Consolidated Annual Financial Statements of

CERVUS LP

Years ended December 31, 2006 and 2005

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AUDITORS' REPORT TO THE PARTNERS

We have audited the consolidated balance sheets of Cervus LP as at December 31, 2006 and 2005 and the consolidated statements of earnings, accumulated earnings and cash flows for the years then ended. These financial statements are the responsibility of the general partner of the partnership. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Cervus LP as at December 31, 2006 and 2005 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants

Calgary, Canada
March 30, 2007

CERVUS LP

Consolidated Balance Sheets

December 31, 2006 and 2005

		2006		2005
Assets				
Current assets:				
Cash	$	-	$	1,135,179
Trade accounts receivable		10,712,721		6,479,436
Advances to Proventure Income Fund (note 4)		109,680		-
Inventories (note 5)		72,160,486		61,025,472
Prepaid expenses and deposits		689,821		368,749
		83,672,708		69,008,836
Investments (note 6)		815,589		481,174
Deposits with John Deere (note 7)		1,287,120		1,255,494
Other assets (note 8)		8,452,750		7,168,750
Buildings and equipment (note 9)		10,629,911		8,967,078
Goodwill (note 3)		2,657,462		2,330,969
	$	107,515,540	$	89,212,301
Liability and Partners' Equity				
Current liabilities:				
Bank indebtedness (note 10)	$	4,955,294	$	-
Accounts payable and accrued liabilities		7,177,991		5,266,554
Note payable		-		1,500,000
Income taxes payable		-		1,145,389
Floor plan payables (note 11)		46,121,220		40,442,630
Advances from Proventure Income Fund (note 4)		-		1,014,375
Distribution payable		617,704		383,064
Current portion of term debt (note 12)		3,206,423		6,771,227
		62,078,632		56,523,239
Term debt (note 12)		8,002,541		2,677,639
Notes payable to Proventure Income Fund (note 4)		-		4,015,868
Notes payable (note 3)		1,125,000		810,272
Future income taxes payable (note 13)		149,000		149,000
		71,355,173		64,176,018
Partners' equity:				
Partners' capital (note 14)		26,672,625		16,828,820
Unit purchase financing (note 15)		(508,680)		-
Preferred partnership units (note 16)		3,000,000		3,000,000
Contributed surplus (note 17)		602,653		362,500
Accumulated earnings		6,393,769		4,844,963
		36,160,367		25,036,283
Commitments and contingencies (note 18)				
	$	107,515,540	$	89,212,301

See accompanying notes to consolidated financial statements.

Approved by the Board of the General Partner:

Signed "Peter Lacey" Director

Signed "Steven Collicutt" Director

CERVUS LP

Consolidated Statement of Earnings

Years ended December 31, 2006 and 2005

		2006		2005
Revenue:				
Equipment sales	$	212,980,983	$	148,025,037
Parts		32,087,873		21,950,802
Service		17,785,186		10,636,865
Rentals		6,279,084		775,017
Other		813		1,061,867
		269,133,939		182,449,588
Cost of sales, includes depreciation of $1,657,943 (2005-$218,946)		225,030,331		154,580,893
Gross profit		44,103,608		27,868,695
Expenses:				
Selling, general and administrative		33,007,982		21,421,741
Unit-based compensation (note 14(c))		(17,333)		175,500
Interest on long-term debt		120,445		59,797
Interest		980,933		948,468
Depreciation and amortization		1,594,190		539,102
Earnings before the following		8,417,391		4,724,087
Loss on disposal of property and equipment		(97,652)		-
Equity earnings of significantly influenced companies		277,047		126,433
Net earnings available to partners	$	8,596,786	$	4,850,520
Net earnings per unit (note 14):				
Basic	$	1.38	$	1.15
Diluted	$	1.29	$	1.05

See accompanying notes to consolidated financial statements.

CERVUS LP

Consolidated Statement of Accumulated Earnings

Years ended December 31, 2006 and 2005

	General Partner	Limited Partners	Preferred Partnership Units	Limited Partnership Fixed Value Units	Total
Balance, December 31, 2004	$ 58,115	$ 4,166,810	$ -	$ 67,000	$ 4,291,925
Net earnings available to partners	48,505	4,746,815	15,000	40,200	4,850,520
Distributions declared	(105,040)	(4,070,242)	(15,000)	(107,200)	(4,297,482)
Balance, December 31, 2005	1,580	4,843,383	-	-	4,844,963
Net earnings available to partners	81,867	8,104,819	390,000	20,100	8,596,786
Distributions declared	(31,280)	(6,606,600)	(390,000)	(20,100)	(7,047,980)
Balance, December 31, 2006	$ 52,167	$ 6,341,602	$ -	$ -	$ 6,393,769

See accompanying notes to consolidated financial statements.

CERVUS LP

Consolidated Statement of Cash Flows
Years ended December 31, 2006 and 2005

	2006	2005
Cash flows from (used in):		
Operations:		
Net earnings	$ 8,596,786	$ 4,835,520
Add items not affecting cash:		
Depreciation and amortization expenses	3,252,133	539,102
Unit-based compensation expenses	(17,333)	175,500
Loss on disposal of buildings and equipment	97,652	-
Earnings of significantly influenced companies	(277,047)	(126,443)
	11,652,191	5,423,679
Net change in non-cash working capital	(7,805,029)	(784,679)
	3,847,162	4,639,000
Financing:		
Issuance of limited partnership units and subscription receipts	5,711,172	13,581,845
Proceeds from term debt	6,173,515	5,059,297
Repayment of term debt	(4,559,837)	(1,812,150)
Distributions to the limited partners	(6,813,340)	(4,220,739)
Repayment on notes and advances to Proventure Income Fund	(4,304,572)	(2,757,095)
Increase in deposits with John Deere finance	118,353	(383,350)
Advances on notes payable	-	187,860
Repayments on notes payable	(1,798,582)	(92,380)
	(5,473,291)	9,563,288
Investments:		
Business acquisitions, net of cash acquired	(824,293)	(12,000,000)
Purchase of equipment	(6,605,804)	(1,111,748)
Proceeds from disposal of building and equipment	2,925,785	134,436
Return of capital from long-term investments	39,968	74,867
	(4,464,344)	(12,902,445)
Increase (decrease) in cash	(6,090,473)	1,299,843
Cash (bank indebtedness), beginning of year	1,135,179	(164,664)
Cash (bank indebtedness), end of year	$ (4,955,294)	$ 1,135,179
The following cash payments have been included in the determination of net earnings:		
Cash interest paid	$ 1,101,378	$ 849,554
Cash income taxes paid	1,145,389	-
Supplemental disclosure of non-cash financing and investing activities not included in the statement of cash flows:		
Issuance of partnership units and notes payable for business acquisitions	4,171,088	-
Issuance of partnership units for notes receivable from employees	508,680	-
Issuance of partnership units to repay debt	1,387,041	
Issuance of partnership units to redeem fixed value units	803,969	-

See accompanying notes to consolidated financial statements.

1. Description of business:

Cervus LP (the "LP") was incorporated under the laws of Alberta as a limited partnership on March 14, 2003. The general partner is Cervus GP Ltd. The LP is a retailer of agricultural and construction equipment and parts and services.

2. Significant accounting policies:

(a) Basis of consolidation:

These consolidated financial statements include the accounts of the LP at each of its dealership locations (Agro Equipment, Farm and Garden Centre Saskatoon and Greenline Equipment) and its subsidiaries, Contractors Equipment Ltd. and Questus Investment Corp. and their subsidiaries.

(b) Inventories:

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the specific identification method for new and used equipment, average cost for parts and a specific job basis for work-in-progress.

(c) Buildings and equipment:

Buildings and equipment are recorded at cost. Depreciation is provided for using the declining balance method at annual rates intended to depreciate the cost of the assets over their estimated useful lives as follows:

Asset	Rate
Buildings	4%
Automotive and trucks	30%
Furniture and fixtures	20%
Parts and shop equipment	20%
Computers and software	30%

Short term rental equipment is depreciated on a straight-line basis at rates ranging from 12% to 20% per annum. Leasehold improvements are depreciated on a straight-line basis over the term of the lease or their estimated useful life, whichever is less. .

(d) Impairment of long-lived assets:

Buildings and equipment are reviewed for impairment whenever events or changes in circumstance indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized in the amount by which the carrying amount of the asset exceeds the estimated fair value of the asset.

(e) Other assets:

Other assets are intangible assets, which comprise dealership distribution agreements, customer lists and non-competition agreements, are recorded at cost and are amortized on a straight-line basis. Dealership distribution agreements and non-competition agreements are amortized over the expected term of the agreements, being twenty years for the dealership distribution agreements and five years for the non-competition agreements. Customer lists are amortized over the estimated useful life of the lists, being five years. The LP assesses the recoverability of intangible assets by determining whether the amortization of the asset balances over their remaining lives can be recovered through undiscounted future operating cash flows of the dealerships. If such a review indicates impairment, the LP uses fair value in determining the amount that is written off.

(f) Goodwill:

Goodwill is the residual amount that results when the purchase price of an acquired dealership exceeded the sum of the amounts allocated to the estimated fair value of assets acquired and liabilities assumed.

Goodwill is not amortized and is tested for impairment annually, or more frequently, if events or changes in circumstances indicate that the asset might be impaired. The impairment test is carried out in two steps. In the first step, the carrying amount of a dealership is compared with its estimated fair value. When the fair value of a dealership exceeds its carrying amount, goodwill is considered not to be impaired and the second step of the impairment test is unnecessary.

The second step is carried out when the carrying amount of a dealership exceeds its fair value, in which case, the implied fair value of the goodwill is compared with its carrying amount to measure the amount of the impairment loss, if any. The implied fair value of goodwill is determined in the same manner as the value of goodwill is determined in a business combination described in the preceding paragraph, using the fair value of the dealership as if it was the purchase price. When the carrying amount of dealership goodwill exceeds the implied fair value of the goodwill, an impairment loss is recognized in an amount equal to the excess and is presented as a separate line item in the statement of earnings before extraordinary items and discontinued operations.

(g) Long-term investments:

The investments in significantly influenced companies are accounted for using the equity method. Under the equity method, the original cost of the shares is adjusted for the LP's share of post-acquisition earnings or losses less dividends.

(h) Income taxes:

Income taxes are the responsibility of the individual partners and accordingly are not reflected in these financial statements, except for income taxes of corporate subsidiaries. The subsidiaries follow the asset and liability method of accounting for income taxes. Under the liability method, future tax assets and liabilities are determined based on differences between the financial reporting and tax basis of assets and liabilities, and measured using the substantially enacted tax rates and laws that will be in effect when the differences are expected to reverse.

(i) Per unit amounts:

Basic per unit amounts are computed by dividing earnings by the weighted average number of units outstanding for the period. Diluted per unit amounts are calculated giving effect to the potential dilution that would occur if unit options or other dilutive instruments were exercised or converted to units. The treasury stock method is used to determine the dilutive effect of unit options, convertible preferred units and other dilutive instruments. This method assumes that any proceeds upon the exercise or conversion of dilutive instruments, for which market prices exceed exercise price, would be used to purchase units at the average market price of the units during the period.

(j) Unit-based compensation:

The LP has a unit-based compensation plan, which is described in note 14. The LP accounts for employee unit options granted using the fair value based method. Consideration paid by employees on the exercise of unit options is recorded as partners' capital. Compensation cost is recognized over the awards' vesting period.

(k) Revenue recognition:

Revenue on agriculture equipment is recorded once all financial obligations have been received and settled. This includes, but is not limited to, the receipt of required equipment deposits, approval of debt loan arrangements, if required, and substantial completion of all required pre-sale work orders and delivery of equipment to customers. Revenue on construction equipment is recorded upon the customer receiving receipt of the related equipment. Rental and service revenue are recognized at the time the service is provided.

Revenue is not recognized before there is persuasive evidence that an arrangement exists, delivery has occurred, the rate is fixed and determinable, and the collection of outstanding amounts is considered probable. The LP considers persuasive evidence to exist when a formal contract or purchase order is signed and required deposits have been received. Sales terms do not include provision for post service obligations.

(l) Use of estimates:

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could differ from these estimates.

Significant areas requiring the use of management estimates relate to the valuation allowance for trade accounts receivable, the net realizable value of inventories, recovery of other assets and goodwill, the useful life of buildings and equipment for depreciation purposes and evaluation of their net recoverable amount and the determination of the valuation allowance related to future income tax assets. Consequently, actual results could differ from those estimates.

(m) Comparative information:

Certain of the 2005 comparative figures have been reclassified to conform to the financial statement presentation adopted for the current year.

3. Business acquisitions:

a. On July 1, 2006 the LP acquired all the business assets of Westby Tractor & Equipment Ltd. ("Westby"), a private agriculture equipment dealership, for $3,124,293. The acquisition has been accounted for using the purchase method whereby the purchase price is allocated to the net assets acquired based on their fair values as follows:

Net assets acquired:		
Working capital	$	1,439,704
Property and equipment		656,599
Term debt		(146,420)
Other assets		760,000
Deposits with John Deere finance		149,979
Long-term investments		97,336
Goodwill		167,095
	$	3,124,293
Financed by:		
Cash, net of cash acquired of $336,963	$	824,293
Limited partnership units (112,655 units)		1,175,000
Note payable due January 31, 2011		1,125,000
	$	3,124,293

b. On June 29, 2006 the LP acquired the remaining 20.2% interest of the issued and outstanding shares of Farm & Garden Centre of Saskatoon Ltd. ("Farm & Garden") that was not previously owned by the LP. The purchase price paid was $1,871,088 by way of the issuance of 155,924 limited partnership units at $12 per unit and was allocated as follows:

Other assets	$	1,200,000
Reduction in notes payable to the vendor		511,690
Goodwill		159,398
	$	$1,871,088

c. On November 16, 2005 the LP acquired all the business assets of AR Williams Contractors Equipment Ltd. for $16,500,000. The acquisition has been accounted for using the purchase method whereby the purchase price is allocated to the net assets acquired based on their fair values as follows:

Net assets acquired:		
Working capital	$	7,359,000
Equipment		6,361,000
Term debt		(5,798,000)
Other assets		7,200,000
Goodwill		1,527,000
Future income taxes		(149,000)
	$	16,500,000
Financed by:		
Cash	$	12,000,000
Preferred partnership units		3,000,000
Note payable due January 16, 2006		1,500,000
	$	16,500,000

4. Due from (to) Proventure Income Fund:

Proventure Income Fund ("Proventure") is a related party by virtue of common directors, common senior management personnel and common significant shareholders.

At December 31, 2005, the LP had $1,014,375 of advances and $4,015,868 of notes payable to Proventure. In addition, Proventure held the 803,969 in fixed value units (see note 14). The notes payable and fixed value units bore interest at the rates of 8% and 5% per annum, respectively; the advances were non-interest bearing. In 2006, the LP paid interest in the amounts of $87,491 (2005: $287,110) and $20,100 (2005: $40,200) on the notes payable and fixed value units, respectively.

In 2006 the LP repaid the balances due to Proventure by cash paid of $4,304,572 and the issuance of 136,610 limited partner units (see note 14).

At December 31, 2006, Proventure owes the LP $109,680 in non-interest bearing advances that are repayable on demand.

5. Inventories:

	2006	2005
New equipment	$ 34,694,706	$ 28,660,718
Used equipment	29,130,970	24,699,900
Parts and accessories	7,592,994	6,849,066
Work-in-progress	741,816	815,788
	$ 72,160,486	$ 61,025,472

6. Investments:

	2006	2005
Investment in significantly influenced companies, at equity		
101034350 Saskatchewan Ltd. (33% interest)	$ 332,948	$ 244,805
Greenway Sprayers (38% interest, 2005 – 19%)	118,416	1
Deer Star Systems Inc. (27%)	311,911	191,155
Investment in companies, at cost		
Mid-Sask Terminal Ltd.	7,101	-
Proventure Income Fund (market value - $32,852)	45,213	45,213
	$ 815,589	$ 481,174

7. Deposits with John Deere:

John Deere Credit Inc. (“Deere Credit”) provides and administers financing for retail purchases and leases of new and used equipment. Under the financing and lease plans, Deere Credit retains the security interest in the financed equipment. The LP is liable for a portion of the deficiency in the event that the customer defaults on their lease obligation. Deere Credit retains 1% of the face amount of the finance or lease contract for amounts that the LP may have to pay Deere Credit under this arrangement. The deposits are capped at 3% of the total dollar amount of the lease finance contracts outstanding.

The maximum liability that may arise related to these arrangements is limited to the deposits of $1,287,120 (2005 - $1,255,494). Deere Credit reviews the deposit account balances quarterly and if the balances exceed the minimum requirements, Deere Credit refunds the difference to the LP.

8. Other assets:

2006	Cost	Accumulated amortization	Net book value
Dealership distribution agreements	$ 6,700,000	$ 282,250	$ 6,417,750
Customer lists	1,400,000	225,000	1,175,000
Non-competition agreements	1,060,000	200,000	860,000
	$ 9,160,000	$ 707,250	$ 8,452,750

2005	Cost	Accumulated amortization	Net book value
Dealership distribution agreements	$ 5,200,000	$ 22,250	$ 5,177,750
Customer lists	1,100,000	5,000	1,095,000
Non-competition agreements	900,000	4,000	896,000
	$ 7,200,000	$ 31,250	$ 7,168,750

9. Buildings and equipment:

2006	Cost	Accumulated depreciation	Net book Value
Buildings	$ 66,272	$ 7,956	$ 58,316
Short term rental equipment	9,903,359	2,450,139	7,453,220
Automotive and trucks	1,851,658	910,784	940,874
Furniture and fixtures	1,491,078	767,561	723,517
Parts and shop equipment	1,063,863	573,649	490,214
Computers and software	1,008,153	683,879	324,274
Leasehold improvements	1,081,333	441,837	639,496
	$ 16,465,716	$ 5,835,805	$ 10,629,911

2005	Cost	Accumulated depreciation	Net book Value
Buildings	$ 66,273	$ 4,888	$ 61,385
Short term rental equipment	6,100,840	161,535	5,939,305
Automotive and trucks	1,336,212	450,805	885,407
Furniture and fixtures	1,012,367	362,457	649,910
Parts and shop equipment	770,550	266,119	504,431
Leasehold improvements	682,936	74,004	608,932
Computers and software	609,671	291,963	317,708
	$ 10,578,849	$ 1,611,771	$ 8,967,078

10. Bank indebtedness:

At December 31, 2006 the LP has an operating bank line of credit to a maximum amount of $12 million (2005 - $10 million). The operating line of credit bears interest at rates ranging from prime plus 0.25% to prime plus 0.75% based on certain financial covenants and is secured by a general security agreement, a priority agreement, trade accounts receivable, unencumbered inventories, assignment of fire insurance and guarantees from the LP's subsidiaries and the general partner. At December 31, 2006 the LP had drawn $4,063,783 (2005 - $Nil) on this operating line.

11. Floor plan payables:

The LP utilizes floor plan financing arrangements with various suppliers for inventory purchases. The terms of these arrangements may include a one to ten-month interest-free period followed by a term during which interest is charged ranging from prime plus 0.5% to prime plus 1%. Settlement of the floor plan liability occurs at the earlier of sale of the inventory or in accordance with terms of the financing arrangement. Floor plan payables are secured by specific new and used equipment inventories.

12. Term debt:

	2006	2005
Bank term loan, interest at rates ranging from prime plus 0.25% to prime plus 0.75% and principal instalments of $104,167 per month plus interest commencing January 1, 2007. For security, see note 10.	$ 5,000,000	$ 5,000,000
Finance company, payable in monthly installments of approximately $134,768 including interest at 6.25%, secured by short term rental equipment	5,079,939	3,937,223
Finance contracts and fixed rate bank term loans repayable in monthly instalments ranging from $440 to $4,194 per month including interest up to 7.25%, secured by related equipment, due at various dates through 2011	1,129,025	511,643
	11,208,964	9,448,866
Less: current portion	3,206,423	6,771,227
	$ 8,002,541	$ 2,677,639

Estimated principal repayments required over the next five years and thereafter are as follows:

2007	$ 3,206,423
2008	3,121,623
2009	3,103,443
2010	1,671,204
2011	106,271
	$ 11,208,964

Included in cost of sales is $236,019 (2005 - $29,502) of interest expense related to finance company debt for rental equipment financing.

In addition to the above noted term debt arrangements the LP has arranged a $500,000 term loan for the purchase of a new computer system and application software program. The loan will be repayable over a three year period from the date of drawdown and bear interest at rates ranging from prime plus 0.25% to prime plus 0.75%. See note 10 for a description of the security. No drawdown has been made on the loan at December 31, 2006.

13. Income taxes:

The tax effects of temporary differences that give rise to significant portions of the future income tax assets and liabilities are presented below:

		2006		2005
Buildings and equipment	$	(401,000)	$	(273,344)
Non-capital losses carried forward		252,000		231,836
Valuation allowance		-		(107,492)
	$	(149,000)	$	(149,000)

The provision for income taxes (recovery) differs from that calculated from using the federal and provincial statutory rates due to the following:

		2006		2005
Combined statutory tax rates		33.6%		38.0%
Income taxes calculated at above rate	$	2,888,520	$	1,881,198
Impact of flow thru partnership income and equity earnings		(2,996,012)		(1,880,061)
Change in valuation allowance		107,492		(1,137)
	$	-	$	-

The excess of the carrying values of the LP's net assets and liabilities over their tax bases was approximately $509,000 at December 31, 2006 (2005 - $451,000).

On October 31, 2006, the Federal Government proposed draft legislation, which could affect the status of the LP under the *Income Tax Act (Canada)*. If this legislation is enacted, it is expected to result in the recognition of future income tax assets and liabilities with a corresponding impact on the LP's partners' equity or statement of earnings. The amount of the impact would be calculated by reference to the temporary differences expected to reverse after the date that the changes take effect.

14. Partners' Capital:

(a) Authorized:

Unlimited number of partnership units
Unlimited number of Series A preferred partnership units
803,969 fixed value units, non-voting, entitling the holder to an annual distribution of 5% of the face value; redeemable at the option of the LP at face value

(b) Issued:

	Number of units	General partner	Limited partner	Fixed value units	Total
Balance December 31, 2004	4,016,510	$ 100	$ 2,585,906	$ 803,969	$ 3,389,975
Issued on exercise of options	41,500	-	83,000	-	83,000
Exercise of unit options	-	-	12,000	-	12,000
Issued under DRIP plan	338,011	-	2,460,648	-	2,460,648
Issue for cash	15,400	-	123,200	-	123,200
Subscription receipts	-	-	11,876,800	-	11,876,800
Unit issue costs	-	-	(1,116,803)	-	(1,116,803)
Balance December 31, 2005	4,411,421	100	16,024,751	803,969	16,828,820
Redeemed (note 4)	-	-	-	(803,969)	(803,969)
Subscriptions exercised	1,484,600	-	-	-	-
Issued on exercise of options	9,000	-	73,800	-	73,800
Contributed surplus adjustment for exercise of unit options	-	-	26,771	-	26,771
Issued for business acquisitions	268,579	-	3,046,088	-	3,046,088
Units issued for cash	220,985	-	2,651,820	-	2,651,820
Units issued for unit purchase loans (note 15)	42,405	-	508,860	-	508,860
Units issued for settlement of obligations to Proventure Income (note 4) Fund	136,610	-	1,639,320	-	1,639,320
Unit issue costs	-		(73,771)	-	(73,771)
Contributed surplus adjustment for warrants issued (note 14(d))t	-	-	(284,256)	-	(284,256)
Issued under DRIP plan	289,779	-	3,059,142	-	3,059,142
Balance December 31, 2006	6,863,379	$ 100	$ 26,672,525	$ -	$ 26,672,625

(c) Unit option plan:

The LP has a unit option plan available to officers, directors and employees with grants under the plan approved from time to time by the board of directors of the general partner. The exercise price of each option equals the market price of the partnership units at the date of grant. The plan provides for vesting, at the discretion of the board, and the options expire after five years from the date of grant.

Changes in the outstanding options are as follows:

	Number outstanding		Weighted average exercise price
Outstanding and exercisable, December 31, 2004	142,500	$	2.00
Exercised	(41,500)		2.00
Granted under unit option plan	59,000		8.20
Outstanding and exercisable, December 31, 2005	160,000		4.29
Cancelled	(101,000)		2.00
Granted under unit option plan	10,000		9.00
Exercised	(9,000)		8.20
Outstanding and exercisable, December 31, 2006	60,000	$	8.33

The weighted average remaining life of the options is 3.63 years (2005 – 3.56 years) and exercise prices range from $8.20 to $9.00 (2005: $8.20).

The fair value of options issued during 2006 was $1.47 per option (2005 - $1.11 per option). The following weighted average assumptions were used to determine the fair value of options on the date of grant:

	2006	2005
Risk free interest rate	4.25%	3.5%
Expected life	5 years	5 years
Maximum life	5 years	5 years
Expected annual distribution	$1.08	$0.96
Expected unit price volatility	41%	59%

Compensation expense for the year was a recovery of $17,333 which included $14,668 (2004 - $175,500) of compensation expense related to options granted and a recovery of $32,001 (2005 - $nil) for options cancelled during the year.

(d) Warrants:

The LP issued 200,000 warrants to participants of the August 3, 2006 private placement. These warrants were immediately exercisable and expire on August 3, 2008. The fair value of the warrants, as calculated using the Black-Scholes option pricing model was $1.42 per warrant for an aggregate amount of $284,256. The value was reflected as unit issue costs and contributed surplus. The following weighted average assumptions were used to determine fair value of the warrants.

Risk free interest rate	4.25%
Expected life	2 years
Maximum life	2 years
Expected annual distribution	$1.08
Expected unit price volatility	44%

In addition, during 2005 the LP issued 97,500 warrants to brokers as part of the 2005 private placement. The LP recorded $155,000 of unit issue costs related to those warrants.

(e) Per unit amounts:

The earnings per unit have been calculated based on the weighted average number of units outstanding for the year ended December 31, 2006 of 6,245,338 (2005 - 4,204,105). In computing diluted earnings per unit 415,854 (2005 - 410,842) units were added to the weighted average number of units for the dilutive effect of subscription receipts, broker warrants, private placement warrants, preferred units and unit options.

(f) Distribution reinvestment plan:

In 2004, the LP instituted a Distribution Reinvestment Plan ("DRIP") entitling limited partners to reinvest cash distributions in additional units. The DRIP allows limited partners to reinvest distributions into new units at 95 percent of the average unit price of the previous 10 trading days prior to distribution. In 2006 the LP issued 289,779 (2005 - 338,011) limited partner units under this plan at an average issue price of $10.56 per unit (2005-$7.28).

(g) Employee unit purchase plan:

The LP has an employee unit purchase plan available to all employees on a voluntary basis. Under the plan, employees are able to contribute 2% to 4% of their annual salaries, based on years of service. Cervus contributes at a minimum of 15% to 100% on a matching basis to a maximum of $5,000 per year, per employee. The partnership units are purchased on the open market through a trustee; therefore, there is no dilutive effect to existing Unitholders. Included in general, sales and administrative expenses are $64,791 (2005 - $nil) of contributions made on behalf of the LP's employees.

15. Unit purchase financing:

During 2006 the LP provided loans to certain employees for limited partnership units issued under the LP's private placement offering. The loans bear interest at the rate of 4% per annum. The employees have provided the units as security for the loans.

The loan agreements provide that the principal and interest components of the loans will be forgiven if the employees meet specified terms of service.

The loans are classified as a reduction from partner's equity. The forgiveness of interest and principal is accounted for as a compensation expense in the accompanying statement of earnings. No compensation expense has been recognized during 2006.

16. Preferred partnership units:

In 2005, the LP issued 375,000 Series A preferred partnership units at a value of $3,000,000. Each unit is convertible at the option of the holder into one limited partnership unit. These Series A units are non-voting and entitle the holder to a minimum annual distribution of 4% of $3,000,000 and a further distribution up to the distribution per unit amount available to the limited partners in any particular year. The LP can require conversion to limited partnership units on July 31, 2010.

17. Contributed surplus:

Balance, December 31, 2004	$	44,000
Unit-based compensation expense		175,500
Exercise of unit options		(12,000)
Fair value of broker warrants		155,000
Balance, December 31, 2005		362,500
Unit based compensation expense		(17,333)
Fair value of private placement warrants		284,256
Exercise of unit options		(26,770)
Balance, December 31, 2006	$	602,653

18. Commitments and contingencies:

(a) Deere Credit provides financing to certain of the LP's customers. A portion of this financing is with recourse to the LP if the amounts are uncollectible. At December 31, 2006, payments in arrears by such customers aggregated $878,225 (2005 - $508,000). In addition, the LP is responsible for assuming all lease obligations held by its customers with Deere Credit for the net residual value of the lease outstanding at the maturity of the contract. At December 31, 2006, the net residual value of such leases aggregated $27,747,308 (2005 - $23,700,000).

Management believes that the potential liability in relation to the amounts outstanding is negligible and consequently, no accrual has been made in these financial statements in relation to any potential loss on assumed lease obligations.

(b) The LP is committed to the following minimum payments under operating leases for equipment, land and buildings:

2007	$	2,456,288
2008		2,010,402
2009		1,364,513
2010		1,214,710
2011		640,358
Thereafter		1,648,272
	$	9,334,543

19. Economic dependence:

The LP's primary source of revenue is from the sale of farm equipment products and services pursuant to agreements to act as an authorized dealer for John Deere Limited. The agreement with John Deere Limited provides a framework under which John Deere Limited can terminate a John Deere dealership if such dealership fails to maintain certain performance and equity covenants. Each contract also provides a one-year remedy period whereby the LP has one year to restore any deficiencies.

The LP has dealership agreements with Bobcat, JCB and JLG.

Management is not aware of any deficiencies or non-renewal of its current dealership agreements that would have a material affect on the LP's ability to continue as a going concern.

20. Financial instruments:

(a) Fair values:

The fair values of trade accounts receivable, advances to Proventure, deposits, bank indebtedness, accounts payable and accrued liabilities, income taxes payable, interest payable, floor plan payables and distribution payable approximate their carrying amounts due to the short term maturity of those instruments.

The fair value of debt approximates carrying amount as the interest rates are not significantly different from current rates awarded to the LP for debt with similar terms and conditions.

(b) Credit risk:

A substantial portion of the trade accounts receivable are with customers who are dependent upon the agriculture and construction industries, and are subject to normal industry credit risks. At December 31, 2006 there was no significant allowance for uncollectible amounts.

(c) Currency risk:

The LP is exposed to foreign currency fluctuations as some products sold are referenced to U.S. dollar denominated prices.

(d) Interest rate risk:

The LP is exposed to interest rate fluctuations on its floating rate debt in the amount of $11,084,319 (2005 - $10,030,243).

21. Related party transactions:

(a) During the years ended December 31, 2006 and 2005, the LP had the following additional transactions with Proventure Income Fund (see note 4):

		2006		2005
Equipment and real estate rentals	$	1,043,982	$	901,770
Interest on notes payable		87,491		287,110
Interest on fixed value units		20,100		40,200
Guarantee fees		145,500		145,500
	$	1,297,073	$	1,374,580

Under an agreement between the LP and Proventure, Cervus LP is entitled to reimbursement for costs incurred and allocation of insurance and data service costs, guarantee fees based on 3% of the guarantee amounts to John Deere payable to either Proventure or the individual providing the guarantees, interest on any overdraft balances, interest on any outstanding indebtedness, building lease charges based on lease agreements, and other direct expenses reimbursable with no handling fees or markup.

(b) Certain officers and dealer managers of the LP have provided guarantees to John Deere aggregating $5,650,000 (2005 - $5,200,000). During 2006, the LP paid these individuals $73,500 (2005 -$156,000) for providing these guarantees; these transactions were recorded at the amount agreed to by the parties.

(c) In 2006 the LP repaid notes payable to Proventure and redeemed the issued fixed value units (see note 4).

(d) During 2005, equipment and real estate rentals of $250,836 were paid to officers, directors and unit holders of the LP. These transactions are recorded at the amount agreed to by the parties.

(e) In December 2005 the LP purchased equipment from Proventure for an amount equal to Proventure's book value of $1,189,867. The consideration paid was the assumption of $201,324 of related debts and a payable of $988,543 to Proventure.

(f) Cervus Corporation resigned as general partner of the LP effective May 31, 2005. During 2005, Cervus Corporation was paid $16,774 as general partner. The new general partner is Cervus GP Ltd., a private company. Cervus GP Ltd.'s shareholders own approximately 52 percent of the outstanding units of the LP. Under the amended and restated limited partnership agreement, Cervus GP Ltd. is entitled to reimbursement of all reasonable direct and indirect costs incurred on behalf of the LP and to 1% of the net earnings. For the year ended December 31, 2006, this amounted to $86,575 (2005-$31,731).

(g) Notes payable to other related parties:

		2006		**2005**
6% notes payable, unsecured	$	1,125,000	$	-
5% notes payable, unsecured, repaid		-		511,620
Notes payable, non-interest bearing and unsecured		-		298,652
	$	1,125,000	$	810,272

6% unsecured notes payable are owed to certain individuals that became related parties pursuant to employment agreements entered into with the LP as part of the acquisition of the net assets of Westby (see note 3).

During the year, interest in the amount of $28,125 (2005: $21,545) was paid on the notes payable to related parties.

22. Segment information:

Following the acquisition of AR Williams Contractors Equipment Ltd. on November 16, 2005, the LP operates in two main industry segments with all of the operations being in Canada. These segments are agricultural and construction equipment. The segment amounts are as follows:

2006	Agricultural Equipment	Construction Equipment	Total
Revenue	$ 179,926,946	$ 89,206,993	$ 269,133,939
Net earnings available to partners	1,542,052	7,054,734	8,596,786
Earnings of significantly influenced Companies	277,047	-	277,047
Depreciation and amortization	611,407	2,613,923	3,249,825
Capital expenditures	871,188	5,734,616	6,605,804
Goodwill	1,130,462	1,527,000	2,657,462

2005	Agricultural Equipment	Construction Equipment	Total
Revenue	$ 171,358,175	$ 11,091,413	$ 182,449,588
Net earnings available to partners	3,946,614	903,906	4,850,520
Earnings of significantly influenced companies	126,443	-	126,443
Depreciation and amortization	255,706	283,396	539,102
Capital expenditures	1,591,079	710,536	2,301,615
Goodwill	803,969	1,527,000	2,330,969