Consolidated Financial Statements of

ROCKY MOUNTAIN DEALERSHIPS INC.

December 31, 2010 and 2009

Deloitte.

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Rocky Mountain Dealerships Inc.

We have audited the accompanying consolidated financial statements of Rocky Mountain Dealerships Inc., which comprise the consolidated balance sheets as at December 31, 2010 and 2009 and the consolidated statements of net earnings, comprehensive income and retained earnings and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Rocky Mountain Dealerships Inc. as at December 31, 2010 and 2009 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Calgary, Alberta
March 7, 2011

Chartered Accountants

ROCKY MOUNTAIN DEALERSHIPS INC.

Consolidated Balance Sheets

As at December 31
(Expressed in thousands of dollars)

	2010 **$**	2009 $
ASSETS		
CURRENT		
Cash	**17,139**	8,912
Accounts receivable and other (Note 5)	**27,509**	24,186
Inventory (Note 6)	**327,739**	247,627
Prepaid expenses	**1,611**	509
	373,998	281,234
Property, plant and equipment (Note 7)	**20,600**	19,343
Future income taxes (Note 19)	**611**	-
Goodwill (Note 4)	**8,528**	4,086
	403,737	304,663
LIABILITIES		
CURRENT		
Bank indebtedness (Note 8)	**-**	1,947
Accounts payable and accrued liabilities (Note 9)	**29,480**	30,595
Floor plan payable (Note 10)	**210,425**	158,793
Deferred revenue	**337**	3,154
Current portion of long-term debt (Note 11)	**6,574**	8,545
Current portion of obligations under capital lease (Note 12)	**825**	619
	247,641	203,653
Long-term debt (Note 11)	**13,058**	12,968
Obligations under capital lease (Note 12)	**1,387**	896
Convertible debentures (Note 13)	**28,411**	-
Future income taxes (Note 19)	**6,593**	1,051
	297,090	218,568
CONTINGENCY AND GUARANTEE (Note 14)		
COMMITMENTS (Note 18)		
SHAREHOLDERS' EQUITY		
Common shares (Note 15a)	**75,913**	70,601
Convertible debentures - equity component (Note 13)	**1,343**	-
Contributed surplus (Note 15d)	**4,630**	2,915
Retained earnings	**24,761**	12,579
Accumulated other comprehensive income	**-**	-
	106,647	86,095
	403,737	304,663

APPROVED BY THE BOARD

"Signed" Dennis Hoffman
Dennis Hoffman, Director

"Signed" M. C. (Matt) Campbell
M.C. (Matt) Campbell, Director

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

ROCKY MOUNTAIN DEALERSHIPS INC.

Consolidated Statements of Net Earnings, Comprehensive Income and Retained Earnings

Years Ended December 31
(Expressed in thousands of dollars, except per share amounts)

	2010	2009
	$	$
SALES		
New units	**333,603**	300,924
Used units	**189,315**	156,648
Parts	**65,047**	56,077
Service	**41,585**	37,671
Other	**3,869**	4,435
	633,419	555,755
COST OF SALES		
(including amortization of $836 (2009 - $1,345)) (Note 7)	**533,861**	471,067
GROSS PROFIT	**99,558**	84,688
EXPENSES		
Selling, general and administrative	**65,213**	52,224
Interest on short-term debt	**6,425**	6,127
Interest on long-term debt	**2,064**	1,024
Amortization of property, plant and equipment	**4,444**	3,068
	78,146	62,443
EARNINGS BEFORE INCOME TAXES	**21,412**	22,245
PROVISION FOR (RECOVERY OF) INCOME TAXES (Note 19)		
Current	**1,314**	7,221
Future	**4,641**	(198)
	5,955	7,023
NET EARNINGS AND COMPREHENSIVE INCOME	**15,457**	15,222
RETAINED EARNINGS (DEFICIT), BEGINNING OF YEAR	**12,579**	(89,116)
REDUCTION IN STATED CAPITAL (Note 15a)	**-**	89,116
DIVIDENDS	**(3,268)**	(2,643)
CHARGE FOR NORMAL COURSE ISSUER BID (Note 15a)	**(7)**	-
RETAINED EARNINGS, END OF YEAR	**24,761**	12,579
EARNINGS PER SHARE (Note 16)		
Basic	**0.85**	1.03
Diluted	**0.83**	1.02

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

ROCKY MOUNTAIN DEALERSHIPS INC.

Consolidated Statements of Cash Flows

Years Ended December 31
(Expressed in thousands of dollars)

	2010	2009
	$	$
CASH FLOWS RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Net earnings	**15,457**	15,222
Adjustments for:		
Amortization of property, plant and equipment (Note 7)	**5,280**	4,413
Accretion on convertible debentures (Note 13)	**118**	-
Future income taxes (recovery)	**4,641**	(198)
Stock-based compensation (Note 15d)	**1,734**	1,509
Gain on sale of property, plant and equipment	**(229)**	(677)
	27,001	20,269
Changes in non-cash working capital, net of the effect of acquisitions	**(32,502)**	(23,246)
	(5,501)	(2,977)
FINANCING		
Repayment of long-term debt	**(9,843)**	(12,524)
Proceeds from long-term debt	**7,962**	10,242
Repayment of obligations under capital lease	**(1,343)**	(480)
Proceeds from obligations under capital lease	**2,040**	1,352
Dividends paid	**(3,268)**	(2,643)
Proceeds from issuance of share capital (net of share issue costs paid) (Notes 15a and 15b)	**39**	22,793
Proceeds from issuance of convertible debentures (Note 13)	**31,500**	-
Debt issuance costs	**(1,864)**	-
Purchase of common shares for cancellation (Note 15a)	**(15)**	-
	25,208	18,740
INVESTING		
Purchase of property, plant and equipment	**(4,716)**	(3,194)
Proceeds on disposal of property, plant and equipment	**2,545**	3,409
Purchase of equipment dealerships, net of cash acquired (Note 4)	**(9,309)**	(7,559)
	(11,480)	(7,344)
NET INCREASE IN CASH	**8,227**	8,419
CASH, BEGINNING OF YEAR	**8,912**	493
CASH, END OF YEAR	**17,139**	8,912
SUPPLEMENTARY INFORMATION		
Interest paid	**8,489**	7,151
Income taxes paid	**4,228**	8,414

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

Notes to the Consolidated Financial Statements

As at and for the Years Ended December 31, 2010 and 2009
(Expressed in thousands, except per share and per option amounts)

1. NATURE OF BUSINESS

Rocky Mountain Dealerships Inc. (the "Company") was incorporated under the Business Corporations Act (Alberta). Through its subsidiaries Hammer Equipment Ltd. ("Hammer"), Hi-Way Service Ltd. ("Hi-Way") and Miller Equipment Ltd. ("Miller"), the Company sells, leases and provides support for a wide variety of agriculture and construction equipment in Western Canada.

During 2010, the Company established Rocky Mountain Dealer Group Partnership (the "Partnership"), a general partnership into which all assets and liabilities of Hi-Way and Miller were transferred and under which Hi-Way and Miller have since operated. The Partnership has a year end of January 1.

During the years ended December 31, 2010 and 2009, the Company completed the acquisitions of several equipment dealerships as discussed further in Note 4.

Inter-company transactions and balances are eliminated on consolidation.

2. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). The significant accounting policies used in these consolidated financial statements are as follows:

Cash

Cash includes cash amounts, being all highly liquid investments with original maturities of three months or less. At December 31, 2010 and 2009, there were no cash equivalents.

Property, plant and equipment

Property, plant and equipment are recorded at cost and are amortized over the estimated useful life using the methods and rates as follows:

Rental assets	Unit of usage
Lease equipment	30% declining balance
Buildings	20 years
Computer equipment	3 years
Furniture and fixtures	5 years
Leasehold improvements	Lesser of lease term and useful life
Shop tools and equipment	5 years
Vehicles	3 - 5 years

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Goodwill

Goodwill results from business combinations and represents the portion of the purchase price in excess of the fair value of net identifiable assets acquired. Goodwill is recorded at cost and is not subject to amortization. It is tested at least annually for impairment. The impairment test for goodwill is a two-step process. Step one consists of a comparison of the fair value of a reporting unit with its carrying amount, including the goodwill allocated to the reporting unit. Measurement of the fair value of a reporting unit is based on one or more fair value measures, including present value calculations of estimated future cash flows and estimated amounts at which the unit as a whole could be bought or sold in a current transaction between willing parties. The Company also considers its market capitalization as of the date of the impairment test. When the fair value of a reporting unit exceeds its carrying amount, goodwill of the reporting unit is not considered to be impaired and the second step of the impairment test is unnecessary. If the carrying amount of the reporting unit exceeds its fair value, step two requires the fair value of the reporting unit to be allocated to the underlying assets and liabilities of that reporting unit, resulting in an implied fair value of goodwill. If the carrying amount of the reporting unit's goodwill exceeds the implied fair value of the reporting unit's goodwill, an impairment loss equal to the excess is recorded in net earnings.

Use of estimates

The preparation of the consolidated financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as at the date of the consolidated financial statements and the reported amount of revenue and expenses during the reporting period. Actual results could differ from those estimates.

By nature, asset valuations are subjective and do not necessarily result in precise determinations. Should underlying assumptions made by management change, estimated net recoverable values could change by a material amount.

Balances in these consolidated financial statements that are subject to estimation include the allowance for doubtful accounts, net realizable value of inventory, stock-based compensation expense, amortization periods for property, plant and equipment and intangible assets, the net recoverable values of capital assets, intangible assets and goodwill, and estimates in future income taxes.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of long-lived assets

Long-lived assets are tested for recoverability whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized when their carrying value exceeds the total undiscounted cash flows expected from their use and eventual disposition. The amount of the impairment loss is determined as the excess of the carrying value of the asset over its fair value.

Earnings per share

Basic earnings per share is computed by dividing earnings by the weighted average number of common shares outstanding during the period. Diluted per share amounts reflect the potential dilution that could occur if options and warrants to purchase common shares were exercised. The treasury stock method is used to determine the dilutive effect of options and warrants, whereby any proceeds from the exercise of options or other dilutive instruments are assumed to be used to purchase common shares at the average market price during the period.

Leases

Leases entered into by the Company as lessee are classified as either capital or operating leases. Leases where substantially all of the benefits and risks of ownership of the property rest with the Company are accounted for as capital leases. Equipment under capital lease is amortized on the same basis as capital assets. Rental payments under operating leases are expensed as incurred.

Convertible debentures

Convertible debentures are treated as compound financial instruments. The liability component of a compound financial instrument is recognized initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognized initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not remeasured subsequent to initial recognition.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Convertible debentures (continued)

Interest, dividends, losses and gains relating to the financial liability are recognized in the Consolidated Statements of Net Earnings, Comprehensive Income and Retained Earnings. Distributions to shareholders are recognized in equity, net of any tax benefit.

Comprehensive income

Comprehensive income consists of net earnings and other comprehensive income (“OCI”). OCI comprises the change in the fair value of the effective portion of the derivatives used as hedging items in a cash flow hedge and the change in fair value of any available-for-sale financial instruments. Amounts included in OCI, if any, are shown net of tax. Accumulated other comprehensive income (“AOCI”) is composed of the cumulative amounts of OCI.

Inventories

Equipment inventory is valued at the lower of cost and net realizable value, with cost being determined on a specific item, actual cost basis, and net realizable value being determined by the recent sales of the same or similar equipment inventory less the cost to sell that item. Parts inventory is recorded at the lower of cost and net realizable value, with cost being determined using average cost and net realizable value being determined by replacement cost. Work-in-progress is valued on a specific item, actual cost basis.

Revenue recognition

The Company generates revenue from several distinct sources. Revenue is recognized as follows:

Whole goods: Revenue from the sale of whole goods, which is defined as new and used equipment, is recognized when the customer has signed the respective sales agreement, has paid or has credit approved, and title of the product and risk of loss have transferred.

Product support: Revenue from parts sales is recognized when title of the product has transferred to the customer and collection is reasonably assured. This is evidenced by the goods 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. Revenue from service is recognized when the work is complete and collection is reasonably assured.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition (continued)

Other: Other revenue consists of commission revenue from finance and insurance recognized when the finance contract is signed; revenue from rentals recognized on a straight-line basis over the term of the contract; and lease revenue recognized on a straight-line basis over the term of the lease independent of the timing of the payments received. Prepayment of any lease is initially set up as a deposit and this deposit is reduced on a monthly basis at a rate reflective of the lease contract.

Deferred revenue

Deferred revenue comprises: 1) units sales in which cash has been received but not all terms and conditions have been fulfilled to meet the requirements of revenue recognition; 2) maintenance plans sold to customers in which all services have not yet been provided; and 3) manufacturer incentives received by the Company for certain equipment. Once title and all risk and rewards of ownership have transferred and/or the service has been provided, revenue is recognized in the corresponding period.

Stock-based compensation

The Company issues stock options and other stock-based compensation to certain directors, officers and employees of the Company. The Company follows the fair value based method of accounting for stock-based compensation, using the Black-Scholes option pricing model. Compensation expense is recognized over the period in which the option vests, with a corresponding increase to contributed surplus in shareholders' equity.

Employee Share Ownerships Plan

During 2010, the Company instituted an Employee Share Ownership Plan ("ESOP"). Under the ESOP, employees who meet the eligibility criteria can contribute up to 5% of their annual gross salary by way of payroll deductions. The Company matches the employee contribution amount, to a maximum of $5 per annum. The Company's contributions vest to the employee on December 31 of the contribution year and are expensed as incurred.

ESOP shares are purchased on the open market. The weighted average unvested shares held in the ESOP during the year are excluded from the earnings per share calculations as they are not considered to be outstanding. Dividends paid on the Company's common shares held for the ESOP are used to purchase other common shares on the open market.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income taxes

The asset and liability method of tax allocation is used in accounting for income taxes. Under this method, temporary differences arising from the difference between the tax bases of an asset and a liability and its carrying amount on the balance sheet are used to calculate future income tax assets or liabilities. Future income tax assets or liabilities are calculated using substantively enacted tax rates that apply in the periods that the temporary differences are expected to reverse. The effect of a change in income tax rates on future income tax assets and liabilities is recognized in income in the period that the new rate is substantively enacted.

Foreign currency translation

The Company enters into transactions in foreign currencies which are translated into Canadian dollars whereby monetary items are translated at the rate of exchange in effect at the consolidated balance sheet date and non-monetary items are recorded at the prevailing exchange rate at the date of transaction. Revenue and expense items are translated at the exchange rate in effect when each of the items is recognized.

Financial instruments

The Company discloses information with regard to the significance of financial instruments to the Company's financial position and performance, the nature and extent of risks arising from financial instruments to which the Company is exposed during the period and at the balance sheet date, and how the Company manages those risks. All financial instruments must initially be recognized at fair value on the balance sheet. The Company has classified each financial instrument into the following categories: held-for-trading financial assets and financial liabilities, loans and receivables, held-to-maturity investments, available-for-sale financial assets, and other financial liabilities. Subsequent measurement of the financial instruments is based on their classification. Unrealized gains and losses on held-for-trading financial instruments are recognized in earnings. Gains and losses on available-for-sale financial assets are recognized in other comprehensive income ("OCI") and are transferred to earnings when the asset is derecognized or other than temporarily impaired. The other categories of financial instruments are recognized at amortized cost using the effective interest method.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (continued)

The Company has made the following classifications:

- Cash and Directors' Share Units ("DSUs") are classified as financial instruments held-for-trading and are measured at fair value. Gains and losses related to periodical revaluation are recorded in net income.
- Accounts receivable and other is classified as loans and receivables and is initially measured at fair value and subsequently measured at amortized cost using the effective interest rate method.
- Bank indebtedness, accounts payable and accrued liabilities (with the exception of DSUs), floor plan payable, long-term debt, obligations under capital lease (including current portions) and convertible debentures are classified as other liabilities and are initially measured at fair value and subsequently measured at amortized cost using the effective interest method.

The Company takes into account its own credit risk as well as that of the counter parties to all of its financial instruments in determining their respective fair values.

Embedded derivatives

Derivatives embedded in other financial instruments or contracts are separated from their host contracts and accounted for as derivatives when their economic characteristics and risks are not closely related to those of the host contract; the terms of the embedded derivative are the same as those of a free standing derivative and the combined instrument or contract is not measured at fair value, with changes in fair value recognized in earnings. As at, and for the years ended December 31, 2010 and 2009, the Company did not have any outstanding contracts or financial instruments with embedded derivatives that required bifurcation.

Derivative instruments and hedge activities

Derivative instruments may be utilized by the Company to manage market risk related to the volatility in commodity prices, foreign exchange rates and interest rate exposures. The Company's policy is not to utilize derivative instruments for speculative purposes. The Company may choose to designate derivative instruments as hedges. All hedges are documented at inception including information such as the hedging relationship, the risk management objective and strategy, the method of assessing and measuring effectiveness and the method of accounting for the hedging relationship. Hedge effectiveness is reassessed on a quarterly basis. As at December 31, 2010 and 2009 and for the years then ended, the Company did not designate any derivative instruments as hedges.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Derivative instruments and hedge activities (continued)

All derivative instruments are recorded on the balance sheet at fair value either in accounts receivable and other, derivative financial asset or liability, accounts payable and accrued liabilities, or other long-term liabilities. Derivative financial instruments that do not qualify for hedge accounting, if any, are classified as held-for-trading and are recognized on the balance sheet and measured at fair value, with gains and losses on these instruments recorded in gain or loss on derivative financial instruments in the Consolidated Statements of Net Earnings, Comprehensive Income and Retained Earnings in the periods they occur. Derivative financial instruments that have been designated and qualify for hedge accounting have been classified as fair value or cash flow hedges. For fair value hedges, the gains and losses arising from adjusting the derivative to its fair value are recognized immediately in earnings along with the gain or loss on the hedged items. For cash flow hedges, the effective portion of the gains and losses is recorded in other comprehensive income until the hedged transaction is recognized in earnings. For any hedging relationship that has been determined to be ineffective, hedge accounting is discontinued on a prospective basis. As of December 31, 2010 and 2009, the Company did not have any derivative instruments or hedging contracts outstanding.

Prior year comparative information

Certain comparative amounts have been reclassified to conform to current year presentation.

3. FUTURE CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

Business combinations

In January 2009, the CICA issued Section 1582, Business Combinations, to replace Section 1581. Prospective application of the standard is effective for fiscal years beginning on or after January 1, 2011, with early adoption permitted. This new standard effectively harmonizes the business combinations standard under GAAP with International Financial Reporting Standards ("IFRS"). The new standard revises guidance on the determination of the carrying amounts of the assets acquired, liabilities assumed, goodwill created and accounting for non-controlling interests, at the time of a business combination. This standard will impact the Company's consolidated financial statements if the Company enters into business acquisitions in the future.

Consolidation

The CICA concurrently issued Section 1601, Consolidated Financial Statements, and Section 1602, Non-Controlling Interests, which replace Section 1600, Consolidated Financial Statements. Section 1601 provides revised guidance on the preparation of consolidated financial statements and Section 1602 addresses accounting for non-controlling interests in consolidated financial statements subsequent to a business combination. These standards are effective for fiscal years beginning on or before January 1, 2011, unless they are early adopted at the same time as Section 1582, Business Combinations.

(Expressed in thousands, except per share and per option amounts)

4. ACQUISITIONS OF BUSINESSES

During the years ended December 31, 2009 and 2010, the Company completed the following acquisitions (expressed in $ except shares issued):

	K&M	Gateway	Allen's	Wardale	Roydale NH	Enns	Mayor	Heartland	Total
Cash consideration									
- recognized in 2010	3,104	1,444	2,607	3,136	1,466	(83)	230	125	12,029
- recognized in 2009	-	-	-	-	-	1,871	2,489	3,075	7,435
	3,104	1,444	2,607	3,136	1,466	1,788	2,719	3,200	19,464
Transaction costs	32	35	111	63	36	68	66	141	552
Total cash consideration	3,136	1,479	2,718	3,199	1,502	1,856	2,785	3,341	20,016
Number of shares issued	96	55	20	293	149	50	-	637	1,300
Share price	7.90	8.29	8.29	8.71	8.99	6.15	-	4.30	6.40
Total share consideration	762	456	166	2,549	1,336	308	-	2,739	8,316
Purchase consideration	3,898	1,935	2,884	5,748	2,838	2,164	2,785	6,080	28,332
Net working capital									
- recognized in 2010	2,354	1,165	1,985	2,774	1,166	(134)	(52)	27	9,285
- recognized in 2009	-	-	-	-	-	1,679	1,752	1,579	5,010
	2,354	1,165	1,985	2,774	1,166	1,545	1,700	1,606	14,295
Property, plant and equipment	721	528	788	1,500	600	500	737	600	5,974
Goodwill(1)									
- recognized in 2010	900	325	111	1,474	1,201	51	282	98	4,442
- recognized in 2009	-	-	-	-	-	68	66	3,952	4,086
	900	325	111	1,474	1,201	119	348	4,050	8,528
Future income taxes	(77)	(83)	-	-	(129)	-	-	(122)	(411)
Debt assumed	-	-	-	-	-	-	-	(54)	(54)
Net assets acquired	3,898	1,935	2,884	5,748	2,838	2,164	2,785	6,080	28,332
Cash consideration paid, net of cash acquired									
- during 2010	2,174	1,111	2,718	1,931	1,476	(101)	-	-	9,309
- during 2009	-	-	-	-	-	1,957	2,555	3,047	7,559
	2,174	1,111	2,718	1,931	1,476	1,856	2,555	3,047	16,868
Cash acquired	8	80	-	-	26	-	-	294	408
Payable at December 31, 2010(2)	954	288	-	1,268	-	-	230	-	2,740
Receivable at December 31, 2009(2)	-	-	-	-	-	18	-	125	143

(1) Goodwill is not deductible for tax purposes.
(2) These amounts have been included in accounts payable and accrued liabilities (2009 - accounts receivable and other).

4. ACQUISITIONS OF BUSINESSES (Continued)

K&M Farm Equipment Ltd.

On October 15, 2010, the Company acquired 100% of the outstanding common shares of K&M Farm Equipment Ltd. ("K&M"), a New Holland Agriculture dealership. The risks and rewards of ownership of the business were transferred on October 15, 2010. The purchase price is anticipated to be finalized and the remaining cash paid out upon completion of the working capital adjustment.

Gateway Farm Equipment Ltd.

On September 1, 2010, the Company acquired 100% of the outstanding common shares of Gateway Farm Equipment Ltd. ("Gateway"), a Case IH dealer. The effective date and the risks and rewards of ownership were transferred on September 1, 2010. The purchase price is anticipated to be finalized and the remaining cash paid out upon completion of the working capital adjustment.

Allen's Agrocentre Ltd.

On September 1, 2010, the Company acquired 100% of the outstanding common shares of the holding company that effectively owned 100% of Allen's Agrocentre Ltd. ("Allen's"), a Case IH dealer. The effective date and the risks and rewards of ownership were transferred on September 1, 2010.

Wardale Equipment (1998) Ltd.

Effective June 1, 2010, the Company acquired certain assets of Wardale Equipment (1998) Ltd. ("Wardale"), a Case IH dealer. The effective date and the risks and rewards of ownership were transferred on June 1, 2010. The purchase price is anticipated to be finalized and the remaining cash paid out upon completion of the working capital adjustment.

Roydale New Holland Inc.

On March 1, 2010, the Company acquired 100% of the outstanding common shares of Roydale New Holland Inc. ("Roydale NH"), a New Holland dealer. The effective date and the risks and rewards of ownership were transferred on March 1, 2010.

(Expressed in thousands, except per share and per option amounts)

4. ACQUISITIONS OF BUSINESSES (Continued)

Enns Agri

On November 1, 2009, the Company acquired certain assets of Enns Agri ("Enns"), a Case IH dealer. The effective date and the risks and rewards of ownership were transferred on November 1, 2009.

Mayor Equipment

On November 1, 2009, the Company acquired certain assets of Mayor Equipment ("Mayor"), a Case IH dealer. The effective date and the risks and rewards of ownership were transferred on November 1, 2009. During the year ended December 31, 2010, $230 became payable to the former shareholders of Mayor in respect of contingent consideration. At December 31, 2010, this amount is included in accounts payable and accrued liabilities (2009 - $Nil).

Heartland Equipment Ltd.

On April 1, 2009, the Company acquired 100% of the outstanding common shares of the holding companies that collectively owned 100% of Heartland Equipment Limited ("Heartland"), a Case IH dealer. The risks and rewards of ownership of these businesses were transferred on April 1, 2009.

5. ACCOUNTS RECEIVABLE AND OTHER

	2010	2009
	$	$
Trade receivables	**26,823**	22,740
Warranty receivables	**1,651**	2,480
	28,474	25,220
Less allowance for doubtful accounts	**(965)**	(1,034)
	27,509	24,186

6. INVENTORY

	2010	2009
	$	$
Equipment - new	**157,393**	121,830
Equipment - used	**142,729**	102,684
Parts	**26,512**	22,469
Work-in-progress	**1,105**	644
	327,739	247,627

(Expressed in thousands, except per share and per option amounts)

6. INVENTORY (Continued)

For the year ended December 31, 2010, new and used equipment, parts and work-in-progress recognized as an expense amounted to $533,025 (2009 - $469,722) and are included in cost of sales on the Consolidated Statements of Net Earnings, Comprehensive Income and Retained Earnings. For the year ended December 31, 2010, there were inventory write downs to estimated net realizable value of $1,977 (2009 - $1,852) included in cost of sales on the Consolidated Statements of Net Earnings, Comprehensive Income and Retained Earnings and there have been $Nil reversals of previously recorded inventory write downs (2009 - $Nil). All inventory has been pledged as security for liabilities as disclosed in Notes 8, 10 and 11.

7. PROPERTY, PLANT AND EQUIPMENT

	2010		
	Cost $	**Accumulated Amortization $**	**Net Book Value $**
Land	**2,252**	**-**	**2,252**
Rental assets	**7,974**	**2,351**	**5,623**
Lease equipment	**926**	**762**	**164**
Buildings	**373**	**133**	**240**
Computer equipment	**2,965**	**1,112**	**1,853**
Furniture and fixtures	**1,885**	**662**	**1,223**
Leasehold improvements	**1,593**	**318**	**1,275**
Shop tools and equipment	**5,247**	**2,032**	**3,215**
Vehicles	**9,817**	**5,062**	**4,755**
	33,032	**12,432**	**20,600**

	2009		
	Cost $	Accumulated Amortization $	Net Book Value $
Land	2,252	-	2,252
Rental assets	9,447	2,048	7,399
Lease equipment	3,551	2,432	1,119
Buildings	373	84	289
Computer equipment	1,185	554	631
Furniture and fixtures	986	338	648
Leasehold improvements	917	169	748
Shop tools and equipment	3,458	1,018	2,440
Vehicles	6,652	2,835	3,817
	28,821	9,478	19,343

(Expressed in thousands, except per share and per option amounts)

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

Included in cost of sales is amortization expense aggregating $805 (2009 - $949) for rental assets and $31 (2009 - $396) for leased equipment for the year ended December 31, 2010.

As at December 31, 2010, assets under capital lease, included in computer equipment and vehicles, have a cost of $808 (2009 - $258) and $3,495 (2009 - $1,899), and accumulated amortization of $278 (2009 - $50) and $1,551 (2009 - $512), respectively.

8. BANK INDEBTEDNESS

The Company has an operating revolving credit facility to a maximum of $22,000 (2009 - $15,000) with HSBC Bank Canada ("HSBC") and bears interest ranging from HSBC's prime rate plus 0.5% to 1.5%. The balance drawn at December 31, 2010 was $Nil (2009 - $Nil). The effective interest rate at December 31, 2010 was 3.5% (2009 - 2.8%). Indebtedness on this facility is secured by a general security agreement in favor of HSBC that is subject to various priority agreements covering the Company's receivables and the non-CNH parts inventory.

During the year ended December 31, 2009, the Company had an additional working capital line of $7,000 through Vanguard Credit Union Ltd. which bore interest at the credit union's prime rate plus 1.0%. The balance drawn at December 31, 2009 was $2,507, which included outstanding deposits of $560. The effective interest rate at December 31, 2009 was 3.3%. During the year ended December 31, 2010, this facility was closed.

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2010 **$**	2009 $
Trade accounts payable	**28,378**	26,579
Income taxes payable	**1,102**	4,016
	29,480	30,595

(Expressed in thousands, except per share and per option amounts)

10. 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 respective bank's prime interest rate plus 4.9%. At December 31, 2010, the Company had approximately $80,000 of available 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 December 31, 2010, the Company had $2,816 of floor plan outstanding in U.S. currency (2009 - $1,510). 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 debt covenants and 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 December 31, 2010 and 2009.

11. LONG-TERM DEBT

	2010 **$**	2009 $
Bankers acceptance rate plus 5.7% to prime plus 4.9% payable on rental assets to various vendors, payable in monthly principal instalments based on rental income earned and secured by related equipment. The interest rates at December 31, 2010 ranged from 6.8% to 7.9% (2009 – 6.0% to 8.3%)	**1,410**	4,254
Mortgage payable with interest only payments due monthly at prime plus 1.8%, and secured by the specific property. The effective interest rate at December 31, 2010 was 4.8% (2009 - 4.0%)	**875**	875
Case Credit promissory note settled during the year ended December 31, 2010	**-**	1,339
Acquisition loan payable in equal monthly principal instalments over a 60 month period, plus interest ranging from the bank's prime rate plus 2% to plus 3%, and secured by all real property owned and subsequently acquired. The available limit is $20,000. The effective interest rate at December 31, 2010 was 5.0% (2009 - 3.8%)	**16,303**	12,193

(Expressed in thousands, except per share and per option amounts)

11. LONG-TERM DEBT (Continued)

	2010	2009
	$	$
HSBC dealer leasing loans comprising 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 December 31, 2010 was 6.7% (2009 - 5.6%)	**600**	2,575
Various contracts with GMAC Financial Services, HSBC, Vanguard and Ford Credit Canada Limited loans repayable in monthly instalments ranging from $1 to $13, plus interest ranging from 0.0% to 3.3%, secured by various motor vehicles, due between January 2011 and February 2013	**444**	277
	19,632	21,513
Less current portion	**(6,574)**	(8,545)
	13,058	12,968

Principal payments due are as follows:

	$
2011	**6,574**
2012	**5,470**
2013	**4,276**
2014	**2,202**
2015	**1,110**
Thereafter	**-**
	19,632

(Expressed in thousands, except per share and per option amounts)

12. OBLIGATIONS UNDER CAPITAL LEASE

Future minimum payments under capital leases along with the balance of the obligations under capital lease are as follows:

	$
2011	**943**
2012	**672**
2013	**395**
2014	**303**
2015	**89**
	2,402
Less amount representing interest at rates ranging from 4.2% to 10.2%	**(190)**
Present value of obligations under capital lease	**2,212**
Less current portion	**(825)**
	1,387

13. CONVERTIBLE DEBENTURES

During 2010, the Company completed a $31,500 bought deal financing arrangement where a syndicate of underwriters agreed to buy 31.5 convertible unsecured subordinated debentures (the "Debentures") of the Company at a price of $1 per Debenture.

The Debentures will mature on September 30, 2017 and will accrue interest at the rate of 7.0% per annum, payable semi-annually in arrears on March 31 and September 30 in each year, commencing on September 30, 2010. At the holder's option, the Debentures may be converted into common shares of the Company at any time on the earlier of maturity and the business day immediately preceding the date fixed for redemption at a conversion price of $10.65 per share.

The Debentures are direct, unsecured obligations of the Company, subordinated to other indebtedness of the Company and ranking equally with all other unsecured subordinated indebtedness.

The Debentures will not be redeemable prior to September 30, 2014. On or after September 30, 2014 and prior to September 30, 2015, the Debentures may be redeemed in whole or in part at the option of the Company on not more than sixty days and not less than thirty days prior notice at a price equal to their principal amount plus accrued and unpaid interest, provided that the market price of the Company's shares traded on the Toronto Stock Exchange on the date on which the notice of redemption is given is not less than 125.0% of the conversion price. On or after September 30, 2015 and prior to the maturity date, the Debentures may be redeemed in whole or in part at the option of the Company on not more than sixty days and not less than thirty days prior notice at a price equal to their principal amount plus accrued and unpaid interest.

(Expressed in thousands, except per share and per option amounts)

13. CONVERTIBLE DEBENTURES (Continued)

On issuance, the Company allocated $28,293 to the liability component and $1,343 to the equity component. The fair value of the liability component was estimated by discounting the future payments of interest and principal and will be accreted to the $31,500 face value using the estimated effective interest rate of 9.3%. Accretion relating to the Debentures totalled $118 for the year ended December 31, 2010 (2009 - $Nil) and is included in interest on long-term debt.

	Debt $	Equity $
Opening balance, July 27, 2010	28,293	1,343
Accretion	118	-
Ending balance, December 31, 2010	28,411	1,343

14. CONTINGENCY AND GUARANTEE

The Company is subject to various degrees of recourse, arising in the ordinary course of business, by assisting its customers in financing the sale of equipment. The Company is exposed to potential losses arising from the difference between the assessed value of the underlying security and the loan balance, 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 an insignificant risk of loss from this guarantee, as the assessed value of the underlying security generally exceeds the loan balance. Accordingly, management believes the fair value of the guarantee is not significant.

(Expressed in thousands, except per share and per option amounts)

15. SHARE CAPITAL

a) Shares

The share capital of the Company consists of following:

	2010		2009	
	Shares	**Total $**	Shares	Total $
Authorized				
Unlimited number of common shares				
Issued				
Opening balance	**17,807**	**70,601**	13,220	133,879
Shares issued in consideration for acquisitions (Note 4)				
Heartland	**-**	**-**	637	2,739
Enns	**-**	**-**	50	308
Roydale NH	**149**	**1,336**	-	-
Wardale	**293**	**2,549**	-	-
Allen's	**20**	**166**	-	-
Gateway	**55**	**456**	-	-
K&M	**96**	**762**		
Reduction of stated capital	**-**	**-**	-	(89,116)
Shares purchased under normal course issuer bid	**(2)**	**(8)**	-	-
Shares issued for cash, net of share issue costs	**-**	**-**	3,900	22,909
Shares issued on exercise of stock options (Note 15b)	**9**	**58**	-	-
	18,427	**75,920**	17,807	70,719
Transaction costs	**-**	**(7)**	-	(118)
Closing balance	**18,427**	**75,913**	17,807	70,601

15. SHARE CAPITAL (Continued)

a) Shares (continued)

Normal Course Issuer Bid

On September 29, 2010, the Company received final acceptance from the Toronto Stock Exchange to implement a normal course issuer bid ("NCIB") to purchase existing common shares.

Under the NCIB program the Company will have the ability to repurchase up to a maximum of 1,153 common shares, which represented ten percent of its 11,530 outstanding public float of common shares as of September 29, 2010. The maximum daily purchases under the NCIB cannot exceed 9 common shares of the Company. The NCIB began on October 1, 2010 and will end on September 30, 2011 (or when the Company provides notice of early termination) or when the Company has purchased the maximum allowable number of shares. All purchases pursuant to the NCIB will be made through the facilities of the Toronto Stock Exchange and all shares purchased under the NCIB will be cancelled. In 2010, the Company purchased 2 shares under the NCIB for consideration of $15. Of the amount paid, $8 was charged to share capital and $7 was charged to retained earnings.

Share issuance

On September 4, 2009, the Company issued 3,900 common shares at a price of $6.20 per share for gross proceeds of $24,180 by way of private placement on a bought deal with a syndicate of underwriters. Share issue costs amounted to $1,387.

Reduction of stated capital

On May 12, 2009 at the annual general meeting of the Company, the shareholders of the Company, by way of a special resolution, voted to reduce the stated capital of the common shares in the amount of $89,116 effective as of that date. This reduction offset the deficit primarily attributable to the write-down of goodwill and intangible assets to a $Nil amount as at December 31, 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.

(Expressed in thousands, except per share and per option amounts)

15. SHARE CAPITAL (Continued)

b) Stock options (continued)

There were no options granted in the year ended December 31, 2010 (2009 - 366). The weighted average fair value of the options granted in the year ended December 31, 2010 was estimated at $Nil (2009 - $4.40) on the date of grant using the Black-Scholes option-pricing model with weighted average assumptions as follows:

	2010	2009
Discount rate - risk free interest rate	**-**	2.0%
Expected lives (years)	**-**	5
Expected volatility	**-**	72%
Expected dividends	**-**	$0.18

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 valued in accordance with the Company's accounting policy and compensation expense is recognized over the vesting period (See Note 15d). The weighted average fair value of this option, as calculated using the Black-Scholes model, was $10.

The outstanding options for the year ended December 31 are as follows:

	2010		2009	
	Number of options	**Weighted average exercise price $**	Number of options	Weighted average exercise price $
Opening balance, January 1	**1,153**	**9.43**	820	10.18
Issued	**-**	**-**	366	8.03
Exercised	**(9)**	**4.15**	-	-
Cancelled	**-**	**-**	-	-
Forfeited	**(70)**	**10.77**	(33)	12.40
Closing balance, December 31	**1,074**	**9.39**	1,153	9.43

(Expressed in thousands, except per share and per option amounts)

15. SHARE CAPITAL (Continued)

b) Stock options (continued)

Options in the amount of 543 were exercisable at December 31, 2010 (2009 - 247). For the year ended December 31, 2010, 9 options were exercised (2009 - Nil) and 70 options were forfeited (2009 - 33 options).

The options outstanding at December 31, 2010 are as follows:

Date Issued	Number of Options Outstanding	Number of Options Exercisable	Weighted Average Exercise Price $	Expiry Date	Weighted Average Contractual Life
December 20, 2007	83	83	10.00	December 20, 2012	2.0
December 20, 2007	130	-	0.01	May 31, 2011	0.4
February 29, 2008	530	355	12.40	February 28, 2013	2.2
May 16, 2008	-	-	11.50	May 16, 2013	2.4
March 12, 2009	73	19	4.15	March 12, 2014	3.2
December 29, 2009	258	86	9.22	December 29, 2014	4.0
	1,074	543	9.39		2.5

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 year ended December 31, 2010, 16 of these units were forfeited (2009 - 6 units). The aggregated fair value of the remaining 129 shares at December 31, 2010 (2009 - 145) was $1,290 (2009 - $1,445). 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.

d) Stock-based compensation

During the year ended December 31, 2010, the Company recorded compensation expense in the Consolidated Statements of Net Earnings, Comprehensive Income and Retained Earnings totalling $1,734 (2009 - $1,509) 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.

(Expressed in thousands, except per share and per option amounts)

15. SHARE CAPITAL (Continued)

d) Stock-based compensation (continued)

	2010 **$**	2009 $
Contributed surplus, opening balance, January 1	**2,915**	1,406
Stock-based compensation expense	**1,734**	1,509
Exercise of options	**(19)**	-
Contributed surplus, closing balance, December 31	**4,630**	2,915

e) Directors' Share Units ("DSUs")

During 2010, the Company instituted a DSU plan. Under this plan, the Board of Directors of the Company may grant DSUs to non-officer directors of the Company as they determine to be appropriate for their services rendered to the Company. The DSUs are notional grants of shares and are to be settled in cash within 30 days of a director's termination date. Additional DSUs are credited to the directors' accounts when cash dividends are paid to the common shareholders of the Company. Such amount of additional DSUs is determined by dividing the notional dividends attributable to the DSUs by the volume weighted average trading price of the Company's shares for the prevailing 20 day period prior to the date the dividends are paid.

Upon redemption, the DSUs will be valued on a per DSU basis at an amount equal to the volume weighted average trading price of the Company's shares over the 20 day trading period immediately preceding the date of redemption. At December 31, 2010, $180 was included in accounts payable and accrued liabilities with respect to the DSUs (2009 - $Nil). DSUs granted and redeemed during the years ended December 31, are as follows:

	2010		2009	
	DSUs	**$**	DSUs	$
Opening balance, January 1	**-**	**-**	-	-
Granted during the year	**20**	**180**	-	-
Redeemed during the year	**-**	**-**	-	-
Closing balance, December 31	**20**	**180**	-	-

(Expressed in thousands, except per share and per option amounts)

16. 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 year. Diluted earnings per share is calculated to reflect the dilutive effect of exercising outstanding stock options and convertible debentures by applying the treasury stock method.

At December 31, 2010, 866 options were anti-dilutive (2009 - 659).

Basic and diluted earnings per share for the years ended December 31 are as follows.

	2010	2009
	$	$
Basic earnings per share	**0.85**	1.03
Diluted earnings per share	**0.83**	1.02

The earnings used in the calculations of basic and diluted earnings per share for the years ended December 31 are as follows:

	2010	2009
	$	$
Earnings used in the calculations of basic earnings per share	**15,457**	15,222
After tax effect of interest on convertible debentures	**802**	-
Earnings used in the calculations of diluted earnings per share	**16,259**	15,222

The weighted average number of ordinary shares used in the calculations of basic and diluted earnings per share are as follows:

	2010	2009
Weighted average number of ordinary shares used in the calculations of basic earnings per share	**18,123**	14,850
Shares assumed issued on the exercise of stock options	**337**	344
Shares assumed repurchased from proceeds on exercise of stock options	**(155)**	(330)
Shares assumed issued on the conversion of convertible debentures	**1,272**	-
Weighted average number of ordinary shares used in the calculations of diluted earnings per share	**19,577**	14,864

(Expressed in thousands, except per share and per option amounts)

17. RELATED PARTY TRANSACTIONS

For the year ended December 31, 2010, the Company paid management fees of $350 (2009 - $260), performance bonuses of $142 (2009 - $270), and flight costs of $197 (2009 - $251) to a company controlled by a related party, respectively. In addition, rental payments on the Company's facilities of $3,448 (2009 - $3,353) were paid to companies controlled by certain members of senior management. Equipment sales of $4,121 (2009 - $3,802) and purchases of $2,062 (2009 - $3,433) were transacted between the Company and a company controlled by a significant shareholder and member of senior management. At December 31, 2010, $90 (2009 - $53) was due from related companies included in accounts receivable and other and $Nil (2009 - $185) was due to related companies included in accounts payable and accrued liabilities.

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

18. COMMITMENTS

Annual rents payable under long-term operating leases as at December 31, 2010 are as follows:

	$
2011	**6,388**
2012	**6,083**
2013	**3,718**
2014	**3,136**
2015	**2,433**
Thereafter	**3,081**

(Expressed in thousands, except per share and per option amounts)

19. INCOME TAXES

Total taxes are different than the amount computed by applying the combined statutory federal and provincial tax rates to earnings before taxes. The difference results from the following:

	2010 $	2009 $
Earnings before income taxes	**21,412**	22,245
Computed income tax at statutory rate of 27.5% for 2010 (2009 - 29.9%)	**5,889**	6,654
Expenses without a tax basis	**376**	488
Change in enacted tax rates	**(360)**	(119)
Other	**50**	-
	5,955	7,023

Temporary differences that give rise to the future income tax assets and liabilities pertain to timing differences on the Company's capital and intangible assets, as well as the deferral of taxes related to the DSUs and income earned through the Partnership.

	2010 **$**	2009 $
Future income tax assets		
Share issue costs	**670**	-
Cumulative eligible capital	**9**	-
DSUs	**45**	-
Property, plant and equipment	**(113)**	-
Net future income tax asset	**611**	-
Future income tax liabilities		
Share issue costs	**-**	(419)
Cumulative eligible capital	**(216)**	(112)
Property, plant and equipment	**1,281**	1,582
Partnership deferral	**5,528**	-
Net future income tax liability	**6,593**	1,051

(Expressed in thousands, except per share and per option amounts)

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 of risk as at the Consolidated Balance Sheet date of December 31, 2010.

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 attributable to its trade receivables and warranty 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 year. 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	17,139
Accounts receivable and other	27,509
	44,648

The aging of accounts receivable and other at the reporting date was:

	$
Trade receivables	
Current	23,624
Aged between 61-119 days	953
Aged greater than 120 days	2,246
Total trade receivables	26,823
Allowance for doubtful accounts	(965)
Net trade receivables	25,858
Warranty receivables	1,651
	27,509

(Expressed in thousands, except per share and per option amounts)

20. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Credit risk (continued)

Reconciliation of allowance for doubtful accounts:

	$
Balance, December 31, 2008	1,144
Decrease in year	(110)
Balance, December 31, 2009	1,034
Decrease in year	(69)
Balance, December 31, 2010	965

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 earnings 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 at the reporting date, there were no contracts outstanding.

Included in selling, general and administrative expenses are gains recognized due to foreign currency translation of transactions and balances aggregating $556 for the year ended December 31, 2010 (2009 - $957).

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 December 31, 2010 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.

(Expressed in thousands, except per share and per option amounts)

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) Year Ended December 31, 2010 $
Cash	1,667	5.0	60
Accounts payable and accrued liabilities	(294)	5.0	(11)
Floor plan payable	(2,816)	10.0	(203)
	(1,443)		(154)

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 December 31, 2010:

	$
Floor plan payable	147,298
Rental loan	1,410
HSBC dealer lease	600
Mortgage payable	875
Acquisition loan	16,303
	166,486

(Expressed in thousands, except per share and per option amounts)

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 of 0.5% on net earnings and comprehensive income. The sensitivity includes floating rate financial liabilities and adjusts their effect at year 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) Year Ended December 31, 2010 $
Floor plan payable	530
Rental loan	5
HSBC dealer lease	2
Mortgage payable	3
Acquisition loan	59
	599

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 or utilized from operations to meet its requirements. The Company has the following financial liabilities at the reporting date:

	Carrying Value $	2011 $	2012-2013 $	2014-2015 $	Thereafter $
Accounts payable and accrued liabilities	29,480	29,480	-	-	-
Floor plan payable	210,425	210,425	-	-	-
Long-term debt	19,632	6,574	9,746	3,312	-
Obligations under capital lease	2,212	825	954	433	-
Convertible debentures	28,411	-	-	-	28,411
	290,160	247,304	10,700	3,745	28,411

(Expressed in thousands, except per share and per option amounts)

20. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Fair value of financial instruments carried at amortized cost

The carrying amounts of accounts receivable and other, bank indebtedness and accounts payable and accrued liabilities (excluding DSUs) approximate their fair values because of the short-term maturities of these items. The carrying amounts of floor plan payable, long-term debt and obligations under capital lease approximate 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). Convertible debentures are carried at amortized cost using the effective interest method. The fair values and carrying values of the non-interest bearing debt with Ford Credit Canada and GMAC Financial Services and the convertible debentures can be summarized as follows:

	Carrying Value		Fair Value	
	December 31, 2010 $	December 31, 2009 $	December 31, 2010 $	December 31, 2009 $
Non-interest bearing loans	24	86	22	80
Convertible debentures	28,411	-	33,078	-

Fair value measurements recognized in the Consolidated Balance Sheet

The following table provides the basis of analysis for financial instruments of the Company, which are measured subsequent to initial recognition at fair value. This analysis is based on the degree to which the fair value is observable and grouped into categories accordingly:

- Level 1 financial instruments are those which can be derived from quoted market prices (unadjusted) in active markets for similar financial assets or liabilities;

- Level 2 financial instruments are those which can derived from inputs, that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

- Level 3 financial instruments are those derived from valuation techniques that include inputs for the financial asset or liability which are not based on observable market data (unobservable inputs).

(Expressed in thousands, except per share and per option amounts)

20. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Fair value measurements recognized in the Consolidated Balance Sheet (continued)

The Company's financial instruments that are measured at fair value on a recurring basis in periods subsequent to initial recognition and the level within the fair value hierarchy used to measure them as at December 31 are as set out in the following table:

	Carrying Value		Level 1		Level 2		Level 3	
	2010 $	2009 $	2010 $	2009 $	2010 $	2009 $	2010 $	2009 $
Assets								
Cash	17,139	8,912	17,139	8,912	-	-	-	-
Liabilities								
DSUs	180	-	180	-	-	-	-	-

21. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are:

(a) to maintain a flexible capital structure which optimizes 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.

(Expressed in thousands, except per share and per option amounts)

21. MANAGEMENT OF CAPITAL (Continued)

The Company was in compliance with all externally imposed capital requirements at December 31, 2010 and 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, convertible debentures - equity component, contributed surplus, and retained earnings).

The debt to equity target for the Company is to have debt between 30% and 50% of shareholders' equity. The ratio is currently within the target range.

The components of debt and coverage ratios are as follows:

	2010 **$**	2009 $
Current portion of long-term debt	**6,574**	8,545
Current portion of obligations under capital lease	**825**	619
Long-term debt	**13,058**	12,968
Obligations under capital lease	**1,387**	896
Convertible debentures	**28,411**	-
Total debt	**50,255**	23,028
Shareholders' equity	**106,647**	86,095
Debt to equity	**47.12%**	26.75%

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 EVENTS

Acquisition of Agritrac Equipment Ltd.

On January 1, 2011, the Company acquired certain assets of Agritrac Equipment Ltd. ("Agritrac"), a Case IH dealer. The purchase was funded with cash and 55 of the Company's common shares at a price of $8.61 per share for aggregate proceeds of approximately $5,000.

Agritrac has locations in Westlock, Vegreville and Barrhead, Alberta, and is contiguous to the Case IH locations of Hi-Way. The Company is in the process of determining the purchase price allocation.

Acquisition of J&B Equipment Ltd.

On February 8, 2011, the Company announced that it has entered into an agreement to purchase 100% of the outstanding shares of J&B Equipment Ltd ("J&B"), a Case IH dealer.

J&B operates in Kindersley, Saskatchewan and is contiguous to the Case IH locations of Hi-Way. The Company is in the process of determining the purchase price allocation.