



CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

Years ended December 31, 2007 and 2006

MANAGEMENTS RESPONSIBILITY TO THE LIMITED PARTNERS OF CERVUS LIMITED PARTNERSHIP:

Management is responsible for the integrity and objectivity of the financial information presented in this annual report. The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include amounts based on estimates and judgments. The financial information presented elsewhere in this annual report is consistent with that shown in the accompanying consolidated financial statements.

Management is also responsible for developing and maintaining the necessary systems of internal controls to provide reasonable assurance that transactions we authorized, assets safeguarded, and that the financial records form a reliable basis for the preparation of accurate and timely financial information.

The Board of Directors (the "Board") is responsible for ensuring management fulfills its responsibility for financial reporting and internal control. The Board carries out this responsibility principally through its audit committee. The Board's Audit Committee, reviews the consolidated financial statements and recommends them to the Board for approval. Cervus LP's external auditors have full and unrestricted access to the Audit Committee and meet periodically with them (and separately, in the absence of management) to discuss audit, financial reporting, and related matters.

Peter Lacey
Chief Executive Officer

Randall Muth
Chief Financial Officer

March 17, 2008

AUDITORS' REPORT TO THE PARTNERS

We have audited the consolidated statement of financial position of Cervus LP as at December 31, 2007 and 2006 and the consolidated statements of earnings and comprehensive 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 consolidated financial position of Cervus LP as at December 31, 2007 and 2006 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

KAMC LLP

Chartered Accountants
Calgary, Canada

March 17, 2008

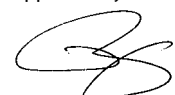
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

December 31, 2007 and 2006

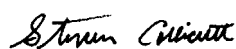
	2007	2006
Assets		
Current assets:		
Cash	\$ 1,800,629	\$ -
Short-term loan (note 4)	4,942,816	-
Trade accounts receivable (note 5)	13,071,126	10,712,721
Advances to Proventure Income Fund (note 5)	-	109,680
Inventories (note 6)	64,277,726	72,160,486
Prepaid expenses and deposits	1,045,921	689,821
	85,138,218	83,672,708
Investments and other assets (note 7)	1,713,622	815,589
Deposits with John Deere (note 8)	835,823	1,287,120
Other intangible assets (note 9)	10,047,225	8,452,750
Buildings and equipment (note 10)	12,357,408	10,629,911
Goodwill (note 3)	3,199,681	2,657,462
	\$ 113,291,977	\$ 107,515,540
Liability and Partners' Equity		
Current liabilities:		
Bank indebtedness (note 11)	\$ -	\$ 4,955,294
Accounts payable and accrued liabilities	7,180,845	4,627,121
Customer deposits	4,923,830	2,550,870
Floor plan payables (note 12)	38,935,728	46,121,220
Distribution payable	707,617	617,704
Current portion of notes payable (note 22)	600,000	200,000
Current portion of term debt (note 13)	3,641,487	3,206,423
	55,989,507	62,278,632
Term debt (note 13)	8,027,088	8,002,541
Notes payable (note 22)	725,000	925,000
Future income taxes (note 14)	149,000	149,000
	64,890,595	71,355,173
Partners' equity:		
Partners' capital (note 15)	37,054,259	26,672,625
Unit purchase financing (note 16)	(628,254)	(508,680)
Preferred partnership units (note 17)	1,600,000	3,000,000
Contributed surplus (note 18)	1,055,097	602,653
Accumulated earnings	9,320,280	6,393,769
	48,401,382	36,160,367
Commitments and contingencies (note 19)		
	\$ 113,291,977	\$ 107,515,540

See accompanying notes to consolidated financial statements.

Approved by the Board of the General Partner:



Peter Lacey, Director



Steven Collicutt, Director

CONSOLIDATED STATEMENT OF EARNINGS AND COMPREHENSIVE EARNINGS

Years ended December 31, 2007 and 2006

	2007	2006
Revenue:		
Equipment sales	\$ 239,478,201	\$ 212,980,983
Parts	37,082,749	32,087,873
Service	20,817,028	17,785,186
Rentals	7,605,726	6,279,084
	304,983,704	269,133,126
Cost of sales, includes depreciation of \$2,012,792 (2006-\$1,657,943) and floor plan interest of \$302,711 (2006 - \$236,019)	250,999,578	225,030,331
Gross profit	53,984,126	44,102,795
Expenses:		
Selling, general and administrative	40,698,281	32,990,649
Interest, net	384,051	827,304
Interest on long-term debt	294,462	273,261
Depreciation and amortization	1,934,868	1,594,190
Earnings before the following	10,672,464	8,417,391
Gain (loss) on sale of assets	153,786	(97,652)
Equity earnings of significantly influenced companies	558,383	277,047
Net earnings and comprehensive earnings available to partners	\$ 11,384,633	\$ 8,596,786
Net earnings per unit (note 15):		
Basic	\$ 1.55	\$ 1.38
Diluted	\$ 1.50	\$ 1.29

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF ACCUMULATED EARNINGS

Years ended December 31, 2007 and 2006

	General Partner	Limited Partners	Preferred Partnership Units	Limited Partnership Fixed Value Units	Total
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
Net earnings available to partners	113,846	10,941,724	329,063	-	11,384,633
Distributions declared	(124,714)	(8,004,345)	(329,063)	-	(8,458,122)
Balance, December 31, 2007	\$ 41,299	\$ 9,278,981	\$ -	\$ -	\$ 9,320,280

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Years ended December 31, 2007 and 2006

	2007	2006
Cash flows from (used in):		
Operations:		
Net earnings	\$ 11,384,633	\$ 8,596,786
Adjustments for non-cash items:		
Depreciation and amortization expenses	3,947,660	3,252,133
Amortization of employee purchase loans	327,619	-
Unit-based compensation expense	-	(17,333)
Deferred unit compensation	112,219	-
Loss (gain) on disposal of buildings and equipment	(153,786)	97,652
Earnings of significantly influenced companies	(558,383)	(277,047)
	15,059,962	11,652,191
Net change in non-cash working capital	3,078,292	(7,805,029)
	18,138,254	3,847,162
Financing:		
Issuance of limited partnership units and subscription receipts	8,911,860	5,711,172
Proceeds from term debt, net of repayments	459,611	1,613,678
Distributions to the limited partners	(8,368,209)	(6,813,340)
Proceeds from (repayment of) notes and advances to Proventure Income Fund	109,680	(4,304,572)
Decrease in deposits with John Deere	614,112	118,353
Repayments on notes payable	(200,000)	(1,798,582)
	1,527,054	(5,473,291)
Investments:		
Business acquisitions, net of cash acquired	(3,581,079)	(824,293)
Short-term loan	(4,942,816)	-
Purchase of investments and other assets	(359,687)	-
Advance of unit purchase loan	(37,193)	-
Purchase of equipment, net of disposals	(4,098,518)	(3,680,019)
Return of capital from long-term investments	109,908	39,968
	(12,909,385)	(4,464,344)
Increase (decrease) in cash	6,755,923	(6,090,473)
Cash and cash equivalents (bank indebtedness), beginning of year	(4,955,294)	1,135,179
Cash and cash equivalents (bank indebtedness), end of year	\$ 1,800,629	\$ (4,955,294)
The following cash payments have been included in the determination of net earnings:		
Cash interest paid	\$ 1,773,112	\$ 1,101,378
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	410,000	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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31, 2007 and 2006

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:

The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The significant accounting policies are as follows:

(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 and Contractors Equipment Ltd. and its subsidiaries.

(B) CASH AND CASH EQUIVALENTS:

Cash and cash equivalents include cash on hand, balances with banks and short-term investments with original maturities of three months or less.

(C) 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.

(D) 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.

(E) 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.

(F) OTHER INTANGIBLE ASSETS:

Other intangible assets are comprised of 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.

(G) 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.

(H) 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.

(I) 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.

(J) 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.

(K) UNIT PURCHASE FINANCING:

The LP provides loans to key employees for the purpose of acquiring units of the LP. These loans bear interest at various rates and are collateralized by the unit certificates issued. 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.

(L) 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 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.

(M) DEFERRED UNIT PLAN:

The LP has a deferred unit plan that entitles certain officers and employees to receive deferred units in consideration for bonuses which would have otherwise been paid in cash. Deferred units are settled on a one-to-one basis with partnership units at the time the employee requests settlement. The employee is entitled to the benefits of the unit immediately, including distributions, which are paid with additional deferred units rather than cash distributions. The plan allows for up to 100% matching of the employee's contribution to the plan. The matching units vest over a five year period and are recorded as compensation expense as earned. Deferred units are settled on a one-to-one basis with common units at the time the employee requests settlement.

(N) 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.

(O) FINANCIAL INSTRUMENTS:

On January 1, 2007, the LP adopted the new accounting standards for recognition, measurement, disclosure and presentation of financial instruments. Financial assets and financial liabilities, including derivatives, are recognized on the consolidated statement of financial position when the LP becomes a party to the contractual provisions of the financial instrument or non-financial derivative contract. All financial instruments are required to be measured at fair value on initial recognition except for certain related party transactions. Measurement in subsequent periods is dependent upon the classification of the financial instrument as held-for-trading, held-to-maturity, available-for-sale, loans and receivables, or other financial liabilities. The held-for-trading classification is applied when an

entity is “trading” in an instrument or alternatively the standard permits that any financial instrument be irrevocably designated as held-for-trading. The held-to-maturity classification is applied only if the asset has specified characteristics and the entity has the ability and intent to hold the asset until maturity. For financial instruments classified as other than held-for-trading, transaction costs are added to the initial fair value of the related financial instrument. Transaction costs related to the revolving line of credit which are not drawn are deferred and amortized straight line over the term of the credit facility.

Financial assets and financial liabilities classified as held-for-trading are measured at fair value with changes in those fair values recognized in non-operating income. Financial assets classified as held-to-maturity, loans and receivables, or other financial liabilities are measured at amortized cost using the effective interest method of amortization. Financial assets classified as available-for-sale are measured at fair value with unrealized gains and losses, including changes in foreign exchange rates, being recognized in Other Comprehensive Income (“OCI”), as described below.

Derivative instruments are recorded on the consolidated statement of financial position at fair value, including those derivatives that are embedded in financial or non-financial contracts. Changes in the fair values of derivative instruments are recognized in non-operating income.

For financial instruments measured at amortized cost, transaction costs or fees, premiums or discounts earned or incurred are recorded, at inception, net against the fair value of the financial instrument. Interest expense is recorded using the effective interest method. For guarantees issued that meet the definition of a guarantee pursuant to Accounting Guideline 14, Disclosure of Guarantees, the inception fair value of the obligation relating to the guarantee is recognized and amortized over the term of the guarantee. It is the LP’s policy to not re-measure the fair value of the financial guarantee unless it qualifies as a derivative.

The LP has implemented the following classifications:

- Cash and cash equivalents are classified as held-for-trading and any period change in fair value is recorded through net income.
- Accounts receivable and short-term loans are classified as loans and receivables and are measured at amortized cost using the effective interest rate method. Interest income is recorded in net income, as applicable.
- Accounts payable, credit facilities customer deposits, distributions payable, notes payable and term debt are classified as other financial liabilities and are measured at amortized cost using the effective interest rate method. Interest income is recorded in net income, as applicable.

Comprehensive Income

OCI represents changes in partners’ equity during a period arising from transactions and other events with non-owner sources that are recognized in Comprehensive income, but excluded from net income. Cumulative changes in OCI are included in accumulated other comprehensive income (“AOCI”), which is presented as a new category within partners’ equity on the consolidated statement of financial position. OCI and AOCI are presented net of tax. The LP has no items affecting OCI and therefore, there are no transitional adjustments required and OCI and AOCI are not presented.

As a result of adopting these new standards, the LP had no transition adjustments attributable to the re-measurement of financial assets and financial liabilities at fair value.

(P) RECENT ACCOUNTING PRONOUNCEMENTS ISSUED BUT NOT YET ADOPTED

Effective January 1, 2008, the LP will be required to adopt the following accounting standards:

CICA Section 1535 - Capital Disclosures

In December 2006, the CICA issued Handbook Section 1535 - Capital Disclosures. Under this section, an entity discloses its objectives, policies, and processes for managing capital, as well as quantitative data about capital and whether it has complied with externally imposed capital requirements. The LP does not expect the adoption of this standard will have a material impact on its consolidated financial statements.

CICA Section 3031 - Inventory

In June 2007, the CICA issued Handbook Section 3031 - Inventories. This standard replaces Section 3030 by increasing guidance regarding the scope, measurement, and allocation of costs to inventories. Under this section, inventory is to be measured at the lower of cost and net realizable value. Net realizable value approximates the estimated selling price less all estimated costs of completion and necessary costs to complete the sale. Cost shall be assigned using the first-in, first-out (FIFO) or weighted average cost formula. Further, Section 3031 requires the reversal of previous write-downs of inventory when economic changes support an increased value. The LP does not expect the adoption of this standard will have a material impact on its consolidated financial statements.

CICA Section 3862 - Financial Instruments - Disclosures and Section 3863 - Financial Instruments - Presentation

In December 2006, the CICA issued Handbook Sections 3862 and 3863 that place increased emphasis on risk disclosures, specifically the risk associated with both recognized and unrecognized financial instruments and how those risks are managed. These new accounting standards supersede Section 3861 Financial Instruments - Disclosure and Presentation, which the LP adopted on January 1, 2007. The LP does not expect the adoption of this standard will have a material impact on its consolidated financial statements.

(Q) 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, the residual values of leases and the recognition and recovery of future income tax assets and liabilities. Consequently, actual results could differ from those estimates.

(R) COMPARATIVE INFORMATION:

Certain of the 2006 comparative figures have been reclassified to conform to the financial statement presentation adopted for the current year.

3. BUSINESS ACQUISITIONS:

- a. On May 31, 2007, the LP acquired 100% of the issued and outstanding shares of Greenline Equipment Sales Ltd. ("Greenline"), a John Deere dealership located in Olds, Alberta for \$3,981,079. The purchase price was allocated as follows:

Net assets acquired at fair value:	
Working capital	\$ 173,845
Property and equipment	469,732
Investment in significantly influenced company	82,468
Finance reserve	162,815
Goodwill	542,219
Other intangibles	2,550,000
	<hr/>
	\$ 3,981,079
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Financed by:	
Cash, net of cash acquired of \$37,819	\$ 3,581,079
Note payable due April 30, 2008 (note 22 (g))	400,000
	<hr/>
	\$ 3,981,079

- b. 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 at fair value:	
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
	<hr/>
	\$ 3,124,293
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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 (note 22 (g))	1,125,000
	<hr/>
	\$ 3,124,293

- c. 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

4. SHORT TERM LOAN:

On December 14, 2007, the LP loaned \$4,942,816 to an unrelated private company. The loan is due one year from the date of advancement and bears interest at the rate of 20% per annum. The loan is secured by a pledge of the shares of the borrower that holds a 50% beneficial interest in a joint venture that is developing and selling commercial real estate.

Subsequent to the year end the LP made an additional advance to the company in the amount of \$3,357,184.

5. DUE FROM 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, 2007, the LP had no notes payable or advances from Proventure (2006 - \$109,680). No interest was paid to Proventure in 2007 (2006 - \$87,491) on notes payable and advances and \$20,100 on fixed value units). Accounts receivable at December 31, 2007 includes \$52,617 due from Proventure which was repaid subsequent to year end.

In 2006 the LP repaid the balances due to Proventure by cash paid of \$4,304,572, including \$803,969 for repayment of fixed value partnership units and the issuance of 136,610 limited partner units (see note 15).

6. INVENTORIES:

	2007	2006
New equipment	\$ 34,830,089	\$ 34,694,706
Used equipment	21,553,041	29,130,970
Parts and accessories	7,400,356	7,592,994
Work-in-progress	494,240	741,816
	\$ 64,277,726	\$ 72,160,486

7. INVESTMENTS AND OTHER ASSETS:

	2007	2006
Investment in significantly influenced companies, at equity		
101034350 Saskatchewan Ltd. (33% interest)	\$ 510,090	\$ 332,948
Greenway Sprayers (38% interest)	276,854	118,416
Deer Star Systems Inc. (33% interest, 2006 - 27%)	463,278	311,911
Cash surrender value of life insurance	102,612	-
Employee housing loan, non-interest bearing, due December 31, 2009, secured by promissory note and caveat on subject property	359,687	-
Investment in companies, at cost		
Mid-Sask Terminal Ltd.	1,101	7,101
Proventure Income Fund	-	45,213
	\$ 1,713,622	\$ 815,589

8. DEPOSITS WITH JOHN DEERE:

John Deere Credit Inc. ("Deere Credit") provides 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 obligation. Deere Credit retains 1% of the face amount of the 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 contracts outstanding.

The maximum liability that may arise related to these arrangements is limited to the deposits of \$835,823 (2006 - \$1,287,120). Losses are recorded when the amount of a loss can be reasonably estimated. Deere Credit reviews the deposit account balances quarterly and if the balances exceed the minimum requirements, Deere Credit refunds the difference to the LP.

9. OTHER INTANGIBLE ASSETS:

2007	Cost	Accumulated amortization	Net book value
Dealership distribution agreements	\$ 8,545,000	\$ 670,292	\$ 7,874,708
Customer lists	1,790,000	549,983	1,240,017
Non-competition agreements	1,380,000	447,500	932,500
	\$ 11,715,000	\$ 1,667,775	\$ 10,047,225

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

10. BUILDINGS AND EQUIPMENT:

2007	Cost	Accumulated depreciation	Net book Value
Buildings	\$ 66,272	\$ 10,872	\$ 55,400
Short term rental equipment	12,330,996	3,565,999	8,764,997
Automotive and trucks	2,628,238	1,604,828	1,023,410
Furniture and fixtures	1,613,587	994,295	619,292
Parts and shop equipment	1,421,094	845,134	575,960
Computers and software	1,123,548	699,252	424,296
Leasehold improvements	1,587,576	693,523	894,053
	\$ 20,771,311	\$ 8,413,903	\$ 12,357,408

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

11. BANK INDEBTEDNESS:

At December 31, 2007 the LP has an operating bank line of credit to a maximum amount of \$15 million (2006 - \$12 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, 2007 the LP had drawn \$nil (2006 - \$4,063,783) on this operating line.

12. 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.

13. TERM DEBT:

	2007	2006
Bank term loan, interest at rates ranging from bank prime plus 0.25% to bank prime plus 0.75% and principal installments of \$104,167 per month plus interest. For security, see note 11.	\$ 4,375,000	\$ 5,000,000
Finance company, payable in monthly installments of approximately \$183,551 including interest at 6.25%, secured by short term rental equipment	6,508,356	5,079,939
Finance contracts and fixed rate bank term loans repayable in monthly installment ranging from \$440 to \$4,268 per month including interest up to 7.5%, secured by related equipment, due at various dates through 2011.	785,219	1,129,025
	11,668,575	11,208,964
Less: current portion	3,641,487	3,206,423
	\$ 8,027,088	\$ 8,002,541

Included in finance contracts and fixed rate bank term loans is \$120,000 (2006 - \$120,000) of non-interest bearing debt with no specified terms of repayment payable to Deerstar Systems Inc., company in which the LP has a 33.33% interest (see note 7). The loan was made for the purposes of financing certain inventories which the LP purchased.

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

2008	\$ 3,641,487
2009	3,631,636
2010	3,507,877
2011	738,309
2012	29,266
Thereafter	120,000
	\$ 11,668,575

14. 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:

	2007	2006
Buildings and equipment	\$ (378,000)	\$ (401,000)
Non-capital losses carried forward	229,000	252,000
	\$ (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:

	2007	2006
Combined statutory tax rates	29.5%	33.6%
Income taxes calculated at above rate	\$ 3,358,467	\$ 2,888,520
Impact of flow thru partnership income and equity earnings	(3,358,467)	(2,996,012)
Change in valuation allowance	-	107,492
	\$ -	\$ -

The excess of the carrying values of the LP's net assets and liabilities over their tax bases was approximately \$7.5 million at December 31, 2007 (2006 - \$509,000).

On June 12, 2007, the Government of Canada enacted legislation to impose additional income taxes on publicly traded income trusts and limited partnerships (Specified Investment Flow-Through Entities or "SIFT") effective January 1, 2011. Prior to June 2007, the LP estimated the future income tax on certain temporary differences between amounts recorded on its balance sheet for book and income tax purposes. Under this new legislation, the LP now estimates the effective income tax rate on the post 2010 reversal of these temporary differences to range from 28.0% to 29.5%. Temporary differences reversing before 2011 will still give rise to \$149,000 future income taxes. The new legislative changes have no effect on how the LP accounts for temporary differences within its incorporated subsidiaries.

Based on its assets and liabilities at December 31, 2007, the LP has estimated the amount of its temporary differences, which were previously not subject to income tax, and the periods in which these differences will reverse. The LP plans to maximize the amount of income tax pools that can be carried forward to reduce and defer, as much as possible, its income tax exposure beginning in 2011. The LP expects the application of this policy will reverse essentially all of the taxable temporary differences associated with its property, plant and equipment and other intangible assets prior to January 1, 2011.

While the LP believes it will be subject to additional income tax under the new legislation, the estimated effective tax rate on temporary difference reversals after 2011 may change in future periods. As the legislation is new, future technical interpretations of the legislation could occur and could materially affect management's estimate of the future income tax liability. The amount and timing of reversals of temporary differences will also depend on the LP's future operating results, acquisitions and dispositions of assets and liabilities.

15. 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, 2005	4,411,421	\$ 100	\$ 16,024,751	\$ 803,969	\$16,828,820
Redeemed (note 5)	-	-	-	(803,969)	(803,969)
Subscriptions exercised	1,484,600	-	-	-	-
Issued on exercise of options	9,000	-	73,800	-	73,800
Contributed surplus adjustment 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 16)	42,405	-	508,860	-	508,860
Units issued for settlement of amounts due to Proventure (note 5)	136,610	-	1,639,320	-	1,639,320
Unit issue costs	-	-	(73,771)	-	(73,771)
Contributed surplus adjustment for warrants issued (note 18)	-	-	(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
Issued on exercise of options through unit purchase loans	50,000	-	410,000	-	410,000
Contributed surplus adjustment unit options	-	-	148,729	-	148,729
Issued to deferred unit plan	-	-	112,219	-	112,219
Issued under DRIP plan	278,321	-	3,113,847	-	3,113,847
Units issued in private placement	384,616	-	5,000,008	-	5,000,008
Unit issue costs	-	-	(176,998)	-	(176,998)
Contributed surplus adjustment for warrants issued in private placement (note 18)	-	-	(774,878)	-	(774,878)
Warrants exercised	111,093	-	975,002	-	975,002
Contributed surplus adjustment for warrants exercised (note 18)	-	-	173,705	-	173,705
Preferred partnership units converted (note 17)	175,000	-	1,400,000	-	1,400,000
Balance December 31, 2007	7,862,409	\$ 100	\$ 37,054,159	\$ -	\$ 37,054,259

(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, 2005	160,000	\$ 4.29
Exercised	(9,000)	8.20
Cancelled	(101,000)	2.00
Granted under unit option plan	10,000	9.00
Outstanding and exercisable, December 31, 2006	60,000	8.33
Exercised through unit purchase financing	(50,000)	8.20
Outstanding and exercisable, December 31, 2007	10,000	\$ 9.00

Subsequent to year end, the 10,000 outstanding options were exercised through the issuance of a unit purchase financing loan in the amount of \$90,000.

There was no compensation expense for the year related to options (2006 - recovery of \$17,333).

(D) WARRANTS:

During the year, the LP issued 384,616 warrants to participants of the July 3, 2007 private placement. These warrants were immediately exercisable at \$14 per warrant and expire on June 30, 2009. The fair values of the warrants were calculated using the Black-Scholes option pricing model was \$2.01 per warrant for an aggregate amount of \$774,878. The assumptions used in calculating the fair values of the warrants included a risk free interest rate of 4.63%, expected life of 2 years, expected volatility of 44% and an expected dividend rate of 9% per annum.

In addition, on August 3, 2006, the LP issued 200,000 warrants to participants of a private placement. These warrants were immediately exercisable at \$13 per warrant and expire on August 3, 2008. The fair values of the warrants were calculated using the Black-Scholes option pricing model was \$1.42 per warrant for an aggregate amount of \$284,256. The assumptions used in calculating the fair values of the warrants included a risk free interest rate of 4.25%, expected life of 2 years, expected volatility of 44% and an expected dividend rate of 9% per annum.

The value of the warrants is reflected as unit issue costs and contributed surplus.

(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, 2007 of 7,351,573 (2006 – 6,245,338). Diluted number of units outstanding at December 31, 2007 is 7,568,215 (2006 – 6,661,192). In computing diluted earnings per unit 216,642 (2006 – 415,854) 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 2007 the LP issued 278,321 (2006 – 289,779) limited partner units under this plan at an average issue price of \$11.19 per unit (2006 – \$10.56).

(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 \$327,619 (2006 – \$64,791) of contributions made on behalf of the LP’s employees.

(H) DEFERRED UNIT PLAN:

During 2007, the LP initiated a deferred unit plan that entitles certain officers and employees to receive deferred units in consideration for bonuses which would have otherwise been paid in cash. Deferred units are settled on a one-to-one basis with partnership units at the time the employee requests settlement. The employee is entitled to the benefits of the unit immediately, including distributions, which are paid with additional deferred units rather than cash distributions. The plan allows for up to 100% matching of the the employee’s contribution to the plan. The matching units vest over a five year period.

During the year, the LP issued 8,210 deferred units for a value of \$107,227 (2006 - \$nil). Additional matching compensation expense of \$4,992 (2006 - \$nil) has been recorded during the period to reflect 292 units earned through the DRIP. No compensation expense has been recorded for the matching component of the plan which amounts to \$46,000 and consists of 3,042 deferred units. The matching component will be expensed as additional stock compensation expense on a straight-line basis over 5 years commencing in 2008. As at December 31, 2007, 11,543 (2006 – nil) deferred units are outstanding.

16. EMPLOYEE UNIT PURCHASE FINANCING:

The LP provides loans to certain employees for limited partnership units issued under the LP's private placement offerings and to pay for the exercise of unit options pursuant to the unit option plan. 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 employee meets specified terms of service.

The loans are classified as a reduction of partner's equity. The forgiveness of interest and principal is accounted for as compensation expense and consists of the following:

Balance, December 31, 2005	\$	-
Loans provided		508,680
Balance, December 31, 2006		508,680
Loans provided		447,193
Amortization into compensation expense		(327,619)
Balance, December 31, 2007	\$	628,254

17. 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. During 2007, 175,000 units were converted to LP units for a value of \$1,400,000. Subsequent to year end, 200,000 additional preferred partnership units were also converted into LP units for a value of \$1,600,000.

18. CONTRIBUTED SURPLUS:

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
Exercise of private placement warrants		(173,705)
Fair value of private placement warrants		774,878
Exercise of unit options		(148,729)
Balance, December 31, 2007	\$	1,055,097

	2007	2006
Balance consists of amounts related to:		
Unit options	\$ 14,668	\$ 163,397
Warrants	1,040,429	439,256
Balance, December 31	\$ 1,055,097	\$ 602,653

19. 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 \$551,639 (2006 - \$878,225). 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, 2007, the net residual value of such leases aggregated \$40,068,365 (2006 - \$27,747,308).

Management believes that the potential losses on the leases is not significant 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:

2008	\$ 2,112,430
2009	1,470,106
2010	1,270,480
2011	674,244
2012	572,597
Thereafter	1,173,980
	<hr/>
	\$ 7,273,837

20. ECONOMIC DEPENDENCE:

A significant source of the LP's 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.

21. FINANCIAL INSTRUMENTS:

(A) FAIR VALUES:

The fair values of the short-term loan, 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, 2007 there was no significant allowance for uncollectible amounts that have not been recorded in the accompanying financial statements.

(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 \$10,883,356 (2006 - \$11,084,319).

22. RELATED PARTY TRANSACTIONS:

- (a) During the years ended December 31, 2007 and 2006, the LP had the following additional transactions with Proventure Income Fund (see note 5):

	2007	2006
Equipment and real estate rentals	\$ 1,341,135	\$ 1,043,982
Management fees	30,000	-
Interest on notes payable	-	87,491
Interest on fixed value units	-	20,100
Guarantee fees	114,000	145,500
	\$ 1,485,135	\$ 1,297,073

The Chief Executive Officer (“CEO”) of the LP is the CEO of the general partner and the CEO of Proventure, a publicly traded fund. In addition, the CEO is the single largest equity holder of each of these entities. Proventure has provided guarantees to John Deere and is entitled to guarantee fees based on 3% of \$2,750,000 (December 31, 2006 - \$4,850,000), building lease charges based on lease agreements, and a monthly fee of \$2,500 for administrative service provided by the LP on behalf of Proventure

- (b) Certain officers and dealer managers of the LP have provided guarantees to John Deere aggregating \$7,150,000 (2006 - \$5,650,000). During 2007, the LP paid these individuals \$77,250 (2006 -\$73,500) for providing these guarantees; these transactions were recorded at the amount agreed to by the parties.
- (c) In 2007, the LP assumed a key-man life insurance policy that was held by Proventure. The LP reimbursed Proventure \$92,966, being the cash surrender value of the policy at the time of the transaction.
- (d) The general partner is Cervus GP Ltd., a private company. Cervus GP Ltd.’s shareholders own approximately 35 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, 2007, this amounted to \$113,846 (2006-\$81,867).
- (e) Notes payable to other related parties:

	2007	2006
6% notes payable, unsecured, repayable at \$200,000 per annum	\$ 925,000	\$ 1,125,000
Notes payable, unsecured, bearing interest at prime plus 1%, due April 2008	400,000	-
	1,325,000	1,125,000
Less current portion	600,000	200,000
	\$ 725,000	\$ 925,000

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). The notes payable bearing interest at prime plus 1% are owed to individuals from the purchase of Greenline Equipment Sales Ltd.

During the year, interest in the amount of \$67,898 (2006: \$28,125) was paid on the notes payable to related parties.

23. 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:

2007	Agricultural Equipment	Construction Equipment	Total
Revenue	\$ 192,352,723	\$ 112,630,981	\$ 304,983,704
Net earnings available to partners	3,070,566	8,314,067	11,384,633
Earnings of significantly influenced companies	558,383	-	558,383
Depreciation and amortization	975,627	2,972,033	3,947,660
Capital expenditures	459,845	3,869,534	4,329,379
Goodwill	1,672,681	1,527,000	3,199,681

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	638,210	2,613,923	3,252,133
Capital expenditures	871,188	5,734,616	6,605,804
Goodwill	1,130,462	1,527,000	2,657,462