

Unaudited Condensed Interim
Consolidated Financial
Statements of

**CERVUS EQUIPMENT
CORPORATION**

For the three and six month periods ended June 30, 2019 and 2018

CERVUS EQUIPMENT CORPORATION

Unaudited Condensed Interim Consolidated Statements of Financial Position
As at June 30, 2019 and December 31, 2018

(\$ thousands)	Note	June 30, 2019	December 31, 2018
Assets			
Current assets			
Cash and cash equivalents		\$ 10,256	\$ 6,106
Trade and other accounts receivable		66,817	71,969
Inventories	5	389,756	328,186
Total current assets		466,829	406,261
Non-current assets			
Other long-term assets		14,607	9,375
Property and equipment		54,803	58,328
Right-of-use assets	3	80,211	-
Intangible assets		40,095	42,640
Goodwill	6	22,915	21,624
Total non-current assets		212,631	131,967
Total assets		\$ 679,460	\$ 538,228
Liabilities			
Current liabilities			
Trade and other liabilities		\$ 79,336	\$ 77,712
Floor plan payables	7	175,232	157,615
Current portion of term debt	7	12,048	13,964
Current portion of finance lease obligation	3	9,472	3,770
Total current liabilities		276,088	253,061
Non-current liabilities			
Term debt	7	75,691	25,123
Finance lease obligation	3	82,091	7,501
Deferred income tax liability	8	7,705	8,843
Total non-current liabilities		165,487	41,467
Total liabilities		441,575	294,528
Equity			
Shareholders' capital	9	83,444	86,540
Deferred share plan		9,814	8,693
Other reserves		5,195	5,195
Accumulated other comprehensive income		(734)	506
Retained earnings		140,166	142,766
Total equity		237,885	243,700
Total liabilities and equity		\$ 679,460	\$ 538,228

Approved by the Board:

"Peter Lacey" Director

"Steven Collicutt" Director

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

CERVUS EQUIPMENT CORPORATION

Unaudited Condensed Interim Consolidated Statements of Comprehensive Income (Loss)
For the three and six month periods ended June 30, 2019 and 2018

(\$ thousands)	Note	Three month periods ended June 30		Six month periods ended June 30	
		2019	2018	2019	2018
Revenue					
Equipment sales		\$ 244,464	\$ 328,788	\$ 405,705	\$ 507,513
Parts		55,675	54,024	104,540	99,780
Service		22,385	20,725	42,582	40,595
Rentals and other		5,081	5,048	9,576	9,403
Total revenue		327,605	408,585	562,403	657,291
Cost of sales		(280,726)	(350,737)	(472,800)	(560,093)
Gross profit		46,879	57,848	89,603	97,198
Other income	10	1,390	751	2,495	1,354
Selling, general and administrative expense		(42,397)	(43,655)	(85,518)	(85,342)
Income from operating activities		5,872	14,944	6,580	13,210
Finance income		172	144	359	280
Finance costs		(3,233)	(1,629)	(6,270)	(2,972)
Net finance costs	11	(3,061)	(1,485)	(5,911)	(2,692)
Share of profit of equity accounted investees, net of income tax		-	124	-	124
Income before income tax expense		2,811	13,583	669	10,642
Income tax recovery (expense)	8	6	(4,067)	(564)	(3,074)
Income for the period		2,817	9,516	105	7,568
Other comprehensive income (loss)					
Foreign currency translation differences for foreign operations, net of tax		(1,200)	(889)	(1,240)	(76)
Total comprehensive income (loss) for the period		1,617	8,627	(1,135)	7,492
Net income per share attributable to shareholders of the Company:					
Basic	12	\$ 0.18	\$ 0.61	\$ 0.01	\$ 0.48
Diluted	12	\$ 0.17	\$ 0.58	\$ 0.01	\$ 0.46

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

CERVUS EQUIPMENT CORPORATION

Unaudited Condensed Interim Consolidated Statements of Changes in Equity

For the six month periods ended June 30, 2019 and 2018

Attributable to Equity Holders of the Company							
(\$ thousands)	Note	Share capital	Deferred share plan	Other reserves	Cumulative translation account	Retained earnings	Total
Balance December 31, 2017		\$ 88,163	\$ 7,455	\$ 5,195	\$ 191	\$ 124,249	\$ 225,253
Comprehensive income for the period							
Profit		-	-	-	-	7,568	7,568
Other comprehensive income							
Foreign currency translation adjustments, net of tax		-	-	-	(76)	-	(76)
Total comprehensive income for the period		-	-	-	(76)	7,568	7,492
Transactions with owners, recorded directly in equity							
Dividends to equity holders		-	-	-	-	(3,135)	(3,135)
Shares issued through DRIP		379	-	-	-	-	379
Shares issued through deferred share plan		117	(117)	-	-	-	-
Share-based payment transactions		-	1,196	-	-	-	1,196
Common shares repurchased		(683)	-	-	-	-	(683)
Transactions with owners		(187)	1,079	-	-	(3,135)	(2,243)
Balance June 30, 2018		\$ 87,976	\$ 8,534	\$ 5,195	\$ 115	\$ 128,682	\$ 230,502
Balance December 31, 2018		\$ 86,540	\$ 8,693	\$ 5,195	\$ 506	\$ 142,766	\$ 243,700
Balance at January 1, 2019, as previously reported		86,540	8,693	5,195	506	142,766	243,700
Impact of change in accounting policy	3	-	-	-	-	690	690
Adjusted balances at January 1, 2019		\$ 86,540	\$ 8,693	\$ 5,195	\$ 506	\$ 143,456	\$ 244,390
Comprehensive loss for the period							
Profit		-	-	-	-	105	105
Other comprehensive loss							
Foreign currency translation adjustments, net of tax		-	-	-	(1,240)	-	(1,240)
Total comprehensive loss for the period		-	-	-	(1,240)	105	(1,135)
Transactions with owners, recorded directly in equity							
Dividends to equity holders	9	-	-	-	-	(3,395)	(3,395)
Shares issued through DRIP	9	452	-	-	-	-	452
Shares issued through deferred share plan	9	266	(266)	-	-	-	-
Share-based payment transactions		-	1,387	-	-	-	1,387
Common shares repurchased	9	(3,814)	-	-	-	-	(3,814)
Transactions with owners		(3,096)	1,121	-	-	(3,395)	(5,370)
Balance June 30, 2019		\$ 83,444	\$ 9,814	\$ 5,195	\$ (734)	\$ 140,166	\$ 237,885

CERVUS EQUIPMENT CORPORATION

Unaudited Condensed Interim Consolidated Statement of Cash Flows
For the six month periods ended June 30, 2019 and 2018

(\$ thousands)	Note	Six month periods ended June 30	
		2019	2018
Income for the period		\$ 105	\$ 7,568
Adjustments for:			
Income tax expense	8	564	3,074
Depreciation		8,932	5,440
Amortization of intangibles		2,502	2,422
Equity-settled share-based payment transactions		1,387	1,196
Net finance costs	11	6,414	3,294
Unrealized foreign exchange (gain) loss	10	(1,223)	673
Non-cash write-down of inventories	5	4,181	5,786
(Gain) on sale of property and equipment	10	(377)	(530)
(Gain) on sale of Commercial operations		-	(480)
Share of (profit) of equity accounted investees, net of tax		-	(124)
Distributions from equity investments		-	(6)
Change in non-cash working capital	13	(39,045)	(33,507)
Cash (used in) operating activities		(16,560)	(5,194)
Cash taxes paid		(7,737)	(6,822)
Interest paid		(6,775)	(3,570)
Net cash (used in) operating activities		(31,072)	(15,586)
Cash flows from investing activities			
Interest received		359	280
Purchase of property and equipment		(7,591)	(4,334)
Proceeds from (payments for) intangible assets and goodwill		798	(330)
Proceeds from disposal of property and equipment		1,196	2,236
Proceeds from sale of Commercial operations		-	14,218
Net cash (used in) provided from investing activities		(5,238)	12,070
Cash flows from financing activities			
Net proceeds (repayments) of term debt		48,994	(3,966)
Dividends paid		(2,813)	(2,289)
(Payment) of finance lease liabilities		(3,260)	(2,436)
Receipt (payment) of deposits with manufacturers		685	(251)
Purchase of common shares	9	(3,814)	(683)
Net cash provided from (used in) financing activities		39,792	(9,625)
Net income increase (decrease) in cash and cash equivalents		3,482	(13,141)
Effect of foreign currency translation on cash		668	569
Cash and cash equivalents, beginning of period		6,106	14,502
Cash and cash equivalents, end of period		\$ 10,256	\$ 1,930

CERVUS EQUIPMENT CORPORATION

Notes to the Unaudited Condensed Interim Consolidated Financial Statements
For the three and six month periods ended June 30, 2019 and 2018

1. Reporting Entity

Cervus Equipment Corporation ("Cervus" or the "Company") is an incorporated entity under the Canada Business Corporations Act and is domiciled in Canada. The registered office of the Company is situated at 5201 – 333, 96th Avenue N.E., Calgary, Alberta, Canada, T3K 0S3. The unaudited condensed interim consolidated financial statements of the Company as at and for the period ended June 30, 2019, comprise the Company and its subsidiaries ("the Group").

The Company is primarily involved in the sale, after-sale service and maintenance of agricultural, transportation, and industrial equipment. The Company also provides equipment rental, primarily in the transportation, and industrial equipment segments. The Company wholly owns and operates 63 dealerships in Canada, New Zealand, and Australia. The primary equipment brands represented by Cervus include John Deere agricultural equipment; Peterbilt transportation equipment; and Clark, Sellick, Doosan, JLG, and Baumann material handling equipment. The common shares of Cervus are listed on the Toronto Stock Exchange and trade under the symbol "CERV".

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 financial information should be read in conjunction with the audited annual consolidated financial statements prepared for the year ended December 31, 2018.

This is the second set of the Company's financial statements where IFRS 16 has been applied. Changes to the significant accounting policies are described in Note 3.

The Board of Directors authorized the issue of these unaudited condensed interim consolidated financial statements on August 7, 2019.

(b) Use of Judgements and Estimates

The preparation of interim financial statements requires management to make judgments, 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 judgments 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 audited annual consolidated financial statements as at and for the year ended December 31, 2018.

(c) Comparative Figures

The comparative figures for 2018 include an adjustment relating to the first quarter of 2018. The adjustment results in an increase to cost of sales of \$2,444 thousand, resulting in a reduction to income tax expense of \$640 thousand. The change in the comparative balance sheet was a decrease in inventory of \$2,444 thousand, a decrease in income tax payable of \$640 thousand and a decrease in retained earnings of \$1,804 thousand.

CERVUS EQUIPMENT CORPORATION

Notes to the Unaudited Condensed Interim Consolidated Financial Statements
For the three and six month periods ended June 30, 2019 and 2018

3. Changes in Significant Accounting Policies

Except as described below, the accounting policies applied are consistent with those of the audited annual consolidated financial statements prepared for the year ended December 31, 2018. The following changes in accounting policies will also be reflected in the Company's annual financial statements as at and for the year ended December 31, 2019.

IFRS 16 Leases

The Company adopted IFRS 16 *Leases* effective January 1, 2019. IFRS 16 replaces existing lease guidance, including IAS 17 Lease, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases – Incentives and SIC 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

The Company has adopted IFRS 16 using the modified retrospective approach, with the cumulative effect of initially applying this standard recognized in retained earnings on the date of initial application (i.e., January 1, 2019). Accordingly, the comparative information has not been restated, and continues to be reported under IAS 17 and IFRIC 4. The details of the changes in accounting policies are described below.

(a) Definition of a Lease

Previously, the Company determined at contract inception whether an arrangement is or contains a lease under IFRIC 4. Under IFRS 16, the Company assesses whether a contract is or contains a lease based on the definition of a lease under this standard. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

On transition to IFRS 16, the Company elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after January 1, 2019.

(b) Leases in which the Company is Lessee

As a lessee, the Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Company. Under IFRS 16, the Company recognizes right-of-use assets and lease liabilities for most leases – i.e., these leases are on-balance sheet.

The Company decided to apply recognition exemptions to short-term leases of buildings, and leases of low-value office equipment. For leases of all other assets, which were classified as operating under IAS 17, the Company recognized right-of-use assets and lease liabilities.

i. Leases classified as Operating Leases under IAS 17

At transition, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Company's incremental borrowing rate as at January 1, 2019. Right-of-use assets are measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

CERVUS EQUIPMENT CORPORATION

Notes to the Unaudited Condensed Interim Consolidated Financial Statements
For the three and six month periods ended June 30, 2019 and 2018

3. Changes in Significant Accounting Policies (continued)

(b) Leases in which the Company is Lessee (continued)

i. Leases classified as Operating Leases under IAS 17 (continued)

The Company used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17.

- Applied a single discount rate to a portfolio of leases with similar characteristics.
- Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term.
- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

ii. Leases previously classified as Finance Leases under IAS 17

For leases that were classified as finance leases under IAS 17, the carrying amount of the right-of-use asset and the lease liability at January 1, 2019 are determined at the carrying amount of the lease asset and lease liability under IAS 17 immediately before that date.

(c) Leases in which the Company is Lessor

The Company is not required to make any adjustments on transition to IFRS 16 for leases in which it acts as a lessor, except for certain sub-leases. The Company accounted for its leases in accordance with IFRS 16 from the date of initial application.

Under IFRS 16, the Company is required to assess the classification of a sub-lease with reference to the right-of-use asset, not the underlying asset. On transition, the Company reassessed the classification of its sub-lease contracts previously classified as operating leases under IAS 17. The Company concluded that certain sub-leases are finance leases under IFRS 16.

(d) Impacts on Financial Statements

On transition to IFRS 16, the Company recognized \$84.2 million of right-of-use assets and \$84.2 million of lease liabilities.

When measuring lease liabilities, the Company discounted lease payments using its incremental borrowing rate applicable to the assets at January 1, 2019. The weighted average rate applied is 7.8%.

\$ thousands	January 1, 2019
Operating lease commitment at December 31, 2018 as disclosed in the Company's consolidated financial statements	\$ 130,584
Discounted using the incremental borrowing rate at January 1, 2019	(57,446)
Finance lease liabilities recognized as at January 1, 2019	\$ 73,138
Recognition exemption for:	
Leases of low-value assets	(25)
Extension options reasonably certain to be exercised	11,116
Lease liabilities recognized as at January 1, 2019	\$ 84,229

CERVUS EQUIPMENT CORPORATION

Notes to the Unaudited Condensed Interim Consolidated Financial Statements
For the three and six month periods ended June 30, 2019 and 2018

3. Changes in Significant Accounting Policies (continued)

(d) Impacts on Financial Statements (continued)

The associated right-of-use assets for property leases were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the statement of financial position as at December 31, 2018. There were no onerous contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

The recognized right-of-use assets relate to the following types of assets:

\$ thousands	June 30, 2019	January 1, 2019
Buildings	\$ 78,216	\$ 82,748
Motor vehicles	1,884	1,341
Office equipment	111	140
Total right-of-use assets	\$ 80,211	\$ 84,229

4. Seasonality

The Canadian, New Zealand and Australian retailing of agricultural, transportation, 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 Transportation and Industrial equipment segments 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)	June 30, 2019	December 31, 2018
New equipment	\$ 147,050	\$ 114,667
Used equipment	185,533	161,703
Parts and accessories	55,824	50,285
Work-in-progress	1,349	1,531
Total inventories	\$ 389,756	\$ 328,186

Included in costs of sales are amounts related to inventory write-downs, during the three and six month periods ended June 30, 2019 and 2018 of \$3,908 thousand (2018 – \$3,543 thousand) and \$4,181 thousand (2018 - \$5,786 thousand), respectively.

CERVUS EQUIPMENT CORPORATION

Notes to the Unaudited Condensed Interim Consolidated Financial Statements
For the three and six month periods ended June 30, 2019 and 2018

6. Goodwill

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

(\$ thousands)	
Balance at January 1, 2018	\$ 18,880
Additions through business acquisition	2,722
Impact of translation of goodwill held in foreign currencies	22
Balance at December 31, 2018	\$ 21,624
Valuation adjustment on business combination	1,418
Impact of translation of goodwill held in foreign currencies	(127)
Balance at June 30, 2019	\$ 22,915

During the six months ended June 30, 2019, the Company had an adjustment to goodwill on the final holdback payments for the acquisition of Deermart Equipment Sales Ltd.

7. Loans and Borrowings

Pre-Approved Credit Limits and Available Credit Facilities

The Company has various facilities, the amount available under which are limited to the lesser of pre-approved credit limits or the available unencumbered assets. A summary of the Company's maximum pre-approved credit limits on available credit facilities as at June 30, 2019, are as follows:

(\$ thousands)	June 30, 2019				December 31, 2018			
	Total Limits	Borrowings	Letters of Credit	Amount Available	Total Limits	Borrowings	Letters of Credit	Amount Available
Operating and other bank credit facilities	122,751	70,551	2,400	49,800	122,867	21,071	2,400	99,396
Capital facilities	(a)	9,602				9,942		
Floor plan facilities and rental equipment term loan financing	(b)	183,250				166,219		
Total borrowing		263,403				197,232		
Total current portion long term debt		(12,048)				(13,964)		
Total inventory floor plan facilities		(175,232)				(157,615)		
Deferred debt issuance costs		(432)				(530)		
Total long term debt		75,691				25,123		

- (a) For capital facilities, the additional amount available under the facilities is limited to the lesser of the pre-approved credit limit of \$9.6 million (December 31, 2018 - \$9.9 million) or the available unencumbered assets which is estimated at \$2.6 million as at June 30, 2019 (December 31, 2018 - \$2.4 million).
- (b) For floorplan facilities, the additional amount available under the facilities is limited to the lesser of the pre-approved credit limit of \$420.2 million (December 31, 2018 - \$418.4 million) or the available unencumbered assets which is estimated at \$37.0 million as at June 30, 2019 (December 31, 2018 - \$33.5 million).

As at June 30, 2019, the Company is in compliance with all its covenants.

CERVUS EQUIPMENT CORPORATION

Notes to the Unaudited Condensed Interim Consolidated Financial Statements
For the three and six month periods ended June 30, 2019 and 2018

8. Income Taxes

Tax Expense (Recovery)

(\$ thousands)	Three month periods ended June 30		Six month periods ended June 30	
	2019	2018	2019	2018
Current income tax expense	\$ 811	\$ 3,969	\$ 1,532	\$ 3,781
Deferred income tax (recovery) expense	(817)	98	(968)	(707)
Income tax (recovery) expense	\$ (6)	\$ 4,067	\$ 564	\$ 3,074

The recent corporate tax rate decrease in Alberta for current and future periods that was enacted in the quarter resulted in a decrease in the deferred income tax expense. The estimated impact of the corporate tax rate decrease on deferred tax expense for the three and six months ended June 30, 2019 was \$0.5 million.

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
Balance at January 1, 2018	15,675	\$ 88,163
Issued under the DRIP plan	27	379
Issued under the deferred share plan	13	117
Repurchased under the NCIB	(51)	(683)
Balance at June 30, 2018	15,664	\$ 87,976
Issued under the DRIP plan	25	331
Issued under the deferred share plan	17	159
Repurchased under the NCIB	(147)	(1,926)
Balance at December 31, 2018	15,559	86,540
Issued under the DRIP plan	37	452
Issued under the deferred share plan	23	266
Repurchased under the NCIB	(299)	(3,814)
Balance at June 30, 2019	15,320	\$ 83,444

Normal Course Issuer Bid

On September 10, 2018, the Company announced a Normal Course Issuer Bid (the "Bid"), which commenced on September 13, 2018, to purchase up to a maximum of 1,031 thousand common shares (the "Shares") for cancellation before September 12, 2019. Cervus appointed Raymond James Ltd. as its broker, to conduct the Bid on behalf of the Company. All purchases are to be made in accordance with the September 2018 Bid at the prevailing market price of the Shares at the time of purchase.

For the six months ended June 30, 2019, the Company had repurchased and cancelled 299 thousand common shares at a weighted average price of \$12.72 per share under the Bid.

CERVUS EQUIPMENT CORPORATION

Notes to the Unaudited Condensed Interim Consolidated Financial Statements
For the three and six month periods ended June 30, 2019 and 2018

10. Other Income

Other income for the three and six month periods ended June 30, 2019 and 2018 is comprised of the following:

(\$ thousands)	Three month periods ended June 30		Six month periods ended June 30	
	2019	2018	2019	2018
Net gain on sale of property and equipment	\$ 214	\$ 308	\$ 377	\$ 530
Gain on sale of Commercial operations	-	-	-	480
Unrealized foreign exchange gain (loss) ^(a)	625	(38)	1,223	(673)
Other income	551	481	895	1,017
Total other income	\$ 1,390	\$ 751	\$ 2,495	\$ 1,354

(a) Unrealized foreign exchange gain (loss) is due to changes in fair value of our foreign exchange derivative and from period close translation of accounts payable and floorplan payables denominated in U.S. dollars.

11. Finance Income and Finance Costs

(\$ thousands)	Three month periods ended June 30		Six month periods ended June 30	
	2019	2018	2019	2018
Finance income	\$ 172	\$ 144	\$ 359	\$ 280
Interest expense on mortgage and term debt obligations	(703)	(249)	(1,179)	(623)
Interest expense on financial liabilities	(2,776)	(1,637)	(5,594)	(2,951)
Finance costs	\$ (3,479)	\$ (1,886)	\$ (6,773)	\$ (3,574)
Net finance costs recognized separately	(3,061)	(1,485)	(5,911)	(2,692)
Net finance costs recognized in cost of sales	(246)	(257)	(503)	(602)
Total net finance costs	\$ (3,307)	\$ (1,742)	\$ (6,414)	\$ (3,294)

CERVUS EQUIPMENT CORPORATION

Notes to the Unaudited Condensed Interim Consolidated Financial Statements
For the three and six month periods ended June 30, 2019 and 2018

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 the Company as the numerator. No adjustments to net earnings were necessary for the three and six month periods ended June 30, 2019 and 2018.

Weighted Average Number of Common Shares

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:

(\$ thousands)	Three month periods ended June 30		Six month periods ended June 30	
	2019	2018	2019	2018
Issued common shares opening	15,540	15,701	15,559	15,677
Effect of shares issued under the DRIP plan	15	13	25	17
Effect of shares issued under the deferred share plan	7	-	11	7
Effect of shares repurchased from NCIB	(117)	(42)	(100)	(21)
Weighted average number of common shares	15,445	15,672	15,495	15,680

Weighted Average Number of Diluted Shares

The calculation of diluted income per share at June 30, 2019 and 2018 was based on the income attributable to common shareholders and the weighted average number of common shares outstanding. 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 June 30		Six month periods ended June 30	
	2019	2018	2019	2018
Weighted average number of common shares (basic)	15,445	15,672	15,495	15,680
Effect of dilutive securities:				
Deferred share plan	949	811	949	811
Weighted average number of shares (diluted)	16,394	16,483	16,444	16,491

13. Supplemental Cash Flow Information

(\$ thousands)	Six month periods ended June 30	
	2019	2018
Changes in non-cash working capital:		
Inventory	(70,509)	(73,044)
Floorplan	17,967	65,896
Trade and other receivables	4,870	(32,156)
Trade and other liabilities	8,627	5,797
Total change in non-cash working capital	(39,045)	(33,507)

CERVUS EQUIPMENT CORPORATION

Notes to the Unaudited Condensed Interim Consolidated Financial Statements
For the three and six month periods ended June 30, 2019 and 2018

14. Segment Information

The Company operates under three segments: Agriculture, Transportation, and Industrial 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 six month periods ended June 30, 2019 are \$1,044 thousand and \$1,874 thousand, respectively (2018 - \$898 thousand and \$1,480 thousand).

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

(\$ thousands)	Agricultural Equipment	Transportation Equipment	Industrial Equipment	Total
Segmented income figures				
Three months ended June 30, 2019				
Revenue				
Equipment sales	\$ 167,656	\$ 70,579	\$ 6,229	\$ 244,464
Parts	26,207	26,139	3,329	55,675
Service	11,729	8,100	2,556	22,385
Rentals and other	1,280	1,126	2,675	5,081
Total revenue	\$ 206,872	\$ 105,944	\$ 14,789	\$ 327,605
Total other income	395	808	187	1,390
Depreciation and amortization	3,230	1,575	886	5,691
Finance income	106	50	16	172
Finance expense including amounts in costs of sales	(2,081)	(1,227)	(171)	(3,479)
(Loss) income for the period before income tax	(696)	2,769	738	2,811
Capital additions, including finance leases	2,656	1,028	266	3,950
Six months ended June 30, 2019				
Revenue				
Equipment sales	\$ 290,810	\$ 102,163	\$ 12,732	\$ 405,705
Parts	46,791	51,605	6,144	104,540
Service	21,832	15,994	4,756	42,582
Rentals and other	2,639	2,078	4,859	9,576
Total revenue	\$ 362,072	\$ 171,840	\$ 28,491	\$ 562,403
Total other income	507	1,568	420	2,495
Depreciation and amortization	6,489	3,223	1,722	11,434
Finance income	222	103	34	359
Finance expense including amounts in costs of sales	(4,162)	(2,299)	(312)	(6,773)
(Loss) income for the period before income tax	(2,772)	2,676	765	669
Capital additions, including finance leases	4,928	2,186	476	7,590
Segmented assets and liabilities as at June 30, 2019				
Reportable segment assets	\$ 454,655	\$ 184,005	\$ 40,800	\$ 679,460
Intangible assets	25,697	10,453	3,945	40,095
Goodwill	19,702	2,546	667	22,915
Reportable segment liabilities	293,542	121,601	26,432	441,575

CERVUS EQUIPMENT CORPORATION

Notes to the Unaudited Condensed Interim Consolidated Financial Statements
For the three and six month periods ended June 30, 2019 and 2018

14. Segment Information (continued)

(\$ thousands)	Agricultural Equipment	Transportation Equipment	Industrial Equipment	Total
Segmented income figures				
Three months ended June 30, 2018				
Revenue				
Equipment sales	\$ 238,727	\$ 81,351	\$ 8,710	328,788
Parts	26,192	24,891	2,941	54,024
Service	10,510	7,720	2,495	20,725
Rentals and other	1,412	1,774	1,862	5,048
Total revenue	\$ 276,841	\$ 115,736	\$ 16,008	\$ 408,585
Total other income	307	268	176	751
Depreciation and amortization	1,756	1,672	488	3,916
Finance income	91	33	20	144
Finance expense including amounts in costs of sales	(822)	(1,026)	(38)	(1,886)
Income for the period before income tax	11,040	2,480	63	13,583
Capital additions, including finance leases	2,401	250	58	2,709
Six months ended June 30, 2018				
Revenue				
Equipment sales	\$ 370,834	\$ 119,960	\$ 16,719	507,513
Parts	43,455	47,987	8,338	99,780
Service	19,157	15,799	5,639	40,595
Rentals and other	2,655	3,321	3,427	9,403
Total revenue	\$ 436,101	\$ 187,067	\$ 34,123	\$ 657,291
Total other income (loss)	585	(165)	934	1,354
Depreciation and amortization	3,538	3,354	970	7,862
Finance income	169	78	33	280
Finance expense including amounts in costs of sales	(1,550)	(1,922)	(102)	(3,574)
Income for the period before income tax	7,168	2,039	1,435	10,642
Capital additions, including finance leases	3,643	836	395	4,874
Segmented assets and liabilities as at June 30, 2018				
Reportable segment assets	\$ 347,424	\$ 185,200	\$ 38,138	\$ 570,762
Intangible assets	22,244	11,182	4,184	37,610
Goodwill	15,650	2,546	667	18,863
Reportable segment liabilities	199,939	124,586	15,735	340,260

The Company primarily operates in Canada, but includes subsidiaries in Australia (Cervus Australia Pty Ltd.) and in New Zealand (Cervus NZ Equipment Ltd.), which together operate 15 agricultural equipment dealerships. Gross revenues for the three and six month periods ended June 30, 2019, for the New Zealand and Australian territories were \$44,548 thousand and \$88,381 thousand, respectively (2018 – \$41,648 thousand and \$85,164 thousand). Non-current assets for New Zealand and Australia as at June 30, 2019, were \$28,401 thousand (2018 – \$19,327 thousand). The Australia and New Zealand operations are included in the Agricultural Segment.

CERVUS EQUIPMENT CORPORATION

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

For the three and six month periods ended June 30, 2019 and 2018

15. Commitments and Contingencies

The Company is a defendant and plaintiff in various other legal actions that arise in the normal course of business. The Company believes that any liabilities that might arise pertaining to such matters would not have a material effect on its consolidated financial position.

Financing Arrangements

John Deere Credit Inc. ("Deere Credit") and other financing companies provide financing to certain of the Company's customers. A portion of this financing is with recourse to the Company if the amounts are uncollectible. At June 30, 2019, payments in arrears by such customers aggregated \$1,012 thousand (2018 - \$903 thousand).

In addition, the Company is responsible for assuming all lease obligations held by its customers with Deere Credit and other financing companies through recourse arrangements for the net residual value of the lease outstanding at the maturity of the contract. At June 30, 2019, the net residual value of such leases aggregated \$322,033 thousand (2018 - \$275,244 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.