

**UNAUDITED CONDENSED
CONSOLIDATED FINANCIAL
STATEMENTS OF
CERVUS EQUIPMENT
CORPORATION**

For the three and six month periods ended June 30, 2011 and 2010

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at June 30, 2011, December 31, 2010

(\$ thousands)	Note	June 30, 2011	December 31, 2010
Assets			
Current assets			
Cash and cash equivalents		15,270	19,605
Trade and other accounts receivable		34,595	26,067
Inventories	8	114,696	97,824
Total current assets		164,561	143,496
Non-current assets			
Investments in associates, at equity		5,468	4,760
Other long-term assets		118	115
Deposits with manufacturers		1,348	1,715
Intangible assets		21,118	22,352
Property and equipment	9	22,439	22,018
Deferred tax asset		58,686	61,150
Goodwill		5,094	5,154
Total non-current assets		114,271	117,264
Total assets		\$ 278,832	\$ 260,760

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at June 30, 2011, December 31, 2010

(In \$ thousands)	Note	June 30, 2011	December 31, 2010
Liabilities			
Current liabilities			
Trade and other accrued liabilities		\$ 24,703	\$ 21,968
Floor plan payables		64,050	44,203
Dividends payable		2,637	2,634
Current portion of term debt	10	2,121	3,993
Current portion of notes payable		2,621	2,683
Total current liabilities		96,132	75,481
Non-current liabilities			
Term debt	10	2,459	6,438
Notes payable	14	5,308	5,254
Total non-current liabilities		7,767	11,692
Total liabilities		103,899	87,173
Equity			
Shareholders' capital	11	72,118	71,641
Deferred share plan		3,089	2,823
Other reserves		2,965	2,927
Accumulated other comprehensive income		272	157
Retained earnings		94,770	94,202
Total equity attributable to equity holders of the Company		173,214	171,750
Non-controlling interest		1,719	1,837
Total equity		174,933	173,587
Total liabilities and equity		\$ 278,832	\$ 260,760

Approved by the Board:



Peter Lacey, Director



Gary Harris, Director

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three and six month periods ended June 30, 2011 and 2010

(In \$ thousands)	Note	Three month period ended June 30		Six month period ended June 30	
		2011	2010	2011	2010
Revenue			(Note 15)		(Note 15)
Equipment sales		\$ 114,597	\$ 100,797	\$ 171,884	\$ 146,891
Parts		18,171	14,402	32,800	25,915
Service		11,621	10,421	21,541	18,308
Rentals		2,702	2,307	5,139	4,014
Total revenue		147,091	127,927	231,364	195,128
Cost of sales		(119,283)	(105,737)	(185,461)	(157,666)
Gross profit		27,808	22,190	45,903	37,462
Other income		442	310	699	567
Selling, general and administrative	6	(20,250)	(17,543)	(38,591)	(33,581)
Results from operating activities		8,000	4,957	8,011	4,448
Finance income		114	91	164	120
Finance costs		(404)	(329)	(713)	(713)
Net Finance Costs		(290)	(238)	(549)	(593)
Share of profit of equity accounted investees, net of income tax		505	503	578	518
Profit before income taxes		8,215	5,222	8,040	4,373
Income taxes	7	(2,485)	(1,968)	(2,464)	(1,732)
Profit for the period		5,730	3,254	5,576	2,641
Other comprehensive income					
Foreign currency translation differences for foreign operations		199	-	237	-
Total comprehensive profit for the period		\$ 5,929	\$ 3,254	\$ 5,813	\$ 2,641

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

For the six month period ended June 30, 2011 and 2010

(in \$ thousands)	Three month period ended		Six month period ended	
	June 30, 2011	June 30, 2010	June 30, 2011	June 30, 2010
Net profit attributable to:				
Shareholders of the Company	\$ 5,912	\$ 3,254	\$ 5,855	\$ 2,641
Non-controlling interest	(182)	-	(279)	-
	\$ 5,730	\$ 3,254	\$ 5,576	\$ 2,641
Total comprehensive income attributable to:				
Shareholders of the Company	\$ 6,111	\$ 3,254	\$ 6,092	\$ 2,641
Non-controlling interest	(182)	-	(279)	-
	\$ 5,929	\$ 3,254	\$ 5,813	\$ 2,641
Earnings per share (note 12):				
Basic	\$ 0.39	\$ 0.23	\$ 0.39	\$ 0.19
Diluted	0.38	0.22	0.38	0.18

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Six Month Period Ended June 30, 2010

(In \$ thousands)	Note	Attributable to equity holders of the Company										
		Share capital	Preferred shares	Share purchase plan	Deferred share plan	Other reserves	Cumulative translation account	Retained earnings	Total	Non-controlling interest	Total equity	
Balance, January 1, 2010		\$ 65,766	-	\$ (166)	\$ 1,882	\$ 2,882		\$	\$ 93,139	\$ 163,503	\$ -	\$ 163,503
Comprehensive income for the period												
Profit or loss		-	-	-	-	-	-	-	2,641	2,641	-	2,641
Transactions with owners, recorded directly in equity												
Dividends to equity holders	11	-	-	-	-	-	-	-	(5,236)	(5,236)	-	(5,236)
Shares issued through DRIP	11	301	-	-	-	-	-	-	-	301	-	301
Share-based payment transactions	11	-	-	-	353	-	-	-	-	353	-	353
Stock options issued	11	-	-	-	-	15	-	-	-	15	-	15
Amortized to profit during the year	11	-	-	56	-	-	-	-	-	56	-	56
Issue of preferred shares related to business combination		-	5,361	-	-	-	-	-	-	5,361	-	5,361
Total transactions with owners		301	5,361	56	353	15	-	-	(5,236)	850	-	850
Balance June 30, 2010		66,067	5,361	(110)	2,235	2,897	-	-	90,544	166,994	-	166,994

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

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the Six Month Period Ended June 30, 2011 and the Year Ended December 31, 2010

Attributable to equity holders of the Company											
(In \$ thousands)	Note	Share capital	Preferred shares	Share purchase plan	Deferred share plan	Other reserves	Cumulative translation account	Retained earnings	Total	Non-controlling interest	Total equity
Balance December 31, 2010		66,350	5,361	(70)	2,823	2,927	157	94,202	171,750	1,837	173,587
Comprehensive income for the Period											
Profit or loss		-	-	-	-	-	-	5,855	5,855	(279)	5,576
Other comprehensive income											
Foreign currency translation adjustments		-	-	-	-	-	115	(15)	100	161	261
Total comprehensive income for the period		-	-	-	-	-	115	5,840	5,955	(118)	5,837
Transactions with owners, recorded directly in equity											
Dividends to equity holders	11	-	-	-	-	-	-	(5,272)	(5,272)	-	(5,272)
Conversion of shares and cumulative dividends to share capital	11	5,440	(5,361)	-	-	-	-	-	79	-	79
Shares issued through DRIP	11	314	-	-	-	-	-	-	314	-	314
Shares issued through deferred share plan	11	42	-	-	(42)	-	-	-	-	-	-
Share-based payment transactions	11	-	-	-	308	-	-	-	308	-	308
Stock options issued	11	-	-	-	-	38	-	-	38	-	38
Amortized to profit during the year	11	-	-	42	-	-	-	-	42	-	42
Total transactions with owners		5,796	(5,361)	42	266	38	115	568	1,464	(118)	1,346
Balance June 30, 2011		72,146	-	(28)	3,089	2,965	272	94,770	173,214	1,719	174,933

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

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS

For the periods ended June 30, 2011 and 2010

(in \$ thousands)	Note	Six months ended June 30	
		2011	2010
Cash flows from operating activities			
Profit for the period		\$ 5,576	\$ 2,641
Depreciation		2,654	2,134
Amortization of intangibles		1,234	1,434
Forgiveness of employee purchase loans		43	55
Equity-settled share-based payment transactions		346	177
Net finance costs		549	586
Gain on sale of property and equipment		(224)	(174)
Share of profit of equity accounted investees, net of tax		(578)	(518)
Income taxes	7	2,464	1,731
Change in non-cash working capital		(3,652)	(6,236)
		8,412	1,830
Interest paid		(644)	(478)
Net cash from operating activities		7,768	1,352
Cash flows from investing activities			
Interest received		164	119
Proceeds from business acquisitions		-	1,680
Reduction in goodwill		23	-
Advances to related party		(21)	(372)
Purchase of property and equipment, net	9	(1,759)	(919)
Proceeds from (increase in) investments at equity		(131)	993
Increase in other investments, at cost		(4)	(1,494)
Net cash from (used in) investing activities		(1,728)	7
Cash flows from financing activities			
Repayments of term debt	10	(5,755)	(1,743)
Repayment from non-controlling interest		160	-
Dividends	11	(4,877)	(4,869)
Decrease (increase) in deposits with John Deere		363	434
Repayment of notes payable		(267)	(100)
Net cash used in financing activities		(10,376)	(6,278)
Net increase (decrease) in cash and cash equivalents		(4,335)	(4,919)
Cash and cash equivalents, beginning of period		19,605	13,453
Cash and cash equivalents, end of period		\$ 15,270	\$ 8,534

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the period ended June 30, 2011

1. REPORTING ENTITY

Cervus Equipment Corporation (“Cervus”, the “Company” and the “Group”) is an incorporated entity under the Canada Business Corporations Act and is domiciled in Canada. The registered office of the Company is situated at 5201 - 333, 96th Avenue N.E., Calgary, Alberta, Canada, T3K 0S3. The consolidated financial statements of the Company as at and for the period ended June 30, 2011 comprise of the Company and its subsidiaries. The Company is primarily involved in the sale, after-sale service and maintenance of agricultural, construction and industrial equipment. The Company also provides equipment rental, primarily in the construction and industrial equipment segment. The Company operates 30 John Deere agricultural equipment, Bobcat and JCB construction equipment and Clark, Sellick, Nissan and Doosan material handling equipment dealerships in 29 locations across Western Canada. Cervus also has a majority interest in Agriturf Limited (“Agriturf”), with six locations on the north island of New Zealand.

The Company’s shares are listed on the Toronto Stock Exchange (“TSX”) and trade under the symbol “CVL”.

The accompanying condensed financial information has not been reviewed or audited.

2. BASIS OF PREPARATION

This condensed consolidated interim financial information for the six month period ended June 30, 2011 has been prepared in accordance with IAS 34, “Interim Financial Reporting”. The condensed consolidated interim financial information should be read in conjunction with the three month period ended March 31, 2011 interim financial statements which have been prepared in accordance with IFRSs.

The financial statements for the three and six month period ended June 30, 2010 were previously reported under Canadian GAAP. As the Company has adopted IFRS as of January 1, 2010, these amounts have been restated to conform to IFRSs as of that date. A reconciliation of previously reported Canadian GAAP to IFRS is included in note 15.

STATEMENT OF COMPLIANCE

The Board of Directors authorized the issue of these consolidated financial statements on August 9, 2011.

3. SIGNIFICANT ACCOUNTING POLICIES

Except as described below, the accounting policies applied are consistent with those of the interim financial statements prepared for the three month period ended March 31, 2011 and as described in note 4 in those interim financial statements.

4. REVISED IFRSs

At the date of authorization of these financial statements, the following standards and interpretations were issued but not yet effective.

Conceptual Framework for Financial Reporting		Issued	Effective Date
IFRS 9	Financial Instruments – Amendments to provide guidance on the classification and reclassification of financial liabilities, their measurement and the presentation of gains and losses on financial liabilities designated at fair value through profit and loss.	October 2010	Annual periods beginning on or after January 1,2013
IFRS 10	Consolidated Financial Statements, which provides guidance in replacing Standing Interpretations Committee 12, “Consolidation – Special Purpose Entities” and the consolidation requirements of IAS27, Consolidated and Separate Financial Statements. The new standard eliminates the current risk and rewards approach and establishes control as the single basis for determining the whether to consolidate an entity.	May 2011	Annual periods beginning on or after January 1,2013
IFRS 11	Joint Arrangements which redefines joint operations and joint ventures and requires joint operations to proportionately consolidate and joint ventures to be accounted for under the equity method. Under IAS 31, joint ventures could be proportionately consolidated.	May 2011	Annual periods beginning on or after January 1,2013
IFRS 12	Disclosure of Interests in Other Entities outlines the required disclosures for interest in subsidiaries and joint arrangements. The new disclosures will require information that will enable financial statement users to evaluate the nature, risks and financial effects associated with an entity’s interest in subsidiaries and joint arrangements.	May 2011	Annual periods beginning on or after January 1,2013
IFRS 13	Fair Value Measurement, provides a common definition of fair value and establishes a framework for measuring fair value under IFRS and also enhances the disclosures required for fair value measurements. This standard applies where fair value measurements are required and does not require new fair value measurements.	May 2011	Annual periods beginning on or after January 1,2013
IAS 19	Post Employment Benefits, amends the recognition and measurement of defined benefit pension expense and expands the disclosures required for all employee benefit plans.	May 2011	Annual periods beginning on or after January 1,2013

The above revisions to IFRSs will not have a material impact on the Company’s financial statements.

5. SEASONALITY

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

6. WAGES AND BENEFITS

Included in selling, general and administrative expenses are the following related to total employee expense:

(in \$ thousands)	Three month period ended		Six month period ended	
	June 30, 2011	June 30, 2010	June 30, 2011	June 30, 2010
Short-term benefits	\$ 11,976	\$ 10,311	\$ 22,360	\$ 19,627
Share-based payments	184	98	346	177
	\$ 12,160	\$ 10,409	\$ 22,706	\$ 19,804

7. INCOME TAXES

Income tax recognized in profit for the periods ended June 30, 2011 and 2010 are:

The expense for the year can be reconciled to the accounting profit based on using federal and provincial statutory rates of 27.05% (2010 - 28.6%). The primary reason for the reduction in the overall tax rate was due to a reduction in the federal income tax rate of 1.5% and the allocation of taxable income to provincial jurisdictions with different income tax rates.

(in \$ thousands)	Three month period ended		Six month period ended	
	June 30, 2011	June 30, 2010	June 30, 2011	June 30, 2010
Income for the period before tax	\$ 8,215	\$ 5,222	\$ 8,040	\$ 4,373
Expected income tax	2,222	1,412	2,175	1,251
Non-deductible costs and other	263	556	289	481
Income tax expense recognized in profit	\$ 2,485	\$ 1,968	\$ 2,464	\$ 1,732

8. INVENTORIES

(in \$ thousands)	June 30, 2011	December 31, 2010
New equipment	\$ 45,554	\$ 36,755
Used equipment	51,106	45,837
Parts and accessories	17,137	14,597
Work-in-progress	899	635
	\$ 114,696	\$ 97,824

During the three and six month period ended June 30, 2011, inventories recognized as cost of sales amounted to \$81,988 thousand and \$160,042 thousand (2010 - \$71,737 thousand and \$135,513 thousand). No write-downs or reversal of write-downs was recorded for the three month periods ended June 30, 2011 and 2010.

9. PROPERTY AND EQUIPMENT, NET COST

(In \$ thousands)	Six month period ended June 30, 2011	Year ended December 31, 2010
Balance at January 1, 2010	37,019	\$ 20,719
Additions	3,110	9,635
Disposals	(2,580)	(6,950)
Transfers from inventories	994	-
Acquisitions through business combinations	-	14,590
Transfer to equity accounted investees	-	(1,245)
Effect of foreign currency exchange differences	(52)	270
Balance at end of period	38,491	\$ 37,019
Accumulated depreciation		
Balance at January 1, 2010	15,001	\$ 10,381
Depreciation expense	2,654	4,763
Disposals	(1,642)	(3,662)
Acquisitions through business combinations	-	4,366
Transfer to equity accounted investees	-	(865)
Effect of foreign currency exchange differences	39	18
Balance at end of period	16,052	\$ 15,001
Carrying value		
Balance at January 1, 2010		\$ 10,338
Balance at December 31, 2010		\$ 22,018
Balance at June 30, 2011		\$ 22,439

ASSETS PLEDGED AS SECURITY

All of the Company's assets are pledged under a general security agreement with the Company's bank. Assets with a carrying amount of \$5,814 thousand are pledged as security to a bank in New Zealand on behalf of our subsidiary, Agriturf. In addition, certain of the short-term rental equipment with a carrying amount of \$1,830 thousand are pledged as security for certain term debt amounts shown in note 10.

10. TERM DEBT

(In \$ thousands)	June 30, 2011	December 31, 2010
Bank term loan, repaid in May 2011, bearing interest at rates ranging from prime plus 0.25% to prime plus 0.75%	\$ -	\$ 625
Finance company, payable in monthly instalments of approximately \$205 thousand including interest at prime plus 2.5%, secured by short term rental equipment	1,453	6,120
John Deere finance contracts, payable in monthly instalments ranging up to \$5 thousand including interest at the rate of 4.0% to 5.01%, repaid during 2011	-	437
John Deere Financial, Australia, finance contracts, payable in monthly instalments ranging up to \$5 thousand including interest from 4.75% to 11.95%, secured by related equipment	3,124	3,234
Finance contracts and fixed rate bank term loans repayable in monthly instalments ranging from \$664 to \$725 including interest up to 9.4%, secured by related equipment	3	15
	4,580	10,431
Less current portion	(2,121)	(3,993)
	\$ 2,459	\$ 6,438

11. CAPITAL AND OTHER COMPONENTS OF EQUITY

SHARE CAPITAL AND CONTRIBUTED SURPLUS

(In thousands)	Number of preferred shares	Amount	Number of common shares	Amount	Share purchase loan	Total Carrying Amount
Balance January 1, 2010	-	\$ -	14,140	\$ 65,766	\$ (166)	\$ 65,600
Issued in business combination	425	5,361	-	-	-	5,361
Issued under the DRIP plan			24	301		301
Amortized to profit					56	56
Balance June 30, 2010	425	5,361	14,164	66,067	(110)	71,318
Issued under the DRIP plan	-	-	26	278	-	278
Issued under the deferred share plan	-	-	1	5	-	5
Amortized to profit	-	-	-	-	40	40
Balance December 31, 2010	425	5,361	14,191	66,350	(70)	71,641
Addition from conversion of cumulative dividends	8	79				79
	(433)	(5,440)	433	5,440		-
Issued under the DRIP plan	-	-	21	313	-	313
Issued under the deferred share plan	-	-	4	43	-	43
Amortized to profit	-	-	-	-	42	42
Balance June 30, 2011	-	\$ -	14,649	\$ 72,146	\$ (28)	72,118

COMMON SHARES

During the period ended June 30, 2011, the Company issued 21 thousand (50 thousand for the year ended December 31, 2010) common shares to shareholders participating in the Company's dividend reinvestment plan ("DRIP"). In addition, the Company issued 4 thousand (1 thousand for the year ended December 31, 2010) common shares as a result of redemptions of vested shares from the deferred share plan.

PREFERENCE SHARES

During the period ended June 30, 2011, the Company exercised its right to redeem and convert the 425 thousand preference shares plus cumulative and unpaid dividends of \$79 thousand that were converted to 8 thousand common shares. As a result, 433 thousand common shares were issued during the six month period ended June 30, 2011.

DIVIDENDS

The Company has declared and paid the following dividends:

(In \$ thousands)	Six month period ended June 30, 2011	Year ended December 31, 2010
\$0.36 per qualifying common share (\$0.72 for the year ended December 31, 2010)	\$ 5,193	\$ 10,203
7% of face value of \$4,540 thousand till redeemed	79	318
	\$ 5,272	\$ 10,521

12. EARNINGS PER SHARE

PER SHARE AMOUNTS

Both basic and diluted earnings per share have been calculated using the net earnings attributable to the shareholders of Cervus as the numerator. No adjustments to net earnings were necessary for the three months ended June 30, 2011 and 2010. 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:

(In thousands of shares)	June 30, 2011		June 30, 2010	
	Three Months Ended	Six Months Ended	Three Months Ended	Six Months Ended
Issued common shares	14,618	14,410	14,162	14,156
Effect of shares issued under the share option plan	32	31	17	19
Effect of shares issued under the deferred share plan	424	424	325	325
Weighted average number of common shares	15,074	14,865	14,504	14,500

13. FINANCIAL RISK MANAGEMENT

CAPITAL RISK MANAGEMENT

The Company's objective when managing its capital is to safeguard its ability to continue as a going concern, so that it can continue to provide returns for Unitholders and benefits for other stakeholders and to provide an adequate return to Shareholders by pricing products and services commensurately with the level of risk. In the management of capital, the Company monitors its adjusted capital which comprises all components of equity (i.e. shares issued, accumulated earnings, shareholder dividends and dilutive instruments).

The Company sets the amount of capital in proportion to risk. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue shares to facilitate business combinations and or retire term debt or may adjust the amount of distributions paid to the Unitholders.

The Company uses the following ratios in determining its appropriate capital levels; a) total debt to adjusted equity ratio (calculated as total debt divided by adjusted equity) and; b) adjusted assets to adjusted equity ratio (adjusted assets divided by adjusted equity). Adjusted assets comprise all components of assets other than other intangible assets and goodwill. Adjusted equity comprises of all components of shareholders' equity and is reduced by other intangible assets and goodwill.

During 2011 and 2010, the Company's strategy has remained unchanged and was to maintain the total debt to equity and total adjusted net assets to adjusted equity ratio at no greater than 4 to 1 in order to comply with its dealership arrangements with John Deere and to meet its covenant conditions with the Company's lender. The total debt to adjusted equity ratios and total adjusted net assets to adjusted equity ratios were as follows:

	June 30, 2011	December 31, 2010
Total debt	\$ 103,899	\$ 87,173
Adjusted equity:		
Total equity	\$ 174,933	\$ 173,587
Less other intangible assets and goodwill	(26,212)	(27,506)
Adjusted equity	\$ 148,721	\$ 146,081
Total debt to adjusted equity ratio	0.70 to 1	0.59 to 1
Adjusted assets:		
Total assets	\$ 278,832	\$ 260,760
Less other intangible assets and goodwill	(26,212)	(27,506)
Adjusted assets	\$ 252,620	\$ 233,254
Adjusted equity (above)	\$ 148,721	\$ 146,081
Adjusted assets to adjusted equity ratio	1.70 to 1	1.60 to 1

There were no changes in the Company's approach to capital management in the period. Other than the Company's subsidiary Agriturf, neither the Company, nor any of its other subsidiaries are subject to externally imposed capital requirements. The Company is in the process of providing a guarantee to the New Zealand bank that is financing the operation cash flow of the foreign operation. The guarantee is being put in place to limit additional capital contributions to the subsidiary at this time.

14. SEGMENT INFORMATION

The Company has two reportable segments which include the agricultural equipment segment which primarily distributes agricultural related equipment and services and the construction and industrial equipment segment which includes primarily the sale of construction and industrial equipment and related services. These two business segments are described in note 3 and are considered to be the Company's two strategic business units. The two business segments offer different products and services and are managed separately as they operate in different markets and require separate strategies. For each of the strategic business units, the Company's CEO reviews internal management reports on a monthly basis. The following is a summary of financial information for each of the reportable segments.

The Company allocates corporate expenditures to each individual segment based on a direct allocation method. Total corporate related expenditures, including income taxes that have been allocated for the three and six month period ended June 30, 2011 are \$2,988 thousand \$3,435 thousand (2010 - \$1,941 thousand and \$2,374 thousand) respectively.

Six months ended June 30, 2011			
(in \$ thousands)	Agricultural Equipment	Construction and Industrial Equipment	Total
Revenue	\$ 165,700	\$ 65,664	\$ 231,364
Profit for the period	3,817	1,759	5,576
Share of profit of equity accounted investees	578	-	578
Investment in associates	5,468	-	5,468
Depreciation and amortization	1,682	2,206	3,888
Finance income	117	47	164
Finance costs, including interest in cost of sales	(450)	(447)	(897)
Capital expenditures	1,041	11,449	2,490
Reportable segment assets	173,353	105,055	278,408
Reportable segment liabilities	72,933	30,966	103,899
Other intangible assets	5,279	15,839	21,118
Goodwill	2,901	2,193	5,094

Six months ended June 30, 2010			
(in \$ thousands)	Agricultural Equipment	Construction and Industrial Equipment	Total
Revenue	\$ 143,289	\$ 51,839	\$ 195,128
Profit for the period	2,418	223	2,641
Share of profit of equity accounted investees	518	-	518
Investment in associates	4,051	-	4,051
Depreciation and amortization	1,058	2,510	3,568
Finance income	97	22	119
Finance costs, including interest in cost of sales	(335)	(491)	(828)
Capital expenditures	1,038	3,076	4,114
Reportable segment assets	155,188	105,545	260,733
Reportable segment liabilities	61,101	32,636	93,737
Other intangible assets	6,088	17,698	23,786
Goodwill	1,673	2,193	3,866

Three months ended June 30, 2011				
(in \$ thousands)	Agricultural Equipment	Construction and Industrial Equipment		Total
Revenue	\$ 110,610	\$ 36,481	\$	14,091
Profit for the period	4,608	1,122		5,730
Share of profit of equity accounted investees	505	-		505
Investment in associates	5,468	-		5,468
Depreciation and amortization	843	1,107		1,950
Finance income	92	22		114
Finance costs, including interest in cost of sales	(311)	(211)		(522)
Capital expenditures	423	612		1,035
Reportable segment assets	173,353	105,055		278,408
Reportable segment liabilities	72,933	30,966		103,899
Other intangible assets	5,279	15,839		21,118
Goodwill	2,901	2,193		5,094

Three months ended June 30, 2010				
(in \$ thousands)	Agricultural Equipment	Construction and Industrial Equipment		Total
Revenue	\$ 98,977	\$ 28,950	\$	127,927
Profit for the period	3,423	(169)		3,254
Share of profit of equity accounted investees	503	-		503
Investment in associates	4,051	-		4,051
Depreciation and amortization	560	1,301		1,861
Finance income	135	9		91
Finance costs, including interest in cost of sales	(180)	(217)		(397)
Capital expenditures	565	1,674		2,239
Reportable segment assets	155,188	105,545		260,733
Reportable segment liabilities	61,101	32,636		93,737
Other intangible assets	6,088	17,698		23,786
Goodwill	1,673	2,193		3,866

The Company primarily operates in Western Canada but has a subsidiary, Agriturf that operates in the agricultural equipment business segment in New Zealand. The operations were purchased in July 2010 and therefore there are no financial results for the three and six month period ended June 30, 2010.

Gross revenue and non-current assets and liabilities for the New Zealand geographic segment for the six month period ended June 30, 2011 was \$11,093 thousand, \$6,618 thousand and \$2,500 thousand, respectively. Gross revenue for the three month period ended June 30, 2011 was \$5,672 thousand.

15. 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 period ended June 30 was:

(in \$ thousands)	Three month period ended		Six month period ended	
	June 30, 2011	June 30, 2010	June 30, 2011	June 30, 2010
Short-term benefits	\$ 245	\$ 279	\$ 646	\$ 596
Share-based payments	30	22	61	43
	\$ 275	\$ 301	\$ 707	\$ 639

KEY MANAGEMENT PERSONNEL AND DIRECTOR TRANSACTIONS

Key management and directors of the Company control approximately 34% of the common voting shares of the Company.

During the three and six months ended June 30, 2011, the Company transacted in the normal course of business, \$513 thousand and \$522 thousand (2010 - \$43 thousand and \$59 thousand), respectively, of parts and service sales with a company controlled by a Director.

OTHER RELATED PARTY TRANSACTIONS

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

	Three month period ended		Six month period ended	
	June 30, 2011	June 30, 2010	June 30, 2011	June 30, 2010
Expenses				
Real estate rentals	\$ 615	\$ 677	\$ 1,351	\$ 1,334
Guarantee fees	21	21	41	41
Revenue				
Management fees	15	8	15	15
Interest on advances	22	15	44	31

16. TRANSITION TO IFRS

The Company's accounting policies under IFRS differ from those previously followed under Canadian Generally Accepted Accounting Principles ("Canadian GAAP"). The resulting adjustments arising from events and transactions on January 1, 2010 (the "transition date"), to IFRS are recognized directly into opening retained earnings at that date. As a result of applying IFRS 1, the following tables outline the effect of adjusted amounts previously reported.

Reconciliation of Equity reported under Canadian GAAP to equity reported under IFRS for the Period Ended June 30, 2010

Assets	Notes	Canadian GAAP June 30, 2010	Transitional Adjustments	IFRS June 30, 2010
Current assets				
Cash and cash equivalents		\$ 8,534	\$ -	\$ 8,534
Trade and other accounts receivable	1	26,840	822	27,662
Advances to related party		2,483	-	2,483
Income taxes receivable		174	(174)	-
Future income tax asset	2	6,317	(6,317)	-
Inventories		104,744	-	104,744
Prepaid expenses and deposits	1	648	(648)	-
Total current assets		149,740	(6,317)	143,423
Non-current assets				
Investments in associates, at equity		4,051	-	4,051
Other long-term assets		2,915	-	2,915
Deposits with manufacturers		954	-	954
Other intangible assets		23,786	-	23,786
Equipment		15,226	-	15,226
Goodwill		3,866	-	3,866
Deferred tax asset	2	59,671	6,841	66,512
Total non-current assets		110,469	6,841	117,310
Total assets		\$ 260,209	\$ 524	\$ 260,733

Reconciliation of Equity reported under Canadian GAAP to equity reported under IFRS
for the Period Ended June 30, 2010

Liabilities and Equity	Notes	Canadian GAAP June 30, 2010	Transitional Adjustments	IFRS June 30, 2010
Current liabilities				
Accounts payable and accrued liabilities		\$ 13,519	\$ -	\$ 13,519
Customer deposits		2,271	-	2,271
Floor plan payables		57,313	-	57,313
Dividends payable		2,629	-	2,629
Current portion of deferred credit	3	5,807	(5,807)	-
Current portion of term debt		4,631	-	4,631
Current portion of notes payable		2,607	-	2,607
Total current liabilities		88,777	(5,807)	82,970
Non-current liabilities				
Term debt		2,672	-	2,672
Notes payable		8,095	-	8,095
Deferred credit	3	56,528	(56,528)	-
Total non-current liabilities		67,295	(56,528)	10,767
Total liabilities		156,072	(62,335)	93,737
Equity				
Share capital	4	71,428	(110)	71,318
Share purchase loans	4	(110)	110	-
Deferred share plan	6	2,124	112	2,236
Contributed surplus	5	2,897	(2,897)	-
Other reserves	5	-	2,897	2,897
Retained earnings	3, 6	27,798	62,747	90,545
Total equity		104,137	62,859	166,996
Total liabilities and unitholders' equity		\$ 260,209	\$ 524	\$ 260,733

Notes to reconciliation of equity reported under Canadian GAAP to equity reported under IFRS for the period ended June 30, 2010.

1. Prepaid expenses and deposits were reclassified in order to be disclosed as part of trade and other accounts receivables.
2. Future income tax asset was reclassified to be disclosed as part of the deferred tax asset which is disclosed as a non-current asset.
3. Balances relating to deferred credits, which relates to the acquisition of tax losses, were written off in opening retained earnings, as the recognition of deferred credits is not permitted under the IFRS. In addition, an income tax expense of \$1,732 thousand was recorded to properly reflect income taxes in accordance with IFRS.
4. The share purchase loans account was reclassified to shareholders' capital in order to adhere to the requirements of IFRS which requires the account to be presented on a net basis on the face of the balance sheet. The breakdown of the account will be disclosed in the shareholders' equity note.
5. Contributed surplus is not a 'term' used under the IFRS. This account balance was renamed to 'other reserves' in order to conform to the requirements of IFRS.
6. The matching component of the deferred share plan was being amortized into income on a straight-line basis over the vesting period whereas under IFRS, the matching component is being amortized into income over the term of each vesting period.

Reconciliation of Comprehensive Income reported under Canadian GAAP to comprehensive income reported under IFRS for the six month period ended June 30, 2010

	Notes	Canadian GAAP June 30, 2010	Transitional Adjustments	IFRS June 30, 2010
Revenue				
Equipment sales		\$ 146,891	\$ -	\$ 146,891
Parts		25,915	-	25,915
Service		18,308	-	18,308
Rentals		4,014	-	4,014
		195,128	-	195,128
Cost of sales		(157,666)	-	(157,666)
Gross profit		37,462	-	37,462
Other income	1	-	567	567
Selling, general and administrative	2, 3	(31,194)	(2,387)	(33,581)
Interest	4	(705)	705	-
Depreciation and amortization	2	(2,343)	2,343	-
Results from operating activities		3,220	1,228	4,448
Foreign exchange loss	1	(8)	8	-
Gain on disposal of assets	1	174	(174)	-
Finance income	1	513	(393)	120
Finance costs	4	-	(713)	(713)
Net finance costs		679	(1,272)	(593)
Share of profit of equity accounted investees (net of income tax)		518	-	518
Profit before income taxes		4,417	(44)	4,373
Income tax recovery	3, 5	(182)	(1,550)	(1,732)
Loss and comprehensive loss for the period		4,235	(1,594)	2,641

Notes to reconciliation of comprehensive income reported under Canadian GAAP to comprehensive income reported under IFRS for the six month period ended June 30, 2010

1. Gain on disposal of assets; foreign exchange losses and interest income were previously classified as other income (expense) after the results from operating activities whereas under IFRSs, these amounts have been reclassified to other income as a component of the results from operating activities.
2. The Company previously classified its depreciation and amortization expense related to its selling, general and administrative expense function separately under previous Canadian GAAP whereas in accordance with IFRSs, depreciation and amortization expenses have been reclassified to selling, general and administrative expense.
3. The matching component of the deferred share plan was being amortized into income on a straight-line basis over the vesting period under previous Canadian GAAP whereas under IFRSs, the matching component is being amortized into income over the term of each vesting period resulting in an additional expense to be recorded of \$44 thousand.
4. The Company previously classified interest expense as a component of results from operating activities whereas under IFRSs, interest expense has been reclassified as finance costs after the results from operating activities.

Reconciliation of Comprehensive Income reported under Canadian GAAP to comprehensive income reported under IFRS for the three month period ended June 30, 2010

	Notes	Canadian GAAP June 30, 2010	Transitional Adjustments	IFRS June 30, 2010
Revenue				
Equipment sales		\$ 100,797	\$ -	100,797
Parts		14,402	-	14,402
Service		10,421	-	10,421
Rentals		2,307	-	2,307
		127,927	-	127,927
Cost of sales		(105,737)	-	(105,737)
Gross profit				
		22,190	-	22,190
Other income	1	-	310	310
Selling, general and administrative	2, 3	(16,274)	(1,269)	(17,543)
Interest	4	(366)	366	-
Depreciation and amortization	2	(1,247)	1,247	-
Results from operating activities				
		4,303	654	4,957
Foreign exchange gain (loss)	1	37	(37)	-
Gain on disposal of assets	1	127	(127)	-
Finance income	1	274	(183)	91
Finance costs	4	-	(329)	(329)
Net finance costs				
		438	(676)	(238)
Share of profit of equity accounted investees (net of income tax)		503	-	503
Profit before income taxes				
		5,244	(22)	5,222
Income tax recovery	3, 5	(182)	(1,786)	(1,968)
Loss and comprehensive loss for the period				
		5,062	(1,594)	2,641

Notes to reconciliation of comprehensive income reported under Canadian GAAP to comprehensive income reported under IFRS for the three month period ended June 30, 2010

- Gain on disposal of assets; foreign exchange losses and interest income were previously classified as other income (expense) after the results from operating activities whereas under IFRSs, these amounts have been reclassified to other income as a component of the results from operating activities.
- The Company previously classified its depreciation and amortization expense related to its selling, general and administrative expense function separately under previous Canadian GAAP whereas in accordance with IFRSs, depreciation and amortization expenses have been reclassified to selling, general and administrative expense.
- The matching component of the deferred share plan was being amortized into income on a straight-line basis over the vesting period under previous Canadian GAAP whereas under IFRSs, the matching component is being amortized into income over the term of each vesting period resulting in an additional expense to be recorded of \$22 thousand.
- The Company previously classified interest expense as a component of results from operating activities whereas under IFRSs, interest expense has been reclassified as finance costs after the results from operating activities.