

580440 B.C. LTD.

Statement of Management Responsibility

Management, in accordance with generally accepted accounting principles, has prepared the financial statements of *580440 B.C. Ltd.* These statements present fairly the financial position of the Corporation as at March 31, 2000 and results of its operations for the year then ended.

Management is responsible for the preparation, integrity and objectivity of the financial statements. Systems of internal control are developed and maintained by management to provide reasonable assurance that transactions are properly authorized, assets are safeguarded, and financial records are properly maintained to provide a reliable basis for preparation of the financial statements.

The Auditor General of British Columbia, has performed an independent audit of the financial statements. The Report of the Auditor General outlines the scope of his audit and his opinion on the financial statements of *580440 B.C. Ltd.*



Chris Nelson
President



Doug Callbeck
Treasurer

Victoria, British Columbia
June 2, 2000

Report of the Auditor General of British Columbia

*To the Minister of Employment and Investment
Province of British Columbia:*

I have audited the balance sheet of *580440 B.C. Ltd.* as at March 31, 2000 and the statement of operations and cash flows for the year then ended March 31, 2000. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I 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 my opinion, these financial statements present fairly, in all material respects, the financial position of the *580440 B.C. Ltd.* as at March 31, 2000 and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.



Wayne Strelloff, CA
Auditor General

*Victoria, British Columbia
June 2, 2000*

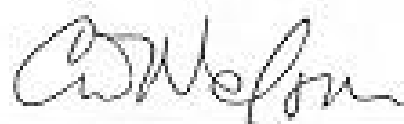
580440 B.C. LTD.

Balance Sheet

(in thousands)

March 31,	2000	1999
	\$	\$
Assets		
Cash	68	-
Interest receivable	2	73
Loans receivable (note 3)	2,805	28,667
	<u>2,875</u>	<u>28,740</u>
Liabilities		
Interest payable	70	73
Due to the Province of British Columbia (note 3)	2,805	28,667
	<u>2,875</u>	<u>28,740</u>
Shareholder's equity		
Share capital (note 5)	-	-
Surplus	-	-
	<u>-</u>	<u>-</u>
	<u>2,875</u>	<u>28,740</u>

On behalf of the Board



Director



Director

The accompanying notes are an integral part of these financial statements

580440 B.C. LTD.
Statement of Operations
(in thousands)

Year Ended March 31,	2000	1999 (Note 7)
	\$	\$
Revenues		
Loan fees	34	4
Interest	2,794	73
	<hr/> 2,828	<hr/> 77
Expenses		
Loan fees	34	4
Interest	2,794	73
Write off of loans (note 3)	70,000	-
	<hr/> 72,828	<hr/> 77
Loss from operations	(70,000)	-
Forgiveness of debt by the province (note 3)	70,000	-
Surplus end of the year	<hr/> -	<hr/> -

580440 B.C. LTD.

Statement of Cash Flows

(in thousands)

Year Ended March 31,	2000	1999 (Note 7)
	\$	\$
Cash flows from operating activities		
Interest income	4	-
Interest expense	(2,790)	-
Loan fees	(34)	(4)
	(2,820)	(4)
Cash flows from financing activities		
Loans	550,385	28,667
Repayment of loans	(506,247)	-
	44,138	28,667
Cash flows from investing activities		
Loans to Vancouver Trade and Convention Centre Authority	(41,250)	(28,663)
	(41,250)	(28,663)
Increase in cash during the year	68	-
Cash and short-term investments beginning of year	-	-
Cash and short-term investments end of year	68	-

580440 B.C. LTD.

Notes to the Financial Statements

March 31, 2000

(tabular amounts in thousands)

1. Nature of business

580440 B.C. Ltd., a provincial Crown corporation (the "Corporation") was incorporated on February 17, 1999, under the *Company Act* of British Columbia.

The purpose of the Corporation is to provide financing to the Vancouver Trade and Convention Centre Authority for the expansion of the Vancouver Trade and Convention Centre. The province canceled the project on October 5, 1999.

The Minister of Finance and Corporate Relations acts as fiscal agent for the Corporation.

The Corporation is exempt from federal and provincial income taxes.

2 Significant accounting policies

The financial statements have been prepared in accordance with generally accepted accounting principles.

3. Loans receivable and due to the Province of British Columbia

On March 30, 2000, the Province of British Columbia forgave the Corporation \$70 million of its debt obligations. The Corporation in turn released the Vancouver Trade and Convention Centre Authority from its debt obligations to an equal amount of \$70 million.

The forgiveness of the \$70 million loans by the Province of British Columbia has been treated as a contribution from the province and shown on the Statement of Operations after the determination of loss from operations for the year.

The forgiveness of the loans to the Vancouver Trade and Convention Centre Authority has been treated as an expense in the Corporation and shown on the Statement of Operations as a write-off of loans.

These transactions left the Corporation with loans receivable from the Authority and payable to the Province of British Columbia of \$2,805,001. These loans were repaid on April 12, 2000.

580440 B.C. LTD.

Notes to the Financial Statements

March 31, 2000

(tabular amounts in thousands)

3. Loans receivable and due to the Province of British Columbia-continued

<u>Loan</u>	<u>Rate</u>	<u>Maturity Date</u>	<u>Amount</u>	<u>Maturity Amount</u>
	%		\$	\$
1	5.09	April 3, 2000	52,797	52,820
2	4.96	April 12, 2000	20,008	20,100
			72,805	72,920
		Less debt forgiven	(70,000)	(70,000)
			2,805	2,920

4. Related party transactions

The Corporation is related through common ownership to all Province of British Columbia ministries, agencies and Crown corporations. Transactions with these entities, unless disclosed separately in these financial statements, are generally considered to be in the normal course of operations and are recorded at the exchange amount.

The Ministry of Employment and Investment provides administrative and accounting services to the Corporation. The cost of this support is not material and has not been recorded in these financial statements.

5. Share capital

The Corporation has authorized capital consisting of 10,000 common shares with no share value. The Minister of Employment and Investment holds the one common share issued as representative of Her Majesty the Queen in right of the Province of British Columbia.

6. Comparative figures

Comparative figures are for the period from incorporation, February 17, 1999 to March 31, 1999.