

WESTERNO ONE EQUITY

WESTERNO ONE EQUITY INCOME FUND

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the Three Months Ended March 31, 2009 and 2008

(Unaudited)

WESTERNO ONE EQUITY INCOME FUND

Suite 910, 925 West Georgia Street • Vancouver • British Columbia • Canada • V6C 3L2 • Telephone (604) 678-4042 • Fax (604) 681-5969

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MANAGEMENT'S COMMENTS ON UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim consolidated financial statements of WesternOne Equity Income Fund (the "Fund") have been prepared by and are the responsibility of the Fund's management. The unaudited interim consolidated financial statements are prepared in accordance with accounting principles generally accepted in Canada and reflect management's best estimates and judgment based on information currently available.

The Fund's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

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WesternOne Equity Income Fund

INTERIM CONSOLIDATED BALANCE SHEETS

	As at March 31, 2009 (Unaudited)	As at December 31, 2008
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 4,887,150	\$ 2,014,494
Accounts receivable	8,025,234	8,234,528
Inventories	2,044,966	1,701,980
Deposits and prepaid expenses	341,136	352,654
	<u>15,298,486</u>	<u>12,303,656</u>
PROPERTY AND EQUIPMENT (Note 3)	33,927,581	35,495,003
INTANGIBLE ASSETS (Note 4)	27,256,638	28,224,196
GOODWILL	8,430,418	8,430,418
FUTURE INCOME TAXES (Note 7)	3,836,874	3,202,004
	<u>\$ 88,749,997</u>	<u>\$ 87,655,277</u>
LIABILITIES AND UNITHOLDERS' EQUITY		
CURRENT LIABILITIES		
Operating loans (Note 5)	\$ 1,773,011	\$ 1,978,657
Accounts payable and accrued liabilities	3,925,872	4,189,305
Distributions payable	688,776	660,843
Current portion of equipment financing payable	88,544	92,031
Current portion of capital leases obligation (Note 11)	177,750	169,483
Current portion of term mortgage payable (Note 6)	16,014	15,760
Unearned revenue	49,361	119,645
Capital and acquisition loans (Note 5)	35,176,728	35,747,115
	<u>41,896,056</u>	<u>42,972,839</u>
EQUIPMENT FINANCING PAYABLE	75,932	95,429
CAPITAL LEASES OBLIGATION (Note 11)	123,563	84,775
TERM MORTGAGE (Note 6)	332,367	335,929
FINANCIAL DERIVATIVES (Note 5)	513,157	525,079
SERIES A DEBENTURES (Note 8)	8,451,765	8,343,855
	<u>51,392,840</u>	<u>52,357,906</u>
UNITHOLDERS' EQUITY	<u>37,357,157</u>	<u>35,297,371</u>
	<u>\$ 88,749,997</u>	<u>\$ 87,655,277</u>

COMMITMENTS (Note 10)

APPROVED ON BEHALF OF THE BOARD OF TRUSTEES

"Darren Latoski"

Trustee

"Douglas Scott"

Trustee

See accompanying Notes to the Interim Consolidated Financial Statements

WesternOne Equity Income Fund

INTERIM CONSOLIDATED STATEMENTS OF UNITHOLDERS' EQUITY

(Unaudited)

	Fund Units (Note 9)	Contributed Surplus	Equity component of convertible debentures (Note 8)	Retained earnings/(deficit)	Total Unitholders' Equity
BALANCE, December 31, 2007	34,768,888	-	1,116,250	86,634	35,971,772
Issuance of Units (net of issuance costs)	8,750				8,750
Issuance of Exchangeable LP Units	500,000				500,000
Net and comprehensive income for the period				739,614	739,614
Distributions declared				(1,771,409)	(1,771,409)
BALANCE, March 31, 2008	35,277,638	-	1,116,250	(945,161)	35,448,727
BALANCE, December 31, 2008	39,822,704	24,926	1,092,570	(5,642,829)	35,297,371
Issuance of Units (net of issuance costs)	1,924,805				1,924,805
Employee unit-based compensation for the period		12,644			12,644
Net and comprehensive income for the period				2,179,483	2,179,483
Distributions declared				(2,057,146)	(2,057,146)
BALANCE, March 31, 2009	41,747,509	37,570	1,092,570	(5,520,492)	37,357,157

See accompanying Notes to the Interim Consolidated Financial Statements

WesternOne Equity Income Fund

INTERIM CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

(Unaudited)

	Three-month period ended March 31, 2009	Three-month period ended March 31, 2008
REVENUE		
Equipment rental	\$ 5,290,208	\$ 4,591,455
Equipment sales	1,119,019	1,290,459
Parts, fuel, service and others	7,690,767	1,485,239
	<u>14,099,994</u>	<u>7,367,153</u>
COST OF SALES		
Equipment sold	1,014,448	1,087,442
Parts, fuel, service and others	3,993,703	1,107,101
	<u>5,008,151</u>	<u>2,194,543</u>
GROSS PROFIT	<u>9,091,843</u>	<u>5,172,610</u>
OPERATING EXPENSES		
General and administrative	1,886,104	1,002,066
Freight	633,225	622,779
Service	998,056	610,955
Sales	562,331	527,658
Interest	688,139	415,895
Amortization and depreciation	2,675,284	954,991
Accretion of Series A Debentures	55,117	53,903
	<u>7,498,256</u>	<u>4,188,247</u>
OTHER EXPENSES		
Loss on derivatives (Note 5)	48,974	-
INCOME (LOSS) BEFORE PROVISION FOR INCOME TAXES	1,544,613	984,363
FUTURE INCOME TAXES/(RECOVERIES)	(634,870)	244,749
NET AND COMPREHENSIVE INCOME	<u>\$ 2,179,483</u>	<u>\$ 739,614</u>
Basic weighted average income per unit	\$ 0.16	\$ 0.06
Diluted weighted average income per unit	0.15	0.06
Basic weighted average number of units outstanding	13,592,948	11,808,258
Diluted weighted average number of units outstanding	16,221,144	11,808,258

See accompanying Notes to the Interim Consolidated Financial Statements

WesternOne Equity Income Fund

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

	Three-month period ended March 31, 2009	Three-month period ended March 31, 2008
OPERATING ACTIVITIES		
Net Income	\$ 2,179,483	\$ 739,614
Items not affecting cash -		
Amortization of property and equipment	1,707,726	509,417
Amortization of intangible assets	967,558	445,574
Interest expense relating to amortization of transaction costs	81,791	38,380
Accretion of Series A Debentures	55,117	53,903
Future income taxes	(634,870)	244,749
Loss on derivatives	(11,922)	-
Unit-based compensation	12,644	-
Gain on sale of property and equipment	(46,715)	(43,396)
	<u>4,310,812</u>	<u>1,988,241</u>
Changes in non-cash working capital balances -		
Accounts receivable	209,294	72,480
Inventories	(342,986)	(455,607)
Deposits and prepaid expenses	11,518	41,262
Cash held in trust	-	2,015,000
Accounts payable and accrued liabilities	(263,433)	1,806,942
Unearned Revenue	(70,284)	-
	<u>3,854,921</u>	<u>5,468,318</u>
INVESTING ACTIVITIES		
Sale/(Purchase) of short term investments	-	1,982,962
Purchase of property and equipment	(259,813)	(2,299,071)
Proceeds from the sale of property and equipment	190,295	584,143
Acquisitions	-	(15,014,706)
	<u>(69,518)</u>	<u>(14,746,672)</u>
FINANCING ACTIVITIES		
Distributions paid	(2,029,213)	(1,771,284)
Units issued for cash (net of expenses)	1,924,805	8,750
Proceeds from term mortgage	(3,923)	-
Proceeds from/(repayment of) loans payable	(804,416)	9,385,195
	<u>(912,747)</u>	<u>7,622,661</u>
NET CHANGE IN CASH AND EQUIVALENTS DURING THE PERIOD	<u>2,872,656</u>	<u>(1,655,693)</u>
CASH AND EQUIVALENTS, BEGINNING OF PERIOD	<u>2,014,494</u>	<u>5,514,594</u>
CASH AND EQUIVALENTS, END OF PERIOD	<u>4,887,150</u>	<u>\$ 3,858,901</u>
Supplemental cash flow information:		
Interest received	\$ 3,902	\$ 60,226
Interest paid	667,243	377,515
Exchangeable Units issued upon acquisition	-	500,000
Assets under capital lease	301,313	-

See accompanying Notes to the Interim Consolidated Financial Statements

WesternOne Equity Income Fund

Notes to the Consolidated Financial Statements

March 31, 2009

(Unaudited)

1. BASIS OF PRESENTATION

These interim consolidated financial statements are prepared under Canadian generally accepted accounting principles and are stated in Canadian dollars. The consolidated financial statements include the accounts of the Fund, and its wholly owned subsidiaries: WesternOne Equity GP Inc. and WesternOne Equity Operating Trust. These two subsidiaries in turn include the accounts of their subsidiaries, WesternOne Equity LP, WEQ Production Equipment GP Inc., WEQ Production Equipment LP, WEQ Old Country Rentals GP Inc., WEQ Old Country Rentals LP, WEQ C&N Rentals GP Inc., WEQ C&N Rentals LP, WEQ Deerfoot Rentals GP Inc., WEQ Deerfoot Rentals LP, WEQ Heat & Propane GP Inc., and WEQ Heat & Propane LP.

These unaudited interim consolidated financial statements do not include all of the disclosures required by Canadian generally accepted accounting principles for annual financial statements and, accordingly, should be read in conjunction with the Fund's audited consolidated financial statements and notes for the year ended December 31, 2008. These unaudited interim consolidated financial statements follow the same accounting policies and methods of computation as used in the 2008 audited consolidated financial statements, except as outlined in note 2 below.

Certain comparative figures have been reclassified to conform with presentation adopted in the current year.

2. ACCOUNTING POLICIES AND ESTIMATES

a) *CICA HB Section 3064 – Goodwill and Intangible Assets*

Effective January 1, 2009, the Fund adopted the recommendation of Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3064, "Goodwill and intangible assets," which replaced the previous standards. This revised standard establishes guidance for the recognition, measurement and disclosure of goodwill and intangible assets, including internally generated intangible assets. The adoption of this standard did not have any impact on the Fund's consolidated financial statements or notes.

b) *CICA HB Section 1582 – Business Combinations*

In January 2009, the CICA issued Section 1582, Business Combinations, replacing Section 1581, "Business Combinations". This section establishes the standards for the accounting of business combinations, and states that all assets and liabilities of an acquired business will be recorded at fair value at the acquisition date. The standard also states that acquisition-related costs will be expensed as incurred and that restructuring charges will be expensed in the periods after the acquisition date. This new Section will be applicable to financial statements relating to fiscal years beginning on or after January 1, 2011. Earlier adoption is permitted. The Fund is currently assessing the future impact of this new standard on its financial statements.

c) *CICA HB Section 1601 – Consolidated Financial Statements*

In January 2009, the CICA issued Section 1601, "Consolidated Financial Statements", which replaces the existing standards. This section establishes the standards for preparing consolidated financial

WesternOne Equity Income Fund

Notes to the Consolidated Financial Statements

March 31, 2009

(Unaudited)

statements and is effective for fiscal years beginning on or after January 1, 2011. Earlier adoption is permitted. The Fund is currently assessing the future impact of this new standard on its financial statements.

d) Future accounting changes

In February 2008, the Accounting Standards Board confirmed the date of changeover from GAAP to International Financial Reporting Standards ("IFRS"). Canadian publicly accountable enterprises must adopt IFRS for their interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The Fund is currently developing its IFRS conversion plan and evaluating the effect of the new standards on its consolidated financial statements.

e) Change in Accounting Estimates

Effective January 1, 2009, the Fund prospectively changed its estimates of the useful life of its rental fleet. Previously the Fund had amortized the rental fleet based on straight-line amortization over ten years less the estimated salvage value. The Fund now amortizes its rental fleet based on the estimated remaining useful life of each item in the fleet on a straight-line basis less the estimated salvage value.

Property and equipment are recorded at cost. The Fund amortizes its property and equipment over their estimated useful lives on a straight-line basis as follows:

Rental fleet *	3-7 years
Tractors and trailers.....	7 years
Furniture, fixtures and equipment.....	5 years
Computer equipment and software.....	5 years
Leasehold improvements	lesser of 5 years and the initial term of the lease

**net of estimated salvage value.*

Amortization commences in the month in which the related assets are acquired, and therefore there is no reduction in the rate for the year of acquisition.

Management reviews these assets for impairment whenever changes in circumstances indicate that the carrying amount of an asset may not be recoverable from expected undiscounted future cash flows from their expected use and eventual disposition. If such assets are considered to be impaired, the impairment to be recognized is measured as the amount by which the carrying amount of the assets exceeds their estimated fair value. Any impairment is included in income for the period in which the impairment is recognized.

WesternOne Equity Income Fund

Notes to the Consolidated Financial Statements

March 31, 2009

(Unaudited)

3. PROPERTY AND EQUIPMENT

	March 31, 2009		
	Cost	Accumulated Amortization	Net Book Value
Rental fleet	\$ 35,586,380	\$ 5,150,520	\$ 30,435,860
Building	126,888	7,804	119,084
Land	481,133	-	481,133
Tractors and trailers	1,703,667	237,382	1,466,285
Furniture, fixtures and equipment	1,115,307	154,365	960,942
Computer equipment and software	313,436	79,143	234,293
Leasehold improvements	315,917	85,933	229,984
	<u>\$ 39,642,728</u>	<u>\$ 5,715,147</u>	<u>\$ 33,927,581</u>

	December 31, 2008		
	Cost	Accumulated Amortization	Net Book Value
Rental fleet	\$ 35,501,921	\$ 3,618,163	\$ 31,883,758
Building	126,888	6,149	120,739
Land	481,133	-	481,133
Tractors and trailers	1,707,350	181,306	1,526,044
Furniture, fixtures and equipment	1,093,185	99,146	994,039
Computer equipment and software	311,871	63,491	248,380
Leasehold improvements	311,167	70,257	240,910
	<u>\$ 39,533,515</u>	<u>\$ 4,038,512</u>	<u>\$ 35,495,003</u>

4. INTANGIBLE ASSETS

	March 31, 2009		
	Cost	Accumulated Amortization	Net Book Value
Customer relationships	\$ 27,517,223	\$ 4,516,424	\$ 23,000,799
Brand name	782,017	-	782,017
Franchise Agreements	1,164,448	109,167	1,055,281
Non-competition agreements	3,064,417	645,876	2,418,541
	<u>\$ 32,528,105</u>	<u>\$ 5,271,467</u>	<u>\$ 27,256,638</u>

	December 31, 2008		
	Cost	Accumulated Amortization	Net Book Value
Customer relationships	\$ 27,517,223	\$ 3,828,494	\$ 23,688,729
Brand name	782,017	-	782,017
Non-competition agreements	1,164,448	84,908	1,079,540
Supplier agreements	3,064,417	390,507	2,673,910
	<u>\$ 32,528,105</u>	<u>\$ 4,303,909</u>	<u>\$ 28,224,196</u>

WesternOne Equity Income Fund

Notes to the Consolidated Financial Statements

March 31, 2009

(Unaudited)

5. CREDIT FACILITIES

The Fund's credit facilities consist of the following:

	March 31, 2009		December 31, 2008
	Approved	Outstanding	Outstanding
Operating loans	\$ 5,750,000	\$ 1,773,011	\$ 1,978,657
Capital loans:			
Non-revolving	2,417,132	2,417,132	2,519,830
Revolving:	9,000,000		
Loan #1		1,206,306	1,244,185
Loan #2		491,286	510,144
Loan #3		732,435	766,327
Loan #4		1,395,189	1,440,668
Loan #5		718,079	740,794
Loan #6		1,821,934	1,880,233
Loan #7		593,677	-
Other Loans		848,045	878,411
	11,417,132	10,224,083	9,980,592
Acquisition loans:	24,952,645		
Loan #1		8,338,076	8,614,683
Loan #2		12,107,097	12,551,840
Loan #3		4,507,472	4,600,000
	24,952,645	24,952,645	25,766,523
Capital and Acquisition loans	36,369,777	35,176,728	35,747,115
Total Credit Facilities	\$ 42,119,777	\$ 36,949,739	\$ 37,725,772

The following table illustrates the funding dates, maturity dates and interest rates as at March 31, 2009 for the Capital and Acquisition Loans described above:

Loan	Funding Date	Maturity Date	Interest Rate at Mar. 31, 2009
Non-Revolving	August 14, 2006	August 13, 2011	3.70%
Revolving:			
Loan #1	August 14, 2006	August 13, 2011	3.70%
Loan #2	April 9, 2008	April 8, 2013	3.70%
Loan #3	May 27, 2008	May 26, 2013	3.70%
Loan #4	July 18, 2008	July 17, 2013	3.70%
Loan #5	September 26, 2008	September 25, 2013	3.70%
Loan #6	October 22, 2008	October 21, 2013	3.70%
Loan #7	January 30, 2009	January 29, 2014	3.70%
Acquisition Loans:			
Loan #1	February 15, 2008	February 14, 2013	4.00%
Loan #2	October 1, 2008	September 30, 2013	4.00%
Loan #3	December 31, 2008	December 30, 2010	4.00%

A single Canadian chartered bank (the "Bank") has made the above credit facilities, available to various entities indirectly owned by the Fund to finance day-to-day operations, capital expenditures, and acquisitions.

WesternOne Equity Income Fund

Notes to the Consolidated Financial Statements

March 31, 2009

(Unaudited)

The Bank has provided the operating loans payable upon demand. The operating loans are at the Bank's prime rate plus 1% to 1.25% and are secured by 50% of inventory and 75% of acceptable (as defined in the operating loan agreement) accounts receivable, minus priority claims. The operating loan has no stated maturity date.

The capital and acquisition loans are repayable on demand, and unless and until demanded in monthly installments with interest, at the Fund's option, at the Bank's prime rate plus a range of 1.2% to 1.5%, or a stamping fee with a range of 2.7% to 3.0% above the Bank's banker's acceptance rate. Unless repaid on demand to the Bank, the non-revolving capital loan shall be repaid in full by August 13, 2011. Unless repaid on demand to the Bank, the revolving capital and acquisition loans shall be repaid in full on the fifth anniversary of the date of such advance made, except for \$4,600,000 to be repaid in full by December 30, 2010. The costs of obtaining the capital and acquisition loans are being amortized over the terms of the respective loan, resulting in an effective interest rate at March 31, 2009 of 3.94% (2008 – 4.97%) for the capital loans and 4.30% (2008 – 5.30%) for the acquisition loans.

On July 2, 2008, the Fund entered into an interest rate swap with the Bank. The swap has a three-year term, a notional value of \$9,312,000 at the commencement of the swap, and a fixed rate of 4.08% plus a stamping fee of 3.0% as at March 31, 2009. The Fund has not applied hedge accounting to this swap, and as a result recorded a financial derivative liability of \$513,157 at March 31, 2009. The Fund marks the value of this derivative to market every quarter, and any resulting gains/losses are recorded in net income.

The fair value of debt was determined using the discounted cash flow forecast ("DCF"), at an appropriate market discount rate as at March 31, 2009. The fair value of the interest rate swap was determined by discounting the future expected net cash flows of the fixed and variable interest payments using observable market data.

The credit facilities have covenants specifying a minimum current ratio of 1.25 to 1.0, a maximum funded debt to earnings (as defined in the credit agreement) ratio of 3.0 to 1.0, a minimum debt service coverage ratio of 1.25 to 1.0, and a restriction on increases in distributions to Unitholders and future acquisitions without the prior written consent of the Bank. For purposes of calculating the current ratio, 25% of the capital and acquisition loans that are due within one year are included in current liabilities. As at March 31, 2009 the Fund was in compliance with all bank covenants.

A general security agreement providing a charge over all assets of the Fund has been provided as collateral to the Bank.

Assuming that the contractual requirements of the capital and acquisition loans are met, and the demand feature is not exercised by the Bank, the minimum principal repayments required are as follows:

April 1 to December 31, 2009	\$ 3,826,518
2010	8,760,768
2011	6,784,228
2012	4,486,158
2013	11,354,545
2014	<u>194,318</u>
	35,406,535
Balance of transaction costs to amortize	<u>(229,807)</u>
	<u>\$ 35,176,728</u>

WesternOne Equity Income Fund

Notes to the Consolidated Financial Statements

March 31, 2009

(Unaudited)

6. TERM MORTGAGE

The Fund has obtained, through a wholly-owned indirect subsidiary, a term mortgage, during 2008. The initial term of this mortgage is 4 years, and is being amortized over a period of 15 years. The fixed nominal interest rate of the mortgage is 6.5%, and the effective interest rate, including the amortization of transaction costs is 7.37%. This mortgage consists of blended principal and interest payments. At the end of the initial four-year term (April 11, 2012), a principal amount of \$303,349 will remain outstanding. A general security agreement providing a charge over all assets of the Fund has been provided as collateral to the lending institution. The minimum principal payments of the initial term of this mortgage are as illustrated:

April 1 to December 31, 2009	\$ 11,837
2010	16,815
2011	17,941
2012	<u>309,574</u>
	356,167
Balance of transaction costs to amortize	<u>(7,786)</u>
	348,381
Less current portion	<u>(16,014)</u>
	<u>\$ 332,367</u>

The fair value of the term mortgage is not materially different from its carrying value.

7. FUTURE INCOME TAXES

The reconciliation to statutory tax rate is as follows:

	March 31, 2009	March 31, 2008
Earnings/(loss) before taxes	\$ 1,544,613	\$ 984,363
Statutory tax rate	30.25%	32.50%
Expected tax expense/(recovery)	\$ 467,245	\$ 319,918
Current period's loss/(income) not deductible/taxable for tax purposes	(467,245)	(319,918)
Increase in future income tax recovery resulting from a change during the period in temporary differences expected to reverse after 2010	(634,870)	244,749
Future income tax expense/(recovery)	(634,870)	244,749

The temporary differences comprising the future income tax asset/(liability) are estimated as follows:

	March 31, 2009	December 31, 2008
Future income tax asset/(liability):		
Issue costs	\$ (1,865)	\$ (1,845)
Intangible assets	2,126,940	2,156,169
Property, plant and equipment	1,721,435	1,065,778
Others	(9,636)	(18,098)
	<u>\$ 3,836,874</u>	<u>\$ 3,202,004</u>

WesternOne Equity Income Fund

Notes to the Consolidated Financial Statements

March 31, 2009

(Unaudited)

8. SERIES A DEBENTURES

The following summarizes the face and carrying value of the liability and equity component of the Series A Debentures at March 31, 2009:

	Liability Component		Equity Component
	Face Value	Carrying Value	Carrying Value
Balance as at December 31, 2008	\$ 9,701,900	\$ 8,343,855	\$ 1,092,570
Amortization and Accretion		107,910	
Balance as at March 31, 2009	\$ 9,701,900	\$ 8,451,765	\$ 1,092,570

The fair value of Series A Debentures, which was determined using the closing price at the Toronto Stock Exchange as at March 31, 2009, was \$8,343,634 (2008 – \$7,955,558 for all outstanding debentures).

9. FUND UNITS

An unlimited number of Units may be created and issued by the Fund pursuant to the Declaration of Trust. Each Unit is transferable and represents an equal undivided beneficial interest in any distributions from the Fund. The Units are not subject to future calls or assessments, and entitle the Unitholders thereof to one vote at all meetings of voting Unitholders. The Units are redeemable at any time on demand by the holders thereof, subject to certain terms and conditions.

The following summarizes changes to the Fund's Units for the three months ended March 31, 2009:

	Fund Units*	Fund Units Outstanding	Exchangeable Units Outstanding†
Balance as at December 31, 2008	\$ 39,822,704	13,216,865	125,000
Issuance of Units from offering	1,924,805	558,659	-
Balance as at March 31, 2009	\$ 41,747,509	13,775,524	125,000

* Amounts are net of transaction costs where applicable.

† On February 15, 2008, pursuant to the acquisition of the assets of Deerfoot, Deerfoot LP, an indirect subsidiary of the Fund, issued 125,000 exchangeable units ("Exchangeable LP Units") at \$4.00 per unit for net proceeds of \$500,000. Under the terms of the exchange agreement dated February 15, 2008, the Exchangeable LP Units are convertible to Units of the Fund on a one-for-one basis at the option of the holder. The Exchangeable LP Units do not have voting rights, but have economic rights equivalent to the Fund's Units.

During the period from the creation of the Fund on June 14, 2006 to March 31, 2009, a total of 13,775,524 Units and 125,000 Exchangeable LP Units were issued for \$46,185,557 excluding offering costs.

On February 19, 2009, the Fund issued 558,659 Units in a private placement Units, for net proceeds of \$1,924,805 after deducting expenses of \$198,099.

WesternOne Equity Income Fund

Notes to the Consolidated Financial Statements

March 31, 2009

(Unaudited)

At closing of the Offering, the Fund granted the agents an option (“Agents’ Options”) to purchase a certain number of Units equal to 5% of the Units issued under the Offering. The price to purchase the Units was equal to the price under the Offering, which was \$3.50 per Unit. The Agents’ Options will expire on August 14, 2009. As at March 31, 2009, the fund had 170,866 of such Agents’ Options unexercised.

10. COMMITMENTS

(a) *Minimum operating lease commitments*

The Fund, through its indirectly owned subsidiaries, has entered into operating lease agreements for its operating assets. The leases require monthly payments, and have maturity dates ranging from June, 2009 to August, 2014. The minimum operating lease commitments, over the next five years, are as follows:

April 1 to December 31, 2009	\$ 473,378
2010	541,694
2011	343,622
2012	208,575
2013	76,113
Thereafter	25,751

(b) *Minimum rental commitments*

The Fund, through its indirectly owned subsidiaries, has the following minimum rental commitments for premises over the next five years:

April 1 to December 31, 2009	\$ 1,005,100
2010	1,331,292
2011	1,278,331
2012	1,140,914
2013	923,628
Thereafter	3,723,674

The Fund periodically rents temporary space on an as required basis.

11. CAPITAL LEASES

The Fund, through one of its indirectly owned subsidiaries, has entered into capital lease agreements for assets that are part of the rental fleet. The leases have maturity dates ranging from June, 2010 to February, 2014, at imputed interest ranging from 4.7% to 9.2%, and all capital lease agreements have the option or requirement to purchase the assets at the end of the lease. The assets are being amortized consistent with the fund’s amortization policy (see note 2), and at March 31, 2009 had a book value of \$345,081, with \$11,644 in accumulated amortization.

WesternOne Equity Income Fund

Notes to the Consolidated Financial Statements

March 31, 2009

(Unaudited)

The following table illustrates the lease commitments:

April 1 to December 31, 2009	\$ 143,982
2010	106,498
2011	21,020
2012	21,020
2013	21,020
Thereafter	<u>21,086</u>
	334,626
Less: Amount Representing Interest	<u>33,313</u>
	301,313
Less: Current Portion	<u>(177,750)</u>
Non-current Portion	<u>\$ 123,563</u>

The fair values of the capital leases are not materially different from their carrying values.

12. FINANCIAL INSTRUMENTS

Liquidity risk

Liquidity risk is the risk that the Fund will not be able to meet its obligations as they fall due.

The Fund manages its liquidity risk through cash and debt management. As at March 31, 2009, the Fund had available unused approved credit facilities of \$5,170,038. The Fund also has accounts receivable of \$8,025,234, and cash and cash equivalents totalling \$4,887,150.

As at March 31, 2009, the timing of cash outflows relating to financial liabilities and capital lease obligations are outlined in the table below, for those items that have changed significantly from the notes to the consolidated financial statements as at December 31, 2008:

	1 year	2-3 years	4-5 years	beyond 5 years	Total	Carrying Value
Accounts payable and accrued liabilities	\$ 3,925,872				\$ 3,925,872	\$ 3,925,872
Equipment financing payable	88,544	75,932			164,476	164,476
Capital Leases	177,750	72,019	51,544		301,313	301,313

13. RELATED PARTY TRANSACTIONS

(a) Purchase of equipment

During the period of January 1 to March 31, 2009, the Fund purchased equipment from a company in which a board member of the Fund has a controlling interest, for \$131,397 (2008 - \$156,005). These transactions arose during the normal course of business and have been recorded at fair market value.

(b) Rental Obligations

The Fund currently rents premises in various locations from companies in which employees of the Fund hold certain interests. During the period of January 1 to March 31, 2009, the Fund has paid \$215,623 in such rent (2008 - \$13,105). The rent between the parties is at fair market value.

WesternOne Equity Income Fund

Notes to the Consolidated Financial Statements

March 31, 2009

(Unaudited)

14. UNIT BASED COMPENSATION

At March 31, 2009, the Fund had a unit-based compensation plan in place, as described below. Grants under this plan are accounted for according to the fair value based method of accounting for unit-based compensation. The plan was initiated on August 14, 2006. For the three months ended March 31, 2009, the Fund recognized \$12,644 of compensation expense (2008 - \$Nil).

On July 9, 2008, the Fund granted options to acquire 463,000 units to directors, trustees and other employees. Under this plan, the exercise price of each option is equal to the market value of the unit at the date of grant. These options vest evenly over five years. The expiry of the options is ten years from the date of initial grant.

A summary of the details of the options granted follows:

	Number of Options	Exercise Price	Weighted Average Exercise Price
Outstanding, at January 1, 2008	-	-	-
Granted	463,000	\$ 4.90	\$ 4.90
Exercised	-	-	-
Forfeited	-	-	-
Outstanding, at December 31, 2008	463,000	\$ 4.90	\$ 4.90
Granted	-	-	-
Exercised	-	-	-
Forfeited	-	-	-
Outstanding, at March 31, 2009	463,000	\$ 4.90	\$ 4.90
Exercisable at March 31, 2009	-		
Weighted average fair value of options granted to March 31, 2009		\$ 0.55	

The following table illustrates the fixed unit options outstanding, as of March 31, 2009:

	Outstanding Options			Options Exercisable	
	Number Outstanding March 31, 2008	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Number Exercisable March 31, 2008	Weighted Average Exercise Price
Range of Exercise Prices:					
\$ 4.90	463,000	9.2 years	\$ 4.90	-	-

The fair value of each option granted was estimated on the date of grant using the Black-Scholes options pricing model. The following table illustrates the assumptions of the model:

Grant date of options:	Annual Dividend Yield of Options	Volatility	Risk-Free Interest Rate	Expected life of the options
July 9, 2008	13.00%	52.25%	4.07%	10 years

WesternOne Equity Income Fund

Notes to the Consolidated Financial Statements

March 31, 2009

(Unaudited)

15. SEGMENTED REPORTING

The Fund operates in two reportable segments: British Columbia Platform and Alberta Platform, based on the way that management organizes its business for making operating decisions and assessing performance. Both platforms are engaged in the business of equipment rentals, sales and services and involve similar products, processes and marketing strategies. The Alberta platform is also involved in the business of fuel wholesale and distribution.

The method used for the allocation of assets jointly used by the operating segments and costs and liabilities jointly incurred (mostly corporate costs) between the operating segments is based on a proportion of each segment's assets, and for revenues and expenses on a proportion of each segment's revenue.

For the three-months ended March 31	British Columbia		Alberta		Consolidated	
	2009	2008	2009	2008	2009	2008
Total segment revenue	4,824,992	6,047,224	9,275,002	1,319,929	14,099,994	7,367,153
Earnings before interest, tax, depreciation, amortization, writedown of assets, and foreign exchanges gains/(losses)	1,102,216	1,793,918	3,910,128	555,008	5,012,344	2,348,926
Depreciation and amortization						
Property and equipment	1,155,939	452,083	551,787	57,334	1,707,726	509,417
Intangible and other assets	368,764	387,417	598,794	58,157	967,558	445,574
Identifiable assets excl goodwill	41,036,288	44,437,500	39,283,291	14,070,741	80,319,579	58,508,241
Goodwill	2,726,614	3,260,850	5,703,804	2,210,661	8,430,418	5,471,511
Total identifiable assets	43,762,902	47,698,350	44,987,095	16,281,402	88,749,997	63,979,752
Net purchases of property and equipment during the period (net of business acquisitions)	242,257	1,991,244	17,556	307,827	259,813	2,299,071