CERVUS LP

First Quarter Financial Statements

For the three months ended March 31, 2005

(Unaudited)

These unaudited interim consolidated financial statements have not been reviewed by the LP's auditors.

CERVUS LP

Dear Unitholders

It is my pleasure to present Cervus LP's results for the first quarter ended March 31, 2005.

First Quarter, Fiscal 2005 Results

The Partnership's sales for the quarter were $19.7 million. The loss for the quarter was $0.6 million or 0.15 on a per unit basic basis. We are disappointed at this level of a loss and had budgeted closer to breakeven for the quarter. We are pleased that our order book of pending whole good sales is at anticipated levels, but unfortunately factory deliveries have been slower than expected due to component shortages. Since we have not been able to deliver sold product, budgeted sales have been delayed, causing some of the loss we experienced this quarter.

In addition, our reorganization costs of the Alberta stores into Agro have caused an increase in expenses for this quarter. We are confident that sales increases and improved efficiencies over the remaining three quarters will allow the Partnership to achieve our budgeted results for the remainder of 2005.

We are pleased that the Partnership has distributed $0.08 per unit for the months of January through April 2005. Also, the Board of Directors of the General Partner has declared another $0.08 distribution for May, payable on June 15th.

Current Economic Environment

Low grain prices and the closed border to live cattle shipments have, and will continue to, soften demand for farm equipment. Spring seeding is essentially complete, and there has been a good combination of rainfall and warm weather to ensure good germination. Crops appear to be a week or two ahead of normal years. Farm cash receipts were higher than most expected for the first quarter, so we are encouraged that it may translate into increased levels of business.

Sincerely submitted on behalf of the employees of Cervus LP and management and directors of the general partner Cervus Corporation,

Peter Lacey
President and Chief Executive Officer
Cervus Corporation, the General Partner

CERVUS LP

Consolidated Balance Sheets
(Unaudited)

	March 31, 2005	December 31, 2004
Assets		
Current assets:		
Trade accounts receivable	$ 3,129,476	$ 2,626,268
Inventories	32,412,123	27,594,996
Prepaids	80,272	156,529
Income taxes receivable	3,768	3,768
	35,625,639	30,381,561
Buildings and equipment	956,991	946,751
Goodwill	803,969	803,969
Finance reserve	938,192	872,144
Investments	486,365	429,598
	$ 38,811,156	$ 33,434,023
Liabilities and Partners' Equity		
Current liabilities:		
Bank indebtedness	$ 1,055,243	$ 164,664
Accounts payable and accrued liabilities	1,839,256	2,225,073
Floor plan payables	21,828,697	15,281,083
Distribution payable	329,127	321,321
Current portion of long-term debt	72,399	67,188
	25,124,722	18,059,329
Long-term debt	157,448	135,207
Notes payable to Cervus Corporation	6,319,546	6,798,795
Notes payable	484,792	714,792
Partners' equity		
Partners' capital (note 5)	3,964,294	3,389,975
Contributed surplus	44,000	44,000
Accumulated earnings	2,716,354	4,291,925
	6,724,648	7,725,900
Subsequent event (note 7)		
	$ 38,811,156	$ 33,434,023

See accompanying notes to consolidated financial statements.

Approved by the Board of the General Partner:

Signed "Peter Lacey" Director

Signed "Graham Drake" Director

CERVUS LP

Consolidated Statement of Earnings
Three months ended March 31, 2005 and 2004

(Unaudited)

	2005	2004
Revenue:		
Equipment sales	$14,470,782	$15,960,403
Parts and service	5,209,447	4,470,633
Other	66,934	66,624
	19,747,163	20,497,660
Cost of sales	16,114,163	17,372,533
Gross profit	3,633,000	3,125,127
Selling, general and administrative expenses	4,040,842	3,399,665
Interest expense	190,193	228,980
Depreciation expense	55,157	55,288
Earnings (loss) before the following	(653,192)	(558,806)
Equity in earnings of significantly influenced companies	56,767	–
Future income taxes (recovery):	–	(190,000)
Net earnings (loss)	$ (596,425)	$ (368,806)
Net earnings (loss) per unit (note 5):		
Basic	$ (0.15)	$ (0.10)
Diluted	$ (0.14)	$ (0.10)

See accompanying notes to consolidated financial statements.

CERVUS LP

Consolidated Statement of Accumulated Earnings
(Unaudited)

For the period ended March 31, 2005

	General Partner	Limited Partners	Total
Balance, December 31, 2004	$ 125,115	$ 4,166,810	$ 4,291,925
Net earnings (loss)	4,086	(600,511)	(596,425)
Distributions to the limited partners	–	(979,146)	(979,146)
Balance, March 31, 2005	$ 129,201	$ 2,587,153	$ 2,716,354

See accompanying notes to consolidated financial statements.

CERVUS LP

Consolidated Statement of Cash Flows
Three months ended March 31, 2005 and 2004

(Unaudited)

	2005	2004
Cash flows from (used in):		
Operations:		
Net earnings (loss)	$ (596,425)	$ (368,806)
Add items not affecting cash:		
Depreciation expense	55,157	55,288
Unit based compensation expense	–	1,716
Undistributed earnings of significantly influenced companies	(56,767)	–
Future income taxes (recovery)	–	(190,000)
	(598,035)	(501,802)
Net change in non-cash working capital	925,525	(461,027)
	327,490	(962,829)
Financing:		
Issuance of limited partnership units	574,319	–
Proceeds on long-term debt	44,100	–
Distributions to the limited partners	(979,146)	–
Repayment of advance from Cervus Corporation	–	(1,660,000)
Advances to affiliate companies	–	(15,000)
Repayment of long-term debt	(16,648)	(27,642)
Increase (decrease) in finance reserve	(66,048)	(9,168)
Issuance (repayment) of notes payable	(230,000)	
Issuance (repayment) of notes payable to Cervus Corporation	(479,249)	67,064
	(1,152,672)	(1,644,746)
Investments:		
Proceeds on sale of assets	–	1,574,349
Purchase of equipment	(65,397)	(6,677)
Business acquisition, net of cash acquired	–	184,400
	(65,397)	1,752,072
Increase (decrease) in cash	(890,579)	(855,503)
Cash (bank indebtedness), beginning of period	(164,664)	886,325
Cash (bank indebtedness), end of period	$(1,055,243)	$ 30,822

The following cash payment have been included in the determined of net earnings (loss):

Cash interest paid	$ 187,669	$ 228,980

See accompanying notes to consolidated financial statements.

CERVUS LP

Notes to the Consolidated Financial Statements

For the period from January 1 to March 31, 2005

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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 Corporation. The LP is a retailer of agricultural equipment primarily supplied by Deere & Company and products and services pursuant to a contract agreement to act as an authorized dealer for John Deere Limited.

2. General:

The interim financial statements of Cervus LP have been prepared by management in accordance with accounting principles generally accepted in Canada. The interim financial statements have been prepared following the same accounting policies and methods of computation as the financial statements for the fiscal year ended December 31, 2004. The disclosures provided below are incremental to those included in the annual financial statements. The interim financial statements should be read in conjunction with the financial statements and the notes thereto for the year ended December 31, 2004.

3. Seasonality:

Canadian retailing of agricultural equipment is influenced by seasonality. Sales activity is normally highest between April and September during growing seasons in Canada. Sales activity is low during winter months during non-growing seasons. As a result, earnings or losses may not accrue uniformly from quarter to quarter.

4. Economic dependence:

The LP’s primary source of income is from the sale of farm equipment and 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. There can be no guarantee that circumstances will not arise which give John Deere Limited the right to terminate John Deere dealership agreements.

Cervus Corporation, as general partner, is considered a co-borrower and guarantor of the indebtedness of the LP.

5. Partners' equity:

(a) Issued:

	Number of units		General partner		Limited partners		Total
Issued on exercise of unit options	215,000		–		215,000		215,000
Issued for cash on a private placement to directors and a dealership manager	100,000		–		200,000		200,000
Balance December 31, 2004	4,016,510	$	804,069	$	2,585,906	$	3,389,975
Issued on exercise of unit options	16,500		–		33,000		33,000
Issued on DRIP plan	81,079		–		541,319		541,319
Balance March 31, 2005	4,114,089	$	804,069	$	3,160,225	$	3,964,294

(b) Unit options:

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, December 31, 2004	142,500	$	2.00
Exercised	(16,500)		2.00
Outstanding, March 31, 2005	126,000	$	2.00

(c) Per unit amounts:

The earnings per unit have been calculated based on the weighted average number of units outstanding for the period ended March 31, 2005 of 4,051,649 (2004 - 3,701,510). In computing diluted per unit amounts 86,000 (2004 – 95,556) units were added to the weighted average number of units for the dilutive effect of unit options.

(d) 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 program 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. During the period, the LP issued 81,079 units under this plan at an average price of $6.68 per unit.

6. Related party transactions:

(a) Under the arrangement agreement and subsequent operational agreement between the LP and Cervus Corporation, Cervus Corporation is entitled to reimbursement for costs incurred as general partner. The agreement provides for an allocation of insurance costs, allocation of data services, guarantee fees based on 3% of the guarantee amounts to John Deere payable to either Cervus Corporation or the individual providing the guarantees, interest on any overdraft balances, interest on any outstanding indebtedness, building lease charges based on 1% per month of the fair market value of the property, and other direct expenses reimbursable with no handling fees or markup.

During the period ended March 31, 2004 and 2003, the LP had the following transactions with Cervus Corporation:

	2005	2004
Equipment and real estate rentals	$ 212,669	$ 182,073
Interest on notes payable	84,600	115,698
Interest on fixed value units	10,050	10,050
Monthly management fees	-	77,329
Guarantee fees	36,375	24,375
General partner profit allocation	(5,964)	(3,688)
	$ 337,730	$ 405,837

Certain limited partnership unit holders and the general partner have provided guarantees to John Deere, relating to dealership agreements, aggregating $10,050,000 (2004 - $5,750,000). During 2005, the LP paid these individuals and the general partner $75,375 (2004 -$53,250) for providing these guarantees.

During 2005 the LP repaid $479,249 in notes payable to Cervus Corporation.

(b) During the period, equipment and real estate rentals of $90,000 (2004 - $90,000). During the period, management fees of $54,800 (2004 - $54,500) were paid to companies controlled by dealership managers.

(c) Notes payable to other related parties:

		2005
5% notes payable, unsecured	$	404,000
Note payable, non-interest bearing and unsecured		310,792
Repayment of non-interest bearing note payable		(230,000)
	$	484,792

The notes payable to other related parties are to companies controlled by dealership managers. The 5% notes payable have a five year term, maturing January 1, 2009, and are repayable in advance without penalty. The non-interest note payable has no maturity and is repayable in advance without penalty. During the period, interest of $5,050 (2004 - $5,050) was paid on the notes.

7. Subsequent event:

Cervus Corporation has resigned as general partner of the LP effective May 31, 2005. The proposed general partner is a private company, Cervus GP Ltd., subject to limited partner approval at the upcoming annual special meeting on May 31, 2005. The shareholders of the proposed general partner, in total, own approximately 70 percent of the outstanding shares of Cervus Corporation. The shareholders of the proposed general partner, in total, own approximately 70 percent of the outstanding units of Cervus LP.