COLUMBIA BASIN TRUST

CONSOLIDATED FINANCIAL STATEMENTS

AS AT MARCH 31, 2006

CONTENTS

RESPONSIBILITY FOR FINANCIAL REPORTING

Management is responsible for the preparation of the accompanying consolidated financial statements and all of the information contained in the Annual Report. The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include amounts that are based on estimates and judgements. Management believes that the financial statements fairly present CBT's consolidated financial position and results of operations. The integrity of the information presented in the financial statements, including estimates and judgements relating to matters not concluded by fiscal year end, is the responsibility of management. The financial statements have been approved on behalf of CBT's Board of Directors by the Board's Executive Committee.

Management has established and maintained appropriate systems of internal control including policies and procedures which are designed to provide reasonable assurance that CBT's assets are safeguarded and that reliable financial records are maintained to form a proper basis for preparation of financial statements.

The independent external auditors, Yule Anderson Johnstone, Chartered Accountants, have been appointed by CBT's Board of Directors to express an opinion as to whether the consolidated financial statements present fairly, in all material respects, CBT's financial position, results of operations, changes in net assets and cash flows in conformity with Canadian generally accepted accounting principles. The report of Yule Anderson Johnstone, Chartered Accountants is included below and outlines the scope of their examination and their opinion on the consolidated financial statements.

Neil Muth
Chief Executive Officer

Robert Krysac, C.G.A., C.P.A.
Chief Financial Officer

AUDITOR'S REPORT

To the Directors of Columbia Basin Trust:

To the Minister of Economic Development:

We have audited the consolidated statement of financial position of Columbia Basin Trust as at March 31, 2006 and the consolidated statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of management. Our responsibility is to express an opinion on these 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 Columbia Basin Trust as at March 31, 2006 and the results of its operations, changes in its net assets and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Yule Anderson Johnstone
CHARTERED ACCOUNTANTS

Castlegar, B.C.
May 26, 2006

COLUMBIA BASIN TRUST
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2006
(in thousands of dollars)

	2006	2005
ASSETS		
CURRENT		
Cash and temporary investments (Note 3)	$ 39,558	$ 29,726
Unbilled power project revenue	4,702	4,633
Insurance and other receivables (Note 4)	3,771	4,024
	48,031	38,383
INVESTMENTS		
Power projects (Note 9)	361,517	351,662
Income securities (Note 5)	30,827	15,007
Business loans (Note 6)	12,068	15,825
Real estate (Note 7)	23,608	12,607
	428,020	395,101
OTHER		
Commitment receivable from Province of B.C.	-	28,126
Deferred amounts (Note 10)	24,082	22,258
	24,082	50,384
	$ 500,133	$ 483,868
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	$ 13,996	$ 8,676
Accrued interest expense	3,015	3,133
Current portion of long-term debt (Note 11)	5,664	5,142
	22,675	16,951
LONG-TERM DEBT		
Long-term debt (Note 11)	133,729	130,707
Advance from Columbia Power Corporation	-	23,088
	133,729	153,795
NET ASSETS (Restricted To)		
Power project investments (Note 15(a))	277,453	255,058
Non-power investments (Note 15(b))	54,943	53,754
Delivery of benefits (Note 15(c))	11,333	4,310
	343,729	313,122
	$ 500,133	$ 483,868

Approved on behalf of the Board of Directors:

_____________________ Director   _____________________ Director

The accompanying notes are an integral part of this consolidated statement.

COLUMBIA BASIN TRUST
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDING MARCH 31, 2006
(in thousands of dollars)

	2006	2005
REVENUES		
Net investment income		
Power projects (Note 9)	$ 2,539	$ 5,672
Business loans (Note 6)	744	1,112
Income securities	563	467
Real estate (Note 7)	97	33
	3,943	7,284
Contributions from the Province of B.C.		
Special contributions (Note 20)	10,110	-
Operating grant (Note 1(b))	2,000	2,000
	12,110	2,000
	16,053	9,284
OPERATING EXPENSES		
Board and committee expenses	135	158
Staff remuneration and development	2,223	1,857
Public relations	210	108
Professional and consultants fees	125	126
Corporate travel and meetings	122	175
Information technology/systems	89	115
Office and general	336	291
Amortization	184	182
	3,424	3,012
OPERATING INCOME	12,629	6,272
Investment program write-downs and write-offs	-	3,778
Delivery of benefits (Note 17)	4,156	4,276
EXCESS OF REVENUES OVER EXPENSES	$ 8,473	$ (1,782)

The accompanying notes are an integral part of this consolidated statement.

COLUMBIA BASIN TRUST
CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDING MARCH 31, 2006
(in thousands of dollars)

	Restricted To				
	Power Projects Investments	Non-Power Investments	Delivery of Benefits	2006	2005
NET ASSETS, beginning of year	$ 255,058	$ 53,754	$ 4,310	$ 313,122	$ 293,140
Power project financing earned from the Province of B.C.	22,134	-	-	22,134	21,764
Excess of expenses over revenues	-	-	8,473	8,473	(1,782)
Additional power project cash distributions available for the spending program	261	-	(261)	-	-
Minimum reinvestment required to maintain endowment capital	-	1,189	(1,189)	-	-
NET ASSETS, end of year	$ 277,453	$ 54,943	$ 11,333	$ 343,729	$ 313,122

The accompanying notes are an integral part of this consolidated statement.

COLUMBIA BASIN TRUST
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDING MARCH 31, 2006
(in thousands of dollars)

	2006	2005
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from investment deposits and securities income	$ 563	$ 453
Cash received from business loan income	1,485	1,114
Cash received from rental income	551	281
Cash generated by power project joint ventures and distributed	4,600	4,450
Cash generated by power project joint ventures and not distributed	5,106	6,540
Cash received from the Province of B.C.	12,110	2,000
Cash paid for Columbia Basin Initiative restructuring costs	-	(1,144)
Cash paid for operating expenses	(3,501)	(2,857)
Cash paid for spending program disbursements	(4,156)	(4,276)
	16,758	6,561
CASH FLOWS APPLIED TO INVESTING ACTIVITIES		
Investment in power projects	(11,573)	(40,299)
Investment in deferred power project costs	(1,745)	(1,518)
Purchase of investment deposits and securities	(15,820)	(4,111)
Investment in business loans	3,181	1,273
Investment in real estate projects	(11,553)	(5,325)
Investment in venture capital	-	(120)
Purchase of Trust office assets	(268)	(86)
	(37,778)	(50,186)
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions from the Province of B.C.	50,000	50,000
Repayment of long term advance from Columbia Power Corporation	(23,088)	(28,235)
Proceeds from placement of long-term debt	9,132	27,384
Repayment of long-term debt	(5,192)	(4,321)
	30,852	44,828
INCREASE IN CASH	9,832	1,203
CASH, beginning of period	29,726	28,523
CASH, end of period	$ 39,558	$ 29,726

The accompanying notes are an integral part of this consolidated statement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(in thousands of dollars)

1. NATURE OF COLUMBIA BASIN TRUST

(a) Columbia Basin Trust Act, 1995, Columbia Basin Trust Amendment Act, 2003

Columbia Basin Trust (CBT) is a not-for-profit corporation established on July 6, 1995 when Royal Assent was given to the Columbia Basin Trust Act. On January 15, 2004, the Columbia Basin Trust Amendment Act, 2003 came into force. The original Columbia Basin Trust Act states that CBT is not an agent of the Province, which remained the same under the Amendment Act. The Amendment Act states that CBT has the power and capacity of a natural person and has been continued as a regionally based Crown corporation with a legislated mandate to invest in the economic, social and environmental well being of the region. The sole share of CBT is to be held by the Minister of Finance on behalf of the Province.

(b) Funding of Columbia Basin Trust and Power Project Investments

Under the Agreement of July 27, 1995 between the Province and CBT, the Province will pay CBT, for purposes of paying operating expenses, $2,000 annually through the year 2010 (a total commitment of $32,000). On April 1, 1996, the Province made a regional benefit program payment to CBT of $45,000. The Province paid CBT, for the purposes of investing in power projects, the sum of $250,000 by payments of $50,000 on April 1st of each of the years 2001 through 2005 and an additional payment on April 1, 2000 equal to half the book value of the Expansion Rights Amount. The book value of the Expansion Rights Amount as at March 31, 1997 was $51,850. Columbia Power Corporation (CPC) was incorporated under the Company Act in 1994 to hold power development assets purchased from Cominco Ltd. CPC is an agent of the Crown and manages commercial joint ventures with CBT to develop and operate power projects in the region. The Province invested $250,000 in CPC, for the purpose of paying capital costs of the power projects, by payments of $50,000 on April 1st of each of the years 1996 through 2000 and a reduction in the April 1, 2000 payment equal to half the book value of the Expansion Rights Amount.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Consolidation

The accounts of CBT and its subsidiaries are consolidated in these financial statements. Intercompany balances and transactions have been eliminated. The interest of CBT's subsidiaries in joint ventures is consolidated by CBT on a proportionate basis. Under the proportionate consolidation method, CBT records, on a line-by-line basis within its consolidated financial statements and notes, its proportionate share of the joint ventures' assets, liabilities, revenues, expenses and cash flows.

(b) Revenue Recognition

CBT follows the deferral method of accounting for contributions. Endowment contributions are recognized as direct increases in net assets. Future power project financing payments are recognized as a long-term commitment receivable from the Province to the extent that they have been earned, and based on the criteria that the amount earned can be reasonably estimated and ultimate receipt from the Province is reasonably assured.

(c) Income Securities

Deposits and short-term debt securities held for investment purposes are recorded at cost, which approximates market value. If the value of a particular deposit or security held for investment suffers an other than temporary decline in value the carrying value is written down accordingly. All gains and losses on sales of securities, write-downs to record other than temporary declines in the values of deposits or securities held for investment, and the amortization of discounts or premiums are included in net investment income.

(d) Business Loans

Loans are stated net of an allowance established to recognize anticipated losses. This allowance is determined by reference to specific loans in arrears and by judgment of management based on loan collection experience. A general allowance is also maintained to absorb credit losses attributable to any deterioration in the overall loan portfolio.

(e) Capitalization and Amortization

Capital assets are recorded at cost and are amortized annually at rates calculated to write-off the cost of assets over their estimated useful lives. Amortization begins when assets are placed into service.

(i) Power projects

Arrow Lakes Generating Station	-straight line over 5 to 80 years
Power sales contract	-units of production
Brilliant Dam	-straight line over 30 to 80 years

During the year, the useful lives of the Arrow Lakes Generating Station and the Brilliant Dam were reviewed to take into account new information that became available. The estimated useful lives of both power projects have been increased based on this new information, which is consistent with industry standards. As a result, amortization expense for the Arrow Lakes Generating Station decreased by $700 (CBT's portion was $350) and amortization expense for the Brilliant Dam decreased by $600 (CBT's portion was $300).

(ii) Real estate

Buildings and improvements	- straight line over 30 years

(iii) CBT office

Computer equipment and software	- straight line over 3 years
Office furniture & equipment	- straight line over 5 years
Leasehold improvements	- straight line over 7 to 10 years
Building	- straight line over 30 years

(f) Deferred Amounts

Costs incurred in determining the feasibility of acquiring investments are deferred. When a project's acquisition or development is complete, the deferred costs form part of the capital cost of the project. If a project is abandoned, the related deferred costs are charged to operations in the period of abandonment. The appropriateness of deferring a project's costs is considered annually. When a project's costs exceed those likely to be recovered, the excess costs are charged to operations.

(g) Deferred Debt Issue Costs

Expenditures incurred in issuing long-term debt are deferred and amortized on a straight line basis over the term of the related debt.

(h) Taxes

CBT is exempt from income taxes under paragraph 149(1) (d) of the Income Tax Act. CBT is also exempt from Federal large corporations tax under subsection 181.1(3) of the Income Tax Act.

(i) Measurement Uncertainty

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities 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.

(j) Asset Retirement Obligations

Some of CBT's assets may have asset retirement obligations. As CBT expects to use the majority of its assets for an indefinite period, no removal date can be determined and as a result, a reasonable estimate of the fair value of any asset retirement obligations cannot be made at this time.

3. **CASH AND TEMPORARY INVESTMENTS**

Restricted cash consists of Canadian dollar bank accounts, a Canadian dollar money market fund, a US money market fund and construction trust and letter of credit accounts. The US dollar money market fund is held to offset a US dollar current liability in accordance with the Arrow Lakes Supplemental Agreement. The construction trust account is a holding account for scheduled payments to the Design-Build contractor for the Brilliant Expansion powerplant. The restricted portion of this cash consists of $19,286 (2005 - $4,959) which is restricted to payment of construction trust liabilities

4. **INSURANCE AND OTHER RECEIVABLES**

	March 31, 2006	March 31, 2005
Insurance receivable for channel repair costs	$ 1,379	$ 2,389
Accrued investment income	2,392	1,635
	$ 3,771	$ 4,024

In May 2004, damage occurred to a portion of the concrete lining at the bottom of the intake channel of the Arrow Lakes Generating Station. Emergency repairs were undertaken to ensure the integrity of the channel was maintained and intermediate repairs were done to enable the safe resumption of power generation until the permanent repairs were completed. The permanent repairs commenced in November 2005 and were completed in May 2006. All the necessary steps are being undertaken to recover these losses, including pursuing the appropriate remedies under the design-build contract and the insurance policies in place.

The total cost of the channel damage during the year consisted of the cost of interim repairs and permanent repairs that were expensed in the year. In addition, revenues were lost during the time period when the interim and permanent repairs were being completed. The accumulated balance of the insurance receivable at the end of the fiscal year is as follows:

	March 31, 2006	March 31, 2005
Lost revenue	$ 6,486	$ 3,392
Interim repairs	4,666	3,927
Permanent repairs	6,620	-
	17,772	7,319
Insurance exclusions	(9,418)	(1,930)
	8,354	5,389
Insurance proceeds received	(6,975)	(3,000)
	$ 1,379	$ 2,389

5. **INCOME SECURITIES**

$5,155 of the $30,827 income securities figure is not available to CBT. This amount includes CBT's $3,955 share of a Debt Service Reserve Fund and $1,200 share of a segregated Operating Reserve Account required under the terms of joint venture debt financing. Brilliant Power Corporation (BPC) has established a debt service reserve fund in which it maintains cash or cash equivalents equal to one semi-annual payment on the Brilliant Project Bonds. BPC also maintains an operating reserve account in an amount equal to one-quarter of annual operating expenses.

6. **BUSINESS LOANS**

CBT has included in its consolidated financial statements and notes the following business loans:

	March 31, 2006	March 31, 2005
Loan Syndication Program	$ 5,851	$ 7,425
Regional Lending Program	1,115	1,878
Kicking Horse Mountain Resort	5,619	5,619
Columbia Mountain Open Network	206	1,050
	12,791	15,972
Deferred Loan Costs	16	19
	12,807	15,991
Less: Loan Loss Allowance	(739)	(166)
Business Loans	$ 12,068	$ 15,825

	March 31, 2006	March 31, 2005
Loan Loss Allowance:		
Impaired Loans	$ 1,602	$ 140
Less: Amounts where loss is not expected	(952)	(63)
Specific allowances	650	77
General loan loss reserve	89	89
Loan Loss Allowance	$ 739	$ 166

(a) **Loan Syndication Program**

CBT has established a loan syndication program to provide liquidity to the capital markets in the Basin by matching funds through a pooling arrangement with the financial institutions in the Basin. The terms of these loans range in length from three to fifteen years and are generally secured by real estate.

(b) **Regional Lending Program**

CBT has provided lending capital to the Community Futures Development Corporations of the Columbia Basin Region for lending to small businesses. The terms of these loans range from one to five years and are generally secured by real estate.

(c) **Kicking Horse Mountain Resort**

The Kicking Horse Mountain Resort is a four-season alpine resort development situated in Golden, B.C. CBT has provided a 10 year term loan to the Kicking Horse Mountain Resort Limited Partnership at a minimum rate of 8% per annum and a variable interest component that is subject to the operating results of the borrower. The loan is repayable on December 7, 2009 and is secured by a second charge on all assets of the resort.

(d) **Columbia Mountain Open Network**

CBT has provided the Columbia Mountain Open Network (CMON) with interim financing to assist CMON in providing telecommunications services for the School District 20 pilot project. The loan is a non-interest bearing demand loan that is secured by a fixed and floating charge over all the assets of CMON.

Net business loan income consists of:
(For the years ended)

	March 31, 2006	March 31, 2005
Business loan interest income:		
Loan Syndication Program	$ 470	$ 533
Regional Lending Program	193	236
Kicking Horse Mountain Resort	843	450
	1,506	1,219
Less:		
CBT overhead allocation	(69)	(75)
Investment monitoring costs	(29)	(28)
Loan syndication administration fees	(1)	(2)
CFDC loan administration fees	(38)	(52)
Loan loss provision-general	-	(2)
Loan loss provision-specific	(650)	-
	719	1,060
Fee income	25	52
Net business loan income	$ 744	$ 1,112

7. **REAL ESTATE**

CBT's interest in real estate projects is as follows:

	Land	Building	March 31, 2006	March 31, 2005
Commercial building:				
Castlegar office building	$ 52	$ 1,964	$ 2,016	$ 2,011
Less: Accumulated amortization	-	(327)	(327)	(261)
	52	1,637	1,689	1,750
Congregate care facilities:				
Castle Wood Village	236	3,619	3,855	3,856
Columbia Village	246	3,633	3,879	-
Crest View Village	152	4,095	4,247	-
Joseph Creek Village	679	5,354	6,033	-
Rocky Mountain Village	311	3,416	3,727	3,712
	1,624	20,117	21,741	7,568
Less: Accumulated amortization	-	(769)	(769)	(382)
	1,624	19,348	20,972	7,186
Project under development	-	947	947	3,671
	$ 1,676	$ 21,932	$ 23,608	$ 12,607

The real estate projects are held for the purpose of earning rental income. The portion of the Castlegar building occupied by CBT offices is excluded from real estate projects. Project under development consists of the Joseph Creek Lodge in Cranbrook, B.C.

Net real estate income (loss) consists of:
(For the years ended)

	March 31, 2006	March 31, 2005
Rental income:		
Castlegar office building	$ 125	$ 125
Castle Wood Village	345	341
Columbia Village	157	-
Crest View Village	64	-
Joseph Creek Village	145	-
Rocky Mountain Village	330	165
	$ 1,166	$ 631

Rental expenses:		
Amortization of building and improvements	$ (454)	$ (248)
Finance charges	(507)	(250)
Operation of real estate assets	(66)	(74)
CBT overhead allocation	(42)	(26)
	(1,069)	(598)
Net real estate income	$ 97	$ 33

8. JOINT VENTURES

CBT participates in joint ventures with other parties and accounts for its interests using the proportionate consolidation method. The following amounts represent CBT's proportionate share of the assets, liabilities, revenues, expenses and cash flows of these joint ventures:

	March 31, 2006	March 31, 2005
Assets		
Current assets	$ 39,646	$ 25,415
Investments	388,780	365,569
Other assets	23,065	21,324
	$ 451,491	$ 412,308
Liabilities		
Current liabilities	$ 21,872	$ 16,062
Long-term debt	133,729	128,533
Net Assets		
Power and non-power project investments	295,890	267,713
	$ 451,491	$ 412,308
Net Income		
Revenues	$ 34,523	$ 30,786
Operating expenses	(21,799)	(15,103)
Finance charges	(9,345)	(9,227)
	$ 3,379	$ 6,456
Cash Flows		
Operating activities	$ 10,227	$ 11,245
Investing activities	(24,871)	(47,142)
Financing activities	3,940	23,063
	$ (10,704)	$ (12,834)

9. POWER PROJECTS

	March 31, 2006	March 31, 2005
Brilliant Dam	$ 103,327	$ 104,730
Arrow Lakes Generating Station	147,920	148,222
Brilliant Expansion Powerplant Project	110,270	98,710
	$ 361,517	$ 351,662

CBT's operating power project assets are as follows:

	Cost	Accumulated Amortization	March 31, 2006	March 31, 2005
Brilliant Dam				
Capital assets in service	$ 117,500	$ (16,559)	$ 100,941	$ 102,345
Land	2,386	-	2,386	2,385
	119,886	(16,559)	103,327	104,730

Arrow Lakes Generating Station				
Capital assets in service	$ 147,847	$ (12,396)	$ 135,451	$ 134,981
Power sales contract	11,376	(2,514)	8,862	9,634
Land	3,607	-	3,607	3,607
	162,830	(14,910)	147,920	148,222
	$ 282,716	$ (31,469)	$ 251,247	$ 252,952

CBT's power project asset under construction is as follows:

Brilliant Expansion Powerplant Project

	March 31, 2006	March 31, 2005
Construction-in-progress	$ 89,948	$ 78,388
Expansion rights	13,225	13,225
Deferred development costs	7,097	7,097
	$ 110,270	$ 98,710

(a) Brilliant Dam

The Brilliant Dam consists of a dam, headpond lands, and a 145 MW powerplant located on the Kootenay River near Castlegar, BC. With all four turbine upgrades and related life extension projects completed in 2002, this generating plant will deliver approximately 970 gigawatt hours of electricity annually.

(b) Arrow Lakes Generating Station

The Arrow Lakes Generating Station is a powerplant that consists of two generating units with a capacity of approximately 185 MWs constructed 400 meters downstream of the B.C. Hydro Hugh Keenleyside dam near Castlegar, B.C. Water enters the powerplant via a 1,500 meter approach channel bypassing the existing Hugh Keenleyside dam. The project also consists of a 48 km 230 kv transmission line that extends from the powerplant to the BC Hydro substation at Selkirk.

(c) Power Sales Contract

CBT paid $11,376 for the right and obligation to provide 9,046,512 MW hours of electricity to B.C. Hydro commencing in January 2003. This obligation is being fulfilled by delivery of electricity from the Arrow Lakes Generating Station.

(d) Brilliant Expansion Powerplant Project

The Brilliant Expansion Powerplant Project involves the installation of an additional estimated 120 MWs power generation facility near the existing Brilliant Dam. The Venturers own the Brilliant Dam and the existing power facility. CBT's co-venturer CPC paid $26,500 in 1994 to Teck Cominco Limited (Teck Cominco) to purchase the rights to undertake an expansion and then assigned half of the rights to CBT. Expressions of interest were solicited and received from two international engineering, construction and turbine manufacturing teams for a design-build contract in July 2002. The evaluation process resulted in the Brilliant Expansion Consortium (BEC) formed by Skanska/Chant/SNC Lavalin being chosen as the preferred bidder.

The Design-Build Contract with BEC was signed in February 2003 and construction of the project began in April 2003. Under the contract, commercial operations are scheduled to begin in August 2006. Construction delays have deferred the timing of actual operations from August 2006 to May 2007. Terms of the contract include performance guarantees; a contractor bonus for early completion; a milestone schedule and a schedule of payments to the contractor.

Net power project income consists of:
(For the years ended)

		March 31, 2006		March 31, 2005
Revenues:				
Arrow Lakes and Brilliant powerplant revenue	$	30,519	$	28,817
Insurance recovery		2,965		5,389
Expenses:				
Finance charges		(8,840)		(8,360)
Operation of powerplants		(7,767)		(8,666)
Channel repair costs		(7,360)		(3,927)
Amortization of powerplant assets		(6,061)		(6,668)
Investment monitoring and CBT overhead		(917)		(913)
	$	2,539	$	5,672

10. DEFERRED AMOUNTS

The deferred amounts figure includes the following asset categories:

		March 31, 2006		March 31, 2005
Expansion rights	$	12,700	$	12,700
Deferred development - Power projects		6,716		4,688
Deferred debt issue costs		3,649		3,936
CBT office assets		1,017		934
	$	24,082	$	22,258

(a) Expansion Rights

CPC purchased the hydroelectric power expansion rights pertaining to the existing Waneta dams' power generation capability from Cominco Ltd. in 1994 and then assigned half of the rights to CBT. These rights include options to acquire lands near the Waneta dam at no additional cost and the right to develop and operate a new hydroelectric facility on this land.

(b) Deferred Development - Power Projects

The deferment of power project costs is based on management's judgement of anticipated future events. A number of significant estimates and qualitative factors have been considered by management in determining the viability of each project. Changes in significant assumptions underlying future cash flow estimates for a project can have a material effect on the economic viability of a project.

Project	Identification		March 31, 2005		Fiscal 2006 Expenditures		Transfers and write-offs		March 31, 2006
WEP	Waneta Expansion	$	4,688	$	2,028	$	-	$	6,716

		Project Design		Environmental Analysis		Socioeconomic Analysis		Finance/Legal Analysis		CPC / CBT Management		March 31, 2006
WEP	$	1,159	$	1,854	$	158	$	423	$	3,122	$	6,716

Waneta Expansion Project

The Waneta expansion project is a proposal to install an additional estimated 435 MWs power generation facility at the existing Waneta dam. The Waneta dam is owned by Teck Cominco to whom CBT's co-venturer, CPC, paid $25,400 in 1994 to purchase the rights to undertake an expansion.

The project's construction cost is estimated to be approximately $300,000 over a four year period. It is projected that construction of the project will follow completion of the Brilliant Expansion Project. The project would be financed with a combination of long-term debt and equity consistent with industry practice.

(c) **Deferred Debt Issue Costs**

	March 31, 2006	March 31, 2005
Deferred debt issue costs	$ 4,465	$ 4,465
Accumulated amortization	(816)	(529)
	$ 3,649	$ 3,936

(d) **CBT Office Assets**

	Cost	Accumulated Amortization	March 31, 2006	March 31, 2005
Computer equipment	$ 792	$ (720)	$ 72	$ 74
Computer software	511	(483)	28	19
Office furniture and equipment	322	(259)	63	34
Leasehold improvements	462	(295)	167	81
Building	885	(198)	687	726
	$ 2,972	$ (1,955)	$ 1,017	$ 934

11. **LONG-TERM DEBT**

	March 31, 2006	March 31, 2005
Power project debt:		
Brilliant project bond Series "A", bearing interest at 8.93%, maturing May 2026	$ 43,226	$ 43,950
Brilliant project bond Series "B", bearing interest at 6.86%, maturing May 2026	13,027	13,313
Brilliant project bond Series "C", bearing interest at 5.67%, maturing May 2026	24,291	24,906
Arrow Lakes project bond Series "A", bearing interest at 5.39%, maturing March 2015	42,829	46,239
Real estate joint venture debt:		
Castle Wood mortgage loan, bearing interest at 6.55%, maturing August 2006,	2,567	2,621
Rocky Mountain mortgage loan, bearing interest at 5.75%, maturing November 2009	2,770	2,824
Columbia Village mortgage loan, bearing interest at 5.10%, maturing March 2012	2,838	1,996

Creston Village mortgage loans, bearing interest at 5.47%, maturing March 2011	3,121	-
Joseph Creek Village mortgage loan 1, bearing interest at 5.61%, maturing December 2012	3,517	-
Joseph Creek Village mortgage loan 2, bearing interest at 5.66%, maturing January 2012	1,207	-
	139,393	135,849
Current portion of long-term debt	(5,664)	(5,142)
	$ 133,729	$ 130,707

(a) Brilliant and Arrow Lakes Bonds

The Brilliant Bonds are redeemable by BPC in whole or in part at any time before May 31, 2026 at a price equal to the greater of the principal amount then outstanding or a price calculated to provide a yield to maturity based on the current yield of a matching duration Government of Canada bond plus 0.30%. The Arrow Lakes Bonds are redeemable in whole or in part at any time before March 31, 2015 at a price equal to the greater of the principal amount then outstanding, or a price calculated to provide a yield to maturity based on the current yield of a matching duration Government of Canada bond. The Bonds are secured on a limited recourse basis by charges against the Brilliant Dam and Arrow Lakes Generating Station assets and revenues.

(b) Real estate joint venture mortgage loans

The purpose of the mortgage loans was to provide financing for the acquisition of land and the construction of congregate care facilities ranging in size from 63 to 77 suites. The mortgage loans are repayable in equal monthly payments of principal and interest amortized over 25 years and are secured by first, fixed and floating charges over all the assets of the facilities.

(c) Guarantees by joint venturers

The joint venturers of the Castle Wood Village, Columbia Village and Creston Village joint ventures are jointly and severally liable for the full amount of the joint venture mortgages. The joint venturers of the Rocky Mountain Village joint venture gave separate guarantees limited in the amount of $1,419 each. The joint venturers of the Joseph Creek Village joint venture gave separate guarantees for 50% of the original mortgage proceeds.

(d) Principal repayments

Principal repayments are estimated as follows:

2007	$ 5,664
2008	6,013
2009	6,383
2010	6,775
2011	7,197
Thereafter	107,361
	$ 139,393

12. NON-RECOURSE CREDIT FACILITY OF JOINT VENTURE

Consistent with its agreements with its Bondholders, BPC has established a $10,000 credit facility. The facility shares the same security as the Bondholders. The facility was deactivated on April 1, 2005. Subject to an annual credit review the facility continues to be available.

13. COMMITMENTS

(a) Power Project Debt

Under its agreements with its Bondholders, ALPC and BPC have committed to keep the Arrow Lakes Generating Station and the Brilliant Dam in good operating condition and to affect all necessary repairs and replacements to the Arrow Lakes Generating Station and the Brilliant Dam to maintain the Brilliant Dam entitlement in a manner that is consistent with good industry practice.

(b) CBT Office

CBT has entered into operating lease agreements for its office space for terms expiring at various dates in the future.

14. CONTINGENCIES

CBT's power project operations and investments activities are affected by federal, provincial and local government laws and regulations. Under current regulations, CBT is required to meet performance standards to minimize or mitigate negative impacts of proposed projects. Furthermore, CBT's agreements with its Bondholders require compliance in all material respects with such laws and regulations. The impact, if any, of future legislative or regulatory requirements on specific projects and financing covenants cannot currently be estimated.

CBT is contingently liable as a guarantor of its co-venturers' portions of certain real estate joint venture debt. As at March 31, 2006, the balance of the co-venturer's portion of the debt was $8,526 (2005 - $4,618).

15. RESTRICTIONS ON NET ASSETS

(a) Restricted To Power Project Investments

Power project investment capital is restricted to reflect the Province's condition that its power project financing contributions are to be used to finance the equity requirements of power projects.

(b) Restricted To Non-Power Investments

Non-power investment capital is restricted to reflect the Province's condition that its regional benefit program contribution be used to finance investment activities and the Columbia Basin Management Plan's requirement that this capital be restricted to non-power investments.

(c) Restricted To Delivery of Benefits

Net investment income and certain other distributions from the Investment Program are restricted to future Delivery of Benefit activities. In addition, operating surpluses have been set aside for the Delivery of Benefit by CBT's Board of Directors.

16. RELATED PARTY TRANSACTIONS

(a) CBT Directors' and Advisory Committee Members' Remuneration

Section 11 of the Amendment Act provides for CBT's Directors to be compensated in accordance with directives of the Treasury Board. Where Directors are members of the Province's Legislative Assembly or are public servants or receive remuneration from any other source for acting as a Director of CBT, they receive no compensation from CBT.

(b) **Power Project Joint Ventures**

Under the terms of their joint venture agreements, CPC and CBT charge the joint ventures for management services. The amounts charged include staff compensation and general overhead costs attributable to joint venture activities (CBT's share is 50%).

		March 31, 2006	March 31, 2005
(i)	Payments to Columbia Power Corporation	$ 5,902	$ 5,402
(ii)	Payments to CBT	$ 73	$ 490

The joint venturers also paid $1,200 (fiscal 2005 - $1,400) to B.C. Hydro and Power Authority for project consulting services, which were provided at market rates.

(c) **Columbia Power Corporation Computer Services**

CBT has entered into a contract for the provision of information systems servicing and support to CPC. During fiscal 2006, CPC paid $364 (fiscal 2005 - $254) under this agreement.

(d) **B.C. Buildings Corporation (BCBC)**

CBT has entered into service agreements with BCBC to oversee the construction of the congregate care facilities and the building management of the Castlegar building. CBT paid $311 (fiscal 2005 - $219) related to such agreements.

(e) **Columbia Basin Foundation**

During 2006, CBT recovered $75 of professional fees from Columbia Basin Foundation (a not-for-profit society governed by a Board of Directors consisting of Directors of CBT).

17. DELIVERY OF BENEFITS

(a) **Spending program disbursements**

Tier	March 31, 2006	March 31, 2005
Basin	$ 1,661	$ 1,365
Geographic	1,308	1,298
Sector	1,187	1,613
	$ 4,156	$ 4,276

(b) **Spending program commitments**

The following commitments were made to several of CBT's delivery partners at the end of the year:

Tier	March 31, 2006	March 31, 2005
Basin	$ 2,115	$ 2,622
Geographic	1,300	1,300
Sector	1,585	1,230
	$ 5,000	$ 5,152

18. FINANCIAL INSTRUMENTS

(a) Fair value

CBT's financial instruments consist of cash and cash equivalents, securities, receivables, accounts payable, accrued liabilities and long-term debt. The carrying values reported in the balance sheet for cash and short-term investments, receivables, accounts payable and accrued liabilities approximate fair value, due to the short-term nature of those instruments. The fair values of the securities and the long-term debt are not significantly different from their carrying values.

(b) Interest rate risk

CBT is not exposed to significant interest rate risk due to the short-term maturity of its monetary assets and current liabilities. All of CBT's long-term liabilities bear interest at fixed rates.

(c) Credit risk

CBT's financial assets that are exposed to credit risk consist primarily of cash and cash equivalents, securities and business loans. Cash and cash equivalents and securities are invested in securities issued by well-capitalized financial institutions with investment grade credit ratings. An assessment of the credit worthiness of a borrower is carried out prior to the placement of a business loan.

19. COLUMBIA BASIN INITIATIVE RESTRUCTURING

In previous fiscal years, attempts were made to restructure the power management under the Columbia Basin Initiative. In January 2005, the Minister of Energy and Mines instructed CBT and CPC that the existing structure of CPC and CBT would continue and the restructuring initiative would not be pursued. An agreement was reached whereby the region would have greater input into the management of the power projects.

20. SPECIAL CONTRIBUTIONS

CBT did not proceed with exercising the option agreement to purchase CPC. CBT and the Province of B.C. instead reached an agreement that gives the region greater input into the management of the power projects. As part of this agreement, CBT received $10,000 in new funding. In addition, CBT received $110 from the Province of B.C. for a one-time wage incentive payment announced by the Minister of Finance on November 30, 2005.

21. SUBSEQUENT EVENTS

In May 2006 the permanent repairs to the Arrow Lakes channel were completed and the Arrow Lakes Generating Station resumed operations.

22. COMPARATIVE FIGURES

Certain 2005 comparative figures have been reclassified to conform to the current year's presentation.