

Interim Unaudited Consolidated Financial Statements of

CERVUS LP

For the three and nine month periods ended September 30, 2009

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

CERVUS LPInterim Unaudited Consolidated Balance Sheets
September 30, 2009 and December 31, 2008

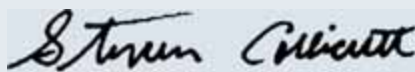
	2009		2008	
Assets				
Current assets:				
Cash and cash equivalents	\$	24,701,777	\$	35,252,348
Short-term loans		365,210		1,027,672
Accounts receivable (note 6)		27,231,055		11,732,104
Advances to related party (note 7)		1,744,394		2,752,480
Inventories (note 8)		85,884,461		62,079,040
Prepaid expenses and deposits		1,047,277		1,074,559
		<u>140,974,174</u>		<u>113,918,203</u>
Investments and other assets (note 9)		3,109,051		2,403,985
Deposits with manufacturers		1,637,888		1,376,978
Other intangible assets (note 5)		11,389,210		11,971,815
Land and buildings held for resale (note 5)		3,484,000		-
Buildings and equipment		10,150,395		11,462,399
Goodwill		3,199,680		3,199,680
	\$	<u>173,944,398</u>	\$	<u>144,333,060</u>
Liability and Partners' Equity				
Current liabilities:				
Accounts payable and accrued liabilities	\$	12,345,920	\$	7,345,280
Customer deposits		3,939,525		3,305,616
Floor plan payables (note 11)		48,236,470		33,027,916
Distribution payable		847,774		841,462
Current portion of term debt (note 12)		4,136,820		4,319,416
Current portion of notes payable (note 13)		366,667		600,000
		<u>69,873,176</u>		<u>49,439,690</u>
Term debt (note 12)		1,984,890		4,200,523
Notes payable (note 13)		491,666		525,000
Future income taxes (note 14)		119,510		149,000
		<u>72,469,242</u>		<u>54,314,213</u>
Partners' equity (note 15):				
Partners' capital		65,687,650		64,933,278
Unit purchase loan		(193,690)		(277,075)
Deferred unit plan		1,277,503		664,408
Contributed surplus		2,878,127		2,860,125
Accumulated earnings and accumulated other comprehensive income		31,825,566		21,838,111
		<u>101,475,156</u>		<u>90,018,847</u>
Commitments and contingencies (notes 5 and 18)				
Subsequent events (notes 2, 5, 14 and 24)				
	\$	<u>173,944,398</u>	\$	<u>144,333,060</u>

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

Interim Unaudited Consolidated Statement of Earnings and Comprehensive Income

For the Three and Nine Month Periods ended September 30, 2009 and 2008

	Three month period ended September 30, 2009	Three month period ended September 30, 2008	Nine month period ended September 30, 2009	Nine month period ended September 30, 2008
Revenue:				
Equipment sales	\$ 95,240,469	\$ 83,338,011	\$ 231,170,977	\$ 223,222,947
Parts	16,726,733	14,824,442	38,022,294	32,020,957
Service	7,764,189	7,417,072	20,377,690	18,633,995
Rentals	1,464,105	2,015,339	3,665,412	5,007,390
	121,195,496	107,594,864	293,236,373	278,885,289
Cost of sales (note 16)	97,931,126	86,755,462	236,786,997	226,958,615
Gross profit	23,264,370	20,839,402	56,449,376	51,926,674
Expenses:				
Selling, general and administrative	13,697,753	11,468,118	37,868,543	32,436,074
Interest	181,672	132,679	570,309	940,871
Depreciation and amortization	758,419	585,402	2,189,154	1,646,418
Earnings before other income	8,626,526	8,653,203	15,821,370	16,903,311
Other income:				
Gain on disposal of property and equipment	68,420	69,471	248,925	281,422
Gain on disposal of investments	-	-	-	2,044
Interest and other income	402,635	124,701	1,002,253	1,480,363
Equity earnings (loss) of significantly influenced companies	(353,487)	40,798	676,559	905,882
Net earnings and comprehensive earnings	\$ 8,744,094	\$ 8,888,173	\$ 17,749,107	\$ 19,573,022
Net earnings per unit (note 15):				
Basic	\$ 0.62	\$ 0.64	\$ 1.26	\$ 1.53
Diluted	\$ 0.61	\$ 0.63	\$ 1.24	\$ 1.52

See accompanying notes to interim unaudited consolidated financial statements.

CERVUS LP

Interim Unaudited Consolidated Statement of Accumulated Earnings and Accumulated Other Comprehensive Income

For the Nine Month Period ended September 30, 2009 and the Year ended December 31, 2008

	General Partner	Limited Partners	Total
Balance, December 31, 2007	\$ 41,299	\$ 9,278,981	\$ 9,320,280
Net earnings available to partners for the period January 1, 2008 to September 30, 2008	195,730	19,377,292	19,573,022
Distributions declared for the period January 1, 2008 to September 30, 2008	(148,147)	(6,957,516)	(7,105,663)
Balance, September 30, 2008	88,882	21,698,757	21,787,639
Net earnings available to partners for the period October 1, 2008 to December 31, 2008	26,346	2,608,194	2,634,540
Distributions declared for the period October 1, 2008 to December 31, 2008	(50,950)	(2,533,118)	(2,584,068)
Balance, December 31, 2008	64,278	21,773,833	21,838,111
Net earnings available to partners for the period January 1, 2009 to September 30, 2009	177,491	17,571,616	17,749,107
Distributions declared for the period January 1, 2009 to September 30, 2009	(154,328)	(7,607,324)	(7,761,652)
Balance, September 30, 2009	\$ 87,441	\$ 31,738,125	\$ 31,825,566

See accompanying notes to interim unaudited consolidated financial statements.

CERVUS LP

Interim Unaudited Consolidated Statement of Cash Flows

For the Three and Nine Month Periods ended September 30, 2009 and 2008

	Three month period ended September 30, 2009	Three month period ended September 30, 2008	Nine month period ended September 30, 2009	Nine month period ended September 30, 2008
Cash flows from (used in):				
Operating activities:				
Net earnings for period	\$ 8,744,094	\$ 8,888,173	\$ 17,749,107	\$ 19,573,022
Add items not affecting cash:				
Gain on disposal of assets	(68,420)	(69,471)	(248,925)	(281,422)
Amortization of employee purchase loans	27,795	27,794	83,385	83,384
Unit based compensation expense (recovered)	6,856	(115,221)	18,002	17,626
Depreciation and amortization	1,113,215	1,149,763	3,409,317	3,166,665
Equity loss (equity earnings) from significantly influenced companies	353,487	(40,798)	(676,559)	(905,882)
	10,177,027	9,840,240	20,334,327	21,653,393
Net change in non-cash working capital related to operations	6,896,413	1,098,931	(15,488,031)	(375,572)
Net cash provided by operating activities	17,073,440	10,939,171	4,846,296	21,277,821
Financing activities:				
Issuance of limited partnership units	197,859	24,392,822	760,684	25,448,497
Issuance of limited partnership units from exercise of warrants	-	1,682,715	-	3,492,028
Repayment of term debt	(625,668)	(714,614)	(2,398,229)	(2,041,245)
Distributions to the limited partners	(2,636,655)	(2,541,984)	(7,761,652)	(6,964,762)
Increase in deposits with John Deere	(73,195)	(94,906)	(99,823)	(288,234)
Repayment of notes payable	(500,000)	(100,000)	(600,000)	(600,000)
Net cash provided by (used in) financing activities	(3,637,659)	22,624,033	(10,099,020)	19,046,284
Investing activities:				
Repayment from investment in significantly influenced companies	-	-	696,303	608,791
Repayment of employee unit purchase loan	-	46,880	-	81,880
Proceeds from (purchase of) investments and other assets	(713,199)	6,687	(724,811)	2,808
Advances from (to) related parties	5,606	(1,658,911)	1,008,086	(3,515,266)
Advances (repayment) of short-term loans	-	(666,689)	662,462	4,117,881
Business acquisitions (note 5)	(6,647,641)	(7,902,374)	(6,647,641)	(7,902,374)
Proceeds from (purchase of) equipment	46,767	(469,605)	(292,246)	(1,312,105)
Net cash used in investing activities	(7,308,467)	(10,644,012)	(5,297,847)	(7,918,385)
Increase (decrease) in cash	6,127,314	22,919,192	(10,550,571)	32,405,720
Cash and cash equivalents, beginning of period	18,574,463	11,287,157	35,252,348	1,800,629
Cash and cash equivalents, end of period	\$ 24,701,777	\$ 34,206,349	\$ 24,701,777	\$ 34,206,349

Cash and cash equivalents is comprised of cheques issued in excess of funds on deposit of \$3,706,263 (2008 – cash in bank and on hand of \$6,783,446) and money market funds of \$28,408,040 (2008 - \$27,422,903).

Supplemental cash flow information (note 17)

See accompanying notes to interim unaudited consolidated financial statements.

CERVUS LP

Notes to the Interim Unaudited Consolidated Financial Statements

For the Nine Month Period ended September 30, 2009 and the Year ended December 31, 2008

1. Description of business:

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

2. Change in organization

On October 22, 2009, the LP completed a transaction with Vasogen Inc. ("Vasogen") which resulted in the conversion of the LP from a publicly traded limited partnership to a publicly traded corporation, Cervus Equipment Corporation ("Cervus"). The cash consideration paid by the LP for the transaction was \$7,500,000 plus transaction costs estimated to be approximately \$925,000. As a result of the transaction, which was completed by way of a plan of arrangement, Cervus increased its tax basis by approximately \$71,000,000 (see note 14). Also, in conjunction with the reorganization, each of the unitholders of the LP received three (3) common shares of Cervus in exchange for each two (2) limited partnership units held. In addition, the holders of unit option plans and deferred units are entitled to receive (3) common shares for two (2) limited partnership units that have not been issued. The common shares of Cervus are traded on the TSX Venture Exchange under the symbol CVL.

Prior to the conversion, the consolidated financial statements included the accounts of the LP and its subsidiaries. After giving effect to the conversion, the consolidated financial statements will be prepared on a continuity of interest basis, which recognizes Cervus as the successor entity to the LP. The continuity of interest basis requires that all comparative consolidated financial statement figures are those previously presented by the LP.

3. Significant accounting policies:

These interim financial statements should be read in conjunction with the audited December 31, 2008 annual financial statements. These interim financial statements follow the same accounting policies and methods of their application as in the December 31, 2008 annual financial statements, except as identified below. These interim financial statements do not conform in all respects to the requirements of Canadian generally accepted accounting principles for annual financial statements in that they do not include all note disclosures. The accompanying unaudited interim financial statements of the LP have been prepared by and are the responsibility of the LP's management. The LP's independent auditor has not performed a review of these interim financial statements.

Recent Accounting Pronouncements

Effective January 1, 2009, the LP adopted CICA Handbook Section 3064 "Goodwill and Intangible Assets", which replaced Section 3062 "Goodwill and Other Intangible Assets". Section 3064 gives guidance on the recognition of intangible assets as well as the recognition and measurement of internally developed intangible assets. In addition, Section 3450 "Research and Development Costs" was withdrawn from the Handbook. Adoption of this pronouncement did not have a material effect on the LP's financial statements.

Effective January 1, 2009, the LP adopted Emerging Issues Committee (EIC) Abstract EIC 173, "Credit Risk and the Fair Value of Financial Assets and Financial Liabilities". Under EIC 173 an entity's own credit risk and the credit risk of its counterparties is taken into account in determining the fair value of financial assets and financial liabilities, including derivative instruments. Adoption of this pronouncement did not have a material effect on the LP's financial statements.

Future Accounting Changes

The CICA has issued new accounting standards, "Section 1582, Business Combinations", "Section 1601 Consolidated Financial Statements" and "Section 1602, Non-Controlling Interests".

Section 1582, Business Combinations establishes how an entity is to account for business combinations. The Section applies prospectively to business combinations for which the acquisition date is on or after January 1, 2011, however earlier adoption is permitted.

Section 1601, Consolidated Financial Statements and Section 1602, Non-Controlling Interest establishes standards for the preparation of consolidated financial statements and for the accounting for a non-controlling interest in a subsidiary in consolidated financial statements. This Section applies to interim and annual financial statements related to fiscal years beginning on or after January 1, 2011, however earlier adoption is permitted as of the beginning of a fiscal year.

The LP has not yet adopted these new accounting standards.

Conversion to International Financial Reporting Standards in Fiscal 2011

The CICA Accounting Standards Board requires all Canadian publicly accountable enterprises to adopt International Financial Reporting Standards (IFRS) for years beginning on or after January 1, 2011. The LP will adopt IFRS for the fiscal year starting January 1, 2011. The LP's transition from Canadian GAAP to IFRS will commence in the first quarter of 2011 at which time the LP will report both the current and comparative information using IFRS.

The LP has developed and established an IFRS transition project which has taken into consideration both the internal and external resources required to implement IFRS and has completed a preliminary assessment of the impact the change to IFRS on the LP's financial statements. A detailed assessment has been completed and presented to the audit committee and board of directors for approval.

Although much of Canadian GAAP is similar to IFRS, there are some GAAP differences that may significantly impact the LP's processes and financial results. The LP is currently identifying the differences between existing Canadian GAAP and IFRS, identifying potential business impacts, developing the project plan, assessing resource requirements and training staff. Currently, it is not possible to fully determine the impact to the financial statements and any potential business impacts, as accounting standards and the interpretations of those standards are changing.

4. 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. Sales in the construction sector are not as heavily impacted by seasonality as the agricultural equipment segment but do see slower sales activity in the winter months. As a result, earnings or losses may not accrue uniformly from quarter to quarter.

5. Business acquisitions

- a) On September 10, 2009, the LP acquired all the business assets of Ranchers Supply Inc. ("Ranchers"), a private agriculture equipment dealership with operations in Alberta and British Columbia for \$4,642,539, of which \$3,998,539 has been recorded at September 30, 2009 and \$644,000 will be recorded on November 1, 2009. The purchase price is allocated to the net assets acquired as follows:

Net assets acquired:	
Accounts receivable	\$ 269,347
Inventories	6,121,107
Property and equipment	503,000
Deposits with John Deere finance	161,087
Other intangible assets, dealership distribution agreements	500,000
Accounts payable and accrued liabilities	(288,850)
Floor plan payable	(3,267,152)
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Purchased on September 10, 2009	3,998,539
Property and equipment to be settled November 1, 2009	644,000
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	\$ 4,642,539
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Financed by:	
Cash	\$ 3,665,206
Cash payable on November 1, 2009	644,000
Note payable, due September 10, 2011	333,333
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	\$ 4,642,539

- b) On September 10, 2009, the LP acquired all the issued and outstanding shares of 520781 Alberta Ltd. a private real estate rental company whose properties were used for the operations of Ranchers, for \$3,484,000. 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:	
Prepaid expenses	\$ 13,600
Future income taxes	29,490
Accounts payable and accrued liabilities	(15,191)
Property and equipment	3,454,536
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	\$ 3,482,435
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Financed by:	
Cash, net of cash acquired of \$1,565	\$ 2,982,435
Holdback payable by cash on completion of outstanding matters	500,000
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	\$ 3,482,435

The LP intends to enter into an agreement to sell the real property to Proventure Income Fund, a related party (see note 20) for \$3,484,000.

6. Trade accounts receivable

	September 30, 2009	December 31, 2008
Trade receivables	\$ 10,877,730	\$ 10,070,450
Volume discount	762,419	-
Contracts receivable from John Deere	16,386,277	2,539,951
Total accounts receivable	28,026,426	12,610,401
Allowance for doubtful accounts	(795,371)	(878,297)
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	\$ 27,231,055	\$ 11,732,104
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7. Advances to related party

During 2008, the LP provided a \$2,750,000 revolving credit facility to Proventure Income Fund (the "Fund") (see note 20) expiring on November 30, 2013. The facility is due on demand and bears interest at the rate of prime plus 0.25%. The facility can be used for operations, capital acquisitions, and investments and is secured by a general security agreement over the assets of the Fund. Interest income recorded during the three and nine month periods ended September 30, 2009 was \$12,251 and \$43,041 (2008 - \$40,590 and \$49,066), respectively.

8. Inventories

	September 30, 2009	December 31, 2008
New equipment	\$ 34,837,445	\$ 32,161,086
Used equipment	37,479,929	20,188,480
Parts and accessories	12,468,213	9,157,040
Work-in-progress	1,098,874	572,434
	\$ 85,884,461	\$ 62,079,040

9. Investments and other assets

	September 30, 2009	December 31, 2008
Investment in significantly influenced companies, at equity:	\$ 654,098	\$ 540,066
101034350 Saskatchewan Ltd. (33% interest)		
Greenway Sprayers (38% interest)	501,695	666,145
Deer Star Systems Inc. (27% interest)	744,661	713,987
Investment in companies at cost:		
Thunder Rail Ltd., 1,000 Class common shares	1,000	1,000
Agritronics Inc. (a 25.78% interest)	400,000	400,000
Agriturf Limited (a 33.33% interest)	78	-
Advances to Agriturf Limited	705,422	-
Cash surrender value of life insurance	102,097	82,787
	\$ 3,109,051	\$ 2,403,985

During the three and nine month periods ended September 30, 2009, the LP recorded a loss of \$353,487 and earnings of \$676,559 (2008 - \$40,798 and \$905,882) respectively from significantly influenced companies. Also, during the nine months ended September 30, 2009, the LP received \$690,924 (2008 - \$608,791) as a return of capital on these investments. The LP has one representative on each of the respective board of directors of the significantly influenced companies.

During the three month period ended September 30, 2009, the LP purchased a 33.33% interest in a New Zealand company operating under the name Agriturf Limited. This newly formed company is in the process of purchasing certain of the assets of two agriculture based operations and is currently in the process of applying to John Deere to become an authorized dealer in the region. Also, the LP has advanced \$705,422 to Agriturf Limited for the purposes of purchasing the assets and the loan bears interest at the rate of 5% per annum, is due on demand and is secured by a general security interest over the assets purchased. Subsequent to September 30, 2009, the LP has advanced an additional \$198,150 to Agriturf Limited.

Greenway Sprayers has ceased operations and will distribute its net assets to the venturers during 2009 and as agreed with John Deere. All related sprayer equipment operations (sales, costs and net earnings) will continue to be operated by our agricultural equipment segment in their respective market areas.

10. Bank indebtedness

At September 30, 2009 and December 31, 2008, the LP has an uncommitted operating bank line of credit to borrow to a maximum amount of \$15 million and is subject to annual review. The operating line of credit bears interest at rates ranging from prime to prime plus 1.25% to prime plus 2.0% based on certain financial covenants and is secured by a general security agreement, a priority agreement, trade accounts receivable, unencumbered inventories, assignment of fire insurance and guarantees from the LP's subsidiaries and the general partner. At September 30, 2009 and December 31, 2008, 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 1.0%. 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

	September 30, 2009	December 31, 2008
Bank term loan, due July 1, 2011, interest at rates ranging from prime plus 0.25% to prime plus 0.75% and principal instalments of \$104,167 per month. For security, see note 10.	\$ 2,187,500	\$ 3,125,000
Finance company, payable in monthly installments of approximately \$212,763 (December 31, 2008 - \$248,590) including interest at 6.25%, secured by short term rental equipment	3,036,338	5,126,473
Finance contracts and fixed rate bank term loans repayable in monthly instalments ranging from \$440 to \$5,282 including interest up to 7.25%, secured by related equipment, due at various dates through 2012	897,872	268,466
	6,121,710	8,519,939
Less: current portion	4,136,820	4,319,416
	\$ 1,984,890	\$ 4,200,523
Estimated principal repayments required over the next five years are as follows:		
September 30, 2010		\$ 4,136,820
September 30, 2011		1,705,189
September 30, 2012		152,663
September 30, 2013		76,243
September 30, 2014		50,795
		\$ 6,121,710

13. Notes payable

	September 30, 2009	December 31, 2008
Notes payable, due in semi-annual instalments of \$100,000 including interest at the rate of 6% per annum	\$ 525,000	\$ 725,000
Note payable, due September 10, 2011 including interest at the rate of 6% per annum (note 5)	333,333	-
Note payable, repaid September 2, 2009 including interest at the rate of 6% per annum	-	400,000
	858,333	1,125,000
Less: current portion	366,667	600,000
	\$ 491,666	\$ 525,000

14. Future income taxes

As described in note 2, upon the corporate conversion of the LP to Cervus, Cervus will commence accounting for future income tax assets and liabilities that existed at the date of conversion. This opening adjustment to reflect the future income tax assets and liabilities will be recorded as an adjustment to future income tax assets as noted below.

(a) As at September 30, 2009, the LP had the following future tax assets and liabilities:

Future tax liability related to other intangible assets	\$ (2,228,354)
Future tax asset related to buildings and equipment	429,561
Future tax liability	(1,798,793)
Future tax liability as at September 30, 2009	119,510
Effect on future tax liability on conversion to corporation	\$ (1,679,283)

The combined provincial and Federal income tax rate assumed in the calculation of future income tax liability was as follows; 2009 – 29.6%, 2010 – 28.6%, 2011 – 27.1% and 2012 and thereafter – 25.6%.

(b) On October 22, 2009, the LP completed the plan of arrangement and corporate conversion as described in note 2 for cash consideration of \$7,500,000. In accordance with EIC 110 "Accounting for Acquired Future Tax Benefits in Certain Purchase Transactions that are not Business Combinations", the asset acquired should be recorded at fair value with any excess of the amount classified as a deferred credit. The excess amount or \$7,500,000 will be amortized to income tax expense in proration to the net reduction in the future income tax asset that gave rise to the deferred credit. The fair value of the assets acquired has been determined as follows:

	Current	Long-term	Total
Future income tax asset	\$ 6,283,976	\$ 65,114,551	\$ 71,398,527
Deferred credit	(5,623,881)	(58,274,646)	(63,898,527)
Total consideration	\$ 660,095	\$ 6,839,905	\$ 7,500,000

(c) The future income tax asset consists of non-capital losses carry-forward of approximately \$195,000,000 (after giving effect to the flow-through income to the date of conversion) and will not commence to expire until 2027, scientific research expenditures of approximately \$30,000,000 which do not expire and investment tax credits of approximately \$12,500,000 which will commence to expire in 2018.

15. Partners' Capital:

Due to the stock split mentioned in note 2, all the LP's limited partnership units have been adjusted to reflect the three (3) common shares of Cervus exchanged for each two (2) limited partnership units of the LP. All historical references to unit information have also been updated to reflect the stock split.

Authorized

Unlimited number of partnership units, outstanding 14,129,156

Unlimited number of Series A preferred partnership units, nil outstanding

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, nil outstanding

Issued

	Number of units	General Partner	Limited Partner	Total
Balance December 31, 2007	11,793,613	\$ 100	\$ 36,941,940	36,942,040
Issued on exercise of options through unit purchase loans	15,000	-	90,000	90,000
Contributed surplus adjustment unit options	-	-	14,668	14,668
Issued under DRIP plan	201,746	-	2,392,389	2,392,389
Warrants exercised	393,715	-	3,492,028	3,492,028
Contributed surplus adjustment for warrants exercised	-	-	581,249	581,249
Units issued in private placement	1,500,000	-	25,000,000	25,000,000
Private placement costs	-	-	(1,441,913)	(1,441,913)
Contributed surplus adjustment for warrants issued in private placement	-	-	(2,850,300)	(2,850,300)
Units purchased for cancellation	(175,500)	-	(813,119)	(813,119)
Units cancelled	(16,200)	-	(73,764)	(73,764)
Preferred partnership units converted	300,000	-	1,600,000	1,600,000
Balance December 31, 2008	14,012,374	100	64,933,178	64,933,278
Issued under DRIP plan	117,192	-	754,372	754,372
Balance September 30, 2009	14,129,156	\$ 100	\$ 65,687,550	\$ 65,687,650

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.

Changes in the outstanding options are as follows:

	Number outstanding	Weighted average exercise price
Outstanding and exercisable, December 31, 2007	15,000	\$ 9.00
Exercised through unit purchase financing	(15,000)	9.00
Granted under unit option plan	15,000	19.00
Outstanding and exercisable, September 30, 2008 and December 31, 2008	15,000	19.00

Granted under unit option plan	36,721	9.30
Outstanding and exercisable, September 30, 2009	51,721	12.11

The weighted average remaining life of the options is 4.3 years (December 31, 2008 – 4.6 years). During the nine month period ended September 30, 2009, 36,721 options were issued to management with an exercise price of \$6.20 per unit. The options vest over the next five years at 50% in 3 years, 25% in 4 years and 25% in 5 years. Compensation expense will be recorded on a straight-line basis over this period. The fair value of these options, calculated using the Black-Scholes option pricing model was \$1.98 per unit using a risk free interest rate of 0.7%, expected life of 6 years, expected annual distribution of 11.6% and an expected unit price volatility of 91%. For the three and nine month periods ended September 30, 2009, \$6,856 and \$18,002, respectively, has been recorded as compensation cost related to these options. Subsequent to September 30, 2009, the 15,000 unit options granted during 2008 were forfeited upon the employee leaving the employ of the LP. No further compensation expense will be recorded in relation to those options.

Per unit amounts

The earnings per unit have been calculated based on the basic weighted average number of units outstanding for the three month periods ended September 30, 2009 and 2008 of 14,116,902 and 13,882,300, respectively and for the nine month periods ended September 30, 2009 and 2008 of 14,080,989 and 12,771,222 respectively. For the purposes of calculating the diluted number of units outstanding for the three month period ended September 30, 2009, 244,017 (2008 – 120,711) units are added to the basic weighted number of units outstanding and for the nine month period ended September 30, 2009, 257,713 (2008 – 126,043) 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.

Distribution reinvestment plan

The LP has a Distribution Reinvestment Plan ("DRIP") entitling limited partners to reinvest cash distributions in additional units. The DRIP allows limited partners to reinvest distributions into new units at 95% of the average unit price of the previous 10 trading days prior to distribution. During the nine month period ended September 30, 2009, the LP issued 117,192 (September 30, 2008 – 139,632) limited partner units under this plan at an average issue price of \$6.44 (September 30, 2008 - \$13.50) per unit.

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. The LP 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 general, sales and administrative expenses for the three and nine month periods ended September 30, 2009 and 2008 are \$201,463 and \$193,209 of contributions made on behalf of the LP's employees.

Deferred unit plan:

As at September 30, 2009, 236,275 (December 31, 2008, 61,042) deferred units have been issued under the deferred unit plan and remain outstanding. As at September 30, 2009, the matching component of the plan aggregated \$849,566. During the three and nine month periods ended September 30, 2009, \$41,827 and \$102,123 (September 30, 2008 -\$8,701 and \$17,626) respectively has been recorded as compensation expense.

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 three and nine month periods ended September 30, 2009 and 2008, \$27,795 and \$83,385 respectively have been forgiven and recorded as compensation expense.

16. Cost of sales

The following amounts have been included in cost of sales:

	Three month period ended September 30, 2009	Three month period ended September 30, 2008	Nine month period ended September 30, 2009	Nine month period ended September 30, 2008
Depreciation and amortization	\$ 354,796	\$ 564,361	\$ 1,220,163	\$ 1,520,247
Interest expense	37,542	43,411	120,607	179,350
	\$ 392,338	\$ 607,772	\$ 1,340,770	\$ 1,699,597

17. Supplemental cash flow information

	Three month period ended September 30, 2009	Three month period ended September 30, 2008	Nine month period ended September 30, 2009	Nine month period ended September 30, 2008
The following cash payments have been included in the determination of net earnings				
Interest	\$ 313,091	\$ 160,497	\$ 754,197	\$ 1,104,628
Supplemental disclosure of non-cash financing and investing activities not included in the statement of cash flows:				
Issuance of note payable for business acquisition	\$ 333,333	\$ 400,000	\$ 333,333	\$ 400,000
Holdback payable on purchase of 520781 Alberta Ltd.	\$ 500,000	\$ -	\$ 500,000	\$ -
Repayment of notes receivable for partnership units issued to employees Interest	\$ -	\$ (205,000)	\$ -	\$ (205,000)

18. 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, 2009, payments in arrears by such customers aggregated \$214,317 (December 31, 2008 - \$188,424). 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, 2009, the net residual value of such leases aggregated \$52,557,126 (December 31, 2008 - \$50,653,966).

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 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, 2009, our merchant authorized accounts totaled \$68,733 (December 31, 2008 - \$111,085).

(b) As part of the business acquisition of Ranchers Supply Inc., the LP issued an irrevocable standby Letter of Credit to John Deere Limited ("JDL") in the amount of \$1,500,000. The Letter of Credit was issued in accordance with the dealership arrangement that would allow JDL to draw upon the letter of credit if the LP was in default of any of its obligations to JDL.

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

2010	3,472,719
2011	2,697,033
2012	1,977,194
2013	1,733,677
2014	1,309,935
Thereafter	3,132,686
	<hr/>
	14,323,244

19. 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 JDL. The agreement with JDL provides a framework under which JDL 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 effect on the LP's ability to continue as a going concern.

20. Related party transactions:

- (a) The CEO of the LP is the CEO of Proventure Income Fund (the "Fund"). In addition, the CEO is the single largest equity holder of the LP and the Fund and the LP and the Fund share a common board of directors. Other than previously disclosed above, the LP had the following transactions with the Fund:

	Three month period ended September 30, 2009	Three month period ended September 30, 2008	Nine month period ended September 30, 2009	Nine month period ended September 30, 2008
Expenses				
Real estate rentals	\$ 645,827	\$ 504,189	\$1,905,590	\$1,302,182
Guarantee fees	20,625	20,625	61,875	61,875
Revenue				
Management fees	7,500	7,500	22,500	22,500
Interest on advances	12,251	40,590	43,041	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 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, 2009 and 2008, the Fund has outstanding guarantees with John Deere aggregating \$2,750,000.

It is the intent of the LP to enter into an agreement with Proventure to sell the land and buildings acquired from 520781 Alberta Ltd. for \$3,484,000.

- (b) Certain officers and dealer managers of the LP have provided guarantees to John Deere aggregating \$6,400,000 (September 30, 2008 - \$7,150,000). During the three and nine month periods ended September 30, 2009, the LP paid these individuals \$48,000 and \$144,000 (September 30, 2008 - \$51,750 and \$159,000) respectively for providing these guarantees. These transactions were recorded at the amount agreed to between the LP and the guarantors and are included in selling, general and administrative expenses.
- (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, 2009, \$177,491 (December 31, 2008 - \$222,076) has been recorded as a distribution of earnings on the statement of accumulated earnings. In addition, the LP has made distributions of \$154,328 (December 31, 2008 - \$199,097) to the general partner.
- (d) During the nine month period ended September 30, 2009, the LP transacted in the normal course of business, \$189,442 (2008 - \$259,960) of equipment, parts and service sales with companies that the LP's board of directors are directors of or control.

21. Segment information:

The LP operates in two main industry segments with all of the operations being in Western Canada. These segments are agricultural and construction equipment. The operating results and other financial information for each of the segments are as follows:

Nine months ended September 30, 2009	Agricultural Equipment	Construction Equipment	Total
Revenue	\$ 248,697,661	\$ 44,538,712	\$ 293,236,373
Net earnings	17,803,221	(54,114)	17,749,107
Earnings of significantly influenced companies	676,559	-	676,559
Investment in significantly influenced companies	1,900,454	-	1,900,454
Depreciation and amortization	1,402,927	2,006,390	3,409,317
Interest expense	398,848	292,068	690,916
Capital expenditures	1,236,039	1,207,555	2,443,594
Total assets	120,638,434	53,305,964	173,944,398
Other intangible assets	6,695,460	4,693,750	11,389,210
Goodwill	1,672,680	1,527,000	3,199,680

Nine months ended September 30, 2008	Agricultural Equipment	Construction Equipment	Total
Revenue	\$ 201,509,448	\$ 77,375,841	\$ 278,885,289
Net earnings	14,613,295	4,959,727	19,573,022
Earnings of significantly influenced companies	905,882	-	905,822
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	1,672,680	1,527,000	3,199,680

Three months ended September 30, 2009	Agricultural Equipment	Construction Equipment	Total
Revenue	\$ 106,682,350	\$ 14,513,146	\$ 121,195,496
Net earnings	8,314,106	429,988	8,744,094
Earnings (loss) of significantly influenced companies	(353,487)	-	(353,487)
Depreciation and amortization	500,350	612,865	1,113,215
Interest	122,304	96,910	219,214
Capital expenditures	248,906	464,213	937,561

Three months ended September 30, 2008	Agricultural Equipment	Construction Equipment	Total
Revenue	\$ 83,713,561	\$ 23,881,303	\$ 107,594,864
Net earnings	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	21,939	154,151	176,090
Capital expenditures	188,773	544,573	733,346

22. 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 a return 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 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 2009, the LP's strategy has remained unchanged and is 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, 2009	December 31, 2008
Total debt	\$ 72,469,242	\$ 54,314,213
Adjusted equity:		
Total equity	\$ 101,475,156	\$ 90,018,847
Less other intangible assets and goodwill	(14,588,890)	(15,171,495)
Adjusted equity	\$ 86,886,266	\$ 74,847,352
 Total debt to adjusted equity ratio	 0.83 to 1	 0.73 to 1
 Adjusted assets:		
Total assets	\$ 173,944,398	\$ 144,333,060
Less other intangible assets and goodwill	(14,588,890)	(15,171,495)
Adjusted assets	\$ 159,355,508	\$ 129,161,565
Adjusted equity (above)	\$ 86,886,266	\$ 74,847,352
 Adjusted assets to adjusted equity ratio	 1.83 to 1	 1.73 to 1

23. Financial instruments

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.

Price risk

Price risk is the risk that the fair value of financial instruments will fluctuate due to changes in market factors and adverse economic conditions which may impact the timing of collection and ultimate realization of equipment sales, parts, service and rental revenue. The LP derives substantially all of its operating revenue from agricultural and construction based clients. The agriculture segment is primarily based on commodity prices and the construction segment is primarily based on both housing and infrastructure starts. A 5% to 10% change in the market conditions affecting these segments would result in an increase or decrease to revenue of between \$18.1 and \$36.3 million on a rolling 12 month basis. Based on the return on sales experienced for the rolling 12 month period ended September 30, 2009, this would result in an increase or decrease in net earnings of between \$1.0 and \$2.0 million.

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 and deposits with John Deere. The LP's revenues are normally invoiced with payment terms of net, 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 20 days for the nine month period ended September 30, 2009 (year ended December 31, 2008 - 13 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 month period ended September 30, 2009 and 2008, 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 unless allowance for certain specified accounts requires a greater amount to be allowed for. Of the \$28,026,426 of trade accounts receivable outstanding, \$17,148,696 is represented by sales contract financing receivables in transit and volume bonus receivables from John Deere and \$10,877,730 is represented by customer accounts receivable and other accounts receivable. The following is a summary of our aged accounts receivable and activity in our allowance for doubtful accounts as at September 30, 2009 and for the nine months then ended:

Accounts receivable:		
Current	\$	24,849,259
30 – 60		2,123,177
Over 90 days		1,053,990
Total	\$	28,026,426
Allowance for doubtful accounts:		
Balance, December 31, 2008	\$	878,297
Additional allowance recorded		335,055
Amounts written-off as uncollectible		(417,981)
Balance, September 30, 2009	\$	795,371

Liquidity risk

The LP's exposure to liquidity risk is dependent 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, 2009, the LP's contractual obligations are described in note 18 above. As described in note 10, the LP has available for its current use, \$15 million of operating credit facilities for which no advances have been made. In addition, the LP has a committed reducing term facility in the amount of \$1.5 million to finance capital asset additions of which no amounts have been advanced.

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.

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 the LP's outstanding long-term debt and its floor plan payables at September 30, 2009, a one percent increase or decrease in market interest rates would impact the LP's annual interest expense by approximately \$489,000. The LP's other financial instruments are not exposed to interest rate risk.

Foreign currency exposure

The LP is not exposed to fluctuations in foreign currency to the extent that all sales and expenditures are incurred in Canadian dollars. However, many of our products, including equipment and parts are based on a U.S. dollar price as they are supplied primarily by U.S. manufacturers. This may cause fluctuations in the sales values assigned to equipment and parts inventories as the LP's price structure is to maintain consistent gross margins. Both sales revenues and gross margins may fluctuate based on the foreign exchange rate in effect at the time of purchase. Certain of the LP's manufacturers also have programs in place to facilitate and/or reduce the effect of foreign currency fluctuations, primarily on new equipment inventory purchases.

24. Subsequent events

On October 29, 2009, Cervus Equipment Corporation entered into a binding letter of agreement to purchase 100% of the issued and outstanding shares of A.R. Williams Materials Handling Ltd. for approximately \$23.7 million. The acquisition is expected to close on January 1, 2010 and the purchase price is estimated to be financed by \$7.11 million in cash, \$4.74 million in 7% preferred shares at \$10.67 per share and \$11.85 million in the form of a four year interest free promissory note.