Unaudited Condensed Interim Consolidated Financial Statements of

CERVUS EQUIPMENT CORPORATION

For the three and six month periods ended June 30, 2015 and 2014

CERVUS EQUIPMENT CORPORATION
Unaudited Condensed Interim Consolidated Statements of Financial Position
As at June 30, 2015 and December 31, 2014

($ thousands)	Note	June 30, 2015	December 31, 2014
Assets			
Current assets			
Cash and cash equivalents		**$ 11,573**	$ 18,787
Trade and other accounts receivable		**70,038**	58,462
Inventories	6	**360,871**	324,625
Current portion finance lease receivables		**1,181**	1,600
Derivative financial asset	7	**11,243**	6,559
Assets held for sale		**1,353**	181
Total current assets		**456,259**	**410,214**
Non-current assets			
Long-term receivables		**1,429**	1,702
Long-term finance lease receivables		**1,085**	1,433
Investments in associates, at equity		**5,604**	5,268
Deposits with manufacturers		**2,278**	3,479
Property and equipment		**148,718**	148,948
Deferred tax asset	13	**-**	24,518
Intangible assets		**52,026**	54,009
Goodwill	8	**20,228**	19,732
Total non-current assets		**231,368**	**259,089**
Total assets		**$ 687,627**	**$ 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 June 30, 2015 and December 31, 2014

($ thousands)	Note	June 30, 2015	December 31, 2014
Liabilities			
Current liabilities			
Trade and other accrued liabilities		**$ 72,480**	$ 81,237
Customer deposits		**8,352**	8,594
Floor plan payables	9	**199,666**	175,035
Dividends payable		**3,293**	3,233
Income taxes payable		**3,263**	-
Current portion of term debt	9	**16,767**	9,974
Derivative financial liability	7	**11,263**	6,590
Current portion of finance lease obligation		**6,036**	6,175
Total current liabilities		**321,120**	**290,838**
Non-current liabilities			
Term debt	9	**120,634**	96,843
Finance lease obligation		**15,296**	18,334
Notes payable		**216**	533
Debenture payable		**32,493**	32,065
Deferred income tax liability	13	**8,875**	1,199
Total non-current liabilities		**177,514**	**148,974**
Total liabilities		**498,634**	**439,812**
Equity			
Shareholders' capital	10	**85,891**	83,814
Deferred share plan		**7,633**	7,559
Other reserves		**6,169**	6,433
Accumulated other comprehensive income		**(448)**	192
Retained earnings		**88,356**	130,036
Total equity attributable to equity holders of the Company		**187,601**	228,034
Non-controlling interest		**1,392**	1,457
Total equity		**188,993**	**229,491**
Total liabilities and equity		**$ 687,627**	**$ 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 and six month periods ended June 30, 2015 and 2014

		Three month periods ended June 30		Six month periods ended June 30	
($ thousands)	**Note**	**2015**	**2014**	**2015**	**2014**
Revenue					
Equipment sales		**$ 223,822**	$ 184,903	**$ 391,032**	$ 305,694
Parts		**52,887**	32,646	**99,930**	60,767
Service		**21,101**	16,418	**40,168**	31,407
Rentals		**5,178**	3,521	**10,280**	6,509
Total revenue		**302,988**	237,488	**541,410**	404,377
Cost of sales		**(247,732)**	(192,235)	**(441,842)**	(326,003)
Gross profit		**55,256**	45,253	**99,568**	78,374
Other income (loss)	11	**(101)**	770	**(1,274)**	2,062
Selling, general and administrative expense		**(47,512)**	(37,252)	**(91,783)**	(70,340)
Income from operating activities		**7,643**	8,771	**6,511**	10,096
Finance income		**32**	69	**89**	123
Finance costs		**(2,790)**	(1,686)	**(5,433)**	(3,338)
Net finance costs	12	**(2,758)**	(1,617)	**(5,344)**	(3,215)
Share of profit of equity accounted investees, net of income tax		**43**	751	**364**	37
Income before income tax expense		**4,928**	7,905	**1,531**	6,918
Income tax expense	13	**(37,117)**	(2,287)	**(36,695)**	(2,057)
Income (loss) for the period		**(32,189)**	5,618	**(35,164)**	4,861
Other comprehensive income (loss):					
Foreign currency translation differences for foreign operations (net of tax)		**(1,502)**	(550)	**(640)**	1,220
Total comprehensive income (loss) for the period		**(33,691)**	5,068	**(35,804)**	6,081
Income (loss) attributable to:					
Shareholders of the Company		**(32,203)**	5,618	**(35,099)**	4,785
Non-controlling interest		**14**	-	**(65)**	76
Income (loss) for the period		**(32,189)**	5,618	**(35,164)**	4,861
Total comprehensive income (loss) attributable to:					
Shareholders of the Company		**(33,705)**	5,068	**(35,739)**	6,005
Non-controlling interest		**14**	-	**(65)**	76
Total comprehensive income (loss) for the period		**$ (33,691)**	$ 5,068	**$ (35,804)**	$ 6,081
Net income (loss) per share attributable to shareholders of the Company:					
Basic	14	**$** (2.08)	$ 0.37	**$** (2.28)	$ 0.32
Diluted	14	**$** (2.08)	$ 0.35	**$** (2.28)	$ 0.30

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 and six month periods ended June 30, 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 December 31, 2013		**$ 78,126**	**$ 6,426**	**$ 5,176**	**$ 139**	**$ 124,982**	**$ 214,849**	**$ 3,571**	**$ 218,420**
Comprehensive loss for the period									
Profit		-	-	-	-	4,785	4,785	76	4,861
Other comprehensive income									
Foreign currency translation adjustments		-	-	-	1,220	-	1,220	-	1,220
Total comprehensive income (loss) for the period		-	-	-	1,220	4,785	6,005	76	6,081
Transactions with owners, recorded directly in equity									
Dividends to equity holders		-	-	-	-	(6,192)	(6,192)	-	(6,192)
Distributions to non-controlling interests		-	-	-	-	-	-	(44)	(44)
Issuance of common shares		1,530	-	-	-	-	1,530	-	1,530
Shares issued through DRIP		502	-	-	-	-	502	-	502
Shares issued through deferred share plan		215	(215)	-	-	-	-	-	-
Shares issued through option plan		69	-	(17)	-	-	52	-	52
Share-based payment transactions		-	652	109	-	-	761	-	761
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		2,316	437	1,107	-	(6,918)	(3,058)	(3,647)	(6,705)
Balance June 30, 2014		**$ 80,442**	**$ 6,863**	**$ 6,283**	**$ 1,359**	**$ 122,849**	**$ 217,796**	**$ -**	**$ 217,796**
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)		-	-	-	-	(35,099)	(35,099)	(65)	(35,164)
Other comprehensive income									
Foreign currency translation adjustments		-	-	-	(640)	-	(640)	-	(640)
Total comprehensive income (loss) for the period		-	-	-	(640)	(35,099)	(35,739)	(65)	(35,804)
Transactions with owners, recorded directly in equity									
Dividends to equity holders		-	-	-	-	(6,581)	(6,581)	-	(6,581)
Shares issued through reserve	10	508	-	(508)	-	-	-	-	-
Shares issued through DRIP	10	581	-	-	-	-	581	-	581
Shares issued through deferred share plan	10	416	(416)	-	-	-	-	-	-
Shares issued through option plan	10	572	-	(202)	-	-	370	-	370
Share-based payment transactions		-	490	446	-	-	936	-	936
Transactions with owners		2,077	74	(264)	-	(6,581)	(4,694)	-	(4,694)
Balance June 30, 2015		**$ 85,891**	**$ 7,633**	**$ 6,169**	**$ (448)**	**$ 88,356**	**$ 187,601**	**$ 1,392**	**$ 188,993**

CERVUS EQUIPMENT CORPORATION

Unaudited Condensed Interim Consolidated Statements of Cash Flows

For the six month periods ended June 30, 2015 and 2014

		Six month periods ended June 30	
($ thousands)	**Note**	**2015**	**2014**
Cash flows from operating activities			
Income (loss) for the period		**$ (35,164)**	$ 4,861
Income tax expense	13	**36,695**	2,057
Depreciation		**6,581**	4,424
Amortization of intangibles		**2,434**	2,441
Equity-settled share-based payment transactions		**772**	537
Net finance costs	12	**5,733**	3,470
Unrealized foreign exchange loss (gain)	11	**1,051**	(219)
Gain on sale of property and equipment	11	**(347)**	(1,174)
Impairment loss on long term receivables		**-**	472
Share of profit of equity accounted investees, net of tax		**(364)**	(37)
Proceeds from investments, at equity, net of purchases		**-**	1,697
Change in non-cash working capital		**(29,689)**	5,058
		(12,298)	23,587
Cash taxes paid		**(1,567)**	-
Interest paid		**(5,404)**	(3,204)
Net cash (used in)/provided from operating activities		**(19,269)**	20,383
Cash flows from investing activities			
Interest received	12	**89**	123
Purchase of property and equipment		**(11,171)**	(11,253)
Payments for intangible assets		**(419)**	-
Business acquisitions		**-**	(3,661)
Working capital adjustment on business combination	8	**(480)**	-
Proceeds from disposal of property and equipment		**1,163**	2,185
Proceeds from asset held for sale		**-**	3,775
Net cash used in investing activities		**(10,818)**	(8,831)
Cash flows from financing activities			
Net proceeds from term debt		**31,103**	5,591
Proceeds from issue of share capital		**-**	1,530
Proceeds from exercise of share options	10	**370**	52
Acquisition of non-controlling interests		**-**	(3,354)
Cash dividends paid		**(5,940)**	(5,620)
Payment of finance lease liabilities		**(3,654)**	-
Increase in deposits with John Deere		**1,187**	272
Net cash (used in)/provided from financing activities		**23,066**	(1,529)
Net increase (decrease) in cash and cash equivalents		**(7,021)**	10,023
Effect of foreign currency translation on cash		**(193)**	52
Cash and cash equivalents, beginning of period		**18,787**	14,678
Cash and cash equivalents, end of period		**$ 11,573**	$ 24,753

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 June 30, 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 August 11, 2015.

(b) Use of judgements and estimates

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 expect the amendments to have a material impact on the Company's financial statements.

On September 25, 2014 the IASB issued narrow-scope amendments to a total of four standards as part of its annual improvements process. The amendments will apply for annual periods beginning on or after January 1, 2016. Earlier application is permitted, in which case, the related consequential amendments to other IFRSs would also apply. The Company intends to adopt these amendments in its financial statements for the annual period beginning on January 1, 2016. The Company does not expect the amendments to have a material impact on the financial statements.

Effective January 1, 2018, 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)	June 30, 2015	December 31, 2014
New equipment	**$ 183,772**	$ 163,815
Used equipment	**121,991**	111,505
Parts and accessories	**52,202**	47,047
Work-in-progress	**2,906**	2,258
	$ 360,871	$ 324,625

Included in costs of sales are amounts related to inventory write-downs during the three and six month period ended June 30, 2015 of $628 thousand and $986 thousand, respectively.

7. Financial instruments

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.

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.

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 at fair value if the carrying amount is a reasonable approximation of fair value.

($ thousands)	Carrying Amount		Fair Value		
June 30, 2015	Category	Carrying value	Level 1	Level 2	Level 3
Financial Assets					
Cash and cash equivalents [(a)]	Loans and receivable	$ 11,573			
Trade and other accounts receivable [(a)]	Loans and receivable	70,038			
Derivative financial instruments	Held-for-trading	11,243		11,243	
Long term receivables [(a)]	Loans and receivable	1,429			
Finance lease receivables	Loans and receivable	2,266		2,271	
Deposits with manufacturers [(a)]	Loans and receivable	2,278			
Financial Liabilities					
Trade and other accrued liabilities [(a)]	Other liabilities	72,480			
Customer deposits [(a)]	Other liabilities	8,352			
Floor plan payables [(a)]	Other liabilities	199,666			
Dividends payable [(a)]	Other liabilities	3,293			
Term debt [(b)]	Other liabilities	137,401			
Derivative financial liability	Other liabilities	11,263		11,263	
Finance lease obligation	Other liabilities	21,332		21,550	
Notes payable [(b)]	Other liabilities	216			
Debenture payable [(c)]	Other liabilities	$ 32,493	35,535		

7. Financial instruments (continued)

($ 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 June 30, 2015 is the quoted market trading price for the debentures as at June 29, 2015, as the debentures did not trade on June 30, 2015

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	**480**
Impact of translation of goodwill held in foreign currencies	**16**
Ending balance, June 30, 2015	**$ 20,228**

During the six months ended June 30, 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 June 30, 2015 are as follows:

	June 30, 2015		**December 31, 2014**	
($ thousands)	**Total Limits**	**Borrowings**	**Total Limits**	**Borrowings**
Operating and other bank credit facilities	**$ 103,115**	**$ 78,181**	$ 103,284	$ 42,174
Capital facilities and rental equipment term loan financing	**64,211**	**43,746**	64,169	44,546
Floor plan facilities	**515,795**	**215,505**	507,927	195,596
Total borrowing	**$ 683,121**	**$ 337,432**	$ 675,380	$ 282,316
Total current portion long term debt		**(16,767)**		(9,974)
Total inventory floor plan facilities		**(199,666)**		(175,035)
Deferred debt issuance costs		**(365)**		(464)
Total long term debt	**$ 683,121**	**$ 120,634**	$ 675,380	$ 96,843

As at June 30, 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	23		502
Issued under the deferred share plan	22		215
Issued common shares	67		1,530
Issued under the share option plan	8		69
Balance June 30, 2014	15,132		80,442
Issued under the DRIP plan	29		538
Issued under the deferred share plan	16		144
Issued for business acquisitions	148		2,690
Balance December 31, 2014	15,325		83,814
Issued under the DRIP plan	**32**		**581**
Issued under the deferred share plan	**44**		**416**
Issued under the share option plan	**30**		**572**
Issued from reserve	**22**		**508**
Balance June 30, 2015	**15,453**	**$**	**85,891**

11. Other income

Other income for the three and six month periods ended June 30, 2015 and 2014 are comprised of the following:

	Three month periods ended June 30		Six month periods ended June 30	
($ thousands)	**2015**	**2014**	**2015**	**2014**
Net gain on sale of property and equipment	**$ 245**	$ 195	**$ 347**	$ 1,174
Unrealized foreign exchange gain (loss) (a)	**275**	(230)	**(1,051)**	219
Other income (loss)	**(621)**	805	**(570)**	669
	$ (101)	$ 770	**$ (1,274)**	$ 2,062

(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 June 30		Six month periods ended June 30	
($ thousands)	**2015**	**2014**	**2015**	**2014**
Finance income	**$ 32**	$ 69	**$ 89**	$ 123
Interest expense on convertible debenture	**(734)**	(715)	**(1,463)**	(1,426)
Interest expense on mortgage and term debt obligations	**(983)**	(403)	**(1,859)**	(777)
Interest expense on financial liabilities	**(1,073)**	(568)	**(2,111)**	(1,135)
Finance costs	**$ (2,790)**	$ (1,686)	**$ (5,433)**	$ (3,338)
Net finance costs recognized separately	**(2,758)**	(1,617)	**(5,344)**	(3,215)
Net finance costs recognized in cost of sales	**(197)**	(177)	**(389)**	(255)
Total net finance costs	**$ (2,955)**	$ (1,794)	**$ (5,733)**	$ (3,470)

13. Income taxes

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 results in a non-cash charge of $31.6 million related to the write-off of a portion of the Company's deferred tax asset and $3.6 million of provincial cash taxes payable for the tax years ended December 31, 2013 and 2014. Under the agreement, the Company has $1.7 million of unused federal tax attributes remaining.

The recent corporate tax rate increase in Alberta for current and future periods that was enacted in the quarter resulted in an increase in the deferred income tax expense. The estimated impact of the corporate tax rate increases on deferred tax expense for the three and six months ended June 30, 2015 was $0.4 million.

	Three month periods ended June 30		Six month periods ended June 30	
($ thousands)	**2015**	**2014**	**2015**	**2014**
Income tax expense	**$ 1,995**	$ 2,287	**$ 1,573**	$ 2,057
Derecognition of deferred tax asset due to CRA settlement	**31,569**	-	**31,569**	-
Provincial taxes payable	**3,553**	-	**3,553**	-
Income tax loss recognized in profit or loss	**$ 37,117**	$ 2,287	**$ 36,695**	$ 2,057

13. Income taxes (continued)

($ thousands)	December 31, 2014	Impact of CRA Agreement	Six months ended June 30, 2015	June 30, 2015
Carrying value over the tax value of tangible assets	$ (9,044)	$ -	$ (48)	**$ (9,092)**
Carrying value over the tax value of convertible debenture liability	(479)	-	66	**(413)**
Carrying value over the tax value of intangible assets	(7,785)	-	675	**(7,110)**
Carrying value over the tax value of finance lease obligation	6,349	-	(600)	**5,749**
Federal investment tax credits	12,841	(11,135)	-	**1,706**
Non-capital losses	21,437	(20,434)	(718)	**285**
Deferred tax asset (liability)	$ 23,319	$ (31,569)	$ (625)	**$ (8,875)**
Reflected in the statement of financial position				
Deferred tax asset	24,518	(24,518)	-	**-**
Deferred tax liability	(1,199)	(7,051)	(625)	**(8,875)**
Deferred tax asset (liability), net	$ 23,319	$ (31,569)	$ (625)	**$ (8,875)**

14. 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 and six month periods ended June 30, 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:

	Three month periods ended June 30		Six month periods ended June 30	
(thousands)	2015	2014	2015	2014
Issued common shares opening	**15,426**	15,119	**15,325**	15,012
Effect of shares issued under the DRIP plan	**14**	10	**21**	16
Effect of shares issued under the deferred share plan	**-**	1	**42**	13
Effect of shares issued under the share option plan	**6**	-	**13**	6
Effect of shares issued through reserve	**-**	-	**12**	-
Effect of shares issued through common shares issuance	**-**	-	**-**	37
Weighted average number of common shares at June 30	**15,446**	15,130	**15,413**	15,084

14. Earnings per share (continued)

Diluted earnings per share

The calculation of diluted earnings per share at June 30, 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:

	Three month periods ended June 30		Six month periods ended June 30	
(thousands)	**2015**	**2014**	**2015**	**2014**
Weighted average number of common shares (basic)	**15,446**	15,130	**15,413**	15,084
Effect of dilutive securities:				
Deferred share plan	**-**	696	**-**	696
Share options	**-**	9	**-**	11
Weighted average number of shares (diluted) at June 30	**15,446**	15,835	**15,413**	15,791

The above tables excludes all deferred share units and options for the three and six months ended June 30, 2015 (723 thousand for three and six months ended June 30, 2015) as they are considered anti-dilutive.

15. 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 and six month periods ended June 30, 2015 are $1,008 thousand and $2,763 thousand, respectively (2014 - $1,517 thousand and $2,154 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.

15. Segment information (continued)

($ thousands)	Agricultural Equipment	Transportation Equipment	Commercial and Industrial Equipment	Other[1]	Total
Segmented income figures					
Three months ended June 30, 2015					
Revenue	$ 184,677	$ 83,107	$ 35,204		**$ 302,988**
Income (loss) for the period attributable to shareholders	15	2,454	451	$ (35,123)	**(32,203)**
Share of profit of equity accounted investees	43	-	-		**43**
Depreciation and amortization	2,189	1,291	924		**4,404**
Finance income	29	2	1		**32**
Finance expense including amounts in costs of sales	(1,620)	(922)	(445)		**(2,987)**
Capital additions	1,899	227	1,278		**3,404**
Six months ended June 30, 2015					
Revenue	$ 324,759	$ 150,902	$ 65,749		**$ 541,410**
Income (loss) for the period attributable to shareholders	(103)	116	11	$ (35,123)	**(35,099)**
Share of profit of equity accounted investees	364	-	-		**364**
Depreciation and amortization	4,408	2,701	1,906		**9,015**
Finance income	77	11	1		**89**
Finance expense including amounts in costs of sales	(3,121)	(1,808)	(893)		**(5,822)**
Capital additions	5,127	4,345	1,699		**11,171**
Segmented assets as at June 30, 2015					
Reportable segment assets	$ 377,056	$ 202,814	$ 107,757		**$ 687,627**
Reportable segment liabilities	257,679	155,802	85,153		**498,634**
Investment in associates	5,604	-	-		**5,604**
Intangible assets	28,714	15,793	7,519		**52,026**
Goodwill	15,488	2,547	2,193		**20,228**

[1] – The impact of the CRA settlement as discussed in Note 13 have not been allocated to the business segments.

15. Segment information (continued)

($ thousands)	Agricultural Equipment	Transportation Equipment	Commercial and Industrial Equipment	Total
Segmented income figures				
Three months ended June 30, 2014				
Revenue	$ 163,538	$ 30,344	$ 43,606	$ 237,488
Income for the period attributable to shareholders	3,990	466	1,162	5,618
Share of profit of equity accounted investees	751	-	-	751
Depreciation and amortization	1,269	606	1,604	3,479
Finance income	55	5	9	69
Finance expense including amounts in costs of sales	(1,257)	(281)	(325)	(1,863)
Capital additions	6,843	131	1,381	8,355
Six months ended June 30, 2014				
Revenue	$ 266,760	$ 58,723	$ 78,894	$ 404,377
Income for the period attributable to shareholders	2,830	771	1,184	4,785
Share of profit of equity accounted investees	37	-	-	37
Depreciation and amortization	2,474	1,209	3,182	6,865
Finance income	98	9	16	123
Finance expense including amounts in costs of sales	(2,304)	(624)	(665)	(3,593)
Capital additions	9,061	322	1,870	11,253
Segmented assets as at June 30, 2014				
Reportable segment assets	$ 303,994	$ 66,295	$ 130,973	$ 501,262
Reportable segment liabilities	185,393	33,832	64,241	283,466
Investment in associates	6,126	-	-	6,126
Intangible assets	9,986	6,944	9,115	26,045
Goodwill	4,905	-	2,193	7,098

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 for the three and six month periods ended June 30, 2015 were $32,969 thousand and $60,433 thousand, respectively (2014 – $40,084 thousand and $69,154 thousand). Non-current assets for the geographic territories of New Zealand and Australia as at June 30, 2015 were $25,734 thousand (2014 - $25,378 thousand).

16. 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 June 30, 2015 payments in arrears by such customers aggregated $374 thousand (2014 - $293 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 June 30, 2015, the net residual value of such leases aggregated $175,444 thousand (2014 - $133,035 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.

17. 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 and six month periods ended June 30, 2015 was:

	Three month periods ended June 30		Six month periods ended June 30	
($ thousands)	**2015**	**2014**	**2015**	**2014**
Short-term benefits	**$ 480**	$ 465	**$ 1,899**	$ 1,588
Share-based payments	**153**	57	**251**	289
	$ 633	$ 522	**$ 2,150**	$ 1,877

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 and six month periods ended June 30, 2015 and 2014, the Company paid those individuals $49 thousand and $98 thousand, respectively, (2014 - $49 thousand and $98 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.