COLUMBIA BASIN TRUST

CONSOLIDATED FINANCIAL STATEMENTS

AS AT MARCH 31, 2007

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 by CBT's Board of Directors.

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
President & Chief Executive Officer

Robert Krysac, C.G.A., C.P.A.
Vice President, Finance and Operations

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, 2007 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, 2007 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 17, 2007

COLUMBIA BASIN TRUST
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2007
(in thousands of dollars)

	2007	2006
ASSETS		
CURRENT		
Cash and temporary investments (Note 3)	$ 23,316	$ 39,326
Unbilled power project revenue	4,629	4,702
Accrued interest and other receivables	1,725	2,345
	29,670	46,373
INVESTMENTS		
Power projects (Note 4)	363,265	361,517
Income securities (Note 5)	38,067	31,059
Real estate (Note 6)	28,372	23,608
Business loans (Note 7)	10,559	12,068
	440,263	428,252
OTHER		
Recoverable channel repair costs (Note 8)	2,159	1,379
Deferred amounts (Note 10)	27,096	24,129
	29,255	25,508
	$ 499,188	$ 500,133
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	$ 4,194	$ 13,931
Accrued interest expense	2,979	3,080
Current portion of long-term debt (Note 11)	6,766	5,664
	13,939	22,675
LONG-TERM DEBT		
Long-term debt (Note 11)	131,432	133,729
	131,432	133,729
NET ASSETS		
Power projects (Restricted) (Note 16(a))	276,767	277,453
Unrestricted	77,050	66,276
	353,817	343,729
	$ 499,188	$ 500,133

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, 2007
(in thousands of dollars)

	2007	2006
REVENUES		
Power projects (Note 4)	$ 14,555	$ 3,232
Investment income (Note 12)	2,847	2,415
Contributions from the Province of B.C.	1,996	12,110
	19,398	17,757
OPERATING EXPENSES		
Staff remuneration and development	2,491	2,749
Professional and consultants fees	535	637
Office and general	452	451
Amortization	290	286
Board and committee expenses	183	201
Corporate travel and meetings	160	164
Public relations	139	231
Information technology/systems	133	133
Loan loss provisions	-	650
	4,383	5,502
RECOVERIES		
Recovery of information technology services (Note 17(a))	220	242
Recovery of management services	109	169
	329	411
OPERATING INCOME	15,344	12,666
Delivery of benefits	5,256	4,193
EXCESS OF REVENUES OVER EXPENSES	$ 10,088	$ 8,473

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, 2007
(in thousands of dollars)

	Power Projects (Restricted)	Unrestricted	2007	2006
NET ASSETS, beginning of year	$ 277,453	$ 66,276	$ 343,729	$ 313,122
Power project financing earned from Province of B.C.	-	-	-	22,134
Additional power project cash available for distribution	(686)	686	-	-
Excess of revenues over expenses	-	10,088	10,088	8,473
NET ASSETS, end of year	$ 276,767	$ 77,050	$ 353,817	$ 343,729

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, 2007
(in thousands of dollars)

	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from investment deposits and securities income	$ 1,128	$ 563
Cash received from business loan income	760	1,485
Cash received from rental income	1,101	645
Cash generated by power project joint ventures and distributed	6,650	4,600
Cash generated by power project joint ventures and not distributed	13,412	5,106
Cash received from the Province of B.C.	1,996	12,110
Cash paid for operating expenses	(3,511)	(3,596)
Cash paid for Delivery of Benefits disbursements	(5,256)	(4,156)
	16,280	16,757
CASH FLOWS APPLIED TO INVESTING ACTIVITIES		
Investment in power projects	(17,559)	(11,804)
Investment in deferred power project costs	(2,551)	(1,745)
Purchase of investment deposits and securities	(7,008)	(15,820)
Repayment of business loans	1,505	3,181
Investment in real estate projects	(5,309)	(11,553)
Purchase of CBT office assets	(173)	(268)
	(31,095)	(38,009)
CASH FLOWS APPLIED TO FINANCING ACTIVITIES		
Proceeds from placement of debt	4,473	9,132
Repayment of non-recourse debt	(5,668)	(5,192)
Contributions from the Province of B.C.	-	50,000
Repayment of long term advance from Columbia Power Corporation	-	(23,088)
	(1,195)	30,852
INCREASE (DECREASE) IN CASH	(16,010)	9,600
CASH, beginning of year	39,326	29,726
CASH, end of year	$ 23,316	$ 39,326

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

Columbia Basin Trust (CBT) is a corporation established by the *Columbia Basin Trust Act*. The purpose of CBT is to manage its assets for the ongoing economic, social and environmental well being of the Columbia Basin region. The sole share of CBT is held by the Minister of Finance on behalf of the Province.

The Province initially provided CBT with $276 million that is restricted to investments in power projects, $45 million in unrestricted endowment capital and $32 million in operating grants payable in annual instalments of $2 million until 2010.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of presentation

CBT is a not-for-profit organization as defined by Canadian generally accepted accounting principles and accordingly follows the accounting standards applicable to such organizations.

(b) 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.

(c) Revenue Recognition

CBT follows the deferral method of accounting for contributions. Endowment contributions are recognized as direct increases in net assets.

(d) 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.

(e) 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.

(f) Capitalization and Amortization

Capital assets are recorded at cost and are amortized on a straight line basis over their expected useful lives. Amortization begins when assets are placed into service. The expected useful lives, in years, are:

	Years
Power projects	
Arrow Lakes Generating Station	5 - 80
Brilliant Dam	30 - 80
Real estate	
Buildings and improvements	30
CBT office	
Computer equipment and software	3
Office furniture & equipment	5
Leasehold improvements	4 - 10
Building	30

(g) 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.

(h) 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.

(i) 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*.

(j) 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.

(k) 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

	March 31, 2007	March 31, 2006
Restricted Cash	$ 3,857	$ 19,054
Non Restricted Cash	19,459	20,272
	$ 23,316	$ 39,326

The restricted portion of cash is for the payment of construction trust liabilities.

4. POWER PROJECTS

CBT participates in power projects through joint ventures with Columbia Power Corporation (CPC), a Crown Corporation.

	March 31, 2007	March 31, 2006
Brilliant Dam	$ 101,527	$ 103,327
Arrow Lakes Generating Station	145,879	147,920
Brilliant Expansion Project	115,859	110,270
	$ 363,265	$ 361,517

(a) Brilliant Dam

The Brilliant Dam is a 145 MW powerplant located on the Kootenay River near Castlegar, BC.

(b) Arrow Lakes Generating Station

The Arrow Lakes Generating Station is a 185 MW powerplant constructed 400 meters downstream of the B.C. Hydro Hugh Keenleyside Dam near Castlegar, B.C. The project also consists of a 48 km 230 kv transmission line that extends from the powerplant to the B.C. Hydro substation at Selkirk.

(i) Power Sales Contract

CBT paid $11.4 million for the right and obligation to provide 9 million 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. Amortization is recorded on the basis of units of production.

(c) Brilliant Expansion Project

The Brilliant Expansion Project involves the installation of an additional 120 MW power generation facility near the existing Brilliant Dam.

CBT's operating power project assets are as follows:

	Cost	Accumulated Amortization	March 31, 2007	March 31, 2006
Brilliant Dam				
Capital assets in service	$ 118,050	$ (18,909)	$ 99,141	$ 100,941
Land	2,386	-	2,386	2,386
	120,436	(18,909)	101,527	103,327
Arrow Lakes Generating Station				
Capital assets in service	149,786	(15,446)	134,340	135,451
Power sales contract	11,376	(3,444)	7,932	8,862
Land	3,607	-	3,607	3,607
	164,769	(18,890)	145,879	147,920
	$ 285,205	$ (37,799)	$ 247,406	$ 251,247

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

	March 31, 2007	March 31, 2006
Brilliant Expansion Project		
Construction-in-progress	$ 95,537	$ 89,948
Expansion rights	13,225	13,225
Deferred development costs	7,097	7,097
	$ 115,859	$ 110,270

Net power project income consists of:

	March 31, 2007	March 31, 2006
Revenues:		
Sale of power	$ 33,375	$ 30,519
Insurance recovery	7,212	2,965
	40,587	33,484
Expenses:		
Finance charges	(8,524)	(8,840)
Operation of powerplants	(8,163)	(7,991)
Channel repair costs	(3,015)	(7,360)
Amortization of powerplant assets	(6,330)	(6,061)
	(26,032)	(30,252)
	$ 14,555	$ 3,232

5. INCOME SECURITIES

	March 31, 2007	March 31, 2006
Term securities	$ 31,849	$ 25,672
Debt service reserve fund	3,964	3,955
Operating reserve fund	1,250	1,200
Power agreement security account	1,004	232
	$ 38,067	$ 31,059

The Debt Service Reserve Fund and the Operating Reserve Account are required under the terms of joint venture debt financing and the funds are not available to CBT. The power agreement account secures letters of credit issued to BC Hydro for development security under two power sales agreements and is not available to CBT.

6. REAL ESTATE

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. Projects under development consist of a 74 unit congregate care facility in Kimberly, B.C. The project is scheduled to be completed in June 2007.

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

	Land	Building	March 31, 2007	March 31, 2006
Congregate care facilities:				
Operating facilities	$ 1,808	$ 25,065	$ 26,873	$ 21,741
Projects under development	-	1,815	1,815	947
Less: Accumulated Amortization	-	(1,412)	(1,412)	(769)
	1,843	26,794	27,276	21,919
Commercial building:				
Castlegar office building	35	1,326	1,361	2,016
Less: Accumulated Amortization	-	(265)	(265)	(327)
	35	1,061	1,096	1,689
	$ 1,878	$ 27,855	$ 28,372	$ 23,608

7. BUSINESS LOANS

CBT participates in a loan syndication program in the basin which involves CBT matching funds through a pooling arrangement with the financial institutions in the region. The terms of these loans range in length from three to fifteen years and are generally secured by real estate. Through a regional lending program, CBT has provided lending capital to the Community Futures Development Corporations of the region for lending to small businesses. The terms of these loans range from one to five years and are generally secured by real estate.

	March 31, 2007	March 31, 2006
Business loans	$ 11,298	$ 12,807
Less: Loan Loss Allowance	(739)	(739)
	$ 10,559	$ 12,068

8. RECOVERABLE CHANNEL REPAIR COSTS

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 that integrity of the channel was maintained and intermediate repairs were done to enable the safe resumption of power generation. Permanent repairs were done to improve the integrity of the approach channel and prevent a reoccurrence of the incident.

An agreement with the property insurer provided CBT and CPC with a recovery of a portion of the repair costs and further recoveries of at least $7.7 million (CBT's portion: $3.8 million). A receivable of $4.3 million (CBT's portion: $2.2 million) has been recorded to reflect the discounted cash flow value of this future recovery.

9. 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, 2007	March 31, 2006
Assets		
Current assets	$ 25,431	$ 39,646
Investments	396,734	388,780
Other assets	27,731	23,065
	$ 449,896	$ 451,491
Liabilities		
Current liabilities	$ 13,411	$ 21,872
Long-term debt	131,433	133,729
Net Assets		
Power and non-power project investments	305,052	295,890
	$ 449,896	$ 451,491

Net Income		
Revenues	$ 42,379	$ 34,523
Operating expenses	(18,144)	(21,799)
Finance charges	(9,369)	(9,345)
	$ 14,866	$ 3,379

Cash Flows		
Operating activities	$ 21,003	$ 10,227
Investing activities	(25,419)	(24,871)
Financing activities	(1,195)	3,940
	$ (5,611)	$ (10,704)

10. DEFERRED AMOUNTS

CBT's interest in deferred amounts is as follows:

	March 31, 2007	March 31, 2006
Waneta expansion rights	$ 12,700	$ 12,700
Waneta deferred development costs	9,477	6,716
Deferred debt issue costs	3,394	3,696
CBT office assets	1,525	1,017
	$ 27,096	$ 24,129

(a) Waneta Expansion Rights

CBT owns half of the hydroelectric power expansion rights pertaining to the existing Waneta Dams' power generation capability. 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) Waneta Deferred Development Costs

The Waneta Expansion Development is a proposal to install an additional 435 MW power generation facility at the existing Waneta Dam. The Waneta Dam is owned by Teck Cominco to whom CBT's co-venturer, CPC, paid $25.4 million in 1994 to purchase the rights to undertake an expansion.

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.

	March 31, 2007	March 31, 2006
Deferred Costs:		
Project Design	$ 1,777	$ 1,159
Environmental Analysis	2,144	1,854
Socioeconomic Analysis	217	158
Finance/Legal Analysis	762	423
CPC/CBT Management	4,577	3,122
	$ 9,477	$ 6,716

(c) Deferred Debt Issue Costs

	March 31, 2007	March 31, 2006
Deferred debt issue costs	$ 4,499	$ 4,512
Accumulated amortization	(1,105)	(816)
	$ 3,394	$ 3,696

(d) CBT Office Assets

	Cost	Accumulated Amortization	March 31, 2007	March 31, 2006
Computer equipment	$ 865	$ (775)	$ 90	$ 72
Computer software	535	(508)	27	28
Office furniture and equipment	306	(248)	58	63
Leasehold improvements	529	(355)	174	167
Building	1,541	(365)	1,176	687
	$ 3,776	$ (2,251)	$ 1,525	$ 1,017

11. LONG-TERM DEBT

	March 31, 2007	March 31, 2006
Power project debt:		
Brilliant project bonds Series "A", "B", and "C", interest rates varying between 5.67% and 8.93%, maturing May 2026	$ 78,799	$ 80,544
Arrow Lakes project bonds Series "A", bearing interest at 5.39%, maturing March 2015	39,234	42,829
Real estate debt:		
Mortgage loans, interest rates varying between 5.1% and 6.1%, maturing on different dates between November 2009 and August 2013.	20,165	16,020
	138,198	139,393
Current portion of long-term debt	(6,766)	(5,664)
	$ 131,432	$ 133,729

(a) Brilliant and Arrow Lakes Bonds

The Brilliant project bonds are redeemable by CBT 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 Series "A" bonds bear interest at 8.93%, Series "B" bonds bear interest at 6.86%, and the Series "C" bonds bear interest at 5.67%. The bonds are secured on a limited recourse basis by charges against the Brilliant Dam assets and revenues.

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 Arrow Lakes Generating Station assets and revenues.

(b) Real estate debt

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 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 congregate care 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 $1.4 million 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:

2008	$ 6,766
2009	6,433
2010	6,828
2011	7,249
2012	7,695
Thereafter	103,227
	$ 138,198

12. INVESTMENT INCOME

	March 31, 2007	March 31, 2006
Real estate		
Revenues	$ 1,950	$ 1,213
Finance charges	(850)	(519)
Amortization	(629)	(374)
	471	320
Income securities	1,498	564
Business loans	878	1,531
	$ 2,847	$ 2,415

13. NON-RECOURSE CREDIT FACILITY

Consistent with its agreements with its Bondholders, CBT has established a $10 million 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.

14. COMMITMENTS

(a) Power Project Debt

Under its agreements with its Bondholders, CBT has 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 with terms expiring at various dates in the future.

15. CONTINGENCIES

An agreement over the settlement of the recovery of the repair costs to the Arrow Lakes approach channel was arrived at in the year. Recovery proceeds in the future may differ from what has been recorded to date and any difference will be recognized in future years. Under the Design - Build contract for the Arrow Lakes Generating Station, all deficiencies of the project must be completed by the construction contractor or the contractor will be liable for liquidated damages.

The contractor of the Brilliant Expansion Project has submitted claims relating to the construction of the project. CBT and CPC do not believe there is any contractual basis for these claims and accordingly, no provision has been made in the financial statements with respect to this matter.

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, 2007 the balance of the co-venturer's portion of the debt was $8.3 million (2006- $8.5 million.)

16. NET ASSETS

(a) Power projects

Power project investment capital is restricted by the Province's condition that its $276 million power project contribution is to be used to finance the equity requirements of power projects.

17. RELATED PARTY TRANSACTIONS

(a) Columbia Power Corporation Computer Services

CBT has entered into a contract for the provision of information systems servicing and support to CPC. During fiscal 2007, CPC paid $220 thousand (fiscal 2006 - $222 thousand) under this agreement.

(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, 2007	March 31, 2006
(i)	Payments to CPC	$ 7,319	$ 5,902
(ii)	Payments to CBT	$ 109	$ 73

The joint venturers also paid $1.1 million (fiscal 2006 - $1.2 million) to B.C. Hydro and Power Authority for project consulting services, which were provided at market rates.

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. SUBSEQUENT EVENTS

In May 2007, a motel that secured a commercial loan under the loan syndication program was sold. The majority of the original loan that was advanced to the lender will be recovered upon the settlement of this sales transaction. The closing date of the sale is June 1, 2007 and it is expected that the specific provision of $412 thousand for this loan will be reversed after that date.

20. COMPARATIVE FIGURES

Certain 2006 comparative figures have been reclassified to conform to the current year's presentation.