INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF CERVUS LP

For the three and nine month periods ended September 30, 2008

(These interim consolidated financial statements have not been reviewed by Cervus LP's auditors)

CERVUS LP
UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		September 30, 2008		December 31, 2007
Assets				
Current assets:				
Cash and cash equivalents	$	34,206,349	$	1,800,629
Short-term loan (note 6)		821,790		4,942,816
Trade accounts receivable		15,105,824		13,071,126
Advances to related party (note 7)		3,515,266		-
Inventories (note 8)		67,056,488		64,277,726
Prepaid expenses and deposits		722,746		1,045,921
		121,428,463		85,138,218
Investments and other assets (note 9)		2,014,094		1,713,622
Deposits with manufacturers		1,380,145		835,823
Other intangible assets (note 3)		12,331,571		10,047,225
Buildings and equipment		11,840,450		12,357,408
Goodwill		3,199,681		3,199,681
	$	152,194,404	$	113,291,977
Liabilities and Partners' Equity				
Current liabilities:				
Accounts payable and accrued liabilities	$	8,261,118	$	7,180,845
Customer deposits		4,427,637		4,923,830
Floor plan payables (note 11)		37,382,289		38,935,728
Distribution payable		848,518		707,617
Current portion of notes payable		600,000		600,000
Current portion of term debt (note 12)		3,816,424		3,641,487
		55,335,986		55,989,507
Term debt (note 12)		5,810,907		8,027,088
Notes payable		525,000		725,000
Future income taxes		149,000		149,000
		61,820,893		64,890,595
Partners' equity (note 13):				
Partners' capital		65,237,368		36,942,040
Unit purchase financing		(304,870)		(628,254)
Deferred unit plan		511,200		112,219
Preferred partnership units		-		1,600,000
Contributed surplus		3,142,174		1,055,097
Accumulated earnings		21,787,639		9,320,280
		90,373,511		48,401,382
Subsequent events (note 21)				
Commitments and contingencies (note 15)				
	$	152,194,404	$	113,291,977

See accompanying notes to interim unaudited consolidated financial statements.

Approved by the Board of the General Partner:

Peter Lacey, Director

Steven Collicutt, Director

CERVUS LP
UNAUDITED CONSOLIDATED STATEMENT OF EARNINGS AND COMPREHENSIVE EARNINGS

	Three month period ended September 30, 2008	Three month period ended September 30, 2007	Nine month period ended September 30, 2008	Nine month period ended September 30, 2007
Revenue:				
Equipment sales	$ 83,338,011	$ 76,940,309	$ 223,222,947	$ 195,361,156
Parts	14,824,442	12,575,421	32,020,957	28,945,145
Service	7,417,072	6,167,932	18,633,995	15,559,550
Rentals	2,015,339	2,389,281	5,007,390	5,306,238
	107,594,864	98,072,943	278,885,289	245,172,089
Cost of sales (including depreciation and amortization of $564,361; $507,806; $1,520,247; and $1,500,708 and interest of $43,411; $81,586; $179,350 and $220,424)	86,755,462	80,702,562	226,958,615	203,116,749
Gross profit	20,839,402	17,370,381	51,926,674	42,055,340
Expenses (note 17):				
Selling, general and administrative	11,468,118	10,919,896	32,436,074	29,891,518
Interest	132,679	383,802	940,871	1,170,480
Depreciation and amortization	585,402	513,398	1,646,418	1,438,503
Earnings before other income	8,653,203	5,553,285	16,903,311	9,554,839
Other income:				
Gain on disposal of assets	69,471	37,949	281,422	68,907
Interest and other income (note 17)	124,701	89,194	1,482,407	488,828
Equity earnings (loss) from significantly influenced companies	40,798	(39,687)	905,882	517,095
Net earnings and comprehensive earnings	$ 8,888,173	$ 5,640,741	$ 19,573,022	$ 10,629,669
Net earnings per unit (note 13):				
Basic	$ 0.96	$ 0.74	$ 2.30	$ 1.48
Diluted	$ 0.95	$ 0.71	$ 2.28	$ 1.42

See accompanying notes to interim unaudited consolidated financial statements.

CERVUS LP
UNAUDITED CONSOLIDATED STATEMENT OF ACCUMULATED EARNINGS

For the Nine Month Period ended September 30, 2008 and Year ended December 31, 2007

	General Partner	Limited Partners	Preferred Partnership Units	Total
Balance, December 31, 2006	$ 52,167	$ 6,341,602	$ -	$ 6,393,769
Net earnings available to partners	113,846	10,941,724	329,063	11,384,633
Distributions declared	(124,714)	(8,004,345)	(329,063)	(8,458,122)
Balance, December 31, 2007	41,299	9,278,981	-	9,320,280
Net earnings available to partners	195,730	19,377,292	-	19,573,022
Distributions declared	(148,147)	(6,957,516)	-	(7,105,663)
Balance, September 30, 2008	$ 88,882	$ 21,698,757	$ -	$ 21,787,639

See accompanying notes to interim unaudited consolidated financial statements.

CERVUS LP
UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS

	Three month period ended September 30, 2008	Three month period ended September 30, 2007	Nine month period ended September 30, 2008	Nine month period ended September 30, 2007
Cash flows from (used in):				
Operating activities:				
Net earnings for period	$ 8,888,173	$ 5,640,741	$ 19,573,022	$ 10,629,669
Add items not affecting cash:				
Gain on disposal of assets	(69,471)	(37,949)	(281,422)	(68,907)
Amortization of employee purchase loans	27,794	60,520	83,384	246,300
Deferred unit compensation (recovered)	(115,221)	1,555	17,626	1,555
Depreciation and amortization	1,149,763	1,021,204	3,166,665	2,939,211
Equity loss (earnings) from significantly influenced companies	(40,798)	39,687	(905,882)	(517,095)
	9,840,240	6,725,758	21,653,393	13,230,733
Net change in non-cash working capital related to operations	1,098,931	1,337,928	(375,572)	3,969,263
Net cash provided by operating activities	10,939,171	8,063,686	21,277,821	17,199,996
Financing activities:				
Issuance of limited partnership units	24,392,822	5,796,752	25,448,497	7,555,979
Issuance of limited partnership units from exercise of warrants	1,682,715	6,500	3,492,028	757,252
Proceeds from (repayment of) long-term debt, net of repayments	(714,614)	(220,531)	(2,041,245)	1,474,331
Distributions to the limited partners	(2,435,311)	(2,028,583)	(6,816,615)	(5,807,329)
Distributions to senior equity instruments	-	(72,563)	-	(275,063)
Distributions to general partner	(106,673)	-	(148,147)	(85,917)
Advances to related parties	(1,658,911)	(3,272,604)	(3,515,266)	(3,162,924)
Decrease (increase) in deposits with John Deere	(94,906)	396,483	(288,234)	538,149
Repayment of notes payable	(100,000)	(100,000)	(600,000)	(200,000)
Net cash provided by financing activities	20,965,122	505,454	15,531,018	794,478
Investing activities:				
Repayment from investment in significantly influenced companies	-	-	608,791	159,904
Repayment of (advances to) employee unit purchase loans	46,880	(37,190)	81,880	(37,190)
Proceeds from (purchase of) investments and other assets	6,687	(101,881)	2,808	(101,881)
Repayment of (advances of) short-term loan	(666,689)	-	4,117,881	-
Business acquisition	(7,902,374)	-	(7,902,374)	(3,618,898)
Purchase of buildings and equipment, net of proceeds	(469,605)	(590,204)	(1,312,105)	(3,477,080)
Net cash used in investing activities	(8,985,101)	(729,275)	(4,403,119)	(7,075,145)
Increase in cash and cash equivalents	22,919,192	7,839,865	32,405,720	10,919,329
Cash and cash equivalents (bank indebtedness), beginning of period	11,287,157	(1,875,830)	1,800,629	(4,955,294)
Cash and cash equivalents, end of period	$ 34,206,349	$ 5,964,035	$ 34,206,349	$ 5,964,035

Supplemental cash flow information (note14)

See accompanying notes to interim unaudited consolidated financial statements.

CERVUS LP
NOTES TO THE INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

For the Three and Nine Month Periods ended September 30, 2008 and 2007

1. DESCRIPTION OF BUSINESS:

Cervus LP (the "LP") was incorporated under the laws of Alberta as a limited partnership on September 14, 2003. The general partner is Cervus GP Ltd. The LP is a retailer of agricultural and construction equipment and parts and services.

The financial statements of the LP have been prepared by management in accordance with accounting principles generally accepted in Canada. The unaudited financial statements have been prepared following the same accounting policies and methods of computation as the audited financial statements for the year ended December 31, 2007, except as disclosed in note 2. The financial statements should be read in conjunction with the financial statements and the notes thereto for the year ended December 31, 2007. These unaudited consolidated financial statements have not been reviewed by the Partnership's auditors.

2. NEW ACCOUNTING POLICIES:

Effective January 1, 2008, the LP adopted the Canadian Institute of Chartered Accountants ("CICA") Handbook Section 1535, Capital Disclosures, CICA Handbook Section 3862, Financial Instruments—Disclosure, and CICA Handbook Section 3863, Financial Instruments – Presentation. The Sections relate to disclosure and presentation only and did not have an impact on the LP's financial results.

Also, effective January 1, 2008 the LP adopted CICA Handbook Section 3031, Inventories. This standard enhances guidance over the scope, measurement, and allocation of costs to inventories. Under this section, inventory is to be measured at the lower of cost and net realizable value. Net realizable value approximates the estimated selling price less all estimated costs of completion and necessary costs to complete the sale. Cost shall be assigned using the first-in, first-out (FIFO) or weighted average cost formula. Further, Section 3031 requires the reversal of previous write-downs of inventory when economic changes support an increased value. The adoption of this standard did not impact the LP's financial statements as the LP uses average cost.

Recent Accounting pronouncements issued but not yet adopted:

CICA Section 3064 - Goodwill and Intangible Assets

The AcSB issued CICA Handbook Section 3064 which replaces Section 3062, Goodwill and Other Intangible Assets, and Section 3450, Research and Development Costs. This new section establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets. Standards concerning goodwill remain unchanged from the standards included in the previous Section 3062. The section applies to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2008. Adoption of Section 3064 is not expected to have a significant impact on the LP's financial results.

International Financial Reporting Standards ("IFRS")

In 2006, the Canadian Accounting Standards Board ("AcSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian generally accepted accounting principles with IFRS over an expected five year transitional period. In February 2008, the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada's own generally accepted accounting principles. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the LP for the year ended December 31, 2010. While the LP has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

3. BUSINESS ACQUISITION:

On September 5, 2008 the LP acquired all the business assets of Northeast AG Partnership (“Northeast”), a private agriculture equipment dealership for $8,302,374. The acquisition has been accounted for using the purchase method whereby the purchase price is allocated to the net assets acquired based on their fair values as follows:

Net assets acquired:		
Accounts receivable	$	1,982,701
Inventories		4,941,854
Property and equipment		231,465
Deposits with John Deere finance		256,088
Long-term investment		1,000
Other intangible assets:		
Dealership distribution agreements		1,511,109
Customer lists		600,000
Non-competition agreements		1,000,000
Accounts payable and accrued liabilities		(1,184,937)
Floor plan payable		(1,036,906)
	$	8,302,374
Financed by:		
Cash, net of cash acquired of $271,219	$	7,902,374
Note payable, due September 2, 2009		400,000
	$	8,302,374

4. COMPARATIVE INFORMATION:

Certain of the 2007 comparative figures have been reclassified to conform to the financial statement presentation adopted for the current period.

5. SEASONALITY:

The Canadian retailing of agricultural and construction equipment is influenced by seasonality. Sales activity for the agriculture segment is normally highest between April and September during growing seasons in Canada. The construction sector is not as volatile but does see slower sales activity in the winter months. As a result, earnings or losses may not accrue uniformly from quarter to quarter.

6. SHORT TERM LOAN:

In December 2007 and January 2008, the LP loaned $8,300,000 to an unrelated private company. The loan is due one year from the date of advancement and bears interest at the rate of 20% per annum. The loan is secured by a pledge of the shares of the company that holds a 50% beneficial interest in a joint venture that is selling commercial real estate. During the nine month period ended September 30, 2008, $8,860,441 of the loan plus accrued interest has been repaid and $166,358 (December 31, 2007 - $4,942,816) remains outstanding. The LP has recorded $8,112 and $726,798 (2007 - $nil) of interest income related to the loan for the three and nine month period ended September 30, 2008 respectively.

In addition, during the three month period ended September 30, 2008, the LP advanced a loan of $650,000 to the CEO for the purpose of exercising unit purchase warrants that were coming due. The loan bears interest at the rate of prime plus 0.25% and is due by September 30, 2009. The LP has recorded interest of $5,432 in the three and nine month period ended September 30, 2008.

7. ADVANCES TO RELATED PARTY:

The LP made advances to a related party, Proventure Operating Limited Partnership ("Proventure") (see note 17). The advances were made for the purposes of facilitating the purchase of land and building acquisitions, construction in progress payments and for the purchase of LP units and exercise of LP unit purchase warrants. The LP expects the advances to be repaid from mortgage financing proceeds and the sale of LP Units by Proventure. The advance is secured by a promissory note bearing interest at the rate of prime plus 0.25% per annum effective July 1, 2008. Interest recorded for the three and nine month period ended September 30, 2008 was $49,066.

8. INVENTORIES:

		2008		2007
New equipment	$	31,926,542	$	34,830,089
Used equipment		23,862,575		21,553,041
Parts and accessories		9,990,063		7,400,356
Work-in-progress		1,277,308		494,240
	$	67,056,488	$	64,277,726

9. INVESTMENTS AND OTHER ASSETS:

		2008		2007
Investment in significantly influenced companies, at equity:				
101034350 Saskatchewan Ltd. (33% interest)	$	478,087	$	510,090
Greenway Sprayers (38% interest)		473,796		276,854
Deer Star Systems Inc. (27% interest)		595,430		463,278
Investment in companies at cost:				
Mid-Sask Terminal Ltd.		-		1,101
Thunder Rail Ltd.		1,000		-
Employee housing loan, non-interest bearing		365,210		359,687
Cash surrender value of life insurance		100,571		102,612
	$	2,014,094	$	1,713,622

During the nine month period ended September 30, 2008, the LP recorded $905,882 of earnings from significantly influenced companies (September 30, 2007 – $517,095) and received $608,791 (September 30, 2007 - $159,904) as a return of capital on these investments. The LP also disposed of its investment in Mid-Sask Terminal Ltd. for proceeds of $3,145 and recorded a gain of $2,044 on the disposal and recorded a net decrease in the cash surrender value of life insurance of $2,041. During the nine month period ended September 30, 2008, the LP advanced an additional $5,523 to an employee for a housing loan. As part of the business acquisition of Northeast (see Note 3), the LP purchased an investment in Thunder Rail Ltd. at a cost of $1,000.

10. BANK INDEBTEDNESS:

At September 30, 2008 the LP has an operating bank line of credit to a maximum amount of $15 million (2007 - $12 million). The operating line of credit bears interest at rates ranging from bank prime to prime plus 0.5% based on certain financial covenants and is secured by a general security agreement representing a first charge on all of the LP's assets and undertakings, a priority agreement between the bank, John Deere Limited and the LP, postponement and subordination of security interest between the bank, the LP, Cervus Corporation and Farm Credit Canada, unlimited guarantee of advances from the LP and priority agreement between the bank and CitiCaptial, CIT and JCB Excavators Limited. As at September 30, 2008 and December 31, 2007, the LP had not drawn on this operating line.

11. FLOOR PLAN PAYABLES:

The LP utilizes floor plan financing arrangements with various suppliers for inventory purchases. The terms of these arrangements may include a one to ten-month interest-free period followed by a term during which interest is charged ranging from prime plus 0.5% to prime plus 1%. Settlement of the floor plan liability occurs at the earlier of sale of the inventory or in accordance with terms of the financing arrangement. Floor plan payables are secured by specific new and used equipment inventories.

12. TERM DEBT:

The LP has various term debt facilities for the purchase of equipment and rental fleet inventories. These facilities bear interest at the rates ranging from prime plus 0.25% to prime plus 0.75% and also fixed rate facilities with interest between 0% and 7.25% per annum. Principal repayments required on the term debt facilities are approximately $3.8 million per year. The term debt is secured by short-term rental equipment, other equipment and by the security described above under bank indebtedness.

13. PARTNERS' CAPITAL:

(A) AUTHORIZED:

Unlimited number of partnership units
Unlimited number of Series A preferred partnership units, none issued
803,969 fixed value units, non-voting, entitling the holder to an annual distribution of 5% of the face value; redeemable at the option of the LP at face value, none issued

(B) ISSUED:

	Number of units	General Partner	Limited Partner	Total
Balance December 31, 2007	7,862,409	$ 100	$ 36,941,940	$ 36,942,040
Issued on exercise of options through unit purchase loans	10,000	-	90,000	90,000
Contributed surplus adjustment unit options	-	-	14,668	14,668
Issued under DRIP plan	93,088	-	1,885,421	1,885,421
Warrants exercised	262,477		3,492,028	3,492,028
Contributed surplus adjustment for warrants exercised	-	-	574,198	574,198
Units issued in private placement	1,000,000	-	25,000,000	25,000,000
Private placement costs	-	-	(1,436,923)	(1,436,923)
Contributed surplus adjustment for warrants issued in private placement	-	-	(2,850,300)	(2,850,300)
Units cancelled	(10,800)	-	(73,764)	(73,764)
Preferred partnership units Converted	200,000	-	1,600,000	1,600,000
Balance September 30, 2008	9,417,174	$ 100	$65,237,268	$ 65,237,368

(C) UNIT OPTION PLAN:

The LP has a unit option plan available to officers, directors and employees with grants under the plan approved from time to time by the board of directors of the general partner. The exercise price of each option equals the market price of the partnership units at the date of grant. The plan provides for vesting, at the discretion of the board, and the options expire after five years from the date of grant. During the nine month period ended September 30, 2008, 10,000 options were exercised in the amount of $90,000 through the issuance of a unit purchase financing loan and $14,668 was adjusted to partners' capital related to those options from contributed surplus.

During September 2008, 10,000 unit options with an exercise price of $19.00 per unit were issued to an employee and are outstanding at September 30, 2008. The options vest equally over the next five years and compensation expense will be recorded on a straight-line basis over the five year period commencing October 2008. The fair value of these options, calculated using the Black-Scholes option pricing model was $6.01 per unit using a risk fee interest rate of 2.37%, expected life of 6 years, time to vest 1 to 5 years, expected annual distribution of 6.3% and an expected unit price volatility of 72%.

(D) WARRANTS:

At September 30, 2008, the LP has 612,480 (December 31, 2007 – 375,057) of warrants outstanding. The warrants are exercisable into LP units on a one-for-one basis at between $14 and $27.50 each. During the nine month period ended September 30, 2008, 262,477 warrants were exercised and 100 warrants expired for total proceeds of $3,492,028 and $574,198 was adjusted to partners' capital related to those units from contributed surplus. The LP issued 500,000 warrants to participants of the July 10, 2008 private placement. These warrants were immediately exercisable and expire on July 10, 2009. The fair value of the warrants, as calculated using the Black-Scholes option pricing model was $5.70 per warrant for an aggregate amount of $2,850,300. The value was reflected as a contributed surplus adjustment for units issued in the private placement. The following weighted average assumptions were used to determine fair value of the warrants issued in the private placement.

Risk free interest rate	2.34%
Expected life	1 years
Expected annual distribution	4.32%
Expected unit price volatility	68%

(E) PER UNIT AMOUNTS:

The earnings per unit have been calculated based on the basic weighted average number of units outstanding for the three month period ended September 30, 2008 and 2007 of 9,254,866 and 7,652,466, respectively and for the nine month period ended September 30, 2008 and 2007 of 8,514,148 and 7,205,455 respectively. For the purposes of calculating the diluted number of units outstanding for the three and nine month period ended September 30, 2008, 80,475 (2007 – 287,530) and 84,029 (2007 – 269,751) units are added to the basic weighted number of units outstanding. Diluted earnings per unit consists of units that were added to the weighted average number of units outstanding for the dilutive effect of private placement warrants, unit options and units issued under the deferred unit plan.

(F) DISTRIBUTION REINVESTMENT PLAN ("DRIP"):

During the nine month period ended September 30, 2008, the LP issued 93,088 (2007 – 252,059) limited partner units under its DRIP at an average issue price of $20.25 per unit (September 30, 2007 – $10.84).

(G) EMPLOYEE UNIT PURCHASE PLAN:

The LP has an employee unit purchase plan available to all employees on a voluntary basis. Under the plan, employees are able to contribute 2% to 4% of their annual salaries, based on years of service. Cervus contributes at a minimum of 15% to 100% on a matching basis to a maximum of $5,000 per year, per employee. The partnership units are purchased on the open market through a trustee; therefore, there is no dilutive effect to existing Unitholders. Included in selling, general and administrative expenses are $193,209 (2007 – $152,749) of contributions made on behalf of the LP's employees.

(H) DEFERRED UNIT PLAN:

As at September 30, 2008, 47,706 (September 30, 2007 – 3,841) deferred units have been issued under the deferred unit plan and remain outstanding. During the nine month period ended September 30, 2008, the LP issued 39,496 deferred units (September 30, 2007 – 3,841) for a value of $17,626 (September 30, 2007 – $1,555). The matching component of the plan amounts to $437,367 at September 30, 2008 and is being amortized into compensation expense on a straight-line basis over a period of 5 years.

(I) CONTRIBUTED SURPLUS:

Balance, December 31, 2006	$	602,653
Exercise of unit options		(148,729)
Exercise of private placement warrants		(173,705)
Fair value of private placement warrants		774,878
Balance, December 31, 2007		1,055,097
Exercise of private placement warrants		(574,198)
Exercise of unit options		(14,668)
Contributed surplus adjustment for shares cancelled		(174,357)
Warrants issued in private placement		2,850,300
Balance, September 30, 2008	$	3,142,174

During the nine months ended September 30, 2008, 10,800 units were returned to the LP for repayment of amounts outstanding from an employee. These shares were cancelled and as a result of the shares having a value in excess of the amount to be recovered, $73,764 was recorded as a reduction in Partners' capital and the excess amount of $174,357 has been recorded as a reduction in Contributed surplus.

(J) EMPLOYEE UNIT PURCHASE FINANCING:

The LP provides loans to certain employees for limited partnership units issued under the LP's private placement offerings and to pay for the exercise of unit options pursuant to the unit option plan. The loans bear interest at the rate of 4% per annum. The employees have provided the units as security for the loans. During the nine month period ended September 30, 2008, $90,000 (2007 - $205,000) of loans were provided to employees and $330,000 (2007 - $nil) was repaid and $83,384 (2007 - $246,300) has been forgiven and recorded as compensation expense. Of the $330,000 repaid, $205,000 was repaid through the return of LP units by an employee (see Note 13 (i)).

14. SUPPLEMENTAL CASH FLOW INFORMATION:

	Three month period ended September 30, 2008	Three month period ended September 30, 2007	Nine month period ended September 30, 2008	Nine month period ended September 30, 2007
The following cash payments have been included in the determination of net earnings				
Cash interest paid	$ 160,497	$ 504,519	$ 1,104,628	$ 1,373,607
Supplemental disclosure of non-cash financing and investing activities not included in the statement of cash flows:				
Issuance of note payable for business acquisition	400,000	-	400,000	-
Issuance of (repayment of) partnership units for notes receivable from employees	(205,000)	205,000	(205,000)	205,000

15. COMMITMENTS AND CONTINGENCIES:

(A) John Deere Credit Inc. ("Deere Credit") and other financing companies provide financing to certain of the LP's customers. A portion of this financing is with recourse to the LP if the amounts are uncollectible. At September 30, 2008 payments in arrears by such customers aggregated $80,461 (December 31, 2007 - $551,639). In addition, the LP is responsible for assuming all lease obligations held by its customers with Deere Credit and other financing companies through recourse arrangements for the net residual value of the lease outstanding at the maturity of the contract. At September 30, 2008, the net residual value of such leases aggregated $49,489,711 (December 31, 2007 - $40,068,365).

Management believes that the potential liability in relation to the amounts outstanding is negligible and consequently, no accrual has been made in these financial statements in relation to any potential loss on assumed lease obligations.

In addition, the LP is contingently liable for certain finance obligations of its customers through a revolving line of credit known as AgLine. AgLine is primarily used by our agriculture related customers and the LP has certain merchant authorized accounts for which the LP is contingently liable in the event of default. As at September 30, 2008, our merchant authorized accounts totaled $123,573.

(B) The LP is committed to the following minimum payments under operating leases for equipment, land and buildings:

2009	$	3,046,214
2010		2,591,691
2011		1,959,622
2012		1,602,505
2013		1,301,209
Thereafter		1,141,488
	$	11,642,729

16. ECONOMIC DEPENDENCE:

A significant source of the LP's revenue is from the sale of farm equipment products and services pursuant to agreements to act as an authorized dealer for John Deere Limited. The agreement with John Deere Limited provides a framework under which John Deere Limited can terminate a John Deere dealership if such dealership fails to maintain certain performance or equity covenants. Each contract also provides a one-year remedy period whereby the LP has one year to restore any deficiencies. The LP also has dealership agreements with Bobcat, JCB and JLG.

Management is not aware of any deficiencies or non-renewal of its current dealership agreements that would have a material affect on the LP's ability to continue as a going concern.

17. RELATED PARTY TRANSACTIONS:

(A) The Chief Executive Officer ("CEO") of the LP is the CEO of the general partner and the CEO of Proventure Income Fund ("Proventure"), a publicly traded fund. In addition, the CEO is the single largest equity holder of each of these entities. Other than disclosed above, the LP had the following transactions with Proventure Cervus LP:

	Three month period ended September 30, 2008	Three month period ended September 30, 2007	Nine month period ended September 30, 2008	Nine month period ended September 30, 2007
Expenses				
Real estate rentals	$ 504,189	$332,969	$1,302,182	$949,817
Guarantee fees	20,625	36,375	61,875	109,125
Income				
Management fees	7,500	-	22,500	-
Interest on advances	49,066	-	49,066	-

The LP receives $2,500 per month to carry out all administrative and management tasks related to the Fund's operations. The amount charged is the amount agreed to between the related parties.

The LP has $3,515,266 of advances outstanding at September 30, 2008 from Proventure. These advances are described in note 7 above.

The LP pays a guarantee fee to the Fund equal to 3% of the guaranteed amounts that the fund has provided to John Deere. This guarantee is a result of guarantees provided to John Deere prior to the establishment of the Fund and for which John Deere has not yet released the Fund from the contractual obligation. At September 30, 2008 and December 31, 2007, the Fund has outstanding guarantees with John Deere aggregating $2,750,000 (September 30, 2007 - $4,850,000).

(B) Certain officers and dealer managers of the LP have provided guarantees to John Deere aggregating $6,400,000 (September 31, 2007 - $7,150,000). During the nine months ended September 30, 2008, the LP paid these individuals $159,000 (2007 -$56,250) for providing these guarantees. These transactions were recorded at the amount agreed to by the parties.

(C) The general partner of the LP is Cervus GP Ltd., a private company. Under the amended and restated limited partnership agreement, Cervus GP Ltd. is entitled to reimbursement of all reasonable direct and indirect costs incurred on behalf of the LP and to 1% of the net earnings. For the nine month period ended September 30, 2008, this amounted to $195,730 (September 30, 2007 - $106,297) and has been recorded as a distribution of earnings on the statement of accumulated earnings.

(D) Notes payable to other related parties:

Notes payable of $1,125,000 (December 31, 2007 - $1,325,000) are owed to certain individuals that became related parties pursuant to employment agreements entered into from previous dealership acquisitions. During the nine month period ended September 30, 2008, $600,000 was repaid and an additional $400,000 was recorded as a result of the business acquisition of Northeast described in note 3 and interest in the amount of $48,673 (September 30, 2007 - $58,558) was paid on the notes payable.

(E) Promissory Note Receivable:

The LP has a promissory note receivable from its CEO as described in Note 6. The receivable is secured by the hypothecation of the 50,000 limited partnership units issued to the CEO on the exercise of the warrants.

18. SEGMENT INFORMATION:

The LP operates in two main industry segments with all of the operations being in Canada. These segments are agricultural and construction equipment and are as follows:

Nine months ended September 30, 2008		Agricultural Equipment		Construction Equipment		Total
Revenue	$	201,509,448	$	77,375,841	$	278,885,289
Net earnings available to partners		14,613,295		4,959,727		19,573,022
Earnings of significantly influenced companies		905,882		-		905,882
Investment in significantly influenced companies		1,547,313		-		1,547,313
Depreciation and amortization		881,295		2,285,370		3,166,665
Interest expense		548,078		572,143		1,120,221
Capital expenditures		1,045,962		2,963,618		4,009,580
Total assets		88,413,500		63,780,904		152,194,404
Other intangible assets		6,977,822		5,353,750		12,331,572
Goodwill		1,672,681		1,527,000		3,199,681

Nine months ended September 30, 2007		Agricultural Equipment		Construction Equipment		Total
Revenue	$	158,610,425	$	86,561,664	$	245,172,089
Net earnings available to partners		3,685,512		6,944,157		10,629,669
Earnings of significantly influenced companies		517,095		-		517,095
Investment in significantly influenced companies		1,208,934		-		1,208,934
Depreciation and amortization		731,148		2,208,063		2,939,211
Interest expense		839,269		551,635		1,390,904
Capital expenditures		407,073		3,384,861		3,791,934
Total assets		58,239,813		57,497,906		115,737,719
Other intangible assets		4,016,467		6,013,750		10,030,217
Goodwill		1,793,421		1,527,000		3,320,421

Three months ended September 30, 2008		Agricultural Equipment		Construction Equipment		Total
Revenue	$	83,713,561	$	23,881,303	$	107,594,864
Net earnings available to partners		7,219,679		1,668,494		8,888,173
Earnings of significantly influenced companies		40,798		-		40,798
Depreciation and amortization		329,051		820,712		1,149,763
Interest expense		21,939		154,151		176,090
Capital expenditures		188,773		544,573		733,346

Three months ended September 30, 2007		Agricultural Equipment		Construction Equipment		Total
Revenue	$	70,392,156	$	27,680,787	$	98,072,943
Net earnings available to partners		2,511,421		3,129,320		5,640,741
Loss from significantly influenced companies		(39,687)		-		(39,687)
Depreciation and amortization		289,256		731,948		1,021,204
Interest expense		280,428		184,960		465,388
Capital expenditures		80,937		635,419		716,356

19. CAPITAL MANAGEMENT:

The LP's objective when managing its capital is to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for Unitholders and benefits for other stakeholders and to provide an adequate return to Unitholders by pricing products and services commensurately with the level of risk. In the management of capital, the LP monitors its adjusted capital which comprises all components of equity (i.e. units issued, accumulated earnings, unit holder distributions and dilutive instruments).

The LP sets the amount of capital in proportion to risk. The LP manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the LP may issue partnership units to facilitate business combinations and or retire term debt or may adjust the amount of distributions paid to the Unitholders.

The LP uses the following ratios in determining its appropriate capital levels; a) total debt to adjusted equity ratio (calculated as total debt divided by adjusted equity) and; b) adjusted assets to adjusted equity ratio (adjusted assets divided by adjusted equity). Adjusted assets comprise all components of assets other than other intangible assets and goodwill. Adjusted equity comprises of all components of Partner's equity and is reduced by other intangible assets and goodwill.

During 2008, the LP's strategy has remained unchanged and was to maintain the total debt to equity and total adjusted net assets to adjusted equity ratio at no greater than 4 to 1 in order to comply with its dealership arrangements with John Deere and to meet its covenant conditions with the LP's lender. The total debt to adjusted equity ratios and total adjusted net assets to adjusted equity ratios were as follows:

		September 30, 2008		December 31, 2007
Total debt	$	61,820,893	$	64,890,595
Adjusted equity:				
Total equity	$	90,373,511	$	48,401,382
Less other intangible assets and goodwill		(15,531,252)		(13,246,906)
Adjusted equity	$	74,842,259	$	35,154,476
Total debt to adjusted equity ratio		0.82 to 1		1.84 to 1
Adjusted assets:				
Total assets	$	152,194,404	$	113,291,977
Less other intangible assets and goodwill		(15,531,252)		(13,246,906)
Adjusted assets	$	136,663,152	$	100,045,071
Adjusted equity (above)	$	74,842,259	$	35,154,476
Adjusted assets to adjusted equity ratio		1.83 to 1		2.84 to 1

The decrease in total debt to adjusted equity ratio during 2008 resulted primarily from an increase in net earnings and positive cash flows generated by operations and the funds received from the private placement completed in July 2008.

Adjusted assets to adjusted equity ratio have decreased due to an increase in net earnings and equity and improved profitability in proportion to the increase in our adjusted assets as well as increases provided from the private placement completed in July 2008

20. FINANCIAL INSTRUMENTS

(A) FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts of cash, accounts receivable, accounts payable and accrued liabilities, and Unitholder distributions payable approximate their fair values given the short-term maturity of these instruments. The carrying values of the current and long-term portions of debt approximate fair value because the applicable interest rates on these liabilities are fixed at rates similar to prevailing market rates.

(B) CREDIT RISK

By granting credit sales to customers, it is possible these entities, to which the LP provides services, may experience financial difficulty and be unable to fulfill their obligations. A substantial amount of the LP's revenue is generated from customers in the farming and construction industries. This results in a concentration of credit risk from customers in these industries. A significant decline in economic conditions within these industries would increase the risk customers will experience financial difficulty and be unable to fulfill their obligations to the LP. The LP's exposure to credit risk arises from granting credit sales and is limited to the carrying value of accounts receivable. The LP's revenues are normally invoiced with payment terms of net 30 days. At September 30, 2008, $4,257,624 (December 31, 2007 - $4,077,076) of LP's gross receivables were over 30 days. In our industries, customers typically pay invoices within 30 to 60 days. The average time to collect LP's outstanding accounts receivable was approximately 15 days at September 30, 2008 (December 31, 2007 - 15 days) and no single outstanding customer balance represented more than 10% of total accounts receivable. The LP mitigates its credit risk by assessing the credit worthiness of its customers on an ongoing basis. The LP closely monitors the amount and age of balances outstanding and establishes a provision for bad debts based on specific customers' credit risk, historical trends, and other economic information. For the nine months ended September 30, 2008 and December 31, 2007, all customer balances provided as bad debts were calculated based on 25% of accounts between 90 to 120 days outstanding and 85% on amounts over 120 days outstanding.

The LP recorded the following activity in its allowance for doubtful accounts during the nine months ended September 30, 2008:

Balance, December 31, 2007	$	799,861
Additional allowance recorded		882,438
Amounts written-off as uncollectible		(538,427)
Balance, September 30, 2008	$	1,143,872

(C) LIQUIDITY RISK

The LP's exposure to liquidity risk is dependant on the collection of accounts receivable and the ability to raise funds to meet purchase commitments and financial obligations and to sustain operations. The LP controls its liquidity risk by managing its working capital, cash flows, and the availability of borrowing facilities. At September 30, 2008, the LP's contractual obligations are described in note 15 above.

Significant challenges are currently being experienced in both the domestic and international financial markets. These challenges are having an impact on the ability of certain borrowers to finance existing operations and to fund capital programs. To date, these issues in the financial markets have not had a direct impact on the operations of the LP. While the current financial situation has not directly impacted the LP's ability to fund capital projects and ongoing operations, future borrowing may be impacted by these financial markets through increased carrying costs and the ability to raise debt and capital. The LP is unable to determine the outcome of these issues or how they may affect future operations.

(D) INTEREST RATE RISK

The LP’s cash flow is exposed to changes in interest rates on its floor plan arrangements and certain term debt which bear interest at variable rates. The cash flows required to service these financial liabilities will fluctuate as a result of changes in market interest rates. Based on LP’s outstanding long-term debt and obligations under capital lease at September 30, 2008, a one percent increase or decrease in market interest rates would impact LP’s annual interest expense by approximately $480,000. LP’s other financial instruments are not exposed to interest rate risk.

21. SUBSEQUENT EVENTS

On October 9, 2008, the LP filed a Notice of Intention to Make a Normal Course Issuer Bid (the “Bid”) to purchase for cancellation, from time to time, as the LP considers advisable, it’s issued and outstanding units (“Units”). At the time of the Notice, there were 9,427,974 Units issued and outstanding. Pursuant to the Bid, the LP intends to purchase for cancellation up to a maximum of 471,399 Units, being approximately 5% of the LP's currently issued and outstanding Units. Notwithstanding the foregoing, pursuant to the rules of the TSX-V, Cervus LP may not purchase more than 188,560 Units (i.e. 2% of its currently outstanding Units) in a given 30-day period. Purchases under the Bid will be made on the open market through the TSX-V through Wellington West Capital Markets Inc. The price that Cervus LP will pay for any Units purchased by it under the Bid will be the prevailing market price of the Units on the TSX-V at the time of such purchase. The actual number of Units that may be purchased under the Bid for cancellation and the timing of any such purchases will be determined by the LP. As at the date of this report, no units have been purchased for cancellation.