in cash provided from operating activities of $13.1 million. The primary reason for this increase is $7.7 million of net cash received from working capital items during the second quarter of 2014 compared to $9.1 million used in the same period of 2013. Increase of cash from working capital items of $16.8 million when compared to the prior period is primarily from a net source of cash from inventories and floor plan payables of $24.6 million, offset by use of cash of $9.7 million from accounts receivable, and a $3.8 million source of cash from accounts payable.

For the six months ended June 30, 2014, the Company generated $18.7 million of cash from operating activities compared to a use of $1.8 million cash for the same period of 2013, representing an increase in cash provided from operating activities of $20.5 million. The primary reason for this increase is $4.8 million of net cash received from working capital items during the six month period June 30, 2014, compared to $18.6 million used in the same period of 2013. Increase of cash from working capital items of $23.4 million when compared to the prior period is primarily from a net source of cash from inventories and floor plan payables $11.8 million, as floor plans have intentionally been increased to retrieve cash for acquisition purposes, and by sources of cash from accounts payable and customer deposits of $15.7 million, offset by a $4.1 million use of cash from accounts receivable.

INVESTING ACTIVITIES

For the three months ended June 30, 2014, the Company used $10.6 million of net cash from investing activities compared to a use of cash of $8.0 million for the same period in 2013, for a net change of $2.6 million. Primary drivers of the change when compared to the same period in 2013 was $0.4 million fewer capital additions in 2014 as the 2013 construction of the Balzac facilities was non-recurring, offset by $3.7 million in business acquisitions in 2014 (Australia) compared to $1.4 million in 2013.

For the six months ended June 30, 2014, the Company used $7.1 million of net cash from investing activities compared to a use of cash of $12.7 million for the same period in 2013, for a net change of $5.5 million. Primary drivers of the change when compared to the same period in 2013 was as a result of fewer capital additions of $3.3 million, largely due to construction of Balzac facilities 2013, $3.7 million in business acquisitions in 2014 for the purchase of an additional store in Australia, compared to $1.4 million for the step acquisition of Australia Ag in 2013, $3.8 million of proceeds on assets held for sale which were received on the sale of an old Calgary area dealership location and $1.1 million of additional cash receipts from equity held investments for Deer Star Systems and Maple Farm Equipment.

FINANCING ACTIVITIES

For the three months ended June 30, 2014, the Company's financing activities provided $0.8 million of cash, compared to cash of $1.9 million generated in the corresponding period in 2013 for a net change of $1.1 million. Primary drivers of the change, when compared to the same period in 2013, is due to fewer drawings on credit facilities and term debt of $0.9 million, largely due to construction of Balzac facilities in 2013.

For the six months ended June 30, 2014, the Company's financing activities used $1.5 million of cash, compared to cash of $6.3 million generated in the corresponding period in 2013 for a net change of $7.8 million. Primary drivers of the change when compared to the same period in 2013 is due to fewer drawings on credit facilities and term debt of $5.6 million, largely due to construction of Balzac facilities in 2013, and use of cash for the purchase of the non-controlling interest portion of Windmill of $3.4 million, partly offset by a source of cash of $1.5 million in 2014 for a share issuance which did not occur in 2013.

Contractual Obligations

The Company has certain contractual obligations including payments under long-term debt agreements and operating lease commitments. There have been no material changes from the contractual obligations outstanding at December 31, 2013.

CAPITAL RESOURCES

We use our capital to finance our current operations and growth strategies. Our capital consists of both debt and equity and we believe the best way to maximize our shareholder value is to use a combination of equity and debt financing to leverage our operations. A summary of the Company's available credit facilities as at June 30, 2014 is as follows:

(in $ thousands)	Total Amount	Borrowings	Letters of Credit	Consigned Inventory	Undrawn Facilities
Operating and other bank credit facilities	50,655	1,890	2,556	-	46,209
Floor plan facilities	302,049	130,193	-	97,628	74,228
Capital facilities and rental equipment term loan financing	79,345	48,590	-	-	30,755
Total	**432,049**	**180,673**	**2,556**	**97,628**	**151,192**

Operating and Other Bank Credit Facilities

Operating and other bank credit facilities include the Canadian amounts as well as the New Zealand and Australian amounts. We believe that the credit facilities available to the Company and outlined above are sufficient to meet our market share targets and working capital requirements for the remainder of 2014.

Floor Plan Facilities

Floor plan payables consist of financing arrangements for the Company's inventories and rental equipment financing with John Deere Canada ULC, GE Canada Equipment Financing G.P., General Electric Canada Equipment Finance G.P., GE Commercial Distribution Finance Canada, De Lage Landen Financial Services Canada Inc., PACCAR Financial Ltd., and US Bank. At June 30, 2014, floor plan payables related to inventories were $119.3 million. Floor plan payables at June 30, 2014, represented approximately 51.2% of our inventories (December 31, 2013 – 37.6%). Floor plan payables fluctuate significantly from quarter to quarter due to fluctuations in inventory levels and the timing between the receipt of equipment inventories and their actual repayment, so that the Company may take advantage of any programs made available by its key suppliers. In addition to cyclical industry factors, floor planned inventory has been intentionally increased at June 30, 2014 to repatriate the proceeds of the convertible debenture for acquisition purposes.

Capital Facilities

Capital facilities consist of capital asset financing primarily through credit facilities with Farm Credit Canada and Affinity Credit Union.

Outstanding Share Data

As of the date of this MD&A, there are 15,215 thousand common shares, 57 thousand share options, and 703 thousand deferred shares outstanding. As at June 30, 2014 and 2013, the Company had the following weighted average shares outstanding:

(in thousands)	**June 30, 2014**	June 30, 2013
Basic weighted average number of shares outstanding	**15,084**	14,937
Dilutive impact of deferred share plan	**696**	613
Dilutive impact of share options	**11**	7
Diluted weighted average number of shares outstanding	**15,791**	15,557

Dividends Paid and Declared To Shareholders

The Company, at the discretion of the Board of Directors, is entitled to make cash dividends to its shareholders. The following table summarizes our dividends paid for the six month period ended June 30, 2014:

($ thousands, except per share amounts):

Record Date	Dividend per Share	Dividend Payable	Dividends Reinvested	Net Dividend Paid
March 31, 2014	0.2025	3,075	250	2,825
June 30, 2014	0.2050	3,117	265	2,852
Total		**6,192**	**515**	**5,677**

Dividends are paid quarterly and are paid on or about the 15th day of the month following the record date. As of the date of this MD&A, all dividends as described above were paid.

During the six month period ended June 30, 2014, 23 thousand common shares were issued through the Company's dividend reinvestment program.

Taxation

Cervus' dividends declared and paid to June 30, 2014 are considered to be eligible dividends for tax purposes on the date paid.

Cautionary note regarding dividends (see "Note Regarding Forward-Looking Statements")

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

OFF-BALANCE SHEET ARRANGEMENTS

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

John Deere Financial provides financing to certain of the Company's customers. A portion of this financing is with recourse to the Company if the amounts are uncollectible. At June 30, 2014, payments in arrears by such customers aggregated $293 thousand. In addition, the Company is responsible for assuming all lease obligations held by its customers with John Deere Financial for the net residual value of the lease outstanding at the maturity of the contract. At June 30, 2014, the net residual value of such leases aggregated $133.0 million of which the Company believes all are recoverable.

The Company is liable for a potential deficiency in the event that a customer defaults on their lease obligation or retail finance contract. John Deere Financial retains 1% of the face amount of the finance or lease contract for amounts that the Company owes John Deere Financial under this obligation. The deposits are capped at between 1% and 3% of the total dollar amount of the lease and finance contracts outstanding. The maximum liability that can arise related to these arrangements is limited to the deposits of $1.7 million at June 30, 2014. John Deere Financial reviews the deposit account balances quarterly and if the balances exceed the minimum requirements, John Deere Financial refunds the difference to the Company.

The Company has issued irrevocable standby Letters of Credit to John Deere Financial and another supplier in the aggregate amount of $2.6 million. The Letters of Credit were issued in accordance with the dealership arrangements with the suppliers that would allow the supplier to draw upon the letter of credit if the Company was in default of any of its obligations.

TRANSACTIONS WITH RELATED PARTIES

Key Management Personnel Compensation

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

The remuneration of key management personnel and directors during the three and six month periods ended June 30, 2014 and 2013 was:

	Three month period ended		**Six month period ended**	
(in $ thousands)	**June 30, 2014**	June 30, 2013	**June 30, 2014**	June 30, 2013
Short-term benefits	**$ 465**	$ 593	**$ 1,588**	$ 1,252
Share-based payments	**57**	46	**289**	127
Total	**$ 522**	$ 639	**$ 1,877**	$ 1,379

CRITICAL ACCOUNTING ESTIMATES

Preparation of unaudited and audited consolidated financial statements requires that we make assumptions regarding accounting estimates for certain amounts contained within the unaudited and audited consolidated financial statements. We believe that each of our assumptions and estimates is appropriate to the circumstances and represents the most likely future outcome. However, because of the uncertainties inherent in making assumptions and estimates regarding unknown future outcomes, future events may result in significant differences between estimates and actual results. Further information on our critical accounting estimates can be found in the notes to the audited consolidated financial statements for the year ended December 31, 2013 as filed on SEDAR at www.sedar.com. There have been no changes to our critical accounting estimates for the six months ended June 30, 2014.

CHANGES IN ACCOUNTING POLICIES

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

The Company adopted amendments to IAS 32, primarily related to the accounting and presentation of Offsetting Financial Assets and Liabilities. The adoption of these amendments had no significant change to our existing accounting policies and had no impact on the amounts recorded in the financial statements.

BUSINESS RISKS AND UNCERTAINTIES

The Company's business risks and uncertainties remain unchanged from those discussed in our annual MD&A for the year ended December 31, 2013 as filed on SEDAR at www.sedar.com.

NON-IFRS FINANCIAL MEASURES

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

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

EBITDA margin; EBITDA margin is calculated as EBITDA divided by gross revenue.

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

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

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

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