



## **Crocus Investment Fund**

March 31, 2022 Quarterly Report

April 21, 2022

# Table of contents

1.0	Background .....	1
2.0	Activities of the Receiver .....	2
3.0	Operations .....	3
4.0	Financial position .....	4
5.0	Portfolio.....	5
6.0	Share value.....	6
7.0	Distributions.....	7
7.1	First interim distribution .....	7
7.2	Second interim distribution .....	7
7.3	Third interim distribution .....	7
7.4	Fourth and final distribution .....	7
7.5	Unclaimed interim distributions .....	7
8.0	Shareholder communication .....	9
9.0	General .....	10
	Appendix 1 – Crocus financial information as at March 31, 2022	
	Appendix 2 – Statement of receipts and disbursements to March 31, 2022	

# 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 of Manitoba (the “**Court**”) made an Order (the “**Receiving Order**”) appointing Deloitte Restructuring Inc. (formerly Deloitte & Touche Inc., hereafter referred to as “**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 Receiving Order.

The purpose of this report (the “**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, 2021 Quarterly Report.

The financial information herein has not been audited and therefore the Receiver does not express any opinion on (a) the financial statements as of any date or for any period or (b) any financial data or other information referred to in this Report. The reader is cautioned that this Report may not disclose all matters and details about the ongoing Receivership proceedings. The Receiver assumes no responsibility or liability for any loss or damage occasioned by any party as a result of the circulation, publication, reproduction or use of this Report. Any use which any party makes of this Report, or any reliance or decision to be made based on this Report, is the sole responsibility of such party.

## 2.0 Activities of the Receiver

The following summarizes the major activities of the Receiver since December 31, 2021:

- Preparing the December 31, 2021 and March 31, 2022 Quarterly Reports;
- Attending the January 17, 2022 Court application, whereat the Court approved (the "**January 17, 2022 Order**"), *inter alia*, the passing of the Receiver's accounts, approval of a fourth and final distribution to the shareholders (the "**Final Distribution**"), and approval of a process for the discharge of the Receiver and the winding-up of Crocus, subject to no written objections being received by the Receiver on or before February 25, 2022 (the "**Objection Deadline**");
- Filing Receiver's Report No. 20 dated February 28, 2022, advising the Court that no written objections had been received by the Objection Deadline;
- Administering the Distributions (as defined below) as outlined in the Court Orders of September 4, 2009, December 12, 2011, October 14, 2014, and January 17, 2022;
- Corresponding with numerous shareholders, brokers, dealers, and intermediaries regarding the Distributions and status of the Fund;
- Supervising and directing agents retained by the Receiver;
- Corresponding with individual Crocus shareholders;
- Corresponding with the bare trustee for the Fund;
- Preparing and filing annual corporate tax returns;
- Preparing and distributing tax slips to shareholders;
- Fulfilling the duties of Crocus as General Partner of the Manitoba Science & Technology Fund Limited Partnership ("**MS&T**"); and
- Winding up and dissolving the final two (2) Crocus investments, MS&T and ST Partnership.

## 3.0 Operations

The ongoing activities related to Crocus consist of financial reporting, administration of the Distributions, shareholder services, and tax reporting. The Receiver no longer employs any former employees of Crocus but has sub-contracted certain information technology and back office services.

## 4.0 Financial position

Financial information for Crocus has been prepared by the Receiver for the second fiscal quarter ended March 31, 2022, and is attached as Appendix 1.

The primary assets in the Fund include the following:

- Approximately \$0.5 million in respect of the residual Receiver's Holdback (as defined in Receiver's Report No. 19 dated January 6, 2022);
- Approximately \$1.4 million on account of undistributed funds in respect of the Final Distribution (inclusive of unremitted withholding taxes); and
- Approximately \$2.0 million on account of undistributed funds in respect of the First, Second, and Third Distributions (all as defined below).

## 5.0 Portfolio

As at June 28, 2005, there were 46 individual investee companies in the Crocus portfolio with a gross carrying value of approximately \$64.1 million. Cumulatively to March 31, 2022, all investments within the Crocus portfolio have been realized upon.

Since its appointment, the Receiver has realized proceeds of approximately \$65.8 million for investments with a June 28, 2005 book value of approximately \$64.9 million, representing a recovery of approximately 101%. Crocus' carrying value for these investments, when it ceased trading in December 2004, was approximately \$101.2 million, which would represent a recovery of approximately 65%. In addition, since its appointment, the Receiver has eliminated exposure on approximately \$2.3 million in guarantees that had been reserved by Crocus.

## 6.0 Share value

Subsequent to the Final Distribution, the net asset value of the Class A and Class I shares as at March 31, 2022 was Nil, as detailed in Appendix 1.

## 7.0 Distributions

The Court has approved four (4) distributions in the receivership proceedings (collectively, the “**Distributions**”), as follows:

### 7.1 First interim distribution

On September 4, 2009, the Court issued an Order authorizing a rateable interim distribution of approximately \$54.7 million to the Class A and Class I shareholders. Concurrent with the distribution, the Receiver also began distributing the net proceeds of the Class Actions settlements in the amount of approximately \$6.8 million. Class A and Class I shareholders received \$3.83 per share from the approved distribution plus their portion of the Class Actions settlements.

As at March 31, 2022, the Receiver had paid out approximately \$53.7 million, or approximately 98%, of the first interim distribution, and approximately \$6.7 million of the Class Actions settlements. There remains approximately \$1.1 million in unclaimed distributions.

### 7.2 Second interim distribution

On December 12, 2011, the Court issued an Order authorizing a second interim distribution of approximately \$9.0 million to the Class A and Class I shareholders.

Mailings for the distribution took place in January 2012. As at March 31, 2022, the Receiver had paid out approximately \$8.6 million, or 96%, of the second interim distribution, and there remains approximately \$0.4 million in unclaimed distributions.

### 7.3 Third interim distribution

On October 14, 2014, the Court issued an Order authorizing a third interim distribution of \$0.60 per share to the Class A and Class I shareholders, or approximately \$8.6 million. Concurrent with the distribution, the Receiver also distributed the remaining Class Actions settlements proceeds of approximately \$0.7 million.

Mailings for the distribution took place in October and November 2014. As at March 31, 2022, the Receiver had paid out approximately \$8.1 million, or 94%, of the third interim distribution and approximately \$0.6 million of the remaining Class Actions settlements. There remains approximately \$0.5 million in unclaimed distributions.

### 7.4 Fourth and final distribution

On January 17, 2022, the Court issued an Order authorizing a Final Distribution of approximately \$5.2 million to the Class A and Class I shareholders.

Mailings for the distribution took place in March 2022. As at March 31, 2022, the Receiver had paid out approximately \$3.9 million, or 75%, of the Final Distribution, and there remains approximately \$1.3 million in unclaimed distributions.

### 7.5 Unclaimed interim distributions

As at the date of this Report, approximately \$3.3 million remains unclaimed by shareholders from the Distributions, as summarized in the table below:

**Unclaimed Distributions**

<b>Distribution</b>	<b># of shareholders</b>	<b>Amount</b>	<b>Minimum \$ per any one shareholder</b>	<b>Maximum \$ per any one shareholder</b>
First Distribution	1,228	\$ 1,054,146	\$ 5.57	\$ 13,995.19
Second Distribution	2,349	357,742	0.78	2,061.67
Third Distribution	3,115	546,555	5.10	2,109.98
Fourth (Final) Distribution	9,329	1,326,420	2.91	1,484.62
<b>Total</b>	<b>16,021</b>	<b>\$ 3,284,862</b>		

The January 17, 2022 Order approved the Receiver’s recommendation that the Distributions remain “open” for shareholders to claim their entitlement to their respective pro-rata distributions for a period of six (6) months from the date of the Objection Deadline, or September 30, 2022, which ever is later (the “**Distribution Period**”).

At the expiration of the Distribution Period, and upon the winding up of Crocus, the Receiver will pay all remaining unclaimed funds (the “**Unclaimed Funds**”) to the Minister of Finance, subject to the right of any unpaid shareholders to make a claim to the Minister of Finance to recover amounts to which they are entitled. The Receiver will no longer maintain any active shareholder registry at the expiration of the Distribution Period, and will provide the Minister of Finance with a comprehensive list of shareholders with their respective entitlements to the Unclaimed Funds.

Once the Unclaimed Funds are paid to the Minister of Finance, the Receiver will finalize any residual administration matters (i.e. tax filings, final dissolution of Crocus, etc.) and will then file the Receiver’s Discharge Certificate with the Court.

## 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 General

A Statement of Receipts and Disbursements for the period from June 28, 2005 to March 31, 2022 is attached as Appendix 2.

The Receiver will continue to keep the Court apprised of the status of the Distributions with the next Quarterly Report to be filed in mid-July 2022.

Respectfully submitted this 21<sup>st</sup> day of April, 2022.

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

A handwritten signature in blue ink that reads "B Warga". The signature is written in a cursive, flowing style.

Per: Brent Warga, CPA, CA, CIRP, LIT  
Senior Vice-President

Appendix 1 –  
Crocus financial information as  
at March 31, 2022

**Crocus Investment Fund**  
**Consolidated Statement of Net Assets**  
**As March 31, 2022 (unaudited)**

**ASSETS**

	<b>March 31, 2022</b>
Cash - Receiver's Holdback	\$ 491,431
Cash in Trust - Withholding Tax Remittance	150,074
Cash in Trust - Unclaimed Interim Distributions	3,284,862
	<u>3,926,367</u>

**LIABILITIES**

Accounts payable	269,836
Accrued closing costs	371,669
Due to Shareholders - Interim Distributions	3,284,862
	<u>3,926,367</u>

**NET ASSETS**

\$ -

**SHAREHOLDERS' EQUITY**

Share capital	\$ 188,014,669
Deferred selling costs adjustment	(9,134,637)
Interim Distributions - Class "A" shares	(77,189,150)
Interim Distributions - Class "I" shares	(375,233)
Interim Distributions - Class "L" shares	(200)
Deficit	(101,315,449)
	<u>(101,315,449)</u>

\$ -

**NET ASSET VALUE PER SHARE**

Net assets \$ -

Balance attributed to the Class "A" Common and Series Two Class "I" Special Shares \$ -

Number of issued Class "A" Common Shares 14,220,000

Number of issued Series Two Class "I" Special Shares 69,126

14,289,126

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

\$ -

Appendix 2 –  
Statement of receipts and  
disbursements to March 31,  
2022

**Deloitte Restructuring Inc., Receiver and Manager of  
CROCUS INVESTMENT FUND  
Statement of Receipts and Disbursements  
For the Period June 28, 2005 to March 31, 2022**

	<b>June 28, 2005 to December 31, 2021</b>	<b>January 1, 2022 to March 31, 2022</b>	<b>Total</b>
<b>Receipts</b>			
Cash and Short Term Investments on Hand	\$ 23,363,012	\$ -	\$ 23,363,012
Contract Back Office Services	518,463	-	518,463
Dividends-Portfolio	817,483	-	817,483
Income Tax Refund	549,059	-	549,059
Insurance Claim and Premium Refund	20,662	-	20,662
Interest-Portfolio	2,115,936	-	2,115,936
Interest-Short Term Investments	7,962,651	5,166	7,967,817
Investment Principal Repayments	3,718,992	-	3,718,992
Management Fees	1,501,932	-	1,501,932
Proceeds on Disposal of Investments	62,009,554	65,490	62,075,044
Rent/Sub-Lease	2,671,548	-	2,671,548
Sundry	301,676	-	301,676
Pre-Receivership Accounts Receivable	1,247,463	-	1,247,463
Class Action Settlements	7,494,924	-	7,494,924
<b>Total Receipts</b>	<b>\$ 114,293,355</b>	<b>\$ 70,656</b>	<b>\$ 114,364,011</b>
<b>Disbursements</b>			
Advances to Investees	\$ 265,132	\$ -	\$ 265,132
Capital Tax	200,257	-	200,257
Computer, Telephone and Office Expense	887,672	636	888,308
Consulting Fees	359,150	-	359,150
Employee Pension	442,922	-	442,922
Insurance - Indemnification	167,563	-	167,563
Investee Guarantee and Indemnification	1,344,677	-	1,344,677
Investment Expenses	232,886	-	232,886
Legal Fees	2,417,451	250	2,417,701
Disbursements	67,723	65	67,788
Taxes	310,180	30	310,210
Legal Fees - Indemnification	728,405	-	728,405
Disbursements	12,985	-	12,985
Taxes	59,311	-	59,311
Payroll & Benefits	1,735,550	-	1,735,550
Receiver and Manager Fees	9,552,876	65,495	9,618,371
Taxes	529,379	3,275	532,654
Rent	4,317,703	-	4,317,703
Settlements	775,991	-	775,991
Shareholder Services	3,321,647	98,599	3,420,246
Pre-Receivership Payables and Accruals	914,385	-	914,385
<b>Total Disbursements</b>	<b>28,643,845</b>	<b>168,350</b>	<b>28,812,195</b>
<b>Excess of Receipts over Disbursements prior to:</b>	<b>85,649,510</b>	<b>(97,694)</b>	<b>85,551,816</b>
Interim Distributions - Class "A" Shares	70,128,845	3,786,742	73,915,587
Interim Distributions - Class "I" & "L" Shares	349,970	25,462	375,432
Class Action Settlements	7,332,340	2,090	7,334,430
<b>Excess of Receipts over Disbursements</b>	<b>\$ 7,838,355</b>	<b>\$ (3,911,988)</b>	<b>\$ 3,926,367</b>
Represented by:			
Cash			\$ 491,431
Cash in Trust - Distributions			3,434,936
			<u>\$ 3,926,367</u>



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