

# Crocus Investment Fund

March 31, 2008, Quarterly Report

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## **Appendices**

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# 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 December 31, 2007, Quarterly Report.

## 2.0 Activities of the Receiver

The following summarizes the major activities of the Receiver since December 31, 2007:

- Preparation of the December 31, 2007, and March 31, 2008, Quarterly Reports.
- Meeting and corresponding with various parties interested in acquiring certain of the investee companies.
- Attendance in Toronto for mediation involving certain of the Class Action defendants.
- Ongoing discussions and meetings with counsel regarding settlement between the Receiver on behalf of Crocus, the Class Action plaintiffs, the directors and officers and the insurer.
- 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.
- Regular 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 (“MS&T”).
- Meetings and discussion with Western Economic Diversification regarding its claim filed against Crocus.
- Meetings and discussions with counsel regarding certain legal accounts claimed from the Receiver.
- Corresponding with pension authorities and plan actuary about wind-up of the Crocus pension fund.
- Preparation of tax filings for Crocus and related entities.

## 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 two (2) 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 second fiscal quarter ended March 31, 2008, 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 first quarter ended December 31, 2007:

- Net Income for the quarter was approximately \$351,000.
- Investments in cash, bonds, GIC's and Banker's Acceptances of approximately \$62.0 million.
- Accounts receivable of approximately \$5.1 million. 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 \$21.8 million.
- Accounts payable of \$0.7 million which includes accrued legal fees as well as a provision for liability relating to the pension plan.

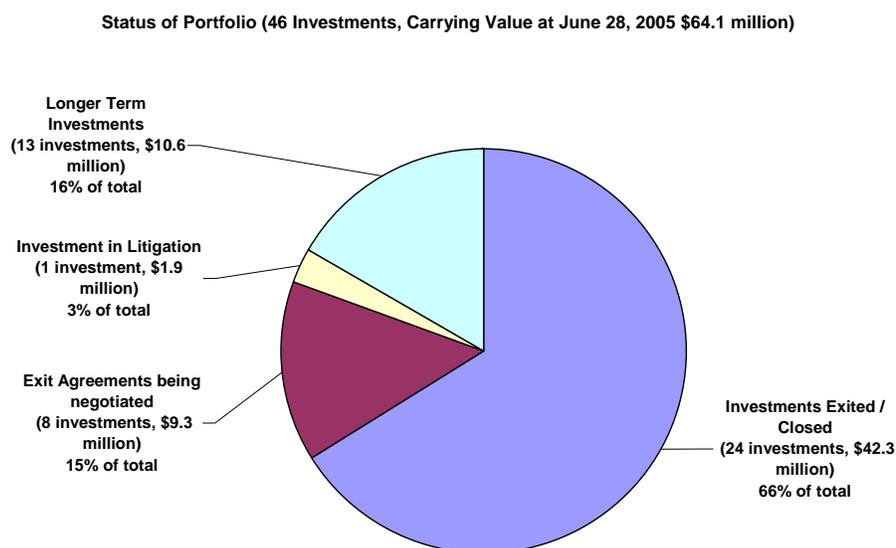
## 4.2 Liquidity

As is noted above, Crocus has approximately \$62.0 million in cash and equivalents representing a \$2.9 million increase from the previous quarter. The increase is largely attributable to the sale of portfolio investments. 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 \$50,000 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 sold its position in Minds Eye Entertainment Ltd. and Medicure Inc. In addition, the Receiver divested of partial positions in Cando Contracting Ltd., MS&T and ST Partnership. Furthermore, the eZedia Inc. ("eZedia") investment is now considered closed as a

result of a Court of Appeal ruling detailed below. Cumulatively to March 31, 2008, 24 of the 46 investments within the Crocus portfolio have been realized upon, or are considered closed. There are 22 investments remaining.

In summary, since its appointment the Receiver has realized proceeds of approximately \$45.7 million for investments with a June 28, 2005, book value of approximately \$42.3 million representing a recovery of approximately 108%. Crocus' carrying value for these investments when it ceased trading in December 2004 was approximately \$77.9 million, which would represent a recovery of approximately 59%. 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 the possible exit of Crocus' interest. Currently there are eight (8) investees with a carrying value of approximately \$9.3 million where varying levels of discussions are taking place.

## **5.3 Investments in Litigation**

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 contained 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 in a judgment delivered on July 7, 2006, Madam Justice McCawley ruled that Deloitte was entitled to the net sale proceeds of eZedia currently being held in trust. A Notice of Appeal was filed and was heard on October 3, 2007, and on February 13, 2008, the Court of Appeal overturned the decision and ordered that the funds be turned over to the primary lender of eZedia. Deloitte has complied with the order and will not be appealing the decision. The eZedia file is now considered closed.

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. A summary judgment motion has been set for May 14, 2008.

#### **5.4 Longer Term Investments**

Thirteen (13) investments with a carrying value of \$10.6 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.

One investee, 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. At a meeting held on February 29, 2008, the limited partners gave the General Partner a mandate to wind-down the partnership.

# 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 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 directors and officers 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 directors and officers. 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 upheld by the Court of Appeal.

One director has now advanced an indemnification claim for legal fees incurred by him arising from the events surrounding the application by the Receiver regarding distribution of the Receiver’s Records Review Report and subsequent matters. The Receiver has contested this claim on the basis that this legal work was unnecessary and outside the scope of the indemnity, and a motion has been set for April 23, 2008, to address the matter.

## 6.2 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.

In earlier Quarterly Reports, the Receiver advised that January 14, 2008, had been set by the Case Management Judge as the date on which a certification hearing would commence. A certification hearing is a procedure under the *Class Proceedings Act*, during which a Judge decides whether a case should proceed as a class proceeding. If the Judge decides that it should not proceed as a class action, then shareholders who wish to litigate would be required to bring individual actions. If the class action is certified, the parties would then engage in the civil litigation process, which in the absence of any settlement, would ultimately lead to a trial.

In December 2007 and January 2008, the Receiver was advised that certain of the parties had agreed to enter into mediated settlement discussions. Although Crocus was not directly being pursued by the plaintiffs, it was potentially exposed as a result of claims for indemnity from the directors and officers as well as the underwriters. Accordingly, the Receiver welcomed such discussions given that the Class Action was still in the early stages of what potentially could be a lengthy and costly litigation process.

As a result of those discussions, several agreements in principle were reached amongst the plaintiffs and all of the defendants involved in both Class Action suits, with the exception of Wellington West Capital Inc. ("Wellington West") which is one of the underwriters. At the time of its last Quarterly Report (December 31, 2007), the Receiver believed that it had reached agreement with the directors and officers as well as the Class Action plaintiffs to settle Class Action claims involving the directors and officers. The agreement provided that the plaintiffs would receive \$3.15 million to be funded by the insurers for the directors and officers. In addition,

the directors would receive an additional sum of \$180,000 from Crocus to be used for future exposures (generally legal fees). The directors and Crocus, through the Receiver, would exchange mutual Releases. Former Crocus officers were to be treated somewhat differently in that the Releases to be exchanged between them would not extend to claims for indemnities regarding legal fees, nor would the Receiver commit to paying any ongoing legal costs. As part of this settlement the Receiver would also release Crocus' insurer from further claims.

There was subsequent dissatisfaction expressed by some directors regarding the notion that they had come to agreement with the Receiver on the terms set out above. The matter is currently unclear; the Receiver maintaining that the matter was settled as set out above and at least some of the directors maintaining that it was not.

### **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. A meeting was held with WED in March 2008 with a view to settling the claim. A further meeting is scheduled for April 2008.

### **6.4 Trailer Fees**

Crocus paid referring brokers/agents a commission, a portion of which was payable over the hold period of the investment. As the ultimate amount of repayment to shareholders is unknown, no liability for such trailer fees has been accrued in the

financial statements. The potential liability, if any, of Crocus for ongoing trailer fees remains under consideration.

### **6.5 Insurer**

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.

Examinations for discovery of a representative of the insurer and of a representative of Crocus were set for November 2008, but were postponed as the proposed Class Action settlement had also contemplated settlement between the insurer and the Receiver. Should the settlement as negotiated be completed this action would be dismissed.

### **6.6 Guarantees/Other**

Crocus had guaranteed the indebtedness of certain advances to its investee companies from various lenders. There remains one (1) guarantee outstanding with the corresponding exposure to Crocus being approximately \$50,000. Currently this loan is being repaid by the investee. The Receiver does not anticipate being called upon to honour this guarantee and, as such, at this time has not accrued any liability as of March 31, 2008. 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 March 31, 2008, was \$6.21. As noted in previous Reports, the Receiver emphasizes that the share value of \$6.21 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 future Quarterly Reports.

## 8.0 Shareholder Communication

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 Distribution

In December 2005, the Receiver issued Receiver's Report No. 6 which requested that the Court authorize an initial distribution to shareholders as well as additional distributions as cash became available. The Court heard the matter and in April 2006 ruled that the Receiver should not make any distribution of funds until such time as the liabilities for which Crocus may be responsible are better determined. The indemnifications to the directors and officers and underwriters as a result of the Class Action form the vast majority of the Fund's contingent liabilities.

In light of the agreements in principle between the Class Action plaintiffs and certain of the defendants, the question arises as to when a distribution to Class A shareholders can be reasonably expected to occur? The Receiver is of the view that it would be unable to make an application to Court recommending a distribution to the shareholders prior to the following being resolved or otherwise dealt with by the Court:

- The plaintiffs, directors and officers, and where appropriate, the Receiver on behalf of Crocus, will have to finalize the arrangement agreed to in December 2007. The settlement will need to be documented in a formal settlement agreement.
- The agreements in principle between the plaintiffs and the other defendants need to be documented in formal settlement agreements.
- The settlement agreements will have to be approved by the Class Action Court and all subject conditions in the agreements will need to be satisfied. The Court has now set May 20, 2008, and June 23, 2008, as dates for applications to approve any settlement agreement which have been finalized and executed.
- The indemnification claimed by Wellington West will have to be considered.

Assuming that all of these issues are addressed and approvals received, the Receiver would make an application to Court recommending a distribution. The Receiver estimates the earliest that an interim distribution could take place is the fall of 2008.

# 10.0 RCMP Investigation

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

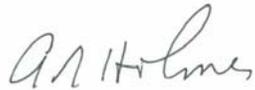
# 11.0 General

A Statement of Receipts and Disbursements from June 28, 2005, to March 31, 2008, 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-July 2008.

Respectfully submitted this 15th day of April, 2008.

**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 March 31, 2008

# Crocus Investment Fund

## Consolidated Statement of Net Assets

As at March 31, 2008 (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 "I" SPECIAL SHARE

March 31, 2008

\$	21,809,486
	61,839,246
	50,000
	<hr/>
	83,698,732
	150,872
	5,118,142
	485,064
	<hr/>
	89,452,809

664,654

\$	88,788,155
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\$	188,014,669
	(9,134,637)
	(90,091,877)
	<hr/>
\$	88,788,155

\$	6.21
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# Crocus Investment Fund

## Consolidated Statement of Operations

For the period ended March 31, 2008 (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 INCOME BEFORE NON-RECURRING ITEMS

Amount realized in excess of June 28, 2005 carrying value

### INCOME FOR THE PERIOD

	Quarter Ending March 31, 2008	Year to Date March 31, 2008
	\$ 906,351	\$ 1,615,817
	502,194	664,849
	<u>1,408,545</u>	<u>2,280,666</u>
	72,140	97,963
	86,494	141,582
	210,818	291,778
	73,333	129,895
	12,961	12,961
	261,556	446,253
	41,041	231,601
	18,786	112,904
	<u>777,128</u>	<u>1,464,937</u>
	631,418	815,729
	<u>(280,210)</u>	<u>170,249</u>
	<u>\$ 351,207</u>	<u>\$ 985,978</u>

# Crocus Investment Fund

## Consolidated Statement of Deficit

For the period ended March 31, 2008 (unaudited)

**DEFICIT-Beginning of period, September 30, 2007**  
Income for the period  
**DEFICIT-END OF PERIOD**

**March 31, 2008**  
\$ (91,077,855)  
985,978  
\$ (90,091,877)

## Consolidated Statement of Changes in Net Assets

For the period ended March 31, 2008 (unaudited)

**NET ASSETS - September 30, 2007**  
**Operating activities**  
Income for the period  
**NET ASSETS - END OF PERIOD**

**March 31, 2008**  
\$ 87,802,177  
985,978  
\$ 88,788,155

# Crocus Investment Fund

## Consolidated Statement of Investment Portfolio

As at March 31, 2008 (unaudited)

### Investments In Manitoba Businesses

Investments - Operating

	Debt Cost		Equity Cost
	\$ 5,575,645	\$	23,347,762

### INVESTMENTS IN MANITOBA BUSINESSES AT COST

28,923,406

### NET UNREALIZED DEPRECIATION OF

INVESTMENTS IN MANITOBA BUSINESSES

(7,113,920)

### NET INVESTMENTS IN MANITOBA BUSINESSES

\$	21,809,486
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# Crocus Investment Fund

## Consolidated Statement of Investment Portfolio

As at March 31, 2008 (unaudited)

### BONDS AND DEBENTURES

Province of Manitoba  
City of Winnipeg

	Par Value		Amortized Cost
\$	200,000	\$	200,000
	300,000		299,535
	<u>500,000</u>		<u>499,535</u>

### SHORT TERM INVESTMENTS

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

	50,000		50,000
	5,204,438		5,204,438
	8,351,089		8,351,089
	5,389,349		5,389,349
	25,369,040		25,369,040
	16,919,698		16,919,698
	<u>61,283,615</u>		<u>61,283,615</u>
	61,783,615		61,783,150

### NET UNREALIZED APPRECIATION OF INVESTMENTS IN MARKETABLE SECURITIES

106,096

### INVESTMENTS IN MARKETABLE SECURITIES

\$ 61,889,246

# Crocus Investment Fund

## Notes to the Consolidated Financial Statements

For the period ended March 31, 2008 (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>March 31, 2008</b>
Net assets - end of year	\$ 88,788,155
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>\$ 88,787,955</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>\$ 6.21</u>

# Crocus Investment Fund

## Consolidated Statement of Investment Portfolio

### Investments in Manitoba Businesses

		Debt Cost	Equity Cost
		\$	\$
<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	-	1,059,299
Crocus Hockey Holdings Inc.	Common shares	-	5,067,524
Diamedica Inc.	Common shares	-	403,989
D.L.J.S. Enterprises Ltd.	Promissory note	121,164	-
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	-	2,072,567
Muddy Waters Smokehouse	Promissory note	107,343	-
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	112,622	-
	Debenture	172,965	-

# Crocus Investment Fund

## Consolidated Statement of Investment Portfolio

### Investments in Manitoba Businesses

		Debt Cost	Equity Cost
		\$	\$
<b>Investments - Operating (cont'd)</b>			
ST Partnership	Limited partnership units	-	666,860
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	1,284,370	-
Other (2)	Each individually less than \$100,000	-	50,000
<b>Total Operating</b>		<b><u>5,575,645</u></b>	<b><u>23,347,762</u></b>
<b>INVESTMENTS IN MANITOBA BUSINESSES AT COST</b>			<b>28,923,406</b>
<b>NET UNREALIZED DEPRECIATION OF</b>			
<b>INVESTMENTS IN MANITOBA BUSINESSES</b>			<b>(7,113,920)</b>
<b>NET INVESTMENTS IN MANITOBA BUSINESSES</b>			<b><u><u>21,809,486</u></u></b>

# Appendix 2 – Statement of Receipts and Disbursements to March 31, 2008

**Deloitte & Touche Inc., Receiver and Manager of  
CROCUS INVESTMENT FUND  
Statement of Receipts and Disbursements  
For the Period June 28, 2005 to March 31, 2008**

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**Receipts**

Cash and Short Term Investments on Hand	\$	23,363,012
Contract Back Office Services		539,091
Dividends-Portfolio		656,858
Income Tax Refund		131,991
Insurance Premium Refund		6,294
Insurance Claim		14,368
Interest-Portfolio		3,121,078
Interest-Short Term Investments		2,312,217
Investment Principal Repayments		607,171
Management Fees		719,106
Proceeds on Disposal of Investments		42,177,145
Rent/Sub-Lease		583,111
Sundry		74,145
Pre-Receivership Accounts Receivable		566,435

**Total Receipts**

74,872,022

**Disbursements**

Advances to Investees	\$	235,000
Capital Tax		161,799
Computer, Telephone and Office Expense		450,602
Consulting Fees		208,524
Insurance - Indemnification		107,089
Investee Guarantee and Indemnification		1,344,677
Investment Expenses		180,843
Legal Fees		1,479,596
Legal Fees - Indemnification		447,601
Payroll & Benefits		1,571,884
Receiver and Manager Fees		2,946,681
Records Review		1,288,814
Rent		1,129,521
Shareholder Services		364,889
Pre-Receivership Payables and Accruals		914,385

**Total Disbursements**

12,831,904

**Excess of Receipts over Disbursements**

\$ 62,040,118

Represented by:

Short Term Investments and Bonds	\$	61,990,118
Sequestered Funds		50,000

\$ 62,040,118



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