COLUMBIA BASIN TRUST

CONSOLIDATED FINANCIAL STATEMENTS

AS AT MARCH 31, 2008

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 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. These systems include formal written policies and appropriate delegation of authority and segregation of responsibilities within the organization.

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 Auditor's report follows and outlines the scope of their examination and their opinion on the consolidated financial statements.

The Board of Directors, through the Audit Committee, is responsible for ensuring that management fulfills its responsibility for financial reporting and internal controls. The Audit Committee, comprised of directors who are not employees, meets regularly with the external auditors and management to satisfy itself that each group has properly discharged its responsibility to review the financial statements before recommending approval by the Board of Directors. The external auditors have full and open access to the Audit Committee, with and without the presence of management.

Neil Muth
President & Chief Executive Officer

Christine Lloyd
Controller

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, 2008 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, 2008 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.

Castlegar, B.C.
May 30, 2008

Yule Anderson Johnstone
CHARTERED ACCOUNTANTS

COLUMBIA BASIN TRUST
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2008
(in thousands of dollars)

	2008	2007
ASSETS		
CURRENT		
Cash and temporary investments (Note 3)	$ 22,670	$ 23,316
Recoverable channel repair costs (Note 4)	6,450	2,159
Unbilled power project revenue	4,713	4,629
Accrued interest and other assets	6,525	2,538
	40,358	32,642
INVESTMENTS		
Power projects (Note 5)	367,510	362,452
Income securities (Note 6)	45,383	38,067
Real estate (Note 7)	33,147	27,276
Business loans (Note 8)	10,655	10,559
	456,695	438,354
OTHER		
Capital assets (Note 10)	2,549	2,621
Deferred amounts (Note 11)	24,708	22,177
	27,257	24,798
	$ 524,310	$ 495,794
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	$ 13,000	$ 4,194
Accrued interest expense	2,867	2,979
Current portion of long-term debt (Note 12)	12,671	6,766
	28,538	13,939
LONG-TERM DEBT		
Long-term debt (Note 12)	128,246	128,038
NET ASSETS		
Power projects (Restricted) (Note 17)	276,968	276,767
Unrestricted	90,558	77,050
	367,526	353,817
	$ 524,310	$ 495,794

Approved on behalf of the Board of Directors:

M. D. Berg

Garry Merkel
Chair

Mike Berg
Chair, Audit Committee

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

COLUMBIA BASIN TRUST
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDING MARCH 31, 2008
(in thousands of dollars)

	2008	2007
REVENUES		
Power projects (Note 5)	$ 17,376	$ 14,555
Investment income (Note 13)	3,721	2,722
Contributions from the Province of B.C.	2,089	1,996
	23,186	19,273
OPERATING EXPENSES		
Amortization	305	290
Board and committee expenses	198	183
Corporate travel and meetings	207	160
Information technology/systems	58	133
Office and general	436	451
Professional and consultants fees	219	535
Public relations	339	139
Staff remuneration and development	2,751	2,491
	4,513	4,382
RECOVERIES		
Recovery from Columbia Power Corporation (Note 18(a))	493	344
Recovery of management services (Note 18(b))	220	109
	713	453
OPERATING INCOME	19,386	15,344
Delivery of benefits (Note 19)	5,350	5,256
EXCESS OF REVENUES OVER EXPENSES	$ 14,036	$ 10,088

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, 2008
(in thousands of dollars)

	Power Projects (Restricted)	Unrestricted	2008	2007
NET ASSETS, beginning of year	$ 276,767	$ 77,050	$ 353,817	$ 343,729
Cumulative effect on prior periods of retroactive application of financial instruments standards	-	(327)	(327)	-
REVISED NET ASSETS, beginning of year	276,767	76,723	353,490	343,729
Additional power project cash available for distribution	201	(201)	-	-
Excess of revenues over expenses	-	14,036	14,036	10,088
NET ASSETS, end of year	$ 276,968	$ 90,558	$ 367,526	$ 353,817

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, 2008
(in thousands of dollars)

	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from investment income	$ 4,589	$ 2,989
Cash generated by power project joint ventures and distributed	17,123	6,650
Cash generated by power project joint ventures and not distributed	51	13,412
Cash received from the Province of B.C.	2,089	1,996
Cash paid for operating expenses	(4,417)	(3,511)
Cash paid for Delivery of Benefits disbursements	(5,350)	(5,256)
	14,085	16,280
CASH FLOWS APPLIED TO INVESTING ACTIVITIES		
Investment in power projects	(5,956)	(17,559)
Investment in deferred power project costs	(2,276)	(2,551)
Purchase of investment deposits and securities	(7,316)	(7,008)
Repayment of business loans	550	1,505
Investment in real estate projects	(4,990)	(5,309)
Purchase of CBT office assets	(229)	(173)
	(20,217)	(31,095)
CASH FLOWS FROM/APPLIED TO FINANCING ACTIVITIES		
Proceeds from placement of debt	11,484	4,473
Repayment of debt	(5,998)	(5,668)
	5,486	(1,195)
INCREASE (DECREASE) IN CASH	(646)	(16,010)
CASH, beginning of year	23,316	39,326
CASH, end of year	$ 22,670	$ 23,316

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
Brilliant Expansion	40 - 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 recorded with their associated long-term debt and amortized using the effective interest rate method.

(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, 2008		March 31, 2007
Restricted Cash	$	4,126	$	3,857
Non Restricted Cash		18,544		19,459
	$	22,670	$	23,316

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

4. 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.

CBT has been compensated for the costs incurred to repair the intake channel by the project insurer and further amounts will now be received as a result of a mediated dispute process. CBT included a recovery of $4.3 million in revenues in 2007/08 to bring the total recovery receivable to $6.5 million.

5. POWER PROJECTS

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

		March 31, 2008		March 31, 2007
Brilliant Dam	$	103,046	$	101,527
Arrow Lakes Generating Station		141,096		145,066
Brilliant Expansion Project		123,368		115,859
	$	367,510	$	362,452

The Brilliant Dam is a 145 MW powerplant located on the Kootenay River near Castlegar, BC. 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. The Brilliant Expansion is a 120 megawatt power generation development near the existing Brilliant Dam.

POWER PROJECT ASSETS ARE AS FOLLOWS:

	Cost	Accumulated Amortization	March 31, 2008	March 31, 2007
Brilliant Dam				
Capital assets in service	$ 119,083	$ (21,270)	$ 97,813	$ 99,141
Land	2,509	-	2,509	2,386
Expansion rights	2,763	(39)	2,724	-
	124,355	(21,309)	103,046	101,527
Arrow Lakes Generating Station				
Capital assets in service	149,138	(18,681)	130,457	133,527
Power sales contract	11,376	(4,433)	6,943	7,932
Land	3,696	-	3,696	3,607
	164,210	(23,114)	141,096	145,066
Brilliant Expansion				
Capital assets in service	114,228	(1,175)	113,053	102,634
Expansion rights	10,463	(148)	10,315	13,225
	124,691	(1,323)	123,368	115,859
	$ 413,256	$ (45,746)	$ 367,510	$ 362,452

NET POWER PROJECT INCOME CONSISTS OF:

	March 31, 2008	March 31, 2007
Revenues:		
Sale of power	$ 39,591	$ 33,375
Insurance recovery	4,292	7,212
	43,883	40,587
Expenses:		
Finance charges	(8,420)	(8,524)
Operation of powerplants	(9,872)	(8,163)
Channel repair costs	(417)	(3,015)
Amortization of powerplant assets	(7,798)	(6,330)
	(26,507)	(26,032)
	$ 17,376	$ 14,555

6. INCOME SECURITIES

	March 31, 2008	March 31, 2007
Unrestricted		
Term securities	$ 38,855	$ 31,849
Restricted		
Debt service reserve fund	3,964	3,964
Operating reserve fund	1,306	1,250
Power agreement security account	1,258	1,004
	$ 45,383	$ 38,067

The Debt service reserve fund and the Operating reserve account are required under the terms of joint venture debt financing, which requires that cash or cash equivalents equal to one semi-annual payment on the Brilliant Dam Bonds and an amount equal to one-quarter of annual operating expenses be maintained. The power agreement account secures letters of credit issued to B.C. Hydro for development security under two power sales agreements. These funds are not available to CBT.

7. REAL ESTATE

CBT's interest in congregate care facilities is as follows:

	Land	Building	March 31, 2008	March 31, 2007
Congregate care facilities:				
Operating facilities	$ 2,063	$ 30,635	$ 32,698	$ 26,873
Projects under development	-	2,764	2,764	1,815
Less: Accumulated amortization	-	(2,315)	(2,315)	(1,412)
	$ 2,063	$ 31,084	$ 33,147	$ 27,276

Projects under development consists of expansions to two existing congregate care facilities and the construction of a new congregate care facility. The Crest View Village expansion will add a further 32 living suites to the existing 74 suite Crest View Village facility in Creston, B.C. The Rocky Mountain Village expansion project will add a further 11 living suites to the existing 74 suite Rocky Mountain Village facility in Fernie B.C. Construction of a new 53 unit facility in Fruitvale, B.C. commenced in February 2008 with completion expected by August 2008.

8. BUSINESS LOANS

CBT provides commercial loans that are generally secured by real estate and have terms extending no further than fifteen years. A portion of these loans are made in partnership with other lending organizations, with the remainder of the loans made directly by CBT.

	March 31, 2008	March 31, 2007
Business loans	$ 10,744	$ 11,298
Less: Loan Loss Allowance	(89)	(739)
	$ 10,655	$ 10,559

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, 2008	March 31, 2007
Assets		
Current assets	$ 28,819	$ 25,431
Investments	406,644	396,734
Other assets	24,708	22,177
	$ 460,171	$ 444,342
Liabilities		
Current liabilities	$ 27,267	$ 13,411
Long-term debt	128,246	128,038
Net Assets		
Power and non-power project investments	304,658	302,893
	$ 460,171	$ 444,342
Net Income		
Revenues	$ 46,356	$ 42,379
Operating expenses	(19,010)	(18,144)
Finance charges	(9,623)	(9,369)
	$ 17,723	$ 14,866
Cash Flows		
Operating activities	$ 18,684	$ 21,003
Investing activities	(14,041)	(25,419)
Financing activities	5,869	(1,195)
	$ 10,512	$ (5,611)

10. CAPITAL ASSETS

During the year, the Columbia Basin Building, the associated land, and the CBT office assets were all reclassifed as capital assets.

CBT's interest in capital assets is as follows:

	Cost	Accumulated Amortization	March 31, 2008	March 31, 2007
Land	$ 70	$ -	$ 70	$ 70
Columbia Basin Building	2,832	(735)	2,097	2,202
Office furniture and equipment	490	(302)	188	58
Leasehold improvements	552	(406)	146	174
Computer equipment & software	1,366	(1,318)	48	117
	$ 5,310	$ (2,761)	$ 2,549	$ 2,621

11. DEFERRED AMOUNTS

CBT's interest in deferred amounts is as follows:

	March 31, 2008	March 31, 2007
Waneta expansion rights	$ 12,700	$ 12,700
Waneta deferred project costs	12,008	9,477
	$ 24,708	$ 22,177

The Waneta Expansion Project is a proposal to install an additional 335 MW power generation facility at the existing Waneta Dam. The Waneta Expansion project is projected to take place over a four year period. 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. 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.

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, 2008	March 31, 2007
Deferred Costs:		
Project Design	$ 2,523	$ 1,777
Environmental Analysis	2,306	2,144
Socioeconomic Analysis	219	217
Finance/Legal Analysis	978	762
CPC/CBT Management	5,982	4,577
	$ 12,008	$ 9,477

12. LONG-TERM DEBT

	March 31, 2008	March 31, 2007
Power project debt:		
Brilliant Dam bonds Series "A", "B", and "C", interest rates varying between 5.67% and 8.93%, maturing May 2026	$ 76,923	$ 78,799
Arrow Lakes bonds Series "A", bearing interest at 5.39%, maturing March 2015	35,441	39,234
Real estate debt:		
Mortgage loans, interest rates varying between 5.1% and 6.1%, maturing on different dates between November 2009 and August 2013.	25,216	20,165
Loan from Columbia Power Corporation	6,104	-
	143,684	138,198
Less: Deferred debt issue costs	(2,767)	(3,394)
Less: Current portion of long-term debt	(12,671)	(6,766)
	$ 128,246	$ 128,038

(a) **Brilliant Dam and Arrow Lakes Bonds**

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 Brilliant Dam 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%, 0.31% and 0.23%, respectively.. 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 plus 0.23%. 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. 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) **Columbia Power Corporation**

During the year, CPC advanced $5.9 million in cash to the Brilliant Expansion Power Corporation, a jointly owned corporation, to assist with the construction of the Brilliant Expansion. The advance includes $178 thousand of accrued interest at March 31, 2008.

(d) **Guarantees by joint venturers**

The joint venturers of the 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 Castle Wood Village, Garden View Village, Creston Village, Rocky Mountain Village, and Joseph Creek Village joint ventures gave separate guarantees for 50% of the original mortgage proceeds.

(e) **Principal repayments**

Principal repayments are estimated as follows:

2009	$ 12,670
2010	6,986
2011	7,415
2012	7,867
2013	8,349
Thereafter	100,397
	$ 143,684

13. INVESTMENT INCOME

	March 31, 2008	March 31, 2007
Real estate		
Revenues	$ 2,462	$ 1,825
Finance charges	(1,204)	(850)
Amortization	(918)	(629)
	340	346
Income securities	1,872	1,498
Business loans	1,509	878
	$ 3,721	$ 2,722

14. 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.

15. 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.

(c) Brilliant Expansion

The project approval certificate issued for the Brilliant Expansion by the BC Environmental Assessment Office contains a number of commitments during pre-construction, construction, post-construction and operations phases which are being actively managed by CBT and CPC.

16. 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, 2008 the balance of the co-venturers' portion of the debt was $5.7 million (fiscal 2007- $8.3 million).

CBT and CPC have settled all contractor claims from the construction of the Brilliant Expansion project, including a $13.9 (CBT's portion: $6.9 million) addition to the contract price which has been included as part of the construction cost of the project. As a condition of this settlement, CBT and CPC will undertake instream works necessary to improve the hydraulic conditions in the tailrace area of the Brilliant Expansion, at their own cost and risk. The cost of this work has not been fully determined and therefore not recorded in the financial statements.

CBT and CPC have been approved, subject to Eco Logo Certification, for an ecoEnergy Power grant related to the construction of the Brilliant Expansion project. This program is operated by the Government of Canada to support Canada's supply of clean energy. If Eco Logo Certification is obtained, CBT and CPC will be eligible for grants that will be earned at the rate of $10.00 per megawatt hour based on sales of eligible energy generated by the Brilliant Expansion. This program has the potential of providing up to $4.7 million per year in grants for 10 years for Brilliant Expansion. CBT's portion of these grants is $2.4 million per year. Due to the uncertainty surrounding receipt of Eco Logo Certification, no grants have been recorded in the financial statements.

17. NET ASSETS

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.

18. RELATED PARTY TRANSACTIONS

(a) Columbia Power Corporation

CBT has entered into a contract for the provision of information systems servicing and support to CPC. During fiscal 2008, CPC paid $368 thousand (fiscal 2007 - $220 thousand) under this agreement.

CPC rents a portion of the Columbia Basin Building which is owned by CBT. During fiscal 2008, CPC paid $125 thousand (fiscal 2007 - $125 thousand) under this lease.

(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, 2008	March 31, 2007
(i)	Payments to CPC	$ 6,603	$ 7,319
(ii)	Payments to CBT	$ 220	$ 109

The joint venturers also paid $670 thousand (fiscal 2007 - $1.1 million) to B.C. Hydro and Power Authority for project consulting services, which were provided at market rates.

19. DELIVERY OF BENEFITS

In addition to disbursing $5.4 million in 2007/08, CBT has an additional $2.5 million in outstanding financial commitments through delivery of benefits programs at March 31, 2008. These commitments have been approved and have either not yet been disbursed, or are linked to actual project completion with a portion of funds held back until CBT is satisfied that projects are complete.

20. 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.

21. COMPARATIVE FIGURES

Certain 2007 comparative figures have been reclassified to conform to the current year's presentation.