

# Crocus Investment Fund

September 30, 2007 Quarterly Report

# Table of Contents

1.0	Background .....	1
2.0	Activities of the Receiver.....	2
3.0	Operations.....	4
4.0	Financial Position .....	5
4.1	Financial Highlights .....	5
4.2	Liquidity .....	6
5.0	Portfolio .....	7
5.1	Status and Valuation .....	7
5.2	Exit Agreements being Negotiated.....	8
5.3	Third Party Management .....	8
5.4	Investments in Litigation .....	9
5.5	Longer Term Investments .....	11
6.0	Contingent Liabilities .....	12
6.1	Class Action Proceedings.....	12
6.2	Indemnifications .....	13
6.3	Western Economic Diversification.....	14
6.4	Trailer Fees.....	14
6.5	Guarantees/Other .....	14
7.0	Share Value .....	15
8.0	Shareholders.....	17
8.1	Communications.....	17
9.0	Records Review .....	18
10.0	Legal .....	19
10.1	RCMP Investigation .....	19
11.0	General .....	20

## Appendices

Appendix 1 – Crocus Financial Statements as at September 30, 2007

Appendix 2 – Statement of Receipts and Disbursements to September 30, 2007

# 1.0 Background

On June 28, 2005, pursuant to an application made by the Manitoba Securities Commission (“MSC”) under Section 27 of *The Securities Act*, the Court of Queen’s Bench (the “Court”) made an Order appointing Deloitte & Touche Inc. (“Deloitte” or the “Receiver”) as Receiver and Manager of the Crocus Investment Fund (“Crocus” or the “Fund”). The Receiving Order appointed Deloitte as Receiver over all of Crocus’ current and future assets, undertakings and properties and granted the Receiver powers to carry out its duties as outlined in the Order.

The purpose of this Report is to report on the activities of the Receiver as well as to provide an update on the financial position of the Fund. The Report will cover the Receiver’s operations and activities since the June 30, 2007 Quarterly Report.

## 2.0 Activities of the Receiver

The following summarizes the major activities of the Receiver since June 30, 2007:

- Preparation of the June 30, 2007 and September 30, 2007 Quarterly Reports.
- Meeting and corresponding with various parties interested in acquiring certain of the investee companies.
- Ongoing discussions and correspondence with Chubb Insurance regarding coverage under the Directors and Officers policy.
- Supervising and directing Crocus staff retained by the Receiver.
- Meeting and corresponding with individual Crocus shareholders.
- Monitoring the status of the action commenced by Bernard W. Bellan under *The Class Proceedings Act* (the "Class Action") as well as the status of the Manitoba Securities Commission ("MSC") hearings brought against the former members of the Board of Directors of Crocus and various other parties.
- Preparation of materials and attendance at hearings in the Class Action proceedings.
- Day to day monitoring of the investee companies and discussions with various stakeholders of the investees about the possible courses of action respecting Crocus' investment in the investees.
- Ongoing discussions and negotiations with certain of the investee companies about possible exit strategies for Crocus.
- Meetings and discussions regarding debt agreements with certain of the investee companies.

- Corresponding with Colorado counsel and the Court Appointed Receiver of COH Holdings Inc. (“COH”) regarding the settlement agreement.
- Correspondence and meetings with counsel regarding the investment in the Winnipeg Goldeyes Baseball Club Inc. (“Goldeyes”) and the statement of claim for unpaid interest.
- Fulfilling the duties of Crocus as General Partner of the Manitoba Science & Technology Fund.
- Corresponding with pension authorities and plan actuary about wind-up of the Crocus pension fund.
- Preparation of various tax filings for Crocus and related entities.
- Discussions with the third party manager engaged to manage certain of the Crocus investments on behalf of the Receiver.
- Review of Crocus’ books and records and preparation of a Report as outlined in Receiver’s Report No. 9.

## 3.0 Operations

The ongoing activities of Crocus consist of investment monitoring, financial reporting, shareholder services and tax reporting as well as information technology. The Receiver presently employs four (4) staff members.

The Receiver continues to occupy approximately one half of the 5<sup>th</sup> floor of the Crocus premises at 211 Bannatyne Avenue. The balance of the space which Crocus leased has been sublet.

## 4.0 Financial Position

Financial statements for Crocus have been prepared for the fourth fiscal quarter ended September 30, 2007 and are attached as Appendix 1. The statements are internal and unaudited, and have been prepared in a manner consistent with the financial information that was formerly provided to Crocus shareholders with the exception that the portfolio valuation is carried at the June 28, 2005 value, unless the investment has been realized upon. The June 28, 2005 value was derived from the external valuations which were completed after Crocus ceased trading in December 2004.

### 4.1 Financial Highlights

The following are the financial highlights for the fourth quarter and fiscal year ended September 30, 2007:

- Net Income for the quarter was approximately \$324,000. Net Income for the year totalled \$215,000.
- Investments in cash, bonds, GIC's and Banker's Acceptances of approximately \$58.1 million.
- Approximately \$5.2 million in accounts receivable. The majority of the balance outstanding represents proceeds due from the sale of two portfolio investments. Pursuant to the sale arrangement with one investee, a portion of the sale price is contingent on the future earnings of the investee.
- Net carrying value as at June 28, 2005 of the remaining Crocus portfolio of investees is approximately \$24.9 million.
- Accounts payable of \$1.0 million which includes accrued legal fees as well as a provision for liability relating to the pension plan.

## 4.2 Liquidity

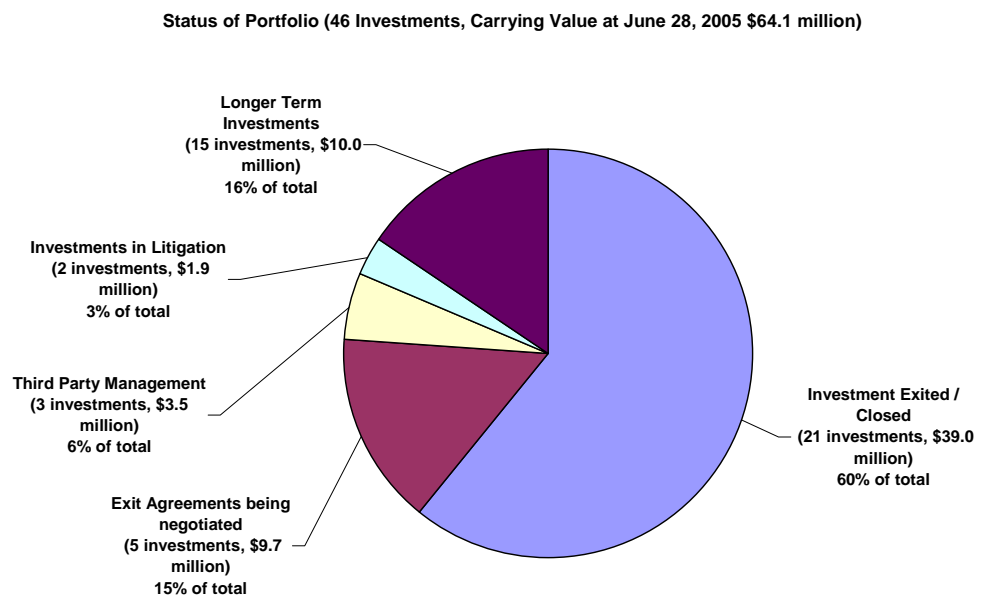
As is noted above, Crocus has approximately \$58.1 million in cash and equivalents representing a \$1.3 million increase from the previous quarter. The Receiver is maintaining a conservative investment policy for these funds which consists of investing in government bonds, GIC's and Banker's Acceptances. Approximately \$0.4 million of the funds is considered sequestered pursuant to an agreement whereby Crocus guaranteed advances made by Assiniboine Credit Union ("ACU") to certain investee companies in the Crocus portfolio.



# 5.0 Portfolio

## 5.1 Status and Valuation

As at June 28, 2005, there were 46 individual investee companies in the Crocus portfolio with a gross carrying value of \$64.1 million. The Receiver has categorized the current status of the portfolio as follows:



As noted in previous reports, one of the overriding issues with the Crocus portfolio is that the majority of agreements entered into between Crocus and the investee companies did not provide for any exit mechanism. Accordingly, the Receiver continues to monitor and discuss exit strategies with many of the remaining investees. The position of the majority of the investees is that they prefer to negotiate an arrangement whereby the investee company and/or the existing non-Crocus shareholder(s) of the investee would buy Crocus' interest from the Receiver.

Negotiations and discussions are ongoing. During the quarter, the Receiver closed the sale of Crocus' interest in the Manitoba Property Fund Limited Partnership and Salisbury House of Canada Ltd. In addition, a settlement agreement on COH was

approved by the Colorado Court in August 2007. Cumulatively to September 30, 2007, 21 of the 46 investments within the Crocus portfolio have been realized upon, or are considered closed. There are 25 investments remaining.

In summary, since its appointment the Receiver has realized proceeds of approximately \$42.6 million for investments with a June 28, 2005 book value of approximately \$39.0 million representing a recovery of approximately 108%. Crocus' carrying value for these investments when it ceased trading in December 2004 was approximately \$64.8 million, which would represent a recovery of approximately 66%. In addition, since its appointment the Receiver has also eliminated exposure on approximately \$2.3 million in guarantees that had been reserved.

The Receiver remains of the view that the original estimated timetable of approximately five (5) years to deal with the majority of the Crocus portfolio is reasonable. The Receiver also continues to remain of the view that the cost would outweigh the benefit in revaluing the portfolio on an ongoing basis given that the Fund is not trading and, accordingly, for the present, the valuation of all remaining investees within the portfolio has been frozen at their June 28, 2005 values. The Receiver has in the past and will continue to update investee valuations prior to entering into negotiations for sale.

## **5.2 Exit Agreements being Negotiated**

The Receiver continues discussions with a number of the investee companies regarding possible exit of Crocus' interest. Currently there are five (5) investees with a carrying value of approximately \$9.7 million where varying levels of discussions are taking place. Based on the current level of negotiations, it is anticipated that some or all of these transactions will close on or before December 31, 2007.

## **5.3 Third Party Management**

One investee, Manitoba Science and Technology Fund ("MS&T"), is a limited partnership holding several science and technology investments. Crocus is an

investor in the fund and is the sole owner of the General Partner. A number of the investments held by the limited partnership are common to the investments held by Crocus. The limited partners have given the General Partner a mandate to wind-down the partnership.

The Receiver has concluded an agreement with a third party manager with expertise in science and technology types of investments. The agreement provides that the manager, acting as agent, will oversee the ongoing development of these companies and work towards putting appropriate exit strategies in place. The agreement covers certain investments within Crocus as well as MS&T.

#### **5.4 Investments in Litigation**

This category includes two (2) Crocus investments (Ezedia and Goldeyes) with a carrying value of \$1.9 million. During the current quarter, a settlement agreement was reached regarding COH which is detailed below. The COH investment is now considered closed however it is anticipated that further funds will be received.

Details are as follows:

- Prior to the appointment of Deloitte as Receiver of Crocus a privately appointed receiver of the assets of Ezedia had been appointed. Crocus had honoured its obligation under a guarantee to the primary lender of Ezedia and claimed the net proceeds of the sale of assets of Ezedia (approximately \$164,000) pursuant to subrogation language within the guarantee agreement. Deloitte filed a Notice of Application in Court for a declaration that the net proceeds of sale from the assets of Ezedia be paid to the Receiver. The matter was contested and a hearing was held on June 14, 2006. In a judgment delivered on July 7, 2006, Madam Justice McCawley ruled that Deloitte is entitled to the net sale proceeds of Ezedia currently being held in trust. On September 21, 2006 a further hearing was held to clarify the terms of the Order and the amount of costs to be awarded to the Receiver. The Court upheld the positions advanced by the Receiver. A

Notice of Appeal was filed and was heard on October 3, 2007. The Court of Appeal reserved its decision.

- Deloitte had initiated formal recovery proceedings through the appointment of a Court Appointed Receiver of COH after its board and staff resigned and the company ceased operations. At that time, there were approximately \$1.5 million (US dollars) of funds on hand. The Court Appointed Receiver of COH has obtained possession of the funds and has established a claims administration process. The Receiver filed a claim on behalf of Crocus. At the same time, Gerry Hogue, the former CEO of COH, and his wife Nancy Hogue filed a claim against COH and Crocus in the State of Colorado for approximately \$32.0 million (US dollars). Deloitte responded to the claim in the Colorado Court with the position that leave of the Manitoba Court should have been obtained prior to proceeding with a claim against Crocus in Colorado. On February 28, 2006 the Colorado Court ruled that, in the interests of international comity, it would defer ruling on Crocus' motion to dismiss until the Manitoba Court acted on the plaintiff's motion for leave to continue the action against Crocus in Colorado. A hearing in the Court of Queen's Bench was held to deal with the plaintiff's motion. On August 31, 2006 Madam Justice McCawley issued a decision denying the motion. On November 15, 2006 the Colorado Court granted the Receiver's motion to stay the claim against it in Colorado until completion of the claims procedure in the Crocus Receivership or until further Order of the Manitoba Court. Since that time there have been a number of claims filed against the assets of COH such that if all claims are valid, there will be no recovery for Crocus as a preferred shareholder. Deloitte has taken the position that the other claims are either overstated or invalid. Recently, the Court Appointed Receiver of COH has recommended to the Colorado Court a settlement of a claim by Gerry and Nancy Hogue. Deloitte opposed the proposed settlement, which was objected to by the Court Appointed Receiver of COH, which ultimately led to further settlement discussions amongst all parties. In June 2007, a preliminary settlement arrangement was negotiated amongst all

parties which would see the action against Crocus dismissed as well as Crocus recovering a portion of the funds and assets within the COH estate. The settlement agreement was subject to approval by the Colorado Court, which approval was obtained in August 2007. The settlement included a cash payment to the Receiver along with a continued interest in a Manitoba based company and dismissal of the \$32.0 million lawsuit against Crocus. It is anticipated that the receipt of the settlement funds will occur prior to the end of October 2007.

- On November 29, 2006 the Receiver issued a statement of claim against the Goldeyes for unpaid interest which at the time totalled approximately \$306,000. A statement of defence was received and has been reviewed by the Receiver and counsel. The Receiver has filed a motion to have this matter dealt with summarily by the Court. Counsel for the Goldeyes requested an examination of the Receiver on its affidavit and brought a motion seeking an Order to compel the Receiver to produce certain documents. The Receiver has produced the documents sought and the Goldeyes' motion was not proceeded with, although costs of that motion remain to be argued. The parties have recently been engaged in a series of cross-examinations on affidavits. No date for the summary judgment motion has as yet been set.

## **5.5 Longer Term Investments**

Fifteen (15) investments with a carrying value of \$10.0 million are currently considered longer term investments. In the opinion of the Receiver, transactions with these investees in the short term are unlikely. The Receiver continues to monitor these investees and, where deemed appropriate, has taken Board positions.

# 6.0 Contingent Liabilities

Previous Quarterly Reports outlined a number of contingent liabilities of the Fund. The following is an update on developments regarding known contingent liabilities. The Receiver, however, cannot provide any assurance that all contingent liabilities of the Fund have been identified.

## 6.1 Class Action Proceedings

The Receiver continues to monitor the Class Action suit that has been brought by the Crocus shareholders against Crocus, Crocus Capital Inc. and 21 other defendants. The Class Action suit seeks \$150 million in damages from the defendants for negligence and oppression as well as punitive and exemplary damages. A second Class Action was subsequently filed against the Government of Manitoba.

A series of motions to strike the Class Action suit as disclosing no reasonable cause of action together with motions for particulars regarding the pleadings, among other things, were heard May 22 – 25, 2007. A motion brought by the Government of Manitoba to strike the claim as against it was heard on June 27, 2007. The case management Judge reserved his decision on most of the motions and tentatively set September 24 – 28, 2007 for certification hearings. The Court has now handed down its decisions on the motions argued in June, some of which have now been appealed. In the meantime, many of the Defendants brought a motion seeking an Order compelling the Receiver to submit to an examination to produce a wide range of documentation. The Receiver opposed the motion on the grounds that it was premature as the Receiver's Records Review would be ready for delivery shortly and it may contain at least some of the information being sought. In addition, the Receiver took the position that there was an insufficient basis to order such a wide ranging search as had been framed in the motions. The motions were heard on September 24, 2007 and the case management Judge dismissed those motions, although giving the parties a right to bring similar motions in the future.

In the meantime, given the procedural difficulties which prevented the motion for certification to be heard in September, the case management Judge rescheduled the dates for hearing the motion for certification to be the week of January 14, 2008.

## 6.2 Indemnifications

Prior to the appointment of the Receiver, there had been an investigation of Crocus by the Office of the Auditor General ("OAG") as well as an investigation into the conduct of Crocus and its directors and officers by the MSC. In total, 17 former officers and directors were named in the investigations and proceedings. The By-Laws of Crocus, as well as certain provisions contained in certain severance agreements, make provision for indemnification of officers and directors. In addition, Crocus had contractually indemnified its former lead brokers, which are also named as defendants in the Class Action.

In January 2006, Madam Justice McCawley ordered that Crocus, through the Receiver, is responsible for paying the ongoing legal costs of the various directors and officers named in the Class Action as well as those parties named in the regulatory proceedings brought by the MSC. The decision was appealed by the Class Action plaintiff, which was heard by the Court of Appeal on November 30, 2006. In a decision rendered in March 2007, the Court of Appeal upheld the lower Court's decision ordering the Receiver to pay the outstanding legal costs on behalf of the former directors and officers of Crocus. The Receiver has received certain statements of accounts for legal fees on behalf of the former directors and officers and is in the process of reviewing and assessing those accounts.

Crocus had maintained insurance coverage on behalf of directors and officers (but not on behalf of the lead brokers) to cover claims. The coverage is limited to \$5,000,000, with a \$100,000 deductible which has been paid by the Receiver. At present, the insurer has denied coverage for those legal costs related to the MSC and OAG investigations. A statement of claim was filed by the Receiver against the insurer asking the Court to declare that the legal costs associated with the MSC and OAG investigations are covered by the policy of insurance.

### **6.3 Western Economic Diversification**

As previously reported, the Receiver became aware of a potential claim by the Government of Canada – Western Economic Diversification (“WED”) relating to \$2.0 million in contributions made by WED to Crocus from 1994 to 1996. Portions of the contributions were repayable by Crocus on an annual basis from 1996 to 2008 if certain profitability levels were achieved. The profitability levels were not reached and, as a result, no payments were made. WED has indicated that it believes it has an unsecured creditor claim against Crocus. The claim, if valid, would rank in priority to the shareholders of Crocus. This claim was not known or recorded as at June 28, 2005 and accordingly, if valid, would result in a decrease to the unit value of Crocus. This matter remains under review.

### **6.4 Trailer Fees**

Crocus paid referring brokers/agents a commission, a portion of which was payable over the hold period of the investment. Based on a share price of \$6.14, the estimated liability for such commissions is approximately \$1.5 million. As the ultimate amount of repayment to shareholders is unknown, no liability for trailer fees has been accrued in the financial statements.

### **6.5 Guarantees/Other**

Crocus had guaranteed the indebtedness of certain advances to its investee companies from various lenders. There remain outstanding two (2) guarantees with the corresponding exposure to Crocus being approximately \$0.4 million. Currently, the loans that Crocus guaranteed are being repaid by the investees. The Receiver does not anticipate being called upon to honour the remaining guarantees and, as such, at this time has not accrued any liability as of September 30, 2007.

In addition to the indemnifications outlined in Section 6.2 above, the Receiver is aware of one (1) additional indemnity provided by Crocus relating to an investee company which remains outstanding.



## 7.0 Share Value

The net asset value per share (“share value”) as at September 30, 2007 was \$6.14. As noted in previous reports, the Receiver emphasizes that the share value of \$6.14 is an accounting book value partially based on the June 28, 2005 carrying value of the investment portfolio.

Future events will determine the ultimate realizable value of the portfolio. Those events include determination of amounts that Crocus will have to pay in order to settle known and contingent liabilities, including payment on various indemnities. Such matters may have a material effect on the share value which is ultimately available for distribution to Crocus shareholders. The Receiver continues to believe that the total amount of claims against Crocus may be significant in light of the current investigations and the Class Action against the Fund. The future events identified to date include:

- Possible further increases/reductions in the value of the portfolio as a result of ongoing investee performance.
- The length of time taken to realize on the portfolio.
- The extent of guarantees which Crocus, through the Receiver, may be required to honour.
- Professional costs incurred by the Receiver and its counsel as a result of current and future litigation.
- Costs and damages for which Crocus may become liable and the Receiver may have to pay as a result of indemnities granted by Crocus.
- Costs and damages for which Crocus may become liable as a result of the Class Action.

- Any provision for the costs of the difference between the head lease and subleases for the premises maintained by Crocus.
- The additional liability, if any, for the trailer fees payable to agents/brokers.
- Any additional guarantees or indemnities granted by Crocus which have not yet been identified.
- All other costs of monitoring the portfolio and realizing on the assets.

The Receiver will continue to provide updates on the share value in its Quarterly Reports.

# 8.0 Shareholders

## 8.1 Communications

The Receiver has continued to post Court Orders, Receiver's Reports, Quarterly Reports, Media Statements and shareholder letters on its website at [www.deloitte.com/ca/crocusfund](http://www.deloitte.com/ca/crocusfund).

## 9.0 Records Review

Receiver's Report No. 9 outlined the Receiver's plans regarding an investigative review ("the Review") of the records of Crocus. In September 2006, the Receiver commenced an investigative review of the records of Crocus primarily as they relate to investments made by Crocus, many of which proved to be unsuccessful. The intent of the Review is for the Receiver to obtain and understand the history of these investments and to assess the possible validity of the allegations made in various reports and hearings as well as in the Class Action litigation. The Receiver believes that the Review may accelerate final resolution of these proceedings and minimize the costs of all parties.

The Report has now been completed and an application is being made on October 25, 2007 by the Receiver for the advice and direction of the Court as to the mode and extent of its distribution.

# 10.0 Legal

## 10.1 RCMP Investigation

Pursuant to Receiver's Report No. 8 and the Order of the Court dated October 19, 2005, the RCMP continues its investigation.

# 11.0 General

A Statement of Receipts and Disbursements from June 28, 2005 to September 30, 2007 is attached as Appendix 2.

The Receiver will continue to keep the Court apprised of ongoing developments with the next Quarterly Report to be filed in mid-January 2008.

Respectfully submitted this 15th day of October, 2007.

**DELOITTE & TOUCHE INC.**, in its capacity as Receiver and Manager of Crocus Investment Fund and not in its personal capacity.



Per: A. R. Holmes  
Senior Vice-President

# Appendix 1 – Crocus Financial Statements as at September 30, 2007

**Crocus Investment Fund**  
**Consolidated Statement of Net Assets**  
**As at September 30, 2007 (unaudited)**

**ASSETS**

Investments in Manitoba Businesses  
Investments in marketable securities  
Investments in marketable securities - sequestered

Cash  
Accounts receivable  
Capital assets

**LIABILITIES**

Accounts payable and accrued liabilities

**NET ASSETS**

**SHAREHOLDERS' EQUITY**

Share capital  
Deferred selling costs adjustment  
Deficit

**NET ASSET VALUE PER CLASS "A" COMMON SHARE and  
SERIES TWO CLASS "T" SPECIAL SHARE**

**September 30, 2007**

\$	24,856,568
	56,620,542
	400,000
	<hr/>
	81,877,109
	1,126,834
	5,221,477
	571,164
	<hr/>
	88,796,584

994,407

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**\$ 87,802,177**

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\$	188,014,669
	(9,134,637)
	(91,077,855)
	<hr/>
\$	87,802,177

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**\$ 6.14**

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**Crocus Investment Fund**  
**Consolidated Statement of Operations**  
**For the period ended September 30, 2007 (unaudited)**

**REVENUE**

Interest and dividend revenue  
Management fees & other

**EXPENSES**

Amortization of Capital Assets  
Occupancy  
Administrative, Office and Investment  
Legal - Receivership  
Legal - Other  
Receiver and Manager  
Records Review  
Salaries and Benefits

**OPERATING LOSS BEFORE NON-RECURRING ITEMS**

Amount realized in excess of June 28, 2005 carrying value

**INCOME FOR THE PERIOD**

	<b>Quarter Ending</b>	<b>Year to Date</b>
	<b>September 30, 2007</b>	<b>September 30, 2007</b>
	\$ 723,629	\$ 2,904,589
	276,921	678,820
	<u>1,000,550</u>	<u>3,583,410</u>
	30,982	123,019
	95,223	380,890
	245,213	526,287
	74,292	363,808
	89,785	236,933
	247,121	799,200
	325,958	1,073,868
	74,213	364,289
	<u>1,182,786</u>	<u>3,868,294</u>
	<u>(182,236)</u>	<u>(284,885)</u>
	506,481	500,274
	<u>\$ 324,244</u>	<u>\$ 215,390</u>

**Crocus Investment Fund**  
**Consolidated Statement of Deficit**  
**For the period ended September 30, 2007 (unaudited)**

**DEFICIT-Beginning of period, September 30, 2006**

Income for the period

**DEFICIT-END OF PERIOD**

**September 30, 2007**

\$ (91,293,245)

215,390

\$ (91,077,855)

**Consolidated Statement of Changes in Net Assets**  
**For the period ended September 30, 2007 (unaudited)**

**NET ASSETS - September 30, 2006**

**Operating activities**

Income for the period

**NET ASSETS - END OF PERIOD**

**September 30, 2007**

\$ 87,586,787

215,390

\$ 87,802,177

**Consolidated Statement of Investment Portfolio**  
**As at September 30, 2007 (unaudited)**

**Investments In Manitoba Businesses**

	<b>Debt Cost</b>	<b>Equity Cost</b>
Investments - Operating	\$ 8,327,678	\$ 28,412,838
Investments - Non Operating	7,065,526	13,483,628
	<hr/>	<hr/>
	15,393,204	41,896,466
<b>INVESTMENTS IN MANITOBA BUSINESSES AT COST</b>		57,289,670
<b>NET UNREALIZED DEPRECIATION OF INVESTMENTS IN MANITOBA BUSINESSES</b>		(32,433,102)
<b>NET INVESTMENTS IN MANITOBA BUSINESSES</b>		<hr/> <hr/>
		\$ 24,856,568

**Crocus Investment Fund**  
**Consolidated Statement of Investment Portfolio**  
**As at September 30, 2007 (unaudited)**

**BONDS AND DEBENTURES**

Province of Manitoba  
City of Winnipeg

	<b>Par Value</b>		<b>Amortized Cost</b>
\$	200,000	\$	200,000
	300,000		299,490
	<u>500,000</u>		<u>499,490</u>

**SHORT TERM INVESTMENTS**

Assiniboine Credit Union  
BMO Mortgage Corporation  
Canadian Western Bank  
HSBC  
RBC Dominion Securities  
Scotia Bank  
TD Waterhouse

	413,426		413,426
	5,000,000		5,000,000
	7,246,495		7,246,495
	5,217,811		5,217,811
	7,051,658		7,051,658
	15,023,543		15,023,543
	16,461,979		16,461,979
	<u>56,414,911</u>		<u>56,414,911</u>
	<u>56,914,911</u>		<u>56,914,401</u>

**NET UNREALIZED APPRECIATION OF INVESTMENTS  
IN MARKETABLE SECURITIES**

106,141

**INVESTMENTS IN MARKETABLE SECURITIES**

\$ 57,020,542

**Crocus Investment Fund**  
**Notes to the Consolidated Financial Statements**  
**For the period ended September 30, 2007 (unaudited)**

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**Net Asset Value of Class "A" Common Shares and Series Two Class "I" Special Shares**

The net asset value of the Fund's issued Class "A" Common Shares and Series Two Class "I" Special Shares is calculated as follows:

	<b>September 30, 2007</b>
Net assets - end of year	\$ 87,802,177
Less: Attributed to Class "L" Special Shares	<u>(200)</u>
Balance attributed to the Class "A" Common and Series Two Class "I" Special Shares	<u>\$ 87,801,977</u>
Number of issued Class "A" Common Shares	14,220,000
Number of issued Series Two Class "I" Special Shares	<u>69,126</u>
	14,289,126
<b>NET ASSET VALUE PER CLASS "A" COMMON SHARE and SERIES TWO CLASS "I" SPECIAL SHARE</b>	<u>\$ 6.14</u>

**Crocus Investment Fund**  
**Consolidated Statement of Investment Portfolio**  
**Investments in Manitoba Businesses**

		<b>Debt Cost</b>	<b>Equity Cost</b>
		\$	\$
<b>Investments - Operating</b>			
Biovar Life Support Inc.	Class "B" common shares	-	500,000
	Promissory note	350,000	-
Canad Corporation of Canada Inc.	Common shares	-	5,000,000
	Promissory note	46,939	-
Cando Contracting Ltd.	Class "A" common shares	-	1,816,141
Crocus Hockey Holdings Inc.	Common shares	-	5,067,524
Diamedica Inc.	Common shares	-	425,000
D.L.J.S. Enterprises Ltd.	Promissory note	133,678	-
Enterprise Swine Systems Ltd	Debenture	600,000	-
Enterprise Swine Systems II Ltd	Debenture	267,086	-
ESS Holding Company	Common shares	-	600,000
	Guarantee	557,512	-
Genesys Venture Inc.	Voting common shares	-	125,000
	Promissory note	100,000	-
Manitoba Science & Technology Fund	Class "A" limited partnership units	-	2,432,243
Medicure Inc.	Common shares and warrants	-	850,000
Minds Eye Pictures	Class "A" common shares	-	3,000,000
	Debenture	679,361	-
	Letter of credit	1,931,459	-
Muddy Waters Smokehouse	Promissory note	116,692	-
Novra Technologies Inc.	Common shares and warrants	-	1,249,999
	Debenture	777,197	-
Online Enterprises Inc.	Class "A" common shares	-	5,500,003
Pasta La Vista	Common shares	-	75,671
	Promissory note	118,883	-
	Debenture	172,965	-

**Crocus Investment Fund**  
**Consolidated Statement of Investment Portfolio**  
**Investments in Manitoba Businesses**

**Investments - Operating (cont'd)**

		<b>Debt Cost</b>	<b>Equity Cost</b>
		\$	\$
ST Partnership	Limited partnership units	-	744,406
True North Holding Company	Special preference units	-	400,000
Winnipeg Goldeyes Baseball Club Inc.	Common shares	-	576,851
	Debenture	434,149	-
Winnipeg Spaghetti Corp.	Debenture	644,298	-
W.O.W. Hospitality Concepts Inc.	Debenture	1,397,459	-
Other	Each individually less than \$100,000	-	50,000
<b>Total Operating</b>		<b>8,327,678</b>	<b>28,412,838</b>

**Investments - Non Operating**

COH Holdings (US) Inc. (formerly OpTx Corporation)	Series "B-1" convertible preferred shares	-	4,839,356
eZedia Inc.	Common shares and warrants	-	3,705,334
	Common shares and warrants	-	4,938,938
	Debenture	6,442,093	-
	Promissory note	100,000	-
	Guarantee	523,433	-
<b>Total Non Operating</b>		<b>7,065,526</b>	<b>13,483,628</b>

**15,393,204**      **41,896,466**

**INVESTMENTS IN MANITOBA BUSINESSES AT COST**

**57,289,670**

**NET UNREALIZED DEPRECIATION OF  
INVESTMENTS IN MANITOBA BUSINESSES**

**(32,433,102)**

**NET INVESTMENTS IN MANITOBA BUSINESSES**

**24,856,568**

# Appendix 2 – Statement of Receipts and Disbursements to September 30, 2007



**Deloitte & Touche Inc., Receiver and Manager of  
CROCUS INVESTMENT FUND  
Statement of Receipts and Disbursements  
For the Period June 28, 2005 to September 30, 2007**

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**Receipts**

Cash and Short Term Investments on Hand	\$ 23,363,012
Contract Back Office Services	425,365
Dividends-Portfolio	655,608
Income Tax Refund	99,507
Insurance Premium Refund	6,294
Insurance Claim	14,368
Interest-Portfolio	1,414,104
Interest-Short Term Investments	2,312,217
Investment Principal Repayments	466,569
Management Fees	677,041
Proceeds on Disposal of Investments	39,100,928
Rent/Sub-Lease	455,756
Sundry	66,045
Pre-Receivership Accounts Receivable	<u>566,285</u>

**Total Receipts** 69,623,100

**Disbursements**

Advances to Investees	\$ 235,000
Capital Tax	152,743
Computer, Telephone and Office Expense	383,014
Consulting Fees	179,349
Insurance - Indemnification	107,089
Investee Guarantee and Indemnification	1,344,677
Investment Expenses	163,205
Legal Fees	1,289,906
Legal Fees - Indemnification	435,547
Payroll & Benefits	1,440,993
Receiver and Manager Fees	2,503,794
Records Review	1,073,868
Rent	969,738
Shareholder Services	290,364
Pre-Receivership Payables and Accruals	<u>906,438</u>

**Total Disbursements** 11,475,724

**Excess of Receipts over Disbursements** \$ 58,147,376

Represented by:

Short Term Investments and Bonds	\$ 57,747,376
Sequestered Funds	<u>400,000</u>

\$ 58,147,376

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