

Consolidated Financial Statements of

**BC IMMIGRANT INVESTMENT
FUND LTD.**

Year Ended March 31, 2008

BC Immigrant Investment Fund Ltd.

Statement of Management Responsibility

Management, in accordance with Canadian generally accepted accounting principles, has prepared the consolidated financial statements of BC Immigrant Investment Fund Ltd. These statements present fairly the financial position of the Corporation as at March 31, 2008 and results of its operations for the year then ended.

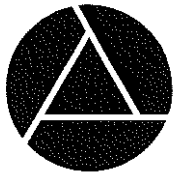
Management is responsible for the preparation, integrity and objectivity of the consolidated financial statements. Systems of internal control are developed and maintained by management to provide reasonable assurance that transactions are properly authorized, assets are safeguarded, and financial records 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 consolidated financial statements. The Report of the Auditor General outlines the scope of his audit and his opinion on the consolidated financial statements of BC Immigrant Investment Fund Ltd.



Doug Callbeck
Director

Victoria, British Columbia.
May 16, 2008



Report of the Auditor General of British Columbia

*To the Board of Directors of
BC Immigrant Investment Fund Ltd., and*

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

I have audited the consolidated balance sheet of *BC Immigrant Investment Fund Ltd.* as at March 31, 2008 and the consolidated statements of income, comprehensive income 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 consolidated financial position of *BC Immigrant Investment Fund Ltd.* as at March 31, 2008 and the consolidated results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

John Doyle, MBA, CA
Auditor General

*Victoria, British Columbia
May 16, 2008*

BC IMMIGRANT INVESTMENT FUND LTD.**CONSOLIDATED BALANCE SHEET***(in \$000)***MARCH 31,** **2008** **2007****ASSETS****CURRENT**

Cash	12,068	876
Short-term investments <i>(Note 5)</i>	171,387	129,848
Accounts receivable	7	8
	<hr/>	<hr/>
	183,462	130,732
LOANS RECEIVABLE <i>(Note 6)</i>	87,003	43,921
VENTURE INVESTMENTS <i>(Note 7)</i>	2,117	-
	<hr/>	<hr/>
	272,582	174,653
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LIABILITIES**CURRENT**

Accounts payable and accrued liabilities	69	8
Current portion of promissory notes <i>(Note 8)</i>	10,308	7,691
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	10,377	7,699
PROMISSORY NOTES <i>(Note 8)</i>	245,979	159,682
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	256,356	167,381
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SHAREHOLDER'S EQUITY

SHARE CAPITAL <i>(Note 9)</i>	-	-
RETAINED EARNINGS	16,226	7,272
	<hr/>	<hr/>
	16,226	7,272
	<hr/> <hr/>	<hr/> <hr/>
COMMITMENTS <i>(Note 11)</i>	272,582	174,653
	<hr/> <hr/>	<hr/> <hr/>



Director

The accompanying notes are an integral part of these financial statements

BC IMMIGRANT INVESTMENT FUND LTD.**CONSOLIDATED STATEMENT OF INCOME, COMPREHENSIVE INCOME AND RETAINED EARNINGS***(in \$000)*

YEAR ENDED MARCH 31,	2008	2007
REVENUE		
Investment income	8,496	6,350
Interest income	3,882	519
	<u>12,378</u>	<u>6,869</u>
EXPENSES		
Amortization of discount	2,942	2,204
Investment fees	70	38
Professional fees	412	17
	<u>3,424</u>	<u>2,259</u>
NET INCOME FOR THE YEAR, BEING COMPREHENSIVE INCOME	8,954	4,610
RETAINED EARNINGS, beginning of year	7,272	2,662
RETAINED EARNINGS, end of year	<u>16,226</u>	<u>7,272</u>

The accompanying notes are an integral part of these financial statements

BC IMMIGRANT INVESTMENT FUND LTD.**CONSOLIDATED CASH FLOW STATEMENT***(in \$000)*

YEAR ENDED MARCH 31,	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the year	8,954	4,610
Changes in non-cash working capital		
Accounts receivable	1	(7)
Accounts payable and accrued liabilities	61	6
Cash flows from operating activities	<u>9,016</u>	<u>4,609</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in long-term promissory notes	<u>88,914</u>	<u>26,300</u>
CASH FLOWS (USED IN) INVESTING ACTIVITIES		
(Increase) in loans receivable	(43,082)	(43,921)
Investment in venture investments	(2,117)	-
	<u>(45,199)</u>	<u>(43,921)</u>
NET INCREASE (DECREASE) IN CASH AND SHORT-TERM INVESTMENTS	52,731	(13,012)
CASH AND SHORT-TERM INVESTMENTS - beginning of year	<u>130,724</u>	<u>143,736</u>
CASH AND SHORT-TERM INVESTMENTS - end of year	<u><u>183,455</u></u>	<u><u>130,724</u></u>

The accompanying notes are an integral part of these financial statements

BC IMMIGRANT INVESTMENT FUND LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Tabular amounts in \$000)

YEAR ENDED MARCH 31, 2008

1. NATURE OF BUSINESS

BC Immigrant Investment Fund Ltd. (the "Corporation") was incorporated on September 19, 2000 under the laws of British Columbia and is wholly owned by the Province of British Columbia.

The Corporation is an approved fund under the Federal Immigrant Investor Program (the "Program"). The Program provides an opportunity for experienced business persons to immigrate to Canada after making an investment in a fund approved by a Province and the Minister of Citizenship and Immigration. The Minister acts as agent for approved funds by receiving investments from immigrant investors and disbursing them to approved funds according to an allocation formula set out in the Immigration Regulations, 1978. The regulations require approved Funds participating in the Program to invest in economic initiatives, which will create employment in Canada to foster the development of a strong and viable economy.

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

2. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements are prepared in accordance with Canadian generally accepted accounting principles. Significant accounting policies followed in the preparation of these financial statements are as follows:

Consolidation

The consolidated financial statements include the accounts of the Corporation and its wholly owned subsidiary, B.C. Renaissance Capital Fund Ltd. All intercompany transactions and balances have been eliminated.

On October 22, 2007, the B.C. Renaissance Capital Fund Ltd., ("BCRCF") was incorporated under the Business Corporations Act and is a wholly owned subsidiary of the BC Immigrant Investment Fund Ltd. The primary business of the BCRCF is to stimulate economic development by making investments into venture capital limited partnerships.

Changes in Accounting Policies

Effective April 1, 2007, the Corporation adopted two new accounting standards that were issued by the CICA: Section 1530 Comprehensive Income, and Section 3855 Financial Instruments - Recognition and Measurement. These accounting policy changes were adopted on a prospective basis with no restatement of prior period financial statements.

Under the new standards, all financial assets must be classified as held-to-maturity, loans and receivables, held-for-trading or available-for-sale and all financial liabilities must be classified as held-for-trading or other financial liabilities. This classification will determine how a financial instrument is valued.

BC IMMIGRANT INVESTMENT FUND LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Tabular amounts in \$000)

YEAR ENDED MARCH 31, 2008

The Corporation had the following financial assets and liabilities and has selected the following classifications:

	Classification	Initial Measurement	Subsequent Measurement
Financial assets:			
Cash	Held-for-trading	Fair value	Fair value
Short-term investments	Held-for-trading	Fair value	Fair value
Accounts receivable	Loans and receivables	Fair value	Amortized cost
Loans receivable	Loans and receivables	Fair value	Amortized cost
Venture investments	Available-for-sale	Fair value	Cost
Financial liabilities:			
Accounts payable and accrued liabilities	Other financial liabilities	Fair value	Amortized cost

As a result of these assessments, the Corporation has no changes to opening comprehensive income that affect the current financial statements. The Corporation has also determined that there is no material impact on the measurement of financial assets or liabilities.

As a result of applying the recommendations of Section 3855 Financial Instruments - Recognition and Measurement, the Corporation was required to make an accounting policy choice with regard to the treatment of transaction costs. Under the requirements of Section 3855, the Corporation can choose to expense transaction costs into net income as incurred or can recognize transaction costs as a component of the related financial instrument. The Corporation has chosen to expense transaction costs as incurred.

Promissory notes are not considered to be a financial instruments as they are established by the Immigrant Regulation, 1978.

Foreign Currency Translation

Monetary items denominated in foreign currency are translated into Canadian dollars at exchange rates in effect at the balance sheet date and non-monetary items are translated at rates in effect when the assets were acquired or obligations incurred. Revenues and expenses are translated at rates in effect at the time of the transactions except amortization which is translated at rates in effect when the related assets were acquired.

Foreign exchange gains or losses on translation are recognized in income.

Use of Estimates and Measurement Uncertainty

The preparation of the 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. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

BC IMMIGRANT INVESTMENT FUND LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Tabular amounts in \$000)

YEAR ENDED MARCH 31, 2008

3. FUTURE ACCOUNTING PRONOUNCEMENTS

The following summarizes the future accounting changes that will be relevant to the Corporation's consolidated financial statements subsequent to March 31, 2008. These standards are effective for fiscal years beginning on or after October 1, 2007 and the Corporation is currently considering the additional disclosures, if any, required in future financial statements.

Capital Disclosures

The Canadian Institute of Chartered Accountants (CICA) has issued a new accounting standard: Section 1535 Capital Disclosures, which requires disclosure of information about an entity's capital and the objectives, policies, and processes for managing capital.

Financial Instruments

The CICA has issued two new accounting standards on financial instruments: Section 3862 Financial Instruments - Disclosures, and Section 3863 Financial Instruments - Presentation, that revise and enhance the current disclosure requirements but do not change the existing presentation requirements for financial instruments. The standards are effective for fiscal years beginning on or after October 1, 2007. The new disclosures will provide additional information on the nature and extent of risks arising from financial instruments to which the Corporation is exposed and how it manages those risks.

4. FINANCIAL INSTRUMENTS

The Corporation's financial instruments include cash, short-term investments, accounts receivable, loans receivable, venture investments, and accounts payable and accrued liabilities.

By nature, investment in venture capital funds carries a high risk, however, the corporation mitigates the risk by utilizing the expertise and skills of highly qualified institutional venture capital managers with a proven record of superior performance.

Currency Risk

Currency risk arises due to imbalances between USD venture capital commitments of the Corporation and its US dollar and CAD dollar holdings. Through the Corporation's venture capital initiative, the Corporation has made a total of USD \$90.3 million in venture capital commitments, but holds approximately US \$70.7 million (CAD \$70 million converted in January and February 2008 plus interest earned).

An additional CAD \$20 million has been pledged towards meeting the remaining USD \$19.6 million in venture capital commitments made by BCRFCF.

Mitigating this risk is that both the CAD and USD holdings of the Corporation are invested in money market funds by British Columbia Investment Management Corporation ("bcIMC") that generate annual returns.

BC IMMIGRANT INVESTMENT FUND LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Tabular amounts in \$000)

YEAR ENDED MARCH 31, 2008

Interest Rate Risk

Interest rate risk is how changes in interest rates affect the financial position of the Corporation. The Corporation manages its exposure to interest rate risk by holding a portfolio of fixed and floating rate investments. The Corporation has invested its funds in capital projects with fixed rate obligations and investments with bcIMC on a floating rate basis. Material movements in interest rates will impact revenues from the floating rate portfolio, and the return on new funds and reinvestment of capital in the future.

Liquidity Risk

In connection with the Corporation's ongoing financing of operations, including refinancing risk, management will aim to ensure adequate liquidity of investments. This is done by placing deposits in cash and extremely liquid negotiable instruments, and monitoring the duration of lending/investing activities of the Corporation to coincide with five year forecasted repayment obligations.

The Corporation is also exposed to liquidity risk associated with the venture capital initiatives. The Corporation cannot legally sell the investments and must hold them until maturity.

Credit Risk

The Corporation is exposed to credit risk in the event of non-performance by a public sector borrower. The Corporation assesses this risk when considering loans. For the most part an unsecured and general obligation from the public sector institution is judged sufficient to mitigate credit risk, however the Corporation has taken collateral on the loan to Simon Fraser University to further mitigate potential credit risks.

The Corporation is also exposed to credit risk in the event its returns from the venture capital initiatives are below cost. Venture Capital investment returns are expected to begin in 2014 and the Corporation's investment portfolio diversification is based on an investment strategy developed to generate returns to cover potential losses from its higher risk investments.

5. SHORT-TERM INVESTMENTS

Short-term investments consist of unit funds held with BC Investment Management Corporation. Short term investments are recorded at their fair value, which is determined by reference to published price quotations in an active market.

	<u>2008</u>	<u>2007</u>
Investments at cost	169,103	129,902
Investments at fair value	171,387	129,848

BC IMMIGRANT INVESTMENT FUND LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Tabular amounts in \$000)

YEAR ENDED MARCH 31, 2008

6. LOANS RECEIVABLE

Loans receivable, which are valued at amortized cost using the effective interest method, consist of the following:

	<u>2008</u>	<u>2007</u>
Due from British Columbia Institute of Technology, principal of \$60,000,000, the outstanding balance is being amortized in equal blended quarterly payments of interest and principal at an annual interest rate of 4.95% over a 30 year term. The outstanding balance of this loan will be due in full on August 1, 2011.	59,873	35,867
Due from University College of the Fraser Valley, principal of \$13,919,748, the outstanding balance is being amortized in equal blended quarterly payments of interest and principal at an annual interest rate of 5.15% over a 25 year term. The outstanding balance of this loan will be due in full on August 1, 2017.	13,899	3,025
Due from University of Victoria, principal of \$5,000,000, the outstanding balance is being amortized in equal blended quarterly payments of interest and principal at an annual interest rate of 4.75% over a 20 year term. The outstanding balance of this loan will be due in full on March 1, 2017.	4,874	5,029
Due from Nicola Valley Institute of Technology, principal of \$3,300,000, the outstanding balance is being amortized in equal blended quarterly payments of interest and principal at an annual interest rate of 4.9% over a 30 year term. The outstanding balance of this loan will be due in full on September 1, 2017.	3,289	-
Due from Simon Fraser University, principal of \$5,100,000, the outstanding balance is being amortized in equal blended quarterly payments of interest and principal at an annual interest rate of 5.20% over a 30 year term. The outstanding balance of this loan will be due in full on June 1, 2017.	5,068	-
	<u>87,003</u>	<u>43,921</u>

BC IMMIGRANT INVESTMENT FUND LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Tabular amounts in \$000)

YEAR ENDED MARCH 31, 2008

7. VENTURE INVESTMENTS

The B.C. Renaissance Capital Fund Ltd. invests in funds as a limited partner. The Corporation accounts for its investments in the venture capital fund partnerships at cost. As there is no quoted market price in an active market the fair value of the investments cannot be reliably measured.

	<u>2008</u>
Fund Name	
Arch Venture Fund VII, L.P.	374
Kearny Venture Partners, 2006, L.P.	723
VantagePoint Venture Partners 2006 (Q), L.P.	<u>1,020</u>
	<u>2,117</u>

The above investments have high liquidity risk as there is no public or other market for the interests and it is not anticipated that such a market will ever develop. The corporation expects to hold these investments until the dissolution of the partnerships.

8. PROMISSORY NOTES

The funds received from the Immigrant Investor Program are repayable, without interest, five years after they are received. The obligation of the Corporation is represented by non-transferable zero interest promissory notes. The Province of British Columbia fully guarantees these funds.

Promissory note discount represents the amounts withheld on promissory notes received. The amount is amortized over the life of the note.

	<u>2008</u>	<u>2007</u>
Total promissory notes beginning of year.	174,773	148,181
Additions during the year	101,684	36,573
Repaid or refunded during the year	<u>(8,632)</u>	<u>(9,981)</u>
Promissory notes end of year	<u>267,825</u>	<u>174,773</u>
Net promissory note discount end of year	<u>(11,538)</u>	<u>(7,400)</u>
Promissory notes end of year	256,287	167,373
Less: current portion	<u>10,308</u>	<u>7,691</u>
Long-term promissory notes	<u>245,979</u>	<u>159,682</u>

BC IMMIGRANT INVESTMENT FUND LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Tabular amounts in \$000)

YEAR ENDED MARCH 31, 2008

PROMISSORY NOTES - continued

The estimated principal payments over the next five years are:

<u>Year</u>	<u>Amount</u>
2009	10,308
2010	61,997
2011	57,263
2012	39,183
2013	99,074

9. SHARE CAPITAL

The Corporation has authorized capital of 100,000 common shares without par value of which one share is issued and outstanding.

The Minister of Economic Development holds the one common share issued as designated representative of Her Majesty the Queen in right of the Province of British Columbia.

10. 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. All loans receivable are with related parties.

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.

11. COMMITMENTS

At March 31, 2008 B.C. Renaissance Capital Fund Ltd. held commitments to invest the following funds. Commitments are made in U.S. dollars. At March 31, 2008 this corresponded to the following Canadian equivalent:

<u>Fund Name</u>	<u>S Amount</u>
Kearny Venture Partners, 2006, L.P.	8,510
Walden Venture Capital VII, L.P.	15,419
Arch Venture Fund VII, L.P.	6,067
VantagePoint Clean Tech II, L.P.	15,419
VantagePoint Venture Partners 2006 (Q), L.P.	4,112

In addition, during the year the Corporation entered into a letter of intent to commit investments of \$20.6 million in Ventures West Management Inc. Fund 9, L.P.

BC IMMIGRANT INVESTMENT FUND LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Tabular amounts in \$000)

YEAR ENDED MARCH 31, 2008

12. SUBSEQUENT EVENTS

Subsequent to the year end the Corporation entered into a letter of intent to commit investments of \$20.6 million in Celtic House Venture Partners IV, L.P.

13. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.