



ARTHUR ANDERSEN

AUDITORS' REPORT

To the Lieutenant Governor in Council,
Province of British Columbia:

We have audited the balance sheets of **BRITISH COLUMBIA TRADE DEVELOPMENT CORPORATION** as at March 31, 2000 and 1999 and the statements of revenues, expenditures and unappropriated equity and cash flows for the years then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2000 and 1999 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Arthur Andersen LLP

Vancouver, British Columbia
April 27, 2000.

BRITISH COLUMBIA TRADE DEVELOPMENT CORPORATION
BALANCE SHEETS
MARCH 31, 2000 AND 1999

(Amounts in Thousands)

	<u>2000</u>	<u>1999</u>
ASSETS		
CURRENT ASSETS		
Cash and short-term investments	\$ 887	\$ 791
Accounts receivable (Note 4)	<u>1</u>	<u>46</u>
	888	837
LOAN GUARANTEE RESERVE FUND (Note 3)	4,050	4,050
INVESTMENT	<u>50</u>	<u>50</u>
	<u>\$ 4,988</u>	<u>\$ 4,937</u>
LIABILITIES AND UNAPPROPRIATED EQUITY		
CURRENT LIABILITY		
Accounts payable and accrued liabilities	\$ 60	\$ 59
LOAN GUARANTEE RESERVE LIABILITIES (Note 3)	<u>4,050</u>	<u>4,050</u>
	4,110	4,109
UNAPPROPRIATED EQUITY	<u>878</u>	<u>828</u>
	<u>\$ 4,988</u>	<u>\$ 4,937</u>

Approved by the Board:

..... Director

BRITISH COLUMBIA TRADE DEVELOPMENT CORPORATION
 STATEMENTS OF REVENUES, EXPENDITURES AND UNAPPROPRIATED EQUITY
 FOR THE YEARS ENDED MARCH 31, 2000 AND 1999

(Amounts in Thousands)

	<u>2000</u>	<u>1999</u>
REVENUES		
Investment	\$ 29	\$ 57
Other	<u>1</u>	<u>8</u>
	<u>30</u>	<u>65</u>
EXPENDITURES		
Salaries and benefits	16	52
Professional services	13	8
Office and other	2	2
Write-off of capital assets	<u>-</u>	<u>475</u>
	<u>31</u>	<u>537</u>
	(1)	(472)
INCREASE (DECREASE) IN LOAN GUARANTEE RESERVE (Note 3)	<u>51</u>	<u>(1)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	50	(473)
UNAPPROPRIATED EQUITY, beginning of year	<u>828</u>	<u>1,301</u>
UNAPPROPRIATED EQUITY, end of year	<u>\$ 878</u>	<u>\$ 828</u>

BRITISH COLUMBIA TRADE DEVELOPMENT CORPORATION
 STATEMENTS OF CASH FLOWS
 FOR THE YEARS ENDED MARCH 31, 2000 AND 1999

(Amounts in Thousands)

	<u>2000</u>	<u>1999</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenditures	\$ 50	\$ (473)
Add item not affecting cash		
Write-off of capital assets	<u>-</u>	<u>475</u>
	50	2
Changes in non-cash working capital accounts		
Accounts receivable	45	236
Accounts payable and accrued liabilities	<u>1</u>	<u>(286)</u>
INCREASE (DECREASE) IN CASH AND SHORT-TERM INVESTMENTS	96	(48)
CASH AND SHORT-TERM INVESTMENTS, beginning of year	<u>791</u>	<u>839</u>
CASH AND SHORT-TERM INVESTMENTS, end of year	<u>\$ 887</u>	<u>\$ 791</u>

BRITISH COLUMBIA TRADE DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2000 AND 1999

(Amounts in Thousands)

1. NATURE OF BUSINESS AND CONTINUANCE OF OPERATIONS

British Columbia Trade Development Corporation (the "Corporation") is established under the Trade Development Corporation Act. The principal role of the Corporation is to promote the sale of British Columbia goods and services to markets outside British Columbia by providing advice and assistance to export enterprises on terms and conditions the Corporation considers advisable. In its 1996 budget, the Province of British Columbia (the "Province") announced the Corporation would be wound up and its existing functions would be amalgamated with the Ministry of Employment and Investment.

In 1996, Bill 17, Section 22 was passed to allow commencement of the orderly wind-up of the Corporation, whereby:

- the Trade Development Corporation Act will be repealed;
- the board of directors will be reduced to not more than three directors;
- the Corporation will continue as a corporation;
- all of the rights, property and assets of the Corporation will be transferred to the Province; and
- all the obligations and liabilities of the Corporation will be assumed by the Province.

These financial statements have been prepared on the going-concern basis which assumes the Corporation will realize its assets and discharge its liabilities in the normal course of business and, to the extent not realized by the time it is dissolved, will transfer its assets and liabilities to the Province at their carrying values. The financial statements do not reflect all of the adjustments in the carrying value of assets and liabilities, the reported revenues and expenditures, and the balance sheet classifications used, that would be necessary if the above assumptions were not appropriate.

2. SIGNIFICANT ACCOUNTING POLICIES

As prescribed by Section 9(6) of the Trade Development Corporation Act, the financial statements of the Corporation are prepared according to Canadian generally accepted accounting principles and include the following significant accounting policies:

Investment

Investment consists of the Corporation's 18% (1999- 18%) interest in Northstar Trade Finance Inc. The investment is accounted for by the cost method as the Corporation does not have significant influence over the operating, financing and investing decisions related to the investment.

Foreign Currency Translation

Assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the rates of exchange at the balance sheet date. Revenues and expenses are translated at the average rates of exchange prevailing during the period. Foreign exchange gains or losses are included in income for the period.

BRITISH COLUMBIA TRADE DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2000 AND 1999

(Amounts in Thousands)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingencies at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

3. LOAN GUARANTEE RESERVE FUND

The Province authorized the Corporation to administer the Province's Export Loan Guarantee Program. Funding for the program is from the operating grant that the Corporation receives from the Province. Commencing in 1997, the Corporation no longer administers this program; therefore, no grants have been received from the Province. Transactions during the year of the Loan Guarantee Reserve Fund are as follows:

	2000	1999
Balance, beginning of year	\$ 4,050	\$ 4,050
Add- Investment income	198	185
Deduct- Guarantees called and other expenses	(147)	(186)
Increase (decrease) in loan guarantee reserve	(51)	1
Balance, end of year	\$ 4,050	\$ 4,050

There are presently two matters under litigation. The potential outcome of these matters is not currently determinable.

4. RELATED PARTY TRANSACTIONS

Included in accounts receivable is \$Nil (1999- \$46) due from the Province.

All related party transactions are accounted for at the exchange amount.