

flowers got brighter

water got bluer

snow got whiter

grass got greener

skies got clearer



numbers got better

We love being the bearers of good news.

Our mandate at the BC Used Oil Management Association (BCUOMA) has always been to manage a cost-effective and environmentally sustainable program for collecting and recycling used oil, used oil filters and used plastic oil containers. And although we do these things on behalf of brand-owners (first-sellers of lubricants, containers and oil filters) we are self-sufficient. Furthermore, through our return incentives to registered collectors, we encourage the private sector to cover all market segments and virtually every region of the province.

After our first, full year of operation, BCUOMA is pleased to announce the details of our overwhelming success in this report.

Admittedly, we set rather ambitious targets for 2004. Then the great people and businesses of this province shattered them. We initially estimated that we would collect 39.9 million litres of used oil for the year. We actually collected 44.1 million litres. We estimated that we would collect 4.29 million used oil filters. We collected that and nearly 430,000 more. Used plastic oil containers? While predicting 680,000 kg of them would be collected, a staggering 1,056,000 kg were.

2004 annual report



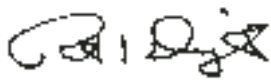
british columbia used oil management association

Numbers don't lie – BCUOMA is a resounding success.

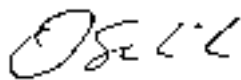
But what does it all mean to the environment? Since program launch in July 2003 more than 61,000,000 litres of used oil have been collected (and thus, diverted from potential environmental contamination). We've also collected nearly 6.4 million oil filters and 1.32 million kg of oil containers – keeping them out of landfills. It may be hard to appreciate how much of a positive impact this is having. But it may become a little clearer when one considers that over a million litres of water (where we swim and from which we drink and fish) can be contaminated by just a single litre of oil.

And that's why we like to imagine how flowers got brighter. Water got bluer. Snow got whiter. While grass got greener and skies got clearer. And life itself, just got plain better.

We're sure you'll agree, that's the best news of all.



Ronald J. Driedger
Executive Director, BCUOMA



David Schick
Chair, BCUOMA

oil recovery

72%

up from 60%

oil filter recovery

82%

up from 18%

oil container recovery

42%

up from 12%



we got smarter

In fact, we got much smarter. BCJOMA employed an array of tactics to increase public awareness. And it worked – public satisfaction and support of recycling oil products is at an all-time high. More importantly, the current rates of collection suggest that there's been a permanent change in behavior and attitudes throughout the province.

radio campaign

Our radio campaign was aimed at young, male users (“do-it-yourselfers”) and small, commercial operators (taxi companies, construction, etc.). Radio offered perfect reach, with specific radio formats and times for this group which is made up of medium to heavy listeners. Best of all, the ad was compelling and relevant to the audience using light humour to relate how 25 million lost litres of used oil can contaminate the environment and spoil the things people enjoy (recreation, food, water supply). In total, 24 million exposures to our message were made to BC's male (25-64) demographic.

media relations

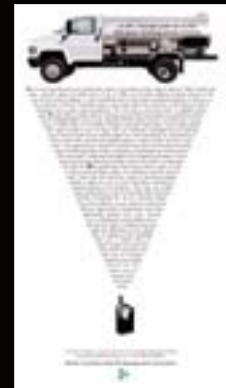
Press kits were sent to more than 100 media outlets throughout the province. Our efforts were rewarded with extensive coverage throughout BC in these media vehicles:

- Vancouver Sun – program summary with full-colour photo on front page of Business Section, Sept 21.
- BC Business magazine feature



- CKWX News 1130 – 2-minute feature aired 4 times on Oct 2 and 3.
- CJDC TV and RADIO 5 (Northern TV, CBC affiliate) - TV and radio features on used oil recycling, aired 1st week of Oct.
- CHNL Radio NL (Kamloops) – feature in Kamloops week of Sept 27.
- CKNW AM 980, Nightline BC – guest appearance on Michael Smyth's call-in show aired 1st week of October

- Campbell River Mirror
- Coquitlam/Port Coquitlam/Port Moody Now
- Kelowna Capital News
- Langley Advance News
- Maple Ridge-Pitt Meadows Times
- Mission City Record
- North Shore News
- Surrey Now
- CHBC TV (Okanagan Global affiliate)
- Shaw Cable (Okanagan)
- Penticton Herald
- Penticton Western News
- Sun FM/EZ Rock (Kelowna)



newspaper advertising

We supported our message with advertising in select, under-served markets (e.g. the Kootenays). It was a visually compelling advertisement that challenged the target to “make sure to recycle every drop.”



return collection facility support

We continued to solicit participation from retailers to support this very important initiative. Further to that end, we redesigned and provided them with more visually engaging point-of-purchase display material. More importantly, we expanded the collection facility network to a total of more than 500 throughout BC.



website traffic

We significantly raised interest and drove visitors to the BCUOMA website and doubled traffic numbers at various points throughout the year (during peak periods with targeted media campaigns).

auditors report Schedule of Used Oil Materials Collected December 31, 2004

To British Columbia Used Oil Management Association

We have audited the schedule of used oil materials collected as reported by British Columbia Used Oil Management Association for the year ended December 31, 2004, calculated as disclosed in note 1 to the schedule. This information is the responsibility of the management of the Association. Our responsibility is to express an opinion on this information 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 information is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the information. An audit also includes assessing the significant estimates made by management, and evaluating the overall presentation of the financial information.

In our opinion, this schedule fairly presents, in all material respects, the used oil materials collected as reported by British Columbia Used Oil Management Association for the year ended December 31, 2004.

Price Waterhouse Coopers LLP

Chartered Accountants
Vancouver, British Columbia

| | Current year volumes January 1, 2004 to December 31, 2004 | Prior period volumes July 1, 2003 to December 31, 2003 |
|---------------------|--|---|
| Used oil | 44,119,202 litres | 17,084,490 litres |
| Used oil filters | 4,721,232 filters | 1,750,521 filters |
| Used oil containers | 1,055,969 kilograms | 264,871 kilograms |

See accompanying note to schedule.

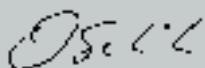
1 Basis of presentation

Volume measurement and measurement uncertainty

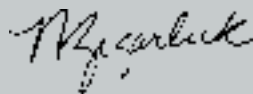
Volumes of oil and oil containers and weight of filters collected are based on actual measurements taken by the Collector/Transporters of these materials and verified by Generators and Processors.

Volumes of filters collected are calculated based on the number of full 111 kg drums as reported by Collector/Transporters and verified by Generators and Processors, multiplied by management's best estimate of the number of filters less than or equal to 203 millimetres in length and the number of filters greater than 203 millimetres in length in each full drum. In management's best estimate, there are, on average, 115 filters less than or equal to 203 millimetres in length and 15 filters greater than 203 millimetres in length in each full drum. Management's estimates and assumptions affect the reported filter volumes during the reporting period. Actual results could differ from these estimates.

The weight of oil containers collected is an actual weight of the oil containers collected in bulk and may include some non-oil containers of the same type of plastic.



David Schick | Board Chair, BCUOMA



Natalie Zigarlick | Chair, BCUOMA

auditors report **Financial Statements December 31, 2004**

April 6, 2005

To the Members of British Columbia Used Oil Management Association

We have audited the balance sheet of British Columbia Used Oil Management Association as at December 31, 2004 and the statements of revenue and expenditures, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Association's 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 financial statements present fairly, in all material respects, the financial position of the Association as at December 31, 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Price Waterhouse Coopers LLP

Chartered Accountants

Vancouver, British Columbia

we got the figures

(to show we're responsible)

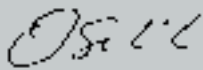
Balance Sheet

As at December 31, 2004

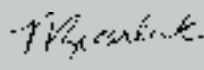
| | 2004 | 2003 |
|---|-----------|-----------|
| | \$ | \$ |
| Assets | | |
| Current assets | | |
| Cash | 176,586 | 990,666 |
| Accounts receivable | 2,653,856 | 1,095,277 |
| Prepaid expenses | 6,060 | 5,267 |
| | <hr/> | <hr/> |
| | 2,836,502 | 2,091,210 |
| | | |
| Property and equipment (note 4) | 18,727 | 20,790 |
| | <hr/> | <hr/> |
| | 2,855,229 | 2,112,000 |
| | | |
| Liabilities | | |
| Current liabilities | | |
| Return incentives and infrastructure development incentives payable | 1,159,684 | 1,129,108 |
| Accounts payable and accrued liabilities | 130,400 | 112,094 |
| | <hr/> | <hr/> |
| | 1,290,084 | 1,241,202 |
| | | |
| Net Assets | | |
| Unrestricted | 1,546,418 | 850,008 |
| | | |
| Invested in property and equipment | 18,727 | 20,790 |
| | <hr/> | <hr/> |
| | 1,565,145 | 870,798 |
| | <hr/> | <hr/> |
| | 2,855,229 | 2,112,000 |

See accompanying notes to the financial statements.

Approved by the Board of Directors



David Schick | Board Chair



Natalie Zigarlick | Director

Statement of Changes in Net Assets

For the year ended December 31, 2004

| | Invested in property and equipment | Unrestricted | Year ended December 31, 2004 | Six-month period ended December 31, 2003 |
|--------------------------------------|---------------------------------------|------------------|---------------------------------|---|
| | \$ | \$ | \$ | \$ |
| Balance – Beginning of year | 20,790 | 850,008 | 870,798 | - |
| Excess of revenue over expenditures | (10,553) | 704,900 | 694,347 | 870,798 |
| Investment in property and equipment | 8,490 | (8,490) | - | - |
| Balance – End of year | <u>18,727</u> | <u>1,546,418</u> | <u>1,565,145</u> | <u>870,798</u> |

See accompanying notes to the financial statements.

Statement of Revenue and Expenditures

For the year ended December 31, 2004

| | Year ended December 31, 2004 | Six-month period ended December 31, 2003 |
|---|---------------------------------|---|
| | \$ | \$ |
| Revenue | | |
| Environmental handling charges | 10,361,928 | 4,653,167 |
| Investment income | 20,619 | 10,304 |
| Registration fees | 6,200 | 23,000 |
| | <u>10,388,747</u> | <u>4,686,471</u> |
| Expenditures | | |
| Program costs | | |
| Return incentives and infrastructure development incentives | 8,710,817 | 3,077,625 |
| Communications and public relations | 300,150 | 173,420 |
| Consulting | 82,782 | 71,906 |
| Management and administration contracts | 39,806 | 27,422 |
| Compliance reviews | 33,776 | 24,420 |
| Legal fees | 16,276 | 23,001 |
| | <u>9,183,607</u> | <u>3,397,794</u> |
| Administrative costs | | |
| Management and administration contracts | 268,250 | 205,550 |
| Office and general expenses | 92,486 | 63,721 |
| Legal fees | 59,720 | - |
| Board expenses | 40,663 | 11,056 |
| Financial audit fees | 23,650 | 122,641 |
| Rent | 15,471 | 8,788 |
| Amortization | 10,553 | 6,123 |
| | <u>510,793</u> | <u>417,879</u> |
| | <u>9,694,400</u> | <u>3,815,673</u> |
| Excess of revenue over expenditures | <u>694,347</u> | <u>870,798</u> |

See accompanying notes to the financial statements.

Statement of Cash Flows

For the year ended December 31, 2004

Year ended
December 31, 2004

Six-month period ended
December 31, 2003

\$

\$

Cash provided by (used in)

Operating activities

Environmental handling charges

8,842,240

3,591,553

Other income

(8,334)

,351

8,833,906

3,600,904

Program activities

Return incentives and infrastructure development incentives

(8,680,239)

(1,948,517)

Other program activities

(501,018)

(227,348)

Administration

(458,704)

(407,460)

(9,639,961)

(2,583,325)

Investing activities

Purchase of property and equipment

(8,025)

(26,913)

(Decrease) increase in cash

(814,080)

990,666

Cash – Beginning of year

990,666

-

Cash – End of year

176,586

990,666

See accompanying notes to the financial statements.

Notes to Financial Statements

December 31, 2004

1. Authority and purpose

The British Columbia Used Oil Management Association (the "Association") was incorporated under the Society Act of the Province of British Columbia on March 18, 2003. It was formed to establish and administer a waste minimization and recycling program under the Post-Consumer Residual Stewardship Program Regulation, B.C. Reg. 111/97. As a not-for-profit organization, no provision for corporate income taxes has been provided in these financial statements, pursuant to Section 149(1)(l) of the Income Tax Act. During the year, the Post-Consumer Residual Stewardship Program Regulation, B.C. Reg. 111/97 was repealed and replaced by the Recycling Regulations, B.C. Reg. 449/2004. The Association has three years to become compliant with this new Regulation.

The Association commenced active operations effective July 1, 2003.

2. Significant accounting policies

The Association bases its accounting policies on generally accepted accounting principles in Canada, specifically those comprising the accounting recommendations for not-for-profit organizations included in the Accounting Recommendations of the Canadian Institute of Chartered Accountants Handbook.

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 assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the reporting year. Actual results could differ from those estimates. Significant areas requiring the use of management estimates relate to return incentives payable and environmental handling charges receivable.

b) Property and equipment

Property and equipment are recorded at cost less accumulated amortization. Amortization is calculated using the straight-line basis over the estimated useful lives, as follows:

| | |
|------------------------|---------|
| Furniture and fixtures | 5 years |
| Computer equipment | 3 years |

c) Revenue recognition

Environmental handling charge revenue is recognized when the lubricating oil material is sold by a registrant.

d) Return incentives and infrastructure development incentives

Return incentive expenditures are accounted for when the lubricating oil material is collected by a registered collector. Infrastructure development incentives are recognized when the used oil containers are received at a processor.

3. Credit line facility

The Association has a \$400,000 operating line of credit arrangement. Interest is charged at the bank's prime lending rate. A general security agreement and a general assignment of accounts receivable have been provided as collateral for these advances. At December 31, 2004, there was no amount drawn on the facility.

4. Property and equipment

| | Cost | Accumulated amortization | 2004 Net | 2003 Net |
|------------------------|---------------|-----------------------------|---------------|---------------|
| | \$ | \$ | \$ | \$ |
| Furniture and fixtures | 3,492 | 1,223 | 2,269 | 2,967 |
| Computer equipment | 31,911 | 15,453 | 16,458 | 17,823 |
| | <u>35,403</u> | <u>16,676</u> | <u>18,727</u> | <u>20,790</u> |

5. Commitments

Under the terms of financial services and use agreements, the Association is charged a fee for provision of financial administration services of various staff to August 2006. In addition, under the terms of a service agreement expiring March 2006, the Association is charged a monthly rate for provision of professional and technical services. The estimated minimum annual payments required under these agreements are as follows:

| | \$ |
|------|---------|
| 2005 | 299,640 |
| 2006 | 158,510 |
| | 458,150 |

6. Financial instruments

The fair values of financial instruments including cash, accounts receivable, return incentives and infrastructure development incentives payable and accounts payable and accrued liabilities as reported on the balance sheet, approximate their carrying value due to their short-term maturities.

The Association is exposed to credit risk through its accounts receivable. The risk is minimized due to the large registrant base.

we got praise

Congratulations to the British Columbia Used Oil Management Association for making British Columbia's oil recycling program such an overwhelming success.

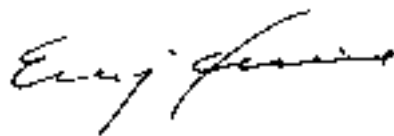
This industry-led stewardship program has significantly decreased the amount of used oil, filters, lubricants and containers that otherwise would have gone into our landfills and waterways. By providing consumers with a convenient and economical way to recycle, BCUOMA is leading the way to a better environment for our citizens, our environment and our wildlife.

I am pleased to see that BCUOMA has increased the number of collection facilities to better serve the people of British Columbia. This kind of industry-driven responsibility and leadership will ensure long-term economic opportunities and protect our environment.

We can all be very proud of our province. In less than two years, B.C. has reached collection levels that have taken other provinces several more years to achieve. We are world leaders in maximizing used oil collection rates, with 72 per cent collected. In addition, BCUOMA is among the very few programs in the world to collect oil, filters and containers. It is a testament to how the people of British Columbia can rally together for such a necessary and worthy cause.

Looking ahead, I wish you continued success and an even brighter future.

Sincerely,



Eric Partridge
Assistant Deputy Minister
Environmental Protection
Ministry of Water, Land and Air Protection



acknowledgments



Pictured from left:

Ron Driedger, Richard Voyer, Natalie Zigarlick, Dave Schick,
Christine Houghton, Doug Waldie, Garnet Brimacombe.

Missing: Ted Stoner, Rod Rosenfelt, Aaron Dinwoodie.

On behalf of the British Columbia Used Oil Management Association, we want to personally thank our many collectors, processors and partners – as well as all British Columbians – for their continued support of this important program. Working together, we will continue to improve on our fantastic results to date.

Ronald J. Driedger
Executive Director, BCUOMA

David Schick
Board Chair, BCUOMA

life got better.

British Columbia Used Oil Management Association

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