Unaudited Condensed Interim Consolidated Financial Statements of Cervus Equipment Corporation

For the three month periods ended March 31, 2015 and 2014

CERVUS EQUIPMENT CORPORATION

Unaudited Condensed Interim Consolidated Statements of Financial Position

As at March 31, 2015 and December 31, 2014

($ thousands)	Note	March 31, 2015	December 31, 2014
Assets			
Current assets			
Cash and cash equivalents		**$ 11,783**	$ 18,787
Trade and other accounts receivable		**59,272**	58,462
Inventories	6	**364,844**	324,625
Current portion finance lease receivables		**1,410**	1,600
Derivative financial asset	7	**25,065**	6,559
Assets held for sale		**181**	181
Total current assets		**462,555**	**410,214**
Non-current assets			
Long-term receivables		**1,612**	1,702
Long-term finance lease receivables		**1,223**	1,433
Investments in associates, at equity		**5,581**	5,268
Deposits with manufacturers		**3,291**	3,479
Property and equipment		**152,367**	148,948
Deferred tax asset		**24,594**	24,518
Intangible assets		**52,814**	54,009
Goodwill	8	**19,988**	19,732
Total non-current assets		**261,470**	**259,089**
Total assets		**$ 724,025**	**$ 669,303**

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

CERVUS EQUIPMENT CORPORATION

Unaudited Condensed Interim Consolidated Statements of Financial Position (continued)

As at March 31, 2015 and December 31, 2014

($ thousands)	Note	March 31, 2015	December 31, 2014
Liabilities			
Current liabilities			
Trade and other accrued liabilities		**$ 75,029**	$ 81,237
Customer deposits		**5,789**	8,594
Floor plan payables	9	**208,467**	175,035
Dividends payable		**3,287**	3,233
Current portion of term debt	9	**9,554**	9,974
Derivative financial liability	7	**24,542**	6,590
Current portion of finance lease obligation		**5,925**	6,175
Total current liabilities		**332,593**	**290,838**
Non-current liabilities			
Term debt	9	**116,005**	96,843
Finance lease obligation		**16,817**	18,334
Notes payable		**247**	533
Debenture payable		**32,277**	32,065
Deferred income tax liability		**1,208**	1,199
Total non-current liabilities		**166,554**	**148,974**
Total liabilities		**499,147**	**439,812**
Equity			
Shareholders' capital	10	**85,377**	83,814
Deferred share plan		**7,346**	7,559
Other reserves		**5,870**	6,433
Accumulated other comprehensive income		**1,054**	192
Retained earnings		**123,853**	130,036
Total equity attributable to equity holders of the Company		**223,500**	228,034
Non-controlling interest		**1,378**	1,457
Total equity		**224,878**	**229,491**
Total liabilities and equity		**$ 724,025**	$ **669,303**

Approved by the Board: "Peter Lacey" Director "Angela Lekatsas" Director

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

CERVUS EQUIPMENT CORPORATION

Unaudited Condensed Interim Consolidated Statements of Comprehensive Income

For the three month periods ended March 31, 2015 and 2014

		Three month periods ended March 31	
($ thousands)	**Note**	**2015**	**2014**
Revenue			
Equipment sales		$ **167,210**	$ 120,791
Parts		**47,043**	28,121
Service		**19,067**	14,989
Rentals		**5,102**	2,988
Total revenue		**238,422**	166,889
Cost of sales		**(194,110)**	(133,768)
Gross profit		**44,312**	33,121
Other income	11	**(1,173)**	1,292
Selling, general and administrative expense		**(44,271)**	(33,088)
Income (loss) from operating activities		**(1,132)**	1,325
Finance income		**57**	54
Finance costs		**(2,643)**	(1,652)
Net finance costs	12	**(2,586)**	(1,598)
Share of profit (loss) of equity accounted investees, net of income tax		**321**	(714)
Loss before income tax expense		**(3,397)**	(987)
Income tax recovery		**422**	230
Loss for the period		**(2,975)**	(757)
Other comprehensive income			
Foreign currency translation differences for foreign operations (net of tax)		**862**	1,770
Total comprehensive income (loss) for the period		$ **(2,113)**	$ 1,013
Loss attributable to:			
Shareholders of the Company		**(2,896)**	(833)
Non-controlling interest		**(79)**	76
Loss for the period		$ **(2,975)**	$ (757)
Total comprehensive income (loss) attributable to:			
Shareholders of the Company		**(2,034)**	937
Non-controlling interest		**(79)**	76
Total comprehensive income (loss) for the period		$ **(2,113)**	$ 1,013
Net loss per share attributable to shareholders of the Company:			
Basic	13	$ (0.19)	$ (0.06)
Diluted	13	$ (0.18)	$ (0.05)

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

CERVUS EQUIPMENT CORPORATION

Unaudited Condensed Interim Consolidated Statements of Changes in Equity

For the three month periods ended March 31, 2015 and 2014

Attributable to equity holders of the Company

($ thousands)	Note	Share capital	Deferred share plan	Other reserves	Cumulative translation account	Retained earnings	Total	Non-controlling interest	Total equity
Balance January 1, 2014		**$ 78,126**	**$ 6,426**	**$ 5,176**	**$ 139**	**$ 124,982**	**$ 214,849**	**$ 3,571**	**$ 218,420**
Comprehensive loss for the period									
Profit (loss)		-	-	-	-	(833)	(833)	76	(757)
Other comprehensive income									
Foreign currency translation adjustments		-	-	-	1,770	-	1,770	-	1,770
Total comprehensive income (loss) for the period		-	-	-	1,770	(833)	937	76	1,013
Transactions with owners, recorded directly in equity									
Dividends to equity holders		-	-	-	-	(3,075)	(3,075)	-	(3,075)
Distributions to non-controlling interests		-	-	-	-	-	-	(44)	(44)
Issuance of common shares		1,530	-	-	-	-	1,530	-	1,530
Shares issued through DRIP		252	-	-	-	-	252	-	252
Shares issued through deferred share plan		175	(175)	-	-	-	-	-	-
Shares issued through option plan		69	-	(17)	-	-	52	-	52
Share-based payment transactions		-	376	35	-	-	411	-	411
Acquisition of non-controlling interests without a change in control		-	-	-	-	(726)	(726)	(3,603)	(4,329)
Shares issued in reserve		-	-	1,015	-	-	1,015	-	1,015
Transactions with owners		2,026	201	1,033	-	(3,801)	(541)	(3,647)	(4,188)
Non-controlling interest identified on acquisition		-	-	-	-	-	-	-	-
Balance March 31, 2014		**$ 80,152**	**$ 6,627**	**$ 6,209**	**$ 1,909**	**$ 120,348**	**$ 215,245**	**$ -**	**$ 215,245**
Balance December 31, 2014		**$ 83,814**	**$ 7,559**	**$ 6,433**	**$ 192**	**$ 130,036**	**$ 228,034**	**$ 1,457**	**$ 229,491**
Comprehensive loss for the period									
Profit (loss)		-	-	-	-	(2,896)	(2,896)	(79)	(2,975)
Other comprehensive income									
Foreign currency translation adjustments		-	-	-	862	-	862	-	862
Total comprehensive income (loss) for the period		-	-	-	862	(2,896)	(2,034)	(79)	(2,113)
Transactions with owners, recorded directly in equity									
Dividends to equity holders		-	-	-	-	(3,287)	(3,287)	-	(3,287)
Shares issued through reserve	10	508	-	(508)	-	-	-	-	-
Shares issued through DRIP	10	288	-	-	-	-	288	-	288
Shares issued through deferred share plan	10	406	(406)	-	-	-	-	-	-
Shares issued through option plan	10	361	-	(129)	-	-	232	-	232
Share-based payment transactions		-	193	74	-	-	267	-	267
Transactions with owners		1,563	(213)	(563)	-	(3,287)	(2,500)	-	(2,500)
Balance March 31, 2015		**$ 85,377**	**$ 7,346**	**$ 5,870**	**$ 1,054**	**$ 123,853**	**$ 223,500**	**$ 1,378**	**$ 224,878**

CERVUS EQUIPMENT CORPORATION

Unaudited Condensed Interim Consolidated Statements of Cash Flows

For the three month periods ended March 31, 2015 and 2014

		Three month periods ended March 31	
($ thousands)	**Note**	**2015**	**2014**
Cash flows from operating activities			
Loss for the period		**$ (2,975)**	$ (757)
Income tax recovery		**(422)**	(183)
Depreciation		**3,334**	2,193
Amortization of intangibles		**1,277**	1,193
Equity-settled share-based payment transactions		**105**	187
Net finance costs	12	**2,778**	1,676
Unrealized foreign exchange loss	11	**1,326**	(11)
Gain on sale of property and equipment	11	**(102)**	(979)
Impairment loss on long term receivables		**-**	472
Share of profit (loss) of equity accounted investees, net of tax		**(321)**	714
Proceeds from investments, at equity, net of purchases		**-**	1,462
Change in non-cash working capital		**(14,982)**	(2,898)
		(9,982)	3,069
Cash taxes paid		**(72)**	-
Interest paid		**(3,147)**	(2,054)
Net cash (used in)/provided from operating activities		**(13,201)**	1,015
Cash flows from investing activities			
Interest received	12	**57**	54
Purchase of property and equipment		**(7,767)**	(2,898)
Working capital adjustment on business combination	8	**(232)**	-
Proceeds from disposal of property and equipment		**359**	1,056
Proceeds from asset held for sale		**-**	3,775
Net cash (used in)/provided from investing activities		**(7,583)**	1,987
Cash flows from financing activities			
Net proceeds from term debt		**18,316**	1,933
Proceeds from issue of share capital		**-**	1,530
Proceeds from exercise of share options	10	**232**	51
Acquisition of non-controlling interests		**-**	(3,354)
Cash dividends paid		**(2,944)**	(2,794)
Payment of finance lease liabilities		**(1,935)**	-
Increase in deposits with John Deere		**200**	292
Net cash (used in)/provided from financing activities		**13,869**	(2,342)
Net increase in cash and cash equivalents		**(6,915)**	660
Effect of foreign currency translation on cash		**(89)**	22
Cash and cash equivalents, beginning of period		**18,787**	14,678
Cash and cash equivalents, end of period		**$ 11,783**	$ 15,360

CERVUS EQUIPMENT CORPORATION

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

For the three month periods ended March 31, 2015 and 2014

1. Reporting Entity

Cervus Equipment Corporation ("Cervus" or the "Company") is an incorporated entity under the Canada Business Corporations Act and is domiciled in Canada. The registered office of the Company is situated at 5201 – 333, 96th Avenue N.E., Calgary, Alberta, Canada, T3K 0S3. The unaudited condensed interim consolidated financial statements of the Company as at and for the period ended March 31, 2015 comprise of the Company and its subsidiaries ("the Group"). The Company is primarily involved in the sale, after-sale service and maintenance of agricultural, transportation, construction, and industrial equipment. The Company also provides equipment rental, primarily in the construction and industrial equipment segment. The Company wholly owns and operates 68 John Deere agricultural equipment, Bobcat and JCB construction equipment and Clark, Sellick, Doosan material handling equipment and Peterbilt truck dealerships in 40 locations in Western Canada, 13 locations in Ontario, 9 locations on the north island of New Zealand and 6 locations in Victoria, Australia. The Company also holds a 21.4% investment in seven John Deere agricultural equipment dealerships operating in Western Canada. The Company's shares are listed on the Toronto Stock Exchange ("TSX") and trade under the symbol "CVL".

2. Basis of Preparation

(a) Statement of Compliance

These unaudited condensed interim consolidated financial statements have been prepared in accordance with IAS 34, "Interim Financial Reporting". The unaudited condensed interim consolidated financial information should be read in conjunction with the annual financial statements prepared for the year ended December 31, 2014.

The Board of Directors authorized the issue of these unaudited condensed interim consolidated financial statements on May 12, 2015.

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

In preparing these unaudited condensed interim consolidated financial statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended December 31, 2014.

3. Significant Accounting Policies

The accounting policies applied are consistent with those of the annual financial statements prepared for the year ended December 31, 2014.

4. New and Amended IFRSs

Certain new or amended standards or interpretations have been issued by the IASB or IFRIC that are required to be adopted in the current or future periods. The new standards, amendments to existing standards effective for annual periods beginning on or after January 1, 2016 and have not been applied in preparing these consolidated financial statements are set out below.

Effective January 1, 2016, the Company will be required to adopt amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible for clarification on acceptable methods of depreciation and amortization. The amendments are to be applied prospectively for the annual period commencing January 1, 2016. The Company does not expected the amendments to have a material impact on the Company's financial statements.

Effective January 1, 2017, the Company will be required to adopt IFRS 15 related to revenue from contracts with customers. Revenue from Contracts with Customers, was issued in May 2014 and replaces IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programs, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC-31 Revenue – Barter Transactions Involving Advertising Services. The new standard requires revenue to be recognized to depict the transfer of promised goods or services to customers in an amount that reflects the consideration expected to be received in exchange for those goods or services. The principles are to be applied in the following five steps: (1) identify the contract(s) with a customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract, and (5) recognize revenue when (or as) the entity satisfies a performance obligation. The extent of the impact of adoption has not yet been determined. The impact on the financial statements has yet to be determined.

The IASB has released updates to IFRS 9, related to the accounting and presentation of financial instruments and applies a principal-based approach to the classification and measurement of financial assets and financial liabilities, including an expected credit loss model for calculating impairment, and includes new requirements for hedge accounting. The mandatory effective date is January 1, 2018; however, early adoption is permitted. The Company does not intend to early adopt IFRS 9 (2009), IFRS 9 (2010), or IFRS 9 (2013) in its financial statements in this annual period beginning on January 1, 2015. The impact on the financial statements has yet to be determined.

5. Seasonality

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

6. Inventories

($ thousands)	**March 31, 2015**	**December 31, 2014**
New equipment	**$ 191,834**	$ 163,815
Used equipment	**119,073**	111,505
Parts and accessories	**50,750**	47,047
Work-in-progress	**3,187**	2,258
	$ 364,844	$ 324,625

7. Financial Instruments

Fair values are approximate amounts at which financial instruments could be exchanged between willing parties based on current markets for instruments with similar characteristics, such as risk, principal and remaining maturities.

Financial instruments recorded at fair value on the balance sheet are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - reflects valuation based on quoted prices observed in active markets for identical assets or liabilities;

Level 2 - reflects valuation techniques based on inputs other than quoted prices included in level 1 that are observable either directly or indirectly;

Level 3 - reflects valuation techniques with significant unobservable market inputs.

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured a fair value if the carrying amount is a reasonable approximation of fair value.

($ thousands)	**Carrying Amount**		**Fair Value**		
March 31, 2015	Category	Carrying value	Level 1	Level 2	Level 3
Financial Assets					
Cash and cash equivalents [a]	Loans and receivable	11,783			
Trade and other accounts receivable [a]	Loans and receivable	59,272			
Derivative financial instruments	Held-for-trading	25,065		25,065	
Long term receivables [a]	Loans and receivable	1,612			
Finance lease receivables	Loans and receivable	2,633		2,638	
Deposits with manufacturers [a]	Loans and receivable	3,291			
Financial Liabilities					
Trade and other accrued liabilities [a]	Other liabilities	75,029			
Customer deposits [a]	Other liabilities	5,789			
Floor plan payables [a]	Other liabilities	208,467			
Dividends payable [a]	Other liabilities	3,287			
Term debt [b]	Other liabilities	125,559			
Derivative financial liability	Other liabilities	24,542		24,542	
Finance lease obligation	Other liabilities	22,742		23,148	
Notes payable [b]	Other liabilities	247			
Debenture payable [c]	Other liabilities	32,277	35,190		

($ thousands)	Carrying Amount		Fair Value		
December 31, 2014	Category	Carrying value	Level 1	Level 2	Level 3
Financial Assets					
Cash and cash equivalents [(a)]	Loans and receivable	18,787			
Trade and other accounts receivable [(a)]	Loans and receivable	58,462			
Derivative financial instruments	Held-for-trading	6,559		6,559	
Long term receivables [(a)]	Loans and receivable	1,702			
Finance lease receivables	Loans and receivable	3,033		3,033	
Deposits with manufacturers [(a)]	Loans and receivable	3,479			
Financial Liabilities					
Trade and other accrued liabilities [(a)]	Other liabilities	81,237			
Customer deposits [(a)]	Other liabilities	8,594			
Floor plan payables [(a)]	Other liabilities	175,035			
Dividends payable [(a)]	Other liabilities	3,233			
Term debt [(b)]	Other liabilities	106,817			
Derivative financial liability	Other liabilities	6,590		6,590	
Finance lease obligation	Other liabilities	24,509		24,881	
Notes payable [(b)]	Other liabilities	533			
Debenture payable [(c)]	Other liabilities	32,065	35,297		

(a) The carrying value approximates fair value for cash and cash equivalents, trade and other accounts receivable, trade and other accrued liabilities, floor plan payables, and dividends payable in the fair value hierarchy due to the immediate or short-term maturity.

(b) The carrying values of the current and long-term portions of term debt and notes payable approximate fair value because the applicable interest rates on these liabilities are fixed at rates similar to prevailing market rates.

(c) Debenture payable is measured at amortized cost using the effective interest method. The fair value of the debenture payable at March 31, 2015 is the quoted market trading price for the debentures as at March 31, 2015.

(d) For other financial liabilities where the carrying value does not approximate the fair value a discounted cash flows approach was used to determine the fair value.

8. Goodwill

The movements in the net carrying amount of goodwill are as follows:

($ thousands)	
Opening balance, January 1, 2014	$ 6,866
Additions through business acquisition	12,876
Impact of translation of goodwill held in foreign currencies	(10)
Ending balance, December 31, 2014	$ 19,732
Valuation adjustment on business combination	**232**
Impact of translation of goodwill held in foreign currencies	**24**
Ending balance, March 31, 2015	**$ 19,988**

During the three months ended March 31, 2015 the Company had an adjustment to goodwill on the final holdback payments for the acquisitions of Deer-Country Equipment (1996) Ltd. and Evergreen Equipment Ltd.

9. Capital Resources

The Company has various facilities, the amount available under which are limited to the lesser of pre-approved credit limits or the available unencumbered assets. A summary of the Company's maximum pre-approved credit limits on available credit facilities as at March 31, 2015 are as follows:

	March 31, 2015		December 31, 2014	
($ thousands)	**Total Limits**	**Borrowings**	**Total Limits**	**Borrowings**
Operating and other bank credit facilities	**$ 103,431**	**$ 63,185**	$ 103,284	$ 42,174
Capital facilities and rental equipment term loan financing	**64,141**	**44,095**	64,169	44,546
Floor plan facilities	**509,851**	**227,160**	507,927	195,596
Total borrowing	**$ 677,423**	**$ 334,440**	$ 675,380	$ 282,316
Total current portion long term debt		**(9,554)**		(9,974)
Total inventory floor plan facilities		**(208,467)**		(175,035)
Deferred debt issuance costs		**(414)**		(464)
Total long term debt	**$ 677,423**	**$ 116,005**	$ 675,380	$ 96,843

As at March 31, 2015 the Company is in compliance with all of its covenants.

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.

Floor plan facilities - The Company utilizes floor plan financing arrangements with various suppliers for inventory and rental equipment purchases.

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

10. Capital and Other Components of Equity

The Company has unlimited authorized share capital without par value for all common shares. All issued common shares have been fully paid.

Share Capital

($ thousands)	Number of common shares	Total carrying amount
Balance January 1, 2014	15,012	$ 78,126
Issued under the DRIP plan	12	252
Issued under the deferred share plan	20	175
Issued common shares	67	1,530
Issued under the share option plan	8	69
Balance March 31, 2014	15,119	80,152
Issued under the DRIP plan	40	788
Issued under the deferred share plan	18	184
Issued for business acquisitions	148	2,690
Balance December 31, 2014	15,325	83,814
Issued under the DRIP plan	**15**	**288**
Issued under the deferred share plan	**43**	**406**
Issued under the share option plan	**19**	**361**
Issued from reserve	**22**	**508**
Balance March 31, 2015	**15,424**	$ **85,377**

11. Other Income

Other income for the three month periods ended March 31, 2015 and 2014 are comprised of the following:

($ thousands)	Three month periods ended March 31 2015	2014
Net gain on sale of property and equipment	**$ 102**	$ 979
Unrealized foreign exchange loss [(a)]	**(1,326)**	11
Other income	**51**	302
	$ (1,173)	$ 1,292

(a) Unrealized foreign exchange loss is due to changes in fair value of our derivative financial asset and from period close translation of floorplan payables and cash denominated in US dollars.

12. Finance Income and Finance Costs

	Three month periods ended March 31	
($ thousands)	**2015**	2014
Finance income	**$ 57**	$ 54
Interest expense on convertible debenture	**(729)**	(711)
Interest expense on mortgage and term debt obligations	**(876)**	(374)
Interest expense on financial liabilities	**(1,038)**	(567)
Finance costs	**$ (2,643)**	$ (1,652)
Net finance costs recognized separately	**(2,586)**	(1,598)
Net finance costs recognized in cost of sales	**(192)**	(78)
Total net finance costs	**$ (2,778)**	$ (1,676)

13. Earnings Per Share

Per Share Amounts

Both basic and diluted earnings per share have been calculated using the net earnings attributable to the shareholders of the Company as the numerator. No adjustments to net earnings were necessary for the three month periods ended March 31, 2015 and 2014. The weighted average number of shares for the purposes of diluted earnings per share can be reconciled to the weighted average number of basic shares as follows:

(thousands of shares)	2015	2014
Issued common shares January 1	**15,325**	15,012
Effect of shares issued under the DRIP plan	**13**	10
Effect of shares issued under the deferred share plan	**40**	4
Effect of shares issued under the share option plan	**2**	4
Effect of shares issued through reserve	**2**	-
Effect of shares issued through common shares issuance	**-**	5
Weighted average number of common shares at March 31	**15,382**	15,035

Diluted Earnings Per Share

The calculation of diluted earnings per share at March 31, 2015 and 2014 was based on the profit attributable to common shareholders and the weighted average number of common shares outstanding after adjustment for the effects of dilutive potential common shares which consist of the following:

(thousands of shares)	2015	2014
Weighted average number of common shares (basic)	**15,382**	15,035
Effect of dilutive securities:		
Deferred share plan	**716**	682
Share options	**-**	12
Weighted average number of shares (diluted) at March 31	**16,098**	15,729

14. Segment Information

During the fourth quarter of 2014, the addition of Peterbilt of Ontario combined with the addition of a Vice President, Transportation resulted in the Company operating under three segments: Agriculture, Construction and Industrial, and Transportation. These segments are managed separately, and strategic decisions are made on the basis of their respective operating results. Prior to October 1, 2014 the Company operated under two separate segments. The realignment gave rise to changes in how management presents and reviews information for financial reporting and management decision making purposes. All prior period disclosure has been updated to reflect the change in operating segments, and certain amounts have been reclassified to conform to the current period presentation.

Each of these business segment operations are supported by a single shared corporate head office. Certain corporate head office expenses are allocated to the business segments under either specific identification approach or a usage based metric. The corporate head office also incurs certain costs which are considered as public company costs, which are allocated to the segments based on the gross margin of the Canadian operations. Total corporate related expenditures, excluding income taxes, that have been allocated for the three month periods ended March 31, 2015 are $1,755 thousand (2014 - $637 thousand).

These three business segments are considered to be the Company's three strategic business units. The three business segments offer different products and services and are managed separately as they operate in different markets and require separate strategies. For each of the strategic business units, the Company's key decision makers review internal management reports on a monthly basis. The following is a summary of financial information for each of the reportable segments.

Three months ended March 31, 2015	**Agricultural Equipment**	**Transportation Equipment**	**Commercial and Industrial Equipment**	**Total**
Segmented income figures:				
Revenue	$ 140,082	$ 67,795	$ 30,545	**$ 238,422**
Loss for the period attributable to shareholders	(118)	(2,338)	(440)	**(2,896)**
Share of profit of equity accounted investees	321	-	-	**321**
Depreciation and amortization	2,219	1,410	982	**4,611**
Finance income	48	9	-	**57**
Finance expense including amounts in costs of sales	(1,501)	(886)	(448)	**(2,835)**
Capital additions	3,228	4,118	421	**7,767**
Segmented assets:				
Reportable segment assets	397,696	211,649	114,680	**724,025**
Reportable segment liabilities	258,994	158,995	81,158	**499,147**
Investment in associates	5,581	-	-	**5,581**
Intangible assets	29,153	16,103	7,558	**52,814**
Goodwill	15,248	2,547	2,193	**19,988**

Three months ended March 31, 2014	Agricultural Equipment	Transportation Equipment	Commercial and Industrial Equipment	Total
Segmented income figures:				
Revenue	$ 103,222	$ 28,379	$ 35,288	$ 166,889
Loss for the period attributable to shareholders	(1,160)	305	22	(833)
Share of loss of equity accounted investees	(714)	-	-	(714)
Depreciation and amortization	1,204	604	1,578	3,386
Finance income	43	4	7	54
Finance expense including amounts in costs of sales	(1,047)	(343)	(340)	(1,730)
Capital additions	2,218	191	489	2,898
Segmented assets:				
Reportable segment assets	280,742	70,059	113,287	464,088
Reportable segment liabilities	169,715	35,308	43,820	248,843
Investment in associates	5,306	-	-	5,306
Intangible assets	8,053	7,336	9,879	25,268
Goodwill	4,757	-	2,193	6,950

The Company primarily operates in Canada but includes subsidiaries in Australia (Cervus Australia PTY Ltd.) and, in New Zealand (Cervus NZ Equipment Ltd.) which operate 15 agricultural equipment dealerships. Gross revenue and non-current assets for the geographic territories of New Zealand and Australia were $27,464 thousand (2014 - $29,072 thousand) and $27,117 thousand (2014 - $22,819 thousand) respectively.

15. Commitments and Contingencies

Financing Arrangements

John Deere Credit Inc. ("Deere Credit") and other financing companies provide 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, 2015 payments in arrears by such customers aggregated $473 thousand (March 31, 2014 - $386 thousand). In addition, the Company is responsible for assuming all lease obligations held by its customers with Deere Credit and other financing companies through recourse arrangements for the net residual value of the lease outstanding at the maturity of the contract. At March 31, 2015, the net residual value of such leases aggregated $170,716 thousand (March 31, 2014 - $129,712 thousand). Management believes that the potential liability in relation to the amounts outstanding is negligible and consequently, no accrual has been made in these financial statements in relation to any potential loss on assumed lease obligations.

16. Related Party Transactions

Key Management Personnel Compensation

In addition to their salaries, the Company also provides non-cash benefits to directors and executive officers, and contributes to the deferred share plan and the employee share purchase plan, 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 31st was:

	Three month periods ended March 31	
($ thousands)	**2015**	**2014**
Short-term benefits	**$ 1,420**	$ 1,123
Share-based payments	**98**	232
	$ 1,518	$ 1,355

Other Related Party Transactions

Certain officers and dealer managers of the Company have provided guarantees to John Deere aggregating $6,500 thousand. During the three month periods ended March 31, 2015 and 2014, the Company paid those individuals $49 thousand (2014 - $49 thousand) for providing these guarantees. These transactions were recorded at the amount agreed to between the Company and the guarantors, are included in selling, general and administrative expense and have been fully paid during the period.

17. Subsequent Events

On May 4, 2015, the Company announced that it had entered into an agreement with the Canada Revenue Agency (CRA) regarding their objection to the tax consequences of the conversion of the Company from a limited partnership structure into a corporation in October 2009.

The agreement will result in the ineligibility of the Company's unused tax losses, although losses claimed through December 31, 2014 remain valid, other than $3.4 million of provincial cash taxes payable for the tax year ended December 31, 2014. The agreement will result in a non-cash charge of $32.1 million in the Company's consolidated statement of comprehensive income in the second quarter of 2015, related to the adjustment of certain tax pools and the write-off of a portion of the Company's deferred tax assets. Under the agreement, the Company had unused federal tax attributes remaining of $2.4 million at December 31, 2014, and these are recorded as an asset on the Company's statement of financial position. Had agreement occurred in the period ended March 31, 2015 the impact to the income tax expense and deferred tax asset and liability balances would have been as follows:

	Three month periods ended March 31	
($ thousands)	**2015**	**2014**
Income tax expense (recovery)	**$ (422)**	$ (230)
Derecognition of deferred tax asset due to CRA settlement	**32,073**	-
Provincial taxes payable	**3,423**	
Income tax loss/(recovery) recognized in profit or loss	**$ 35,074**	$ (230)

($ thousands)	**December 31, 2014**	**Impact of CRA Agreement**	**Three months ended March 31, 2015**	**March 31, 2015**
Carrying value over the tax value of tangible assets	$ (9,044)	$ -	$ 210	**$ (8,834)**
Carrying value over the tax value of convertible debenture liability	(479)	-	40	**(439)**
Carrying value over the tax value of intangible assets	(7,785)	-	190	**(7,595)**
Carrying value over the tax value of finance lease obligation	6,349	-	(458)	**5,891**
Federal investment tax credits	12,841	(10,446)	-	**2,395**
Non-capital losses	21,437	(21,628)	86	**(105)**
Deferred tax asset (liability)	$ 23,319	$ (32,074)	$ 68	**$ (8,687)**
Reflected in the statement of financial position				
Deferred tax asset	24,518	(24,518)	-	**-**
Deferred tax liability	(1,199)	(7,556)	68	**(8,687)**
Deferred tax asset (liability), net	$ 23,319	$ (32,074)	$ 68	**$ (8,687)**

The Company has not recognized the benefits associated with capital losses of $39,690 thousand (2014 - $74,025 thousand) and non-capital losses of $943 thousand (2014 - $943 thousand).