MANAGEMENT'S DISCUSSION & ANALYSIS

ROCKY MOUNTAIN DEALERSHIPS INC.

FOR THE PERIOD ENDED MARCH 31, 2009

This Management Discussion and Analysis ("**MD&A**"), of the financial results of Rocky Mountain Dealerships Inc. ("**RMDI**" or the "**Company**") is prepared as of May 12, 2009 and should be read in conjunction with the consolidated financial statements and accompanying notes for the year ended December 31, 2008. The results reported herein have been prepared in accordance with Canadian generally accepted accounting principles (GAAP) and are presented in Canadian dollars. This discussion focuses on key statistics from the unaudited consolidated financial statements for the 3 month period ended March 31, 2009, which are available at www.sedar.com, and pertains to known risks and uncertainties in the construction and agricultural equipment dealership industry.

SELECTED FINANCIAL INFORMATION
IN THOUSANDS (other than per share amounts)

	3 months ended March 31, 2009 (unaudited)		3 months ended March 31, 2008 (unaudited)	
Revenue:	$		$	
New equipment sales	47,484	44.3%	41,624	59.8%
Used equipment sales	39,222	36.6%	12,570	18.0%
Product support	19,053	17.8%	13,672	19.6%
Finance and insurance (F&I)	296	0.3%	427	0.6%
Rental and Leasing	1,095	1.0%	1,421	2.0%
Total Revenue	107,150	100.0%	69,714	100.0%
Cost of sales	91,028	85.0%	57,080	81.9%
Gross profit	16,122	15.0%	12,634	18.1%
Expenses:				
Selling and administrative	12,521	11.7%	9,083	13.0%
Interest - short term debt	1,436	1.2%	1,083	1.6%
Interest - long term debt	277	0.3%	378	0.5%
Amortization of PPE	653	0.6%	390	0.6%
Earnings from operations	1,235	1.2%	1,700	2.4%
Amortization of intangibles	-	0.0%	758	1.1%
Income taxes	507	0.5%	356	0.5%
Net (loss) earnings	728	0.7%	586	0.8%
Net (loss) earnings per share				
Basic	$ 0.06		$ 0.05	
Diluted	$ 0.05		$ 0.05	

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 that these measures are comparable to similar measures presented by other issuers.

The Overhead Absorption, which is regularly monitored, 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 or impairment, and stock-based compensation. Management's target for Overhead Absorption for the 2009 fiscal year was between 78%-82%. This metric suggests that the Company could cover 78% to 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 taxes 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.

RECONCILIATION OF NET EARNINGS TO EBITDA

IN THOUSANDS

EBITDA	3 Months ended March 31, 2009 (unaudited) $	3 Months ended March 31, 2008 (unaudited) $
Net Earnings	728	586
Long-term interest	277	378
Depreciation	653	390
Amortization of intangibles	-	758
Income taxes	507	356
Rental depreciation	147	442
Lease depreciation	329	600
EBITDA	2,641	3,510
Absorption	74%	65%

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 the Hi-Way Service Group which consisted of Hi-Way Service (Medicine Hat) Inc., Hi-Way Service Leasing Inc., Hi-Way Service (High River) Inc, and Central Alberta Tractor Sales Ltd., on December 20, 2007 (the "**Initial Acquisitions**"). Subsequent to the purchase, Hammer Equipment was renamed Rocky Mountain Equipment Ltd and the Hi-Way Service Group was amalgamated and renamed Hi-Way Service Ltd.

During 2008, the Company purchased all the shares of Roydale International Ltd. (the **"Roydale Acquisition"**), Miller Farm Equipment (2005) Inc. **("Miller")** which included three holding companies, (the "**Miller Acquisition**"), and Lakeland Implements Ltd. (the "**Lakeland Acquisition**").

On April 1, 2009, the Company acquired all of the issued and outstanding shares of Heartland Equipment Limited and its subsidiaries ("**Heartland**" or the "**Heartland Acquisition**"). In the most recent fiscal year ended October 31, 2008, Heartland reported revenues of approximately $28.1 million. Heartland's dealership location is contiguous to the Company's Balzac store in Alberta. There were 636,942 shares issued, at a price of $4.30 per share, pursuant to the Heartland Acquisition.

SHARE CAPITAL – OUTSTANDING SHARES

	March 31, 2009	December 31, 2008
Opening Balance	13,220,359	11,585,000
Over-Allotment	-	975,000
Roydale Acquisition	-	54,439
Miller Acquisition	-	549,020
Lakeland Acquisition	-	5,000
Matching Shares	-	51,900
Closing balance	13,220,359	13,220,359
Issued subsequent to period end	636,942	
Total	13,857,301	

There were 13,220,359 shares outstanding at March 31, 2009 and December 31, 2008.

DESCRIPTION OF BUSINESS

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 Global N.V. ("**CNH**"). CNH is one of the largest manufacturers of construction and agriculture equipment in the world and 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, Claas and Kuhn-Knight.

The Company operates through 22 dealership branches located across the prairies through which the Company sells and rents new and used construction and agriculture equipment. The Company's branches are located throughout the Prairie Provinces with 16 branches in Alberta, including the branch in Drumheller acquired through the Heartland Acquisition, one in Saskatchewan and five in Manitoba.

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, Manitoba, Northwest Territories and Nunavut.

BALANCE SHEET

IN THOUSANDS

	March 31, 2009 (unaudited)	December 31, 2008 (unaudited)	March 31, 2008 (unaudited)
Current assets	250,333	248,966	186,415
Property, plant and equipment	20,547	21,458	25,049
Intangible assets	-	-	20,224
Goodwill	-	-	71,182
Total assets	270,880	270,424	302,870
Current liabilities	203,877	204,983	152,435
Long-term debt	18,890	17,803	17,605
Obligations under capital lease	313	343	28
Future income taxes	1,127	1,126	6,648
Total liabilities	224,207	224,255	176,716
Shareholders' equity	46,673	46,169	126,154
Total liabilties and shareholders' equity	270,880	270,424	302,870

During the quarter the Company utilized a portion of the operating line to pay off floor plan debt, resulting in higher bank indebtedness. In addition the Company finalized the purchase price and completed payment for the three acquisitions in 2008. These activities increased the net debt position of the Company in the quarter.

RESULTS OF OPERATIONS (UNAUDITED)

IN THOUSANDS (other than per share amounts)

	2009	2008				
	March 31	December 31	September 30	June 30	March 31	December 31
	$	$	$	$	$	$
Revenue	$ 107,150	$ 146,906	$ 93,241	$ 94,251	$ 69,714	$ 11,947
Net earnings before impairment	$ 728	$ 9,330	$ 2,490	$ 2,684	$ 586	$ 312
Impairment	$ -	$ 102,786	$ -	$ -	$ -	$ -
Net earnings (loss)	$ 728	(93,456)	$ 2,490	$ 2,684	$ 586	$ 312
EPS - Basic	$ 0.06	(7.34)	$ 0.19	$ 0.22	$ 0.05	$ 0.03
EPS - Diluted	$ 0.05	(7.33)	$ 0.19	$ 0.21	$ 0.05	$ 0.03
EBITDA	$ 2,641	$ 9,378	$ 6,744	$ 6,590	$ 3,510	$ 868
Absorption	74%	81%	87%	78%	65%	67%

The first quarter is traditionally the slowest for both the construction and agriculture equipment markets due to the winter shutdown for many of our customers. The agriculture market continued to show strength during the early parts of 2009 as sales for agricultural products remained strong. The construction market continues to show weakness in the oilfield and construction sectors but has partially been offset by the paving and aggregate business.

The results of operations discussed below are for the first quarter ended March 31, 2009 and are compared to the first quarter ended March 31, 2008. 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.

During the first quarter of 2009, the Company has eight additional locations over the same period in 2008 as a result of the Roydale Acquisition, the Miller Acquisition, and the Lakeland Acquisition.

New and used equipment sales increased from approximately $54.2 million in the first quarter of 2008 to $86.7 million in the first quarter of 2009 primarily due to the acquisitions made in 2008.

Product support revenues increased from approximately $13.7 million to $19.1 million due to the larger installed equipment base resulting in demand for RMDI’s trained technicians and OEM parts, as well as the additional revenues generated from the three acquisitions made in 2008.

Finance and insurance revenues decreased from $0.4 million to $0.3 million due to the tighter credit markets and the increased percentage of agricultural sales, as majority of these sales are done through the manufacturer using subsidized rates.

Rental and Leasing decreased from $1.4 million to $1.1 million as a result of Management’s intentions of reducing this portion of our business over the next few years.

The $3.5 million increase in gross profit from approximately $12.6 million to $16.1 million resulted from improved sales. As a percentage the margin has decreased from 18.1% in the first quarter of 2008 to 15.0% in the first quarter of 2009, resulting from the sales mix, increasing agriculture sales which require less product support as a percentage of total sales, and some lower margin highly competitive unit sales. In addition during the first quarter of 2009 the Company maintained a strong focus on the reduction of aged inventory which also put pressure on the margins.

The increase in selling and administration expenses from approximately $9.1 million to $12.1 million resulted primarily from increased sales of new and used equipment, which increased commission expense, and additional expenses due to the acquisition of eight new branch locations. In addition during the quarter all of the previously noted acquisitions were integrated into the same business system with all items relating to this integration being expensed. The Company was able to bring the selling and administration expenses down as a percentage of sales to 11.7%, compared to 13.0% in the first quarter of 2008.

The increase in short-term interest expense from approximately $1.1 million to $1.4 million is mainly attributable to increased spreads being charged by the various financial institutions, this increase in the spreads has been partially offset by the decreasing prime rates. The decrease in long-term interest expense from approximately $0.4 million to $0.3 million is attributable to the reduced size of the rental and lease fleets. The Company expects this trend to continue throughout the year as a result of the challenging financial times in the market.

The Overhead Absorption for the three month period ended March 31, 2009 was 74% (March 31, 2008 – 65%). This would suggest that approximately 74% of the Company's expenses would be covered if there were no sales of whole goods. The Overhead absorption for the year is consistent with the expectations of management as the target for the annual Overhead Absorption is between 78% and 82%, and improved from the first quarter of 2008 from 65%.

CASH FLOW

During the current quarter ended March 31, 2009, the Company's operating activities provided $4.9 million of cash. RMDI's operating cash inflows were generated by net earnings of, $0.7 million and the addition of working capital and non-cash items of $2.9 million and $1.3 million, respectively.

The $4.9 million provided in operating activities were offset by repayment of related party, as related to the 2008 acquisitions, amounts and dividends in the amount of $3.7 million and $0.6 million, respectively. The Company also generated cash from long-term debt, net of repayments, of $2.0 million.

The net effect of the activities from operations, financing and investing was an increase to cash in the amount of $2.6 million.

RMDI has available credit facilities with its bank lender 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 through 2009.

LIQUIDITY AND CAPITAL RESOURCES

RMDI has access to $30.0 million at HSBC bank (the "**Bank**") and had drawn down $21.2 million as at March 31, 2009. In addition, RMDI has access to $5.0 million at Vanguard Credit Union of which $4.1 million had been drawn as of March 31, 2009.

RMDI has two credit facilities, (the **"Credit Facility"**), with the Bank, one of which consists of a revolving facility providing up to $15.0 million for working capital (the "**working capital facility**") and another facility of up to $15.0 million for acquisitions of additional equipment dealerships (the "**acquisition facility**"). During the first quarter, the Company negotiated a $5.0 million dollar increase to both its acquisition facility and working capital facility with the HSBC; new limits are $15.0 million for each line. With this increase the interest rate on the acquisition facility has been increased to Bank's Prime Rate plus 1.5% and the working capital facility increased to the Bank's Prime Rate plus 0.5%, effective interest rates of 4.0% and 3.0%, respectively. This positions the Company positively to continue with its growth strategy.

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 at the Bank's prime rate plus 0.50% and amounts drawn under the acquisition facility bear interest at the Bank's prime rate plus 1.5%. At March 31, 2009, the amount outstanding on the working capital facility was $10.3 million, including cheques written in excess of cash, and $10.9 million was outstanding on the acquisition facility. RMDI pays a standby fee of 0.25% per annum on any undrawn portion of the acquisition facility. The Bank 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 by the Company and individual payment terms are up to five years from the time each contract is initiated. In addition to these items, as part of the Miller Acquisition, an additional working capital line of $5.0 million has become available through Vanguard Credit Union, (the **"Vanguard Facility"**). The indebtedness under this Vanguard Facility is secured in favour of the credit union by the Miller receivables and the Miller non-CNH parts inventory. Amounts drawn under the Vanguard Facility bear interest at the credit union's prime rate plus 0.75% and as at March 31, 2009 $4.1 million, including cheques written in excess of cash, was drawn on this line.

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 6.0%.

During the quarter the Company utilized a portion of the operating line to reduce floor plan payable by approximately $7 million dollars, which was done in an effort to reduce interest expense. This decision resulting in a higher net debt position and therefore the Company is currently outside of its internal target of 30 to 50%. The Company will continue to monitor this ratio over the course of the year.

The Company announced that the Board of Directors of RMDI declared a dividend of $0.045 per common share on the Company's outstanding common shares. The common share dividend is payable on May 29, 2009, to shareholders of record at close of business on June 30, 2009.

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

ADEQUACY OF CAPITAL RESOURCES

RMDI has primarily used its cash flow from operations to 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. Currently, with the great level of uncertainty in the market the Company is evaluating the strategic benefit of both the lease and rental fleets. RMDI currently anticipates that it will be able to finance its current fleet needs 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.

GOODWILL AND INTANGIBLE ASSETS

At least annually, the Company tests goodwill and intangibles for impairment by comparing the carrying amount of these assets to the fair value on a reporting entity basis. At December 31, 2008 the Company performed an impairment test of goodwill to compare its carrying value to fair value. The impairment test is based on a two step process. In step one a fair value was determined using two different valuation methods, a market based approach and discounted cash flow approach. The market based approach derives a fair value based on the market capitalization of the Company. The discounted cash flow approach analyzes future cash flows based on internally developed forecasts. Step one showed a carrying value that exceeded fair value and as a result the Company proceeded to step two to assess the impact of the impairment.

The second step required the fair value determined in step one to be allocated to each individual asset and liability as it would be in a business acquisition. After performing this allocation, it was determined there was no value left to assign to goodwill. As a result, the amount of $84,836,364 was recorded as an impairment loss to the incomes statement as non-operating expenses.

The circumstances that led to the impairment of goodwill relate to the change in the global economic condition and uncertainty in the Company's industry, in the fourth quarter of 2008. The tightening of capital markets related to the global changes negatively impacted the industry as its cost of borrowing increased, as well as created difficulty for certain customers to acquire financing to purchase the Company's products.

At December 31, 2008, the Company performed an impairment test of Intangible assets to compare their carrying value to their fair value. This is performed by analyzes identifiable future undiscounted future cash flows related to the Intangible assets, (the **"Intangibles"**). The Company had identified the following as potential Intangibles: customer relationships, trade names and dealership agreements. Based on the Company's assessment related to the decline in the global economy, in the fourth quarter of 2008, the Company was not able to identify cash flows related to these Intangibles. As a result all of the Intangibles are considered significantly impaired and a write down of $17,950,292 was required as of December 31, 2008.

In determining fair value, management relies on a number of factors including operating results, economic projections, anticipated future cash flows and marketplace data. There are inherent uncertainties related to these factors and judgments are required to be made in applying them to the analysis of goodwill and intangibles impairment.

OUTLOOK

The strength that has been experienced in the past couple of years in the agriculture industry is expected to normalize as a result of the global credit market uncertainty, even with the ongoing demand for oil seeds and cereal crop products. Prices for those commodities are expected to be stable in 2009 which should result in both strong farm cash receipts for the year and moderate demand for agriculture equipment. An underlying risk that is prevalent every year is the potential loss of crop due to early frost, drought, and other weather related events.

The construction equipment side of our business has been strong over the past few years as we benefitted from various levels of government in Alberta trying to deal with the infrastructure shortage throughout the province. This level of infrastructure development is expected to continue throughout the 2009 fiscal year, and increase in 2010 which if carried out, should benefit our group. The slow-down in residential and commercial building as well as reduced oil field activities in the province will create a more competitive construction equipment environment impacting both sales and margins for equipment used in those sectors.

The Company will continue to focus on integration of its acquired companies in 2009, during the first quarter all of the companies were transitioned to the same business system. With all branches on the same business system we are able to rationalize inventory and streamline the business practices throughout the entire Company.

OUTLOOK - MARKET CONDITIONS

The global markets have continued to show uncertainty over the last six months with the governments of the world trying to devise a plan to assist liquidity and growth. The Canadian and US governments have announced and implemented various stimulus plans, components of which have focused on infrastructure which should be positive to the Company. With that being said, there are a number of factors that will affect the Company in the coming months and years.

The ability to raise capital for expansion has softened considerably as the markets digest the changing environment. Consequently, the Company will continue to have significant reliance on debt financing, and the ability of the Company to raise additional debt will impact its acquisition opportunities.

Inventory financing is an item that has been negatively affected over the past few months as the credit markets continue to search for certainty. In general the Company's floor plan lines have not been reduced or changed in a material way except for interest rate changes. There have been numerous changes to the Company's major floor plan providers as they changed their rate structures, and consequently, increased the effective interest rates. As a result of this, the Company feels that at this time sufficient floor plan lines exist but will continue to explore other opportunities to help mitigate the exposure to any one provider. Another potential impact from the credit crunch could arise from the ability of the Company's customers to get the units financed. There is some insulation on this issue as a result of the manufacturer's ability to provide financing on new purchases. In addition, on the agricultural side of the business, there are a number of government agencies that exist to help farmers access credit.

The large amount of uncertainty that has gripped the markets over the past few months may have an impact on the growth strategy of the Company as there is a significant reliance on debt financing for its acquisitions. In addition, the majority of the Company's inventory is financed with various floor plan providers and their ability to fund the inventory may become strained as a result of the current market conditions. The Company has begun to see a shift by these lenders away from prime based lending and moving towards Bankers Acceptance or LIBOR based lending. In the current market conditions, this will increase our interest expense on our inventory, but has at least partially been mitigated with both prime and Bankers Acceptance rates declining over the past year.

CONTRACTUAL OBLIGATIONS (UNAUDITED)

The following table provides an overview of the contractual obligations of RMDI as of December 31, 2008.

IN THOUSANDS

	Total		2009		2010-2011		2012-2013		Thereafter	
Long-term Debt	$	25,692	$	5,355	$	12,058	$	8,279	$	-
Capital Lease Obligations	$	602	$	259	$	229	$	114		
Operating Lease Obligations	$	21,577	$	3,945	$	9,326	$	6,047	$	2,259
Total Contractual Obligations	$	47,871	$	9,559	$	21,613	$	14,440	$	2,259

RELATED PARTY TRANSACTIONS

During the period ended March 31, 2009, 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):

The premises and facilities for four of its branches are leased from companies in which Mr. Campbell, Mr. Taschuk and/or Mr. Ganden or their associates are shareholders. The Company paid a total of $238,220 in lease payments to these companies during the three month period ended March 31, 2009 (March 31, 2008 - $238,220). It is anticipated that the Company will continue to operate from these branch premises and facilities. At March 31, 2009, $Nil was payable (December 31, 2008 – $139,895) to a company owned by related parties and $Nil was receivable (December 31, 2008 - $160,318).

The premises and facilities for six of its branches are leased from a Company beneficially owned or controlled, indirectly by Mr. Derek Stimson, the President and one of the directors of RMDI. The Company paid a total of $600,000 in lease payments during the three month period ended March 31, 2009 (March 31, 2008 - $600,000). It is anticipated that the Company will continue to operate from these branch premises and facilities.

During the three month period ended March 31, 2009, the Company paid management fees, performance bonuses and airplane rental fees to a company controlled by a related party totaling $65,000, $150,000 and $49,000, respectively (March 31, 2008 – $50,000, $Nil and $66,800). For the same period equipment sales of $537,519 and purchases of $794,931 were transacted between the Company and a company controlled by an officer and director (March 31, 2008 - $632,500 and $93,670).

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

The following transactions were not in the normal course of operations although the change in ownership was substantive and are measured at the exchange amount, which approximates fair value:

As at December 31, 2008, $55,457 was payable to the former shareholders of Lakeland, who are also shareholders of the Company, in relation to working capital adjustments resulting from the acquisition described in Note 5(a), and $50 in transaction costs. The final working capital adjustment was paid on January 26, 2009.

As at December 31, 2008, $3,410,612 was payable to the former shareholders of Miller Holdings and Heritage Holdings, who are also shareholders of the Company, in relation to working capital adjustments resulting from the acquisition described in Note 5(b). The final working capital adjustment was paid on February 25, 2009

As at December 31, 2008, $245,092 was payable to the former shareholders of Roydale, who are also shareholders of the Company, in relation to working capital adjustments resulting from the acquisition described in Note 5(c). The final working capital adjustment was paid on January 26, 2009.

The amounts owing to related parties are non-interest bearing, unsecured and the carrying amount approximates the fair value due to the short-term nature. As at March 31, 2009 and December 31, 2008, there are no other outstanding accounts receivable or accounts payable with related parties.

OFF BALANCE SHEET ARRANGEMENTS

RMDI has availed itself of off-balance sheet financing in connection with 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 $356 to $1,519. The current operating leases have terms of five years or less expiring between May 28, 2009 and March 1, 2013. 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 AND 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 and 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 are used primarily in aggregate crushing, mulching and clearing applications.

Currency Fluctuations and 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 experienced 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. Currently, both these fleets are under review to determine their long term strategic benefit.

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

Goodwill and intangible assets

In February 2008, the Canadian Institute of Chartered Accountants ("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 adopted 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 has evaluated the impact of the adoption of this new section and the adoption did not have a significant impact on its consolidated financial statements.

Future Changes in Accounting Policies

Convergence with International Financial Reporting Standards

The CICA has issued an exposure draft for the full adoption of International Financial Reporting Standards ("IFRS") for all Canadian publicly accountable enterprises on January 1, 2011. The Company has assigned a committee of people from various levels of the organization to consider the impact that the conversion to IFRS will have on the Company over the next few years. This committee has met and reviewed a number of the key areas where the Company may be impacted including, but not limited to, Accounts Receivables, Inventory, Property Plant and Equipment, Provisional Accounting, and Revenue Recognition. At this point in time the Company is still determining the impact of IFRS on its consolidated financial statements. This process will continue throughout 2009. Further disclosures as to the nature of the financial and operational impacts will be made as available during the transition process.

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 ("CEO") and the Chief Financial Officer ("CFO") are responsible for establishing and maintaining the Company's disclosure controls and procedures, (**"DC&P"**),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 DC&P and assessed the design of the Company's internal control over financial reporting as of March 31, 2009, pursuant to the requirements of 52-109, and have concluded that:

(i) The DC&P are effective to provide reasonable assurance that all material or potentially material information about activities of the Company are made known the them; and

(ii) Information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation.

Management has concluded that, as of March 31, 2009, a weakness existed in the design of internal control over financial reporting due to the Company's recent purchase of Miller. The Company has sufficiently documented and tested the effectiveness of the internal controls on the original purchase of Hammer and the Hi-Way group pursuant to the Initial Acquisitions and can conclude that these controls are working effectively.

In the first half of 2009, the Company will be implementing the same controls into the Miller group with the objective of having all controls tested and in place by the end of the Company's third quarter. During the process of implementing and appropriately documenting systems and processes of internal control over financial reporting 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 management 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 current fleets 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 normalize as a result of the global credit market uncertainty, even with the ongoing demand for oil seeds and cereal crop products. Prices for those commodities are expected to be stable in 2009 which should result in both strong cash receipts for the year and moderate demand for agriculture equipment."**

The foregoing statement is based on the assumption that although demand for Western Canadian produced cereal crops will normalize, prices should remain stable and as a result demand for the Company's agriculture equipment should not decrease. There are a number of risks that could affect those assumptions including but not limited to ongoing credit restrictions, a decrease in demand for Western Canadian cereal crops due to worsening economic conditions, weather conditions that may affect Western Canadian agriculture 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 the ability of our customers 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 we benefited from various levels of government in Alberta trying to deal with the infrastructure shortage throughout the province. This level of infrastructure development is expected to continue through the 2009 fiscal year and increase in 2010, which, if carried out, should benefit our group. The slowdown in residential and commercial building as well as reduced oilfield activities in the province will create a more competitive construction environment impacting both sales and margins for equipment used in those sectors."**

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.

Consolidated Financial Statements of

ROCKY MOUNTAIN DEALERSHIPS INC.

Three Month Period Ended March 31, 2009 and 2008

ROCKY MOUNTAIN DEALERSHIPS INC.

Consolidated Balance Sheets

In thousands of dollars (Unaudited)

	March 31, 2009 $	December 31, 2008 $
ASSETS		
CURRENT		
Cash	**3,070**	493
Accounts receivable and other (Note 6)	**37,383**	40,614
Inventory (Note 7)	**209,127**	207,467
Prepaid expenses	**753**	392
	250,333	248,966
Property, plant and equipment (Note 10)	**20,547**	21,458
Intangible assets (Note 9)	**-**	-
Goodwill (Notes 5 and 8)	**-**	-
	270,880	270,424
LIABILITIES		
CURRENT		
Bank indebtedness (Note 11)	**14,410**	5,223
Accounts payable and accrued liabilities (Note 12)	**30,295**	29,973
Floor plan payable (Note 13)	**143,955**	150,449
Deferred revenue	**8,126**	9,437
Due to related parties (Note 19)	-	3,691
Current portion of long-term debt (Note 14)	**6,802**	5,910
Current portion of obligations under capital lease	**289**	300
	203,877	204,983
Long-term debt (Note 14)	**18,890**	17,803
Obligations under capital lease	**313**	343
Future income taxes	**1,127**	1,126
	224,207	224,255
CONTINGENCY AND GUARANTEE (Note 15)		
COMMITMENTS (Note 18)		
SHAREHOLDERS' EQUITY		
Common shares (Note 16a)	**133,879**	133,879
Contributed surplus (Note 16d)	**1,777**	1,406
Deficit	**(88,983)**	(89,116)
	46,673	46,169
	270,880	270,424

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

ROCKY MOUNTAIN DEALERSHIPS INC.

Consolidated Statement of Earnings, Comprehensive Income and (Deficit) Retained Earnings

Three Month Period Ended
In thousands of dollars (Unaudited)

	March 31, 2009 $	March 31, 2008 $
SALES		
New units	**47,484**	41,624
Used units	**39,222**	12,570
Product support	**19,053**	13,672
Finance and insurance	**296**	427
Rental and leases	**1,095**	1,421
	107,150	69,714
COST OF SALES (including amortization of $476 (2008 - $1,041))	**91,028**	57,080
GROSS PROFIT	**16,122**	12,634
EXPENSES		
Selling and administrative	**12,521**	9,083
Interest on short-term debt	**1,436**	1,083
Interest on long-term debt	**277**	378
Amortization of intangible assets	**-**	758
Amortization of property, plant and equipment	**653**	390
	14,887	11,692
EARNINGS BEFORE INCOME TAXES	**1,235**	942
PROVISION FOR (RECOVERY OF) INCOME TAXES		
Current	**506**	566
Future	**1**	(210)
	507	356
NET EARNINGS AND COMPREHENSIVE INCOME	**728**	586
(DEFICIT) RETAINED EARNINGS, BEGINNING OF PERIOD	**(89,116)**	328
DIVIDENDS	**(595)**	-
(DEFICIT) RETAINED EARNINGS, END OF PERIOD	**(88,983)**	914
EARNINGS PER SHARE (Note 17)		
Basic	**0.06**	0.05
Diluted	**0.05**	0.05

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

ROCKY MOUNTAIN DEALERSHIPS INC.

Consolidated Statement of Cash Flows
Three Month Period Ended
In thousands of dollars (Unaudited)

	March 31, 2009 $	March 31, 2008 $
CASH FLOWS RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Net earnings	**728**	586
Adjustments for:		
Amortization of property, plant and equipment	**1,129**	1,431
Amortization of intangible assets	**-**	758
Future income taxes	**1**	(210)
Stock-based compensation (Note 16d)	**371**	261
(Gain) loss on sale of property, plant and equipment	**(226)**	88
Changes in non-cash working capital, net of the effect of acquisitions	**2,914**	(7,114)
	4,917	(4,200)
FINANCING		
Payments to related parties regarding the acquisition (Notes 5 and 19)	**(3,691)**	(6,574)
Repayment of long-term debt	**(2,307)**	(1,879)
Proceeds from long-term debt	**4,286**	-
Repayment of obligations under capital lease	**(41)**	(27)
Dividends paid	**(595)**	-
Proceeds from issuance of share capital	**-**	9,750
	(2,348)	1,270
INVESTING		
Purchase of property, plant and equipment	**(389)**	(644)
Proceeds on disposal of property, plant and equipment	**397**	796
	8	152
NET INCREASE (DECREASE) IN CASH	**2,577**	(2,778)
CASH, BEGINNING OF PERIOD	**493**	16,956
CASH, END OF PERIOD	**3,070**	14,178
SUPPLEMENTARY INFORMATION		
Interest paid	**1,713**	1,461
Income taxes paid	**1,001**	-

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

Notes to the Consolidated Financial Statements
Three Month Period Ended March 31, 2009
In thousands except per share and per option amounts (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. The Company effectively commenced operations on December 20, 2007, and accordingly, its financial results are presented from that date forward. During 2008, Hi-Way Service (Medicine Hat) Inc. and Hammer Equipment Sales Limited underwent legal name changes to Hi-Way Service Ltd., and Rocky Mountain Equipment Ltd., respectively. During 2008, the Company acquired 100% of the common shares of Roydale International Ltd., Kevin G. Miller Holdings Ltd., Heritage Holdings Ltd., and Lakeland Implements Ltd. Inter-company transactions and balances are eliminated on consolidation.

2. SIGNIFICANT ACCOUNTING POLICIES

The unaudited interim consolidated financial statements for the period ended March 31, 2009 have been prepared in accordance with Canadian generally accepted accounting principles (“GAAP”) for unaudited interim consolidated financial statements on a basis consistent with the period ended December 31, 2008, except as stated in Note 3, and include all adjustments necessary to present fairly the results of the interim period. These financial statements should be read in conjunction with the consolidated financial statements for the year ended December 31, 2008 and the unaudited interim consolidated financial statements for the period ended March 31, 2008. The interim consolidated financial statements do not conform in all respects to the note disclosure requirements of GAAP for annual financial statements and may not be representative of the operations presented in the annual financial 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. The first quarter of the year is typically the weakest due to winter shutdowns, while the fourth quarter of the year 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.

3. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

Goodwill and intangible assets

In February 2008, the Canadian Institute of Chartered Accountants ("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 is applicable to financial statements relating to fiscal years beginning on or after October 1, 2008. Accordingly, the Company adopted 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 has evaluated the impact of the adoption of this new section and the adoption did not have a significant impact on its consolidated financial statements.

4. FUTURE CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

Convergence with International Financial Reporting Standards

The CICA has issued an exposure draft for the full adoption of International Financial Reporting Standards ("IFRS") for all Canadian publicly accountable enterprises on January 1, 2011. The Company has assigned a committee of people from various levels of the organization to consider the impact that the conversion to IFRS will have on the Company over the next few years. This committee has met and reviewed a number of the key areas where the Company may be impacted including, but not limited to, Accounts Receivable, Inventory, Property Plant and Equipment, Provisional Accounting, and Revenue Recognition. At this point in time the Company is still determining the impact of IFRS on its consolidated financial statements. This process will continue throughout 2009 and 2010. Further disclosures as to the nature of the financial and operational impacts will be made as completed during the transition process.

In thousands except per share and per option amounts (Unaudited)

5. ACQUISITIONS OF BUSINESSES

a) On October 9, 2008, the Company acquired 100% of the outstanding common shares of Lakeland Implements Ltd ("Lakeland"), a Case IH dealer. The operating results of the business acquired are consolidated from October 9, 2008, the acquisition effective date. The risks and rewards of ownership of the business were transferred on October 9, 2008.

The preliminary purchase price was $1,946, which was comprised of cash consideration of $1,904, inclusive of transaction costs in the amount of $50, of which $1,399 has been paid (net of cash acquired), and the issuance of 5 shares at $8.34 per share (valued based on the average share price of two days around October 9, 2008, date of acquisition), for aggregate share consideration of $42. The net working capital related to the acquisition was $1,243.

	$
Cash consideration	1,854
Transaction costs	50
Shares issued	42
Purchase consideration	1,946

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

	$
Net working capital	1,243
Property, plant and equipment	542
Goodwill	329
Future income tax liability	(129)
Long-term debt	(39)
Net assets acquired	1,946

Goodwill is not deductible for tax purposes.

In thousands except per share and per option amounts (Unaudited)

5. ACQUISITIONS OF BUSINESSES, CONTINUED

b) On August 27, 2008, the Company acquired 100% of the outstanding common shares of Kevin G. Miller Holdings Ltd. ("Miller Holdings") and Heritage Holdings Ltd. ("Heritage Holdings") which in turn collectively owned 100% of Miller Farm Equipment (2005) Inc. ("Miller"), a Case IH dealer. The operating results of the businesses acquired are consolidated into the Company from August 27, 2008, the acquisitions' effective date. The risks and rewards of ownership of these businesses were transferred on August 27, 2008.

The aggregate purchase price for each of Miller Holdings and Heritage Holdings was $8,810, which was comprised of cash consideration of $4,942, inclusive of transaction costs in the amount of $237, of which $2,937 has been paid (net of cash acquired) including transaction costs of $237, and the issuance of 275 shares at $14.09 per share (valued based on the average share price of two days around June 19, 2008, date of announcement), for share consideration of $3,868. The net working capital related to each acquisition was $1,736.

	Miller Holdings $	Heritage Holdings $	Total $
Cash consideration	4,705	4,705	9,410
Transaction costs	237	237	474
Shares issued	3,868	3,868	7,736
Purchase consideration	8,810	8,810	17,620

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

	Miller Holdings $	Heritage Holdings $	Total $
Net working capital	1,736	1,736	3,472
Property, plant and equipment	1,055	1,055	2,110
Goodwill and unallocated surplus	6,300	6,300	12,600
Future income tax liability	(31)	(31)	(62)
Debt assumed	(250)	(250)	(500)
Net assets acquired	8,810	8,810	17,620

Goodwill is not deductible for tax purposes.

In thousands except per share and per option amounts (Unaudited)

5. ACQUISITIONS OF BUSINESSES, CONTINUED

c) 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 acquisition effective date. The risks and rewards of ownership on these acquisitions were transferred on June 1, 2008.

The aggregate purchase price was $1,795, which was comprised of cash consideration of $1,145, inclusive of transaction costs in the amount of $50 (net of cash acquired), and the issuance of 54 shares at $11.94 per share (valued based on the average share price a few days around May 14, 2008, date of announcement), for aggregate share consideration of $650. The net working capital related to the acquisition was $1,245.

	$
Cash consideration	1,095
Transaction costs	50
Shares issued	650
Purchase consideration	1,795

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

	$
Net working capital	1,245
Property, plant and equipment	500
Goodwill	171
Future income tax liability	(121)
Net assets acquired	1,795

Goodwill is not deductible for tax purposes.

In thousands except per share and per option amounts (Unaudited)

6. ACCOUNTS RECEIVABLE AND OTHER

	March 31, 2009 $	December 31, 2008 $
Trade receivables	**34,409**	37,405
Warranty receivables	**3,845**	4,352
Other receivables	**81**	2
	38,335	41,759
Less allowance for doubtful accounts	**(952)**	(1,145)
	37,383	40,614

7. INVENTORY

	March 31, 2009 $	December 31, 2008 $
Equipment - new	**139,062**	134,598
Equipment - used	**45,528**	50,181
Parts	**23,943**	22,018
Work-in-progress	**594**	670
	209,127	207,467

For the three months ended March 31, 2009, new and used equipment, parts and work-in-progress recognized as an expense amounted to $90,552 (2008 - $56,039) and is included in cost of sales on the Consolidated Statements of Earnings and Comprehensive Income. For the three months ended March 31, 2009, there were write downs of $104 on the Consolidated Statements of Earnings and Comprehensive Income of inventory to net realizable value required (2008 - $Nil) and all inventory has been pledged as security for liabilities as disclosed in Notes 13 and 14.

8. GOODWILL IMPAIRMENT

At least annually, the Company tests goodwill for impairment by comparing the carrying amount to the fair value on a reporting entity basis. At December 31, 2008, the Company performed an impairment test of goodwill. The impairment test is based on a two step process. In step one, a fair value was determined using a market based approach. The market based approach derives a fair value based on the market capitalization of the Company at December 31, 2008. Step one showed a carrying value that exceeded fair value and, as a result, the Company proceeded to step two to assess the amount of the impairment.

The second step required the fair value determined in step one to be allocated to each individual asset and liability as it would be in a business acquisition. After performing this allocation, it was determined there was no fair value left to assign to goodwill. As a result, an impairment of goodwill in the amount of $84,836 was recorded to the Consolidated Statements of Earnings and Comprehensive Income for the year ended December 31, 2008.

The circumstances that led to the impairment of goodwill relate to the change in global economic conditions and uncertainty in the Company's industry, in the fourth quarter of 2008. The tightening of credit markets negatively impacted the industry as its cost of borrowing is expected to increase, as well, customers are experiencing difficulty acquiring financing to purchase the Company's products.

In determining fair value, management relies on a number of factors including operating results, economic projections, anticipated future cash flows and marketplace data. There are inherent uncertainties related to these factors and judgments in applying them to the analysis of goodwill and intangible asset impairment. However, fair value determinations require considerable judgment and are sensitive to changes in the factors described above.

9. INTANGIBLE ASSET IMPAIRMENT

At December 31, 2008, the Company performed an impairment test of its intangible assets to compare their carrying value to their fair value. Based on the Company's assessment of intangible assets in the fourth quarter of 2008, all of the intangible assets were considered impaired at December 31, 2008. As a result, a write down of $17,950 was recorded in the Consolidated Statements of Earnings and Comprehensive Income in the fourth quarter of the year ended December 31, 2008. Accordingly, comparative balances in these quarterly financial statements depict amortization of intangible assets prior to their write down.

In thousands except per share and per option amounts (Unaudited)

10. PROPERTY, PLANT AND EQUIPMENT

	March 31, 2009		
	Cost $	**Accumulated Amortization $**	**Net Book Value $**
Land	**2,252**	**-**	**2,252**
Rental assets	**8,880**	**141**	**8,739**
Lease equipment	**4,448**	**1,618**	**2,830**
Buildings	**340**	**47**	**293**
Computer equipment	**763**	**363**	**400**
Furniture and fixtures	**743**	**199**	**544**
Land improvements	**17**	**3**	**14**
Leasehold improvements	**652**	**91**	**561**
Shop tools and equipment	**2,288**	**660**	**1,628**
Vehicles	**4,525**	**1,325**	**3,200**
Other	**95**	**9**	**86**
	25,003	**4,456**	**20,547**

	December 31, 2008		
	Cost $	Accumulated Amortization $	Net Book Value $
Land	2,242	-	2,242
Rental assets	9,327	304	9,023
Lease equipment	4,679	1,587	3,092
Buildings	321	37	284
Computer equipment	721	288	433
Furniture and fixtures	738	150	588
Land improvements	17	3	14
Leasehold improvements	602	67	535
Shop tools and equipment	2,266	508	1,758
Vehicles	4,400	990	3,410
Other	84	5	79
	25,397	3,939	21,458

Included in cost of sales is amortization expense aggregating $147 (2008 - $442) for rental assets and $329 (2008 - $600) for leased equipment for the period ended March 31, 2009.

Assets under capital lease, included in computer equipment and vehicles, have a cost of $105 and $864 (2008 - $105 and $864), respectively and accumulated amortization of $99 and $232 (2008 - $75 and $141).

In thousands except per share and per option amounts (Unaudited)

11. BANK INDEBTEDNESS

The Company has an operating revolving credit facility to a maximum of $15,000 with HSBC (the "Bank") and bears interest ranging from the Bank's prime interest rate plus 0.5% to the Bank's prime interest rate plus 1.25%. The balance drawn at March 31, 2009 was $5,709 (December 31, 2008 - $Nil). Included in the outstanding balance at March 31, 2009 included cheques written in excess of cash of $4,585 (December 31, 2008 - $Nil). The effective interest rate at March 31, 2009 was 3.0% (December 31, 2008 - 3.5%). This indebtedness is secured by a general security agreement in favor of the Bank that is subject to various priority agreements covering the Company's receivables and the non-case parts inventory.

As part of the acquisition of Miller Holdings and Heritage Holdings, an additional working capital line of $5,000 is available through Vanguard Credit Union Ltd. and bears interest at prime plus 0.8%. The balance drawn at March 31, 2009 was $1,980 (December 31, 2008 - $1,380). Included in the outstanding balance at March 31, 2009 included cheques written in excess of cash of $2,136 (December 31, 2008 - $3,843). The effective interest rate at March 31, 2009 was 3.3% (December 31, 2008 - 3.8%). This indebtedness is secured by the receivables and non-case parts inventory of Miller.

12. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	March 31, 2009 $	December 31, 2008 $
Trade accounts payable	**22,056**	21,018
Parts accounts payable	**2,970**	2,023
Income taxes payable	**5,015**	5,510
Employee and management bonus payable	**254**	1,422
	30,295	29,973

13. FLOOR PLAN PAYABLE

The floor plan payable is due to various creditors who have extended wholesale credit, and is due on various dates, and at fixed or variable interest rates ranging from 0% to the bank's prime interest rate plus 6%. At March 31, 2009, the Company had in excess of $75 million available of floor plan financing. 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. At March 31, 2009, the Company had $8.1 million of floor plan outstanding in US currency. The entire amount has been classified as current as the corresponding inventory to which it relates has also been classified as current.

Pursuant to agreements with lenders, the Company is required to monitor and report certain 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). The Company was in compliance with all externally imposed covenant requirements at March 31, 2009.

Notes to the Consolidated Financial Statements
Three Month Period Ended March 31, 2009
In thousands except per share and per option amounts (Unaudited)

14. LONG-TERM DEBT

	March 31, 2009 $	December 31, 2008 $
Bankers acceptance rate plus 4.5% to prime plus 0% 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, 2009 ranged from 3.0% to 6.0% (December 31, 2008 - 3.5% to 6.5%)	**6,465**	7,484
Prime plus 1.5% Case Credit promissory note payable in monthly principal instalments of $10 plus interest, and secured by a general security agreement. The effective interest rate at March 31, 2009 was 4.0% (December 31, 2008 - 5.0%)	**515**	545
Case Credit promissory note Principal and interest payable only if predetermined sales targets are not been met by the Company. The effective interest rate at March 31, 2009 was 0% (2008 - 0%). All of the predetermined sales target have been met at March 31, 2009	**157**	157
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, 2009 was 5.1% (December 31, 2008 - 6.1%)	**6,498**	7,223
Acquisition Loan payable in equal monthly principal instalments over a 60 month period, plus interest ranging from the Bank’s prime rate plus 1.5% to plus 2.3%, and secured by all real property owned and subsequently acquired. The effective interest rate at March 31, 2009 was 2.9% (December 31, 2008 - 3.9%)	**10,893**	7,905

Notes to the Consolidated Financial Statements
Three Month Period Ended March 31, 2009
In thousands except per share and per option amounts (Unaudited)

14. LONG-TERM DEBT, CONTINUED

	March 31, 2009 $	December 31, 2008 $
Demand Loans payable in monthly principal instalments ranging from \$2 to \$7, plus interest at prime plus 0.8%, secured by related equipment. The effective interest rate at March 31, 2009 was 3.3% (December 31, 2008 - 4.3%)	**155**	181
Mortgage Payable interest only payments due monthly at prime plus 1.75%, and secured the specific property. The effective interest rate at March 31, 2009 was 4.25%	**875**	-
Various contracts with GMAC Financial Services, HSBC and Ford Credit Canada Limited loans repayable in monthly instalments ranging from \$1 to \$2, plus interest ranging from 0% to 5.5%, secured by various motor vehicles, due between July 2009 and December 2010	**134**	218
	25,692	23,713
Less current portion	**(6,802)**	(5,910)
	18,890	17,803

Principal payments due are as follows:

	$
Remainder of 2009	**5,355**
2010	**6,180**
2011	**5,878**
2012	**5,780**
2013	**2,000**
Thereafter	**499**
	25,692

In thousands except per share and per option amounts (Unaudited)

15. 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. It is 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 not significant.

16. SHARE CAPITAL

a) Shares

The share capital of the Company consists of following:

	March 31, 2009		December 31, 2008	
	Shares	**Total $**	Shares	Total $
Authorized				
Unlimited number of common shares				
Issued				
Opening balance	**13,220**	**133,879**	11,585	115,199
Shares issued pursuant to over-allotment	**-**	**-**	975	9,750
Share issued in matching plan	**-**	**-**	52	519
Shares issued in consideration for acquisitions (Note 5)				
Miller	**-**	**-**	549	7,736
Roydale	**-**	**-**	54	650
Lakeland	**-**	**-**	5	42
	13,220	**133,879**	13,220	133,896
Shares issue cost, net of tax effect	**-**	**-**	-	(17)
Closing balance	**13,220**	**133,879**	13,220	133,879

16. SHARE CAPITAL, CONTINUED

a) Shares, continued

Pursuant to the closing of the initial public offering, there were 52 and 975 shares that were reserved in treasury for the share matching plan and the over-allotment option, respectively, as disclosed in the Company's initial public offering prospectus. These share issuances were considered to be part of the business acquisition consideration related to the acquisition in 2007, and were liabilities of the Company at December 31, 2007 to fully satisfy the purchase of the business acquired. The value of these two transactions were shown as a liability aggregating $10,269 at December 31, 2007 with the issuance of shares under the share matching plan on December 19, 2008 ($519 and 52 shares) and the issuance of shares on the over-allotment ($9,750 and 975 shares) on January 11, 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 three month period ended March 31, 2009, the Company issued 86 (2008 - 604) options with a weighted-average exercise price of $4.15 (2008 - $12.40), which vest equally over the next three years.

In 2007, the Company issued an option to a shareholder to purchase 130 shares at an aggregate exercise price of $0.25. This option vests on April 1, 2011 and expires May 31, 2011. The weighted average exercise price of this option is $0.01. This option grant is a continuation of a private share option plan to a member of executive management. The option was fair value in accordance with the Company's accounting policy and compensation expense is recognized over the vesting period (See Note 16d). The weighted average fair value of this option, as calculated using the Black-Scholes model, was $10.

In thousands except per share and per option amounts (Unaudited)

16. SHARE CAPITAL, CONTINUED

b) Stock options, continued

The outstanding options for the three months ended March 31 are as follows:

	2009	2008
Opening balance, January 1	**821**	213
Issued	**86**	604
Exercised	**-**	-
Cancelled	**(10)**	-
Forfeited	**-**	-
Closing balance, March 31	**897**	817

Options in the amount of 223 were exercisable at March 31, 2009 (2008 - Nil). For the 3 months ended, no options were exercised (2008 - Nil), 10 options were cancelled (2008 - Nil) and no options were forfeited (2008 - Nil).

The options outstanding at March 31, 2009 are as follows:

Date Issued	Number of Options Outstanding	Weighted Average Exercise Price $	Expiry Date	Weighted Average Contractual Life
December 20, 2007	83	10.00	December 20, 2012	3.7
December 20, 2007	130	0.01	May 31, 2011	2.2
February 29, 2008	586	12.40	February 28, 2013	3.9
May 16, 2008	12	11.50	May 16, 2013	4.1
March 12, 2009	86	4.15	March 12, 2014	5.0
	897	9.58		3.8

c) Restricted share unit plan

In 2007, the Company reserved 158 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 three months ended March 31, 2009, 1 of these units were cancelled (December 31, 2008 - 6,750). The aggregated fair value of the remaining 150 shares at March 31, 2009 is $1,503 (December 31, 2008 - $1,513). These shares were valued upon issuance, using the Black-Scholes option pricing model, at a fair value of $10, and the compensation expense is allocated over the vesting term of five years.

In thousands except per share and per option amounts (Unaudited)

16. SHARE CAPITAL, CONTINUED

d) Stock-based compensation

During the three months ended March 31, 2009, the Company recorded compensation expense in the Consolidated Statements of Earnings and Comprehensive Income totaling $371 (2008 - $261) using a fair value based method for stock options granted to directors, officers and employees and shares reserved under the restricted share unit plan in the consolidated financial statements.

	2009 **$**	2008 $
Contributed surplus, opening balance, January 1	**1,406**	28
Stock-based compensation expense	**371**	261
Contributed surplus, closing Balance, March 31	**1,777**	289

The weighted average fair value of the options granted in the quarter were estimated at $1.98 (March 31, 2008 - $12.40) on the date of grant using the Black-Scholes option-pricing model with weighted average assumptions as follows:

	March 31, 2009	March 31, 2008
Discount rate - risk free interest rate	**1.6%**	3.9%
Expected lives (years)	**3**	3
Expected volatility	**54%**	23%
Expected dividends	**$Nil**	$Nil

In thousands except per share and per option amounts (Unaudited)

17. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing net earnings 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.

At March 31, 2009, 681 options were anti-dilutive.

	March 31, 2009			March 31, 2008		
	Earnings $	**Weighted average shares outstanding**	**Per share $**	Earnings $	Weighted average shares outstanding	Per share $
Basic	728	13,220	0.06	588	12,442	0.05
Effect of dilutive securities		282			367	
Diluted	728	13,502	0.05	588	12,809	0.05

18. COMMITMENTS

Annual rents payable under long-term operating leases as at March 31, 2009 are as follows:

	$
Remainder of 2009	**3,945**
2010	**4,870**
2011	**4,556**
2012	**4,450**
2013	**1,597**
Thereafter	**2,259**

19. RELATED PARTY TRANSACTIONS

During the three months ended March 31, 2009, the Company paid management fees and flight costs to a company controlled by a related party totalling $215 (2008 - $50) and $49 (2008 - $67), respectively. In addition, rental payments on the Company's facilities of $838 (2008 - $838) were paid to companies controlled by certain members of senior management. Equipment sales of $538 (2008 - $633) and purchases of $795 (2008 - $94) were transacted between the Company and a company controlled by a significant shareholder and member of senior management. At March 31, 2009, $166 (December 31, 2008 - $160) was in accounts receivable and other and due from related companies and $159 (December 31, 2008 - $140) was due to related companies.

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

The following transactions were not in the normal course of operations although the change in ownership was substantive and are measured at the exchange amount, which approximates fair value:

As at December 31, 2008, $55 was payable to the former shareholders of Lakeland, who are also shareholders of the Company, in relation to working capital adjustments resulting from the acquisition described in Note 5a, and $50 in transaction costs. The final working capital adjustment was paid on January 26, 2009.

As at December 31, 2008, $3,411 was payable to the former shareholders of Miller Holdings and Heritage Holdings, who are also shareholders of the Company, in relation to working capital adjustments resulting from the acquisition described in Note 5b. The final working capital adjustment was paid on February 25, 2009.

As at December 31, 2008, $245 was payable to the former shareholders of Roydale, who are also shareholders of the Company, in relation to working capital adjustments resulting from the acquisition described in Note 5c. The final working capital adjustment was paid on January 26, 2009.

The amounts owing to related parties are non-interest bearing, unsecured and the carrying amount approximates the fair value due to the short-term nature. As at March 31, 2009 and December 31, 2008, there are no other outstanding accounts receivable or accounts payable with related parties.

In thousands except per share and per option amounts (Unaudited)

20. 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, foreign currency exchange risk, and liquidity risk. The following analysis provides a measurement risk as at the Consolidated Balance Sheet date of March 31, 2009.

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	3,070
Accounts receivable	37,383
	40,453

The aging of accounts receivable at the reporting date was:

	$
Trade receivables	
Current	28,866
Aged between 61 - 119 days	2,984
Aged greater than 120 days	2,640
Total receivables	34,490
Allowance for doubtful accounts	(952)
Net trade receivables	33,538
Warranty receivables	3,845
	37,383

In thousands except per share and per option amounts (Unaudited)

20. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT, CONTINUED

Credit risk, continued

Reconciliation of allowance for doubtful accounts:

	$
Balance, December 31, 2007	552
Increase in period	592
Balance, December 31, 2008	1,144
Decrease in period	(192)
Balance, March 31, 2009	952

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 gain (loss) for transactions and balances aggregating $4 (2008 - $29) for the three months ended March 31, 2009.

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 March 31, 2009 and a sensitivity analysis to changes in currency (a 5.0% 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 nine months). The sensitivity analysis includes USD denominated monetary items and adjusts their translation at year end for their respective change in the USD. For the respective weakening of the USD, there would be an equal and opposite impact on the Company's net earnings and comprehensive income.

In thousands except per share and per option amounts (Unaudited)

20. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT, CONTINUED

Foreign currency exchange risk and sensitivity analysis, continued

	Denominated USD $	Change in Currency %	Effect on Earnings and Comprehensive Income (net of tax) 3 Months Ended March 31, 2009 $
Cheques in excess of cash	2,683	5.0	95
Accounts payable and accrued liabilities	182	5.0	6
Floor plan payable	8,140	10.0	574
	11,005		675

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, 2009:

	$
Floor plan payable	100,768
Rental loan	6,465
HSBC dealer lease	6,498
Bank indebtedness	14,410
Acquisition loan	10,893
CWB Mortgage	875
Case Credit	515
	140,424

In thousands except per share and per option amounts (Unaudited)

20. 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 Earnings and Comprehensive Income (net of tax) 3 Months Ended March 31, 2009 $
Floor plan payable	358
Rental loan	23
HSBC dealer lease	23
Bank indebtedness	51
Acquisition loan	39
CWB Mortgage	3
Case Credit	2
	499

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 $	2009 $	2010-2011 $	2012-2013 $
Bank indebtedness	14,410	14,410		
Accounts payable and accrued liabilities	30,295	30,295	-	-
Floor plan payable	143,955	143,955	-	-
Long-term debt	25,692	5,354	12,059	8,279
Capital leases	602	259	229	114
	214,954	194,273	12,288	8,393

20. 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, bank indebtedness, accounts payable and accrued liabilities, floor plan payable, due to related parties, long-term debt and obligations under capital lease. The carrying amounts of cash, accounts receivable and other, bank indebtedness, accounts payable and accrued liabilities approximate their fair values because of the short-term maturities of these items. The carrying amount of floor plan payable, long-term debt and obligations under capital lease approximates their fair values as the interest rates are consistent with market rates for similar debt, except for the non-interest bearing debt with Ford Credit Canada and GMAC Financial Services, in which the fair value aggregates $73.

21. 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.

In thousands except per share and per option amounts (Unaudited)

21. MANAGEMENT OF CAPITAL, CONTINUED

The Company was in compliance with all externally imposed capital requirements at March 31, 2009.

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 30 to 50% of shareholders' equity. The ratio is currently above the target range due to the impairment of goodwill and intangibles recognized in the period ended December 31, 2008.

The components of debt and coverage ratios are as follows:

	March 31, 2009 $	March 31, 2008 $
Current portion of long-term debt	**6,802**	4,966
Current portion of obligations under capital leases	**289**	78
Long-term debt	**18,890**	17,605
Obligations under capital leases	**313**	28
Total debt	**26,294**	22,677
Shareholder's equity	**46,673**	126,154
Debt to equity	**56.3%**	18.0%

22. ECONOMIC DEPENDENCE

The Company is the holder of authorized dealerships granted by the CNH group of companies whereby it has the right to act as an authorized dealer for Case equipment. The dealership authorizations and floor plan facilities can be cancelled by the CNH group of companies if the Company does not observe certain established guidelines and covenants, which is common for this industry.

23. SUBSEQUENT EVENT

Acquisition

On April 1, 2009, the Company completed the acquisition of 100% of the issued and outstanding shares of Heartland Equipment Limited and its subsidiaries for cash and 636,942 common shares of the Company at a price of $4.30 per share.