SECOND QUARTER REPORT - 2008

ROCKY MOUNTAIN DEALERSHIPS INC.

FOR THE SIX MONTHS ENDED JUNE 30, 2008

This management discussion and analysis ("**MD&A**"), is prepared as of August 11, 2008. This discussion focuses on key statistics from the unaudited consolidated financial statements for the period ended June 30, 2008 and pertains to known risks and uncertainties in the construction and agricultural equipment dealership industry. Additional information related to Rocky Mountain Dealerships Inc. ("**RMDI**" or the "**Company**") including the Annual Information Form, has been filed with SEDAR and is available at www.sedar.com.

SELECTED FINANCIAL INFORMATION

	3 months ended June 30, 2008	3 months ended June 30, 2007	6 months ended June 30, 2008	6 months ended June 30, 2007
Revenue:	**$**	**$**	**$**	**$**
New equipment sales	61,691,975	55,321,879	103,316,028	89,368,061
Used equipment sales	13,469,825	9,589,646	26,040,120	20,120,943
Product support	16,827,992	14,645,756	30,499,669	26,705,143
Finance and insurance (F&I)	758,765	679,185	1,186,097	1,216,240
Rental and Leasing	1,501,534	1,873,043	2,922,426	3,099,621
Total Revenue	94,250,091	82,109,509	163,964,340	140,510,008
Cost of sales	78,110,136	67,466,679	135,189,947	114,333,768
Gross profit	16,139,955	14,642,830	28,774,393	26,176,240
Expenses:				
Selling and administrative	9,760,426	8,114,843	18,843,252	16,127,173
Interest - short term debt	1,064,881	1,351,904	2,147,391	2,748,990
Interest - long term debt	328,345	713,726	706,525	892,546
Amortization of PPE	395,550	236,923	785,497	361,825
Earnings from operations	4,590,753	4,225,434	6,291,728	6,045,706
Amortization of intangibles	757,976	-	1,515,952	-
Income taxes	1,150,460	1,478,902	1,505,732	2,115,997
Net earnings	2,682,317	2,746,532	3,270,044	3,929,709
Net earnings per share				
Basic	$ 0.21		$ 0.26	
Diluted	$ 0.21		$ 0.26	

	June 30, 2008	December 31, 2007
Current assets	202,175,232	176,407,816
Property, plant and equipment	23,378,322	26,721,740
Intangible assets	19,466,245	20,982,197
Goodwill	71,378,806	71,774,483
Total assets	316,398,605	295,886,236
Current liabilities	164,968,930	154,814,835
Long-term debt	15,575,106	18,628,634
Obligations under capital lease	239,471	29,652
Future income taxes	6,320,035	6,858,097
Total liabilities	187,103,542	180,331,218
Shareholders' equity	129,295,063	115,555,018
Total liabilties and shareholders' equity	316,398,605	295,886,236

RECONCILIATION OF NET INCOME TO EBITDA

EBITDA	3 Months ended June 30, 2008 $	3 Months ended June 30, 2007 $	6 Months ended June 30, 2008 $	6 Months ended June 30, 2007 $
Earnings from operations	4,590,753	4,225,434	6,291,728	6,045,706
Long Term Interest	328,345	713,726	706,525	892,546
Depreciation	395,550	236,923	785,497	361,825
Rental Depreciation	623,704	467,509	1,065,419	721,949
Lease Depreciation	651,588	793,682	1,251,148	1,581,456
EBITDA	6,589,940	6,437,274	10,100,317	9,603,482

Non GAAP Measures

This MD&A contains discussions referring to Overhead Absorption and EBITDA. These non-GAAP financial measures do not have any standardized meaning prescribed by GAAP and it is therefore unlikely to compare these measures to similar measures presented by other issuers.

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 sales. 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, by total overhead expenses, including interest, less variable equipment selling expenses, intangible amortization, and stock based compensation. This calculation has been modified from previous disclosures to conform with industry standards. The March 31, 2008 calculation has been modified to conform to the new calculation and was recalculated at 65% for the first quarter of 2008. Management's target for Overhead Absorption for the 2008 fiscal year is between 78%-82%. This metric suggests that the Company could cover between 78%-82% of the total expenses from the gross margin of product support if the market experienced a period of reduced equipment sales.

The EBITDA is another commonly used metric in the dealership industry. This metric is calculated by adding the long-term interest, income tax and depreciation to the net income. Management believes this is a useful tool to monitor profitability and operating performance consistently to prior periods. Management is able to compare periods consistently because adding back non-operating expenses avoids circumstances such as changes in tax rates, changes in long-term assets and financing costs.

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.

On June 1, 2008 the Company acquired all the shares of Roydale International Ltd. (the "**Roydale Acquisition**") and as part of this transaction 54,439 shares were issued at a price of $11.94 per share. As a result of the issuance of the Common Shares pursuant to the Offering, the Over-Allotment Option and the Acquisitions 12,614,439 Common Shares were issued and outstanding as at June 30, 2008. No other Common Shares have been issued since that date to the date of this MD&A.

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. 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 majority of revenues from combined sales of new equipment 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 that parent of CNH ranks as the second largest manufacturer of agriculture equipment and sixth largest manufacturer of construction equipment on a global basis. As such, the CNH brand has a loyal following and brand recognition which draws repeat customer for both equipment sales and customer support.

The Company is a major independent dealer of CNH equipment and also distributes equipment of a number of other manufacturers, including but not limited to Terex, Dynapac, Takeuchi, Leeboy, Bourgault, Class and Knight.

The Company operates through 14 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 13 of those locations please refer to pages 40 and 41 of the Prospectus. Since the date of the Prospectus the Company added one more location in Milk River, Alberta, arising from the Roydale Acquisition.

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.

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.

Liquidity and Capital Resources

RMDI has two credit facilities with HSBC, one of which consists of a revolving facility providing up to $10 million for working capital (the "**working capital facility**") and another facility of up to $10 million for acquisitions of additional equipment dealerships (the "**acquisition facility**"). The indebtedness under the Credit Facility is 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 June 30, 2008, there were no amounts outstanding on the working capital facility and approximately $650,000 outstanding on the acquisition facility. RMDI pays a standby fee of 0.25% per annum on any undrawn portion of the acquisition facility. 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 CNH floor plan facility described above, the Company also 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 prime rate plus a percentage currently ranging from 0.0% to prime plus 5.0%.

The Company is in compliance with all externally imposed capital requirements.

RESULTS OF OPERATIONS

The second quarter is historically the start of both the construction and agriculture season for RMDI's customers and therefore results are normally stronger than in the first quarter. 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 six months ended June 30, 2008 and compared to the first six months ended June 30, 2007. The June 30, 2008 period 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 purchase options. Therefore, these results are not necessarily indicative of future quarters.

For the purposes of providing comparative results to the first six months of 2008, Management of RMDI combined the financial results from the first six months of 2007 from operations of the Acquisitions.
New and used equipment sales increased from approximately $109.5 million to $129.4 million in the six month period ended June 30, 2008 respectively as a result of the factors outlined above.

Product support revenues increased from approximately $26.7 million to $30.5 million due to the larger installed equipment base resulting in demand for RMDI's trained technicians and OEM parts.

The $2.6 million increase in gross profit from approximately $26.2 million to $28.8 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 $16.1 million to $18.8 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 $2.7 million to $2.1 million is mainly attributable to a decrease in interest rates from the comparable period in the previous year. The decrease in long-term interest expense from approximately $0.9 million to $0.7 million is attributable to the reduced size of the rental and lease fleets, as well as the decrease in interest rates.

The absorption for the three and six month periods ended was 78% and 72%, respectively. The absorption is lower in the first quarter as the first quarter is typically the slowest in the Company's industry. The target for the annual absorption is between 78%-82%. This would suggest that approximately 80% of the Company's expenses would be covered if there were no sales of wholegoods. The increase in absorption over the first two quarters is consistent with the expectations of Management.

CASH FLOW

During the six month period ending June 30, 2008 the Company's operating activities provided $5.9 million of cash. RMDI's cash inflows were supplemented by net earnings of $3.3 million.

The $5.9 million provided in operating activities were partially offset by repayment of related party amounts, debt repayments and dividends in the aggregate amount of $11.7 million and net purchases of capital assets and equipment dealerships of $1.0 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 has primarily used its cash flow from operations 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 the fleet at the current level. Currently, the Company is evaluating the strategic benefit of the lease fleet. RMDI currently anticipates that it will be able to finance 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 performance, 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 experienced in the past couple of years in the agriculture industry is expected to continue as a result of the continued increasing demand for cereal crops. With ongoing strong demand for cereal crop products, prices for those commodities are expected to continue showing strength over the remainder of 2008 which should result in both strong farm cash receipts for the year and continued strong demand for agriculture equipment. Although there has been increased demand for agricultural equipment over the last few years, equipment lead times have increased due to production constraints. Sales volume increases may be tempered based on the ability of the equipment manufacturers to meet that demand. An underlying risk that is prevalent every year is the potential loss of crop due to early frost, drought, and other environmental events.

The construction equipment side of the business has been strong over the past few years as the various levels of government in Alberta 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 slow-down in residential housing starts in the province.

RMDI has completed the acquisitions of both Hammer Equipment Sales Limited and Hi-Way Service group and a great deal of effort has been focused on integrating the two entities in the first half of the year. In addition, during the second quarter, the acquisition of Roydale International Ltd. was completed, and the Company will continue to focus on integrating all these entities over the remainder of the year.

CONTRACTUAL OBLIGATIONS

The following table provides an overview of the contractual obligations of RMDI as of June 30, 2008.

	Total	2008	2009-2010	2011-2012	After 5 years
Long-term Debt	$ 21,630,533	$ 3,117,269	$ 11,495,371	$ 6,693,233	$ 324,660
Capital Lease Obligations	$ 466,290	$ 226,819	$ 239,471	$ -	
Operating Lease Obligations	$ 18,109,651	$ 2,449,340	$ 8,403,143	$ 7,257,168	
Total Contractual Obligations	$ 40,206,474	$ 5,793,428	$ 20,137,985	$ 13,950,401	$ 324,660

RELATED PARTY TRANSACTIONS

During the period ended June 30, 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 and $476,440 in lease payments to these companies during the three and six month periods ended June 30, 2008. 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 and 1,200,000 in lease payments during the three and six month periods ended June 30, 2008. It is anticipated that the Company will continue to operate from these branch premises and facilities.

3. During the three and six month periods ended June 30, 2008, the Company paid management fees and airplane rental fees to a company controlled by a related party totaling $50,000 and $100,00 and $131,463 and $198,263, respectively. Equipment sales of $687,015 and $1,319,515 and purchases of $69,965 and $163,635 were transacted between the Company and a company controlled by a significant shareholder.

4. At June 30, 2008, $406,435 was receivable from related companies and $2,407,401 was payable to the former shareholders of Hammer and Hi-Way, who are also shareholders of the Company. In addition, $519,000 remains outstanding to the former shareholders for the initial business acquisition.

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 operating leases ranging from $296 to $1,954. The current operating leases have terms of five years or less expiring between August 17, 2008 and December 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.

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 near term. 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 longer term 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, each of 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 a number of circumstances, namely, upon placing a preventative maintenance contract with a customer, in connection with incentives received from equipment manufacturers and with respect to future lease payments. 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. The Company will continue to monitor the transition process but due to the period of time until implementation, the Company cannot assess the impact of the IFRS at this time.

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 through numerous creditors, and existing credit facilities. 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, 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.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

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 June 30, 2008, pursuant to the requirements of Multilateral Instrument 52-109 (MI 52-109).

Management has concluded that, as of June 30, 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 is bringing 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 by dedicating the appropriate resources and personnel. The Company is currently 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.

Forward Looking Information

This Management's Discussion and Analysis (MD&A) contains certain statements or disclosures relating to RMDI 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.

In particular such forward-looking statements include:

(a) under the heading "Adequacy of Capital Resources" the statement that:

(i) **"RMDI currently anticipates that it will be able to finance its fleet through existing credit facilities and cash flow from operations."; and**

(ii) **"Based on its current operational performance, RMDI believes that cash flow from operations along with existing credit facilities will provide for its liquidity needs in the next 12 months."**

Both of the foregoing statements are based on the assumptions that the Company's cash flow from sales continue as anticipated and that there will be no material reduction in its existing credit facilities. Those assumptions are subject to the risks that the Company would not be able to maintain the existing credit facilities as a result of a change in the amount of capital available in the marketplace or a change in Company's relationship with its Lenders which could reduce its access to its credit facilities. Those forward-looking statements are also subject to the risk that cash flow could not be as anticipated as a result of reduced sales due to economic conditions that deteriorate more than anticipated. Should those risks become a reality the Company may not be in a position to maintain its rental and lease fleets at its current levels.

(b) under the heading "Outlook" the statement that: **"The strength that has been experienced in the past couple of years in the agriculture industry is expected to continue as a result of the continued increasing demand for cereal crops. With ongoing strong demand for cereal crop products, prices for those commodities are expected to continue showing strength over the remainder of 2008 which should result in both strong farm cash receipts for the year and continued strong demand for agriculture equipment."**

The foregoing statement is based on the assumption that demand for Western Canadian produced cereal crops will continue to be strong and as a result there will be ongoing strong demand for the Company's agriculture equipment. There are a number of risks that could affect those assumptions including but not limited to: weather conditions that may affect Western Canadian production, increased supply in other growing areas of the world that could affect prices for agriculture products, and tariffs imposed by foreign governments which may affect the ability to sell Canadian agricultural products. All of the above noted items could affect the farm cash receipts in Western Canada and, as a result their ability to purchase the Company's products.

(c) under the heading "Outlook", the statement that: **"The construction equipment side of the business has been strong over the past few years as the various levels of government in Alberta 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 slow-down in residential housing starts in the province."**

The foregoing statement is based on the assumption that various levels of government in Western Canada will continue to fund the improvement and expansion of public infrastructure projects. The risks are that these various levels of government will not make infrastructure projects a priority, and either through reducing planned expenditures on infrastructure or delaying such expenditures to the point that the reductions in such spending will have a negative impact on the sale and use of construction equipment.

ROCKY MOUNTAIN DEALERSHIPS INC.

Consolidated Balance Sheet
June 30, 2008
(Unaudited)

	June 30, 2008 $	December 31, 2007 $
ASSETS		
CURRENT		
Cash	**7,241,188**	16,955,704
Accounts receivable and other (Note 6)	**52,050,034**	28,253,856
Inventory (Note 7)	**141,801,311**	129,810,489
Prepaid expenses	**1,082,699**	1,387,767
	202,175,232	176,407,816
Property, plant and equipment (Note 8)	**23,378,322**	26,721,740
Intangible assets (Note 9)	**19,466,245**	20,982,197
Goodwill (Note 2)	**71,378,806**	71,774,483
	316,398,605	295,886,236
LIABILITIES		
CURRENT		
Line of credit	**-**	458,465
Accounts payable and accrued liabilities (Note 10)	**33,285,423**	20,301,029
Floor plan payable (Note 11)	**110,404,773**	98,961,390
Deferred revenue	**12,070,087**	9,074,062
Due to related parties (Note 15)	**2,407,401**	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)	**6,055,427**	5,821,139
Current portion of obligations under capital lease	**226,819**	104,301
	164,968,930	154,814,835
Long-term debt (Note 12)	**15,575,106**	18,628,634
Obligations under capital lease	**239,471**	29,652
Future income taxes	**6,320,035**	6,858,097
	187,103,542	180,331,218
SHAREHOLDERS' EQUITY		
Common shares (Note 13(a))	**125,598,821**	115,198,821
Contributed surplus (Note 13(e))	**663,448**	28,247
Retained earnings	**3,032,794**	327,950
	129,295,063	115,555,018
	316,398,605	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 and Six Month Periods Ended June 30, 2008
(Unaudited)

	Three Months Ended June 30, 2008 $	Six Months Ended June 30, 2008 $
SALES		
New units (Note 15)	61,691,975	103,316,028
Used units	13,469,825	26,040,120
Product support	16,827,992	30,499,669
Finance and insurance	758,765	1,186,097
Rental and leases	1,501,534	2,922,426
	94,250,091	163,964,340
COST OF SALES (including amortization of $1,275,292 and $2,316,567 for the three and six months ended)	78,110,136	135,189,947
GROSS PROFIT	16,139,955	28,774,393
EXPENSES		
Selling and administrative (Note 15)	9,760,426	18,843,252
Interest on short term debt	1,064,881	2,147,391
Interest on long-term debt	328,345	706,525
Amortization on intangible assets	757,976	1,515,952
Amortization on property, plant and equipment	395,550	785,497
	12,307,178	23,998,617
EARNINGS BEFORE INCOME TAXES	3,832,777	4,775,776
PROVISION FOR (RECOVERY OF) INCOME TAXES		
Current	1,600,000	2,165,600
Future	(449,540)	(659,868)
	1,150,460	1,505,732
NET EARNINGS AND COMPREHENSIVE INCOME	2,682,317	3,270,044
RETAINED EARNINGS, BEGINNING OF PERIOD	915,677	327,950
DIVIDENDS	(565,200)	(565,200)
RETAINED EARNINGS, END OF PERIOD	3,032,794	3,032,794
EARNINGS PER SHARE (Note 14)		
Basic	$0.21	$0.26
Diluted	$0.21	$0.26

See accompanying notes to the consolidated financial statements.

ROCKY MOUNTAIN DEALERSHIPS INC.

Consolidated Statement of Cash Flows

Three and Six Months Period Ended June 30, 2008
(Unaudited)

	Three Months Ended June 30, 2008 $	Six Months Ended June 30, 2008 $
CASH FLOWS RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Net earnings and comprehensive income	**2,682,317**	3,270,044
Adjustments for:		
Amortization (Note 8)	**1,670,842**	3,102,064
Amortization of intangibles	**757,976**	1,515,952
Future income taxes	**(449,540)**	(659,868)
Stock-based compensation (Note 13(e))	**373,766**	635,201
Loss on sale of property, plant and equipment	**483,744**	572,113
Changes in non-cash working capital, net of the effect of acquisitions	**297,380**	(6,817,720)
	5,816,485	1,617,786
FINANCING		
Payments to related parties regarding the acquisition (Note 2 and 15)	**(10,593,579)**	(17,168,048)
Repayment of long-term debt	**(1,590,647)**	(3,469,240)
Proceeds from long-term debt	**650,000**	650,000
Repayment of obligations under capital lease	**(117,653)**	(145,111)
Proceeds from obligations under capital lease	**477,448**	477,448
Dividends paid	**(565,200)**	(565,200)
Proceeds from issuance of share capital	**-**	9,750,000
	(11,739,631)	(10,470,151)
INVESTING		
Purchase of property, plant and equipment	**(492,673)**	(1,136,218)
Proceeds on disposal of property, plant and equipment	**509,423**	1,305,459
Purchase of Roydale	**(1,031,392)**	(1,031,392)
	(1,014,642)	(862,151)
NET DECREASE IN CASH	**(6,937,788)**	(9,714,516)
CASH, BEGINNING OF PERIOD	**14,178,976**	16,955,704
CASH, END OF PERIOD	**7,241,188**	7,241,188
SUPPLEMENTARY INFORMATION		
Interest paid	**1,393,226**	2,853,916
Income taxes paid	**-**	2,204,792

See accompanying notes to the consolidated financial statements

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. ACQUISITION OF BUSINESSES

a) 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 six month period ended June 30, 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.

2. ACQUISITION 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
Debt assumed	(25,399,734)
Future income tax liability	(6,812,377)
Net assets acquired	111,174,000

b) On June 11, 2008, the Company acquired 100% of the outstanding common shares of Roydale International Ltd ("Roydale"), a Case IH dealer. The operating results of the business acquired are consolidated from June 1, 2008, the acquisitions' effective date. The risks and rewards of ownership on these acquisitions were transferred on June 1, 2008.

The preliminary purchase price was $1,831,904, which was comprised of cash of $1,031,392 (net of cash acquired), inclusive of transaction costs in the amount of $75,000, and the issuance of 54,439 shares at $11.94 per share (valued based on the previous 10 business days average share price), for aggregate share consideration of $650,000. The net working capital related to the acquisition was $1,256,902. The purchase price is anticipated to be finalized upon completion of confirmation of the working capital adjustment.

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

	Preliminary $
Net working capital	1,256,902
Property, plant and equipment	500,000
Goodwill	196,807
Future income tax liability	(121,805)
Net assets acquired	1,831,904

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.

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.

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. The Company will continue to monitor the transition process but due to the period of time until implementation, the Company cannot assess the impact of the IFRS at this time.

6. ACCOUNTS RECEIVABLE AND OTHER

	June 30, 2008 $	December 31, 2007 $
Trade receivables	**46,697,071**	27,032,091
Warranty receivables	**5,623,123**	1,735,711
Other receivables	**147,003**	38,262
	52,467,197	28,806,064
Less allowance for doubtful accounts	**417,163**	552,208
	52,050,034	28,253,856

7. INVENTORY

	June 30, 2008 $	December 31, 2007 $
Equipment - new	**101,722,387**	90,998,891
Equipment - used	**27,264,020**	25,865,177
Parts	**12,138,923**	12,579,510
Work-in-progress	**675,981**	366,911
	141,801,311	129,810,489

For the three and six month periods ended June 30, 2008, new and used equipment parts and work-in-progress recognized as an expense amounted to $76,834,844 and $132,873,380. For the three and six months ended June 30, 2008, there were no write downs of inventory to net realizable value required and all inventory has been pledged as security for liabilities as disclosed in Note 11 and 12.

8. PROPERTY, PLANT AND EQUIPMENT

		June 30, 2008		December 31, 2007
	Cost $	Accumulated Amortization $	**Net Book Value $**	Net Book Value $
Rental assets	15,753,497	3,467,211	**12,286,286**	14,055,352
Lease equipment	13,457,083	6,809,260	**6,647,823**	8,659,314
Buildings	311,985	19,141	**292,844**	310,919
Computer equipment	527,845	121,209	**406,636**	346,144
Furniture and fixtures	606,495	195,510	**410,985**	331,241
Land improvements	16,891	1,444	**15,447**	16,804
Leasehold improvements	334,805	21,310	**313,495**	241,576
Shop tools and equipment	1,447,627	286,297	**1,161,330**	1,176,777
Vehicles	2,465,477	622,001	**1,843,476**	1,583,613
	34,921,705	11,543,383	**23,378,322**	26,721,740

Included in cost of sales is amortization expense aggregating $623,704 and $1,065,419 for rental assets and $651,588 and $1,251,148 for leased equipment for the three and six month periods ended June 30, 2008, respectively.

Assets under capital lease, included in computer equipment and vehicles, have a cost of $105,441 and $493,308, respectively and accumulated amortization of $38,728 and $33,587.

9. INTANGIBLE ASSETS

	June 30,	December 31,

	2008			2007
	Cost $	Accumulated Amortization $	**Net Book Value** **$**	Net Book Value $
Customer relationships	9,300,000	707,143	**8,592,857**	9,257,143
Dealership agreements	4,000,000	425,806	**3,574,194**	3,974,194
Lease agreements	80,000	21,290	**58,710**	78,709
Non-competition agreements	400,000	70,968	**329,032**	395,699
Trade name	7,300,000	388,548	**6,911,452**	7,276,452
	21,080,000	1,613,755	**19,466,245**	20,982,197

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	June 30, 2008 **$**	December 31, 2007 $
Accounts payable	**26,203,717**	15,618,657
Parts accounts payable	**4,047,722**	775,601
Income taxes payable	**1,362,153**	2,951,594
Employee and management bonus payable	**1,671,831**	955,177
	33,285,423	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.

12. LONG-TERM DEBT

	June 30, 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 June 30, 2008 ranged from 6.00% to 6.75% (December 31, 2007 - 6.50% to 7.25%)	**10,764,488**	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 June 30, 2008 was 7.0% (December 31, 2007 - 7.5%)	**605,000**	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 June 30, 2008 was 5.9% (December 31, 2007 - 6.4%)	**9,313,445**	10,490,390
Acquisition Loan payable in equal monthly principal instalments of $10,833 plus interest, and secured by all real property owned and subsequently acquired. The effective interest rate at June 30, 2008 was 5.88%.	**650,000**	-
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	**217,417**	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 July and August 2008	**2,021**	17,653
Various contracts with Ford Credit Canada Limited repayable in monthly instalments ranging from $875 to $1,016 with interest rates ranging between 0.9% and 12.60%. Secured by various motor vehicles, due between August 2008 and July 2010	**78,162**	133,321
	21,630,533	24,449,773
Less current portion	**6,055,427**	5,821,139
	15,575,106	18,628,634

12. LONG-TERM DEBT (Continued)

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

	$
Remainder of 2008	**3,117,269**
2009	**5,475,995**
2010	**6,019,376**
2011	**5,989,786**
2012	**703,447**
Thereafter	**324,660**
	21,630,533

The Company has two credit facilities with HSBC, one of which consists of a revolving facility providing up to $10 million for working capital (the "working capital facility") and another facility of up to $10 million for acquisitions of additional equipment dealerships (the "acquisition facility"). The indebtedness under the credit facility is secured in favour of the bank by the Company's receivables and the non-CNH parts inventory. Amounts drawn under the working capital facility bear interest between the bank's prime rate and prime plus 0.50% and amounts drawn under the acquisition facility bear interest at the bank's prime rate plus between 0.375% and 1.25%, in each case depending on certain financial ratios. At June 30, 2008, there were no amounts outstanding on the working capital facility and approximately $650,000 outstanding on the acquisition facility. RMDI pays a standby fee of 0.25% per annum on any undrawn portion of the acquisition facility. HSBC has also provides 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.

13. SHARE CAPITAL

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

	June 30, 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)	**54,439**	**650,000**	5,085,000	50,850,000
	12,614,439	**125,598,821**	11,585,000	115,850,000
Shares issue cost, net of tax effect	**-**	**-**	-	(651,179)
Closing balance	**12,614,439**	**125,598,821**	11,585,000	115,198,821

Pursuant to the closing of the initial public offering in December 2007, 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 annual audited financial statements, and was still an outstanding liability of the Company at June 30, 2008 to fully satisfy the purchase of the business acquired. The value of this transaction is shown as a liability of $519,000 at June 30, 2008 with the expected issuance of shares under the share matching plan on December 19, 2008.

13. SHARE CAPITAL (Continued)

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 three month period ended June 30, 2008, the Company issued 11,500 options with a weighted-average exercise price of $11.50, which vest equally over the next three years. During the six month period ended June 30, 2008, the Company issued 615,050 options with a weighted-average exercise price of $12.38, which vest equally over the next three years.

No options were exercised or exercisable during the period ended June 30, 2008 and there were no options cancelled or forfeited.

The options outstanding at June 30, 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	4.5 years
December 20, 2007	130,000	0.01	May 31, 2011	2.9 years
February 29, 2008	603,550	12.40	February 28, 2013	4.7 years
May 16, 2008	11,500	11.50	May 16, 2013	4.9 years

13. SHARE CAPITAL (Continued)

c) Restricted share unit plan

In 2007, the Company granted 158,000 shares under a restricted shares unit plan. Under this plan, certain key employees will receive treasury shares in the Company on December 20, 2012 should they remain with the Company at that time. During the six month period, 4,250 of these units were cancelled. The aggregated fair value of the remaining 153,750 shares as at June 30, 2008 is $1,537,500 ($10 per share). These shares were valued using the Black-Scholes option pricing model and the compensation expense is allocated over the vesting term.

d) Dividends

The Company 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 were entitled to a $0.045 dividend per share, paid on June 30, 2008.

e) Stock-based compensation

The Company recorded compensation expense in the consolidated statement of earnings and comprehensive income and retained earnings totalling $373,766 and $635,201 for the three and six month periods ended June 30, 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 three month period ended June 30, 2008 was $3.05 on the date of grant using the Black-Scholes option pricing model with weighted-average assumptions as follows:

Discount rate - risk free interest rate	3.02%
Expected lives	5 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.

	Three Months Ended June 30, 2008	Six Months Ended June 30, 2008
Basic weighted-average shares outstanding	12,571,366	12,506,755
Effect of dilutive securities	185,255	167,384
Diluted weighted average shares outstanding	12,756,621	12,674,139

As at June 30, 2008, there were 603,550 options that were anti-dilutive.

15. RELATED PARTY TRANSACTIONS

For the three and six month periods ended June 30, 2008, the Company paid management fees and airplane rental fees to a company controlled by a related party totalling $50,000 and $100,000 and $131,463 and $198,263, respectively. In addition rental payments on the Company's facilities totalling $838,220 and $1,676,440 were paid to companies controlled by senior management for the three and six month periods ended June 30, 2008. Equipment sales of $687,015 and $1,319,515 and purchases of $69,965 and $163,635 were transacted between the Company and a company controlled by a significant shareholder. At June 30, 2008, $406,435 was receivable from related companies.

As at June 30, 2008, $2,407,401 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(a). In addition, $519,000 remains outstanding to the former shareholders for the business acquisition as described in (Note 13(a)).

As at June 30, 2008, there are no other outstanding accounts receivable or accounts payable with related parties.

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 June 30, 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.

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 Company 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	7,241,188
Accounts receivable	52,050,034
	59,291,222

The aging of accounts receivable at the reporting date was:

	$
Trade Receivables	
Current	39,037,403
Aged between 61 - 119 days	3,884,164
Aged greater than 120 days	3,775,504
Total receivables	46,697,071
Allowance for doubtful accounts	(417,163)
Net trade receivables	46,279,908
Warranty receivables	5,623,123
Other receivables	147,003
	52,050,034

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
Decrease in period	(135,045)
Balance, June 30, 2008	417,163

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 there were no contracts outstanding.

Included in selling and administration expenses are gains recognized due to foreign currency translation for transactions and balances aggregating $72,628 and $101,148 for the three and six months period ended June 30, 2008.

16. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Foreign currency exchange risk and sensitivity analysis (continued)

Certain of 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 June 30, 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	(135,859)	2.5	(599)
Cheques issued in excess of cash on deposit	(862,952)	2.5	(3,802)
Floor plan payable	(1,122,870)	10.0	(19,791)
	(2,121,681)		(24,192)

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 June 30, 2008:

	$
Floor plan payable	110,404,773
Rental loan	10,764,488
HSBC dealer lease	9,313,445
Acquisition loan	650,000
Case Credit	605,000
	131,737,706

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 and Comprehensive Income $
Floor plan payable	(681,060)
Rental loan	(94,860)
HSBC dealer lease	(82,075)
Acquisition loan	(5,730)
Case Credit	(5,330)
	(869,055)

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	33,285,423	33,285,423	-	-
Floor plan payable	110,404,773	110,404,773	-	-
Due to related parties	2,407,401	2,407,401	-	-
Long-term debt	21,630,533	3,117,269	11,495,371	7,017,893
Capital leases	466,290	138,536	327,754	-
	168,194,420	149,353,402	11,823,125	7,017,893

16. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Fair value of financial instruments

The Company's current financial instruments consist of cash, accounts receivable and other, 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 approximate their fair value because of the short-term maturities of these items. The carrying amount of floor plan payable and 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 $197,258.

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.

17. MANAGEMENT OF CAPITAL (Continued)

The Company is in compliance with all externally imposed capital requirements.

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 on an overall long-term basis 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	6,055,427
Current portion of obligations under capital leases	226,819
Long-term debt	15,575,106
Obligations under capital leases	239,471
Total debt	22,096,823
Shareholder's equity	129,295,063
Debt to equity	17.1%

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.