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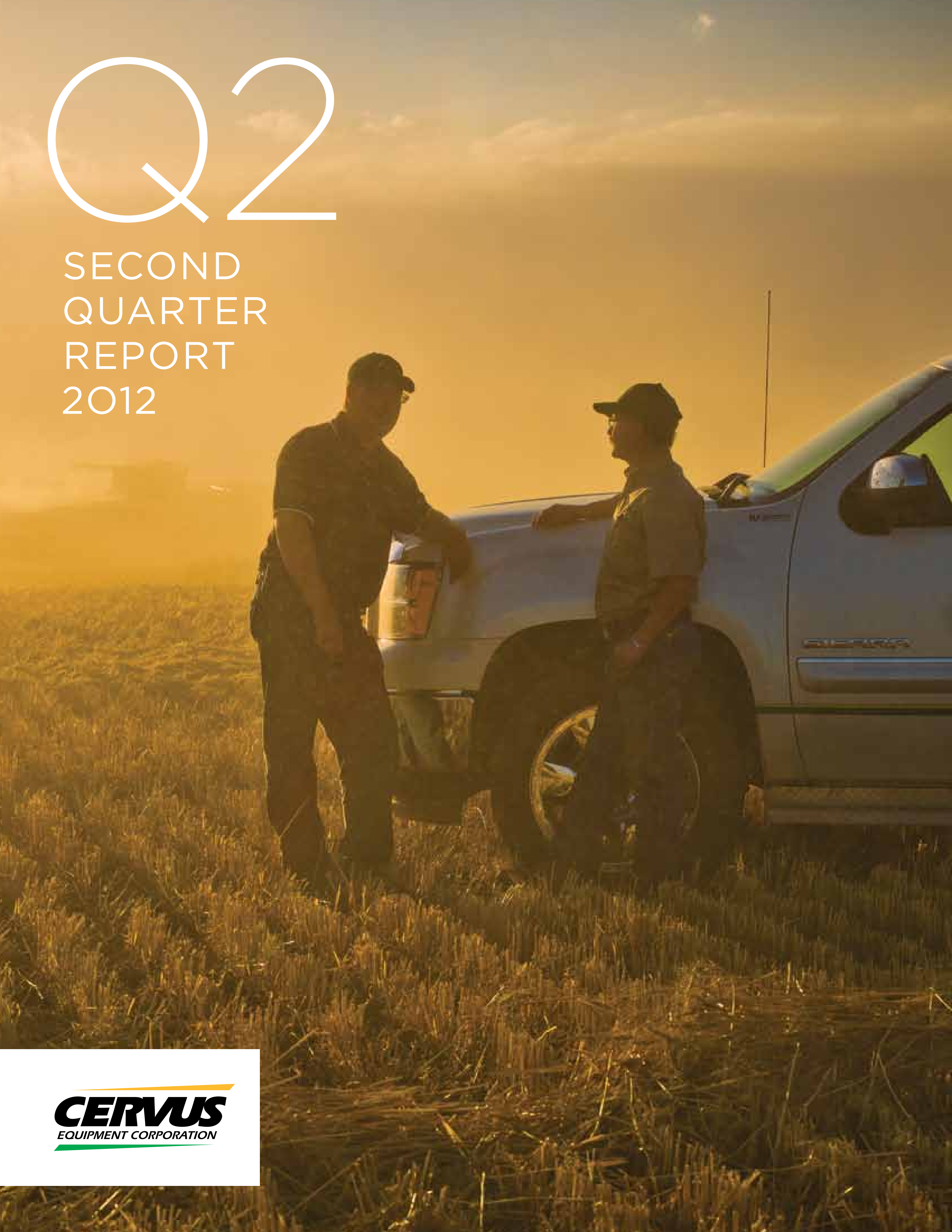
SECOND QUARTER REPORT 2012



CERVUS EQUIPMENT CORPORATION

Unaudited Condensed Consolidated Financial Statements of

CERVUS EQUIPMENT CORPORATION

For the three and six month periods ended June 30, 2012 and 2011

CERVUS EQUIPMENT CORPORATION
Unaudited Condensed Consolidated Statement of Financial Position
As at June 30, 2012, December 31, 2011

($ thousands)	Note		June 30, 2012		December 31, 2011
Assets					
Current assets					
Cash and cash equivalents		$	-	$	6,536
Deposit for business acquisition and investment	19		2,833		2,000
Asset held for sale			1,447		1,447
Trade and other accounts receivable	11		47,863		50,189
Inventories	12		156,746		106,776
Total current assets			**208,889**		**166,948**
Non-current assets					
Long-term receivables			1,710		-
Investments in associates, at equity			5,892		5,146
Other long-term assets			121		112
Deposits with manufacturers			1,441		1,459
Property and equipment	13		86,774		29,185
Deferred tax asset			49,741		53,546
Intangible assets			28,067		19,905
Goodwill			5,154		5,154
Total non-current assets			**178,900**		**114,507**
Total assets		**$**	**387,789**	**$**	**281,455**

CERVUS EQUIPMENT CORPORATION
Unaudited Condensed Consolidated Statement of Financial Position (continued)
As at June 30, 2012 and December 31, 2011

(In $ thousands)	Note		June 30, 2012		December 31, 2011
Liabilities					
Current liabilities					
Bank indebtedness		$	2,648	$	-
Trade and other accrued liabilities			37,479		22,514
Customer deposits			4,119		5,269
Floor plan payables			96,708		51,944
Dividends payable			2,725		2,647
Current portion of term debt	14		6,069		2,957
Current portion of notes payable			2,396		2,477
Total current liabilities			**152,144**		**87,808**
Non-current liabilities					
Term debt	14		44,502		7,276
Notes payable			2,912		2,652
Total non-current liabilities			**47,414**		**9,928**
Total liabilities			**199,558**		**97,736**
Equity					
Shareholders' capital	15		73,332		72,925
Deferred share plan			4,317		3,785
Other reserves			3,108		3,036
Accumulated other comprehensive income			223		150
Retained earnings			105,319		102,084
Total equity attributable to equity holders of the Company			**186,299**		**181,980**
Non-controlling interest			**1,932**		**1,739**
Total equity			**188,231**		**183,719**
Total liabilities and equity		**$**	**387,789**	**$**	**281,455**

Approved by the Board:

"Peter Lacey" Director "Gary Harris" Director

CERVUS EQUIPMENT CORPORATION
Unaudited Condensed Consolidated Statement of Comprehensive Income
For the three and six month periods ended June 30, 2012 and 2011

		Three month period ended June 30		Six month period ended June 30	
(In $ thousands)	Notes	2012	2011	2012	2011
Revenue					
Equipment sales		$ 151,249	$ 114,597	$ 229,564	$ 171,884
Parts		26,482	18,171	43,811	32,800
Service		16,335	11,621	27,665	21,541
Rentals		2,588	2,702	5,396	5,139
Total revenue		196,654	147,091	306,436	231,364
Cost of sales	6, 8	(159,044)	(119,283)	(245,770)	(185,461)
Gross profit		37,610	27,808	60,666	45,903
Other income	7	1,389	442	1,966	699
Selling, general and administrative	8	(28,806)	(20,250)	(50,095)	(38,591)
Results from operating activities		10,193	8,000	12,537	8,011
Finance income		305	114	643	164
Finance costs		(1,009)	(404)	(1,595)	(713)
Net Finance Costs		(704)	(290)	(952)	(549)
Share of profit of equity accounted investees, net of income tax		931	505	1,085	578
Profit before income taxes		10,420	8,215	12,670	8,040
Income taxes	9	(2,982)	(2,485)	(3,836)	(2,464)
Profit for the period		7,438	5,730	8,834	5,576
Other comprehensive income					
Foreign currency translation differences for foreign operations		(12)	199	78	261
Total comprehensive income for the period		$ 7,426	$ 5,929	$ 8,912	$ 5,837

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

CERVUS EQUIPMENT CORPORATION
Unaudited Condensed Consolidated Statement of Comprehensive Income (continued)
For the three and six month period ended June 30, 2012 and 2011

(in $ thousands)	Three month period ended June 30, 2012	Three month period ended June 30, 2011	Six month period ended June 30, 2012	Six month period ended June 30, 2011
Profit (loss) attributable to:				
Shareholders of the Company	$ 7,428	$ 5,912	$ 8,646	$ 5,855
Non-controlling interest	10	(182)	188	(279)
	$ 7,438	$ 5,730	$ 8,834	$ 5,576

Total comprehensive income (loss) attributable to:				
Shareholders of the Company	$ 7,424	$ 6,111	$ 8,719	$ 5,955
Non-controlling interest	2	(182)	193	(118)
	$ 7,426	$ 5,929	$ 8,912	$ 5,837

Net income per share attributable to shareholders of the Company:				
Basic	$ 0.50	$ 0.40	$ 0.59	$ 0.40
Diluted	0.49	0.39	0.57	0.39

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

CERVUS EQUIPMENT CORPORATION
Unaudited Consolidated Statement of Changes in Equity
For the Six Month Periods Ended June 30, 2012 and 2011

		Attributable to equity holders of the Company								
(In $ thousands)	Note	Share capital	Preferred shares	Deferred share plan	Other reserves	Cumulative translation account	Retained earnings	Total	Non-controlling interest	Total equity
Balance December 31, 2010		**$ 66,280**	**$ 5,361**	**$ 2,823**	**$ 2,927**	**$ 157**	**$ 94,202**	**$ 171,750**	**$ 1,837**	**$ 173,587**
Comprehensive income for the period										
Profit or loss		-	-	-	-	-	5,855	5,855	(279)	5,576
Other comprehensive income										
Foreign currency translation adjustments		-	-	-	-	115	(15)	100	161	261
Total comprehensive income (loss) for the period		-	-	-	-	115	5,840	5,955	(118)	5,837
Transactions with owners, recorded directly in equity										
Dividends to equity holders		-	-	-	-	-	(5,272)	(5,272)	-	(5,272)
Conversion of preferred shares to share capital		5,439	(5,361)	-	-	-	-	78	-	79
Shares issued through DRIP		314	-	-	-	-	-	314	-	314
Shares issued through deferred share plan		43	-	(43)	-	-	-	-	-	-
Share-based payment transactions		-	-	309	38	-	-	347	-	346
Employee loans forgiven		42	-	-	-	-	-	42	-	42
Total transactions with owners		5,838	(5,361)	266	38	-	(5,272)	(4,491)	-	(4,491)
Balance June 30, 2011		**$ 72,118**	**$ -**	**$ 3,089**	**$ 2,965**	**$ 272**	**$ 94,770**	**$ 173,214**	**$ 1,719**	**$ 174,933**
Balance December 31, 2011		**$ 72,925**	**$ -**	**$ 3,785**	**$ 3,036**	**$ 150**	**$ 102,084**	**$ 181,980**	**$ 1,739**	**$ 183,719**
Comprehensive income for the period										
Profit		-	-	-	-	-	8,646	8,646	188	8,834
Other comprehensive income										
Foreign currency translation adjustments		-	-	-	-	73	-	73	5	78
Total comprehensive income for the period		-	-	-	-	73	8,646	8,719	193	8,912
Transactions with owners, recorded directly in equity										
Dividends to equity holders		-	-	-	-	-	(5,411)	(5,411)	-	(5,411)
Shares issued through DRIP	15	404	-	-	-	-	-	404	-	
Shares issued through deferred share plan	15	3	-	(3)	-	-	-	-	-	-
Share-based payment transactions		-	-	535	72	-	-	607	-	607
Total transactions with owners		407	-	532	72	-	(5,411)	(4,400)	-	(4,400)
Balance June 30, 2012	15	**$ 73,332**	**$ -**	**$ 4,317**	**$ 3,108**	**$ 223**	**$ 105,319**	**$ 186,299**	**$ 1,932**	**$ 188,231**

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

CERVUS EQUIPMENT CORPORATION
Unaudited Consolidated Statement of Cash Flows
For the three and six month periods ended June 30, 2012 and 2011

		Three month period ended June 30		Six month period ended June 30	
(in $ thousands)	**Notes**	**2012**	**2011**	**2012**	**2011**
Cash flows from operating activities					
Profit for the period		$ 7,438	$ 5,730	$ 8,834	$ 5,576
Depreciation		1,878	1,330	3,624	2,654
Amortization of intangibles		713	620	1,327	1,234
Equity-settled share-based payment transactions		300	194	606	389
Net finance costs		799	289	1,121	549
Gain on sale of property and equipment		(92)	(146)	(126)	(224)
Share of profit of equity accounted investees, net of tax		(930)	(504)	(1,085)	(578)
Income tax expense	9	2,982	2,485	3,836	2,464
Change in non-cash working capital		(10,565)	(2,327)	885	(3,468)
		2,523	7,671	19,022	8,596
Interest paid		(809)	(396)	(1,490)	(644)
Net cash from operating activities		1,714	7,275	17,532	7,952
Cash flows from investing activities					
Interest received		284	114	643	164
Business acquisitions	10, 14	-	-	(17,648)	-
Advances to related party		(92)	(44)	15,837	(21)
Purchase of property and equipment	13	(13,078)	(873)	(32,722)	(2,861)
Proceeds from disposal of property and equipment		1,124	620	1,291	1,102
Deposit on investments at equity		(2,833)	-	(2,833)	-
Proceeds from (increase in) investments at equity		176	(531)	340	(131)
Increase in other investments, at cost		(1)	-	(9)	(4)
Net cash from (used in) investing activities		(14,420)	(714)	(35,101)	(1,751)
Cash flows from financing activities					
Advances from (repayment of) term debt	10, 14	6,367	(3,276)	13,292	(5,755)
Dividends	11	(2,479)	(2,397)	(4,928)	(4,877)
Decrease (increase) in deposits with John Deere		(135)	(165)	21	363
Repayment of notes payable		-	(166)	-	(267)
Net cash used in financing activities		3,753	(6,004)	8,385	(10,536)
Net increase (decrease) in cash and cash equivalents		(8,953)	557	(9,184)	(4,335)
Cash and cash equivalents, beginning of period		6,305	14,713	6,536	19,605
Cash and cash equivalents, end of period		(2,648)	15,270	$ (2,648)	$ 15,270

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

1. Reporting entity

Cervus Equipment Corporation ("Cervus" or the "Company") is an incorporated entity under the Canada Business Corporations Act and is domiciled in Canada. The registered office of the Company is situated at 5201 – 333, 96th Avenue N.E., Calgary, Alberta, Canada, T3K 0S3. The consolidated financial statements of the Company as at and for the period ended June 30, 2012 comprise of the Company and its subsidiaries ("the Group"). The Company is primarily involved in the sale, after-sale service and maintenance of agricultural, commercial and industrial equipment. The Company also provides equipment rental, primarily in the commercial and industrial equipment segment. The Company operates 35 John Deere agricultural equipment, Bobcat and JCB construction equipment, and Clark, Sellick, Nissan and Doosan material handling equipment and Peterbilt truck dealerships in 33 locations across Western Canada. Cervus also has a majority interest in Agriturf Limited ("Agriturf"), with six locations on the north island of New Zealand. The Company's shares are listed on the Toronto Stock Exchange ("TSX") and trade under the symbol "CVL".

2. Basis of preparation

(a) Statement of compliance

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

The Board of Directors authorized the issue of these consolidated financial statements on August 8, 2012.

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

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

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

3. New and amended IFRSs

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

4. Significant accounting policies

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

5. Seasonality

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

6. Cost of sales

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

	Three month period ended June 30		Six month period ended June 30	
	2012	**2011**	**2012**	**2011**
Depreciation of rental equipment	$ 745	$ 731	$ 1,502	$ 1,033
Interest paid on rental equipment financing	75	118	170	184
	$ 820	**$ 849**	**$ 1,672**	**$ 1,217**

7. Other income

	Three month period ended June 30		Six month period ended June 30	
	2012	**2011**	**2012**	**2011**
Net gain on sale of property and equipment	$ 92	$ 146	$ 126	$ 224
Other income, including net training support, consignment commissions, commissions on extended warranty products, finance fees and other sundry items	1,297	296	1,840	475
	$ 1,389	**$ 442**	**$ 1,966**	**$ 699**

8. Wages and benefits

	Three month period ended June 30		Six month period ended June 30	
	2012	**2011**	**2012**	**2011**
Included in cost of sales:				
Short-term wages and benefits	**$ 4,861**	**$ 3,696**	**$ 8,274**	**$ 6,627**
Included in selling, general and administrative expenses:				
Short-term wages and benefits	17,166	11,966	29,879	22,317
Share-based payments	300	194	606	389
	17,466	**$ 12,160**	**30,485**	**22,706**
	$ 22,327	**$ 15,856**	**$ 38,759**	**$ 29,333**

9. Income taxes

	Three month period ended June 30		Six month period ended June 30	
(in $ thousands)	**2012**	**2011**	**2012**	**2011**
Income for the period before tax	$ 10,420	$ 8,215	$ 12,670	$ 8,040
Expected income tax	2,681	2,114	3,261	2,069
Non-deductible costs and other	301	371	575	395
Income tax expense recognized in profit	$ 2,982	$ 2,485	$ 3,836	$ 2,464

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

10. Business combinations

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

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

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

Included in these condensed financial statements for the three and six month periods ended June 30, 2012 are revenues of $30,971 thousand and $34,396 and net profit of $1,887 thousand and $2,267 thousand respectively, related to this acquisition and prior to allocation of corporate expenditures and income tax expense. Had the Company purchased this acquisition at the beginning of the reporting period, January 1, 2012, revenues and profit for the six month period ended June 30, 2012 would have been $54,954 thousand and $2,800 thousand respectively, related to this acquisition, excluding allocation of corporate expenditures and income tax expense. The results of operations of this acquisition are part of the commercial and industrial equipment segment.

11. Trade and other accounts receivable

(In $ thousands)	June 30, 2012	December 31, 2011
Trade receivables	$ 27,521	$ 23,095
Advances to related parties	1,575	15,123
Advances to Chief Executive Officer	-	2,289
Prepaid expenses	1,349	2,248
Volume bonus	1,580	221
Contracts in transit	17,006	8,064
Allowance for doubtful debts	(1,168)	(851)
	$ 47,863	$ 50,189

12. Inventories

(in $ thousands)	June 30, 2012	December 31, 2011
New equipment	$ 79,810	$ 44,297
Used equipment	52,388	46,550
Parts and accessories	22,120	15,246
Work-in-progress	2,428	683
	$ 156,746	**$** 106,776

During the three and six month period ended June 30, 2012, inventories recognized as cost of sales amounted to $140,644 thousand and $195,800 thousand (June 30, 2011 - $171,589 thousand and $117,285 thousand). For the three and six month period ended June 30, 2012, write-downs of $8 thousand and $707 thousand (2011 - $nil and recovery of $298 thousand) are included in cost of sales.

13. Property and equipment

During the six month period ended June 30, 2012 and in addition to the business acquisition described in note 10, the Company purchased $26.3 million of land and buildings from a related party, Proventure Income Fund ("Proventure"). The purchase price was comprised of lands of $7.3 million and buildings and paving of $19 million. Also included in property and equipment are $9,381 thousand of land and building under construction which has subsequently been occupied in July 2012 and $8,652 thousand of land purchased for the future construction of a new John Deere store in Calgary, Alberta area. The Company is in the process of sub-dividing the land purchase and upon completion will record the excess land as an asset held for sale. The excess portion of the land cost is approximately $4,150 thousand. It is anticipated that total construction costs will be approximately $14 million for the project and it is expected that the building will be available for occupancy during the third quarter of 2013. Until the buildings are available for occupancy, no depreciation is recorded on the capitalized amounts.

Assets pledged as security

All of the Company's assets are pledged under a general security agreement with the Company's bank. Assets with a carrying amount of $4,340 thousand are pledged as security to a bank in New Zealand on behalf of our subsidiary, Agriturf.

14. Loans and borrowings

During the six month period, the Company assumed $11.5 million of mortgages related to the purchase of land and buildings from Proventure. The mortgages are with Farm Credit Canada and consist of $6.3 million with payments required of $59 thousand per month at a rate of 6.95% per annum and $5.2 million with payments required of $39 thousand per month at a rate of FCC prime plus 0.75%. Including the above assumption, the Company has entered into a credit agreement with FCC for a total of $41 million to fund the property purchase from Proventure, upgrades to existing facilities, future acquisition line for future capital purchases and construction of new facilities in Saskatoon, Saskatchewan and Calgary, Alberta. As at June 30, 2012, $24,337 thousand is outstanding under this facility and bears interest only until completion.

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

15. Capital and other components of equity

Share capital

(In thousands)	Number of preferred shares	Amount	Number of common shares	Amount	Share purchase loan	Carrying Amount
Balance December 31, 2010	**425**	**$ 5,361**	**14,191**	**$ 66,350**	**$ (70)**	**$ 71,641**
Issued under the DRIP plan	-	-	21	314	-	314
Issued under the deferred share plan	-	-	4	43	-	43
Amortized to profit	-	-	-	-	42	42
Conversion of shares and accrued dividends to share capital	(425)	(5,361)	433	5,439		78
Balance June 30, 2011	**-**	**-**	**14,649**	**72,146**	**(28)**	**72,118**
Issued under the DRIP plan	-	-	35	360	-	360
Issued under the deferred share plan	-	-	5	37	-	37
Shares issued for land purchase			26	382	-	382
Amortized to profit	-	-	-	-	28	28
Balance December 31, 2011	**-**	**-**	**14,703**	**72,925**	**-**	**72,925**
Issued under the deferred share plan			1	3	-	3
Issued under the DRIP plan	-	-	25	404	-	404
Balance June 30, 2012	**-**	**$ -**	**14,729**	**$ 73,332**	**$ -**	**$ 73,332**

16. Earnings per share

Per share amounts

Both basic and diluted earnings per share have been calculated using the net earnings attributable to the shareholders of Cervus as the numerator. No adjustments to net earnings were necessary for the three and six month periods ended June 30, 2012 and 2011. The weighted average number of shares for the purposes of diluted earnings per share can be reconciled to the weighted average number of basic shares as follows:

	Three month period ended June 30		Six month period ended June 30	
(in $ thousands)	**2012**	**2011**	**2012**	**2011**
Issued common shares, beginning of period	14,717	14,204	14,703	14,191
Effect of shares issued under the DRIP plan	2	9	18	14
Effect of conversion of preferred shares	-	404	-	203
Effect of shares issued under the deferred share plan	-	1	-	2
Weighted average number of common shares	14,719	14,618	14,721	14,410

Diluted earnings per share

The calculation of diluted earnings per share at June 30, 2012 and 2011 was based on the profit attributable to common shareholders and the weighted average number of common shares outstanding after adjustment for the effects of dilutive potential common shares which consist of the following:

	Three month period ended June 30		Six month period ended June 30	
(in $ thousands)	**2012**	**2011**	**2012**	**2011**
Issued common shares January 1	14,719	14,618	14,721	14,410
Effect of dilutive securities:				
Deferred share plan	534	424	533	424
Share options	25	32	24	31
Weighted average number of common shares	15,278	15,074	15,278	14,865

17. Segment information

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

The Company allocates corporate expenditures to each individual segment based on a direct allocation method. Total corporate related expenditures, excluding income taxes that have been allocated for the three and six month period ended June 30, 2012 are $2,320 thousand and $3,930 thousand (2011 - $568 thousand and $1,780 thousand) respectively.

Six months ended June 30, 2012		**Agricultural Equipment**		**Construction and Industrial Equipment**		**Total**
Revenue	$	194,871	$	111,565	$	306,436
Profit for the period		5,790		3,044		8,834
Share of profit of equity accounted investees		1,085		-		1,085
Investment in associates		5,892		-		5,892
Depreciation and amortization		2,245		2,705		4,950
Finance income		157		486		643
Finance costs, including interest in cost of sales		(964)		(801)		(1,765)
Capital expenditures		42,458		16,183		58,641
Reportable segment assets		215,383		172,406		387,789
Reportable segment liabilities		110,877		88,681		199,558
Other intangible assets		4,538		23,529		28,067
Goodwill		2,960		2,194		5,154

Six months ended June 30, 2011		**Agricultural Equipment**		**Construction and Industrial Equipment**		**Total**
Revenue	$	165,700	$	65,664	$	231,364
Profit for the period		3,817		1,759		5,576
Share of profit of equity accounted investees		578		-		578
Investment in associates		5,468		-		5,468
Depreciation and amortization		1,682		2,206		3,888
Finance income		117		47		164
Finance costs, including interest in cost of sales		(450)		(446)		(896)
Capital expenditures		1,041		1,449		2,490
Reportable segment assets		173,353		105,055		278,408
Reportable segment liabilities		72,933		30,966		103,899
Other intangible assets		5,279		15,839		21,118
Goodwill		2,901		2,193		5,094

Three months ended June 30, 2012	Agricultural Equipment	Construction and Industrial Equipment	Total
Revenue	$ 123,443	$ 73,212	$ 196,655
Profit for the period	5,399	2,039	7,438
Share of profit of equity accounted investees	931	-	931
Investment in associates	5,892	-	5,892
Depreciation and amortization	1,183	1,408	2,591
Finance income	42	263	305
Finance costs, including interest in cost of sales	(501)	(582)	(1,083)
Capital expenditures	12,961	1,817	14,778
Reportable segment assets	215,383	172,406	387,789
Reportable segment liabilities	110,877	88,681	199,558
Other intangible assets	4,538	23,529	28,067
Goodwill	2,960	2,194	5,154

Three months ended June 30, 2011	Agricultural Equipment	Construction and Industrial Equipment	Total
Revenue	$ 110,610	$ 36,481	$ 147,091
Profit for the period	4,608	1,122	5,730
Share of profit of equity accounted investees	505	-	505
Investment in associates	5,468	-	5,468
Depreciation and amortization	843	1,107	1,950
Finance income	92	22	114
Finance costs, including interest in cost of sales	(311)	(211)	(522)
Capital expenditures	423	612	1,035
Reportable segment assets	173,353	105,055	278,408
Reportable segment liabilities	72,933	30,966	103,899
Other intangible assets	5,279	15,839	21,118
Goodwill	2,901	2,193	5,094

The Company primarily operates in Western Canada but has a subsidiary, Agriturf, which operates in the agricultural equipment segment in New Zealand. Gross revenue and non-current assets for the geographic segment were $10,745 thousand (2011 - $5,420 thousand) and $4,216 thousand (2011 - $6,355 thousand) respectively.

18. Related party transactions

Key management personnel and director transactions

Key management and directors of the Company control approximately 32% of the common voting shares of the Company. In October 2011, the Company provided its Executive Chairman of the Board of Directors ("EC") and former Chief Executive Officer ("CEO") and an immediate family member with a $10,212 thousand short-term loan to assist them in transactions involving securities held in their Registered Retirement Savings Plans as a result of recent amendments to the Income Tax Act (Canada). The loan bears interest at the rate of bank prime plus 0.25%. The outstanding amount plus accrued interest was repaid in February 2012.

Other related party transactions

The EC of the Company is the CEO of Proventure Income Fund (the "Fund"). He is also the single largest equity holder of the Company and the Fund. It must be noted that the Company and the Fund share a common board of directors. In addition to transactions discussed elsewhere in these financial statements, the Company had the following transactions with the Fund which are in the normal course of business and are recorded at fair value which is the amount agreed to between the two parties:

	Three month period ended June 30		Six month period ended June 30	
	2012	**2011**	**2012**	**2011**
Expenses				
Real estate rentals	$ 89	$ 615	$ 178	$ 1,351
Guarantee fees	-	21	14	41
Revenue				
Management fees	15	15	15	15
Interest on advances	34	22	232	44

The Company pays a guarantee fee to the Fund equal to 3% per annum for the guaranteed amounts that the Fund has provided to John Deere. This guarantee is a result of guarantees provided to John Deere prior to the establishment of the Fund. In February 2012, John Deere released the Fund from this obligation and therefore, no further payments are required.

19. Events After the Reporting Period

(a) On July 2, 2012, the Company acquired a 30% interest in Windmill AG Pty Ltd., a John Deere agriculture dealer and a 45% interest in PPJ Investment Ltd., a real estate holding company, located in Australia. The purchase price is approximately $2.7 million, of which $2,833 thousand has been deposited in trust as of June 30, 2012 for the purchase price and expected professional fees.

(b) On July 24, the Company closed on $34.5 million of convertible debentures, resulting in net cash proceeds of approximately $33 million before professional fees. The debentures will mature on July 31, 2017 and will accrue and be paid interest at the rate of 6% per annum, payable semi-annually. The holder of the debenture has a right to convert the debenture at any time up to the maturity date at a conversion price of $26.15 for each common share. The Company may redeem, after July 31, 2015, the convertible debentures in whole or in part, provided the weighted average trading price of the common shares prior to redemption is not less than 125% of the conversion price.

(c) The Company has entered into Purchase and Sales Agreements with Bayquip Agricultural Limited (“Bayquip”) and Fieldpower Northland Limited (“Fieldpower”) to acquire certain assets and operations of a total of five John Deere dealership branches in New Zealand. In addition, the Company has signed a memorandum of understanding to acquire all of the remaining shares of Agriturf (39.7%) that it does not already own. On July 31, 2012, the Company completed the acquisition of the remaining shares of Agriturf through the issuance of 84 thousand common shares of the Company with a value of approximately $1.6 million. The Company expects the acquisition of Bayquip and Fieldpower to close in the third quarter of 2012. . The remaining acquisitions are anticipated to cost approximately $3.3 million, payable as to approximately $2.4 million in cash and approximately $2.5 million in common shares of Cervus.