

BCIF Management Ltd.
Consolidated Financial Statements
For the year ended March 31, 2006

**BCIF Management Ltd.
Consolidated Financial Statements
For the year ended March 31, 2006**

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Auditors' Report

**To the Shareholder of
BCIF Management Ltd.**

We have audited the Consolidated Balance Sheet of BCIF Management Ltd. as at March 31, 2006 and the Consolidated Statements of Operations and Deficit and Cash Flows for the year then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit 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 consolidated financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2006 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles disclosed in the Summary of Significant Accounting Policies. As required by the Company Act of British Columbia, we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

BDO Dunwoody LLP

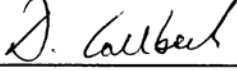
Chartered Accountants

Vancouver, British Columbia
May 2, 2006

**BCIF Management Ltd.
Consolidated Balance Sheet**

March 31	2006	2005
Assets		
Current		
Cash (Note 2)	\$ 1,543,695	\$ 579,437
Accounts receivable	325,913	528,813
Current portion of loans receivable (Note 3)	8,704,067	10,065,792
	10,573,675	11,174,042
Bond issue costs (Note 4)	36,122	70,541
	\$ 10,609,797	\$ 11,244,583
Liabilities and Shareholder's Deficiency		
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 26,423	\$ 48,074
Current portion of bonds payable (Note 5)	12,200,000	800,000
Due to the Ministry of Economic Development (Note 7)	100	-
	12,226,523	848,074
Bonds payable (Note 5)	-	12,200,000
Due to the Ministry of Economic Development (Note 7)	-	100
	12,226,523	13,048,174
Shareholder's deficiency		
Share capital (Note 6)	100	100
Deficit	(1,616,826)	(1,803,691)
	(1,616,726)	(1,803,591)
	\$ 10,609,797	\$ 11,244,583

On behalf of the Board:

 Director

_____ Director

BCIF Management Ltd.
Consolidated Statement of Operations and Deficit

For the year ended March 31	2006	2005
Revenue		
Investment income	\$ 670,566	\$ 544,346
Expenses		
Amortization of bond issue costs	54,563	101,394
Annual fees	15,200	15,200
Bond interest	252,044	329,699
Consulting	149,672	234,415
Professional fees	12,222	12,860
	483,701	693,568
Net income (loss) for the year	186,865	(149,222)
Deficit, beginning of year	(1,803,691)	(1,654,469)
Deficit, end of year	\$ (1,616,826)	\$ (1,803,691)

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

BCIF Management Ltd.
Consolidated Statement of Cash Flows

For the year ended March 31	2006	2005
Cash provided by (used in)		
Operating activities		
Net income (loss) for the year	\$ 186,865	\$ (149,222)
Item not involving cash		
Amortization of bond issue costs	54,563	101,394
	241,428	(47,828)
Changes in non-cash working capital balances		
Accounts receivable	202,900	(331,718)
Accounts payable and accrued liabilities	(21,651)	(25,626)
	422,677	(405,172)
Investing activity		
Repayment of loans receivable	1,361,725	2,691,774
Financing activities		
Repayment of bonds (Note 5)	(800,000)	(6,200,000)
Bond issue costs	(20,144)	(9,429)
	(820,144)	(6,209,429)
Increase (decrease) in cash during the year	964,258	(3,922,827)
Cash, beginning of year	579,437	4,502,264
Cash, end of year	\$ 1,543,695	\$ 579,437
Supplemental information		
Interest received	\$ 670,566	\$ 544,346
Interest paid	\$ 252,044	\$ 329,699

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

BCIF Management Ltd.
Summary of Significant Accounting Policies

March 31, 2006

Basis of Consolidation

These financial statements consolidate the balance sheet, statement of operations and deficit and cash flows for BCIF Management Ltd. with that of its wholly-owned subsidiary British Columbia Investment Fund Ltd. All inter-company charges and transactions have been eliminated in these consolidated financial statements.

Bond Issue Costs

Bond issue costs consist of direct costs incurred in issuing the bonds, including sales commissions, escrow agent fees, management fees, legal and other professional fees. They also include start-up costs and costs of preparing the Memorandum (Note 1).

The bond issue costs are amortized on a straight-line basis over the period from the date the bonds are issued to their maturity date. The bonds are for a term of five years commencing from the date on which at least 70% of the bond proceeds are invested in the active business operations of Eligible Businesses as defined in the Memorandum. For bond issue costs associated with funds not yet invested in the active operations of Eligible Businesses, the costs are amortized over six years being the projected life of the bonds.

In the current year, the company is anticipating windup of the Federal Immigrant Investor Program by June 30, 2006 and the current year bond issue costs have been amortized over 15 months thus extending the term of amortization for an additional three months.

Financial Instruments

The Company's financial instruments consist of cash, accounts receivable, accrued interest receivable, loans receivable, accounts payable, accrued liabilities, bonds payable and amounts due to the Ministry of Small Business and Economic Development. Unless otherwise noted, 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, unless otherwise noted.

Revenue Recognition

Investment income consists of interest from loan investments as well as from cash deposits. All interest is recognized on an accrual basis.

BCIF Management Ltd.
Summary of Significant Accounting Policies

March 31, 2006

Use of Estimates

The preparation of these consolidated financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

BCIF Management Ltd.
Notes to Consolidated Financial Statements

March 31, 2006

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.

2. Cash

The Company's bank accounts are held at one chartered bank and a lawyer's trust account. The bank accounts earn interest at prime less 1.90%.

BCIF Management Ltd.
Notes to Consolidated Financial Statements

March 31, 2006

3. Loans Receivable

	2006	2005
The Company's loan receivables are comprised as follows:		
Loan receivable from No. 209 Cathedral Ventures Ltd. ("Cathedral 209"). The balance is due on demand, interest only monthly payments based on the deposit rate or Bankers' Acceptance rate earned by Cathedral 209 or at 15% per annum if that rate is not enforceable pursuant to the Interest Act (Canada).	\$ 10,000	\$ 10,000
Loan receivable from NJC Lease Company Ltd. ("NJC"). During the year, \$400,000 of the total loan advanced was repaid. The remaining balance is due on demand, interest only monthly payments based on the deposit rate or Bankers' Acceptance rate earned by NJC or at 15% per annum if that rate is not enforceable pursuant to the Interest Act (Canada), collateralized by a general security agreement of NJC's assets.	2,649,343	3,049,343
Loan receivable from Retirement Residences Real Estate Investment Trust ("REIT"), converted from the construction loan plus interest accrued during the interim from Fleetwood Villa Senior's Facility. The loan is due on June 30, 2006 and is secured by real property occupied by a 171 unit senior's housing facility. The annual interest rate is at 8%, calculated and payable monthly on the first day of each month.	6,044,724	-
Loan receivable from Lark Recreational Properties Ltd.	-	1,464,630
Construction loan receivable from Fleetwood Villa Senior's Facility.	-	5,541,819
	8,704,067	10,065,792
Less: current portion	(8,704,067)	(10,065,792)
	\$ -	\$ -

BCIF Management Ltd.
Notes to Consolidated Financial Statements

March 31, 2006

4. Bond Issue Costs

	<u>2006</u>	<u>2005</u>
Bond issue costs	\$ 2,368,268	\$ 2,348,124
Less: accumulated amortization	<u>(2,332,146)</u>	<u>(2,277,583)</u>
	<u>\$ 36,122</u>	<u>\$ 70,541</u>

5. Bonds Payable

During the year, the Fund cancelled a portion of 4 (2005 - 31 partial bond units) bond units for gross disbursement of \$800,000 (2005 - \$6,200,000). The balance as at March 31, 2006 consisted of 4 Class "A" bonds (\$800,000) and 76 Class "B" bonds (\$11,400,000) totalling \$12,200,000 which will mature and be repaid by March 5, 2007.

The Class "A" bonds mature five years from the date when at least 70% of the bond proceeds are invested in the active business operations of Eligible Businesses, as defined in the Memorandum (the "Hold Period"). The Class "B" bonds mature five years from the date of the last investor's Hold Period and may be entitled to a bonus payment based on the Fund's net asset value as defined in the Memorandum. Both bonds bear simple interest at an annual rate of 2%, payable annually on March 31 and are non-transferable with the exception of the right to sell back the bonds to the Fund in the event the investor is refused a Canadian immigrant visa. The bonds are unsecured and are not guaranteed. In addition, neither the Government of Canada nor the Province of British Columbia offer any guarantees or assurances of any investment return or the repayment of the principal amount of the bonds.

Fair value information on bonds payable has been omitted because it is not practical to determine the fair value of this financial instrument due to its unique characteristics and the lack of an organized market where this financial instrument can be traded.

BCIF Management Ltd.
Notes to Consolidated Financial Statements

March 31, 2006

6. Share Capital

	<u>2006</u>	<u>2005</u>
Authorized:		
100,000 Common shares, no par value		
Issued:		
100 Common shares	<u>\$ 100</u>	<u>\$ 100</u>

7. Due to the Ministry of Economic Development

The amount due to the Ministry of Economic Development is unsecured, non-interest bearing and has no specific terms of repayment.