

To the Shareholders of  
BCIF Management Ltd.

We have audited the Non-Consolidated Balance Sheet of BCIF Management Ltd. as at March 31, 2000 and the Non-Consolidated Statements of Operations, Retained Earnings and Cash Flow for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with 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 non-consolidated financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2000 and the results of its operations and cash flow for the year then ended in accordance with generally accepted accounting principles.

*BDO Dunwoody LLP*

Chartered Accountants

Vancouver, British Columbia  
April 20, 2000

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**BCIF Management Ltd.**  
**Non-consolidated Balance Sheet**

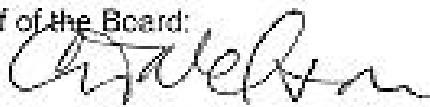
March 31	2000	1999
<b>Assets</b>		
<b>Current</b>		
Cash	\$ 40,862	\$ 25,678
Interest receivable	614	290
Due from British Columbia Investment Fund Ltd. (Note 2)	-	5,795
	<u>41,276</u>	<u>31,763</u>
Investment in British Columbia Investment Fund Ltd.	100	100
	<u>\$ 41,376</u>	<u>\$ 31,863</u>

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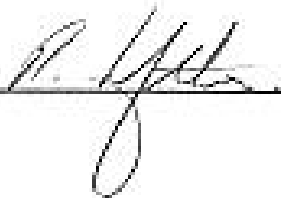
**Liabilities and Shareholder's Equity (Deficiency)**

<b>Current</b>		
Accounts payable and accrued liabilities	\$ 41,276	\$ 31,763
<b>Shareholder's equity (deficiency)</b>		
Share capital (Note 3)	<u>100</u>	<u>100</u>
	<u>\$ 41,376</u>	<u>\$ 31,863</u>

On behalf of the Board:



Director



Director

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**BCIF Management Ltd.**  
**Non-consolidated Statement of Retained Earnings**

<u>For the year ended March 31</u>	<u>2000</u>	<u>1999</u>
Retained earnings, beginning of year	\$ -	\$ 30,135
Net income (loss) for the year	-	(30,135)
Retained earnings, end of year	\$ -	-

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**BCIF Management Ltd.**  
**Non-consolidated Statement of Operations**

<b>For the year ended March 31</b>	<b>2000</b>	<b>1999</b>
<b>Revenue</b>		
Management fees	\$ 448,636	\$ 291,563
Sales commissions	416,500	490,000
Reimbursement of expenses (Note 1)	4,930	28,548
Interest income	2,336	2,213
	<hr/>	<hr/>
	872,404	812,324
<b>Expenses</b>		
Bank charges and interest	51	211
Consulting	448,636	291,563
Professional fees	7,217	60,443
Sub-agent commission	416,500	490,000
Travel	-	242
	<hr/>	<hr/>
	872,404	842,459
<b>Loss for the year</b>	<hr/> <b>\$ -</b>	<hr/> <b>\$ (30,135)</b>

**BCIF Management Ltd.**  
**Non-consolidated Statement of Cash Flow**

For the year ended March 31	2000	1999
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Loss for the year	\$ -	\$ (30,135)
<b>Changes in non-cash working capital balances</b>		
Interest receivable	(324)	(290)
GST receivable	-	7,074
Accounts payable and accrued liabilities	9,513	31,763
	<u>9,189</u>	<u>38,547</u>
	9,189	8,412
<b>Financing activities</b>		
Advances to BC Investment Fund Ltd.	5,795	425,317
Advances from the Ministry of Employment and Investment	-	(408,151)
	<u>5,795</u>	<u>17,166</u>
Increase in cash during the year	14,984	25,578
Cash, beginning of year	<u>25,678</u>	<u>100</u>
Cash, end of year	\$ 40,662	\$ 25,678

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**BCIF Management Ltd.**  
**Summary of Significant Accounting Policies**

**March 31, 2000**

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**Basis of Consolidation**

The investment in the Company's non-consolidated wholly-owned subsidiary, British Columbia Investment Fund Ltd., is recorded at cost.

**Financial Instruments**

The Company's financial instruments consist of cash, interest receivable, amounts due from British Columbia Investment Fund Ltd., accounts payable and accrued liabilities. It is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values.

**Use of Estimates**

The preparation of these non-consolidated financial statements in conformity with generally accepted accounting principles required 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. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

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**BCIF Management Ltd.**  
**Notes to Non-consolidated Financial Statements**

March 31, 2000

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**1. Nature of Operations**

BCIF Management Ltd. (the "Company") was incorporated under the British Columbia Company Act on December 23, 1994. The Company's name was changed from BCGF Management Ltd. to the present name on October 25, 1995. The Company was incorporated to provide fund management services to the Company's wholly-owned subsidiary, the British Columbia Investment Fund Ltd. (the "Fund"), and to facilitate the approval of the Fund as an Approved Fund under the Immigration Act and Regulations as prescribed in the Management Agreement attached to the Offering Memorandum of its subsidiary dated October 28, 1995 (the "Memorandum"). The Company is wholly-owned by the Province of British Columbia and is not subject to income taxes.

Pursuant to the Memorandum, the Company receives a commission equal to seven percent of the gross proceeds of the subscription amount received from the sale of each and every unit of the bond and may distribute all or part of the sales commission to any sub-agents. The Company also receives a management fee up to a maximum of three percent of the net book value of the Fund as at the end of the immediately preceding fiscal year.

At the first closing, the Company will be reimbursed by the Fund for start-up costs of preparing the Memorandum, legal and other professional fees as described in the Memorandum.

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**2. Due from British Columbia Investment Fund Ltd.**

The amounts due from the British Columbia Investment Fund Ltd. are unsecured, non-interest bearing, have no specific terms of repayment and are accounted for at the exchange amount.

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**3. Share Capital**

	<u>2000</u>	<u>1999</u>
Authorized:		
100,000 Common shares without par value		
Issued:		
100 Common shares	\$ 100	\$ 100

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**BCIF Management Ltd.**  
**Notes to Non-consolidated Financial Statements**

**March 31, 2000**

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**4. Related Party Transactions**

These transactions are in the normal course of operations and are measured at the exchange value (the amount of consideration established and agreed to by the related parties), which approximates the arm's length equivalent value for sales of product.

The following amounts were received from the British Columbia Investment Fund Ltd.:

	2000	1999
Management fees	\$ 448,636	\$ 291,563
Sales commission	416,500	490,000
Reimbursement of expenses	4,930	28,548

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**5. Uncertainty Due to the Year 2000 Issue**

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. Although the change in date has occurred, it is not possible to conclude that all aspects of the Year 2000 Issue that may affect the company, including those related to customers, suppliers, or other third parties, have been fully resolved.

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**6. Economic Dependence**

The Company's primary sources of revenue are sales commissions, management fees and reimbursement of expenses from its wholly-owned subsidiary, British Columbia Investment Fund Ltd. As a result, the economic viability of the Company is dependent upon the results achieved by British Columbia Investment Fund Ltd.