

552513 British Columbia Ltd.
Financial Statements
March 31, 2007

552513 British Columbia Ltd.

Statement of Management Responsibility

Management, in accordance with Canadian generally accepted accounting principles, has prepared the financial statements of *552513 British Columbia Ltd.* These statements present fairly the financial position of the Corporation as at March 31, 2007 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 *552513 British Columbia Ltd.*



Doug Callbeck
Director

Victoria, British Columbia
April 20, 2007



Report of the Office of the Auditor General of British Columbia

*To the Board of Directors of
552513 British Columbia Ltd., and*

*To the Minister of Economic Development
Province of British Columbia:*

I have audited the balance sheet of *552513 British Columbia Ltd.* as at March 31, 2007 and the statements of operations and retained earnings and cash flows for the year then ended. 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 *552513 British Columbia Ltd.* as at March 31, 2007 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 20, 2007*

Errol Price, CA
Deputy Auditor General

552513 British Columbia Ltd.
Balance Sheet

(in \$000)

March 31,	2007	2006
Assets		
Cash	2,847	2,750
Accounts receivable	9	8
	2,856	2,758
Liabilities		
Accounts payable	1	7
	1	7
Shareholder's equity		
Share capital (Note 3)	-	-
Retained earnings	2,855	2,751
	2,856	2,758

On behalf of the Board



Director

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

552513 British Columbia Ltd.
Statement of Operations and Retained Earnings

(in \$000)

Years Ended March 31,	2007	2006
Income		
Interest	113	74
Expenses		
Professional fees	9	61
Net income for the year	104	13
Retained earnings beginning of year	2,751	2,738
Retained earnings end of the year	2,855	2,751

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

552513 British Columbia Ltd.
Statement of Cash Flows

(in \$000)

Years Ended March 31,	2007	2006
Operating activities		
Interest	112	71
Professional fees	(15)	(75)
Cash flows from (used in) operating activities	97	(4)
Net increase (decrease) in cash during the year	97	(4)
Cash beginning of year	2,750	2,754
Cash end of year	2,847	2,750

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

552513 British Columbia Ltd.

Notes to the Financial Statements

March 31, 2007

1. Nature of Business

552513 British Columbia Ltd., (the "Corporation") was incorporated on October 21, 1997 under the laws of British Columbia and is wholly owned by the Province of British Columbia.

The Corporation is exempt from federal and provincial income taxes.

2. Significant Accounting Policies

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles. Significant accounting policies followed in the preparation of these financial statements are:

a) Use of estimates

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 and disclosure of assets and liabilities at the date of the financial statements. Actual results could differ from these estimates.

b) 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 Economic Development 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.

3. Share Capital

The Corporation has authorized capital of 1,000,000 common shares with no par value. The Minister of Economic Development holds the one common share issued as representative of Her Majesty the Queen in right of the Province of British Columbia.

552513 British Columbia Ltd.

Notes to the Financial Statements

March 31, 2007

4. Commitment

The Corporation has entered into an agency agreement whereby the agent (Rescan Environmental Services Ltd.) will monitor, inspect, and audit the remediation work associated with a \$30 million environmental indemnity provided by the Province of British Columbia to Skeena Cellulose Inc. ("SCI") and NWBC Timber & Pulp Ltd. for the SCI pulp mill located in Prince Rupert, British Columbia. The contract runs to July 31, 2007 and provides for a maximum of up to \$479,000 to be paid; \$85,680 remains outstanding on this contract.