BEVO AGRO INC.

CONSOLIDATED
FINANCIAL STATEMENTS

MARCH 31, 2008

NOTICE TO READER

I have prepared these interim unaudited financial statements for Bevo Agro Inc. in my capacity as Director and Chief Financial Officer. No independent firm of professional accountants has audited, reviewed or otherwise attempted to verify the accuracy or completeness of these financial statements.

D. FAIRHOLM, CA

Milner, B.C.
May 29, 2008

BEVO AGRO INC.
CONSOLIDATED BALANCE SHEET
MARCH 31 (Canadian $)

	March 31, 2008 (Unaudited)	June 30, 2007 (Audited)	March 31, 2007 (Unaudited)
ASSETS			*[Note 19]*
Current			
Cash	**$ 3,510**	$ 34,072	$ 57,020
Accounts receivable	**2,780,220**	2,677,342	3,058,522
Income taxes receivable	**37,898**	182,898	-
Inventories *[Note 3]*	**6,370,011**	2,830,305	5,465,498
Prepaid expenses and deposits	**76,401**	49,965	191,946
	9,268,040	5,774,582	8,772,986
Cash Deposit *[Note 7]*	**1,000,000**	-	-
Mortgage receivable *[Note 18]*	**634,404**	656,532	713,025
Property, plant and equipment *[Note 4]*	**28,180,132**	28,982,386	29,120,722
Deferred costs	**913,967**	603,459	129,375
Goodwill and intangible assets *[Note 6]*	**642,997**	642,997	262,747
	$ 40,639,540	$ 36,659,956	$ 38,998,855
LIABILITIES			
Current			
Bank indebtedness *[Note 7]*	**$ 1,864,660**	$ 37,666	$ 2,504,110
Accounts payable and accruals	**3,379,647**	2,477,428	3,389,400
Current portion of long-term debt *[Note 8]*	**928,746**	6,109,103	5,846,012
Current portion of obligations under capital leases *[Note 9]*	**114,291**	106,565	91,037
	6,287,344	8,730,762	11,830,559
Long-term debt *[Note 8]*	**23,383,084**	16,039,590	16,083,427
Obligations under capital leases *[Note 9]*	**203,506**	197,689	-
Future income tax liability *[Note 16]*	**1,629,702**	2,026,782	1,337,769
	31,503,636	26,994,823	29,251,755
SHAREHOLDERS' EQUITY			
Capital stock *[Note 10]*	**4,008,443**	4,008,443	4,008,443
Contributed surplus *[Note 10 [d]]*	**35,583**	35,583	10,168
Retained earnings	**5,091,878**	5,621,107	5,728,489
	9,135,904	9,665,133	9,747,100
	$ 40,639,540	$ 36,659,956	$ 38,998,855

Commitments *[Note 13]*

On behalf of the Board:

"Jack Benne"
Director

"Donald Fairholm"
Director

UNAUDITED - SEE NOTICE TO READER
See accompanying Notes to the Financial Statements

BEVO AGRO INC.
CONSOLIDATED STATEMENTS OF OPERATIONS AND RETAINED EARNINGS
PERIODS ENDED MARCH 31 (Canadian $)

	For the three months ended March 31, 2008	**For the nine months ended March 31, 2008**	For the three months ended March 31, 2007	For the nine months ended March 31, 2007
Sales	**$ 4,248,450**	**$ 10,593,462**	$ 4,611,199	$ 11,598,984
Cost of sales	**2,274,896**	**6,709,756**	2,696,844	7,021,743
Gross margin	**1,973,554**	**3,883,706**	1,914,355	4,577,241
Expenses				
General operating	**497,373**	**1,187,786**	431,299	1,136,939
Administrative fees, wages and benefits	**272,146**	**835,783**	308,268	907,843
Amortization	**403,848**	**1,167,355**	438,423	1,335,377
Interest *[Note 15]*	**538,289**	**1,342,310**	412,910	1,240,639
Provision for bad debts	**84,466**	**138,310**	150,000	482,353
	1,796,122	**4,671,544**	1,740,900	5,103,151
Earnings (loss) from operations	**177,432**	**(787,838)**	173,455	(525,910)
Gain on disposal of assets	**6,529**	**6,529**	-	11,470
Earnings (loss) before income taxes	**183,961**	**(781,309)**	173,455	(514,440)
Provision for (recovery of) income taxes		**-**		-
Future	**56,800**	**(252,080)**	(97,732)	(342,216)
Net earnings (loss) for the period	**127,161**	**(529,229)**	271,187	(172,224)
Retained earnings, beginning of the period	**4,964,717**	**5,621,107**	5,457,302	5,900,713
Retained earnings, end of the period	**$ 5,091,878**	**$ 5,091,878**	$ 5,728,489	$ 5,728,489
Basic earnings (loss) per share	**$ 0.01**	$ (0.02)	$ 0.01	$ (0.01)
Diluted earnings (loss) per share	**$ 0.01**	$ (0.02)	$ 0.01	$ (0.01)
Weighted average number of common shares outstanding	**25,535,933**	**25,535,933**	**25,535,933**	**25,535,933**

UNAUDITED - SEE NOTICE TO READER
See accompanying Notes to the Financial Statements

BEVO AGRO INC.
CONSOLIDATED STATEMENT OF CASH FLOWS
PERIODS ENDED MARCH 31 (Canadian $)

	For the three months ended March 31, 2008	**For the nine months ended March 31, 2008**	For the three months ended March 31, 2007	For the nine months ended March 31, 2007
Cash flows from operating activities				
Net earnings (loss) for the period	**$ 127,161**	**$(529,229)**	$ 271,187	$(172,224)
Items not involving cash				
Amortization	**403,848**	**1,167,355**	438,423	1,335,377
Amortization of deferred costs		**-**	2,447	16,700
Future income taxes	**-**	**(397,080)**		(244,484)
Loss (gain) on disposal of assets	**(6,529)**	**(6,529)**		(11,470)
Changes in non-cash working capital *[Note 11]*	**(1,786,689)**	**(2,621,801)**	(1,574,284)	(2,028,371)
	(1,262,209)	**(2,387,284)**	(862,227)	(1,104,472)
Cash flows from investing activities				
Acquisition of property, plant and equipment	**(241,464)**	**(367,740)**	(221,510)	(351,144)
Proceeds on disposal of property, plant and equipment	**17,800**	**17,800**	-	15,900
Mortgage receivable *[Note 18]*	**(18,419)**	**22,128**	7,293	(23,858)
Deferred costs	**(236,539)**	**(319,140)**	3,126	(110,231)
	(478,622)	**(646,952)**	(211,091)	(469,333)
Cash flows from financing activities				
Bank indebtedness	**(421,996)**	**1,826,994**	1,300,889	1,503,615
Advances under term debt	**23,000,000**	**23,000,000**	-	17,000,000
Long-term debt repayments	**(21,102,674)**	**(21,836,863)**	(202,612)	(16,791,060)
Advances (repayments) of obligations under capital lease	**76,059**	**13,543**	(61,391)	(140,062)
	1,551,389	**3,003,674**	1,036,886	1,572,493
Increase (decrease) in cash	**(189,442)**	**(30,562)**	(36,432)	(1,312)
Cash, beginning of period	**192,952**	**34,072**	93,452	58,332
Cash, end of period	**$ 3,510**	**$ 3,510**	$ 57,020	$ 57,020
Supplementary information:				
Interest paid	**$ 538,289**	**$ 1,342,310**	$ 412,910	1,240,638

UNAUDITED - SEE NOTICE TO READER
See accompanying Notes to the Financial Statements

1. Organization

Bevo Agro Inc. (the "Company") was incorporated July 9, 1985, under the Company Act of British Columbia, which has been replaced with the Business Corporations Act (British Columbia). The Company's common shares are traded on the TSX Venture Exchange under the symbol "BVO".

The Company operates 34 acres of propagation greenhouse facilities on 98 acres of land in Langley, BC. The Company's main products are the propagation of vegetable plants such as tomatoes, peppers, cucumbers, and other plants such as bedding plants, flowers, trees, cranberries and grasses. The Company markets its products to established greenhouse growers and nurseries throughout North America.

2. Significant accounting policies

Consolidation

The consolidated financial statements include the accounts of the company and its wholly-owned integrated subsidiary, Bevo Farms Ltd.. All significant intercompany transactions have been eliminated.

Interim reporting

In the opinion of management the unaudited quarterly consolidated financial statements reflect all adjustments consisting only of normal and recurring adjustments, necessary to present fairly the financial position at March 31, 2008, and the results of operations and changes in the financial position for the three months ended March 31, 2008, in accordance with accounting principles generally accepted in Canada. These financial statements should be read in conjunction with the company's audited financial statements and notes thereto related to the year ended June 30, 2007.

2. Significant accounting policies (Continued)

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 reporting period. Significant areas requiring the use of estimates include the determination of rates for amortization, estimated balances of accruals, the assumptions used in the calculation of stock-based compensation expense and the determination of future income tax liability. While management believes the estimates are reasonable, actual results could differ from those estimates and may impact future results of operations and cash flows.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits with banks, and highly liquid temporary investments with maturities of three months or less at the time of acquisition.

Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies have been translated into Canadian dollars at the rate of exchange prevailing at the balance sheet date and non-monetary items are translated at rates of exchange in effect when the assets are acquired or obligations incurred. Revenue and expense items are translated at the average rate of exchange for the period. Foreign exchange gains and losses are included in income.

Inventories

Inventories are valued at the lower of cost and net realizable value for work-in-process and at current replacement cost for raw materials. The cost of inventories includes the cost of materials, labour and direct overhead costs.

Income taxes

The company follows the asset and liability method of accounting for income taxes. Under this method of tax allocation, future income tax assets and liabilities are determined based on differences between the financial statement carrying values and their respective income tax basis (temporary differences). Future income tax assets and liabilities are measured using the tax rates expected to be in effect when the temporary differences are likely to reverse. The effect on future tax assets and liabilities of a change in tax rates is included in operations in the period in which the change is enacted or substantially assured. The amount of future income tax assets is limited to the amount of the benefit that is more likely than not to be realized.

2. Significant accounting policies (continued)

Revenue recognition

Revenue is recognized using the completed contract method of accounting when the propagation process is completed and the products are shipped to the customers.

Property, plant and equipment

Property, plant and equipment are recorded at cost. Amortization is provided using the declining-balance basis at the following annual rates:

Assets	Rate
Buildings	**2.5 - 5 %**
Greenhouse, shade and packaging equipment	**5 %**
Land improvements	**5 %**
Machinery and equipment	**10 - 30 %**

Deferred costs

Deferred costs consists of costs incurred to obtain debt financing and costs incurred in the development of new product lines. The deferred financing fees are amortized on a straight-line basis over the term of the financing obtained. If financing is not obtained, or the Company re-finances its debt, any unamortized balance will be written off as a charge to operations.

Development costs are expensed unless, in management's view, they meet specific criteria related to technical, market, and financial feasibility, in which case they are deferred and amortized. Amortization is then calculated on a straight-line basis over the expected period of recovery from related future revenues. These costs are reviewed on an annual basis, and if there is found to be an impairment in value, any unamortized balance will be written off as a charge to operations.

Goodwill and intangible assets

Goodwill represents the excess of the purchase price over the fair values of net assets acquired in the acquisition of a propagation greenhouse facility. The carrying value of goodwill is reviewed on an annual basis to determine if there has been an impairment and will be written down if the value is permanently impaired. An impairment exists if the future cash flows from the operations are less than the net book value. Management is of the opinion that there has been no diminution in the value assigned.

Intangible assets relate to a non-competition agreement with Rainbow Greenhouses Ltd. whereby Rainbow Greenhouses Ltd. agrees not to supply a specified customer for a period of ten years. The agreement will be amortized based on sales to that customer over approximately three years.

2. Significant accounting policies (continued)

Earnings (loss) per common share

Basic earnings (loss) per share is computed by dividing the net earnings (loss) by the weighted average number of common shares outstanding during the reporting period. The Company uses the treasury stock method for calculating diluted earnings per share. Diluted earnings per share is computed similar to basic earnings per share except that the weighted average number of common shares outstanding is increased to include additional shares from the assumed exercise of stock options, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options were exercised and that the proceeds from such exercises were used to acquire shares of common stock at the average market price during the reporting period. Basic and diluted loss per share are the same as the effects of outstanding stock options are anti-dilutive.

Stock-based compensation

The Company accounts for stock-based compensation expense using the fair value based method with respect to all stock-based payments to directors, employees and consultants, including awards that call for settlement by the issuance of equity instruments. Under this standard, stock-based payments are recorded as an expense over the vesting period or when the awards of rights are granted, with a corresponding increase to contributed surplus. When stock options are exercised, the corresponding fair value is transferred from contributed surplus to capital stock.

3. Inventories

	March 31, 2008	June 30, 2007	March 31, 2007
Finished goods	**$ 1,574,868**	$ 1,821,565	$ 1,380,698
Work-in-process	**4,795,143**	1,008,740	4,084,800
	$ 6,370,011	$ 2,830,305	$ 5,465,498

4. Property, plant and equipment

	Cost	Accumulated Amortization	Net book value March 31, 2008
Land	**$ 2,406,212**	**$ -**	**$ 2,406,212**
Land improvements	**665,313**	**185,756**	**479,557**
Buildings	**904,026**	**222,372**	**681,654**
Equipment under capital lease	**1,844,290**	**1,404,972**	**439,318**
Greenhouse, shade and packing equipment	**28,606,425**	**8,782,642**	**19,823,783**
Machinery and equipment	**7,193,574**	**3,120,825**	**4,072,749**
Computer software	**299,307**	**22,448**	**276,859**
	$ 41,919,147	**$ 13,739,015**	**$ 28,180,132**

	Cost	Accumulated Amortization	Net book value June 30, 2007
Land	$ 2,406,212	$ -	$ 2,406,212
Land improvements	629,682	167,817	461,865
Buildings	904,026	199,897	704,129
Equipment under capital lease	1,839,080	1,447,332	391,748
Greenhouse, shade and packing equipment	28,549,255	8,013,067	20,536,188
Machinery and equipment	7,021,026	2,857,907	4,163,119
Computer software	319,125	-	319,125
	$ 41,668,406	$ 12,686,020	$ 28,982,386

5. Deferred costs

	Cost	Accumulated amortization	Net Book Value March 31, 2008	Net Book Value June 30, 2007
Deferred financing fees	$ 554,757	$ 205,880	**$ 348,877**	$ 124,089
Deferred development costs	565,090	-	**565,090**	479,370
	$ 1,119,847	$ 205,880	**$ 913,967**	$ 603,459

6. Goodwill and intangible assets

	March 31, 2008	June 30, 2007
Non-competition agreement	$ 380,250	$ 380,250
Goodwill	262,747	262,747
	$ 642,997	$ 642,997

7. Bank indebtedness

The company has a revolving line of credit in the amount of $2,000,000. The line of credit bears interest at prime plus 0.5, is due on demand and is secured by a $1 million cash deposit, inventory and accounts receivables.

8. Long-term debt

	March 31, 2008	June 30, 2007
Bank of Montreal term loans	**$ -**	$ 16,517,042
Farm Credit Canada term loan, maturing June 1, 2013, carries interest of 5.75% (variable), repayable with blended monthly payments of $79,891	**11,000,000**	-
Farm Credit Canada term loan, maturing June 1, 2013, carries interest of 5.75% (variable), repayable with blended monthly payments of $93,838	**11,000,000**	-
Farm Credit Canada advancer loan, maturing June 1, 2013, carries interest of 6.25% (variable), payable with monthly payments of interest only	**1,000,000**	-
De Lage Landen loan, maturing September 2009, carries interest of 7.75% per annum, repayable with blended monthly payments of $7,753	**117,500**	178,465
De Lage Landen loan, maturing September 2009, carries interest of 7.75% per annum, repayable with blended monthly payments of $1,141	**19,330**	28,186
	23,136,830	16,723,693
Rainbow Greenhouses Ltd. agreement, non-interest bearing, unsecured		
Payment July 1, 2007	**-**	125,000
Payment December 1, 2007	**-**	125,000
Payment due July 1, 2008	**100,000**	100,000
Payment due July 1, 2009	**75,000**	75,000
	175,000	425,000
Banyan Capital Partners Limited Partnership debenture	**-**	5,000,000
Banyan Capital Partners Limited Partnership advance loan, maturing June 30, 2009, carries interest of 12% per annum.	**1,000,000**	-
	24,311,830	22,148,693
Less: current portion of term debt	**(928,746)**	(6,109,103)
Total term debt	**$ 23,383,084**	$ 16,039,590

The FCC term loans are secured by a general security agreement, mortgages on the properties, and assignments of insurance. The Banyan Capital Partners Limited Partnership advance loan is secured by a second charge on inventories and receivables. The De Lage Landen loans are secured by computer hardware and software.

8. Long-term debt (continued)

Principal repayments on long-term debt required to be made in each of the next five years and thereafter are as follows:

	March 31, 2008	June 30, 2007
2008	$ 928,746	$ 6,109,103
2009	1,990,715	1,013,538
2010	930,370	947,819
2011	982,357	914,546
2012	1,043,296	970,590
Thereafter	18,436,346	12,193,097
	$ 24,311,830	$ 22,148,693

9. Obligations under capital leases

	March 31, 2008	June 30, 2007
Obligations under capital lease	$ 343,907	$ 336,489
Less: imputed interest	26,110	32,235
	317,797	304,254
Less: current portion	114,291	106,565
	$ 203,506	$ 197,689

9. Obligations under capital leases (continued)

Future minimum lease payments for each of the next three years are as follows:

	March 31, 2008	June 30, 2007
2008	**$ 114,291**	$ 106,565
2009	**123,115**	92,940
2010	**80,391**	104,749
	$ 317,797	$ 304,254

Annualized interest rates range from 7.5% to 7.95%.

10. Capital stock

Authorized:
Unlimited common shares with no par value.

Issued:

	March 31, 2008 Number of Shares	**March 31, 2008 Amount**
Issued and outstanding as at March 31, 2008	**25,535,933**	**$ 4,008,443**

	June 30, 2007 Number of Shares	June 30, 2007 Amount
Issued and outstanding as at June 30, 2007	25,535,933	$ 4,008,443

10. Capital stock (continued)

(a) Summary of stock options outstanding as at March 31, 2008.

Security type	Number outstanding	Price	Expiry date
Share options	500,000	0.28	May 12, 2009

(b) The company has adopted a stock option plan, which reserved 2,411,900 shares for issuance under Plan options and any outstanding prior options granted outside of the Plan. Shares reserved under Plan options or prior options that expire, terminate or otherwise cease to be exercisable will become available for the issuance of future options under the Plan, subject to the 2,411,900 share maximum. The number of shares reserved does not exceed 10% of the Company's current issued and outstanding share capital.

(c) On May 12, 2006, the company granted stock options under its 2004 stock option plan to directors and officers for the purchase of 500,000 common shares at a price of $0.28 per share. One-third of these options are exercisable as of May 12, 2006, one-third are exercisable May 12, 2007, and one-third are exercisable on May 12, 2008. The options will expire on May 12, 2009.

(d) Contributed surplus

Contributed surplus is comprised of the following:

Balance, June 30, 2005	$	-
Stock-based compensation for the year		10,168
Balance, June 30, 2006		10,168
Stock-based compensation for the year		25,415
Balance, June 30, 2007		35,583
Stock-based compensation for the first nine months		-
Balance, March 31, 2008	$	35,583

11. Changes in non-cash working capital

	For the three months ended March 31, 2008	**For the nine months ended March 31, 2008**	For the three months ended March 31, 2007	For the nine months ended March 31, 2007
Accounts receivable	**$ 391,029**	**$(102,878)**	$ 152,321	$(86,357)
Income taxes receivable	**56,800**	**145,000**		265,584
Prepaid expenses and deposits	**167,206**	**(26,436)**	(120,718)	(81,188)
Inventories	**(2,031,704)**	**(3,539,706)**	(1,454,870)	(3,954,592)
Accounts payable and accruals	**(370,020)**	**902,219**	(151,017)	1,828,182
	$(1,786,689)	**$(2,621,801)**	$(1,574,284)	$(2,028,371)

12. Financial instruments and risk management

The Company has various financial instruments including cash, accounts receivable, a mortgage receivable, bank indebtedness, accounts payable and accruals, and term debt. Their carrying values approximate their fair values.

The Company is exposed to the following risks related to its financial assets and liabilities:

Currency risk

The Company is exposed to foreign currency fluctuations to the extent revenues earned and expenditures incurred by the Company are not denominated in Canadian dollars. From time to time the Company enters into foreign currency contracts to manage foreign currency risk. At March 31, 2008 the Company has booked forward contracts totalling $1.5 million USD, which expire in June 2008. The forward exchange rates approximate the current rate.

12. Financial instruments and risk management (continued)

Interest rate risk

Interest rate risk consists of two components:

(a) To the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in prevailing market interest rates, the Company is exposed to interest rate cash flow risk.

(b) To the extent that changes in prevailing market interest rates differ from the interest rates in the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.

The Company's long-term debt is principally at variable interest rates and therefore the Company is exposed to interest rate cash flow risk during the term of the debt. The Company is not exposed to significant interest rate price risk due to the short-term maturity of its short-term monetary assets and liabilities.

Credit risk

The Company is subject to credit risk through its accounts receivable and mortgage receivable (see Note 18). Credit risk is minimized as the Company's customers are geographically dispersed and a substantial portion of the Company's sales are to customers with whom long-term business relationships have been established.

13. Commitments

Operating leases

The company has entered into automobile operating leases. The future minimum lease payments for the next two years are as follows:

		March 31, 2008
2008	$	6,374
2009		1,062
	$	7,436

14. Related party transactions

The company participated in transactions with related parties as follows:

	For the three months ended March 31, 2008	**For the nine months ended March 31, 2008**	For the three months ended March 31, 2007	For the nine months ended March 31, 2007
Management fees paid to a company with directors in common	**$ 126,000**	**$ 378,000**	$ 126,000	$ 378,000
Directors fees	**20,250**	**69,750**	23,250	66,045
Professional fees paid to companies owned by directors	**19,622**	**65,316**	42,998	87,179
Interest paid to a company with directors in common	**80,109**	**332,164**	123,288	375,342

The company has the following related party loans payable:

	March 31, 2008	June 30, 2007
Debenture from a company with a director in common	**$ -**	$ 5,000,000
Advance loan from a company with a director in common	**$ 1,000,000**	$ -

The President and Vice-President provide management services to the Company via their management company. The management fees are approved annually by the Board of Directors. Two directors provide additional professional services to the Company via their professional corporations. Their services are in the normal course of operations and are measured at the exchange amount of consideration. One of the directors is a principal of Banyan Capital Partners Limited Partnership, a creditor of the company.

15. Interest

			For the three months ended March 31, 2008		For the nine months ended March 31, 2008		For the three months ended March 31, 2007		For the nine months ended March 31, 2007
Interest expense	-operating line of credit	$	30,883	$	79,706	$	28,651	$	66,125
	-term debt		322,349		814,861		257,043		787,714
	-convertible debenture		63,013		315,068		123,288		375,342
	-capital leases		6,417		15,877		-		1,285
	-deferred financing		115,208		115,208		-		-
	-other		419		1,590		3,928		10,173
		$	538,289	$	1,342,310	$	412,910	$	1,240,639

16. Income taxes

The company has recorded a provision for estimated future income tax liability as follows:

		March 31, 2008		June 30, 2007
Opening balance - beginning of period/year	$	2,026,782	$	1,582,253
Estimated future income tax liability (adjustment on current earnings (losses))		(397,080)		444,529
Closing balance - end of period/year	$	1,629,702	$	2,026,782

17. Segmented information

The company operates in only one industry segment: propagation of greenhouse products. Geographic information is as follows:

	For the three months ended March 31, 2008 Sales	For the nine months ended March 31, 2008 Sales	For the three months ended March 31, 2008 Property, plant and equipment
Canada	$ 3,397,876	$ 6,977,294	$ 28,180,132
United States	706,589	2,786,797	-
Mexico	143,985	829,371	-
	$ 4,248,450	$ 10,593,462	$ 28,180,132

18. Mortgage receivable

	March 31, 2008	June 30, 2007
Mortgage receivable	$ 634,404	$ 656,532

The Company entered into a mortgage agreement on August 23, 2004. Under the terms of the agreement, the receivable was to be repaid in three equal annual payments beginning December 31, 2004 and bears interest at 8% per annum. The purchaser is in default of the terms of the mortgage agreement as it was not fully repaid by December 31, 2006 and the interest charged on the receivable has increased to 18% as a result. The Company has initiated foreclosure proceedings on the property.

The mortgage receivable is in US dollars. The amount receivable is as follows:

Opening balance - as at June 30, 2007	$ 656,532
Foreign exchange adjustment for US dollar	(22,128)
Closing balance - as at March 31, 2008	$ 634,404

19. Comparative figures

Certain 2007 comparative figures have been reclassified to conform with the financial statement presentation adopted in the current year.