

Unaudited Condensed Interim  
Consolidated Financial  
Statements of

**CERVUS EQUIPMENT  
CORPORATION**

For the three and nine month periods ended September 30, 2016 and 2015

**NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS**

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its external auditors have not reviewed the unaudited condensed interim consolidated financial statements for the three and nine month periods ended September 30, 2015.

**CERVUS EQUIPMENT CORPORATION**Unaudited Condensed Interim Consolidated Statements of Financial Position  
As at September 30, 2016 and December 31, 2015

(\$ thousands)	Note	September 30, 2016	December 31, 2015
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		\$ 10,136	\$ 11,955
Trade and other accounts receivable		61,127	59,071
Inventories	5	274,330	317,726
Current portion finance lease receivables		526	584
Derivative financial asset		798	7,195
Assets held for sale	6	-	9,247
<b>Total current assets</b>		<b>346,917</b>	<b>405,778</b>
<b>Non-current assets</b>			
Long-term receivables		1,202	2,165
Investments in associates, at equity		5,843	5,762
Deposits with manufacturers		2,827	2,657
Property and equipment		131,527	141,799
Intangible assets		47,901	51,008
Goodwill	7	20,632	20,616
<b>Total non-current assets</b>		<b>209,932</b>	<b>224,007</b>
<b>Total assets</b>		<b>\$ 556,849</b>	<b>\$ 629,785</b>

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, 2016 and December 31, 2015

(\$ thousands)	Note	September 30, 2016	December 31, 2015
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other accrued liabilities		\$ 75,339	\$ 77,938
Customer deposits		2,543	3,004
Floor plan payables	8	111,061	168,643
Dividends payable		1,100	3,317
Income taxes payable		1,791	142
Current portion of term debt	8	39,140	17,917
Derivative financial liability		795	7,180
Current portion of finance lease obligation		4,717	5,713
Current portion of debenture payable		33,652	-
Liabilities associated with assets held for sale	6	-	4,037
<b>Total current liabilities</b>		<b>270,138</b>	<b>287,891</b>
<b>Non-current liabilities</b>			
Term debt	8	56,446	87,661
Finance lease obligation		11,901	16,351
Debenture payable		-	32,941
Deferred income tax liability		11,435	11,648
<b>Total non-current liabilities</b>		<b>79,782</b>	<b>148,601</b>
<b>Total liabilities</b>		<b>349,920</b>	<b>436,492</b>
<b>Equity</b>			
Shareholders' capital	9	89,538	88,270
Deferred share plan		7,667	7,098
Other reserves		5,195	5,182
Accumulated other comprehensive income		2,147	1,831
Retained earnings		101,080	89,413
<b>Total equity attributable to equity holders of the Company</b>		<b>205,627</b>	<b>191,794</b>
<b>Non-controlling interest</b>		<b>1,302</b>	<b>1,499</b>
<b>Total equity</b>		<b>206,929</b>	<b>193,293</b>
<b>Total liabilities and equity</b>		<b>\$ 556,849</b>	<b>\$ 629,785</b>

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 (Loss)

For the three and nine month periods ended September 30, 2016 and 2015

(\$ thousands)	Note	Three month periods ended September 30		Nine month periods ended September 30	
		2016	2015	2016	2015
<b>Revenue</b>					
Equipment sales		\$ 253,317	\$ 251,183	\$ 612,268	\$ 642,215
Parts		56,942	57,324	152,292	157,254
Service		20,410	22,183	59,860	62,351
Rentals		4,013	4,052	13,576	14,332
Total revenue		334,682	334,742	837,996	876,152
Cost of sales		(277,111)	(279,464)	(693,419)	(721,306)
<b>Gross profit</b>		57,571	55,278	144,577	154,846
Other income (loss)	10	1,025	493	5,802	(781)
Selling, general and administrative expense		(42,505)	(45,314)	(122,486)	(137,097)
<b>Income from operating activities</b>		16,091	10,457	27,893	16,968
Net finance costs	11	(2,653)	(3,114)	(8,213)	(8,458)
Share of profit (loss) of equity accounted investees, net of income tax		583	(68)	82	296
<b>Income before income tax expense</b>		14,021	7,275	19,762	8,806
Income tax expense	12	(3,477)	(3,365)	(5,000)	(40,060)
<b>Income (loss) for the period</b>		10,544	3,910	14,762	(31,254)
<b>Other comprehensive income:</b>					
Foreign currency translation differences for foreign operations, net of tax		1,070	(184)	316	(824)
<b>Total comprehensive income (loss) for the period</b>		11,614	3,726	15,078	(32,078)
<b>Income (loss) attributable to:</b>					
Shareholders of the Company		10,741	3,910	14,959	(31,189)
Non-controlling interest		(197)	-	(197)	(65)
<b>Income (loss) for the period</b>		10,544	3,910	14,762	(31,254)
<b>Total comprehensive income (loss) attributable to:</b>					
Shareholders of the Company		11,811	3,726	15,275	(32,013)
Non-controlling interest		(197)	-	(197)	(65)
<b>Total comprehensive income (loss) for the period</b>		\$ 11,614	\$ 3,726	\$ 15,078	\$ (32,078)
<b>Net income (loss) per share attributable to shareholders of the Company:</b>					
Basic	13	\$ 0.67	\$ 0.25	\$ 0.96	\$ (2.02)
Diluted	13	\$ 0.64	\$ 0.24	\$ 0.91	\$ (2.02)

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, 2016 and 2015

<b>Attributable to equity holders of the Company</b>									
(\$ thousands)	Note	Share capital	Deferred share plan	Other reserves	Cumulative translation account	Retained earnings	Total	Non-controlling interest	Total equity
<b>Balance December 31, 2014</b>		\$ 83,814	\$ 7,559	\$ 6,433	\$ 192	\$ 130,036	\$ 228,034	\$ 1,457	\$ 229,491
<b>Comprehensive loss for the period</b>									
(Loss)		-	-	-	-	(31,189)	(31,189)	(65)	(31,254)
<b>Other comprehensive income</b>									
Foreign currency translation adjustments, net of tax		-	-	-	(824)	-	(824)	-	(824)
Total comprehensive income (loss) for the period		-	-	-	(824)	(31,189)	(32,013)	(65)	(32,078)
<b>Transactions with owners, recorded directly in equity</b>									
Dividends to equity holders		-	-	-	-	(9,887)	(9,887)	-	(9,887)
Shares issued through reserve		1,524	-	(1,524)	-	-	-	-	-
Shares issued through DRIP		863	-	-	-	-	863	-	863
Shares issued through deferred share plan		850	(850)	-	-	-	-	-	-
Shares issued through option plan		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)
<b>Balance September 30, 2015</b>		\$ 87,624	\$ 7,403	\$ 5,185	\$ (632)	\$ 88,960	\$ 188,540	\$ 1,392	\$ 189,932
<b>Balance December 31, 2015</b>		\$ 88,270	\$ 7,098	\$ 5,182	\$ 1,831	\$ 89,413	\$ 191,794	\$ 1,499	\$ 193,293
<b>Comprehensive income for the period</b>									
Profit		-	-	-	-	14,959	14,959	(197)	14,762
<b>Other comprehensive income</b>									
Foreign currency translation adjustments, net of tax		-	-	-	316	-	316	-	316
Total comprehensive income for the period		-	-	-	316	14,959	15,275	(197)	15,078
<b>Transactions with owners, recorded directly in equity</b>									
Dividends to equity holders		-	-	-	-	(3,292)	(3,292)	-	(3,292)
Shares issued through DRIP	9	673	-	-	-	-	673	-	673
Shares issued through deferred share plan	9	595	(595)	-	-	-	-	-	-
Share-based payment transactions		-	1,164	13	-	-	1,177	-	1,177
Transactions with owners		1,268	569	13	-	(3,292)	(1,442)	-	(1,442)
<b>Balance September 30, 2016</b>		\$ 89,538	\$ 7,667	\$ 5,195	\$ 2,147	\$ 101,080	\$ 205,627	\$ 1,302	\$ 206,929

## CERVUS EQUIPMENT CORPORATION

Unaudited Condensed Interim Consolidated Statements of Cash Flows  
For the nine month period ended September 30, 2016 and 2015

(\$ thousands)	Note	Nine month periods ended	
		September 30	
		2016	2015
Income (loss) for the period		\$ 14,762	\$ (31,254)
Income tax expense	12	5,000	40,060
Depreciation		9,389	9,664
Amortization of intangibles		3,932	3,590
Equity-settled share-based payment transactions		490	1,009
Net finance costs	11	9,661	9,024
Unrealized foreign exchange (gain) loss	10	(3,197)	1,727
Gain on sale of property and equipment and asset held for sale	10	(1,912)	(692)
Non-cash write-down of inventories	5	4,484	2,858
Share of profit of equity accounted investees, net of tax		(82)	(296)
Change in non-cash working capital		(13,611)	(21,071)
<b>Cash generated from operating activities</b>		<b>28,916</b>	<b>14,619</b>
Cash taxes paid		(3,564)	(2,469)
Interest paid		(8,837)	(9,054)
<b>Net cash provided from operating activities</b>		<b>16,515</b>	<b>3,096</b>
<b>Cash flows from investing activities</b>			
Interest received	11	76	147
Purchase of property and equipment		(4,332)	(12,448)
Payments for intangible assets		(850)	(644)
Final working capital payments on business combination		-	(7,997)
Proceeds from disposal of property and equipment		4,480	2,794
Proceeds from asset held for sale	6	7,765	150
<b>Net cash provided from/(used in) investing activities</b>		<b>7,139</b>	<b>(17,998)</b>
<b>Cash flows from financing activities</b>			
Net (repayments)/proceeds from term debt		(14,001)	14,543
Proceeds from exercise of share options		-	371
Cash dividends paid		(4,835)	(8,951)
Payment of finance lease liabilities		(6,415)	(5,101)
(Decrease)/Increase in deposits with manufacturers		(166)	687
<b>Net cash (used in)/provided from financing activities</b>		<b>(25,417)</b>	<b>1,549</b>
Net increase (decrease) in cash and cash equivalents		(1,763)	(13,353)
Effect of foreign currency translation on cash		(56)	550
Cash and cash equivalents, beginning of period		11,955	18,787
Cash and cash equivalents, end of period		\$ 10,136	\$ 5,984

# **CERVUS EQUIPMENT CORPORATION**

## **Notes to the Unaudited Condensed Interim Consolidated Financial Statements**

### **For the three and nine month periods ended September 30, 2016 and 2015**

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#### **1. Reporting entity**

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Cervus Equipment Corporation (“Cervus” or the “Company”) is an incorporated entity under the Canada Business Corporations Act and is domiciled in Canada. The unaudited condensed interim consolidated financial statements of the Company as at and for the period ended September 30, 2016 are comprised 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**

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##### **(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, 2015.

The Board of Directors authorized the issue of these unaudited condensed interim consolidated financial statements on November 7, 2016.

##### **(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, 2015.

#### **3. Significant accounting policies**

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The accounting policies applied are consistent with those of the annual financial statements prepared for the year ended December 31, 2015.

**CERVUS EQUIPMENT CORPORATION**  
**Notes to the Unaudited Condensed Interim Consolidated Financial Statements**  
**For the three and nine month periods ended September 30, 2016 and 2015**

**4. 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.

**5. Inventories**

(\$ thousands)	September 30, 2016	December 31, 2015
New equipment	\$ 127,591	\$ 165,660
Used equipment	92,743	100,412
Parts and accessories	52,453	50,195
Work-in-progress	1,543	1,459
	<b>\$ 274,330</b>	<b>\$ 317,726</b>

Included in costs of sales are amounts related to inventory write-downs during the three and nine month periods ended September 30, 2016 of \$231 thousand (2015 – \$1,380 thousand) and \$4,484 thousand (2015 – \$2,858 thousand), respectively.

**6. Assets held for sale**

In 2015, the Company committed to a plan to sell three buildings and land within Agricultural and C&I segments. Accordingly, these properties and related term debt were classified as held for sale. In 2016, one of the properties and related term debt previously held-for-sale was reclassified as held-for-use.

In 2016, the Company sold two of the properties for net proceeds of approximately \$7,765 thousand and a net gain of \$1,373 was recognized in other income on the sale.

**7. Goodwill**

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

(\$ thousands)	
<b>Balance at January 1, 2015</b>	\$ 19,732
Valuation adjustment on business combination	480
Impact of translation of goodwill held in foreign currencies	404
<b>Balance at December 31, 2015</b>	\$ 20,616
Impact of translation of goodwill held in foreign currencies	16
<b>Balance at September 30, 2016</b>	<b>\$ 20,632</b>



**CERVUS EQUIPMENT CORPORATION**  
**Notes to the Unaudited Condensed Interim Consolidated Financial Statements**  
**For the three and nine month periods ended September 30, 2016 and 2015**

**8. 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, 2016 are as follows:

(\$ thousands)	September 30, 2016		December 31, 2015	
	Total Limits	Borrowings	Total Limits	Borrowings
Operating and other bank credit facilities	\$ 100,712	\$ 46,812	\$ 100,832	\$ 52,832
Capital facilities	62,131	36,657	64,131	42,800
Floor plan facilities and rental equipment term loan financing	479,590	123,320	479,243	182,959
Total borrowing	\$ 642,433	\$ 206,789	\$ 644,206	\$ 278,591
Total current portion long term debt		(39,140)		(17,917)
Total liabilities held for sale		-		(4,037)
Total inventory floor plan facilities		(111,061)		(168,643)
Deferred debt issuance costs		(142)		(333)
Total long term debt	\$ 642,433	\$ 56,446	\$ 644,206	\$ 87,661

In June 2016, the Company renewed mortgages of \$9.8 million under variable rates for a one year term. As at September 30, 2016 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.

**CERVUS EQUIPMENT CORPORATION**  
**Notes to the Unaudited Condensed Interim Consolidated Financial Statements**  
**For the three and nine month periods ended September 30, 2016 and 2015**

**9. 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
<b>Balance at January 1, 2015</b>	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
<b>Balance at September 30, 2015</b>	15,556	87,624
Issued under the DRIP plan	21	269
Issued under the deferred share plan	29	377
<b>Balance at December 31, 2015</b>	15,606	88,270
Issued under the DRIP plan	<b>53</b>	<b>673</b>
Issued under the deferred share plan	<b>60</b>	<b>595</b>
<b>Balance at September 30, 2016</b>	<b>15,719</b>	<b>\$ 89,538</b>

**10. Other income**

Other income for the three and nine month periods ended September 30, 2016 and 2015 are comprised of the following:

(\$ thousands)	Three month periods ended September 30		Nine month periods ended September 30	
	2016	2015	2016	2015
Net gain on sale of property and equipment	\$ 173	\$ 345	\$ 1,912	\$ 692
Unrealized foreign exchange gain (loss) (a)	336	(676)	3,197	(1,727)
Other income	516	824	693	254
	<b>\$ 1,025</b>	<b>\$ 493</b>	<b>\$ 5,802</b>	<b>\$ (781)</b>

(a) – Unrealized foreign exchange gain/(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.

## CERVUS EQUIPMENT CORPORATION

### Notes to the Unaudited Condensed Interim Consolidated Financial Statements

#### For the three and nine month periods ended September 30, 2016 and 2015

#### 11. Finance income and finance costs

(\$ thousands)	Three month periods ended September 30		Nine month periods ended September 30	
	2016	2015	2016	2015
<b>Finance Income</b>	\$ 24	\$ 58	\$ 76	\$ 147
Interest expense on convertible debenture	(760)	(739)	(2,263)	(2,202)
Interest expense on mortgage and term debt obligations	(974)	(1,103)	(2,838)	(2,962)
Interest expense on financial liabilities	(1,424)	(1,507)	(4,636)	(4,007)
<b>Finance Costs</b>	\$ (3,158)	\$ (3,349)	\$ (9,737)	\$ (9,171)
Net finance costs recognized separately	(2,653)	(3,114)	(8,213)	(8,458)
Net finance costs recognized in cost of sales	(481)	(177)	(1,448)	(566)
<b>Total Net Finance Costs</b>	\$ (3,134)	\$ (3,291)	\$ (9,661)	\$ (9,024)

#### 12. Income taxes

##### Tax expense recognized in statement of comprehensive income

(\$ thousands)	Three month periods ended September 30		Nine month periods ended September 30	
	2016	2015	2016	2015
Current income tax expense	\$ (4,100)	\$ (1,227)	\$ (5,213)	\$ (2,175)
Deferred income tax recovery (expense)	623	(313)	213	(938)
Derecognition of deferred tax asset due to CRA settlement	-	(1,825)	-	(33,394)
Provincial taxes payable due to CRA settlement	-	-	-	(3,553)
<b>Income tax expense</b>	\$ (3,477)	\$ (3,365)	\$ (5,000)	\$ (40,060)

The expense for the three and nine months ended September 30, 2016 and 2015 can be reconciled to the accounting profit (loss) based on using federal and provincial statutory rates of 26.4% (2015 – 25.9%) as follows:

(\$ thousands)	Three month periods ended September 30		Nine month periods ended September 30	
	2016	2015	2016	2015
Profit before income tax expense	\$ 14,021	\$ 7,275	\$ 19,762	\$ 8,806
Expected income tax expense	(3,702)	(1,884)	(5,217)	(2,281)
Derecognition of deferred tax asset due to CRA settlement	-	(1,825)	-	(33,394)
Provincial taxes payable due to CRA settlement	-	-	-	(3,553)
Non-deductible costs and other	225	344	217	(832)
<b>Income tax expense</b>	\$ (3,477)	\$ (3,365)	\$ (5,000)	\$ (40,060)

**CERVUS EQUIPMENT CORPORATION**  
**Notes to the Unaudited Condensed Interim Consolidated Financial Statements**  
**For the three and nine month periods ended September 30, 2016 and 2015**

**13. Per share amounts**

***Per share amounts***

Both basic and diluted earnings (loss) per share have been calculated using the net earnings (loss) attributable to the shareholders of the Company as the numerator. No adjustments to net earnings (loss) were necessary for the three and nine month periods ended September 30, 2016 and 2015. The weighted average number of shares for the purposes of diluted earnings (loss) per share can be reconciled to the weighted average number of basic shares as follows:

(\$ thousands)	Three month periods ended September 30		Nine month periods ended September 30	
	2016	2015	2016	2015
Issued common shares opening	15,676	15,454	15,606	15,325
Effect of shares issued under the DRIP plan	181	16	36	30
Effect of shares issued under the deferred share plan	134	12	20	47
Effect of shares issued under the share option plan	-	-	-	19
Effect of shares issued through reserve	-	37	-	28
<b>Weighted average number of common shares</b>	<b>15,991</b>	15,519	<b>15,662</b>	15,449

***Diluted earnings (loss) per share***

The calculation of diluted earnings (loss) per share at September 30, 2016 and 2015 was based on the profit (loss) attributable to common shareholders and the weighted average number of common shares outstanding after adjustment for the effects of dilutive potential common shares which consist of the following:

(\$ thousands)	Three month periods ended September 30		Nine month periods ended September 30	
	2016	2015	2016	2015
Weighted average number of common shares (basic)	15,991	15,519	15,662	15,449
Effect of dilutive securities:				
Deferred share plan	770	703	770	-
<b>Weighted average number of shares (diluted)</b>	<b>16,761</b>	16,222	<b>16,432</b>	15,449

The above tables includes all dilutive instruments held by the Company, however, for the nine months ended September 30, 2015, all deferred share units and options (703 thousand) have been excluded as they are considered anti-dilutive. In addition, the above per share amounts do not include amounts associated with the Company's convertible debenture for September 30, 2016 and 2015 as they are also considered anti-dilutive.

**CERVUS EQUIPMENT CORPORATION**  
**Notes to the Unaudited Condensed Interim Consolidated Financial Statements**  
**For the three and nine month periods ended September 30, 2016 and 2015**

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**14. Segment information**

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The Company operates under three segments: Agriculture, Commercial and Industrial, and Transportation based on the industries which they serve. These segments are managed separately, and strategic decisions are made on the basis of their respective operating results. 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.

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, 2016 are \$1,296 thousand and \$5,017 thousand, respectively (2015 - \$1,151 thousand and \$3,024 thousand).

**CERVUS EQUIPMENT CORPORATION**  
**Notes to the Unaudited Condensed Interim Consolidated Financial Statements**  
**For the three and nine month periods ended September 30, 2016 and 2015**

**14. Segment information (continued)**

The following is a summary of financial information for each of the reportable segments.

(\$ thousands)	Agricultural Equipment	Transportation Equipment	Commercial and Industrial Equipment	Total
<b>Segmented income figures</b>				
<b>Three months ended September 30, 2016</b>				
Revenue	\$ 240,119	\$ 74,114	\$ 20,449	\$ 334,682
Income for the period attributable to shareholders	9,625	846	270	10,741
Share of profit of equity accounted investees	583	-	-	583
Depreciation and amortization	2,522	1,337	746	4,605
Finance income	22	1	1	24
Finance expense including amounts in costs of sales	(1,836)	(1,053)	(269)	(3,158)
Capital additions, including finance leases	1,982	181	16	2,179
<b>Nine months ended September 30, 2016</b>				
Revenue	\$ 559,641	\$ 217,250	\$ 61,105	\$ 837,996
Income (loss) for the period attributable to shareholders	12,163	3,198	(402)	14,959
Share of profit of equity accounted investees	82	-	-	82
Depreciation and amortization	6,955	4,104	2,262	13,321
Finance income	71	3	2	76
Finance expense including amounts in costs of sales	(5,222)	(3,611)	(904)	(9,737)
Capital additions, including finance leases	3,510	660	162	4,332
<b>Segmented assets as at September 30, 2016</b>				
Reportable segment assets	\$ 365,160	\$ 138,209	\$ 53,480	\$ 556,849
Reportable segment liabilities	229,134	90,261	30,525	349,920
Investment in associates	5,843	-	-	5,843
Intangible assets	27,080	13,866	6,955	47,901
Goodwill	15,892	2,547	2,193	20,632

**CERVUS EQUIPMENT CORPORATION**  
**Notes to the Unaudited Condensed Interim Consolidated Financial Statements**  
**For the three and nine month periods ended September 30, 2016 and 2015**

**14. Segment information (continued)**

(\$ thousands)	Agricultural Equipment	Transportation Equipment	Commercial and Industrial Equipment	Other <sup>1</sup>	Total
<b>Segmented income figures</b>					
<b>Three months ended September 30, 2015</b>					
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, including finance leases	715	246	316		1,277
<b>Nine months ended September 30, 2015</b>					
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, including finance leases	5,842	4,591	2,015		12,448
<b>Segmented assets as at September 30, 2015</b>					
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 12 have not been allocated to the business segments.

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 revenues for the three and nine month periods ended September 30, 2016 for the New Zealand and Australian territories were \$43,771 thousand and \$108,606 thousand, respectively (2015 – \$36,957 thousand and \$97,389 thousand). Non-current assets for the geographic territories of New Zealand and Australia as at September 30, 2016 were \$27,684 thousand (2015 - \$26,703 thousand).

**CERVUS EQUIPMENT CORPORATION**  
**Notes to the Unaudited Condensed Interim Consolidated Financial Statements**  
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**15. Commitments and contingencies**

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***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, 2016 payments in arrears by such customers aggregated \$320 thousand (2015 - \$262 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, 2016, the net residual value of such leases aggregated \$206,997 thousand (2015 - \$187,468 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.