ACTION NO. 0801-14675

IN THE COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL DISTRICT OF CALGARY

BETWEEN:

NATIONAL BANK OF CANADA

Plaintiff

- and -

McGILLIVRAY & SERA FARMS LTD., 626625 ALBERTA LTD., 626626 ALBERTA LTD., BASTIAANSEN HOLDING COMPANY LTD., JOS BASTIAANSEN, CORIEN BASTIAANSEN, and BASSEM FARM CORPORATION

Defendants

FOURTH REPORT OF THE RECEIVER
ERNST & YOUNG INC.

INVENTORY INVESTIGATION REPORT

May 20, 2009

INTRODUCTION

1. Ernst & Young Inc. was appointed Interim Receiver over McGillivray & Sera Farms Ltd., 626625 Alberta Ltd., 626626 Alberta Ltd., Bastiaansen Holding Company Ltd., Jos Bastiaansen and Corien Bastiaansen and in respect of certain assets of Bassem Farm Corporation pursuant to an Order of this Honourable Court Dated February 23, 2009.

2. Pursuant to an Order (the "Appointment Order") of this Honourable Court dated March 16, 2009, Ernst & Young Inc. was appointed Receiver (the "Receiver") of the property, assets and undertaking of McGillivray & Sera farms Ltd. ("MSF"), 622625 Alberta Ltd., Bastiaansen Holdings Company Ltd., Jos Bastiaansen ("Mr. Bastiaansen"), and Corien Bastiaansen ("Mrs. Bastiaansen") (collectively referred to as the "MSF Defendants") and in respect of certain assets (including the Inventory, Proceeds and Bank Accounts as defined in the Appointment Order) of Bassem Farm Corporation ("Bassem"), collectively Bassem and the MSF Defendants are referred to as the "Defendants". The Appointment Order was entered by this Honourable Court on March 23, 2008.

3. The Appointment Order authorized the Receiver, among other things, to carry on the business of the Defendants, to solicit offers to purchase the assets of the MSF Defendants, to continue to realize on the Bassem assets covered by this Order, and make such arrangements or agreements as deemed necessary by the Receiver.

4. The purpose of this Fourth report (the "Fourth Report") of the Receiver is to report to this Honourable Court on the Receiver's findings (the "Inventory Investigation Report") with respect to:

   a. Its review and analysis of the source and use of funds by MSF and Bassam with respect to the crop inventory grown in 2008 (the "2008 Inventory") including, without limitation, the use by MSF and Bassem of funds advanced by the National Bank of Canada (the "National Bank");

   b. The beneficial ownership of the inventory or portions thereof;

c. To the extent the beneficial owner of the inventory is not MSF or the MSF Defendants, the extent to which, if any, the National Bank's security attached to such inventory;

d. The validity and enforceability of the National Bank's security; and

e. Other facts the Receiver considers relevant to the inventory issue.

INVENTORY INVESTIGATION REPORT

Information used by the Receiver to complete the Inventory Investigation Report

5. To complete the Inventory Investigation Report, the Receiver had discussions with the following individuals:

   a. Mr. Todd Valkenberg, partner of Burns, Valkenburg and Associates ("BVA"), the accountant to MSF, Bassem and the Bassem Joint Venture (the "Bassem JV");

   b. Mr. Walter Semkuley ("Mr. Sekuley");

   c. Mr. Adrianus Jos Bastiaansen ("Mr. Bastiaansen"); and

   d. Representatives of the National Bank.

6. The Receiver's analysis is based on the review of the following information:

   a. All accounting records and source documents provided by BVA. Such documents included bank statements, invoices, cancelled cheques, shipping documents and other information of MSF, Bassem and the Bassem JV;

   b. Notice to reader financial statements prepared by BVA for MSF relating the financial year ended December 31, 2007 and 2008 (draft), financial statements for the Bassem JV relating to the financial year ended December 31, 2007 and for Bassem relating to the financial year ended December 31, 2008 (draft). The Receiver understands that all year ends are December 31;

   c. Information filed by the relevant parties in these proceedings; and

d. Certain information provided by Mr. Bastiaansen.

7. The Receiver advises that the Appointing Order states that the Inventory Investigation Report shall enclose all copies of all documents supporting such factual finding. The Receiver advises that the source documents used in these proceedings are voluminous and comprise several boxes of information. The Receiver has retained this information for review by interested parties as required, but for purposes of this report has appended the following information:

   a. MSF financial statements for the nine month period ended December 31, 2007, refer to appendix A, and draft statements for period ended December 31, 2008, refer to appendix B;

   b. Bassem JV financial statements for nine months ended December 31, 2007, refer to appendix C;

   c. Bassem draft financial statements for the period ended December 31, 2008, refer to appendix D;

   d. Schedule of sources and uses of funds, by bank account, for each of MSF, Bassem JV and Bassem for the period from January 1, 2007 to December 31, 2007, refer to appendix E, and for the period from January 1, 2008 to January 31, 2009, refer to appendix F; and

   e. February 13, 2008 e-mail from Mr. Bastiaansen to BVA, providing an allocation of the 2007 crop inventory held at December 31, 2007 between MSF and Bassem, refer to appendix G.

Background

8. The Receiver understands that the primary issue to be addressed by this Inventory Investigation Report relates to the beneficial ownership of the 2008 Inventory. The Receiver understands that the parties who may have a beneficial ownership of the 2008 Inventor include:

   a. MSF or the MSF Defendants; and/or

   b. Bassem or the Bassem JV.

9. The timeline below illustrates the periods which MSF, Bassem and the Bassem JV operated.

10. In completing the Inventory Investigation Report, the Receiver has analyzed the calendar years of 2007 and 2008. While the Inventory Investigation Report specifically relates to the beneficial ownership of the 2008 Inventory, the Receiver believes an analysis of 2007 needed to be completed to determine the financial and operational relationship as between the Bassem JV, Bassem and MSF and how the working capital relating to 2007 may have been used to fund a portion of the 2008 Inventory.

11. As explained in further detail below, the Receiver understands that an overview of the operational activity as between the MSF Defendants, MSF, Bassem and the Bassem JV can be summarized as followed:

   a. The Receiver understands that the Bassem JV operations commenced in 2007 which consisted of Mr. Semkuley and Mr. Bastiaansen combining certain of their farming operations. Mr. Semkuley advised that the Bassem JV commenced in 2006; however, financial statements for the Bassem JV were only prepared commencing in 2007 and BVA advised the Receiver that, to their knowledge, the Bassem JV commenced operations in 2007;

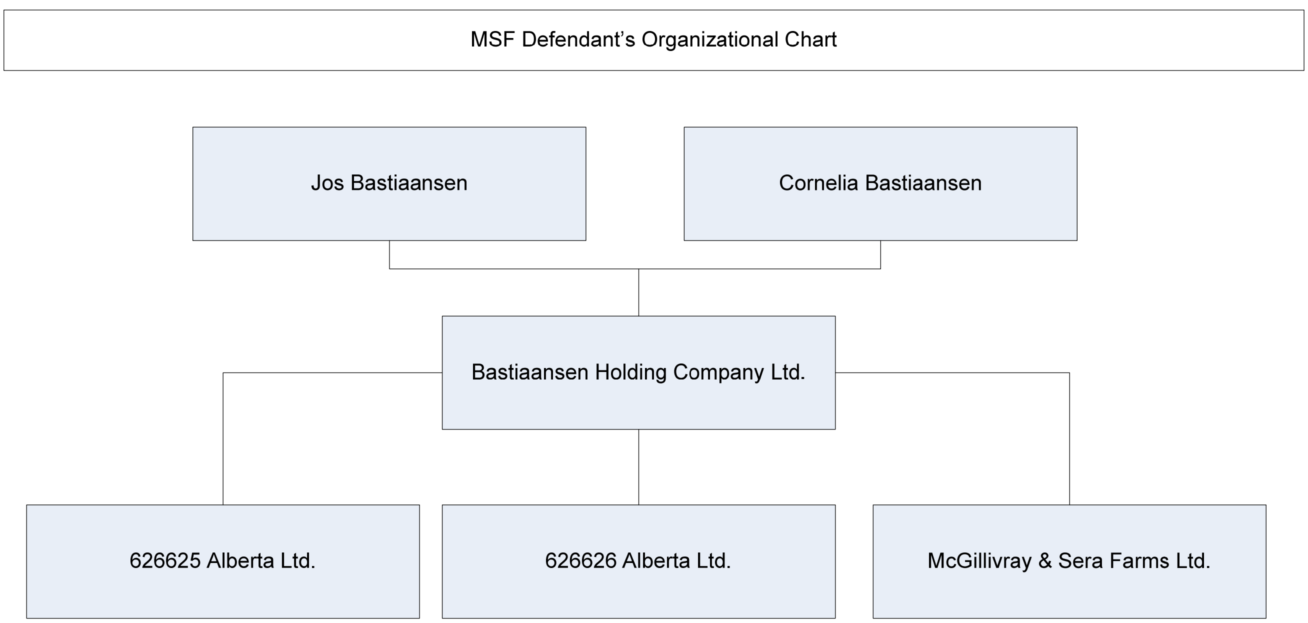
   b. MSF commenced operations in 2006 and continued the farming operations in 2007. MSF's 2007 farming operations included farming certain land in addition to the land used by the Bassem JV;

c. Bassem commenced operations in 2008 with its farming operations including land owned by Mr. Semkuley, MSF as well as other leased land. In summary, it appears that the intention was that Bassem would comprise the former operations of the Bassem JV and some of the former operations of MSF.

Organizational Charts

12. The main parties that are relevant to the Inventory Investigation Report include MSF, the MSF Defendants, the Bassem JV, Bassem and Mr. Semkuley. We have provided below the organizational chart illustrating the ownership of the various relevant parties.

MSF Defendants



13. The Receiver understands that MSF is the only operating entity within the organization chart above. MSF operated as a commercial potato and other cash crop venture since approximately April, 2006. In 2007, MSF's operations included the farming of land owned by MSF (referred to as the "MSF Land") in additional to land leased lands in the Bow Island and Lethbridge region. The legal description of the MSF Land is as described in the Receiver's Second Report. The Receiver understands that certain of MSF's land were used by the Bassem JV in 2007, as discussed in further detail below. Accordingly, during 2007, MSF's operations included the

farming activity associated with the Bassem JV and its own operations. In 2008, the farming operations of MSF were to be effectively continued within Bassem.

14. MSF's assets comprise the MSF Land of approximately 876 acres of agricultural land, two large potato bins used to store potatoes (the "MSF Potato Bins") and certain machinery and equipment used in its farming operations (the "MSF Machinery and Equipment"). In addition, MSF assets would also include any beneficial interest in the 2008 Inventory.

15. MSF is owned by Bastiaansen Holding Company, a holding company jointly owned by Mr. Bastiaansen and Mrs. Bastiaansen each having a 50% ownership. It is the Receiver's understanding that Bastiaansen Holding Company has no operations and holds no assets or liabilities other then its ownership in MSF.

16. The remaining companies comprise holding companies with no operations and no banking activity.

17. National Bank provided MSF with the following credit facilities (the "National Bank Credit Facility"):

   a. A revolving line of credit in the maximum amount of $1.3 million (the "NBC Line of Credit" or "NBC Account");

   b. A term loan in the amount of $4.25 million; and

   c. A master card facility.

18. National Bank Credit Facility is secured by, *inter alia*, the following:

   a. S.427 of the *Bank Act* granted by MSF;

   b. A General Security Agreement granted by MSF;

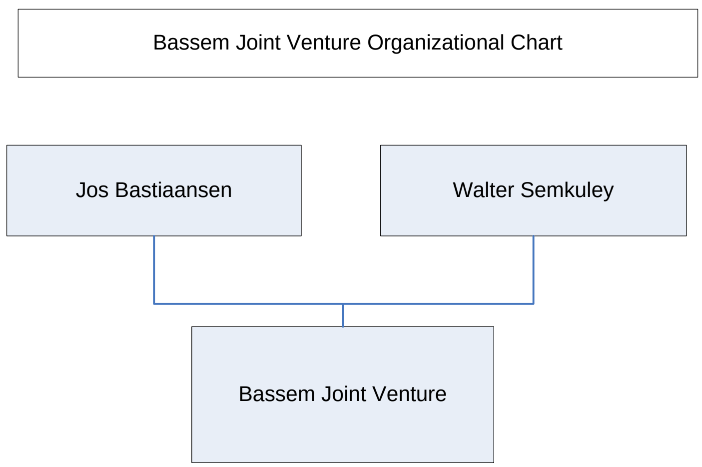
   c. A collateral mortgage in the amount of $5.59 million granted by MSF; and

   d. Guarantees provided by the MSF Defendants.

19. The National Bank Facility was to be used by MSF to fund its on going operations as well as construct the MSF Potato Bins.

20. Further background on the Defendant Guarantor's, including Orders issued by this Honourable Court and the Receiver's reports have been posted by the Monitor on its website at http://documentcentre.eycan.com/Pages/Main.aspx?SID=106.

Bassem Joint Venture



21. The Bassem JV is not a legal entity; however based on discussions with Mr. Semkuley, Mr. Bastiaansen and BVA, the Receiver understands that the 'ownership' of the Bassem JV is shared equally between Mr. Semkuley and Mr. Bastiaansen.

22. Mr. Semkuley advises that the Bassem JV commenced operations in 2007 as a joint venture between Mr. Bastiaansen and Mr. Semkuley; however, there is no joint venture agreement. During 2007, the Receiver has been advised that the Bassem JV grew a crop inventory on the MSF Lands and approximately 1,580 acres of agricultural farm land owned by Mr. Semkuley.

23. The Receiver understands that the Bassem JV employed the MSF Machinery and Equipment and stored the 2007 potato inventory grown by the Bassem JV in the MSF Potato Bins. The potato inventories of the Bassem JV were sold under potato sales contracts held in the name of MSF in 2007.

24. It is the Receiver's understanding that potential assets of the Bassem JV would comprise the 2007 Bassem JV inventory, which would have been sold and the proceeds collected during 2008. The Receiver understands that the intention was that the assets, liabilities and equity of the Bassem JV at December 31, 2007 would effectively be 'transferred' to Bassem as Bassem commenced its operations in 2008.

25. With respect to the relationship between MSF and the Bassem JV, the Receiver provides the following comments:

    a. Notice to reader financial statements were completed in 2007 for MSF and the Bassem JV; however, as discussed in further detail below, the bank accounts and inventories of MSF and the Bassem JV appeared to be commingled and the financial statements for 2007 were completed based on allocating a certain percentage of expenses and ending inventory from MSF to the Bassem JV (i.e. all expenses for 2007 were recorded in MSF's ledgers and allocated to the Bassem JV at year end based on an percentages that were agreed between Mr. Bastiaansen and Mr. Semkuley). There was no agreement that formally set out the allocation of expenses;

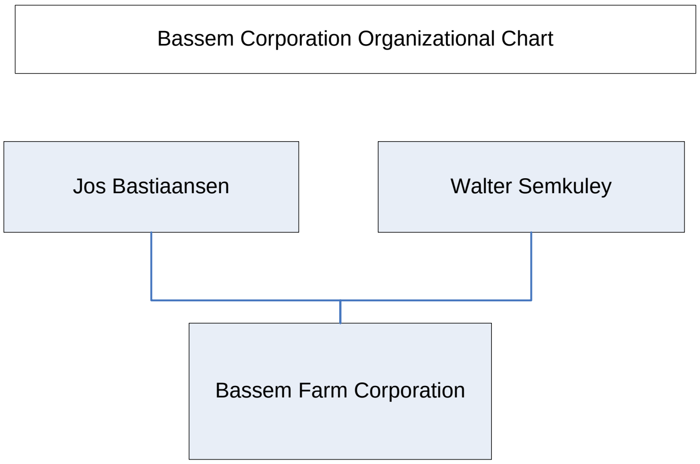
    b. During 2007, MSF and the Bassem JV used the National Bank's account for its banking purposes;

    c. For a portion of 2007, Bassem JV used a Royal Bank of Canada account (the "RBC Account") in the name of the Bassem Farm Partnership. It is the Receiver's understanding that while the Bassem Farm Partnership was registered, it was not used for any operating purposes;

    d. The 2007 potato contracts were in the name of MSF or certain MSF Defendants; and

    e. During the 2007 farming operations, various suppliers invoiced MSF or certain of the MSF Defendants, even though the underlying goods and services were used, in part, by the Bassem JV.

Bassem Farm Corporation



26. Bassem is jointly owned by Mr. Bastiaansen and Mr. Semkuley and commenced operations in 2008. Bassem was incorporated on September 19, 2007. The Receiver understands that Bassem was intended to continue the operations of the Bassem JV and certain of MSF's operations in 2008.

27. On September 18, 2007, an agreement was entered into between Mr. Semkuley and Mr. Bastiaansen (the "Interim Agreement") that set out the arrangement for the production and sale of farm crops (the "Crop Venture") for the 2008 growing season. The Interim Agreement provided that Bassem was to operate and receive the profits from the Crop Venture and the Interim Agreement provided for the following:

    a. Mr. Bastiaansen and Mr. Semkuley were to use reasonable commercial efforts to secure various contracts for Bassem;

    b. The principals were to lease their present and future farm lands to Bassem;

    c. The principals were to lease or contribute their present and future equipment to Bassem; and

    d. The principals were to lease or contribute their present and future crop production or contracts to Bassem.

28. The Interim Agreement was entered into in contemplation of the formation of a definitive agreement (the "Definitive Agreement"); however, the Receiver understands that a Definitive Agreement was never finalized.

29. During 2008, based on discussions with Mr. Bastiaansen and Mr. Semkuley, it appears that intent of the Interim Agreement was that the 2008 farming operations would comprise both the former operations of the Bassem JV and also the former operations of MSF. As discussed above, in 2007, MSF's operations included the farming of land in addition to that farmed by the Bassem JV.

30. The Receiver provides the following comments with respect to the relationship between MSF and Bassem:

a. Draft notice to reader financial statements were completed for Bassem and MSF in 2008; however, as discussed in further detail below, during 2008, the bank accounts and transactions continued to be commingled as between the operations of MSF and Bassem;

b. Both MSF and Bassem used the same National Bank account for its banking purposes in 2008; however, Bassem opened certain new accounts in its name during 2008;

c. Receipts from the sale of the 2007 inventories and collection of 2007 receivables of the Bassem JV and MSF were not accurately accounted for and the receipts were, at times, commingled together in the same bank accounts used by Bassem and MSF;

d. Commencing in 2008, the majority of the crop contracts were placed in the name of Bassem, except for the contract for seed canola which remained in the personal name of Mr. Bastiaansen and the sugar beet contracts which remained in the name of Myron Semkuley (Walter Semkuley's brother);

e. Bassem did not provide any security to the National Bank and did not have any credit facilities in its name; however, its operations were included in the NBC Line of Credit;

f. The Interim Agreement provided that assets were to be leased or contributed by either MSF, the MSF Defendants or Mr. Semkuley, however, no formal leasing or contribution arrangements were completed setting out the value the assets being contributed to or used by Bassem;

g. Certain suppliers in 2008 invoiced Bassem; however, as set out in the Receiver's First Report, many suppliers continued to invoice in name of MSF or the MSF Defendants during 2008 even though certain of the farming operations were to be on Bassem's account.

31. Bassem's assets would primarily include:

a. Any beneficial interest in the 2008 Inventory; and

b. Certain equipment acquired by Bassem.

32. The majority of the assets used in the Bassem operations were not owned by Bassem but were contributed or leased by Mr. Semkuley (primarily land) and MSF and the MSF Defendants (land and machinery and equipment).

Lack of proper accounting records

33. BVA, the accountants for MSF, Bassem JV and Bassem provided 2007 financial statements for MSF and Bassem JV and draft 2008 financial statements for MSF and Bassem.

34. Per the Receiver's discussions with BVA and review of the general ledgers, the Receiver understands that BVA prepared the financial statements by recording transactions identified on the monthly bank statements as provided by Mr. Bastiaansen and Mr. Semkuley (Bassem and Bassem JV only). In addition, BVA further advised that it received from Mr. Bastiaansen estimated receivable, inventory and payable balances as at the year end, which values were used to complete the financial statements.

35. The Receiver originally intended on using the financial statements and supporting ledgers to assist in the completion of the Inventory Investigation Report. However, in reviewing the financial statements and related documents, the following issues were identified by the Receiver which complicated the required analysis:

a. The majority of the cash receipts and disbursements for MSF, Bassem JV and Bassem were commingled within the NBC Line of Credit or other bank accounts. As a result, BVA was unable to identify which individual company the transaction related and were unable to prepare accurate financial statements based strictly on the review of the bank statements and supporting documentation;

b. For certain of the individual transactions, BVA advised that it was instructed by Mr. Bastiaansen and Mr. Semkuley as to which individual company the transaction related and BVA recorded the transactions based solely on these instructions. The Receiver understands that source documentation could not be used to determine to which entity the transaction related as suppliers often invoiced MSF when the services or goods provided were used by either Bassem or the Bassem JV and many of the contracts and vendor invoices were not in the name of the appropriate entity who received the goods or services;

c. With respect to the 2007 financial statements, it appears that all transactions were originally recorded in MSF and a portion of the receipt and or disbursements were allocated to Bassem JV at year end. For example, payroll was recorded in MSF and allocated to Bassem JV based on a certain percentage as agreed between Mr. Semkuley and Mr. Bastiaansen, however there was no formal agreement setting out the Bassem JV and the sharing of costs;

d. Ownership of ending inventories as at December 31, 2007 as between MSF and the Bassem JV was estimated by Mr. Bastiaansen based on volume of inventories on hand multiplied by an estimated market price. The estimate of inventory ownership at December 31, 2007 was required as certain of the inventories owned by Bassem JV and MSF were jointly stored and the underlying records were insufficient to account for the respective inventories separately. Attached at appendix G is the estimate completed by Mr. Bastiaansen for the inventory allocation between MSF and the Bassem JV. Accordingly, the ending inventory for MSF and the Bassem JV at December 31, 2007 is based on an estimate completed by Mr. Bastiaansen and the Receiver could find no other supporting schedules for the estimate.;

e. With respect to the 2008 financial statements, it appears that all transactions were initially recorded in MSF's financial statements up to August 2008 and were then transferred to Bassem's financial statements and post August 2008 transactions were recorded in Bassem's financial statements. MSF's and Bassem JV's working capital was essentially 'rolled' into Bassem's financial statements. For example, the collection of 2007 inventories and receivables of Bassem JV and MSF were recorded in Bassem's general ledger. Furthermore, all expenses related to the operations of MSF, including the acquisition and repair of equipment MSF owned were recorded in Bassem when the transaction related specifically to MSF; and

f. The Receiver attempted to identify each respective revenue receipt during 2007 and 2008 by tracing the cash receipt to the volume receipt statements prepared by the company purchasing the potatoes (the "Purchasers"); however, the Receiver was unable to use the statements prepared by the Purchasers to identify the cash receipts by each individual entity as the statements only identified the party with which the Purchaser had executed a potato contract. In 2007, the potato contracts were executed in the name of MSF and in 2008 the potato contracts were executed in the name of Bassem.

36. Given the above noted issues, the Receiver was unable to accurately identify all transactions as between Bassem JV, MSF and Bassem from the financial statements. As a result, the financial statements prepared for MSF and the Bassem JV in 2007 and the draft financial statements for MSF and Bassem in 2008 cannot be definitively relied upon to assist in the completion of the Inventory Investigation Report and to determine the beneficial ownership of the 2008 Inventory. Mr. Semkuley advised that he has not reviewed the draft December 31, 2008 financial statements for Bassem and further advised that he believe a significant number of the transactions reflected in the underlying ledgers need to be reclassified to the account of MSF.

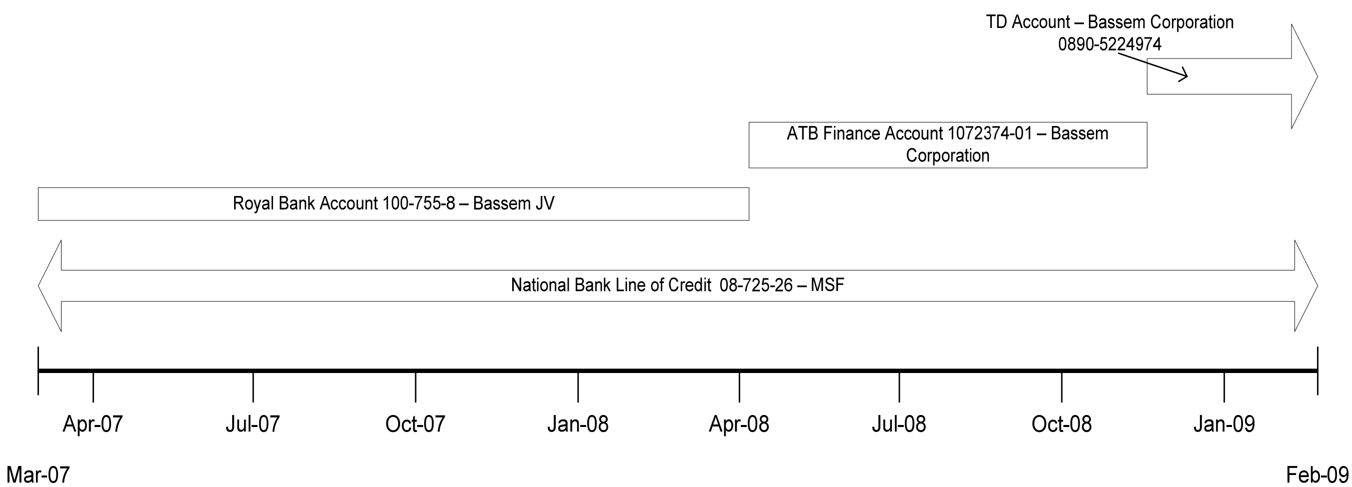
37. The Receiver therefore proceeded to perform a review of the cash receipts and disbursements per the monthly bank statements for each of the companies' bank statements, as identified by Mr. Bastiaansen, Mr. Semkuley and BVA, to determine the source and use of funds by MSF and Bassem with respect to the 2008 Inventory.

Bank Accounts

38. The Receiver has provided a timeline of the bank accounts utilized by the companies during the period of January 2006 to February 2009.

39. In addition to the NBC Line of Credit and the bank accounts, the Receiver noticed that the Defendants were using corporate and personal credit cards (the "Defendant's Credit Cards"). Per review of the Defendant's Credit Card statements, the Receiver identified that both personal and the farming related expenses were being incurred on the Defendant's Credit Cards. Payments made from the Bank Accounts to the Defendant's Credit Cards included amounts for several months' expenses and the timing of the payments were sporadic. As a result the Receiver was unable to reconcile payments from the bank accounts to specific expenses incurred on the Defendant's Credit Cards.

Defendant's Banking Account Timeline

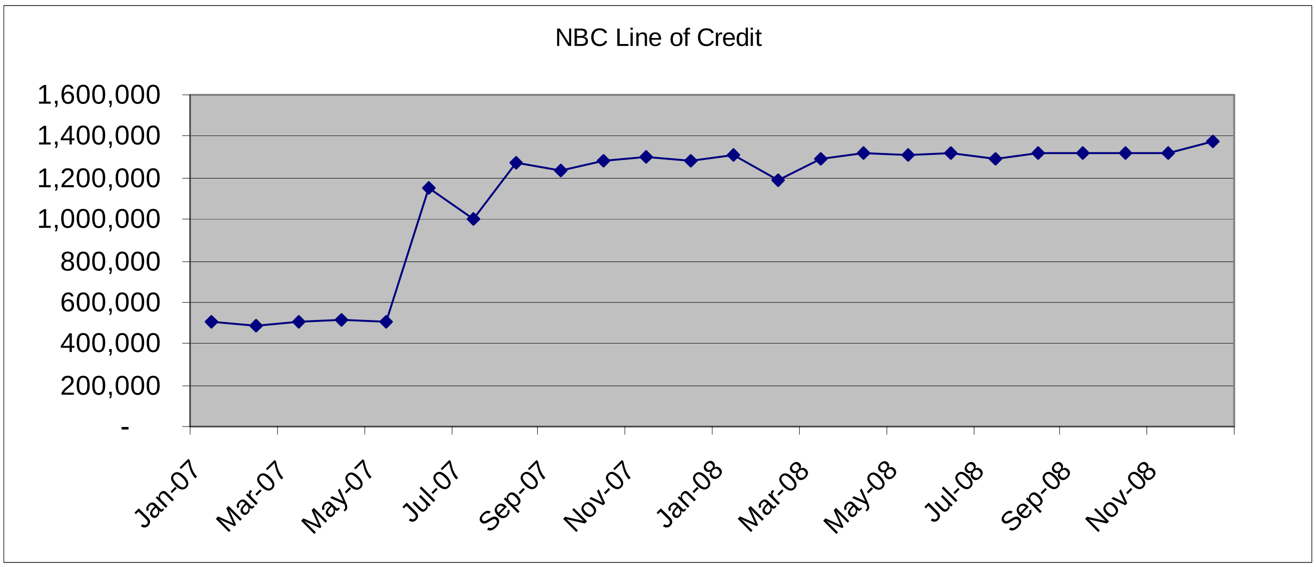


NBC Line of Credit

40. The Receiver understands that MSF received the NBC Line of Credit in August, 2006. Per the Receiver's review of financial records, a significant portion of cash receipts and disbursements associated with MSF, Bassem JV and Bassem occurred within the NBC Line of Credit. The NBC Line of Credit continued to be used until August 2008 at which time an account with the Alberta Treasury Bank (the "ATB Account") was opened in the name of Bassem. From this point

forward, the majority of transactions began to occur within the ATB account. Subsequent to August 2008 primarily all transactions on the NBC Line of Credit were the accumulation of interest and payments to service the NBC Line of Credit.

41. The NBC Line of Credit was approximately $506,100 as January 1, 2007, and increased to approximately $1.3 million by December 31, 2007 and $1.37 million by December 31, 2008, as illustrated in the graph below.



Royal Bank of Canada Account

42. The Receiver understands that the Bassem JV opened a bank account with the Royal Bank of Canada in March 2007 and was utilized until April 2008, the majority of transactions within the account occurred between July 2007 and December 2007. The account was in the name of Bassem Farms Partnership. Per discussion with Mr. Semkuley, the Receiver understands that originally the venture between Mr. Bastiaansen and Mr. Semkuley was to be a partnership but on the advice of BVA they decided to enter into a joint venture rather then a partnership. As discussed above, the Bassem Farm Partnership was not used. At December 2008, the RBC account had a zero cash balance.

ATB Account

43. The Receiver understands that Bassem opened the ATB Account in April 2008. The ATB Account was not utilized until August 2008, when the Defendants ceased using the NBC Line of Credit. At December, 2008, the ATB Account had a zero cash balance and ceased being used.

TD Account

44. The Receiver understands that in December 2008, the Bassem Corporation opened a bank account with the Toronto-Dominion Bank (the "TD Account") and began being used by the Defendant's subsequent to the ATB Account. In January 2009 proceeds from crop sales and expenses began to transact within the TD Account and the balance as at January 31, 2009 was approximately $25,000.

2007 Transaction Analysis

Receipts and Disbursements

45. As described above, during the year ended December 31, 2007, both MSF and the Bassem JV operated concurrently utilizing the NBC Line of Credit and the RBC Account. The Receiver performed a review of the transactions within these accounts and has provided a table summarizing the receipts and disbursements based on review of source documents.

2007 Receipts and Disbursements			
	NBC Line of Credit	**RBC Account**	**Total**
Opening Cash (deficit)	**(506,100)**	**-**	**(506,100)**
Receipts			
Crop Sales	2,549,971	36,237	2,586,208
GST Refund	31,879		31,879
Capital Contribution		197,285	197,285
Total receipts	**2,581,850**	**233,522**	**2,815,372**
Disbursements			
Bought Equipment	(554,811)	(58,075)	(612,886)
Potato Shed	(152,136)		(152,136)
Leased Equipment	(121,729)		(121,729)
Farm Expenses	(1,799,520)	(78,621)	(1,878,141)
Interest	(209,948)		(209,948)
Credit Card Payments	(22,667)		(22,667)
Transfer to NBC Line of Credit	-	(85,025)	(85,025)
Loan Payment	(140,430)	(8,084)	(148,514)
Shareholder Draw		(1,500)	(1,500)
Unknown	(354,032)		(354,032)
Total disbursements	**(3,355,273)**	**(231,305)**	**(3,586,578)**
Ending Cash (deficit)	**(1,279,523)**	**2,217**	**(1,277,306)**

46. The table above illustrates that total receipts of $2.8 million and total disbursements of $3.6 million occurred in 2007. Approximately $2.6 million in receipts for 2007 were deposited into the NBC account and 233,500 deposited into the RBC Account. $3.4 million of disbursements were made on the NBC account and $231,350 were drawn on the RBC Account. Attached at Appendix E is a summary of the individual receipts and disbursements for 2007.

47. Cash receipts during 2007 consisted primarily of the collection of crop sales. Potato crops are harvested in the fall, stored as inventory and primarily sold throughout the following year. Certain other crops would be grown, harvested and sold in the same calendar year.

48. Of the $2.6 million in crop sale receipts for 2007, approximately $2.0 million relates to the collection from the sale of potato inventories, which would primarily relate to the 2006 crop inventory. The Receiver understands that Bassem JV commenced operations in 2007 and therefore did not have any crop inventory as at December 31, 2007, accordingly, any funds associated with the collection of the 2007 inventories would relate to inventories owned by MSF.

49. A capital contribution of approximately $197,000 was received by the Bassem JV from Mr. Semkuley in 2007 and these funds were deposited into the RBC Account and subsequently used for operations.

50. Certain unknown receipts and disbursements were noted by the Receiver during 2007, however, no documentation was available to determine the nature of the transactions.

51. The disbursements indicate purchases of equipment and lease payments that were in the name of MSF and funding of the input costs for the 2007 growing season as well as certain payments relating to 2006.

52. Farming expenses of approximately $1.87 million were identified by the Receiver comprising:

    a. Salary and wages;

    b. Utilities;

    c. Fuel;

    d. Seed and fertilizer;

    e. Insurance; and

    f. Land rental.

53. Due to the commingling of monies and that the invoices and various contracts remained in the name of MSF, the Receiver could not specifically identify the transactions as between MSF and the Bassem JV.

Financial Statements

54. Per the MSF's financial statements for the nine ended December 31, 2007, MSF earned a net income of approximately $2.5 million. The MSF net income was primarily derived from a gain of $2.4 million on the sale of property, plant and equipment.

55. Per the Bassem JV's financial statements for the nine months ended December 31, 2007, the Bassem JV earned a net income of approximately $1.1 million. The Bassem JV's net income was primarily derived from an inventory increase gain of $1.5 million.

56. Mr. Bastiaansen and Mr. Semkuley apparently provided the allocations revenues and expenses as between MSF and the Bassem JV, which allocations are not supported by a formal agreement. In addition, the profits of MSF and the Bassem JV would be affected by the allocation of ending inventory between MSF and the Bassem JV. As discussed above, the ending inventories appear to be based on an estimate provided by Mr. Bastiaansen. For the year ended December 31, 2007, MSF's net income from operations margin was 5% and the Bassem JV's net income from operations margin was 50%.

57. The table below summarizes the information provided to BVA by Mr. Bastiaansen regarding the ownership of the inventory as at December 31, 2007 as between Bassem JV and MSF.

Inventory (December 31, 2007)		Ton	Price	Total	Bassem JV	MSF	Note
Coaldale Potatoes	Russet	6,700	$ 195	$ 1,306,500	$ 312,000	$ 994,500	a
Bow Island Potatoes	Russet	5,000	$ 195	975,000	955,500	19,500	a
Bow Island Potatoes	Gemstar	2,000	$ 155	310,000	-	310,000	a
Bow Island Potatoes	Norkotah	2,000	$ 155	310,000	-	310,000	a
Bow Island Potatoes	Goldrush	400	$ 145	58,000	-	58,000	a
		16,100		2,959,500	1,267,500	1,692,000	a
Barley				188,500	45,260	143,240	a
Wheat				165,750	-	165,750	a
Winter wheat				125,000	-	125,000	a
Timothee				18,675	-	18,675	a
Unknown adjustment (to reconcile to financial statements)				331,500	155,980	175,520	b
Total				$ 3,788,925	$ 1,468,740	$ 2,320,185	

Note (a) - Per working paper file of BVA, inventory summary provided by Mr. Jos Bastiaansen, refer to appendix G
Note (b) - amount to reconcile to year end financial statements.

58. The table above appears to be based on Mr. Bastiaansen allocating the inventory physically on hand as between MSF and the Bassem JV. The Receiver could find no supporting records for the allocation of the inventory. The tons of inventory on hand were then applied a selling price to derive an ending inventory value. At December 31, 2007, the schedule indicated the Bassem JV owning inventory totally approximately $1.5 million and MSF owning $2.3 million.

59. The Receiver notes that the inventory value above appears to be overstated as it is calculated at prices that are either at the maximum or in excess of the amounts set out in the related contracts. For example, the value of potatoes increase the longer they are stored for under the contract, however, the prices noted in the above calculation which were used by Mr. Bastiaansen were either at or exceeded the maximum price per the contract, even though the potatoes would not have all been sold at even the maximum price. In addition, the total value of collections during 2008 is significantly less than the market value of the inventories noted above.

2008 Transaction Analysis

60. As described above, the operations of MSF and Bassem JV were intended to cease at the end of 2007 and Bassem commenced operations January 1, 2008. Bassem used the NBC Line of Credit until August 2008 when Bassem switched its banking to the ATB Account until December 2008 and then the TD Account during December 2008.

2008 Receipts and Disbursements				
	NBC Line of Credit	ATB Account	TD Account	Total
Opening Cash (deficit)	(1,279,526)	-	-	(1,279,526)
Receipts				
Crop Sales	1,404,416	588,830	197,145	2,190,391
GST refund	94,909			94,909
Insurance Proceeds		694,779		694,779
Mr. Semkuley's Loan		200,000		200,000
Transfer to NBC Line of Credit	90,801			90,801
Unknown	176,721	231,198		407,919
Total receipts	**1,766,847**	**1,714,807**	**197,145**	**3,678,799**
Disbursements				
Bought Equipment	(137,013)	(56,677)	-	(193,690)
Potato Shed	(167,165)	(136,500)	-	(303,665)
Leased Equipment	(130,980)	(60,831)		(191,811)
Farm Expenses	(680,967)	(891,369)	(41,299)	(1,613,635)
Interest	(301,205)	(50,852)	-	(352,057)
Credit Card Payments	(251,330)	(2,475)	(10,000)	(263,805)
Transfer to NBC Line of Credit	-	(45,801)	(45,000)	(90,801)
Loan Payments	(83,004)			(83,004)
Shareholder draws	-	(71,175)	(6,000)	(77,175)
Unknown	(108,405)	(399,127)	(70,000)	(577,532)
Total disbursements	**(1,860,069)**	**(1,714,807)**	**(172,299)**	**(3,747,175)**
Ending Cash (deficit)	**(1,372,748)**	**(0)**	**24,846**	**(1,347,902)**

61. The table above illustrates that total cash receipts collected during 2008 were approximately $3.6 million, and total disbursements were approximately $3.7 million.

Crop sale receipts

62. Approximately $2.2 million of these receipts would primarily consist of the collection of the sale MSF and Bassem JV 2007 potato inventories. At the end of December 31, 2007, the working capital position of MSF and Bassem JV per the financial statements is set out below. The Receiver cautions that the information is for illustrative purposes and cannot be substantiated for the reasons set out above.

December 31, 2007 Working Capital		
	MSF	**Bassem JV**
Cash	$ -	$ 2,217
Accounts receivable	409,703	80,000
Inventory	2,320,185	1,468,740
Accounts payable	(432,863)	(358,465)
Net Working Capital	**2,297,025**	**1,192,492**

63. The table above indicated that as at December 31, 2007, MSF owned approximately $2.3 million of inventory and had approximately $409,000 in receivables and the Bassem JV owned approximately $1.5 million in inventories and has $80,000 in receivables. However, total collection of crop sales in 2008 was only $2.2 million which is significantly less than the above noted inventory and receivables of MSF and Bassem JV which totaled $4.3 million. The Receiver believes a portion of the variance relates to the overvaluing of the 2007 inventories and may relate to incorrect estimates of quantity of inventories on hand at December 31, 2007; however, given the source documents available, the Receiver cannot account for the variance.

Insurance proceeds and Semkuley advances

64. During 2008, insurance proceed of $694,779 related to the 2008 growing season were received and deposited into the ATB Account. Mr. Semkuley received an additional $490,000 in insurance proceeds relating to the 2008 growing seasons as a result of hail damage to the 2008 Inventory. The $490,000 in insurance proceeds did not flow through any of the companies' bank accounts but were paid directly to the Farm Credit Canada ("FCC") in September 2008 with the proceeds being used to repay Mr. Semkuley's personal loans. Mr. Semkuley subsequently loaned $200,000 of these proceeds to the Bassem and registered secured against Bassem.

Unknown receipts and disbursements

65. Certain unknown receipts and disbursements were noted by the Receiver, however, no documentation was available to determine the nature of the transaction.

Cash disbursements

66. Cash disbursements during 2008 were approximately $3.7 million, including the following categories:

a. Approximately $497,355 in equipment purchase, the majority of which related to certain improvements to the MSF Potato Bins and other farm equipment purchased by MSF;

b. $180,000 in lease payments relating to equipment leased to MSF and Bassem;

c. $1.6 million in disbursements related to the farming expenses as detailed, by category and bank account in the schedule below:

Farming Expenses	NBC Line of Credit	ATB Account	TD Account	Total
Salaries and Wages	(78,571)	(154,634)	(8,733)	(241,938)
Utilities	(61,470)	(55,336)	-	(116,806)
Fuel	(48,560)	(103,990)	-	(152,550)
Seed	(50,000)	(216,280)	(17,440)	(283,720)
Insurance	(44,923)	(69,668)	-	(114,591)
Land Rental	(211,264)	(74,370)	(15,007)	(300,641)
Miscellaneous	(66,108)	(28,832)	(119)	(95,059)
Water rights	(18,606)	-	-	(18,606)
Repairs & Maintenance	(14,880)	(78,324)	-	(93,204)
Fertilizer	(50,000)		-	(50,000)
Irrigation	(36,586)	(109,935)	-	(146,521)
Total	**(680,968)**	**(891,369)**	**(41,299)**	**(1,613,636)**

d. $352,057 in interest expenses, the majority of which relate to interest expenses associated with the NBC Line of Credit; and

e. $263,805 in payments to credit cards. As discussed above, given the nature of the expenses it was not practical to allocate by expenditure type, however, a review of the statements indicate the credit cards included both business type expenses and personal expenses.

67. Disbursements were commingled between MSF and Bassem and could not be specifically identified as to the correct legal entity by the Receiver.

68. As at December 31, 2007 and December 31, 2008, MSF continued to owe approximately $1.3 million under the NBC Line of Credit. As discussed above, no inventories were being created in 2008 by MSF (as the inventories were being generated by Bassem); however, the table above illustrates, that certain disbursements relating to the 2008 operations of Bassem, such as salaries, fuel, land rental and fertilizer continued to be paid from the NBC Line of Credit. In addition, due to lack of supporting documentation, the Receiver was unable to identify definitively the deposits made to ATB or TD related to the working capital of MSF and therefore should have been applied against the NBC Line of Credit.

Financial Statements

69. At the date of this report, the Receiver has only received draft MSF and Bassem financial statements for the year ended December 31, 2008. Upon initial review of these statements, the Receiver has identified the equivalent issues as identified in the 2007 MSF and Bassem JV financial statements, described above, and has concluded that the 2008 MSF and Bassem Corporation financial statements will not provide significant value to the Inventory Investigation Report.

NBC Line of Credit – Borrowing Base Calculation

70. The limit on the NBC Line of Credit was subject to a borrowing base calculation which was based on the value of inventory and receivables at any point in time. As inventories and receivables were increased, the availability under the NBC Line of Credit would increase and as the inventories and receivables were collected, the borrowing base would decline as these proceeds, in theory, would be applied against the outstanding indebtedness.

71. As at December 31, 2007, Mr. Bastiaansen reported to the National Bank that MSF held inventory of approximately $3.9 million, significantly higher then the $2.3 million balance Mr. Bastiaansen had provided to BVA and recorded on MSF's 2007 financial statements. Per review of the calculation supporting the inventory balance provided to the Bank and the calculation supporting the inventory balance provided to BVA for preparation of MSF and Bassem JV's 2007 financial statements, it appears to the Receiver that Mr. Bastiaansen had disclosed to the Bank that the inventory owned by MSF and included in the borrowing based as calculated at December 31, 2007 included the inventory owned by both the Bassem JV and that of MSF. It appears that the borrowing base calculation prepared by Mr. Bastiaansen for MSF during 2008 also indicated that MSF owned both the inventories of MSF and Bassem.

Unsecured creditors

72. In completing the above analysis, it is evident that the unsecured creditors have contributed to the funding of the 2008 Inventory. From the information available to the Receiver, the Receiver estimates that unsecured creditors of MSF and Bassem are owed approximately $2.1 million, refer to appendix H for a listing of unsecured creditors. Many of these expenses would relate to unpaid invoices associated with the 2008; however, certain of the expenses may relate to prior growing seasons.

73. The Receiver cautions that this is only an estimate and is based on the books and records. It appears that a reliable creditor listing would only be assembled after the completion of a claims process. In addition, as discussed above, many of the suppliers invoiced in MSF's name when the underlying services or goods were for the benefit of either Bassem JV or Bassem.

RECEIVER'S SUMMARY COMMENTS

Books and records

74. It is evident to the Receiver that both the banking and the accounting records of the relevant parties do not correspond with the parties' intended legal and/or operational structure set out above. While each of MSF, Bassem JV and Bassem are separate and distinct operations, each of Bassem JV, Bassem and MSF used the National Bank Line of Credit for a significant portion of their banking activity. The books and records and underlying contracts and supplier invoices were not necessarily transferred or recorded as to the correct or intended legal entity. For example, all potato contracts and related cash receipts remained in the name of MSF when apparently certain of the potatoes were farmed under the Bassem JV. In addition, many suppliers continued to invoice in the name of MSF when the goods and services were for the benefit of Bassem or Bassem JV.

75. It appears based on the Receiver's analysis, that the books and records and banking activities were effectively accounted for on a quasi-consolidated basis with all working capital of MSF and Bassem JV essentially being 'transferred' into Bassem, without any accounting for the effect of these transactions on the individual entities and the effects on the borrowing base of the NBC Line of Credit. Due to the commingling of bank accounts, and deficiencies in source documents and other information, it is difficult if not impossible to re-create the accounting records on a stand-alone basis to truly determine the exact financial position of each entity. Furthermore, the lack of definitive agreements setting out the underlying nature of the Bassem JV and Bassem makes it impossible to determine the appropriate allocation of costs or profits.

Source and Use of Funds for the 2008 Inventory

76. Based on the analysis discussed above, as neither Bassem nor the Bassem JV had any borrowing facilities, the Receiver advises that the 2008 Inventory was primarily funded from the following sources:

a. Sale proceeds received in 2008 from the collection of 2007 MSF and Bassem JV inventories and receivables. Approximately $2.2 million in crop sale proceeds were received in 2008, which would primarily relate to inventories and receivables of MSF and the Bassem JV outstanding as at December 31, 2007. The Receiver cannot definitively conclude as to the portion of the $2.2 million in crop sale proceeds which was funded from the 2007 MSF inventories/receivables versus the 2007 Bassem JV inventories/receivables, given:

- The commingling of funds within bank accounts;
- deficiencies in source documents and accounting records; and
- the allocation of the 2007 ending inventories as between MSF and the Bassem JV.

b. Approximately $694,779 in insurance proceeds received by Bassem in September 2008 that related to the 2008 growing season;

c. A $200,000 loan advanced by Mr. Semkuley to Bassem in October 2008. As discussed above, the $200,000 loan from Semkuley was funded from approximately $490,000 in insurance proceeds that were paid directly from the insurer to the FCC on behalf of Mr. Semkuley (i.e. the $490,000 in proceeds were not received by Bassem); and

d. Approximately $407,000 in unidentifiable deposits received by Bassem in 2008.

77. Bassem and MSF have a combined $2.1 million in unsecured creditors, a certain portion of whom would have unpaid accounts relating to the goods and services provided in relation to the 2008 Inventory, and as such, would also be considered as funding a portion of the 2008 Inventory.

78. As funds were received by Bassem in 2008, including the proceeds from the 2007 MSF and Bassem JV inventories and receivables, the amounts received were applied against the NBC Line of Credit as well as being deposited into bank accounts of ATB and TD. The total receipts in 2008 totaled approximately $3.7 million, of which $1.8 million was applied against the NBC Line of Credit, $1.7 million deposited into an account with the ATB and $197,145 deposited into the TD account.

79. During 2008, approximately $3.7 million in total disbursements occurred, of which $1.9 million were drawn against the NBC Line of Credit, $1.7 million against the ATB account and $173,000 against the TD account.

80. The Receiver cannot definitively segregate the 2008 receipts and disbursements from each of the NBC Line of Credit, the ATB account and the TD account as relating to either MSF, Bassem or the Bassem JV due to the deficiencies in the books and records as discussed above.

81. The borrowing base for the NBC Line of Credit as at December 31, 2007 and during 2008, appears to be calculated based on the inventory values derived from MSF, Bassem JV and Bassem.

Validity and enforceability of the National Bank's Security

82. The Bank's security has been reviewed by the Receiver's counsel who have opined that the security creates a valid security interest in favour of the Bank in any personal property in which a MSF Defendant now has rights and was sufficient to create a valid security interest in favour of the Bank any such personal property in which the MSF Defendants had rights as at March 22, 2009.

Other facts considered relevant by the Receiver

83. The estimated recoveries as set out in the Receiver's Third Report indicate recoveries from inventories and receivables of approximately $1.2 million. The estimated recovery is considerably less than the estimated amounts owing to the unsecured creditors of Bassem and MSF which totals approximately $2.1 million as set out at Appendix H to this report. The Receiver acknowledges that there is considerable uncertainty as to whether the creditors listed at

Appendix H are creditors of MSF, Bassem or the Bassem JV. In addition, the Receiver is aware that certain secured creditors of MSF will likely remain as creditors in the event that the National Bank is repaid in full from the proceeds from the sale of the MSF Land and the MSF Machinery and Equipment and these creditors may have claims as against the 2008 Inventory.

84. Accordingly, the Receiver believes that the unsecured creditors (whether Bassem, MSF or the Bassem JV) may have a significant interest in the ultimate determination of the beneficial ownership of the 2008 Inventory.

All of which is respectfully submitted this 20th day of May, 2009.

ERNST & YOUNG INC.,
in its capacity as Receiver Manager
of certain of the assets of the Defendants

Neil Narfason, CA•CIRP, CBV
Senior Vice-President

Deryck Helkaa, CA•CIRP
Vice-President

Appendix A

MCGILLIVRAY & SERA FARMS LTD.

FINANCIAL STATEMENTS
FOR THE NINE MONTH PERIOD ENDED DECEMBER 31, 2007
(Unaudited--See Notice to Reader)

BURNS
VALKENBURG
& Associates
Chartered Accountants

PARTNERS
June E. Burns, B.Comm., C.A.
Todd K. Valkenburg, B.Mgmt., C.A.
Brenda A. Kobley, B.Comm., C.A.
Janet H. Adams, B.Comm., C.A.
Al D. Kiesman, B.Comm., C.A., C.F.P.
Cindy L. Guttormson, B.Sc., C.A.

ASSOCIATES
Rod A. Wutch, C.A., M.B.A.
Lauren A. Bueckert, B.Mgmt., C.A.
Melanie R. Harty, B.Admin., C.A.
Charlene M. Prochner, B.Comm., C.A.
Perry D. Nurse, B.Comm., C.A.
Randi R. Perry, B.Mgmt., C.A.

NOTICE TO READER

On the basis of information provided by management, we have compiled the Balance Sheet of MCGILLIVRAY & SERA FARMS LTD. as at DECEMBER 31, 2007 and the Statements of Earnings and Retained Earnings for the nine month period then ended.

We have not performed an audit or a review engagement in respect of these financial statements and, accordingly, we express no assurance thereon.

Readers are cautioned that these statements may not be appropriate for their purposes.

We may not be independent or objective in this engagement as we provide bookkeeping services to the company.

Burns Valkenburg & Associates

Chartered Accountants

Medicine Hat, Alberta
June 4, 2008

101, 2248 - 13 Avenue S.E., Medicine Hat, Alberta T1A 8G6 (403) 527-8114
[Branch Offices: Bow Island (403) 545-2217 Brooks: (403) 362-5292 Oyen & Maple Creek: (403) 527-8114]
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MCGILLIVRAY & SERA FARMS LTD.

STATEMENT OF EARNINGS
FOR THE NINE MONTH PERIOD ENDED DECEMBER 31, 2007
(Unaudited--See Notice to Reader)

	Nine month period 2007	2006
REVENUE (Schedule 1)	**$ 2,451,807**	$ 2,914,963
DIRECT EXPENSES (Schedule 2)	**1,066,968**	920,220
GROSS MARGIN	**1,384,839**	1,994,743
EXPENSES		
Interest and bank charges	**269,052**	21,175
Professional fees	**126,135**	57,318
Repairs and maintenance	**117,628**	156,558
Subcontract	**115,173**	30,310
Interest on long-term debt	**91,807**	93
Employee wages	**65,944**	135,338
Utilities	**56,216**	34,164
Insurance	**20,558**	25,625
Advertising and promotion	**10,283**	-
Freight	**5,158**	-
Shop supplies	**3,924**	23,126
Office	**2,847**	7,983
Property taxes	**1,078**	6,414
Telephone	**618**	4,882
Amortization	**381,355**	253,194
	1,267,776	756,180
EARNINGS FROM OPERATIONS	**117,063**	1,238,563
OTHER INCOME		
Gain on sale of property, plant and equipment	**2,438,623**	1,251,322
NET EARNINGS	**$ 2,555,686**	$ 2,489,885

Schedule 1

MCGILLIVRAY & SERA FARMS LTD.

SCHEDULE OF REVENUE
FOR THE NINE MONTH PERIOD ENDED DECEMBER 31, 2007
(Unaudited–See Notice to Reader)

	Nine month period 2007	2006
Potatoes	**$ 1,217,912**	$ 818,236
Inventory increase	**770,185**	1,550,000
Beans	**230,665**	-
Insurance proceeds	**70,406**	39,188
Custom or contract work and machine rentals	**61,976**	57,409
Wheat	**59,713**	225,985
Other revenue	**40,469**	14,442
Interest income	**3,612**	396
Canola	**-**	123,200
Yellow Peas	**-**	78,522
Leases (gas, oil, well, surface, etc)	**(3,131)**	7,585
Total revenue	**$ 2,451,807**	$ 2,914,963

MCGILLIVRAY & SERA FARMS LTD.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007
(Unaudited–See Notice to Reader)

1) PROPERTY, PLANT AND EQUIPMENT

	Rate	Cost	Accumulated amortization	2007 Net	2006 Net
Land		$ 2,100,000	$ -	$ 2,100,000	$ 3,249,205
Buildings	4%	1,370,105	54,804	1,315,301	538,233
Equipment	20%	2,581,132	1,862,089	719,043	400,392
Vehicles	30%	1,925,372	1,583,405	341,967	291,981
Computer equipment	30%	778	233	545	-
Computer software	100%	18,868	18,868	-	-
Total property, plant and equipment		$ 7,996,255	$ 3,519,399	$ 4,476,856	$ 4,479,811

2) LONG-TERM DEBT

	2007	2006
National Bank Loan	$ 129,013	$ -
Transalta Loan - repaid in the year	-	4,387
CNH Capital	62,535	-
CNH Capital	23,479	-
CNH Capital	66,387	-
Ian and Anne McGillivray - repaid in the year	-	2,500,000
Total long-term debt	281,414	2,504,387
Less current portion	94,809	465
	$ 186,605	$ 2,503,921

3) COMPARATIVE FIGURES

The comparative figures were previously issued on the cash basis of accounting. They have been restated on a accrual basis for comparative purposes.

Appendix B

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Accrual Basis

McGillivray & Sera Farms Ltd
Balance Sheet
As of December 31, 2008

	Dec 31, 08
ASSETS	
Current Assets	
Chequing/Savings	
1050 · National Bank of Canada	(1,373,604.24)
Total Chequing/Savings	(1,373,604.24)
Other Current Assets	
1290 · Due from/to Bassem Farms	(194,832.91)
1291 · Due to/from Bassem - Gst	(1,412.03)
1301 · Prepaid expense	53,038.29
Total Other Current Assets	(143,206.65)
Total Current Assets	(1,516,810.89)
Fixed Assets	
1605 · Prop, plant & equip -purch/sold	515,526.74
1657 · Computer equipment	
1656 · Accum. Amort. - Computer equip.	(233.00)
1657 · Computer equipment - Other	778.00
Total 1657 · Computer equipment	545.00
1810 · Building	
1815 · Accum. Amort. - Building	(54,804.00)
1810 · Building - Other	1,370,104.55
Total 1810 · Building	1,315,300.55
1820 · Equipment	
1825 · Accum. Amort. - Equipment	(1,862,088.64)
1820 · Equipment - Other	2,581,131.90
Total 1820 · Equipment	719,043.26
1840 · Power equipment	
1845 · Accum. Amort. - Power equipment	(1,583,404.50)
1840 · Power equipment - Other	1,925,371.94
Total 1840 · Power equipment	341,967.44
1860 · Software	
1861 · Accum. Amort. Software	(18,867.92)
1860 · Software - Other	18,867.92
Total 1860 · Software	
1880 · Land	2,100,000.00
Total Fixed Assets	4,992,382.99
Other Assets	
1120 · UFA Reserve	2,538.15
1495 · Goodwill	1.00
Total Other Assets	2,539.15
TOTAL ASSETS	**3,478,111.25**
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
2000 · Accounts Payable	(370.75)
Total Accounts Payable	(370.75)
Credit Cards	
2010 · Premia Mastercard	53,048.42
Total Credit Cards	53,048.42
Other Current Liabilities	
2005 · Accrued Interest Payable	25,825.86
2045 · Due to/from Bastiaansen Farms	(3,295,512.87)
2050 · Due to/from 1229455 AB Ltd.	(5,664,029.47)

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Accrual Basis

McGillivray & Sera Farms Ltd
Balance Sheet
As of December 31, 2008

	Dec 31, 08
2055 · Due to/from 626625 AB Ltd.	899,391.90
2060 · Due to/from 626626 AB Ltd.	512,746.79
2074 · GST Payable	(55.13)
2200 · L/T debt due within one year	94,808.75
2520 · National Bk Ln 020423427373	4,250,000.00
Total Other Current Liabilities	(3,176,824.17)
Total Current Liabilities	(3,124,146.50)
Long Term Liabilities	
2205 · Note pay - Bastiaansen Farms	2,571,880.00
2530 · Due to Jos Bastiaansen	(462,365.31)
2605 · CNH Capital Loan - 8.69%	66,386.66
2606 · CNH Capital - 9.69%	62,534.90
2607 · CNH Capital Loan - 10.19%	23,478.58
2610 · Agrifinance Loans	129,013.87
2695 · Current portion of L/T due year	(94,808.75)
Total Long Term Liabilities	2,296,119.95
Total Liabilities	(828,026.55)
Equity	
3011 · Preferred Shares	1,439.50
3020 · Common Shares	200.00
3030 · Contributed Surplus	320,161.00
3500 · Retained Earnings	6,203,108.63
3975 · Suspense	(215,122.52)
Net Income	(2,003,648.81)
Total Equity	4,306,137.80
TOTAL LIABILITIES & EQUITY	**3,478,111.25**

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Accrual Basis

McGillivray & Sera Farms Ltd
Profit & Loss
January through December 2008

		Jan - Dec 08
Ordinary Income/Expense		
Income		
4005 · Sales - Barley		25,505.12
4030 · Sales -beans		
4065 · Sales - Timothy Hay		
4115 · Sales - Wheat		
4150 · Sales - Potatoes		1,577,100.88
4400 · Other revenue		9,529.71
4430 · Custom Work		
4435 · Subsidies		3,033.48
4600 · Patronage dividend		41.64
Total Income		1,615,210.83
Cost of Goods Sold		
5040 · Seeds		101,293.98
5060 · Herbicides and pesticides		5,493.03
5080 · Fuel & Oil		60,398.01
5205 · Custom Work & Subcontracts		17,773.90
5215 · Fertilizer		108,648.67
5240 · Marketing costs		2,652.80
5242 · R & M - Machinery and equip		103,291.63
5300 · Freight & trucking		4,593.27
5695 · Casual labor		400.69
5725 · Water rights		57,553.24
5770 · Supplies and small tools		15,675.52
5790 · Utilities		
Electricity	11,863.30	
Heating Fuel	1,941.37	
Total 5790 · Utilities		13,804.67
Total COGS		491,579.41
Gross Profit		1,123,631.42
Expense		
5590 · Interest on long-term debt		234,232.67
5610 · Professional fees		39,694.97
5625 · Lease payments		123,214.99
5635 · Meals		984.65
5638 · Hotel & Travel		186.06
5665 · R & M - Building and fences		1,132.70
5685 · Insurance		35,542.48
5690 · Interest and bank charges		95,479.20
5700 · Office		633.33
5710 · Memberships, dues and licenses		252.48
5715 · Rent - equipment		29,084.58
5760 · Rent - land, pasture and build.		192,481.44
5780 · Telephone		7,945.28
5800 · Wages and benefits		44,903.38
5805 · AB Blue Cross		815.62
5835 · Veterinary		822.85
Total Expense		807,406.68
Net Ordinary Income		316,224.74
Other Income/Expense		
Other Income		
4610 · Interest revenue		311.45
Total Other Income		311.45
Other Expense		
5015 · Inventory (increase) decrease		2,320,185.00
Total Other Expense		2,320,185.00
Net Other Income		(2,319,873.55)

McGillivray & Sera Farms Ltd
Profit & Loss
January through December 2008

	Jan - Dec 08
Net Income	(2,003,648.81)

Appendix C

BASSEM FARMS

FINANCIAL STATEMENTS
FOR THE NINE MONTH PERIOD ENDED DECEMBER 31, 2007
(Unaudited--See Notice to Reader)

NOTICE TO READER

On the basis of information provided by the joint venturers, we have compiled the Balance Sheet of BASSEM FARMS as at DECEMBER 31, 2007 and the Statements of Earnings and Venturers' Capital for the nine month period then ended.

We have not performed an audit or a review engagement in respect of these financial statements and, accordingly, we express no assurance thereon.

Readers are cautioned that these statements may not be appropriate for their purposes.

We may not be independent or objective in this engagement as we have provided bookkeeping services for the joint venture.

Chartered Accountants

Medicine Hat, Alberta
May 14, 2008
April 15, 2009

BASSEM FARMS (A JOINT VENTURE)

STATEMENT OF EARNINGS
FOR THE NINE MONTH PERIOD ENDED DECEMBER 31, 2007
(Unaudited--See Notice to Reader)

REVENUE	
Inventory increase	$ 1,468,740
Sales - Potatoes	465,035
Sales - Beans	262,739
Sales - Barley silage	61,893
	2,258,407
DIRECT EXPENSES	
Fertilizer	317,303
Seeds	92,812
Herbicides and pesticides	83,904
Fuel and oil	71,821
Custom work	60,033
Insurance	49,761
Irrigation and water rates	29,094
Freight	4,658
Supplies	3,922
	713,308
GROSS MARGIN	1,545,099
EXPENSES	
Wages and benefits	147,178
Repairs and maintenance	127,191
Equipment lease	52,132
Utilities	43,982
Professional fees	35,050
Property taxes	5,686
Interest on long-term debt	815
Travel	1,280
Memberships	1,141
Telephone	2,710
Interest and bank charges	788
	417,953
NET EARNINGS	$ 1,127,146

BASSEM FARMS (A JOINT VENTURE)

NOTE TO FINANCIAL STATEMENTS
DECEMBER 31, 2007
(Unaudited--See Notice to Reader)

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1) FINANCIAL STATEMENT PRESENTATION

The financial statements of the joint venture do not include all of the assets, liabilities, revenues and expenses of the joint venturers. No amount has been included in the income statement for the joint venturers' salaries or interest on their capital. Net income for the period does not include income taxes which must be paid personally by the joint venturers.

Appendix D

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05/11/09

Accrual Basis

Bassem Farms Inc.
Balance Sheet
As of December 31, 2008

		Dec 31, 08
ASSETS		
Current Assets		
Chequing/Savings		
1055 · TD Canada Trust		30.21
Total Chequing/Savings		30.21
Accounts Receivable		
1200 · Accounts Receivable		304,151.01
Total Accounts Receivable		304,151.01
Other Current Assets		
1100 · Accounts Receivable - trade		80,684.30
1210 · Inventory		
Inventory - Canola Seed	766,125.00	
Inventory - chemicals	116,000.00	
Inventory - Fuel	20,000.00	
Potato - Bl Russet	927,500.00	
Potato - Bl Crn Russet	210,000.00	
Potato - Bl Narcota	284,800.00	
Potato - Vaux Narcota	17,600.00	
Potato - Vaux Sangre	70,560.00	
Potato - Vaux yukon gold	107,200.00	
Total 1210 · Inventory		2,519,785.00
1290 · Due from/to McGillivray Sera		194,832.91
1291 · Due from/to McGillivery - Gst		2,154.49
1295 · Due from/to Bastiaansen Farms		10,947.49
Total Other Current Assets		2,808,404.19
Total Current Assets		3,112,585.41
Fixed Assets		
1605 · Capital assets purchased/sold		894.79
Total Fixed Assets		894.79
TOTAL ASSETS		**3,113,480.20**
LIABILITIES & EQUITY		
Liabilities		
Current Liabilities		
Accounts Payable		
2000 · Accounts Payable		822,043.60
Total Accounts Payable		822,043.60
Other Current Liabilities		
2030 · Accounts Payable - Other		1,395.00
2035 · Pioneer Advance		75,000.00
2070 · Accounts Payable - LT Interest		1,064.38
2074 · GST Payable		-77,553.96
2090 · Wages payable		9,822.32
Total Other Current Liabilities		9,727.74
Total Current Liabilities		831,771.34
Long Term Liabilities		
2414 · Loan #3 - (Description)		198,000.00
2520 · Due to shareholder - Jos		22,789.37
2530 · Due to shareholder - Walter		
2531 · FCC Loan - Walter	191,914.87	
2530 · Due to shareholder - Walter - Other	-250,427.30	
Total 2530 · Due to shareholder - Walter		-58,512.43
Total Long Term Liabilities		162,276.94
Total Liabilities		994,048.28

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05/11/09

Accrual Basis

Bassem Farms Inc.
Balance Sheet
As of December 31, 2008

	Dec 31, 08
Equity	
3840 · Capital - Walter	10,120.55
3880 · Drawings - Walter(GST)	-11,942.12
3890 · Drawings - Jos(GST)	-1,618.21
3969 · Retained Earnings	-395,337.73
Net Income	2,518,209.43
Total Equity	2,119,431.92
TOTAL LIABILITIES & EQUITY	3,113,480.20

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05/11/09
Accrual Basis

Bassem Farms Inc.
Profit & Loss
January through December 2008

		Jan - Dec 08
Ordinary Income/Expense		
Income		
4030 · Sales - Beans		-100,637.06
4115 · Sales - Wheat		125,000.00
4125 · Sales - Barley		11,052.30
4130 · Sales - Timothy		-22,142.07
4140 · Sales - Canola		421,837.04
4150 · Sales - Potatoes		1,306,343.07
4160 · Sales - Sugar beets		83,251.51
4165 · Sales - Other crops		980.00
4195 · Custom work and machine rental		29,818.04
4205 · Insurance proceeds		1,038,774.50
4210 · Subsidies		184.05
4400 · Other revenue		400.00
Total Income		2,894,861.38
Cost of Goods Sold		
5040 · Seeds		289,774.89
5060 · Herbicides and pesticides		84,129.85
5080 · Fuel		392,623.31
5090 · Insurance - Crop		276,287.74
5205 · Custom Work & Subcontracts		33,333.13
5215 · Fertilizer		320,143.67
5230 · Irrigation and water rates		59,767.09
5240 · Marketing costs		83.34
5242 · R & M - Machinery and equipment		229,985.30
5250 · Supplies and small tools		11,133.57
5255 · Utilities		
Gas	24,531.61	
5260 · Electricity	12,159.70	
5255 · Utilities - Other	44,675.08	
Total 5255 · Utilities		81,366.39
5300 · Freight & trucking		123.95
5550 · Soil Sampling & Testing		1,990.00
Total COGS		1,780,742.23
Gross Profit		1,114,119.15
Expense		
5570 · Insurance		41,086.16
5580 · Interest and bank charges		29,821.78
5625 · Lease Payments		
Transwest Fin 2 Equip/Lease	63,762.72	
5625 · Lease Payments - Other	39,494.17	
Total 5625 · Lease Payments		103,256.89
5660 · Office		7,131.94
5665 · R & M - Buildings and fences		32,211.71
5690 · Professional fees		175,359.19
5700 · Promotion		50.00
5710 · Memberships, dues and licenses		462.78
5715 · Rent - equipment		7,382.34
5720 · Property taxes		31,723.31
5740 · Rent - Land, pasture and build.		356,314.25
5780 · Telephone		5,441.45
5790 · Casual Wages		5,824.00
5800 · Wages and benefits		178,979.22
5805 · AB Blue Cross		594.88
5810 · Travel		46.00
5820 · Meals 50%		4,008.82
Total Expense		979,694.72
Net Ordinary Income		134,424.43
Other Income/Expense		

Bassem Farms Inc.
Profit & Loss
January through December 2008

	Jan - Dec 08
Other Expense	
5015 · Inventory Increase/Decrease	-2,383,785.00
Total Other Expense	-2,383,785.00
Net Other Income	2,383,785.00
Net Income	**2,518,209.43**

Appendix E

	NBC Account	RBC Account	Total
Opening Cash (deficit)	**(506,100)**	**-**	**(506,100)**
Receipts			
Crop Sales	2,549,971	36,237	2,586,208
GST refund	31,879		31,879
Capital Contribution		197,285	197,285
Total receipts	**2,581,850**	**233,522**	**2,815,372**
Disbursements			
Bought Equipment	(554,811)	(58,075)	(612,886)
Potato Shed	(152,136)		(152,136)
Leased Equipment	(121,729)		(121,729)
Farm Expenses (A)	(1,799,520)	(78,621)	(1,878,141)
Interest Payments	(209,948)		(209,948)
Credit Card	(22,667)		(22,667)
Unknown	(354,032)		(354,032)
Loan Payment	(140,430)	(8,084)	(148,514)
Shareholder Draw		(1,500)	(1,500)
Transfers to MSF	-	(85,025)	(85,025)
Total disbursements	**(3,355,273)**	**(231,305)**	**(3,586,578)**
Ending Cash (deficit)	**(1,279,523)**	**2,217**	**(1,277,306)**

A - Includes wages, utilities, fuel, seed, insurance, land rental, water rights repairs & maintenance, fertilizer, irrigation, and miscellaneous expenses.

NBC Bank Account

	Jan-07	Feb-07	Mar-07	Apr-07	May-07	Jun-07	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07	Total
Opening Cash (deficit)	**(506,100)**	**(502,521)**	**(487,702)**	**(502,560)**	**(516,695)**	**(501,525)**	**(1,149,788)**	**(1,000,587)**	**(1,275,904)**	**(1,231,845)**	**(1,277,231)**	**(1,297,616)**	**(506,100)**
													-
Receipts													-
Maple	192,259	-	115,912	119,118	197,259	89,054	185,345	90,802	120,502	69,708	386,685	48,950	1,615,595
McCain	1,050	89,226	-	92,172	-	106,362				81,693		19,461	389,964
Agristar	73,704	-	-	846	-	-						912	75,462
GST refund	-		31,879	-									31,879
Beans		3,379		30,705	15,000	60,000	92,598	35,000				28,266	264,948
Unknown Crop Sales							84,985						84,985
Bassano Farm Growers		1,300			41,145	26,376							68,821
Wheat/Barley Sales	3,903		19,307		26,987								50,197
Intermonth returned item									51,682				51,682
Total receipts	**270,916**	**93,905**	**167,098**	**242,841**	**280,391**	**281,792**	**362,928**	**125,802**	**172,184**	**151,401**	**386,685**	**97,589**	**2,633,532**
													-
Disbursements													-
													-
Bought Equipment	(65,000)	-	(47,440)	-	-	(147,172)	(41,000)	(126,459)	(84,620)	12,000	(55,120)	-	(554,811)
Leased Equipment	-	-	(3,000)	-	(6,002)	(1,286)	(42,405)	(9,379)	(10,661)	(6,785)	(24,363)	(17,847)	(121,729)
Salaries and Wages (A)	(5,000)	(14,000)	-	-	-	(32,300)	-	(20,872)	(1,200)	(40,840)	(102,923)	(8,518)	(225,653)
Utilities (A)	-	-	-	-	-	(9,355)	(38)	-	-	-	-	-	(9,393)
Fuel (A)	-	-	-	-	(44,507)	(17,783)	(2,464)	(58,331)	-	-	(15,441)	-	(138,525)
Seed (A)	(11,360)	-	-	-	(30,318)	(45,096)	-	(40,257)	-	-	-	-	(127,031)
Interest	(2,774)	(2,585)	(2,756)	(2,496)	(2,940)	(4,334)	(7,007)	(51,866)	(31,204)	(36,432)	(33,119)	(32,435)	(209,948)
Insurance (A)	(58,864)	(1,502)	(782)	(3,213)	(5,642)	(81,589)	(26,355)	(221)	-	(5,410)	(221)	(3,301)	(187,100)
Land Rental (A)	(67,047)	-	(13,525)	(22,951)	(24,115)	(92,802)	-	-	-	-	(24,115)	(2,500)	(247,055)
Unknown	(9,616)	(23,000)	(53,643)	(17,898)	(5,000)	(49,733)	(85,000)	-	-	(19,120)	(89,166)	(1,855)	(354,032)
Miscellaneous (A)	(666)	(1,081)	(869)	(556)	(233)	(19,321)	(891)	(80)	(440)	(200)	(2,602)	(1,766)	(28,704)
Credit Card Payment	-	(1,350)	-	(20,927)	-	(390)	-	-	-	-	-	-	(22,667)
Water rights (A)	-	-	-	-	(13,780)	-	-	-	-	-	-	-	(13,780)
Repairs & Maintenance (A)	-	(3,686)	(13,550)	(6,819)	(2,683)	(39,407)	(8,567)	(93,652)	-	(50,000)	(30,000)	(11,276)	(259,641)
Loan Payment	(47,010)	(31,140)	(31,140)	(31,140)	-	-	-	-	-	-	-	-	(140,430)
Potato Shed						(152,136)							(152,136)
Fertilizer (A)	-	-	-	(33,832)	(130,000)	(100,000)	-	-	-	(50,000)	(30,000)	-	(343,832)
Irrigation (A)	-	(742)	-	-	-	(1,526)	-	-	-	-	-	-	(2,268)
Trucking Potatoes (A)			(15,251)	(10,000)	-	(100,825)	-	-	-	-	-	-	(126,076)
Chemicals (A)				(107,144)		(35,000)							(142,144)
Shareholder Draw	-	-	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	**(267,337)**	**(79,086)**	**(181,956)**	**(256,976)**	**(265,220)**	**(930,055)**	**(213,727)**	**(401,117)**	**(128,124)**	**(196,787)**	**(407,071)**	**(79,498)**	**(3,406,955)**
													-
Ending Cash (deficit)	**(502,521)**	**(487,702)**	**(502,560)**	**(516,695)**	**(501,525)**	**(1,149,788)**	**(1,000,586)**	**(1,275,902)**	**(1,231,844)**	**(1,277,230)**	**(1,297,616)**	**(1,279,526)**	**(1,279,523)**

A - Referred to as Farm Expenses in consolidated schedule of Receipts and Disbursements less $51.6 K for item that was a returned item in September.

RBC Bank Account

	May-07	Jun-07	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07	Total
Opening Cash (deficit)	**-**	**100**	**95**	**19,174**	**15,396**	**15,391**	**15,386**	**424**	**-**
									-
Receipts									-
Maple									-
McCain									-
Agristar									-
GST refund									-
Unknown									-
Capital Contributions	100		197,185						197,285
Wheat/Barley Sales							11,341	24,896	36,237
Intermonth returned item									-
Transfers in from ATB									-
Total receipts	**100**	**-**	**197,185**	**-**	**-**	**-**	**11,341**	**24,896**	**233,522**
									-
Disbursements									-
									-
Bought Equipment			(58,075)						(58,075)
Leased Equipment									-
Salaries and Wages (A)							(15,867)		(15,867)
Utilities (A)							(8,328)		(8,328)
Fuel (A)				(3,773)					(3,773)
Seed (A)									-
Interest									-
Insurance (A)									-
Land Rental (A)									-
Unknown									-
Miscellaneous (A)		(5)	(5)	(5)	(5)	(5)	(8)	(367)	(400)
Credit Card Payment									-
Water rights (A)									-
Repairs & Maintenance (A)							(600)	(14,653)	(15,253)
Loan Payment								(8,084)	(8,084)
Potato Shed									-
Fertilizer (A)									-
Irrigation (A)									-
Trucking Potatoes (A)									-
Chemicals (A)			(35,000)						(35,000)
Transfer to MSF			(85,025)						(85,025)
Shareholder Draw							(1,500)		(1,500)
Total disbursements	**-**	**(5)**	**(178,105)**	**(3,778)**	**(5)**	**(5)**	**(26,303)**	**(23,104)**	**(231,305)**
									-
Ending Cash (deficit)	**100**	**95**	**19,175**	**15,396**	**15,391**	**15,386**	**424**	**2,216**	**2,217**

A - Referred to as Farm Expenses in consolidated schedule of Receipts and Disbursements

Appendix F

	NBC Account	ATB Account	TD Account	Total
Opening Cash (deficit)	**(1,279,526)**	**-**	**-**	**(1,279,526)**
Receipts				
Crop Sales	1,404,416	588,830	197,145	2,190,391
Unknown	176,721	231,198		407,919
GST refund	94,909			94,909
Insurance Proceeds		694,779		694,779
Advance from Mr. Semkuley		200,000		200,000
Transfer to NBC Line of Credit	90,801			90,801
Total receipts	**1,766,847**	**1,714,807**	**197,145**	**3,678,799**
Disbursements				
Bought Equipment	(137,013)	(56,677)	-	(193,690)
Potato Shed	(167,165)	(136,500)	-	(303,665)
Leased Equipment	(130,980)	(60,831)		(191,811)
Farm Expenses (A)	(680,967)	(891,369)	(41,299)	(1,613,635)
Interest Payments	(301,205)	(50,852)	-	(352,057)
Credit Card	(251,330)	(2,475)	(10,000)	(263,805)
Unknown	(108,405)	(399,127)	(70,000)	(577,532)
Transfers to MSF	-	(45,801)	(45,000)	(90,801)
Loan Payment	(83,004)	-	-	(83,004)
Shareholder draws	-	(71,175)	(6,000)	(77,175)
Total disbursements	**(1,860,069)**	**(1,714,807)**	**(172,299)**	**(3,747,175)**
Ending Cash (deficit)	**(1,372,748)**	**(0)**	**24,846**	**(1,347,903)**

A - Includes wages, utilities, fuel, seed, insurance, land rental, water rights, repairs & maintenance, fertilizer, irrigation, and miscellaneous expenses.

NBC Bank Account

	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09	Total
Opening Cash (deficit)	**(1,279,526)**	**(1,312,881)**	**(1,188,675)**	**(1,293,080)**	**(1,318,285)**	**(1,305,470)**	**(1,322,493)**	**(1,289,936)**	**(1,322,426)**	**(1,321,192)**	**(1,323,226)**	**(1,316,786)**	**(1,373,233)**	**(1,279,526)**
														-
Receipts														-
Maple	88,325	174,712	224,611	164,916	131,629	29,312	364,968	9,619						1,188,092
McCain	75,542	83,744	28,610	6,236		6,128								200,260
Agristar		5,603			7,061	3,400								16,064
GST refund		52,969		29,358		11,518	1,064							94,909
Unknown	1,095		3,104	2,088	41,086	60,000		6,506	36,990	25,852				176,721
Transfer in from TD													45,000	45,000
Transfers in from ATB											45,801			45,801
Total receipts	**164,962**	**317,028**	**256,325**	**202,598**	**179,776**	**110,358**	**366,032**	**16,125**	**36,990**	**25,852**	**45,801**	**-**	**45,000**	**1,766,847**
														-
Disbursements														-
														-
Bought Equipment	-	-	(43,250)	(61,363)	(16,500)	-	(15,900)	-	-	-	-	-		(137,013)
Leased Equipment	(14,979)	(18,220)	(29,188)	(48,903)	(11,207)	(4,246)	-	(4,237)	-	-	-	-		(130,980)
Salaries and Wages (A)	-	(1,000)	(23,190)	(4,235)	(9,117)	(17,324)	(23,705)	-	-	-	-	-		(78,571)
Utilities (A)		(12,263)	-	-	-	(49,207)	-	-	-	-	-	-		(61,470)
Fuel (A)	(10,000)	(15,000)	(18,585)	-	(4,975)	-	-	-	-	-	-	-		(48,560)
Seed (A)	(50,000)	-	-	-	-	-	-	-	-	-	-	-		(50,000)
Interest	(32,275)	(28,504)	(27,305)	(29,085)	(23,994)	(25,720)	(6,062)	(29,335)	(25,796)	(27,779)	(18,460)	(5,088)	(21,802)	(301,205)
Insurance (A)	(2,444)	(1,638)	(10,618)	(148)	-	-	(30,075)	-	-	-	-	-		(44,923)
Land Rental (A)	(40,075)	-	(84,521)	(10,395)	(31,025)	-	(45,248)	-	-	-	-	-		(211,264)
Unknown	(30,006)	(11,250)	-	-	(30,100)	-	(37,049)	-	-	-	-	-		(108,405)
07 Expenses (A)	(2,500)	-	-	-	-	-	-	-	-	-	-	-		(2,500)
Miscellaneous (A)	(6,994)	(1,072)	(4,626)	(21,456)	(2,641)	(2,634)	(1,606)	(543)	(9,960)	(107)	(106)	(11,756)	(107)	(63,608)
Credit Card Payment	(5,750)	(19,000)	(750)	(12,000)	-	(25,500)	(173,830)	(14,500)	-	-	-	-		(251,330)
Water rights (A)				(15,855)	-	(2,750)	-	-	-	-	-	-		(18,605)
Repairs & Maintenance (A)				(14,064)	(816)	-	-	-	-	-	-	-		(14,880)
Loan Payment											(20,795)	(39,601)	(22,608)	(83,004)
Potato Shed	(3,294)	(84,875)	(68,697)	(10,299)										(167,165)
Fertilizer (A)			(50,000)											(50,000)
Irrigation (A)					(36,586)									(36,586)
Total disbursements	**(198,317)**	**(192,822)**	**(360,730)**	**(227,803)**	**(166,961)**	**(127,381)**	**(333,475)**	**(48,615)**	**(35,756)**	**(27,886)**	**(39,361)**	**(56,445)**	**(44,517)**	**(1,860,069)**
														-
Ending Cash (deficit)	**(1,312,881)**	**(1,188,675)**	**(1,293,080)**	**(1,318,285)**	**(1,305,470)**	**(1,322,493)**	**(1,289,936)**	**(1,322,426)**	**(1,321,192)**	**(1,323,226)**	**(1,316,786)**	**(1,373,231)**	**(1,372,750)**	**(1,372,748)**

A - Referred to as Farm Expenses in consolidated schedule of Receipts and Disbursements

ATB Bank Account

	Mar-08	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Total
Opening Cash (deficit)	**-**	**265**	**259**	**253**	**(14,162)**	**2,059**	**38,281**	**4,091**	**145,976**	**(3,657)**	**-**
											-
Receipts											
Maple						-	10,881	131,691	121,002		263,574
McCain						59,662	58,194	74,824	-		192,680
Agristar						-	64,625		-		64,625
Unknown	400				35,109	90,047	49,276	33,064	19,004	4,298	231,198
Beets									67,951		67,951
Insurance Proceeds							694,779				694,779
Capital Contribution								200,000			200,000
Total receipts	**400**	**-**	**-**	**-**	**35,109**	**149,709**	**877,755**	**439,579**	**207,957**	**4,298**	**1,714,807**
											-
Disbursements											-
											-
Bought Equipment						-	(53,588)	(3,089)	-		(56,677)
Leased Equipment				(9,404)		(12,105)	(19,049)	(18,999)	(1,274)		(60,831)
Salaries and Wages (A)					(6,457)	(15,007)	(20,010)	(56,331)	(56,829)		(154,634)
Utilities (A)						-	(31,901)	(16,575)	(6,860)		(55,336)
Fuel (A)						-	(70,000)	(990)	(33,000)		(103,990)
Seed (A)						-	(94,500)	(15,000)	(106,780)		(216,280)
Interest						-	(25,000)	(25,852)	-		(50,852)
Insurance (A)						(58,477)	-	-	(11,042)	(149)	(69,668)
Land Rental (A)						-	(43,500)	(30,870)	-		(74,370)
Unknown	(117)				(12,385)	(15,450)	(257,259)	(10,075)	(103,841)		(399,127)
07 Expenses (A)						-	-	-	-		-
Miscellaneous (A)	(18)	(6)	(6)	(11)	(46)	(148)	(3,480)	(14,036)	(10,854)	(227)	(28,832)
Credit Card Payment						-	-	-	(2,210)	(265)	(2,475)
Water rights (A)											
Repairs & Maintenance (A)				(5,000)		(12,300)	(41,573)	(18,551)	(900)		(78,324)
Repair potato shed							(136,500)				(136,500)
Loan Payment											
Irrigation (A)							(109,935)				(109,935)
Transfers to MSF								(45,801)	-		(45,801)
Shareholder draws							(5,650)	(41,525)	(24,000)		(71,175)
Total disbursements	**(135)**	**(6)**	**(6)**	**(14,415)**	**(18,888)**	**(113,487)**	**(911,945)**	**(297,694)**	**(357,590)**	**(641)**	**(1,714,807)**
											-
Ending Cash (deficit)	**265**	**259**	**253**	**-14162**	**2059**	**38,281**	**4,091**	**145,976**	**(3,657)**	**(0)**	**(0)**

A - Referred to as Farm Expenses in consolidated schedule of Receipts and Disbursements

TD Bank Account

	Dec-08	Jan-09	Total
Opening Cash (deficit)	**0**	**31**	**0**
Receipts			
Maple		72,334	72,334
McCain		53,540	53,540
Agristar		71,121	71,121
Unknown			
GST refund			
Beets			
Insurance Proceeds			
FCC loan			
Shareholder contribution	150		150
Total receipts	**150**	**196,995**	**197,145**
Disbursements			
Bought Equipment			
Leased Equipment			
Salaries and Wages (A)		(8,733)	(8,733)
Utilities (A)			
Fuel (A)			
Seed (A)		(17,440)	(17,440)
Interest			
Insurance (A)			
Land Rental (A)		(15,007)	(15,007)
Unknown		(70,000)	(70,000)
07 Expenses (A)			
Miscellaneous (A)	(119)		(119)
Credit Card Payment		(10,000)	(10,000)
Repairs & Maintenance (A)			
Loan Payment			
Potato Shed			
Fertilizer (A)			
Irrigation (A)			
Repair potato shed			
Transfers to MSF		(45,000)	(45,000)
Shareholder draws		(6,000)	(6,000)
Total disbursements	**(119)**	**(172,180)**	**(172,299)**
Ending Cash (deficit)	**31**	**24,846**	**24,846**

A - Referred to as Farm Expenses in consolidated schedule of Receipts and Disbursements

Appendix G

reviewed by
jane
28May08

approved by
Janet
09Jun08

D. 1/p1

Patricia J. Poissant

From: Jos Bastiaansen [basjes@shockware.com]
Sent: Wednesday, February 13, 2008 2:07 PM
To: P. Jane Poissant
Subject: Re: Réf. : RE: Réf. : Bastiaansen Rollover

Jane,

Accountsreceiveble dec 07,

Potato narcota's for Agristar	460 ton	a 140,-	50,400	
Potato russet burbank	250 ton	a 195	48750	
Timothee 1e cut green prairie			48600	
beans pinto/gr northns	2.457.000 lbs a .15ct		368550	(80.000 vd Bassen) revised to $168,138.28 see C.1 288,550
customwork			23000	MSF
~~sugarbeets semkuley 06~~ - from 2007.			8000	
~~[illegible]~~ P.Y.			~~15000~~	
agristar potato goldrush 30 ton		a 140	4200	
gst building + farm			85000 recorded separately	

Total receivables $293,088.28

Inventory :

Coaldale potatoes	6700 ton russet	a 195	1,306,500	- $312,000 = $994,500	304,000 1600*195 = $312,000 6700 - (1600 Bassen) rest MSF.
bow island potatoes	5000 ton russet	a 195	975.000	- $955,500 = $195,000	931,000
	2000 ton gemstar	a 155	310,000		9400 ton - (4900 bassen)
	2000 ton narcota	a 155	310.000		= 4500 MSF -
	400 ton goldrush	a 145	58,000		
barley	50,000 bu	a 3.77 - 12000 bassen	188500	- $45,260 = $143,240	
weat spring	22100 bu	a 7.5	165,750		
winterweat	25000 bu	a 5	125,000		
timothee 2e cut	249 ton	a 75	18,675		

Total inventory $2,320,165 D.1

$45260

[illegible] MSF.

2457,000 - 572,000 Bassen
= 1885000 lbs.

----- Original Message -----
From: P. Jane Poissant
To: Patrick.Belanger@nbc.ca
Cc: basjes@telusplanet.net
Sent: Wednesday, February 13, 2008 1:22 PM
Subject: RE: Réf. : RE: Réf. : Bastiaansen Rollover

I will send a fax today with preliminary December numbers.

From: Patrick.Belanger@nbc.ca [mailto:Patrick.Belanger@nbc.ca]
Sent: Wednesday, February 13, 2008 1:18 PM
To: P. Jane Poissant
Cc: Jos Bastiaansen; EricE.Girard@bnc.ca
Subject: Réf. : RE: Réf. : Bastiaansen Rollover

Appendix H

Unsecured Creditor Listing

Creditor (Note 1)	MSF	Bassem	MSF Defendants	Total
AFSC	-	15,619	-	15,619
Agcom Petroleum	104,110	-	-	104,110
Agrifinance	-	-	unknown	-
AltaGas Utilities Inc.	-	10,892	-	10,892
Anmart Fuels	-	26,442	-	26,442
Bennen Farms	-	32,500	-	32,500
Bennet Jones	-	-	6,148	6,148
Ben Van Dijk - Water Rights	-	-	-	-
Bodkin Leasing Corporation	9,900	-	-	9,900
Brenntag Canada	52,926	-	-	52,926
C&H - Pivot	-	-	-	-
CIT Financial	unknown	-	-	-
CNH Capital	350,000	-	-	350,000
County of Forty Mile No. 8	10,000	-	-	10,000
CRA	100,000	-	-	100,000
Direct Energy	-	10,850	-	10,850
Drost Seed Potatoes	-	43,500	-	43,500
Dunlop Sterling - Oil	-	3,089		3,089
Edmonton Potato Growers	unknown	-	-	-
Epcor	-	67,726	-	67,726
Farm Credit Corporation	-	-	unknown	-
Finning	-	5,566	-	5,566
GL Tires Bow Island	-	14,908	-	14,908
Green Power - Parts	1,539	-	-	1,539
Green Praire	-	119,888	-	119,888
Growers Supply Limited	unknown	Unknown	unknown	-
Hanlon Ag Centre	-	48,007	-	48,007
Hi-way Service	-	-	unknown	-
Henry Vandergaast	-	3,000	-	3,000
Houweling Farms	187,876	-	-	187,876
Jobe Sand & Gravel	-	4,175	-	4,175
KB Heating (Registered on MSF lands)	53,000	-	-	53,000
Kinniburgh Spray Services	-	1,806	-	1,806
McCarthy Tetrault	34,475	-	-	34,475
McNichol Brokers	-	31,937	-	31,937
MCAP Leasing Inc	unknown	-	-	-
Miles Davidson	4,325	-	-	4,325
Milliken Farm Supplies	17,576	-	-	17,576
Nakamura Farms Ltd (water rights)	4,852	-	-	4,852
Nappa - Bow Island Farm Centre	-	10,793	-	10,793
North & Co. LLP	47,217	-	-	47,217
Oldenhuis & Prinsen - Parts	-	4,757	-	4,757
Parrish & Heimbecker	-	12,840	-	12,840
PBJS Farms Inc.	-	-	63,665	63,665
Polaris Leasing - Leasing Bins	30,336	-	-	30,336
Prairie View Seed Potatoes Ltd.	-	58,194	-	58,194
Prime Capital - Lease Fortis	4,237	-	-	4,237

Unsecured Creditor Listing

Creditor (Note 1)	MSF	Bassem	MSF Defendants	Total
RTL Agri-Services Ltd.	69,793	-	-	69,793
SMRID - Water Rights	26,000	26,000	-	52,000
South Alta REA	-	245	-	245
Taber Home Farm Centre	-	62,108	-	62,108
Transwest Financial Services	-	93,000	-	93,000
Vandenende Machinebouw Converyerbelts	178,953	-	-	178,953
Western Canada Welding Products	unknown	-	-	-
Westana Leasing Corporation	unknown	-	unknown	-
Walter Semkuley	-	-	unknown	-
Wayne Gilbertson	-	4,303	-	4,303
TOTAL	**1,287,115**	**712,145**	**69,813**	**2,069,073**

Note 1 - Listing per MSF Defendant's books and records and therefore may not represent a complete and accurate listing