

577315 BRITISH COLUMBIA LTD.

Financial Statements

March 31, 2001

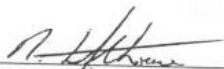
577315 BRITISH COLUMBIA LTD.

Statement of Management Responsibility


Management, in accordance with Canadian generally accepted accounting principles, has prepared the financial statements of *577315 British Columbia Ltd.* These statements present fairly the financial position of the Corporation as at March 31, 2001 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 *577315 British Columbia Ltd.*



Mark Lofthouse
President



Doug Callbeck
Secretary

Victoria, British Columbia
April 30, 2001



Report of the Auditor General of British Columbia

To the Shareholder of 557315 British Columbia Ltd.:

I have audited the balance sheet of *557315 British Columbia Ltd.* as at March 31, 2001 and the statement of operations and cash flows for the year then ended March 31, 2001. 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 Canadian 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 *557315 British Columbia Ltd.* as at March 31, 2001 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

*Victoria, British Columbia
April 30, 2001*

Wayne Strelieff, CA
Auditor General

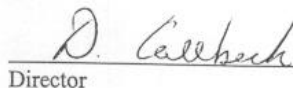
577315 BRITISH COLUMBIA LTD.
Balance Sheet

(in thousands of dollars)

March 31,	2001	2000
	\$	\$
Assets		
Current assets		
Cash	1	330
Interest receivable	421	-
	<u>422</u>	
Long-term investment (note 3)	-	60,000
	<u>422</u>	<u>60,330</u>
Liabilities		
Current liabilities		
Accounts payable	6	-
Interest payable	-	445
Due to the Province of British Columbia (note 4)	-	61,833
	<u>6</u>	<u>62,278</u>
Shareholder's equity		
Share capital (note 6)	-	-
Retained earnings	416	(1,948)
	<u>416</u>	<u>(1,948)</u>
	<u>422</u>	<u>60,330</u>

On behalf of the Board


 Director


 Director

The accompanying notes are an integral part of these financial statements.

577315 BRITISH COLUMBIA LTD.
Statement of Operations and Retained Earnings

(in thousands of dollars)

Year Ended March 31,	2001	2000
	\$	\$
Revenue		
Miscellaneous	-	575
Interest	421	-
Gain on sale of shares	18,334	-
	18,755	575
Expenses		
Interest	1,693	2,519
Professional fees	327	4
	2,020	2,523
Income (loss) from operations	16,735	(1,948)
Deficit beginning of year	(1,948)	-
Dividend paid during the year (note 6)	(14,371)	-
Retained earnings (deficit) end of year	416	(1,948)

The accompanying notes are an integral part of these financial statements.

577315 BRITISH COLUMBIA LTD.
Statement of Cash Flows

(in thousands of dollars)

Year Ended March 31,	2001	2000
	\$	\$
Cash flows from operating activities		
Operating expenses	(2,459)	(2,078)
Dividend	(14,371)	-
Cash flows (used in) operating activities	(16,830)	(2,078)
Cash flows from financing activities		
Miscellaneous	-	575
Loans	255,717	332,589
Repayments	(317,550)	(270,756)
Cash flows (used in) from financing activities	(61,833)	62,408
Cash flows from investing activities		
Purchase of investment	-	(60,000)
Sale of investment	78,334	-
Cash flows from (used in) investing activities	78,334	(60,000)
Net (decrease) increase in cash	(329)	330
Cash beginning of year	330	-
Cash end of year	1	330

The accompanying notes are an integral part of these financial statements.

577315 BRITISH COLUMBIA LTD.

Notes to the Financial Statements

Year ended March 31, 2001

1. Nature of business

577315 British Columbia Ltd., (the "Corporation") was incorporated on December 29, 1998 under the *Company Act* of British Columbia and is wholly owned by the Province of British Columbia.

The purpose of the Corporation was to hold an equity investment in Western Star Trucks Holdings Ltd. This equity investment was sold during the year.

The Minister of Finance and Corporate Relations acts as fiscal agent for the Corporation. The Corporation is exempt from federal and provincial taxes.

2. Significant accounting policies

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

3. Long-term investment

The Corporation invested \$60 million in redeemable, convertible, retractable preferred shares of Western Star Trucks Holdings Ltd. There were 200,000 preferred shares in each of the three series – Series A, B and C. The shares were non-voting, carried no right to receive dividends and matured on May 29, 2009.

During the year Western Star Trucks Holdings Ltd. was sold and the Corporation transferred its preferred shares to the purchaser in exchange for an aggregate amount of \$78.334 million.

4. Due to the Province of British Columbia

The Corporation has the authority to borrow up to a maximum of \$104 million from the Province of British Columbia, with interest charged based on prevailing money market rates.

<u>Loan</u>	<u>Rate</u> %	<u>Maturity Date</u>	<u>2001</u> (\$000)	<u>2000</u> (\$000)
1	5.13	April 24, 2000	-	31,218
2	5.05	May 23, 2000	-	30,615
			-	61,833

577315 BRITISH COLUMBIA LTD.

Notes to the Financial Statements

Year ended March 31, 2001

5. 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 general administrative services to the Corporation at no cost. The cost of this support is not material and has not been recorded in these financial statements.

6. Dividend

During the year the Corporation declared and paid a dividend to its shareholder.

7. Share capital

The Corporation has authorized capital consisting of 100,000,000 preference shares with a par value of one dollar each and 100,000,000 common shares with no par 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.