



Financial Advisory

Crocus Investment Fund

June 30, 2007 Quarterly Report

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Appendix 1 Crocus Financial Statements as at June 30, 2007

Appendix 2 Statement of Receipts and Disbursements to June 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 March 31, 2007 Quarterly Report.

2.0 Activities of the Receiver

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

- Preparation of the March 31, 2007 and June 30, 2007 Quarterly Reports.
- Meeting and corresponding with various parties interested in acquiring certain of the investee companies.
- Ongoing discussions & correspondence with Chubb Insurance regarding coverage under the Directors & 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 MSC hearings brought against the former members of the Board of Directors of Crocus and various other parties.
- 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.
- Discussions regarding debt agreements with certain of the investee companies.
- Attendance in Colorado for meetings with Counsel to the Court Appointed Receiver and of COH Holdings Inc. ("COH"). Review of other claims filed against the assets of COH and further discussions with counsel regarding a possible settlement.

- 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 proposed 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.
- Further discussions regarding the sublet of space leased by Crocus at 141 Bannatyne.
- Review of Crocus books and records and preparation of a Report as outlined in Receiver's Report #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 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 1st fiscal quarter ended June 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 first quarter ended March 31, 2007:

- Net Loss for the quarter was \$165,000. Year to date loss totalled \$109,000.
- Investments in cash, bonds, GIC's and Banker's Acceptances of approximately \$56.8 million.
- Approximately \$5.2 million in accounts receivable. During the quarter approximately \$1.9 million was received pursuant to a previously negotiated sale agreement. 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 \$25.8 million.
- A decrease in accounts payable of \$0.3 million which was primarily attributable to the payment of accrued legal fees relating to Director and Officer Indemnification.

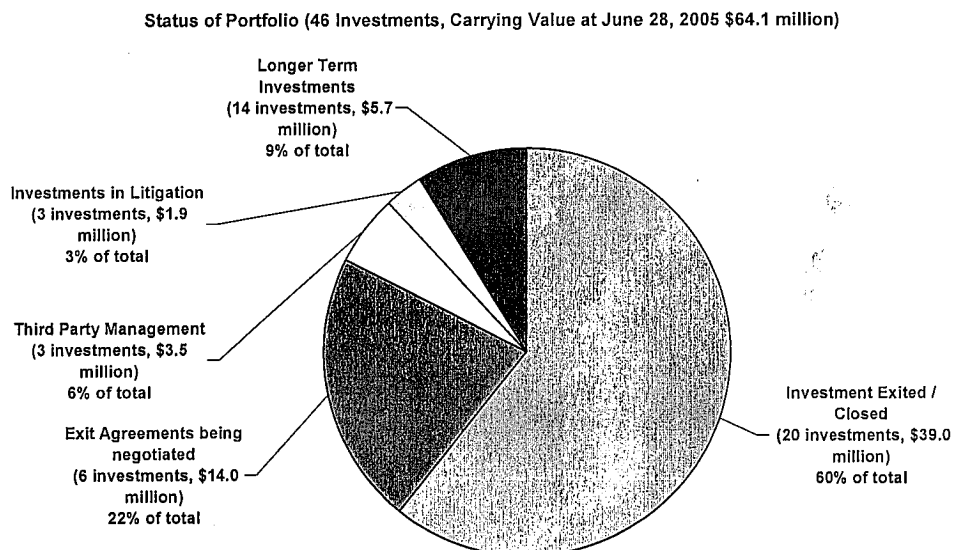
4.2 Liquidity

As is noted above, Crocus has approximately \$56.8 million in cash & equivalents representing a \$1.2 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 & 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 reached an agreement to sell its interest in the Manitoba Property Fund Limited Partnership

to another Limited Partner. The transaction is scheduled to close on July 16, 2007. With this transaction, cumulatively to June 30, 2007, 20 of the 46 investments within the Crocus portfolio have been realized upon, or are considered closed. There are 26 investments remaining, as well as the Salisbury House investment, which is discussed below.

In summary, since its appointment, the Receiver has realized proceeds of approximately \$42.3 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 \$54.3 million, which would represent a recovery of approximately 76%. 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 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 exits of the Crocus interest. Currently there are six (6) investees with a carrying value of approximately \$14.0 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 three (3) Crocus investments (Ezedia, COH 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 has been filed however a date for the hearing has not been set.

- 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 has filed a claim on behalf of Crocus. At the same time, the former CEO of COH has 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 ultimately lead 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 is subject to approval by the Colorado Court. A hearing date for approval has yet to be scheduled.

- On November 29, 2006 the Receiver issued a statement of claim against the Goldeyes for unpaid interest totalling \$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 has requested an examination of the Receiver on its affidavit. The Goldeyes have countered with a motion seeking an Order to compel the Receiver to produce certain documents.

5.5 Longer Term Investments

Fourteen (14) investments with a carrying value of \$5.7 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.

5.6 New Investment

As part of its investment in Maple Leaf Distillers Inc. ("Maple Leaf"), Crocus had guaranteed a portion of the indebtedness of Maple Leaf to Astra Credit Union. As a result of the Receiver having honoured that guarantee, Crocus obtained certain rights in shares of Salisbury House of Canada Ltd. ("Salisbury") up to the amount of the funded guarantee (\$1.0 million).

As part of the ongoing restructuring of Salisbury, the remaining shareholders requested the Receiver to proportionately participate in a guarantee arrangement for a portion of the indebtedness owed to the secured lender of Salisbury. The Receiver initially agreed to participate in the transaction however the terms under which the initial agreement was negotiated changed and as such the Receiver entered into discussions to sell its interest to another shareholder. A sale

agreement has been entered into and it is anticipated that the sale will close on July 20, 2007.

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 claim 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 has reserved his decision on most of the motions. Decisions are expected to be released sometime late summer or early fall. The certification hearing continues to be tentatively set for September 24 - 28, 2007.

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.

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 investee. 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 June 30, 2007.

6.3 Pension Plan

Crocus was a participant in a defined benefit pension plan for its employees that was administered by the Canadian Labour Congress ("CLC plan"). Prior to the receivership, Crocus had been in negotiations to exit the CLC plan and transfer its

portion of the assets to a mirror plan. Subsequent to receivership the actuary for the CLC prepared a wind-up report which amongst other matters dealt with the payout to Crocus employees as well as projected the contributions required by Crocus to offset funding deficiencies and wind-up costs. The Receiver retained an actuary to review the report and have advised the CLC that it is in agreement with the wind-up report. The wind-up report is subject to approval of the Pension Commissions in Manitoba and Ontario.

The Receiver has accrued a liability of approximately \$0.2 million relating to the wind-up of the plan.

6.4 Litigation

The status of the \$32.0 million claim (US dollars) against Crocus, as well as an investee, COH, brought by the former CEO of COH and his spouse, is detailed in Section 5.4 above.

Litigation commenced by the Receiver against the Winnipeg Goldeyes is detailed above.

6.5 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.

6.6 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 \$6.12, 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.

6.7 Other

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 investee company which remains outstanding.

7.0 Share Value

The net asset value per share ("share value") as at June 30, 2007 was \$6.12.

As noted in previous reports, the Receiver emphasizes that the share value of \$6.12 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 potential for liability/surplus under Crocus' employee pension plan.
- 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.

9.0 Records Review

Receiver's Report #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.

Work is proceeding on the report and the Receiver anticipates being in a position to have the report finalized and filed prior to the delivery of the next quarterly report.

10.0 Legal

10.1 RCMP Investigation

Pursuant to Receiver's Report #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 June 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 October 2007.

Respectfully submitted this 16th day of July, 2007.

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

A handwritten signature in black ink, appearing to read "A.R. Holmes". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Per: A.R. Holmes
Senior Vice-President

Appendices

Appendix 1

Crocus Investment Fund
Consolidated Statement of Net Assets
As at June 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

	June 30, 2007
\$	25,836,815
	55,292,047
	400,000
	<u>81,528,862</u>
	1,122,258
	5,234,984
	590,928
	<u>88,477,032</u>
	999,100
\$	<u><u>87,477,933</u></u>

SHAREHOLDERS' EQUITY

Share capital
 Deferred selling costs adjustment
 Deficit

\$	188,014,669
	(9,134,637)
	(91,402,099)
\$	<u><u>87,477,933</u></u>

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

\$	<u><u>6.12</u></u>
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**Crocus Investment Fund
Consolidated Statement of Operations
For the period ended June 30, 2007 (unaudited)**

	Quarter Ending June 30, 2007	Year to Date June 30, 2007
REVENUE		
Interest and dividend revenue	\$ 705,974	\$ 2,180,960
Management fees & other	150,658	401,899
	<u>856,632</u>	<u>2,582,860</u>
EXPENSES		
Amortization of Capital Assets	30,679	92,037
Occupancy	95,223	285,668
Administrative, Office and Investment	74,980	281,074
Legal - Receivership	109,540	289,516
Legal - Other	147,148	147,148
Receiver and Manager	121,950	552,079
Records Review	336,820	747,910
Salaries and Benefits	92,339	290,076
	<u>1,008,678</u>	<u>2,685,508</u>
	<u>(152,046)</u>	<u>(102,648)</u>
	(12,672)	(6,206)
OPERATING LOSS BEFORE NON-RECURRING ITEMS		
Amount realized in excess of June 28, 2005 carrying value		
LOSS FOR THE PERIOD	<u>\$ (164,718)</u>	<u>\$ (108,854)</u>

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

DEFICIT-Beginning of period, September 30, 2006
Loss for the period
DEFICIT-END OF PERIOD

	June 30, 2007
\$	(91,293,245)
	(108,854)
\$	<u>(91,402,099)</u>

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

NET ASSETS - September 30, 2006
Operating activities
Loss for the period
NET ASSETS - END OF PERIOD

	June 30, 2007
\$	87,586,787
	(108,854)
\$	<u>87,477,933</u>

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

Investments In Manitoba Businesses

	Debt Cost	Equity Cost
Investments - Operating	\$ 8,382,946	\$ 29,341,346
Investments - Non Operating	7,065,526	13,483,628
	<u>15,448,472</u>	<u>42,824,974</u>

INVESTMENTS IN MANITOBA BUSINESSES AT COST

58,273,445

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

(32,436,630)

NET INVESTMENTS IN MANITOBA BUSINESSES

\$ 25,836,815

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

BONDS AND DEBENTURES

Province of Manitoba
 City of Winnipeg

	Par Value	Amortized Cost
	\$ 200,000	\$ 200,000
	300,000	299,467
	<u>500,000</u>	<u>499,467</u>

SHORT TERM INVESTMENTS

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

	406,312	406,312
	5,000,000	5,000,000
	7,180,449	7,180,449
	5,152,002	5,152,002
	7,051,658	7,051,658
	13,834,016	13,834,016
	16,461,979	16,461,979
	<u>55,086,416</u>	<u>55,086,416</u>

	<u>55,586,416</u>	<u>55,585,883</u>
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NET UNREALIZED APPRECIATION OF INVESTMENTS
IN MARKETABLE SECURITIES

	<u>106,164</u>
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INVESTMENTS IN MARKETABLE SECURITIES

	<u>\$ 55,692,047</u>
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Crocus Investment Fund
Notes to the Consolidated Financial Statements
For the period ended June 30, 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:

	June 30, 2007
Net assets - end of year	\$ 87,477,933
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>\$ 87,477,733</u>
Number of issued Class "A" Common Shares	14,220,000
Number of issued Series Two Class "I" Special Shares	<u>69,126</u>
NET ASSET VALUE PER CLASS "A" COMMON SHARE and	14,289,126
SERIES TWO CLASS "I" SPECIAL SHARE	<u>\$ 6.12</u>

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

Investments - Operating

	Debt Cost \$	Equity Cost \$
Biovar Life Support Inc.	-	500,000
Canad Corporation of Canada Inc.	350,000	-
Cando Contracting Ltd.	-	5,000,000
Crocus Hockey Holdings Inc.	46,939	-
Diamedica Inc.	-	1,816,141
D.L.J.S. Enterprises Ltd.	-	5,067,524
Enterprise Swine Systems Ltd	-	425,000
Enterprise Swine Systems II Ltd	139,757	-
ESS Holding Company	600,000	-
Genesys Venture Inc.	267,086	-
Manitoba Property Fund	-	600,000
Manitoba Science & Technology Fund	557,512	-
Medicure Inc.	-	125,000
Minds Eye Pictures	100,000	-
Muddy Waters Smokehouse	-	928,462
Novra Technologies Inc.	-	2,432,243
Online Enterprises Inc.	-	850,000
Pasta La Vista	-	3,000,000
	679,361	-
	1,931,459	-
	120,174	-
	777,197	1,249,999
	-	5,500,003
	-	75,671
	122,430	-
	172,965	-

Crocus Investment Fund
Consolidated Statement of Investment Portfolio
Investments in Manitoba Businesses
Investments - Operating (cont'd)

	Debt Cost	Equity Cost
	\$	\$
ST Partnership	-	744,406
True North Holding Company	-	400,000
Winnipeg Goldeyes Baseball Club Inc.	-	576,851
	434,149	-
Winnipeg Spaghetti Corp.	644,298	-
W.O.W. Hospitality Concepts Inc.	1,439,619	-
Other	-	50,046
Total Operating	8,382,946	29,341,346

Investments - Non Operating

COH Holdings (US) Inc.	-	4,839,356
(formerly OpTx Corporation)	-	3,705,334
eZedia Inc.	-	4,938,938
	6,442,093	-
	100,000	-
	523,433	-
Total Non Operating	7,065,526	13,483,628
	15,448,472	42,824,974

INVESTMENTS IN MANITOBA BUSINESSES AT COST

58,273,445

NET UNREALIZED DEPRECIATION OF
INVESTMENTS IN MANITOBA BUSINESSES

(32,436,630)

NET INVESTMENTS IN MANITOBA BUSINESSES

25,836,815

Appendix 2

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

Receipts

Cash and Short Term Investments on Hand	\$	23,363,012
Contract Back Office Services		369,501
Dividends-Portfolio		654,983
Income Tax Refund		99,507
Insurance Premium Refund		6,294
Insurance Claim		14,368
Interest-Portfolio		947,816
Interest-Short Term Investments		2,312,217
Investment Principal Repayments		411,302
Management Fees		626,377
Proceeds on Disposal of Investments		37,414,167
Rent/Sub-Lease		384,174
Sundry		69,348
Pre-Receivership Accounts Receivable		566,165

Total Receipts

67,239,231

Disbursements

Advances to Investees	\$	235,000
Capital Tax		144,676
Computer, Telephone, and Office Expense		354,266
Consulting Fees		152,849
Insurance - Indemnification		100,000
Investee Guarantee and Indemnification		1,344,677
Investment Expenses		160,314
Legal Fees		1,304,189
Legal Fees - Indemnification		312,774
Payroll & Benefits		1,361,978
Receiver and Manager Fees		2,260,344
Records Review		681,292
Rent		864,309
Shareholder Services		265,832
Pre-Receivership Payables and Accruals		882,425

Total Disbursements

10,424,926

Excess Receipts over Disbursements

\$ 56,814,305

Represented by:

Short Term Investments and Bonds	\$	56,414,305
Sequestered Funds		400,000

\$ 56,814,305