FIRST QUARTER REPORT - 2008

ROCKY MOUNTAIN DEALERSHIPS INC.

FOR THE THREE MONTHS ENDED MARCH 31, 2008

This management discussion and analysis (MD&A), is prepared as of May 12, 2008. This discussion focuses on key statistics from the unaudited consolidated financial statements for the period ended March 31, 2008 and pertains to known risks and uncertainties in the construction and agricultural equipment dealership industry. Additional information related to Rocky Mountain Dealerships Inc. including the Annual Information Form, has been filed with SEDAR and is available at www.sedar.com.

Forward Looking Information

This Management's Discussion and Analysis (MD&A) contains certain statements or disclosures relating to Rocky Mountain Dealerships Inc. ("RMDI" or "the Company") that are based on the expectations of its Management as well as assumptions made by and information currently available to RMDI which may constitute forward-looking information under applicable securities laws. All such statements and disclosures, other than those of historical fact, which address activities, events, outcomes, results or developments that the Company anticipates or expects may, or will occur in the future (in whole or in part) should be considered forward-looking information. In some cases, forward-looking information can be identified by terms such as "forecast", "future", "may", "will", "expect", "anticipate", "believe", "potential", "enable", "plan", "continue", "contemplate", "pro-forma", or other comparable terminology. Forward-looking information presented in such statements or disclosures may, among other things, relate to: the anticipated benefits and enhanced shareholder value resulting from operations; the success of the Company's growth strategy; sources of income; forecasts of capital expenditures and the sources of the financing thereof; expectations regarding the ability of the Company to raise capital; movements in currency exchange rates; anticipated income taxes, the Company's business outlook; plans and objectives of Management for future operations; forecast business results; and anticipated financial performance. Many factors could cause the performance or achievements of RMDI to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements.

Corporate Profile

The Company was formed on September 17, 2007 but did not carry on any business until it acquired all of the shares of each of Hammer Equipment Sales Limited and Hi-Way Service (Medicine Hat) Inc. and Hi-Way Service (Medicine Hat) Inc. purchased all of the shares of Central Alberta Tractor Sales Ltd. on December 20, 2007 (the "**Acquisitions**"). Central Alberta Tractor Sales Ltd. carried on no active business but held 50% of the shares of a 50% subsidiary of Hi-Way Service (Medicine Hat) Inc.

Also on December 20, 2007, the Company, pursuant to a long form Prospectus (the "**Prospectus**"), completed its initial public offering (the "**Offering**") of 6,500,000 common shares of the Company (the "**Common Shares**") at $10.00 per Common Share for gross proceeds of $65,000,000. The Prospectus has been filed on SEDAR which can be accessed on the internet at www.sedar.com. The Offering was underwritten by a syndicate of underwriters led by RBC Capital Markets and included BMO Capital Markets, Scotia Capital Inc., Blackmont Capital Inc. and HSBC Securities (Canada) Inc. (collectively, the "**Underwriters**"). The Company also granted to the Underwriters an over-allotment option (the "**Over-Allotment Option**") to purchase up to an additional 975,000 Common Share at $10.00 per Common Share for gross proceeds of $9,750,000, which option was exercised and closed January 11, 2008. The cash raised pursuant to the Offering and the Over-Allotment Option was used to finance the cash portion of the Acquisitions, pay costs of the Offering and provide working capital to the Company. A further 5,085,000 Common Shares were issued as the share consideration portion of the Acquisitions. As a result of the issuance of the Common Shares pursuant to the Offering, the Over-Allotment Option and the Acquisitions 12,560,000 Common Shares were issued and outstanding as at January 11, 2008. No other Common Shares have been issued since that date to the date of this Management Discussion and Analysis.

The Common Shares commenced trading on the Toronto Stock Exchange under the symbol RME on December 20, 2007.

Since the time of the Acquisitions, Hammer Equipment Sales Limited changed its name to Rocky Mountain Equipment Ltd. (the "**Construction Subsidiary**") and Hi-Way Service (Medicine Hat) Inc. amalgamated with Central Alberta Tractor Sales Ltd. and its other subsidiaries and changed its name to Hi-Way Service Ltd. (the "**Agriculture Subsidiary**"). The consolidated financial statements of the Company therefore pertain to the aggregate business carried on by the Construction Subsidiary and Agriculture Subsidiary for the period ended March 31, 2008.

The Company is a major independent dealer of Case Construction Equipment and Case IH Agriculture Equipment and also distributes construction equipment of a number of other manufacturers, including but not limited to Terex, Dynapac, Takeuchi, and Leeboy. The Company also distributes agriculture equipment of other manufacturers including Bourgault, Class and Knight.

The Company operates through 13 dealership branches located across Alberta through which the Company sells and rents new and used construction and agriculture equipment. For a more complete description of those locations please refer to pages 40 and 41 of the Prospectus.

The Company also offers full product support to its customers by selling parts and providing in-branch and on-site repair and maintenance services. The Company supports its sales and leasing departments by providing third party financing and insurance services.

In addition, the Company provides other ancillary services such as equipment transportation and global positioning satellite (GPS) signal subscriptions. The Company's right to sell, rent and support the various brands carried extend, depending on the particular brand, throughout Alberta and Eastern British Columbia, Saskatchewan, the Northwest Territories and Nunavut.

The majority of revenues from combined sales of new equipment by the Construction Subsidiary and the Agriculture Subsidiary have been with respect to Case IH Agriculture Equipment and Case Construction Equipment both of which are divisions of CNH Canada Ltd. ("**CNH**"). The ultimate parent of CNH is one of the largest manufacturers of construction and agriculture equipment in the world as CNH ranks as the second largest manufacturer of agriculture equipment and sixth largest manufacturer of construction equipment on a global basis. The Company should benefit from being associated with the CNH brand, which has a loyal following and brand recognition and draws repeat customer for both equipment sales and customer support.

As a result of the Acquisitions the Company believes that it has a number of competitive strengths which are more particularly set forth and described under "Competitive Strengths" commencing on page 35 of the Prospectus.

Although the Company has significant Competitive Strengths which should provide growth opportunities, the Company recognizes that its resources will be concentrated mainly on integrating the operations of the Construction Subsidiary and the Agriculture Subsidiary over a significant portion of 2008.

Liquidity and Capital Resources

RMDI has existing indebtedness under credit facilities with HSBC for purposes of general day-to-day cash requirements for its operations. RMDI has obtained a Credit Facility consisting of revolving credit facilities providing up to $10 million for working capital and up to $10 million for acquisitions of additional equipment dealerships, for the acquisition facility RMDI pays an annual standby fee of 0.25%. The indebtedness under the Credit Facility is to be secured in favour of the bank by the Company's receivables and the non-CNH parts inventory. Amounts drawn under the working capital facility will bear interest between the bank's prime rate and prime plus 0.50% and amounts drawn under the acquisition facility will bear interest at the bank's prime rate plus between 0.375% and 1.25%, in each case depending on certain financial ratios. At March 31, 2008, there are no amounts outstanding on either of these facilities. HSBC has also provided financing terms for the lease fleet comprised of individual contracts with individual interest rates that are either floating at prime plus 0.4% or fixed based on the bank's daily fixed rate for the particular length of the individual contract. Contracts are secured by all real property owned and subsequently acquired and individual payment terms are up to five years from the time each contract is initiated.

The company has existing floor plan facilities from various lending institutions for the purpose of financing inventory in sufficient approved limits to meet its needs for the foreseeable future. The new equipment inventory (and, in some cases, a portion of the used equipment inventory) is financed by way of floor plan financing, which is made available to RMDI by the equipment manufacturer's captive finance companies or divisions (such as CNH Capital), as well as banks and specialty lenders. As an extension to the floor plan facility described above, the company has financing provided by GE Capital terms which are substantially the same but qualify as long-term debt and are used to finance the rental fleet. In addition HSBC has provided financing for the lease fleet as discussed above. The interest rates on these facilities are based on the floor plan lender's prime rate plus a percentage currently ranging from 0.4% to 5.0%.

The Company is in compliance with all externally imposed capital requirements with the exception of the debt to net tangible worth. The Company is currently in discussions with the lender to restructure the covenant.

Key Financial Metric

In addition to tracking sales and expenses in evaluating the financial performance, the Overhead Absorption is regularly monitored, which is a commonly used metric in the equipment dealership industry, at the branch and organization level. It is Management's belief that Overhead Absorption is a useful measurement tool because it indicates an equipment dealership's ability to maintain profitable operations particularly during periods of reduced equipment. The Company has found that product support revenues grow during economic downturns as a percentage of total sales due to customers tending to repair their equipment rather than replace it. The Overhead Absorption is calculated by dividing the gross margin from product support and equipment rentals and leases, by total overhead expenses, including interest, less variable equipment selling expenses and intangible amortization.

SELECTED FINANCIAL INFORMATION

	3 months ended March 31, 2008
Revenue:	**$**
New equipment sales	41,624,053
Used equipment sales	12,570,295
Product support	13,671,677
Finance and insurance (F&I)	427,332
Rental and Leasing	1,420,892
Total Revenue	69,714,249
Cost of sales	57,079,811
Gross profit	12,634,438
Expenses:	
Selling and administrative	9,082,827
Interest - short term debt	1,082,510
Interest - long term debt	378,180
Amortization of intangibles	757,976
Amortization of PPE	389,947
Earnings from operations	942,998
Net earnings	587,727
Net earnings per share	
Basic	$ 0.05
Diluted	$ 0.05
	As of Mar 31, 2008
Total Assets	302,871,155
Total Liabilities	176,716,975
Overhead Absorption	78.0%

RECONCILIATION OF NET INCOME TO EBITDA

EBITDA	**$**
Net Income	587,727
Taxes	355,272
Long Term Interest	378,180
Intangible Depreciation	757,976
Depreciation	389,947
Rental Depreciation	441,715
Lease Depreciation	599,560
EBITDA	3,510,377

RESULTS OF OPERATIONS

Although the first quarter is historically RMDI's lowest, favorable market conditions continued to exist in RMDI's core construction markets as a result of the strong Alberta economy during the early part of 2008. The agriculture market continued to show strength during the early parts of 2008 as sales for agricultural products remained strong. High commodity prices, resulting from robust global demand for agricultural commodities, led to strong market demand for agricultural equipment.

The results of operation discussed below are for the first quarter ending March 31, 2008 and compared to the first quarter ending March 31, 2007. The March 31, 2008 quarterly statements may not be representative of the operations presented in the annual statements as a result of economic activity in our region and the seasonal nature of the operations in both the Construction and Agriculture Equipment industries. Within these groups, the first quarter is typically the weakest due to winter shutdowns while the fourth quarter is the strongest due to conversions of equipment on rent with a purchase options. Therefore, these results are not necessarily indicative of future quarters.

For the purposes of providing comparative results to the first quarter of 2008, management of RMDI combined the financial results from the first quarter of 2007 from operations of the Construction Subsidiary and the various companies and businesses that became the Agriculture Subsidiary.

New and used equipment sales increased from approximately $44.6 million to $54.2 million in the first quarters respectively as a result of the factors outlined above.

Product support revenues increased from approximately $12.1 million to $13.7 million due to the larger installed equipment base resulting in demand for RMDI's trained technicians and OEM parts.

The $1.1 million increase in gross profit from approximately $11.5 million to $12.6 million resulted from improved sales. As a percentage the margin has decreased year over year resulting from the sales mix, and some lower margin highly competitive unit sales.

The increase in selling and administration expenses from approximately $7.9 million to $9.1 million resulted primarily from improved sales of new and used equipment, which increased commission expense, as well as a general increase in expenses to establish the new branches for the two Calgary locations (Calgary North and Calgary Lite) and Fort McMurray. These costs have been invested during the period to continue working towards the long term growth plan as discussed in the prospectus.

The decrease in short-term interest expense from approximately $1.4 million to $1.1 million is attributable, in part, to a decrease in interest rates from the comparable period in the previous year. The increase in long-term interest expense from approximately $0.2 million to $0.4 million is attributable to the rental and lease fleets and their comparative growth in comparison to the first quarter of last year.

CASH FLOW

During the initial period ending March 31, 2008 the Company's operating activities utilized $4.2 million of cash. RMDI's cash outflows were supplemented by net earnings of $0.6 million.

The $4.2 million utilized in operating activities was partially offset by proceeds from disposition of capital assets in the amount of $0.4 million and financing activities of $1.3 million.

RMDI has available credit facilities with the bank for purposes of general day-to-day cash requirements of its operations. In addition, RMDI has floor plan facilities from various lending institutions for the purpose of financing inventory with sufficient availability to meet its needs for the foreseeable future.

ADEQUACY OF CAPITAL RESOURCES

RMDI and its subsidiaries has primarily used its cash to purchase its fleet of lease and rental assets, finance the purchase of inventory, service its debt requirements, and fund its operating activities, including working capital, both operating and capital leases and floor plan payable. RMDI expects its capital expenditures on the replacement of both its lease and rental fleet will be consistent with the objective of maintaining both fleets at the current level. The actual amount of the equipment expenditures will depend upon factors such as general economic conditions and should be offset, at least in part, with the proceeds of disposition of part of the existing fleets. RMDI currently anticipates that it will be able to finance the expansion of its fleet through its existing credit facilities and cash flow from operations. RMDI's ability to service its debt will depend upon its ability to generate cash, which depends on its future operating performance, general economic conditions, as well as other factors, of which some are beyond its control. Based on its current operational performances, RMDI believes that cash flow from operations along with existing credit facilities will provide for its liquidity needs in the next 12 months.

OUTLOOK

The strength that has been portrayed in the past couple of years in the agriculture industry is expected to continue, as a result of the continued demand for cereal crops. With the increase in agricultural activity the manufacturers have been forced to lengthen their delivery time which may affect RMDI's ability to meet all of the customer demands. The continued strength in commodity prices has brought some difficulties for livestock farms as the input costs have increased, and consequently put a strain on the cash receipts from that segment of the farming economy. An issue that could arise during the 2008 year on the agricultural side of the business is a potential shortage of equipment due to lengthy lead times from the manufacturers. With this continued demand the commodity prices are expected to continue showing strength over the remainder of 2008 which would be demonstrated in strong farm cash receipts for the year.

The construction equipment side of the business has been strong over the past few years as the various levels of government have been trying to deal with the infrastructure shortage throughout the province. This process is expected to continue through the 2008 fiscal year and into 2009 which will partially offset the expected slow-down in residential housing starts in the province.

RMDI has completed the acquisitions of both Hammer Equipment Sales Ltd. and the Hi-Way Service group and a great deal of effort has been focused on integrating the two entities in the first quarter of 2008 and will continue into the second quarter.

CONTRACTUAL OBLIGATIONS

The following table provides an overview of the contractual obligations of RMDI as of December 31, 2007.

	Total	Less than 1 year	1-3 years	4-5 years
Long-term Debt	$ 22,571,180	$ 4,965,699	$ 11,836,634	$ 5,768,847
Capital Lease Obligations	$ 106,495	$ 78,068	$ 28,427	$ -
Operating Lease Obligations	$ 19,277,239	$ 3,616,928	$ 8,403,143	$ 7,257,168
Total Contractual Obligations	$ 41,954,914	$ 8,660,695	$ 20,268,204	$ 13,026,015

RELATED PARTY TRANSACTIONS

During the period ended March 31, 2008, RMDI and its subsidiaries entered into the following transactions or arrangements with or involving related parties, which are accounted for at their exchange amount, (fair value):

1. The Construction Subsidiary leases the premises and facilities for four of its branches from certain companies in which Mr. Campbell, Mr. Taschuk and/or Mr. Ganden or their associates are shareholders. The Construction Subsidiary paid a total of $238,220 in lease payments to these companies during the period. It is anticipated that the Company will continue to operate from these branch premises and facilities.

2. The Agriculture Subsidiary leases the premises and facilities for six of its branches from a company beneficially owned or controlled, indirectly by Derek Stimson, the President and one of the directors of RMDI. The Agriculture Subsidiary paid a total of $600,000 in lease payments during the period. It is anticipated that the Company will continue to operate from these branch premises and facilities.

3. During the period, the Company paid management fees and airplane rental fees to a company controlled by a related party totalling $50,000 and $66,800 respectively. Equipment sales of $632,500 and purchases of $93,670 were transacted between the company and a company controlled by a significant shareholder.

OFF BALANCE SHEET ARRANGEMENTS

RMDI has availed itself of off-balance sheet financing in connection with two commercial undertakings. The first pertains to operating leases between RMDI and an arm’s length financing company for articulated trucks which RMDI utilized in its equipment rental fleet. The operating leases were bought out in January 2008 and are not expected to be replaced at this time. The second pertains to numerous operating leases between RMDI and arm’s length leasing companies in respect of the fleet of vehicles used by RMDI and its employees in the conduct of its business. RMDI has paid monthly amounts under each of such leases ranging from $296 to $1,954. The current operating leases have terms of five years or less expiring between May 31, 2008 and March 31, 2012. Management intends to replace or extend these operating leases when their terms expire in respect of vehicles used by RMDI and its employees in the conduct of its business.

INDUSTRY & ECONOMIC FACTORS AFFECTING PERFORMANCE

Given the nature of the business of RMDI, it is subject to a number of external factors that affect its business, including seasonality and cyclicality, currency fluctuations, inflation, and interest rate fluctuations.

Seasonality & Cyclicality

RMDI’s customers operate in industries that are affected by seasonality. The seasonal nature of the Company’s customers’ businesses affects their demand for RMDI’s equipment and services. The Company generally experiences a lower volume of equipment sales during the first quarter of the calendar year, due to the crop growing season and winter weather making certain types of construction and agricultural work difficult or impossible to perform. The Company has mitigated the effects of seasonality, to some extent, by also carrying lines of equipment for which peak operating periods occur during the winter months. Examples of such lines of equipment include Iron Wolf, FAE and Lamtrac, which are used primarily in mulching and clearing applications. January through March, the Company’s first quarter, is often the slowest period as both agricultural and construction customers operating at a minimum.

Currency Fluctuations & Foreign Exchange

RMDI's manufacturers are geographically diversified, leading the Company to conduct business in two currencies, U.S. dollars and Canadian dollars. Therefore, the fluctuation of the U.S. dollar has significant foreign exchange impact on the Company's revenues and net income, the most significant of which is purchases of U.S. dollar denominated products, (inventory). In addition to the aforementioned impact as a result of foreign currency fluctuations, the Company experiences foreign currency translation gains or losses; currency translation adjustments arise as a result of fluctuations in foreign currency exchange rates at the period end. The nature of exposure to foreign exchange fluctuations differs between equipment manufacturers and the various dealer agreements with them.

The last several years have seen a weakening of the U.S. dollar in comparison to the Canadian dollar, which has generally had a positive effect on RMDI's performance by lowering its cost of goods sold. However, as the markets in which RMDI operates are highly competitive, a declining U.S. dollar also has the effect of reducing sales prices in Canadian dollars and, as a consequence, the Company cannot capture all the potential benefit of a declining U.S. dollar environment. If the U.S. dollar strengthens in comparison to the Canadian dollar, and RMDI is unable to offset the increase in its cost of goods through price increases, its results may be negatively affected. RMDI does mitigate some of this risk, however, by occasionally purchasing forward contracts for U.S. dollars on large transactions to cover the period from the time the equipment was ordered from the manufacturer to the delivery date.

Inflation

Inflation has not had a material effect on the operating results of the Company, and this is not expected to change in the future. RMDI has experienced cost increases that are similar to the cost escalations being experience throughout the Alberta economy but has been able to increase selling prices to offset such increases. Items that are susceptible to localized inflation in Alberta, such as labor and rent, are a relatively small component to RMDI's overall cost structure as compared to the cost of goods sold, which is affected by numerous factors. There is no assurance, however, that inflation will not affect the Company in the future or that the Company will be continually able to increase selling prices as a means to offset the effect of increases on its cost structure (including, without limitation, cost of goods sold) while remaining competitive.

Interest Rate Fluctuations

RMDI finances its purchases of new and, to a lesser extent, used equipment inventory through floor plan borrowing arrangements, under which it is charged interest at floating rates. As a result, rising interest rates have the effect of increasing the Company's costs, particularly in respect of interest on debt financing, including floor plan financing. To the extent the Company cannot pass on such increased costs to its customers, its net earnings or cash flow may decrease. In addition, its customers finance the majority of the equipment they purchase through the Company. A customer's decision to purchase may be affected by interest rates available to the customer to finance the purchase.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

During the preparation of the financial statements, Management is required to make estimates, assumptions and judgments that affect reporting amounts. Estimates, assumptions and judgments that affect the balance sheet include, but are not limited to: allowance for doubtful accounts, inventories, capital assets, deferred revenue and future taxes. Estimates, assumptions and judgments that affect the statements of earnings and comprehensive income include, but are not limited to: allowance for doubtful accounts, and revenue recognition. The estimates, assumptions and judgments are updated when Management considers it appropriate, but review them at least quarterly. The technical accounting knowledge, cumulative business experience, judgment and industry comparatives are all considered in selecting and applying accounting policies. While Management believes estimates, assumptions, and judgments used in the preparation of the financial statements are appropriate, they are subject to factors and uncertainties regarding their outcome and, therefore, actual results may differ materially from these estimates. Management believes the following are the primary critical accounting policies and estimates:

Allowance for Doubtful Accounts

Outstanding receivables are reviewed on a weekly basis by the applicable managers at the branch level and daily by the credit manager. At the end of every quarter, all of the receivables are reviewed in detail to ensure there is sufficient coverage in allowance for doubtful accounts.

Inventory

In the financial statements the equipment inventory is recorded at the lower of cost and net realizable value, with cost being determined on a specific-item, actual-cost basis. Management records parts inventory at the lower of cost and replacement cost, with cost being determined using average cost. Any work-in progress is valued at actual cost.

Capital Assets

Capital assets consist primarily of the equipment inventory, equipment rent-to-rent fleet and equipment lease fleet. In particular, the fleet of rent-to-rent equipment consists primarily of articulated trucks, which is replaced on a three-year cycle. To ensure that the rent-to-rent articulated trucks are accurately valued when they are replaced, 80% of the rental revenue generated is allocated with each unit to depreciation expense. Management records depreciation on leasing equipment using the declining balance method at a 30% rate.

Deferred Revenue

Deferred revenue is recognized in three circumstances, namely, upon placing a preventative maintenance contract with a customer and in connection with incentives received from equipment manufacturers. When a preventative maintenance contract is placed with a customer, the customer is charged in advance or on a flat monthly rate for services that will be performed during the term of the maintenance contract, which may be as long as five years. Revenue is recognized when the service is performed. When equipment manufacturers provide incentives for particular pieces of equipment, which are typically credits against the wholesale price as shown on the manufacturer's equipment invoice, RMDI recognizes and records that deferred revenue credit as goods sold. The third type of deferred revenue relates to the lease fleet, the future lease payments are recorded as deferred revenue and recognize the payments as they become due during the year.

Future Taxes

The future income tax liability is calculated using the asset and liability method of tax allocation. Under this method, the temporary differences between the tax bases of assets and their carrying amounts on the balance sheet are used to calculate the future income tax liability.

Changes in Accounting Policies

Effective for years beginning on or after October 1, 2007, the provisions of the Canadian Institute of Chartered Accountants ("CICA") Handbook section 3862 – "Financial Instruments Disclosures", and section 3863 – "Financial Instruments Presentations" require the disclosure of information with regards to the significance of financial instruments of the Company's financial position and performance, the nature and extent of risks arising from financial instruments to which the Company is exposed during the period and at the balance sheet date, and how the Company manages those risks. These standards replace CICA Handbook section 3861 "Financial Instruments". The Company adopted this section January 1, 2008.

In June 2007, the CICA issued Handbook section 3031, "Inventories" to harmonize accounting for inventories under Canadian GAAP with International Financial Reporting Standards. This standard established guidance on the determination of cost and its subsequent recognition as an expense, including any write-down to net realizable value. It also provides guidance on the cost formulas that are used to assign costs to inventories. The Company adopted this section January 1, 2008 and has determined that there is no material impact on its consolidated financial statements as the existing accounting policies were in compliance with the revised standards.

Future Changes in Accounting Policies

In February 2008, the CICA issued section 3064, Goodwill and intangible assets, replacing section 3062, Goodwill and other intangible assets and section 3450, Research and development costs. Various changes have been made to other sections of the CICA Handbook for consistency purposes. The new section will be applicable to financial statements relating to fiscal years beginning on or after October 1, 2008. Accordingly, the Company will adopt the new standards for its fiscal year beginning January 1, 2009. It establishes standards for the recognition, measurement, presentations and disclosure of goodwill subsequent to its initial recognition and of intangible assets by profit-oriented enterprises. Standards concerning goodwill are unchanged from the standards included in the previous section 3062. The Company is currently evaluating the impact of the adoption of this new section on its consolidated financial statements. The Company does not expect that the adoption of this new section will have a material impact on its consolidated financial statements.

In 2006, Canada's Accounting Standards Board ratified a strategic plan that will result in Canadian generally accepted accounting principles (GAAP), as used by public companies, being evolved and converged with International Financial Reporting Standards (IFRS) over a transitional period to be completed by 2011. The official changeover date from Canadian GAAP to IFRS is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. As the International Accounting Standards Board currently has projects underway that should result in new pronouncements and since this Canadian convergence initiative is in its infancy as of the date of these financial statements, the Company has not yet assessed the impact of ultimate adoption of IFRS on the Company.

Key Financial Statement Components

Equipment sales – Equipment revenues are derived from the sale of new and used construction and agricultural equipment. Revenue is recognized when the customer has signed the sales agreement, has paid or is credit-approved through, and title to and risk of loss for the piece of equipment has transferred, except in respect of deferred revenue, which is discussed above. New equipment sales also include rental revenues where customers purchase equipment following a period of "rent-to-own" payments.

Product support – Product support revenue is derived from the sales of both parts and service. Revenue from parts sales is recognized when title to and risk for a particular part has transferred to the customer, as evidenced by the part being shipped or physically taken by the customer, or in the case of parts drawn to complete service work, when the service work order is completed. Service revenue is recognized when the applicable repair or maintenance work has been completed, except in respect of deferred revenues, which are discussed above.

Equipment Rentals – Equipment rental revenue is recognized on the first day of each rental period specified in the rental contract. Rental revenue, as presented in the financial statements, is generated from the equipment in the rent-to-rent fleet. All other equipment rental revenue (e.g., rent-to-own revenue) is included in the new equipment sales revenue. In either case, 80% of the equipment rental revenue is considered to be cost of sales.

Equipment Leasing – Leasing revenue is recognized on a monthly basis, based on the term of the lease, independent of the timing of the payments received. The lease is initially set up as deferred revenue, and recognized as revenue on a monthly basis coinciding with the term of the original lease.

Finance and Insurance (F&I) – Each sale of new or used equipment enables RMDI to offer customers proprietary or third party purchase and lease financing, third party insurance products and manufacturers' extended warranties. F&I revenue is recognized when the customer executes the applicable F&I contract. F&I revenue includes commissions and fees on third-party F&I products the Company places (rates determined by the third parties through whom such F&I products are sourced), fees on certain financing products equal to the present value of the interest rate spread between the cost of funds and the lending rate to the customer, and margins generated by the extended warranties that are sold to customers for their equipment. In addition to these F&I revenues, an administration fee is charged in connection with processing such F&I products.

Cost of sales – Cost of sales is the accumulation of the costs of sales attributable to the sources of revenue set forth in the financial statements. Revenues are matched to cost of sales attributable to specific revenue sources. The cost of equipment sales is determined based on the actual cost of the equipment. The cost of parts sales is determined based on the average actual cost for those parts. The cost of service revenues is determined based on actual costs to complete the service job, which include, without limitation, wages paid to service technicians and the actual cost of externally sourced labour.

Selling and administrative expenses – Selling and administrative expenses include sales and marketing expenses, sales commissions, payroll, and related benefit costs, insurance expenses, professional fees, rent, and other facility costs and administration overhead.

Interest expense – Short-term interest includes the aggregate expense for interest under the current floor plan financing programs associated with financing inventory with numerous creditors, and existing credit facilities with HSBC. Short-term interest also includes charges related to credit and financing. Long-term interest includes the aggregate expense for interest under long-term indebtedness associated with the equipment rental inventory, long-term indebtedness to CNH Capital, and various capital leases.

RISKS AND UNCERTAINTIES

Risk factors faced by RMDI include industry risks associated with construction and agricultural equipment dealerships and others, including but not limited to: dependence on equipment manufacturers; nature of dealership agreements; consolidations within the equipment manufacturing industry; no-exclusive nature of key geographic markets; inventory management risks; floor plan financing risks; dependence on credit facilities; changing economic conditions; fluctuations in commodity prices; seasonality and cyclicality in RMDI's customers' businesses; competition; fluctuations in interest rates; customer credit risks; import product restrictions; foreign trade; foreign exchange exposure; insurance risks; dependence on leasing branch premises and key personnel; labor costs and shortages; labor relations; freight costs; reliance on information systems; government regulation; industry oversupply; future warranty claims; product liability risks; manufacturers' restrictions on dealership acquisitions; growth risks, dividend policy risks; future sales of Common Shares by existing shareholders; dilution of Common Shares due to future distributions; conflicts of interest; income tax matters; dependence on subsidiaries; potential unknown liabilities; limited ability of investors to recover from the Existing Shareholders for breaches of the Acquisition Agreements; unpredictability and volatility of Common Share price; new requirements and additional costs as a public issuer; and risks associated with having directors and officers with significant control of the Company.

DISCLOSURE CONTROLS

The Chief Executive Officer and the Chief Financial Officer are responsible for establishing and maintaining the Company's disclosure controls and procedures to provide reasonable assurance that material information related to the Company is made known. In addition, internal controls over financial reporting have been designed by or have been caused to be designed under the supervision of the CEO and CFO to provide reasonable assurance regarding the reliability of financial reporting and preparation of financial statements for external purposes in accordance with Canadian GAAP.

The CEO and CFO have evaluated the effectiveness of the Company's disclosure controls and procedures and assessed the design of the Company's internal control over financial reporting as of March 31, 2008, pursuant to the requirements of Multilateral Instrument 52-109 (MI 52-109).

Management has concluded that, as of March 31, 2008, a weakness existed in the design of internal control over financial reporting due to the Company's very recent initial public offering. The Company has not yet had the opportunity to bring full focus and attention to the development, design, implementation and functional capability of sufficiently documented and effective controls regarding disclosures and internal controls over financial reporting. The Company is actively focused on projects to develop, design and implement such controls, and expects to complete projects within the calendar year. During the process of implementing appropriately documented systems and processes of internal control sufficient for CEO and CFO certification without qualification disclosure in MD&A, management is undertaking mitigating procedures to assist in ensuring that appropriate processes are performed to ensure that disclosures are complete, accurate, and timely, and that sufficient actions are done to ensure that financial statements are fairly stated. These actions include entity level controls comprised of officer and senior managements review of financial reporting items, and expansive industry and corporate governance knowledge. It should be noted that these mitigating factors will not necessarily prevent the likelihood that a material misstatement will occur as a result of the aforesaid weakness.

ROCKY MOUNTAIN DEALERSHIPS INC.

Consolidated Balance Sheet
March 31, 2008

	March 31, 2008 $	December 31, 2007 $
	(unaudited)	(audited)
ASSETS		
CURRENT		
Cash	**14,178,976**	16,955,704
Accounts receivable and other (Note 6)	**44,792,143**	28,253,856
Inventory (Note 7)	**126,411,398**	129,810,489
Prepaid expenses	**1,032,761**	1,387,767
	186,415,278	176,407,816
Property, plant and equipment (Note 8)	**25,049,658**	26,721,740
Intangible assets (Note 9)	**20,224,221**	20,982,197
Goodwill (Note 2)	**71,181,998**	71,774,483
	302,871,155	295,886,236
LIABILITIES		
CURRENT		
Line of credit	**-**	458,465
Accounts payable and accrued liabilities (Note 10)	**32,347,960**	20,301,029
Floor plan payable (Note 11)	**98,846,268**	98,961,390
Deferred revenue	**12,427,323**	9,074,062
Due to related parties (Note 15)	**3,250,980**	9,825,449
Business purchase consideration payable (Notes 13(a) and 15)	**519,000**	10,269,000
Current portion of long-term debt (Note 12)	**4,965,699**	5,821,139
Current portion of obligations under capital lease	**78,068**	104,301
	152,435,298	154,814,835
Long-term debt (Note 12)	**17,605,481**	18,628,634
Obligations under capital lease	**28,427**	29,652
Future income taxes	**6,647,769**	6,858,097
	176,716,975	180,331,218
SHAREHOLDERS' EQUITY		
Common shares (Note 13(a))	**124,948,821**	115,198,821
Contributed surplus (Note 13(d))	**289,682**	28,247
Retained earnings	**915,677**	327,950
	126,154,180	115,555,018
	302,871,155	295,886,236

See accompanying notes to the consolidated financial statements

ROCKY MOUNTAIN DEALERSHIPS INC.

Consolidated Statement of Earnings and Comprehensive Income and Retained Earnings
Three Month Period Ended March 31, 2008
(Unaudited)

	March 31, 2008 $
SALES	
New units	41,624,053
Used units	12,570,295
Product support	13,671,677
Finance and insurance	427,332
Rental and leases	1,420,892
	69,714,249
COST OF SALES (including amortization of $1,041,275)	57,079,811
GROSS PROFIT	12,634,438
EXPENSES	
Selling and administrative	9,082,826
Interest on short term debt	1,082,510
Interest on long-term debt	378,180
Amortization on intangible assets	757,976
Amortization on property, plant and equipment	389,947
	11,691,439
EARNINGS BEFORE INCOME TAXES	942,999
PROVISION FOR (RECOVERY OF) INCOME TAXES	
Current	565,600
Future	(210,328)
	355,272
NET EARNINGS AND COMPREHENSIVE INCOME	587,727
RETAINED EARNINGS, BEGINNING OF PERIOD	327,950
RETAINED EARNINGS, END OF PERIOD	915,677
EARNINGS PER SHARE (Note 14)	
Basic	0.05
Diluted	0.05

See accompanying notes to the consolidated financial statements.

ROCKY MOUNTAIN DEALERSHIPS INC.

Consolidated Statement of Cash Flows
Three Month Period Ended March 31, 2008
(Unaudited)

	March 31, 2008 $
CASH FLOWS RELATED TO THE FOLLOWING ACTIVITIES:	
OPERATING	
Net earnings and comprehensive income	587,727
Adjustments for:	
Amortization	2,189,198
Future income taxes	(210,328)
Stock-based compensation (Note 13(d))	261,435
Loss on sale of property, plant and equipment	88,369
Changes in non-cash working capital, net of the effect of acquisitions	(7,115,100)
	(4,198,699)
FINANCING	
Payments to related parties regarding the acquisition (Note 2)	(6,574,469)
Repayment of long-term debt	(1,878,593)
Repayment of obligations under capital lease	(27,458)
Proceeds from issuance of share capital	9,750,000
	1,269,480
INVESTING	
Purchase of property, plant and equipment	(643,545)
Proceeds on disposal of property, plant and equipment	796,036
	152,491
NET DECREASE IN CASH	(2,776,728)
CASH, BEGINNING OF PERIOD	16,955,704
CASH, END OF PERIOD	14,178,976
SUPPLEMENTARY INFORMATION	
Interest paid	1,460,690
Income taxes paid	-

See accompanying notes to the consolidated financial statements

Notes to the Consolidated Financial Statements
Three Month Period Ended March 31, 2008
(Unaudited)

1. NATURE OF BUSINESS

Rocky Mountain Dealerships Inc. (the "Company") was incorporated September 17, 2007 and through its subsidiaries Hammer Equipment Sales Limited ("Hammer") and Hi-Way Service (Medicine Hat) Ltd. ("Hi-Way"), which were acquired on December 20, 2007, sells and leases a wide variety of agriculture and construction equipment through its locations throughout Alberta. During 2008, Hi-Way Service (Medicine Hat) Ltd. and Hammer Equipment Sales Limited underwent legal name changes to Hi-Way Service Ltd., and Rocky Mountain Equipment Ltd., respectively.

2. ACQUSITION OF BUSINESSES

On December 20, 2007, the Company acquired 100% of the outstanding common shares of Hammer Equipment Sales Limited and the Hi-Way Service Group. The operating results of the businesses acquired are consolidated from December 20, 2007, the acquisitions' closing date. The risks and rewards of ownership of these acquisitions were transferred on December 20, 2007.

The aggregate purchase price was $111,174,000, which was comprised of cash of $50,574,000, amounts due upon closing of the over-allotment option of $9,750,000, and the issuance of 5,085,000 shares at $10.00 per share, with the value ascribed to the shares being the value in the initial public offering, for aggregate share consideration of $50,850,000. The purchase price and net working capital related to the Hammer Equipment Sales Limited acquisition were $66,704,000 and $15,000,000 respectively, while the respective balances associated with the Hi-Way Service Group acquisition were $44,470,000 and $9,250,000.

During the period ended March 31, 2008, an amount of $592,485 was recognized on the consolidated balance sheet as a decrease to accounts payable and accrued liabilities (an increase in net working capital acquired) and a decrease to goodwill, resulting from a change in estimate pertaining to the income taxes payable resulting from the net working capital on acquisition.

Notes to the Consolidated Financial Statements
Three Month Period Ended March 31, 2008
(Unaudited)

2. ACQUSITION OF BUSINESSES (Continued)

The following table summarizes the estimated fair value of the assets acquired and liabilities assumed at the date of acquisition:

	$
Net working capital and adjustments	24,842,485
Property, plant and equipment	26,281,628
Intangible assets	21,080,000
Goodwill	71,181,998
Total assets acquired	143,386,111
Debt assumed	25,399,734
Future income tax liability	6,812,377
	32,212,111
Net assets acquired	111,174,000

3. SIGNIFICANT ACCOUNTING POLICIES

These unaudited consolidated quarterly financial statements have been prepared in accordance with Canadian generally accepted accounting principles (“GAAP”) on a basis consistent with the period ended December 31, 2007, except as stated in Note 4, and include all adjustments necessary to present fairly the results of the interim period. Certain information and disclosures included in the annual consolidated financial statements have been condensed or omitted. Accordingly, these financial statements should be read in conjunction with the audited period ended December 31, 2007 financial statements of the Company. The quarterly statements may not be representative of the operations presented in the annual statements as a result of economic activity in the operating region and the seasonal nature of operations in both the construction and agriculture equipment industries. Within these groups, the first quarter is typically the weakest due to winter shutdowns, while the fourth quarter is the strongest due to conversions of equipment on rent with purchase options.

In the opinion of Management, all adjustments considered necessary for fair presentation have been included in the consolidated financial statements.

4. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

Financial instruments

Effective for years beginning on or after October 1, 2007, the provisions of the Canadian Institute of Chartered Accountants (“CICA”) Handbook section 3862 - “Financial Instruments Disclosures”, and section 3863 - “Financial Instruments Presentations” require the disclosure of information with regards to the significance of financial instruments of the Company’s financial position and performance, the nature and extent of risks arising from financial instruments to which the Company is exposed during the period and at the balance sheet date, and how the Company manages those risks. These standards replace CICA Handbook section 3861 “Financial Instruments”. The Company adopted this section effective January 1, 2008 and additional disclosures required as a result of adopting these standards are included in Note 16.

Inventories

In June 2007, the CICA issued Handbook section 3031, “Inventories” to harmonize accounting for inventories under Canadian GAAP with International Financial Reporting Standards. This standard established guidance on the determination of cost and its subsequent recognition as an expense, including any write-down to net realizable value and subsequent reversal of impairment to original cost. It also provides guidance on the cost formulas that are used to assign costs to inventories. The Company adopted this section effective January 1, 2008 and has determined that there is no material impact on its consolidated financial statements as the existing accounting policies were in compliance with the revised standard.

5. FUTURE CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

Goodwill and intangible assets

In February 2008, the CICA issued section 3064, Goodwill and intangible assets, replacing section 3062, Goodwill and other intangible assets and section 3450, Research and development costs. Various changes have been made to other sections of the CICA Handbook for consistency purposes. The new section will be applicable to financial statements relating to fiscal years beginning on or after October 1, 2008. Accordingly, the Company will adopt the new standards for its fiscal year beginning January 1, 2009. It establishes standards for the recognition, measurement, presentations and disclosure of goodwill subsequent to its initial recognition and of intangible assets by profit-oriented enterprises. Standards concerning goodwill are unchanged from the standards included in the previous section 3062. The Company is currently evaluating the impact of the adoption of this new section but does not expect the adoption will have a material impact on its consolidated financial statements.

5. FUTURE CHANGES IN SIGNIFICANT ACCOUNTING POLICIES (Continued)

Convergence with International Financial Reporting Standards

In 2006, Canada's Accounting Standards Board ratified a strategic plan that will result in Canadian GAAP, as used by public companies, being evolved and converged with International Financial Reporting Standards (IFRS) over a transitional period to be completed by 2011. The official changeover date from Canadian GAAP to IFRS is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. As the International Accounting Standards Board currently has projects underway that should result in new pronouncements and since this Canadian convergence initiative is in its infancy as of the date of these consolidated financial statements, the Company has not yet assessed the impact of ultimate adoption of IFRS on the Company's consolidated financial statements.

6. ACCOUNTS RECEIVABLE AND OTHER

	March 31, 2008 $	December 31, 2007 $
Trade receivables	**41,967,037**	27,032,091
Warranty receivables	**3,326,104**	1,735,711
Other receivables	**88,456**	38,262
	45,381,597	28,806,064
Less allowance for doubtful accounts	**589,454**	552,208
	44,792,143	28,253,856

7. INVENTORY

	March 31, 2008 $	December 31, 2007 $
Equipment - new	**89,010,055**	90,998,891
Equipment - used	**25,804,417**	25,865,177
Parts	**10,740,252**	12,579,510
Work-in-progress	**856,674**	366,911
	126,411,398	129,810,489

For the three months ended March 31, 2008, new and used equipment parts and work-in-progress recognized as an expense amounted to $56,038,536 (2007 - $9,648,955). For the three months ended March 31, 2008, there was no write down of inventories to net realizable value required and inventories have been pledged as security for liabilities as disclosed in Note 11.

Notes to the Consolidated Financial Statements
Three Month Period Ended March 31, 2008
(Unaudited)

8. PROPERTY, PLANT AND EQUIPMENT

		March 31, 2008		December 31, 2007
	Cost $	Accumulated Amortization $	**Net Book Value $**	Net Book Value $
Rental assets	13,915,735	396,562	**13,519,173**	14,055,352
Lease equipment	8,104,052	698,810	**7,405,242**	8,659,314
Buildings	311,985	10,103	**301,882**	310,919
Computer equipment	410,387	63,874	**346,513**	346,144
Furniture and fixtures	344,247	31,203	**313,044**	331,241
Land improvements	16,891	766	**16,125**	16,804
Leasehold improvements	325,010	11,399	**313,611**	241,576
Shop tools and equipment	1,186,192	123,354	**1,062,838**	1,176,777
Vehicles	1,956,376	185,146	**1,771,230**	1,583,613
	26,570,875	1,521,217	**25,049,658**	26,721,740

Included in cost of sales is amortization expense aggregating $441,715 for rental assets and $599,560 for leased equipment for the period ended March 31, 2008.

Assets under capital lease, included in computer equipment and vehicles, have a cost of $105,441 and $31,705, respectively and accumulated amortization of $20,540 and $10,210.

9. INTANGIBLE ASSETS

		March 31, 2008		December 31, 2007
	Cost $	Accumulated Amortization $	**Net Book Value $**	Net Book Value $
Customer relationships	9,300,000	375,000	**8,925,000**	9,257,143
Dealership agreements	4,000,000	225,806	**3,774,194**	3,974,194
Lease agreements	80,000	11,290	**68,710**	78,709
Non-competition agreements	400,000	37,634	**362,366**	395,699
Trade name	7,300,000	206,049	**7,093,951**	7,276,452
	21,080,000	855,779	**20,224,221**	20,982,197

Notes to the Consolidated Financial Statements
Three Month Period Ended March 31, 2008
(Unaudited)

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	March 31, 2008 $	December 31, 2007 $
Accounts payable	**26,851,603**	15,618,657
Parts accounts payable	**2,258,115**	775,601
Income taxes payable	**2,034,718**	2,951,594
Employee and management bonus payable	**1,203,524**	955,177
	32,347,960	20,301,029

11. FLOOR PLAN PAYABLE

The floor plan payable is due to various companies who have extended wholesale credit, and is due on various dates and at interest rates ranging from 0% to prime plus 5%. The amounts due are secured by certain of the Company's new and used equipment inventory and are due when the equipment is sold or transferred, up to a maximum term of 48 months. The entire amount has been classified as current since the corresponding inventory to which it relates has also been classified as current.

Notes to the Consolidated Financial Statements
Three Month Period Ended March 31, 2008
(Unaudited)

12. LONG-TERM DEBT

	March 31, 2008 **$**	December 31, 2007 $
Prime plus 0.50% to 1.25% payable on rental assets to various vendors payable in monthly principal instalments based on rents earned and secured by related equipment. The interest rates at March 31, 2008 ranged from 6.25% to 7.00% (December 31, 2007 - 6.50% to 7.25%)	**12,055,658**	12,938,124
Prime plus 1.5% Case Credit promissory note payable in monthly principal instalments of $10,000 plus interest, and secured by a general security agreement. The effective interest rate at March 31, 2008 was 7.25% (December 31, 2007 - 7.5%)	**635,000**	665,000
HSBC Dealer Leasing loans comprised of individual contracts with individual interest rates that are either floating at prime plus 0.4% or fixed based on the bank's daily fixed rate for the particular length of the individual contract. Contracts are secured by all real property owned and subsequently acquired and individual payment terms are up to five years from the time each contract is initiated. The effective interest rate at March 31, 2008 was 6.15% (December 31, 2007 - 6.4%)	**9,525,353**	10,490,390
Non-interest bearing Ford Credit Canada Limited loans repayable in monthly instalments ranging from $368 to $1,203 secured by various motor vehicles, due between July 2008 and August 2010	**257,974**	205,285
Non-interest bearing Ford Credit Canada Limited finance contract repayable in monthly instalments ranging from $472 to $1,630 secured by various motor vehicles, due between June 2008 and August 2008	**9,021**	17,653
Various contracts with Ford Credit Canada Limited repayable in monthly instalments ranging from $875 to $3,209 with interest rates ranging between 0.9% and 12.60%. Secured by various motor vehicles, due between May 2008 and July 2010	**88,174**	133,321
	22,571,180	24,449,773
Less current portion	**4,965,699**	5,821,139
	17,605,481	18,628,634

12. LONG-TERM DEBT (Continued)

Principal payments due in each of the next five years are as follows:

	$
2008	**4,965,699**
2009	**5,642,177**
2010	**6,194,457**
2011	**5,591,937**
2012	**176,910**
	22,571,180

13. SHARE CAPITAL

a) Shares
The share capital of the Company consists of following:

	March 31, 2008		December 31, 2007	
	Shares	**Total $**	Shares	Total $
Authorized				
Unlimited number of common shares				
Issued				
Opening balance	**11,585,000**	**115,198,821**	-	-
Shares issued pursuant to over-allotment	**975,000**	**9,750,000**	-	-
Shares issued in public offering at $10 per share	**-**	**-**	6,500,000	65,000,000
Shares issued in consideration for acquisitions (Note 2)	**-**	**-**	5,085,000	50,850,000
	12,560,000	**124,948,821**	11,585,000	115,850,000
Shares issue cost, net of tax effect	**-**	**-**	-	651,179
Closing balance	**12,560,000**	**124,948,821**	11,585,000	115,198,821

13. SHARE CAPITAL (Continued)

Pursuant to the closing of the initial public offering there were 51,900 shares that were reserved in treasury for the share matching plan as disclosed in the Company's initial public offering prospectus. The share issuance was considered to be part of the business acquisition consideration as described in Note 2, and was a liability of the Company at March 31, 2008 to fully satisfy the purchase of the business acquired. The value of this transaction is shown as a liability of $519,000 at March 31, 2008 with the expected issuance of shares under the share matching plan on December 19, 2008.

b) Stock options

The Company has a stock option plan under which the Board of Directors may grant options to directors, officers, and employees of the Company at an exercise price equal to the market price of the Company's common shares at the time of the grant. The plan is limited to 10% of the issued and outstanding common shares. During the period ended March 31, 2008, the Company issued 603,550 options with a weighted-average exercise price of $12.40, which vest equally over the next three years.

The options issued at $0.01 are a continuation of a private share option plan to a member of executive management, and such options contain an intrinsic value representative of the fair value of previous options contained in the former private company.

No options were exercised or exercisable during the period ended March 31, 2008 and there were no options cancelled or forfeited.

The options outstanding at March 31, 2008 are as follows:

Date Issued	Number of Options Outstanding	Weighted Average Exercise Price $	Expiry Date	Weighted Average Contractual Life
December 20, 2007	83,450	10.00	December 20, 2012	4.7 years
December 20, 2007	130,000	0.01	May 31, 2011	3.3 years
February 29, 2008	603,550	12.40	February 28, 2013	4.9 years

Notes to the Consolidated Financial Statements
Three Month Period Ended March 31, 2008
(Unaudited)

13. SHARE CAPITAL (Continued)

c) Restricted share unit plan

The Company granted 158,000 shares under a restricted shares unit plan. Under this plan, certain key employees will receive shares in the Company on December 20, 2012 should they remain with the Company at that time. During the period, 4,250 of these units were cancelled. The aggregated fair value of the remaining 153,750 shares as at March 31, 2008 is $1,537,500 ($10 per share).

d) Stock-based compensation

The Company recorded compensation expense in the consolidated statement of earnings and comprehensive income and retained earnings totalling $261,435 for the period ended March 31, 2008 using a fair value based method for stock options granted to directors, officers and employees and restricted share units under the restricted share unit plan in the consolidated financial statements. This amount has been included in contributed surplus on the consolidated balance sheet.

The weighted-average fair-value of each option granted during the period ended March 31, 2008 was $3.41 on the date of grant using the Black-Scholes option pricing model with weighted-average assumptions as follows:

Discount rate - risk free interest rate	3.2%
Expected lives	3 years
Expected volatility	23%
Expected dividends	$Nil

14. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing net income available to common shareholders by the weighted-average number of common shares outstanding during the period. Diluted earnings per share are calculated to reflect the dilutive effect of exercising outstanding stock options by applying the treasury stock method.

	Number of shares
Basic weighted-average shares outstanding	12,442,143
Effect of dilutive securities	367,200
Diluted weighed average shares outstanding	12,809,343

As at March 31, 2008, there were 603,550 options that were anti-dilutive.

15. RELATED PARTY TRANSACTIONS

During the period, the Company paid management fees and airplane rental fees to a company controlled by a related party totalling $50,000 and $66,800, respectively. In addition rental payments on the Company's facilities totalling $838,220 were paid to companies controlled by senior management. Equipment sales of $632,500 and purchases of $93,670 were transacted between the Company and a company controlled by a significant shareholder.

As at March 31, 2008, $3,250,980 was payable to the former shareholders of Hammer and Hi-Way, who are also shareholders of the Company, in relation to working capital adjustments and the final pay out of transaction costs resulting from the acquisition described in Note 2. In addition, $519,000 remains outstanding to the former shareholders for the business acquisition as described in (Note 13(a)).

The amounts due to related parties are non-interest bearing, unsecured and are expected to be repaid within the next twelve months.

These transactions are in the normal course of operations and are measured at the exchange amount, which approximates fair value.

16. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

The Company, through its financial assets and liabilities, has exposure to the following risks from its use of financial instruments: credit risk, market risk, and liquidity risk. The following analysis provides a measurement risk as at the consolidated balance sheet date of March 31, 2008.

Credit risk

The Company's principal financial assets are cash and accounts receivable and other, which represent the Company's exposure to credit risk in relation to financial assets.

16. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Credit risk (continued)

The Company's credit risk is primarily attributable to its trade receivables. The amounts disclosed in the consolidated balance sheet are net of allowances for doubtful accounts, estimated by the management of the Company based on previous experience and their assessment of the current economic environment. In order to reduce its risk, management has adopted credit policies that include regular review of credit limits. The entity does not have significant exposure to any individual customer and has not incurred any significant bad debts during the period. The credit risk on cash is limited because the counterparties are chartered banks with high credit-ratings assigned by national credit-rating agencies.

The carrying amount of financial assets represents the maximum credit exposure and therefore the credit risk at the reporting date was:

	$
Cash	14,178,976
Accounts receivable	44,792,143
	58,971,119

The aging of accounts receivable at the reporting date was:

	$
Trade Receivables	
Current	34,032,347
Aged between 61 - 119 days	1,407,874
Aged greater than 120 days	6,526,816
Total receivables	41,967,037
Allowance for doubtful accounts	(589,454)
Net trade receivables	41,377,583
Warranty receivables	3,326,104
Other receivables	88,456
	44,792,143

16. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Credit risk (continued)

Reconciliation of allowance for doubtful accounts:

	$
Balance, December 20, 2007	552,208
Increase in period	-
Balance, December 31, 2007	552,208
Increase in period	37,246
Balance, March 31, 2008	589,454

Market risk

Market risk is the risk from changes in market prices, such as changes in foreign currency exchange rates and interest rates which will affect the Company's income or the value of the financial instruments held.

Foreign currency exchange risk and sensitivity analysis

The Company's financial instruments are exposed to currency fluctuations as it purchases a significant portion of its inventory in foreign currencies. A significant weakening of the U.S. dollar ("USD") against the Canadian dollar could result in a write-down of inventory as a large portion of the inventory is purchased in USD. In order to mitigate this risk, the Company uses forward contracts when appropriate. As of the reporting date, a contract was in place to purchase $1,000,000 of USD at par. As of May 1, 2008, the contract had been fully exercised. There were no other contracts outstanding as at March 31, 2008.

Included in selling and administration expenses are gains recognized due to foreign currency translation aggregating $28,520 for the period ended March 31, 2008.

Notes to the Consolidated Financial Statements
Three Month Period Ended March 31, 2008
(Unaudited)

16. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Foreign currency exchange risk and sensitivity analysis (continued)

The Company's financial instruments are exposed to fluctuations in the USD. The following table will detail the Company's exposure to currency risk at March 31, 2008 and a sensitivity analysis to changes in currency (a 2.5% change in currency was used for obligations that would be retired in 30 days or less and a 10.0% change in currency for obligations that would be retired in greater than six months). The sensitivity analysis includes USD denominated monetary items and adjusts their translation at period end for their respective change in the USD. For the respective weakening of the USD, there would be an equal and opposite impact on net earnings and comprehensive income.

	USD $	Change in Currency %	Effect on Net Earnings $
Accounts payable and accrued liabilities	(181,154)	2.5	(798)
Forward purchase contract	1,000,000	2.5	4,406
Cheques issued in excess of cash on deposit	(609,050)	2.5	(2,684)
Floor plan payable	(2,230,850)	10.0	(39,319)
	(2,021,054)		(38,395)

Interest rate risk

The Company's financial liabilities are exposed to fluctuations in interest rates with respect to certain of its long-term liabilities, line of credit and floor plan payable. The Company is exposed to the following interest rate risks at March 31, 2008:

	$
Floor plan payable	98,846,268
Rental loan	12,055,658
Case credit	635,000
HSBC dealer lease	9,525,353
	121,062,279

16. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Interest rate risk sensitivity analysis

The following table details the Company's sensitivity analysis to an increase of interest rates by 0.5% on net earnings and comprehensive income. The sensitivity includes floating rate financial liabilities and adjusts their effect at period end for a 0.5% increase in interest rates. A decrease of 0.5% would result in an equal and opposite effect on net earnings and comprehensive income.

	Effect on Net Earnings $
Floor plan payable	(609,760)
Rental loan	(106,240)
Case credit	(5,600)
HSBC dealer lease	(83,940)
	(805,540)

Liquidity risk

The Company's objective is to have sufficient liquidity to meet its liabilities when due. The Company monitors its cash balances and cash flows generated from operations to meet its requirements. The Company has the following financial liabilities at the reporting date:

	Carrying Value $	2008 $	2009-2010 $	2010-2011 $
Accounts payable and accrued liabilities	32,347,960	32,347,960	-	-
Floor plan payable	98,846,268	98,846,268	-	-
Due to related parties	3,250,980	3,250,980	-	-
Long-term debt	22,571,180	4,965,699	11,836,634	5,768,847
Capital leases	106,495	78,068	28,427	-
	157,122,883	139,488,975	11,865,061	5,768,847

16. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Fair value of financial instruments

The Company's current financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities, floor plan payable, due to related parties and long-term debt. The carrying amount of cash, accounts receivable, accounts payable and accrued liabilities and floor plan payable approximate their fair value because of the short-term maturities of these items. The carrying amount of the long-term debt approximates its fair value as the interest rates are consistent with market rates for similar debt, except for the non-interest bearing debt with Ford Credit Canada, in which the fair value aggregates $234,400.

17. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are:

(a) To maintain a flexible capital structure which optimized the cost of capital at acceptable risk; and

(b) To maintain capital in a manner which balances the interests of equity and debt holders.

In the management of capital, the Company includes shareholders' equity, long-term debt and capital leases in the definition of capital.

The Company manages its capital structure and makes adjustments due to changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, purchase shares for cancellation pursuant to normal course issuer bids, issue new shares, issue new debt, and/or issue new debt to replace existing debt with different characteristics.

The Company monitors debt to equity capitalization. This ratio is a non-GAAP measure which does not have a standardized meaning prescribed by GAAP and therefore may not be comparable to similar measures presented by other issuers. Pursuant to agreements with lenders, the Company is required to monitor and report certain other non-GAAP measures including: Current ratio, funded debt to EBITDA and debt to net tangible worth (each lender has its own definition of which account balances are to be included in these computations). These measures are calculated quarterly and annually with the exception of the debt to EBITDA which is not required until December 31, 2008.

Notes to the Consolidated Financial Statements
Three Month Period Ended March 31, 2008
(Unaudited)

17. MANAGEMENT OF CAPITAL (Continued)

The Company is in compliance with all externally imposed capital requirements with the exception of the debt to net tangible worth. The Company is currently in discussions with the lender to restructure the covenant.

Debt to equity capitalization is calculated as total long-term debt including capital leases, (both long-term and short-term portions), divided by total equity, (share capital, contributed surplus, and retained earnings).

The debt to equity target for the Company is to have debt between 20 to 30 % of shareholders' equity. The ratio is currently below this target and the Company expects it will achieve the optimal ratio when it replaces a portion of the rental assets and incurs additional long-term debt.

The components of debt and coverage ratios are as follows:

	$
Current portion of long-term debt	4,965,699
Current portion of obligations under capital leases	78,068
Long-term debt	17,605,481
Obligations under capital leases	28,427
Total debt	22,677,675
Shareholder's equity	126,154,180
Debt to equity	18.0%

18. CONTINGENCY AND GUARANTEE

The Company has various degrees of recourse, arising in the ordinary course of business, by assisting its customers in financing the sale of equipment. The Company becomes liable if certain customers default on their loan. Any resulting losses are recorded as soon as the amount of the loss can be reasonably estimated. Its management's opinion that there is no risk of loss from this guarantee, as the assessed value of the underlying security exceeds the loan balance. Accordingly, management believes the fair value of the guarantee is $Nil.

Notes to the Consolidated Financial Statements
Three Month Period Ended March 31, 2008
(Unaudited)

19. SUBSEQUENT EVENT

Acquisition

On May 12, 2008, the Company signed a letter of intent to acquire all the issued and outstanding shares of Roydale International Ltd. The transaction is expected to close on June 9, 2008.

Dividend

The Company has declared a dividend in accordance with the dividend policy established by the Board of Directors. Shareholders of the common shares of the Company on record as at May 30, 2008 are entitled to a $0.045 dividend per share, payable on June 30, 2008.