CERVUS EQUIPMENT CORPORATION

MANAGEMENT'S DISCUSSION + ANALYSIS

AMENDED + RESTATED

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

On October 3, 2014, Cervus Equipment Corporation ("Cervus" or the "Company") re-filed its Management's Discussion and Analysis ("MD&A") for the three month period ended March 31, 2014, to correct its conclusion regarding the effectiveness of internal controls over financial reporting and disclosure controls as contained in, and limited to, "Internal Controls over Financial Reporting" and "Disclosure Controls" herein. This MD&A should be read in conjunction with the accompanying interim unaudited condensed consolidated financial statements for the period ended March 31, 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 commercial, industrial, and transportation equipment segment consists of 20 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; and 4 Peterbilt truck dealerships and 1 collision repair center operating in Saskatchewan. Cervus owns directly or indirectly, 100% of Cervus LP, 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 Australia Pty Ltd., and its 100% owned subsidiary Windmill AG Pty Ltd. ("Windmill"), Cervus Collision Center LP and 101169185 Saskatchewan Ltd., together with 100% of the outstanding and issued shares of their respective general partners, Cervus GP Ltd., 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 of 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 $0.2025 per share was made to the shareholders of record as of March 31 on April 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 Company has identified a material weakness over financial reporting as follows: During the course of its financial close process and related audit, management identified a material weakness in internal controls related to interdepartmental revenue and cost elimination. The impact on correction is an equal reduction in both revenue and costs with nil impact to total comprehensive income, the statement of financial position, statement of changes in equity, or statement of cash flows. As of June 30, 2014 the weakness has been remediated. Management has updated the disclosure procedures whereby inter-department revenues and costs are captured and eliminated on a quarterly basis.

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 and includes controls and procedures designed to ensure that information required to be disclosed in documents filed or submitted under securities legislation is accumulated and communicated to the Company's management, including the CEO and CFO, as appropriate to allow timely decisions regarding required disclosure. The CEO and the CFO, 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.

As there is a substantial overlap between the definitions of internal control over financial reporting and disclosure controls and procedures, the CEO and CFO concluded that, as of March 31, 2014, the material weakness in Cervus' internal controls over financial reporting, as more further described above, also represented a weakness that is significant to Cervus' disclosure controls and procedures. As of June 30, 2014 the weakness has been remediated. Management has updated the disclosure procedures whereby inter-department revenues and costs are captured and eliminated on a quarterly basis.

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 in the process of identifying the differences between the two frameworks and executing a transition plan. The Company expects to certify compliance with the 2013 COSO framework in 2014.

HIGHLIGHTS OF THE QUARTER

- On March 25th, 2014, the Company completed the acquisition of the remaining 46.7% interest for total consideration of $4,370 thousand bringing the Company's ownership to 100%.
- Gross revenue increased by $25.2 million or by 17.8% to $167 million for the three months ended March 31 when compared to 2013. Same store sales increased 6.7% or $9.5 million.
- Consistent performance in our agriculture segment combined with significant same store revenue growth of $9.6 million in our construction, industrial and transportation segment ("CIT"), primarily attributable to our transportation and construction operations.
- Overall gross profit margin increased to 19.8% compared to 19.5%, and gross margin dollars increased $5.4 million to $33.1 million compared to $27.7 million, for the three months ended March 31, 2014, compared to the period ended March 31, 2013, respectively.
- Income from operating activities increased $387 thousand or 41.3% on increased same store revenues, driven primarily by $9.6 million of increased revenues in our CIT segment.
- Profit before income tax for the three months ended March 31, 2014 decreased by $0.8 million compared to Q1 2013, primarily due to increases in operating income offset by a reduction in earnings from equity investments.
- Dividends of $0.2025 per share were declared to shareholders of record as at March 31, 2014.

OVERALL PERFORMANCE

During the three month period ended March 31, 2014, revenue grew by $25.2 million or 17.8% ($15.6 million from our agricultural equipment segment and $9.6 million from our commercial, industrial, and transportation equipment (CIT) segment.) Same store revenue increased $9.5 million or 6.7%, all from the CIT segment.

For the three month period ended March 31, 2014, overall gross margin increased to 19.8% from 19.5% for the same period in 2013.

The increase in our sales and gross margin percentage resulted in an overall increase in our gross margin dollars of $5.4 million for the three month period ended March 31, 2014 when compared to the same period in 2013. The increase in gross margin dollars during the period came from the agriculture and CIT segment which had increases in gross margin of $3.17 million and $2.28 million, respectively.

Selling, general and administrative ("SG&A") expenditures were 19.8% of total revenue in the first quarter of 2014 which is consistent when compared to 19.4% for the same period in 2013. SG&A expenditure dollars increased during the period by $5.6 million compared to the same period in 2013. Increased expenditures include $2.8 million in increased SG&A costs in 2014 related to consolidating the operating results of Windmill Ag and same store measures totaling $2.8 million resulting from both an increase in personnel costs from an overall increase in the number of customer facing employees by 10% and accelerated amortization on brand name intangible assets of $0.5 million (negative impact on basic earnings per share of $0.03).

Income from operating activities increased during the three month period March 31, 2014, by $387 thousand and improved by 0.1% of total revenues compared to the same period of 2013. Included in other income was a $0.7 million gain on sale of the land and building which was partially offset with an impairment of receivables in our Australian operations of $0.5 million, these transactions together had a positive impact on basic earnings per share of $0.01.

Profit before income tax for the three months ended March 31, 2014 decreased by $0.8 million compared to Q1 2013. A net decrease in earnings from equity investments of $1.1 million or a $0.07 reduction in basic earnings per share was the primary contributor.

SELECTED QUARTERLY INFORMATION

(in $ thousands, except per share amounts)	**March 31, 2014**	**Recast[1] March 31, 2013**	% change
Revenues	**166,889**	141,686	17.8%
Gross profit	**33,121**	27,674	19.7%
Gross margin	**19.8%**	19.5%	1.5%
Net profit (loss)	**(757)**	(122)	520.5%
Net profit (loss) attributable to shareholders	**(833)**	(122)	582.8%
Per share - Basic	**(0.06)**	(0.01)	500.0%
Per share - Diluted	**(0.05)**	(0.01)	400.0%
Cash used in operating activities	**(447)**	(7,871)	-94.3%
Per share – Basic	**(0.03)**	(0.53)	-94.3%
EBITDA[2]	**4,053**	4,441	-8.7%
EBITDA margin [2]	**2.4%**	3.1%	-22.6%
Per share – basic	**0.27**	0.30	-10.0%
Dividends declared to shareholders	**3,075**	2,877	6.9%
Per share	**0.2025**	0.1925	5.2%
Weighted average shares outstanding			
Basic	**15,035**	14,918	0.8%
Diluted	**15,729**	15,535	1.2%
Actual shares outstanding	**15,119**	14,943	1.2%
Closing market price per share	**22.33**	20.50	8.9%
Total assets	**464,088**	411,643	12.7%
Long-term liabilities	**81,791**	72,808	12.3%
Total liabilities	**248,843**	213,319	16.7%
Shareholders' equity	**215,245**	198,326	8.5%
Net book value per share - diluted	**13.68**	12.77	7.1%

1 Financial information for the three month comparative period ended March 31, 2013 have been recast as noted herein and in note 5 to the March 31, 2014 Interim Condensed Financial Statements.

2 Refer to "Non-IFRS Measures" herein

UPDATE ON CRA PROPOSAL LETTER

As previously disclosed, the Corporation had 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, we believe that the CRA will 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 $7.1 million would be required in order to appeal these years.

RECASTING OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENT

In the process of preparing equipment for sale, Cervus incurs costs for parts and technician time related to configuration of new equipment and refurbishment of used equipment. The costs vary by division and equipment model, and are incidental to the market value of individual pieces of machinery.

Upon analysis during the third quarter of 2013, it was determined that the labour and parts related to preparing equipment for sale had been added to the carrying value of equipment inventory at their market value, not at the cost to Cervus. When the equipment inventory is sold to the end customer, the difference reverses and there is no remaining net impact to the financial statements. The resulting gross margin on these internal sales remaining in inventory was removed effective September 30, 2013, consistent with prospective treatment.

For the quarter ended March 31, 2014 all inter-department revenue and related cost of goods sold have been excluded, including adjustment to the comparative period. As all intercompany profit arising on these transactions had been eliminated under the September 30, 2013 recasting, there is no impact to total comprehensive income, the statement of financial position, statement of changes in equity, or statement of cash flows for March 31, 2013. The immaterial adjustment recorded in the March 31, 2013 comparative figures, as at March 31, 2014, is limited to an equal reduction in revenues and cost of goods sold related to intercompany revenue.

The impact of the previous treatment described above is not material to any individual period, and therefore the Company has recast prior periods. Recasting adjusts prior period amounts for consistency with the prospective treatment, where parts and service revenue related to preparing equipment for sale is not recognized until third party sale. The following adjustments have been made in the corresponding periods compared to presentation under the previous treatment:

Continuity of Recast	Previously Reported	September 30, 2013 Adjustment	March 31, 2014 Adjustment	March 31, 2013 As Recast
Consolidated statement of changes in equity				
Retained Earnings – As at December 31, 2012	$115,792	$(2,141)	$-	$113,651
Consolidated statement of comprehensive income				
For the three month period ending March 31, 2013:				
Revenue - parts	$25,462	$(478)	(2,590)	22,394
Revenue - service	15,651	(1,164)	(3,014)	11,473
Revenue - equipment sales	104,492	-	-	104,492
Costs of sales	120,410	(794)	(5,604)	114,012
Income taxes	182	(226)	-	(44)
Net earnings impact		**$(622)**	**$-**	**$(622)**

RESULTS OF OPERATIONS

Revenues

Revenues by segment: (in $ thousands)	**March 31, 2014**	*Recast* March 31, 2013	% change
Agricultural equipment			
Equipment			
New	**58,602**	51,254	14.3%
Used	**24,870**	21,456	15.9%
Total equipment	**83,472**	72,710	14.8%
Parts	**11,501**	8,726	31.8%
Service	**7,553**	5,093	48.3%
Rental and other	**696**	1,066	-34.7%
Total for segment	**103,222**	87,595	17.8%
Commercial, industrial, and transportation equipment			
Equipment			
New	**33,867**	28,565	18.6%
Used	**3,452**	3,217	7.3%
Total equipment	**37,319**	31,782	17.4%
Parts	**16,620**	13,668	21.6%
Service	**7,436**	6,380	16.6%
Rental and other	**2,292**	2,261	1.4%
Total for segment	**63,667**	54,091	17.7%
Total	**166,889**	141,686	17.8%

Agricultural equipment

Throughout this MD&A, same store results in the agricultural equipment segment exclude the results of five Australian John Deere dealerships ('Windmill') acquired in May of 2013.

Revenue for our agricultural equipment segment increased by $15.6 million or 17.8% compared to the three months ended March 31, 2013, driven by $15.7 million of revenue from our Windmill operations during the quarter ended March 31, 2014. Revenue held consistent on a same store basis for the three month period ended March 31, 2014, decreasing $0.1 million when compared to the same period of 2013. The movement in revenue is a result of several market factors including rail capacity constraints weighing on producers cash flow, offset by favorable cattle prices in Alberta and early order purchasing on interim tier 4 equipment. Overall the primary drivers of change in same store sales was a decrease new equipment sales of $1.9 million offset by an increase in used equipment sales of $1.0 million and an increase in parts and service revenue by $1.2 million for the three months ended March 31, 2014 compared to the same period in 2013.

Commercial, industrial, and transportation equipment

For the CIT segment, same store results are the same as the total for the segment during the three months ended March 31, 2014. Transportation was purchased in March 2012 and is included in the comparative figures for the three months ended March 31, 2013.

Revenue from our CIT segment increased by $9.6 million or 17.7% for the three month period ended March 31, 2014, when compared to the same period of 2013. Revenue from our Transportation operations increased 30.6% for the three months ended March 31, 2014 compared to the same period in 2013, contributing $6.6 million of the total CIT revenue increase in the first quarter of 2013. Construction and industrial revenue net increases contributed a further $3 million.

The strong performance of our transportation operation was driven primarily by a $4.3 million or 24% increase in new wholegoods sales, combined with a $2.1 million or 29.3% increase in parts sales in the first quarter of 2014 compared to the same period in 2013. The increase in parts sales primarily resulting from an increased focus on expanding parts sales outside of the physical dealership.

Our construction operations contributed an increase of $3.7 million or 22.5% of additional revenue in the first quarter of 2014 compared to the same period of 2013, while our material handling operations remained relatively consistent with a decrease in revenues of $0.7 million or 4.8%. The primary driver of increased revenue within the construction operations in the first quarter of 2014 related to a $1.9 million or 17% increase in new equipment sales compared to the first quarter of 2013.

GROSS PROFIT

	March 31, 2014	*Recast* March 31, 2013	% Change
Agricultural equipment - gross profit $	**$17,046**	$13,879	22.8%
Commercial, industrial and transportation equipment - gross profit $	**16,075**	13,795	16.5%
Total gross profit dollars	**$33,121**	$27,674	19.7%
Agricultural equipment - gross profit %	**16.5%**	15.8%	4.4%
Commercial, industrial and transportation equipment - gross profit %	**25.2%**	25.5%	-1.2%
Total gross profit percent	**19.8%**	19.5%	1.5%

Agricultural equipment

Gross profit dollars increased by $3.2 million or 22.8% (same store increased $0.2 million or 1.6%) during the three month period ended March 31, 2014 when compared to the same period of 2013.

For the three months ended March 31, 2014, gross margin percentage improved by 0.7% to 16.5% compared to 15.8% in 2013. Same store gross margin for the three months ended March 31, 2014 increased 0.3% to 16.1% compared to 15.8% in 2013. The change in same store gross margin for the three months ended March 31, 2014 when compared to 2013 was driven primarily by an increase in parts and service gross margin percentage, consistent wholegoods margin percentage, and a consistent same store sales mix.

Commercial, industrial, and transportation equipment

Gross profit dollars have increased by $2.3 million or 16.5% for the three month period ending March 31, 2014, due to increased sales volume of $9.6 million in the quarter. Gross margin percentage has held consistent, declining slightly by 0.3% to 25.2% compared to 25.5% in the 2013 comparative period. An increase in parts and service revenues of $4 million contributed $1.6 million of the gross margin increase in the first quarter of 2014 compared to Q1 2013, largely attributable to the focused expansion of our parts customer base by our transportation group.

Other income

Total other income increased $0.6 million to $1.3 million in the three months ended March 31, 2014 compared to the same period in 2013. This was driven by a $0.7 million gain on sale of the land and building of the previous Calgary, AB John Deere dealership premises, upon relocation to the new Balzac, AB store. The gain recorded on sale of these premises was partially offset with an impairment of receivables in our Australian operations of $0.5 million, related to the fair value of real estate acquired in acquisition of 100% of the company during the quarter.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses by segment: (in $ thousands)	**March 31, 2014**	*Recast* March 31, 2013	% change
Agricultural equipment			
Selling, general and administrative	**16,967**	13,187	28.7%
Depreciation and amortization	**979**	962	1.8%
Total for segment	**17,946**	14,149	26.8%
Commercial, industrial, and transportation equipment			
Selling, general and administrative	**13,480**	12,218	10.3%
Depreciation and amortization	**1,662**	1,091	52.3%
Total for segment	**15,142**	13,309	13.8%
Total	**33,088**	27,458	20.5%
% of revenue			
Agricultural equipment	**17.4%**	16.2%	7.4%
Commercial and industrial equipment	**23.8%**	24.6%	-3.3%
Total	**19.8%**	19.4%	2.1%

Agricultural equipment

The agricultural equipment segment reported an increase in selling, general and administrative expenses of $3.8 million or 26.8% for the three month period ended March 31, 2014 primarily due to the inclusion of Windmill SG&A of $2.8 million in the current quarter. Total selling, general, and administrative expenses as a percentage of revenue have increased to 17.4% for the three months ended March 31, 2014, from 16.2% for the same period in 2013.

On a same store basis for the three months ended March 31, 2014 selling, general, and administrative expenses increased $1 million or 6.9% to $15.1 million compared to $14.1 million in the prior period. Total selling, general, and administrative expenses as a percentage of revenue have increased slightly to 17.2% for the three months ended March 31, 2014, from 16.2% for the same period in 2013. The increase in SG&A expense dollars with a slight increase as a percentage of revenue during the period is primarily attributed to additional personnel costs related to a 10% increase in customer facing employees within the agricultural segment.

Commercial, industrial, and transportation equipment

The CIT segment's selling, general and administrative expenses increased $1.8 million or 13.8% for the three month period ended March 31, 2014, when compared to the same period of 2013. The increase was driven by additional personnel costs of $1.1 million from a 10% increase in the number customer facing employees within the CIT segment, combined with accelerated amortization on brand name intangible assets of $0.5 million. The total selling, general, and administrative expenses as a percentage of revenue have decreased to 23.8% for the three months ended March 31, 2014, from 24.6% for 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 $54 thousand for the three month period ended March 31, 2014, compared to $0.2 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: (in $ thousands)	**March 31, 2014**	*Recast* March 31, 2013	% change
Agricultural equipment			
Interest expense	**1,032**	948	8.9%
Interest in cost of sales	**5**	58	-91.4%
Total for segment	**1,037**	1,006	3.1%
Commercial, industrial, and transportation equipment			
Interest expense	**620**	772	-19.7%
Interest in cost of sales	**73**	10	630.0%
Total for segment	**693**	782	-11.4%
Total	**1,730**	1,788	-3.2%
% of revenue	**1.0%**	**1.3%**	-23.1%

Overall interest expense for the three month period ended March 31, 2014, has remained relatively consistent with a slight decrease of $58 thousand when compared to the same period in 2013.

The Company received rebates which were applied against interest expense that would otherwise be payable. Total interest otherwise payable on John Deere floor plans in the first quarter of 2014 was approximately $0.3 million. This amount was offset by rebates received during Q1 2014 of $0.2 million. At March 31, 2014, 45% of the CIT segment's outstanding floor plan balance was interest bearing due to various incentives and interest free periods in place.

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.

Net profit by segment: (in $ thousands except net earnings per share)	**March 31, 2014**	*Recast* March 31, 2013	% change
Agricultural equipment segment	**(1,104)**	(316)	249.4%
Adjust for loss (income) from non-controlling interest	**(76)**	-	
Net profit (loss) attributable to shareholders from agricultural equipment segment	**(1,180)**	(316)	273.4%
Commercial, industrial, and transportation equipment	**347**	194	78.9%
Net profit (loss) attributable to shareholders	**(833)**	(122)	582.8%
Profit (loss) as a % of total segment revenues			
Agricultural equipment	**-1.1%**	-0.4%	175.0%
Commercial, industrial, and transportation equipment	**0.5%**	0.4%	25.0%
Total	**-0.5%**	-0.1%	400.0%
Net earnings (loss) per share by segment:			
Shares outstanding – basic	**15,035**	14,918	0.8%
Agricultural equipment	**(0.08)**	(0.02)	300.0%
Commercial, industrial, and transportation equipment	**0.02**	0.01	100.0%
Total	**(0.06)**	**(0.01)**	500.0%

Agricultural equipment

Total net profit attributed to shareholders generated by the agricultural equipment segment has decreased by $0.9 million for the three month period ended March 31, 2014, when compared to the same period in 2013. An increase in revenue of $15.6 million resulted in a $3.2 million gross margin dollar increase and an increase in gross margin percentage of 0.7% from 15.8% in 2013 to 16.5% in 2014. Partly offsetting the increase in gross margin dollars was an in increase in selling, general and administrative expenses of $3.8 million during the three month period ended March 31, 2014, primarily due to the inclusion of Windmill in the current quarter.

In addition, there was a $0.7 million gain on sale of the land and building which was partially offset with an impairment of receivables in our Australian operations of $0.5 million, together these transactions had a positive impact on basic earnings per share of $0.01. A significant driver change in net income over the prior period was an overall decrease in income from equity investments which attributed a decrease of $1.1 million in the current period, amounting to a $0.07 reduction in basic earnings per share.

Commercial, industrial, and transportation equipment

Total net profit generated by the CIT equipment segment has increased by $0.2 million for the three month period ended March 31, 2014, when compared to the same period in 2013. An increase in revenues in our transportation operations of $6.6 million and construction operations of $3 million resulted in an overall increase of $9.6 million or 17.7% in revenue for the three month period ended March 31, 2014. The impact of an increase in revenues, resulted in gross profit dollars increasing by $2.3 million or 16.5% and gross margin percentage holding consistent. The increase in gross margin dollars was partly offset by an increase in selling, general and administrative expenses of $1.8 million or 13.8% largely due to an increase in amortization expense from accelerated amortization on brand name intangible assets of $0.5 million and additional personnel costs.

COMPREHENSIVE INCOME ATTRIBUTABLE TO SHAREHOLDERS

The Company has two foreign subsidiaries, Ag New Zealand, and Windmill, 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 the first quarter of 2014, the New Zealand dollar and Australia dollar exchange rate improved by approximately 10% and 8% respectively when compared to December 31, 2013. As a result, recoveries of $1.8 million are recorded as other comprehensive income for the three month period ended March 31, 2014, compared to $36 thousand for the same period in 2013. 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 by segment:

(in $ thousands, except %)	**March 31, 2014**	*Recast* March 31, 2013	% change
Agricultural equipment			
Net profit (loss)	**(1,180)**	(316)	273.4%
Add:			
Interest	**1,037**	1,006	3.1%
Income taxes	**(428)**	(115)	272.2%
Depreciation and amortization	**1,205**	1,220	-1.2%
EBITDA for segment	**634**	1,795	-64.7%
% of segment revenue	**0.6%**	2.0%	
Commercial, industrial, and transportation equipment			
Net profit	**347**	194	78.9%
Add:			
Interest	**693**	782	-11.4%
Income taxes	**198**	71	178.9%
Depreciation and amortization	**2,181**	1,599	36.4%
EBITDA for segment	**3,419**	2,646	29.2%
% of segment revenue	**5.4%**	4.9%	
Total EBITDA	**4,053**	4,441	-8.7%
% of revenue	**2.4%**	3.1%	

EBITDA is used by management to monitor its results and compare profitability between itself and other entities in its industries. It is also primarily used to evaluate potential business acquisitions. For the three month period ended March 31, 2014, EBITDA decreased $388 thousand when compared to the same period in 2013. The EBITDA decrease for the three months ended March 31, 2014 is a factor of lower net profit in our agricultural segment.

SUMMARY OF QUARTERLY RESULTS

(in $ thousands, except per share amounts)	March 31, 2014	December 31, 2013	September 30, 2013	June 30, 2013
Revenues	**166,889**	226,693	250,595	244,245
Profit (loss) attributable to shareholders	**(833)**	6,250	8,646	8,318
Gross margin percentage	**19.8%**	19.1%	18.9%	18.4%
Basic earnings (loss) per share	**(0.06)**	0.42	0.58	0.56
Diluted earnings (loss) per share	**(0.05)**	0.40	0.55	0.53
Weighted average shares outstanding				
- Basic	**15,034**	15,005	14,989	14,956
- Fully diluted	**15,728**	15,689	15,650	15,576

(in $ thousands, except per share amounts)	March 31, 2013	December 31, 2012	September 30, 2012	June 30, 2012
Revenues	141,686	184,533	225,550	188,029
Profit (loss) attributable to the shareholder	(122)	6,908	8,606	7,098
Gross margin percentage	19.5%	20.2%	18.6%	19.8%
Basic earnings (loss) per share	(0.01)	0.46	0.58	0.48
Diluted earnings (loss) per share	(0.01)	0.45	0.56	0.46
Weighted average shares outstanding				
- Basic	14,918	14,895	14,825	14,719
- Fully diluted	15,535	15,513	15,416	15,278

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 commercial and industrial and transportation 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)	**March 31, 2014**	December 31, 2013
Current assets	**279,556**	242,454
Total assets	**464,088**	426,230
Current liabilities	**167,052**	129,270
Long-term liabilities	**81,791**	78,540
Shareholders' equity	**215,245**	218,420
Working capital (see "Non-IFRS Measures")	**112,504**	113,184
Working capital ratio (see "Non-IFRS Measures")	**1.67**	1.88

Working capital

Our working capital held constant decreasing by $0.7 million to $112.5 million at March 31, 2014 when compared to $113.2 million at December 31, 2013. As at the date of this report, the Company is in compliance with all of its covenants.

Based on inventory levels at March 31, 2014, the Company had the ability to floor plan an additional $36.7 million of existing inventory, and had $123.4 million of undrawn floor plan capacity.

The Company's ability to generate sufficient cash and cash equivalents is determined by continued strong gross revenue performance, maintaining existing gross margins and controlling its costs. 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. Also, the seasonality of our business requires greater use of cash resources in the first and fourth quarter of each year as explained above to fund general operations caused by the cyclical nature of our sales activity.

As at March 31, 2014, inventories had increased by $44.4 million to $222.9 million when compared to December 31, 2013. Wholegoods inventory increased by a total of $40 million with both new and used increasing $31.3 million and $8.8 million, respectively. Parts inventories have also had a slight increase of $3.6 million. The increase in our new and used inventories during the three months ended March 31, 2014, is primarily attributable to seasonality primarily in our agricultural equipment segment and the buildup of inventory in months leading up to the growing season.

There was $36.8 million dollar increase when comparing inventory levels as at March 31, 2014 to amounts as at March 31, 2013, over half of which is due to the inclusion of Windmill of $19.7 million. The remaining increase of $17.1 million, or 9%, is as a result of increases in new and used equipment of $8.4 million and $5.6 million, respectively, and parts increase of $3.1 million.

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 is why we have a higher amount of used agriculture equipment than used commercial, industrial and transportation 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 March 31, 2014, the Company believes that the recoverable amounts on its used equipment inventories exceed their respective carrying values and no impairment reserve has been recorded or is required.

The rolling twelve month average time to collect the Company's outstanding accounts receivable was approximately 16 days as at March 31, 2014 (16 days for the year ended December 31, 2013) and no single outstanding customer balance, excluding sales contract financing receivables, represented more than 10% of total accounts receivable. The Company 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 $106 thousand to $0.8 million at March 31, 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 three month period ended March 31, 2014 amounted to a $230 thousand recovery and $336 thousand write-off.

Cash and cash equivalents

The Company is not in an overdraft position as at March 31, 2014. The Company's primary sources and uses of cash flow for the three month period ended March 31, 2014 when compared to March 31, 2013 is as follows:

OPERATING ACTIVITIES

Net cash used in operating activities for the three months ended was $0.4 million compared to $7.9 million for the same period of 2013, representing an increase in cash provided from operating activities of $7.4 million. The primary reason for this increase is the use of $2.9 million in cash resources for net repayments of working capital items during the first quarter of 2014 compared to $9.4 million used in the same period of 2013. Increase of cash from working capital items of $6.5 million when compared to prior period is from a net use of cash from inventories and floor plan payables of $12.4 million, offset by sources of cash from accounts payable and customer deposits of $12.8 million, and $5.6 million source of cash from accounts receivable.

INVESTING ACTIVITIES

For the three months ended March 31, 2014, the Company generated $3.4 million of net cash from investing activities compared to a use of cash of $4.7 million for the same period in 2013 for a net change of $8.1 million. Primary drivers of the change when compared to the same period in 2013 was as a result of fewer capital additions of $2.9 million largely due to construction of Balzac facilities in Q1 2013, $3.8 million of proceeds on assets held for sale which were received on the sale of old Calgary area dealership location and $1.6 million of cash receipts from equity held investments for Deer Star Systems and Maple Farm Equipment.

FINANCING ACTIVITIES

For the three months ended March 31, 2014, the Company's financing activities used $2.3 million of cash, compared to cash of $4.4 million generated in the corresponding period in 2013 for a net change of $6.7 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 $4.7 million largely due to construction of Balzac facilities in Q1 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 Q1 2014 for share issuance which did not occur in Q1 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 March 31, 2014 is as follows:

(in $ thousands)	Total Amount	Borrowings	Letters of Credit	Consigned Inventory	Amount Available
Operating and other bank credit facilities	50,655	1,905	2,556	-	46,194
Floor plan facilities	302,049	95,658	-	83,039	123,352
Capital facilities and rental equipment term loan financing	79,242	49,018	-	-	30,224
Total	**431,946**	**146,581**	**2,556**	**83,039**	**199,770**

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 March 31, 2014, floor plan payables related to inventories were $95.7 million. Floor plan payables at March 31, 2014, represented approximately 42.9% of our inventories (December 31, 2013 – 37.6%). Floor plan payables fluctuate significantly from quarter to quarter due to fluctuation 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 to the Company by its key suppliers.

Capital facilities

Capital facilities consist of capital asset financing for non-rental fleet assets with Toronto-Dominion Bank, Farm Credit Canada, and Affinity Credit Union.

Outstanding share data

As of the date of this MD&A, there are 15,199 thousand common shares, 57 thousand share options, and 688 thousand deferred shares outstanding. As at March 31, 2014 and 2013, the Company had the following weighted average shares outstanding:

(in thousands)	**March 31, 2014**	March 31, 2013
Basic weighted average number of shares outstanding	**15,035**	14,918
Dilutive impact of deferred share plan	**682**	606
Dilutive impact of share options	**12**	11
Diluted weighted average number of shares outstanding	**15,729**	15,535

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 three month period ended March 31, 2014:

($ thousands, except per share amounts):

Record Date	**Dividend per Share**	**Dividend Payable**	**Dividends Reinvested**	**Net Dividend Paid**
March 31, 2014	0.2025	3,075	250	2,825

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 three month period ended March 31, 2014, 12 thousand common shares were issued through the Company's dividend reinvestment program from the March 31, 2014 dividend paid in April 2014.

Taxation

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

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

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

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 March 31, 2014, payments in arrears by such customers aggregated $386 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 March 31, 2014, the net residual value of such leases aggregated $129.7 million of which the Company believes all are recoverable.

The Company is liable for a potential deficiency in the event that the customer defaults on their lease obligation or retail finance contract. 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 March 31, 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. In addition, no directors or executive officers are part of the share option plan.

The remuneration of key management personnel and directors during the three month periods ended March 31, 2014 and 2013 was:

	Three month period ended March 31			
(in $ thousands)		**2014**		2013
Short-term benefits	**$**	**1,123**	$	659
Share-based payments		**232**		81
Total	**$**	**1,355**	$	740

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 three months ended March 31, 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.