

Crocus Investment Fund

December 31, 2007 Quarterly Report

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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 September 30, 2007 Quarterly Report.

2.0 Activities of the Receiver

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

- Preparation of the September 30, 2007 and December 31, 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.
- To attendance in Toronto for meetings with counsel for the Class Action plaintiff regarding potential settlement with Crocus' Insurer and the Officers and Directors.
- To ongoing discussions and meetings with counsel regarding a potential settlement between the Receiver on behalf of Crocus, the Class Action plaintiff, the Directors and Officers and Chubb Insurance.
- 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.

- 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.
- 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.

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 5th 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 first fiscal quarter ended December 31, 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 first quarter ended December 31, 2007:

- Net Income for the quarter was approximately \$635,000.
- Investments in cash, bonds, GIC's and Banker's Acceptances of approximately \$59.1 million.
- Accounts receivable of approximately \$5.0 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 \$24.8 million.
- Accounts payable of \$1.0 million which includes accrued legal fees as well as a provision for liability relating to the pension plan.

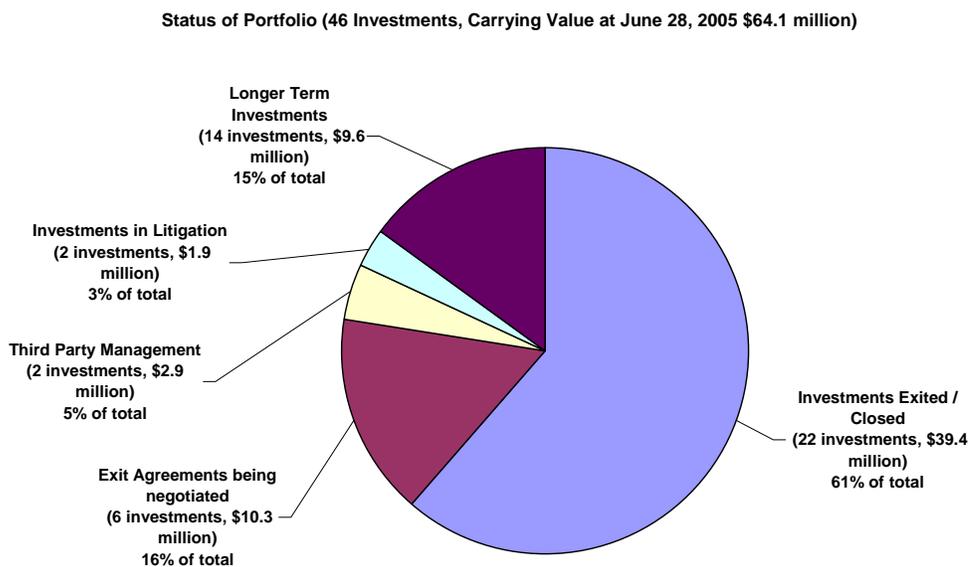
4.2 Liquidity

As is noted above, Crocus has approximately \$59.1 million in cash and equivalents representing a \$1.0 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 \$59,000 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 received funds relating to the settlement agreement for COH which was approved by the Colorado Court in August 2007. In addition, the Receiver sold a portion of its

interest in Diamedica. Cumulatively to December 31, 2007, 22 of the 46 investments within the Crocus portfolio have been realized upon, or are considered closed. There are 24 investments remaining.

In summary, since its appointment the Receiver has realized proceeds of approximately \$43.1 million for investments with a June 28, 2005 book value of approximately \$39.4 million representing a recovery of approximately 109%. Crocus' carrying value for these investments when it ceased trading in December 2004 was approximately \$71.6 million, which would represent a recovery of approximately 60%. 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 six (6) investees with a carrying value of approximately \$10.3 million where varying levels of discussions are taking place.

5.3 Third Party Management

One investee, Manitoba Science & 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. 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.
- 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

Fourteen (14) investments with a carrying value of \$9.6 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.

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.

As more fully described in Section 6.2 Indemnifications below, certain settlement discussions have been ongoing between the Class Action plaintiffs and the insurer for, and counsel for, the specific Directors and Officers named as defendants in the Class Action. More information on the status of those settlement negotiations will follow in our next Quarterly Report. The Receiver has also been advised that the date for hearing the certification motion has been rescheduled to the week of February 25, 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.

Examinations for Discovery of a representative of the insurer and of a representative of Crocus were set for November, but were postponed due to encouraging developments between the insurer and the Class Action plaintiffs relating to a possible settlement of the Class Action against the Directors and Officers of Crocus named as defendants in that action. More information concerning the status of those settlement negotiations between the insurer and the Class Action plaintiffs should be available by the next Quarterly Report.

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. Discussions are being held with WED with a view to settling the claim.

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 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 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 \$0.1 million. 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 December 31, 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 December 31, 2007 was \$6.19. As noted in previous reports, the Receiver emphasizes that the share value of \$6.19 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. The website includes the most recent update letter sent to all shareholders dated December 15, 2007, which is attached as Appendix 3.

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 was completed and an application was 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. The Court ordered that the Report be initially sealed and distributed to certain of the Class Action litigants and other interested parties. On November 15, 2007 the Court ordered that the sealing order be lifted.

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.

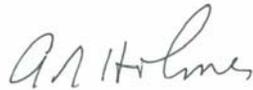
11.0 General

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

Respectfully submitted this 15th day of January, 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 December 31, 2007

Crocus Investment Fund
Consolidated Statement of Net Assets
As at December 31, 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**

December 31, 2007

\$	24,771,643
	58,864,656
	<u>58,905</u>
	83,695,204
	200,398
	5,003,784
	<u>555,098</u>
	89,454,484

1,017,535

\$ 88,436,949

\$	188,014,669
	(9,134,635)
	<u>(90,443,085)</u>

\$ 88,436,949

\$ 6.19

Crocus Investment Fund
Consolidated Statement of Operations
For the period ended December 31, 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 INCOME BEFORE NON-RECURRING ITEMS

Amount realized in excess of June 28, 2005 carrying value

INCOME FOR THE PERIOD

Year to Date	
December 31, 2007	
\$	709,466
	162,655
	<hr/>
	872,121
	<hr/>
	25,823
	55,088
	80,962
	56,562
	-
	184,697
	190,560
	94,118
	<hr/>
	687,811
	<hr/>
	184,310
	<hr/>
	450,460
	<hr/>
\$	634,770
	<hr/>
	<hr/>

Crocus Investment Fund
Consolidated Statement of Deficit
For the period ended December 31, 2007 (unaudited)

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

December 31, 2007
\$ (91,077,855)
634,770

December 31, 2007
\$ (90,443,085)

Consolidated Statement of Changes in Net Assets
For the period ended December 31, 2007 (unaudited)

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

December 31, 2007
\$ 87,802,179
634,770

December 31, 2007
\$ 88,436,949

Crocus Investment Fund

Consolidated Statement of Investment Portfolio
As at December 31, 2007 (unaudited)

Investments In Manitoba Businesses

	Debt Cost	Equity Cost
Investments - Operating	\$ 8,257,693	\$ 28,391,827
Investments - Non Operating	7,065,526	4,938,938
	<hr/> 15,323,219	<hr/> 33,330,765
INVESTMENTS IN MANITOBA BUSINESSES AT COST		48,653,984
NET UNREALIZED DEPRECIATION OF INVESTMENTS IN MANITOBA BUSINESSES		(23,882,341)
NET INVESTMENTS IN MANITOBA BUSINESSES		<hr/> \$ 24,771,643 <hr/>

Crocus Investment Fund
Consolidated Statement of Investment Portfolio
As at December 31, 2007 (unaudited)

BONDS AND DEBENTURES

Province of Manitoba
City of Winnipeg

	Par Value		Amortized Cost
\$	200,000	\$	200,000
	300,000		299,513
	<u>500,000</u>		<u>499,513</u>

SHORT TERM INVESTMENTS

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

	413,426		413,426
	5,204,438		5,204,438
	8,314,589		8,314,589
	5,240,420		5,240,420
	22,482,400		22,482,400
	16,662,657		16,662,657
	<u>58,317,930</u>		<u>58,317,930</u>
	<u>58,817,930</u>		<u>58,817,443</u>

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

106,117

INVESTMENTS IN MARKETABLE SECURITIES

\$ 58,923,561

Crocus Investment Fund
Notes to the Consolidated Financial Statements
For the period ended December 31, 2007 (unaudited)

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:

	December 31, 2007
Net assets - end of year	\$ 88,436,949
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>\$ 88,436,749</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
NET ASSET VALUE PER CLASS "A" COMMON SHARE and SERIES TWO CLASS "I" SPECIAL SHARE	<u>\$ 6.19</u>

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

		Debt Cost	Equity Cost
		\$	\$
Investments - Operating			
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	-	403,989
D.L.J.S. Enterprises Ltd.	Promissory note	128,522	-
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	112,100	-
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	114,204	-
	Debenture	172,965	-

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

Investments - Operating (cont'd)

ST Partnership	Limited partnership units
True North Holding Company	Special preference units
Winnipeg Goldeyes Baseball Club Inc.	Common shares
	Debenture
Winnipeg Spaghetti Corp.	Debenture
W.O.W. Hospitality Concepts Inc.	Debenture
Other	Each individually less than \$100,000
Total Operating	

Debt Cost

\$

Equity Cost

\$

-	744,406
-	400,000
-	576,851
434,149	-
644,298	-
1,341,902	-
-	50,000
8,257,693	28,391,827

Investments - Non Operating

eZedia Inc.	Common shares and warrants
	Debenture
	Promissory note
	Guarantee
Total Non Operating	

-	4,938,938
6,442,093	-
100,000	-
523,433	-
7,065,526	4,938,938

15,323,219 **33,330,765**

INVESTMENTS IN MANITOBA BUSINESSES AT COST

48,653,984

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

(23,882,341)

NET INVESTMENTS IN MANITOBA BUSINESSES

24,771,643

Appendix 2 – Statement of Receipts and Disbursements to December 31, 2007

**Deloitte & Touche Inc., Receiver and Manager of
CROCUS INVESTMENT FUND
Statement of Receipts and Disbursements
For the Period June 28, 2005 to December 31, 2007**

Receipts

Cash and Short Term Investments on Hand	\$ 23,363,012
Contract Back Office Services	480,507
Dividends-Portfolio	656,233
Income Tax Refund	131,991
Insurance Premium Refund	6,294
Insurance Claim	14,368
Interest-Portfolio	2,343,439
Interest-Short Term Investments	2,312,217
Investment Principal Repayments	537,524
Management Fees	719,106
Proceeds on Disposal of Investments	39,565,328
Rent/Sub-Lease	517,101
Sundry	66,045
Pre-Receivership Accounts Receivable	566,285

Total Receipts

71,279,450

Disbursements

Advances to Investees	\$ 235,000
Capital Tax	152,743
Computer, Telephone and Office Expense	413,633
Consulting Fees	192,599
Insurance - Indemnification	107,089
Investee Guarantee and Indemnification	1,344,677
Investment Expenses	170,379
Legal Fees	1,364,041
Legal Fees - Indemnification	435,547
Payroll & Benefits	1,535,291
Receiver and Manager	2,685,125
Records Review	1,247,773
Rent	1,033,759
Shareholder Services	331,398
Pre-Receivership Payables and Accruals	906,438

Total Disbursements

12,155,493

Excess of Receipts over Disbursements

\$ 59,123,958

Represented by:

Short Term Investments and Bonds	\$ 59,065,053
Sequestered Funds	58,905

\$ 59,123,958

Appendix 3 – Letter to Creditors, December 15, 2007

December 15, 2007

To the Shareholders of Crocus Investment Fund

Dear Sir/Madam:

As you are aware, pursuant to an Order of the Manitoba Court of Queen's Bench, Deloitte & Touche Inc. (the "Receiver" or "Deloitte") was appointed Receiver and Manager of Crocus Investment Fund ("Crocus" or the "Fund") effective June 28, 2005. The purpose of this letter is to provide shareholders with an update regarding happenings in the last year and the current status of the Fund. In addition, your current statement of account is enclosed. More detailed information, including copies of the Quarterly Receiver's Reports and Court Orders, can be obtained at the Receiver's website at www.deloitte.com/ca/crocusfund.

Sale of the Portfolio of Investments

The primary function of the Receiver is to protect, preserve and realize on the assets of the Fund in an orderly way. To date, the Receiver has sold or otherwise wound up the interest of Crocus in 21 of the 46 investments. These 21 investments represent approximately 60% of the carrying value of the investments as at June 28, 2005. The Receiver is currently in varying levels of discussions of exit strategies for investees representing an additional 15% of the portfolio. The Receiver continues to monitor and/or discuss exit mechanisms for the balance of the remaining investees, certain of which are themselves subject to receivership and/or other litigation proceedings.

The current cash position of the Fund is approximately \$58.1 million. The proceeds from the sale of the investments, net of costs, are being held in trust by the Receiver pending further Order of the Court (refer "Status of Shares" section below). The Receiver is maintaining a conservative investment policy for these funds which consists of investing in government bonds, GIC's and Bankers Acceptances.

Status of Shares

Previously, the Receiver had come to the view that it would like to return a portion of the capital to the shareholders of Crocus. Accordingly, in December 2005, the Receiver issued Receiver's Report No. 6 which requested that the Court authorize an initial interim distribution to shareholders as well as additional distributions as cash became available. The Court heard the matter and on April 7, 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.

As a result of the ruling, for the present, the Receiver is unable to distribute any funds or project when funds may be available for distribution.

Class Action Proceedings

In July 2005, a lawsuit was initiated against Crocus Investment Fund and various other parties including former officers and directors of Crocus, Crocus's lead broker and auditors, and the Manitoba Securities Commission ("First Class Action"). Originally, this suit was filed on behalf of a limited number of Class A shareholders. In June 2006, the proposed class of plaintiffs was expanded to include all Class A shareholders. Subsequent to the original filing, a further lawsuit dealing with Crocus was filed against the Province of Manitoba. Neither Crocus nor the Receiver is named as a defendant in this most recent proceeding.

While it is the stated intention of the plaintiff in these actions to have them proceed as class actions, before that can occur, the actions must be certified as class proceedings by the Court. Certification hearings have been scheduled for January 2008.

Records Review

In July 2006 Deloitte completed Receiver's Report No. 9 which outlined the Receiver's conviction that, separate and apart from matters relating to the First Class Action, the Receiver should conduct its own investigation into the manner in which the business and affairs of Crocus were conducted prior to the making of the Receiving Order. The Receiver also advised that it would provide a factual report on its findings and, to the extent possible, would attempt to formulate opinions while recognizing that, in some cases, there may be insufficient documentation in Crocus's possession to allow it to do so. The Receiver concluded Report No. 9 by advising that the findings would be made available to the Court and, subject to any rulings by the Court, may also be available to parties involved in the First Class Action and other proceedings.

In September 2006, the Receiver commenced the investigative review. The intent of the review was 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 review focused on the alleged mismanagement of the Fund's asset values.

The Review was completed in September 2007. On October 25, 2007 the Receiver brought a motion to the Court for advice and direction with respect to the distribution of its report and on October 26, the Court ordered that the report be initially sealed and distributed to certain of the Class Action litigants and other interested parties. On November 15, 2007 the Court ordered that the sealing order be lifted.

Indemnification

In January 2006, the Court ruled that Crocus is responsible for paying the ongoing legal costs of the various officers and directors named in the Class Action as well as those parties named in the regulatory proceeding brought by the Manitoba Securities Commission ("MSC"). In the reasons for judgment, the Court stated:

As agreed, I make no finding as to the entitlement of an individual former officer or director. It will be up to the Receiver, or alternatively the court, to make that determination on proper evidence. Should it happen that defence costs are paid and conduct which would disqualify a former officer and director subsequently come to light, such payments would necessarily cease and the Receiver would be entitled to make a claim for reimbursement with interest at the Receiver's earned rate.

The judgment was upheld by the Court of Appeal. After completing the Records Review, the Receiver came to the view that there is now enough evidence to justify the Receiver to cease paying ongoing legal expenses of officers and directors, to resist any claims by the directors and officers for indemnity against the claims of the Crocus shareholders and to counterclaim for the legal expenses which have been incurred to date. Notwithstanding the conclusion reached by the Receiver on this issue, the officers and directors are entitled to question that conclusion before the Court and some have indicated their intention to do so.

Ultimately, it is the Court that is the final judge on the issue of officer and director indemnification and it may be required to make a ruling on the issue after hearing evidence and argument from both sides. To the extent these legal costs are not covered by insurance, any payment will reduce any distribution which may ultimately be available to Crocus's shareholders.

The full judgment of Mme. Justice McCawley can be found at the Receiver's website set out above.

Share Value

While share redemptions and distributions are currently prohibited, the Receiver continues to calculate and publish an estimate of the net asset value per share (NAVPS) in its quarterly reports. The most recent estimate of the share value as at September 30, 2007 was \$6.14. This value is an accounting book value based on the cash (and equivalents) presently held by the Receiver as well as the June 28, 2005 carrying value for the Crocus investments that have not been realized upon. The Receiver cautions all shareholders that numerous future events will determine the ultimate realizable value of the portfolio. These events include amounts that Crocus may be required to pay to settle known and contingent liabilities, including payment under various indemnities which it had issued.

Shareholder Services

The Receiver has maintained a shareholder services department. Should you have specific questions regarding your Crocus account or have a change of address, please contact shareholder services at 204-925-7788 or 1-866-893-8710.

Further Information

Further information and updates will continue to be posted on the Deloitte website at www.deloitte.com/ca/crocusfund. The Receiver will endeavor to keep all shareholders apprised of the progress of the receivership and we would encourage you to check our website for updates on a regular basis.

Yours truly,

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

www.deloitte.ca

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