CERVUS LP

Second Quarter Financial Statements

For the six months ended June 30, 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 second quarter ended June 30, 2005.

Fiscal 2005 – 2nd Quarter Results

The Partnership's revenues for the second quarter were $49.6 million and year to date were $69.3 million. Year to date, sales have increased 11% compared to the same period a year ago.

Net earnings for the second quarter were $2.3 million ($0.55 per unit basic) and for the six month period ending June 30, 2005 earnings were $1.7 million ($0.40 per unit basic). Year to date, net earnings have increased 28% compared to the same period a year ago.

The Partnership has distributed $0.08 per unit for the months of January through July 2005. Also, the Partnership has declared another $0.08 distribution for August 2005, payable on September 15, 2005 bringing the total year to date distributions to $0.64 per unit for eight months.

We have a very high participation rate of approximately 65% in our Dividend Reinvestment Program which allows cash distributions to be reinvested into the Partnership to fund future growth and acquisitions. This program allows unitholders to purchase new units at a 5% discount to the previous 10 day average price with no brokerage fees. There is no hold period on the newly issued units so they may be sold at anytime.

Current Economic Environment

There is much more optimism among our customers with a great crop waiting to be harvested and the borders now open again for live cattle shipments to the United States. This optimism has translated into strong second quarter results and continues to generate revenues above our initial expectations. Grain prices; unfortunately, continue to be stubbornly low but yield and quality look to be slightly above average for this year. Our Eastern Saskatchewan grain producing customers have suffered from the excessive rainfall that Manitoba has experienced this year, so their crops may be below average. Our cattle customers are relieved to have a U.S. source for their product, but it will take several months, if not years, to rebuild the infrastructure required to get shipments back to their previous levels. Our inventory levels are higher than normal because of sold orders not having been delivered yet. We anticipate that by year end our inventory should be back to more normal levels, relative to sales.

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)

	June 30, 2005	December 31, 2004
Assets		
Current assets:		
Trade accounts receivable	$ 3,653,670	$ 2,626,268
Inventories	44,688,744	27,594,996
Prepaids	185,937	156,529
Income taxes receivable	3,768	3,768
	48,532,119	30,381,561
Buildings and equipment	1,057,258	946,751
Goodwill	803,969	803,969
Finance reserve	933,743	872,144
Investments	644,731	429,598
	$ 51,971,820	$ 33,434,023
Liabilities and Partners' Equity		
Current liabilities:		
Bank indebtedness	$ 3,181,407	$ 164,664
Accounts payable and accrued liabilities	2,183,576	2,225,073
Floor plan payables	29,549,356	15,281,083
Distribution payable	336,578	321,321
Current portion of long-term debt	94,071	67,188
	35,344,988	18,059,329
Long-term debt	240,584	135,207
Notes payable to Cervus Corporation	6,921,870	6,798,795
Notes payable	869,851	714,792
Partners' equity		
Partners' capital (note 5)	4,562,455	3,389,975
Contributed surplus	44,000	44,000
Accumulated earnings	3,988,072	4,291,925
	8,594,527	7,725,900
Subsequent event (note 7)		
	$ 51,971,820	$ 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

(Unaudited)

	Three months ended		Six months ended	
	June 30, 2005	June 30, 2004	June 30, 2005	June 30, 2004
Revenue:				
Equipment sales	$ 41,371,614	$ 34,648,125	$ 55,842,396	$ 50,608,528
Parts and service	7,977,261	6,866,279	13,186,708	11,336,911
Other	233,476	239,371	300,410	305,996
	49,582,351	41,753,775	69,329,514	62,251,435
Cost of sales	42,191,357	35,436,797	58,305,520	52,809,330
Gross profit	7,390,994	6,316,978	11,023,994	9,442,105
Selling, general and administrative expenses	4,962,817	4,169,933	9,003,659	7,569,598
Interest expense	201,365	302,910	391,558	531,890
Depreciation expense	66,228	60,055	121,385	115,342
Earnings before the following	2,160,584	1,784,080	1,507,392	1,225,275
Future income taxes	–	190,000	–	–
Equity in earnings of significantly influenced companies	113,233	198,000	170,000	198,000
Non-controlling interest	–	108,276	–	108,276
Net earnings	$ 2,273,817	$ 1,683,804	$ 1,677,392	$ 1,314,999
Net earnings (loss) per unit (note 5):				
Basic	$ 0.55	$ 0.45	$ 0.40	$ 0.35
Diluted	$ 0.53	$ 0.45	$ 0.39	$ 0.35

See accompanying notes to consolidated financial statements.

CERVUS LP

Consolidated Statement of Accumulated Earnings
(Unaudited)

For the period ended June 30, 2005

	General Partner	Limited Partners	Total
Balance, December 31, 2004	$ 125,115	$ 4,166,810	$ 4,291,925
Net earnings	36,874	1,640,518	1,677,392
Distributions to the limited partners	–	(1,981,245)	(1,981,245)
Balance, June 30, 2005	$ 161,989	$ 3,826,083	$ 3,988,072

See accompanying notes to consolidated financial statements.

CERVUS LP

Consolidated Statement of Cash Flows
(Unaudited)

	Three months ended		Six months ended	
	June 30, 2005	June 30, 2004	June 30, 2005	June 30, 2004
Cash flows from (used in):				
Operations:				
Net earnings	$ 2,273,817	$ 1,683,804	$ 1,677,392	$ 1,314,999
Add items not affecting cash:				
Depreciation expense	66,228	60,055	121,385	115,342
Unit based compensation expense	–	1,716	–	3,432
Undistributed earnings of significantly influenced companies	(113,233)	(198,000)	(170,000)	(198,000)
Non-controlling interest	–	108,276	–	108,276
Future income taxes	–	190,000	–	–
	2,226,812	1,845,851	1,628,777	1,344,049
Net change in non-cash working capital	(4,834,049)	(1,220,664)	(3,908,524)	(1,681,691)
	(2,607,237)	625,187	(2,279,747)	(337,642)
Financing:				
Issuance of limited partnership units	598,160	215,000	1,172,480	215,000
Proceeds on long-term debt	126,791	–	170,891	–
Distributions to the limited partners	(1,002,099)	–	(1,981,245)	–
Repayment of advance from Cervus Corporation	–	–	–	(1,660,000)
Advances to affiliate companies	–	(126,802)	–	(141,802)
Repayment of long-term debt	(21,984)	19,433	(38,632)	(8,210)
Increase (decrease) in finance reserve	4,449	(52,623)	(61,600)	(61,791)
Issuance (repayment) of notes payable	385,060		155,060	–
Issuance (repayment) of notes payable to Cervus Corporation	602,324	1,220,619	123,075	1,287,683
	692,701	1,275,627	(459,971)	(369,120)
Investments:				
Purchase of equipment	(166,495)	(55,714)	(231,892)	(62,390)
Purchase long-term investment	(45,133)	–	(45,133)	–
Proceeds on sale of assets	–	–	–	1,574,349
Investment in Cervus Corporation	–	(1,240,000)	–	(1,240,000)
Business acquisition, net of cash acquired	–	–	–	184,400
	(211,628)	(1,295,714)	(277,025)	456,359
Increase (decrease) in cash	(2,126,164)	605,100	(3,016,743)	(250,403)
Cash (bank indebtedness), beginning of period	(1,055,243)	30,822	(164,664)	886,325
Cash (bank indebtedness), end of period	$(3,181,407)	$ 635,922	$(3,181,407)	$ 635,922

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

Cash interest paid	$ 239,035	$ 296,648	$ 426,703	$ 495,221

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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
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	174,217		–		1,139,480		1,139,480
Balance June 30, 2005	4,207,227	$	804,069	$	3,758,486	$	4,562,455

(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, June 30, 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 June 30, 2005 of 4,105,984 (2004 – 3,707,449). In computing diluted per unit amounts 90,000 (2004 – 5,939) units were added to the weighted average number of units for the dilutive effect of unit options.

5. Partners’ equity (continued):

(d) Distribution reinvestment plan:

In 2005, 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 174,217 units under this plan at an average price of $6.54 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 June 30, 2005 and 2004, the LP had the following transactions with Cervus Corporation:

	2005	2004
Equipment and real estate rentals	$ 423,702	$ 402,162
Interest on notes payable	154,911	204,444
Interest on fixed value units	20,100	20,100
Monthly management fees	–	169,625
Guarantee fees	72,750	48,750
General partner profit allocation	16,774	13,821
	$ 688,237	$ 858,902

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 $150,750 (2004 -$106,500) for providing these guarantees.

During 2005 the LP received an additional $123,075 in notes payable from Cervus Corporation.

(b) During the period, equipment and real estate rentals of $180,618 (2004 - $180,618) were paid to unitholders of the LP. During the period, management fees of $233,965 (2004 - $107,800) were paid to companies controlled by dealership managers.

6. Related party transactions (continued):

(c) Notes payable to other related parties:

	2005
5% notes payable, unsecured	$ 404,000
Note payable, non-interest bearing and unsecured	310,791
Notes payable, 5% interest bearing and unsecured	155,060
	$ 869,851

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 $10,100 (2004 - $10,100) 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., was approved by the limited partners at the annual special meeting on May 31, 2005 and received final regulatory approval on August 1, 2005. The shareholders of the 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.