Unaudited Condensed Interim Consolidated Financial Statements of

CERVUS EQUIPMENT CORPORATION

For the three and nine month periods ended September 30, 2015 and 2014

CERVUS EQUIPMENT CORPORATION

Unaudited Condensed Interim Consolidated Statements of Financial Position

As at September 30, 2015 and December 31, 2014

($ thousands)	**Note**	**September 30, 2015**	**December 31, 2014**
Assets			
Current assets			
Cash and cash equivalents		**$ 5,984**	$ 18,787
Trade and other accounts receivable		**60,802**	58,462
Inventories	6	**337,047**	324,625
Current portion finance lease receivables		**613**	1,600
Derivative financial asset	7	**10,256**	6,559
Assets held for sale		**9,247**	181
Total current assets		**423,949**	**410,214**
Non-current assets			
Long-term receivables		**1,399**	1,702
Long-term finance lease receivables		**963**	1,433
Investments in associates, at equity		**5,516**	5,268
Deposits with manufacturers		**2,756**	3,479
Property and equipment		**139,765**	148,948
Deferred tax asset	13	**-**	24,518
Intangible assets		**51,024**	54,009
Goodwill	8	**20,201**	19,732
Total non-current assets		**221,624**	**259,089**
Total assets		**$ 645,573**	$ **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 September 30, 2015 and December 31, 2014

($ thousands)	Note	September 30, 2015	December 31, 2014
Liabilities			
Current liabilities			
Trade and other accrued liabilities		**$ 66,089**	$ 81,237
Customer deposits		**4,374**	8,594
Floor plan payables	9	**183,516**	175,035
Dividends payable		**3,306**	3,233
Income taxes payable		**3,553**	-
Current portion of term debt	9	**18,047**	9,974
Derivative financial liability	7	**10,038**	6,590
Current portion of finance lease obligation		**5,612**	6,175
Total current liabilities		**294,535**	**290,838**
Non-current liabilities			
Term debt	9	**102,656**	96,843
Finance lease obligation		**14,512**	18,334
Notes payable		**211**	533
Debenture payable		**32,714**	32,065
Deferred income tax liability	13	**11,013**	1,199
Total non-current liabilities		**161,106**	**148,974**
Total liabilities		**455,641**	**439,812**
Equity			
Shareholders' capital	10	**87,624**	83,814
Deferred share plan		**7,403**	7,559
Other reserves		**5,185**	6,433
Accumulated other comprehensive income		**(632)**	192
Retained earnings		**88,960**	130,036
Total equity attributable to equity holders of the Company		**188,540**	228,034
Non-controlling interest		**1,392**	1,457
Total equity		**189,932**	**229,491**
Total liabilities and equity		**$ 645,573**	$ **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 nine month periods ended September 30, 2015 and 2014

		Three month periods ended September 30		Nine month periods ended September 30	
($ thousands)	**Note**	**2015**	**2014**	**2015**	**2014**
Revenue					
Equipment sales		**$ 251,183**	$ 220,693	**$ 642,215**	$ 526,387
Parts		**57,324**	43,932	**157,254**	104,699
Service		**22,183**	17,223	**62,351**	48,630
Rentals		**4,052**	4,344	**14,332**	10,853
Total revenue		**334,742**	286,192	**876,152**	690,569
Cost of sales		**(279,464)**	(233,847)	**(721,306)**	(559,850)
Gross profit		**55,278**	52,345	**154,846**	130,719
Other income (loss)	11	**493**	1,247	**(781)**	3,309
Selling, general and administrative expense		**(45,314)**	(41,372)	**(137,097)**	(111,712)
Income from operating activities		**10,457**	12,220	**16,968**	22,316
Finance income		**58**	80	**147**	203
Finance costs		**(3,172)**	(2,290)	**(8,605)**	(5,628)
Net finance costs	12	**(3,114)**	(2,210)	**(8,458)**	(5,425)
Share of profit (loss) of equity accounted investees, net of income tax		**(68)**	766	**296**	803
Income before income tax expense		**7,275**	10,776	**8,806**	17,694
Income tax expense	13	**(3,365)**	(3,069)	**(40,060)**	(5,126)
Income (loss) for the period		**3,910**	7,707	**(31,254)**	12,568
Other comprehensive income (loss):					
Foreign currency translation differences for foreign operations (net of tax)		**(184)**	(1,191)	**(824)**	29
Total comprehensive income (loss) for the period		**3,726**	6,516	**(32,078)**	12,597
Income (loss) attributable to:					
Shareholders of the Company		**3,910**	7,707	**(31,189)**	12,492
Non-controlling interest		**-**	-	**(65)**	76
Income (loss) for the period		**3,910**	7,707	**(31,254)**	12,568
Total comprehensive income (loss) attributable to:					
Shareholders of the Company		**3,726**	6,516	**(32,013)**	12,521
Non-controlling interest		**-**	-	**(65)**	76
Total comprehensive income (loss) for the period		**$ 3,726**	$ 6,516	**$ (32,078)**	$ 12,597
Net income (loss) per share attributable to shareholders of the Company:					
Basic	14	**$** 0.25	$ 0.51	**$** (2.02)	$ 0.83
Diluted	14	**$** 0.24	$ 0.49	**$** (2.02)	$ 0.79

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 nine month periods ended September 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		-	-	-	-	12,492	12,492	76	12,568
Other comprehensive income									
Foreign currency translation adjustments		-	-	-	29	-	29	-	29
Total comprehensive income (loss) for the period		-	-	-	29	12,492	12,521	76	12,597
Transactions with owners, recorded directly in equity									
Dividends to equity holders		-	-	-	-	(9,349)	(9,349)	-	(9,349)
Distributions to non-controlling interests		-	-	-	-	-	-	(44)	(44)
Issuance of common shares		1,530	-	-	-	-	1,530	-	1,530
Shares issued through DRIP		768	-	-	-	-	768	-	768
Shares issued through deferred share plan		282	(282)	-	-	-	-	-	-
Shares issued through option plan		68	-	(17)	-	-	51	-	51
Share-based payment transactions		-	1,264	183	-	-	1,447	-	1,447
Acquisition of non-controlling interests without a change in control		-	-	-	-	(726)	(726)	(3,603)	(4,329)
Shares issued in reserve		-	-	1,016	-	-	1,016	-	1,016
Transactions with owners		2,648	982	1,182	-	(10,075)	(5,263)	(3,647)	(8,910)
Balance September 30, 2014		**$ 80,774**	**$ 7,408**	**$ 6,358**	**$ 168**	**$ 127,399**	**$ 222,107**	**$ -**	**$ 222,107**
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)		-	-	-	-	(31,189)	(31,189)	(65)	(31,254)
Other comprehensive income									
Foreign currency translation adjustments		-	-	-	(824)	-	(824)	-	(824)
Total comprehensive income (loss) for the period		-	-	-	(824)	(31,189)	(32,013)	(65)	(32,078)
Transactions with owners, recorded directly in equity									
Dividends to equity holders		-	-	-	-	(9,887)	(9,887)	-	(9,887)
Shares issued through reserve	10	1,524	-	(1,524)	-	-	-	-	-
Shares issued through DRIP	10	863	-	-	-	-	863	-	863
Shares issued through deferred share plan	10	850	(850)	-	-	-	-	-	-
Shares issued through option plan	10	573	-	(202)	-	-	371	-	371
Share-based payment transactions		-	694	478	-	-	1,172	-	1,172
Transactions with owners		3,810	(156)	(1,248)	-	(9,887)	(7,481)	-	(7,481)
Balance September 30, 2015		**$ 87,624**	**$ 7,403**	**$ 5,185**	**$ (632)**	**$ 88,960**	**$ 188,540**	**$ 1,392**	**$ 189,932**

CERVUS EQUIPMENT CORPORATION
Unaudited Condensed Interim Consolidated Statements of Cash Flows
For the nine month periods ended September 30, 2015 and 2014

		Nine month periods ended September 30	
($ thousands)	**Note**	**2015**	**2014**
Cash flows from operating activities			
Income (loss) for the period		**$ (31,254)**	$ 12,568
Income tax expense	13	**40,060**	5,126
Depreciation		**9,664**	7,210
Amortization of intangibles		**3,590**	4,009
Equity-settled share-based payment transactions		**1,009**	1,224
Net finance costs	12	**9,024**	5,862
Unrealized foreign exchange loss (gain)	11	**1,727**	(40)
Gain on sale of property and equipment	11	**(692)**	(1,297)
Impairment loss on long term receivables		**-**	472
Share of profit of equity accounted investees, net of tax		**(296)**	(803)
Proceeds from investments, at equity, net of purchases		**-**	1,697
Change in non-cash working capital		**(18,213)**	12,487
		14,619	48,515
Cash taxes paid		**(2,469)**	-
Interest paid		**(9,054)**	(5,987)
Net cash (used in)/provided from operating activities		**3,096**	42,528
Cash flows from investing activities			
Interest received	12	**147**	203
Purchase of property and equipment		**(12,448)**	(18,489)
Payments for intangible assets		**(644)**	-
Business acquisitions		**-**	(34,731)
Final working capital payments on business combination	8	**(7,997)**	-
Proceeds from disposal of property and equipment		**2,794**	3,975
Proceeds from asset held for sale		**150**	3,775
Net cash used in investing activities		**(17,998)**	(45,267)
Cash flows from financing activities			
Net proceeds from term debt		**14,543**	7,200
Proceeds from issue of share capital		**-**	1,530
Proceeds from exercise of share options	10	**371**	52
Acquisition of non-controlling interests		**-**	(3,354)
Cash dividends paid		**(8,951)**	(8,471)
Payment of finance lease liabilities		**(5,101)**	(479)
Increase in deposits with John Deere		**687**	(50)
Net cash (used in)/provided from financing activities		**1,549**	(3,572)
Net increase (decrease) in cash and cash equivalents		**(13,353)**	(6,311)
Effect of foreign currency translation on cash		**550**	302
Cash and cash equivalents, beginning of period		**18,787**	14,678
Cash and cash equivalents, end of period		**$ 5,984**	$ 8,669

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 September 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 64 John Deere agricultural equipment, Bobcat and JCB construction equipment and Clark, Sellick, Doosan material handling equipment and Peterbilt truck dealerships in 38 locations in Western Canada, 11 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 November 4, 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, except as disclosed in Note 8 for impairment tests including intangible assets and goodwill.

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.

On December 18, 2014, the IASB issued amendments to IAS 1 Presentation of Financial Statements as part of its major initiative to improve presentation and disclosure in financial reports. The amendments are effective for annual periods beginning on or after January 1, 2016. The Company intends to adopt these amendments in its financial statements for 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 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 intends to adopt IFRS 9 (2014) in its financial statements for the annual period beginning on January 1, 2018. The extent of the impact of adoption of the standard has not yet been 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)	September 30, 2015	December 31, 2014
New equipment	**$ 170,157**	$ 163,815
Used equipment	**114,581**	111,505
Parts and accessories	**49,570**	47,047
Work-in-progress	**2,739**	2,258
	$ 337,047	$ 324,625

Included in costs of sales are amounts related to inventory write-downs during the three and nine month periods ended September 30, 2015 of $1,380 thousand and $2,858 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**		
September 30, 2015	Category	Carrying value	Level 1	Level 2	Level 3
Financial Assets					
Cash and cash equivalents [(a)]	Loans and receivable	$ 5,984			
Trade and other accounts receivable [(a)]	Loans and receivable	60,802			
Derivative financial instruments	Held-for-trading	10,256		10,256	
Long term receivables [(a)]	Loans and receivable	1,399			
Finance lease receivables	Loans and receivable	1,576		1,584	
Deposits with manufacturers [(a)]	Loans and receivable	2,756			
Financial Liabilities					
Trade and other accrued liabilities [(a)]	Other liabilities	66,089			
Customer deposits [(a)]	Other liabilities	4,374			
Floor plan payables [(a)]	Other liabilities	183,516			
Dividends payable [(a)]	Other liabilities	3,306			
Term debt [(b)]	Other liabilities	120,703			
Derivative financial liability	Other liabilities	10,038		10,038	
Finance lease obligation	Other liabilities	20,124		20,314	
Notes payable [(b)]	Other liabilities	211			
Debenture payable [(c)]	Other liabilities	$ 32,714	34,500		

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 September 30, 2015 is the quoted market trading price for the debentures as at September 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	**(11)**
Ending balance, September 30, 2015	**$ 20,201**

As at December 31, 2014 the Company had accrued $7,517 thousand for holdback payments for outstanding consideration for the acquisition of the shares of Evergreen Equipment Ltd. The Company had an adjustment to goodwill of $480 thousand during the nine months ended September 30, 2015 upon payment of the final holdback payments for the acquisitions of Deer-Country Equipment (1996) Ltd. and Evergreen Equipment Ltd.

Interim Impairment Test

At September 30, 2015, the Company determined that certain cash generating units (CGUs) had indicators of potential impairment. Certain CGUs financial performance was below expectations as a result of the decline in the oil price. As a result, Management performed an interim impairment test of the affected CGUs.

The recoverable amount of the CGUs was determined using a value in use calculations. Value in use was determined by discounting the future cash flow forecasts for a five-year period and applying a discount rate of approximately 11.5% based on the Company’s post-tax weighted average cost of capital and risks specific to the particular CGU. Future cash flow estimates are based on historical performance of the CGU`s adjusted for prospective changes in the business and economic climate. No growth rate was applied to extrapolate these cash flows into perpetuity.

Sensitivity testing was conducted as part of the impairment test. Had the estimated cost of capital used in determining the post-tax discount rate been 1% higher than management’s estimates the recoverable amount of the CGUs would continue to exceed its carrying amount. Management believes that any reasonable change in the key assumptions used to determine the recoverable amount would not cause the carrying amount of any cash generating unit or group of cash generating units to exceed its recoverable amount. Management believes its assumptions are reasonable.

The impairment calculations require the use of estimates related to the future operating results and cash generating ability of the assets. Judgment is also used in identifying the cash generating unit or group of cash generating units at which goodwill and intangible assets are monitored for internal management purposes and identifying an appropriate discount rate for these calculations.

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 September 30, 2015 are as follows:

	September 30, 2015		December 31, 2014	
($ thousands)	Total Limits	Borrowings	Total Limits	Borrowings
Operating and other bank credit facilities	$ 103,134	$ 56,664	$ 103,284	$ 42,174
Capital facilities and rental equipment term loan financing	63,991	43,098	64,169	44,546
Floor plan facilities	513,205	204,771	507,927	195,596
Total borrowing	$ 680,330	$ 304,533	$ 675,380	$ 282,316
Total current portion long term debt		(18,047)		(9,974)
Total inventory floor plan facilities		(183,516)		(175,035)
Deferred debt issuance costs		(314)		(464)
Total long term debt	$ 680,330	$ 102,656	$ 675,380	$ 96,843

As at September 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	37		768
Issued under the deferred share plan	32		282
Issued common shares	67		1,530
Issued under the share option plan	8		68
Balance September 30, 2014	15,156		80,774
Issued under the DRIP plan	15		272
Issued under the deferred share plan	6		78
Issued for business acquisitions	148		2,690
Balance December 31, 2014	15,325		83,814
Issued under the DRIP plan	**50**		**863**
Issued under the deferred share plan	**84**		**850**
Issued under the share option plan	**30**		**573**
Issued from reserve	**67**		**1,524**
Balance September 30, 2015	**15,556**	**$**	**87,624**

11. Other income

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

($ thousands)	Three month periods ended September 30				Nine month periods ended September 30			
		2015		**2014**		**2015**		**2014**
Net gain on sale of property and equipment	**$**	**345**	$	123	**$**	**692**	$	1,297
Unrealized foreign exchange gain (loss) (a)		**(676)**		(179)		**(1,727)**		40
Other income (loss)		**824**		1,303		**254**		1,972
	$	**493**	$	1,247	**$**	**(781)**	$	3,309

(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 September 30		Nine month periods ended September 30	
($ thousands)	**2015**	**2014**	**2015**	**2014**
Finance income	**$ 58**	$ 80	**$ 147**	$ 203
Interest expense on convertible debenture	**(739)**	(720)	**(2,202)**	(2,146)
Interest expense on mortgage and term debt obligations	**(1,103)**	(395)	**(2,962)**	(1,172)
Interest expense on financial liabilities	**(1,330)**	(1,175)	**(3,441)**	(2,310)
Finance costs	**$ (3,172)**	$ (2,290)	**$ (8,605)**	$ (5,628)
Net finance costs recognized separately	**(3,114)**	(2,210)	**(8,458)**	(5,425)
Net finance costs recognized in cost of sales	**(177)**	(181)	**(566)**	(437)
Total net finance costs	**$ (3,291)**	$ (2,391)	**$ (9,024)**	$ (5,862)

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 $33.4 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. Upon the completion of final tax assessment due to the CRA settlement, an additional $1.8 million was recognized as tax expense during the three months ended September 30, 2015. Under the agreement, the Company has $1.9 million of unused federal tax attributes which will be used in 2015.

The recent corporate tax rate increase in Alberta for current and future periods that was enacted in the second 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 nine months ended September 30, 2015 was $0.4 million.

	Three month periods ended September 30		Nine month periods ended September 30	
($ thousands)	**2015**	**2014**	**2015**	**2014**
Income tax expense	**$ 1,540**	$ 3,069	**$ 3,113**	$ 5,126
Derecognition of deferred tax asset due to CRA settlement	**1,825**	-	**33,394**	-
Provincial taxes payable	**-**	-	**3,553**	-
Income tax loss recognized in profit or loss	**$ 3,365**	$ 3,069	**$ 40,060**	$ 5,126

13. Income taxes (continued)

($ thousands)	December 31, 2014	Impact of CRA Agreement	Nine months ended Sept 30, 2015	September 30, 2015
Carrying value over the tax value of tangible assets	$ (9,044)	$ -	$ 4	**$ (9,040)**
Carrying value over the tax value of convertible debenture liability	(479)	-	107	**(372)**
Carrying value over the tax value of intangible assets	(7,785)	-	817	**(6,968)**
Carrying value over the tax value of finance lease obligation	6,349	-	(926)	**5,423**
Federal investment tax credits	12,841	(12,960)	(407)	**(526)**
Non-capital losses	21,437	(20,434)	(533)	**470**
Deferred tax asset (liability)	$ 23,319	$ (33,394)	$ (938)	**$ (11,013)**
Reflected in the statement of financial position				
Deferred tax asset	24,518	(24,518)	-	**-**
Deferred tax liability	(1,199)	(8,876)	(938)	**(11,013)**
Deferred tax asset (liability), net	$ 23,319	$ (33,394)	$ (938)	**$ (11,013)**

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 nine month periods ended September 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 September 30		Nine month periods ended September 30	
(thousands)	**2015**	**2014**	**2015**	**2014**
Issued common shares opening	**15,454**	15,132	**15,325**	15,012
Effect of shares issued under the DRIP plan	**16**	11	**30**	22
Effect of shares issued under the deferred share plan	**12**	5	**47**	18
Effect of shares issued under the share option plan	**-**	-	**19**	7
Effect of shares issued through reserve	**37**	-	**28**	-
Effect of shares issued through common shares issuance	**-**	-	**-**	47
Weighted average number of common shares	**15,519**	15,148	**15,449**	15,106

14. Earnings per share (continued)

Diluted earnings per share

The calculation of diluted earnings per share at September 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 September 30		Nine month periods ended September 30	
(thousands)	**2015**	**2014**	**2015**	**2014**
Weighted average number of common shares (basic)	**15,519**	15,148	**15,449**	15,106
Effect of dilutive securities:				
Deferred share plan	**703**	727	**-**	727
Share options	**-**	9	**-**	11
Weighted average number of shares (diluted)	**16,222**	15,884	**15,449**	15,844

The above tables excludes all deferred share units and options for the nine months ended September 30, 2015 (703 thousand for nine months ended September 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 nine month periods ended September 30, 2015 are $1,151 thousand and $3,024 thousand, respectively (2014 - $1,570 thousand and $3,724 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 September 30, 2015					
Revenue	$ 232,702	$ 73,674	$ 28,366		**$ 334,742**
Income (loss) for the period attributable to shareholders	8,591	(2,421)	(435)	$ (1,825)	**3,910**
Share of loss of equity accounted investees	(68)	-	-		**(68)**
Depreciation and amortization	2,195	1,172	872		**4,239**
Finance income	56	1	1		**58**
Finance expense including amounts in costs of sales	(1,967)	(1,019)	(363)		**(3,349)**
Capital additions	715	246	316		**1,277**
Nine months ended September 30, 2015					
Revenue	$ 557,461	$ 224,576	$ 94,115		**$ 876,152**
Income (loss) for the period attributable to shareholders	8,488	(2,305)	(424)	$ (36,948)	**(31,189)**
Share of profit of equity accounted investees	296	-	-		**296**
Depreciation and amortization	6,603	3,873	2,778		**13,254**
Finance income	133	12	2		**147**
Finance expense including amounts in costs of sales	(5,088)	(2,827)	(1,256)		**(9,171)**
Capital additions	5,842	4,591	2,015		**12,448**
Segmented assets					
As at September 30, 2015					
Reportable segment assets	$ 369,970	$ 183,079	$ 92,524		**$ 645,573**
Reportable segment liabilities	249,981	135,983	69,677		**455,641**
Investment in associates	5,516	-	-		**5,516**
Intangible assets	27,856	15,496	7,672		**51,024**
Goodwill	15,461	2,547	2,193		**20,201**

[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 September 30, 2014				
Revenue	$ 200,626	$ 47,178	$ 38,388	$ 286,192
Income (loss) for the period attributable to shareholders	7,403	(276)	580	7,707
Share of profit of equity accounted investees	766	-	-	766
Depreciation and amortization	1,646	1,137	1,568	4,351
Finance income	43	33	4	80
Finance expense including amounts in costs of sales	(1,403)	(734)	(334)	(2,471)
Capital additions	6,494	116	700	7,310
Nine months ended September 30, 2014				
Revenue	$ 467,386	$ 105,901	$ 117,282	$ 690,569
Income for the period attributable to shareholders	10,233	495	1,764	12,492
Share of profit of equity accounted investees	803	-	-	803
Depreciation and amortization	4,123	2,346	4,750	11,219
Finance income	141	42	20	203
Finance expense including amounts in costs of sales	(3,708)	(1,358)	(999)	(6,065)
Capital additions	15,555	364	2,570	18,489
Segmented assets as at September 30, 2014				
Reportable segment assets	$ 309,225	$ 181,746	$ 113,286	$ 604,257
Reportable segment liabilities	190,095	138,383	53,672	382,150
Investment in associates	6,892	-	-	6,892
Intangible assets	9,557	17,260	8,351	35,168
Goodwill	4,869	2,652	2,193	9,714

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 nine month periods ended September 30, 2015 were $36,957 thousand and $97,389 thousand, respectively (2014 – $34,641 thousand and $103,795 thousand). Non-current assets for the geographic territories of New Zealand and Australia as at September 30, 2015 were $26,703 thousand (2014 - $25,780 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 September 30, 2015 payments in arrears by such customers aggregated $262 thousand (2014 - $301 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 September 30, 2015, the net residual value of such leases aggregated $187,468 thousand (2014 - $142,918 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 nine month periods ended September 30, 2015 was:

	Three month periods ended September 30		Nine month periods ended September 30	
($ thousands)	**2015**	**2014**	**2015**	**2014**
Short-term benefits	**$ 615**	$ 410	**$ 2,514**	$ 1,998
Share-based payments	**69**	80	**320**	369
	$ 684	$ 490	**$ 2,834**	$ 2,367

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 nine month periods ended September 30, 2015 and 2014, the Company paid those individuals $49 thousand and $147 thousand, respectively, (2014 - $49 thousand and $147 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.