

ORIGINAL FOR FILING  
FILE NO. 1860-20-9

**PRSC LIMITED PARTNERSHIP**  
**Financial Statements**  
**Ten Month Period Ended March 31, 2007**

**PRSC LIMITED PARTNERSHIP**  
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**Ten Month Period Ended March 31, 2007**

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**DEL MISTRO DUNN**  
*CHARTERED ACCOUNTANTS*

L. Del Mistro, BSc CA  
D. Dunn, CGA CA  
Suite 201, 7385 Duncan Street  
Powell River, British Columbia V8A 1W6  
Phone 604-485-2726 Fax 604-485-7910

A partnership of incorporated professionals  
Suite 1500, Hongkong Bank Building  
885 West Georgia Street  
Vancouver, British Columbia V6C 3E8  
Phone 604-689 4008 Fax 1-604-485-7910

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**CHARTERED ACCOUNTANTS**

L. Del Mistro, BSc CA  
D. Dunn, CGA CA  
Suite 201, 7385 Duncan Street  
Powell River, British Columbia V8A 1W6  
Phone 604-485-2726 Fax 604-485-7910

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885 West Georgia Street  
Vancouver, British Columbia V6C 3E8  
Phone 604-689 4008 Fax 1-604-485-7910

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**AUDITORS' REPORT**

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To the Partners of PRSC Limited Partnership

We have audited the balance sheet of PRSC Limited Partnership as at March 31, 2007 and the statements of loss, partners' capital and cash flow for the ten month period then ended. These financial statements are the responsibility of the partnership'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 partnership as at March 31, 2007 and the results of its operations and its cash flows for the period then ended in accordance with Canadian generally accepted accounting principles.

Powell River, British Columbia  
August 31, 2007

  
CHARTERED ACCOUNTANTS


PRSC LIMITED PARTNERSHIP

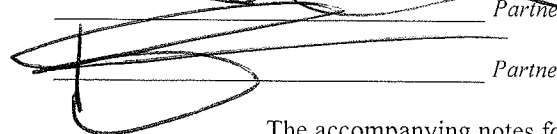
Balance Sheet


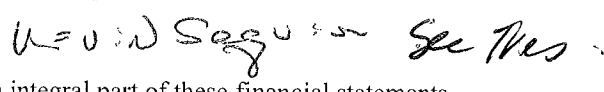
March 31, 2007

ASSETS	
CURRENT	
Cash	\$ 13,399
Term deposit (Notes 2, 4)	60,000
Inventory (Note 2)	4,909,409
Prepaid expenses	5,750
Due from related party (Note 5)	2,634
	<u>\$ 4,991,192</u>
LIABILITIES	
CURRENT	
Accounts payable	\$ 154,169
Interest payable (Note 6)	149,178
Deferred income (Note 7)	75,000
	<u>378,347</u>
LONG TERM DEBT FROM LIMITED PARTNER (Note 6)	<u>4,500,000</u>
	4,878,347
PARTNERS' CAPITAL	<u>112,845</u>
	<u>\$ 4,991,192</u>
LEASE COMMITMENTS (Note 8)	

APPROVED BY THE PARTNERS

  
Partner

  
Partner

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

**PRSC LIMITED PARTNERSHIP**  
**Statement of Loss**  
**Ten Month Period Ended March 31, 2007**

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<b>EXPENSES</b>	
Accounting fees	\$ 550
Advertising and promotion	884
Business taxes, licenses and memberships	265
Consulting fees	2,500
Foreshore lease	15,404
Interest and bank charges	34
Management fees	7,320
Professional fees	8,500
Repairs and maintenance	1,554
Supplies	145
	<hr/>
	37,156
	<hr/>
<b>NET LOSS</b>	<b>\$ (37,156)</b>

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

**PRSC LIMITED PARTNERSHIP**  
**Statement of Partners' Capital**  
**Ten Month Period Ended March 31, 2007**

	%	2006 Balance	Net Loss	Contributions	Withdrawals	2007 Balance
Tees'kwat Land Holdings Ltd	33.333	\$ -	\$ (12,386)	\$ 50,000	-	\$ 37,614
Powell River Waterfront Development Corporation	33.333	-	(12,385)	50,000	-	37,615
0606890 BC Ltd	33.333	-	(12,385)	50,000	-	37,615
PRSC Land Developments Ltd	0.001	-	-	1	-	1
	100.00	\$ -	\$ (37,156)	\$ 150,001	-	\$ 112,845

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

**PRSC LIMITED PARTNERSHIP**  
**Statement of Cash Flow**  
**Ten Month Period Ended March 31, 2007**

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**OPERATING ACTIVITIES**

Net loss	\$ (37,156)
Changes in non-cash working capital:	
Inventory	(4,909,409)
Accounts payable	154,169
Deferred income	75,000
Prepaid expenses	(5,750)
Interest payable	149,178
	<u>(4,536,812)</u>
Cash flow used by operating activities	<u>(4,573,968)</u>

**INVESTING ACTIVITY**

Purchase of term deposit	<u>(60,000)</u>
Cash flow used by investing activity	<u>(60,000)</u>

**FINANCING ACTIVITIES**

Partners' contributions	150,001
Due from related party	(2,634)
Proceeds from long term financing	<u>4,500,000</u>
Cash flow from financing activities	<u>4,647,367</u>

**CASH - END OF PERIOD**

\$ 13,399

**CASH CONSISTS OF:**

Cash	<u>\$ 13,399</u>
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**PRSC LIMITED PARTNERSHIP**  
**Notes to Financial Statements**  
**Ten Month Period Ended March 31, 2007**

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1. DESCRIPTION OF BUSINESS

A Limited Partnership Agreement was entered into on June 8, 2006 by three limited partners and one general partner to form the PRSC Limited Partnership (the 'Partnership') to carry out the business of acquiring, developing, operating and selling lands in the City of Powell River. The three limited partners are 0606890 B.C. Ltd., Tees'kwat Land Holdings Ltd., and Powell River Waterfront Development Corp. The general partner, PRSC Land Developments Ltd., manages the business of the Partnership pursuant to the terms and conditions set forth in the Limited Partnership Agreement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from these estimates.

Partnership

These financial statements reflect the assets, liabilities, revenues and expenses of the Partnership and do not include any other assets, liabilities, revenues or expenses of the partners.

Term deposit

Term deposits are carried at the lower of cost and market value.

Inventory

Inventory is comprised of undeveloped lands, buildings and improvements. Inventory is valued at the lower of cost and net realizable value with the cost being determined on a specific identification basis. The components of cost are the purchase price (including the property transfer tax and legal fees); the components for undeveloped lands also include property taxes and interest. The carrying amount of inventory is mortgaged as security for the repayment of the loan from 0606890 B.C. Ltd..

The inventory of lands is subject to covenants associated with municipal services, an easement of the mill and archaeological considerations. Timber on some of the acquired lands are covered by timber licences with third parties.

3. FINANCIAL INSTRUMENTS

The Partnership's financial instruments consist of cash, term deposit, due from related party, accounts payable, interest payable, and long-term debt. Unless otherwise noted, it is management's opinion that the Partnership is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximate their carrying values, unless otherwise noted.

4. TERM DEPOSIT

Term Deposit, bearing interest at 2.75%, maturing October 25,  
2007

\$ 60,000



**PRSC LIMITED PARTNERSHIP**  
**Notes to Financial Statements**  
**Ten Month Period Ended March 31, 2007**

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5. DUE FROM RELATED PARTY

PRSC Land Developments Ltd. \$ 2,634

Advances to the general partner are non-interest bearing and unsecured, and have no set repayment terms.

6. LONG TERM DEBT FROM LIMITED PARTNER

0606890 BC Ltd. loan bearing interest at 5% per annum, repayable as described below.  
The loan matures on August 1, 2011 and is secured by inventory, insurance and a promissory note. \$ 4,500,000

Principal amounts payable within one year -

\$ 4,500,000

Interest is payable annually on December 31st. Overdue interest will be calculated on a compounding basis. Principal repayment is the greater of: 110% of the acquisition price of the land being sold and 60% of the net sales proceeds realized, plus 60% of the Partnership's net income excluding real estate profits.

7. DEFERRED REVENUE

An five year option agreement between the Partnership and the City of Powell River was executed on June 8, 2006 for the acquisition of lands for the area known as Millennium Park. The receipt of publicly donated funds represents a conditionally refundable deposit of the \$1.5 million purchase price.

8. LEASE COMMITMENTS

The Partnership has entered into a long term foreshore sublease to June 5, 2017 with Catalyst Paper Corporation (sublessor) for access over the leased lands. Under the sublease, the Partnership is required to pay it's proportionate share of the annual rent which is determined annually.

9. RELATED PARTY TRANSACTIONS

The following is a summary of the partnership's related party transactions:

0609890 BC Ltd  
*Partner*  
Inventory purchase \$ 4,625,848

This transactions was not in the normal course of operations but was measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties, and was supported by an independent appraisal.

ORIGINAL FOR FILING  
FILE NO. 1860-209

**PRSC LIMITED PARTNERSHIP**  
**Financial Statements**  
**Year Ended March 31, 2008**

**PRSC LIMITED PARTNERSHIP**

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**Year Ended March 31, 2008**

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**DEL MISTRO DUNN**  
**CHARTERED ACCOUNTANTS**

L. Del Mistro, BSc CA  
D. Dunn, CGA CA  
Suite 201, 7385 Duncan Street  
Powell River, British Columbia V8A 1W6  
Phone 604-485-2726 Fax 604-485-7910

A partnership of incorporated professionals  
Suite 1500, Hongkong Bank Building  
885 West Georgia Street  
Vancouver, British Columbia V6C 3E8  
Phone 604-689 4008 Fax 1-604-485-7910

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L. Del Mistro, BSc CA  
D. Dunn, CGA CA  
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Vancouver, British Columbia V6C 3E8  
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**AUDITORS' REPORT**

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To the Partners of PRSC Limited Partnership

We have audited the balance sheet of PRSC Limited Partnership as at March 31, 2008 and the statements of income, partners' capital and cash flow for the year then ended. These financial statements are the responsibility of the Partnership'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 Partnership as at March 31, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Powell River, British Columbia  
July 21, 2008

CHARTERED ACCOUNTANTS

**PRSC LIMITED PARTNERSHIP**

**Balance Sheet**

**March 31, 2008**

	<b>2008</b>	2007 <i>(10 Months)</i>
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 39,630	\$ 13,399
Term deposit <i>(Notes 2, 4)</i>	51,650	60,000
Inventory <i>(Note 2)</i>	5,182,857	4,909,409
Prepaid expenses	755	5,750
Due from related party <i>(Note 5)</i>	5,092	2,634
	<u>\$ 5,279,984</u>	<u>\$ 4,991,192</u>
<b>LIABILITIES AND PARTNERS' CAPITAL</b>		
<b>CURRENT</b>		
Accounts payable	\$ 150,028	\$ 154,169
Interest payable <i>(Note 6)</i>	370,705	149,178
Deferred income <i>(Note 7)</i>	95,000	75,000
	<u>615,733</u>	<u>378,347</u>
LONG TERM DEBT - LIMITED PARTNER <i>(Note 6)</i>	<u>4,500,000</u>	4,500,000
	5,115,733	4,878,347
PARTNERS' CAPITAL	<u>164,251</u>	112,845
	<u>\$ 5,279,984</u>	<u>\$ 4,991,192</u>
<b>LEASE COMMITMENTS <i>(Note 8)</i></b>		

**APPROVED BY THE PARTNERS**

\_\_\_\_\_ Partner

\_\_\_\_\_ Partner

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

**PRSC LIMITED PARTNERSHIP**

**Statement of Income**

**Year Ended March 31, 2008**

	<b>2008</b>	<b>2007</b> <i>(10 Months)</i>
<b>REVENUES</b> (Notes 2, 9)	<b>\$ 222,804</b>	<b>\$ -</b>
<b>COST OF SALES</b>	<b>42,300</b>	<b>-</b>
<b>GROSS PROFIT</b>	<b>180,504</b>	<b>-</b>
<b>EXPENSES</b>		
Accounting fees	1,500	550
Advertising and promotion	988	884
Business taxes, licenses and memberships	-	265
Consulting fees	49,032	2,500
Foreshore lease	20,470	15,404
Insurance	7,745	-
Interest and bank charges	13,576	34
Management fees	29,280	7,320
Meeting	86	-
Office	205	145
Professional fees	4,919	8,500
Repairs and maintenance	-	1,554
Rezoning expense	2,000	-
Telephone	285	-
Travel	2,207	-
	<b>132,293</b>	<b>37,156</b>
<b>INCOME (LOSS) FROM OPERATIONS</b>	<b>48,211</b>	<b>(37,156)</b>
<b>OTHER INCOME</b>	<b>3,194</b>	<b>-</b>
<b>NET INCOME (LOSS)</b>	<b>\$ 51,405</b>	<b>\$ (37,156)</b>

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

**PRSC LIMITED PARTNERSHIP**  
**Statement of Partners' Capital**  
**Year Ended March 31, 2008**

	%	2007 Balance	Net Income	Contributions	Withdrawals	2008 Balance
Tees'kwat Land Holdings Ltd	33.333	\$ 37,615	\$ 17,134	-	\$ -	\$ 54,749
Powell River Waterfront Development Corporation	33.333	37,615	17,135	-	-	54,750
0606890 BC Ltd	33.333	37,615	17,135	-	-	54,750
PRSC Land Developments Ltd	0.001	1	1	-	-	2
	<b>100.00</b>	<b>\$ 112,846</b>	<b>\$ 51,405</b>	<b>-</b>	<b>\$ -</b>	<b>\$ 164,251</b>

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

**PRSC LIMITED PARTNERSHIP**

**Statement of Cash Flow**

**Year Ended March 31, 2008**

	2008	2007 <i>(10 Months)</i>
<b>OPERATING ACTIVITIES</b>		
Net income (loss)	\$ 51,405	\$ (37,156)
Changes in non-cash working capital:		
Inventory	(273,448)	(4,909,409)
Accounts payable	(4,140)	154,169
Deferred income	20,000	75,000
Prepaid expenses	4,995	(5,750)
Interest payable	221,527	149,178
	<u>(31,066)</u>	<u>(4,536,812)</u>
Cash flow from (used by) operating activities	<u>20,339</u>	<u>(4,573,968)</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of term deposit	-	(60,000)
Redemption of term deposit	8,350	-
Cash flow from (used by) investing activities	<u>8,350</u>	<u>(60,000)</u>
<b>FINANCING ACTIVITIES</b>		
Partners' contributions	-	150,001
Due from related party	(2,458)	(2,634)
Proceeds from long term financing	-	4,500,000
Cash flow from (used by) financing activities	<u>(2,458)</u>	<u>4,647,367</u>
<b>INCREASE IN CASH FLOW</b>	<b>26,231</b>	<b>13,399</b>
Cash - beginning of year	<u>13,399</u>	<u>-</u>
<b>CASH - END OF YEAR</b>	<b>\$ 39,630</b>	<b>\$ 13,399</b>
<b>CASH CONSISTS OF:</b>		
Cash	<u>\$ 39,630</u>	<u>\$ 13,399</u>

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



## PRSC LIMITED PARTNERSHIP

### Notes to Financial Statements

Year Ended March 31, 2008

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#### 1. DESCRIPTION OF BUSINESS

A Limited Partnership Agreement was entered into by three limited partners and one general partner to form the PRSC Limited Partnership (the 'Partnership') to carry out the business of acquiring, developing, operating and selling lands in the City of Powell River. The three limited partners are 0606890 B.C. Ltd., Tees'kwat Land Holdings Ltd., and Powell River Waterfront Development Corporation. The general partner, PRSC Land Developments Ltd., manages the business of the Partnership pursuant to the terms and conditions set forth in the Limited Partnership Agreement.

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### 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 amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from these estimates.

##### Partnership

These financial statements reflect the assets, liabilities, revenues and expenses of the Partnership and do not include any other assets, liabilities, revenues or expenses of the partners.

##### Term deposit

Term deposits are carried at the lower of cost and market value.

##### Inventory

Inventory is comprised of undeveloped lands, buildings and improvements. Inventory is valued at the lower of cost and net realizable value with the cost being determined on a specific identification basis. The components of cost are the purchase price (including the property transfer tax, legal fees and direct costs to prepare the lands for resale); the components for undeveloped lands also include property taxes and interest. The carrying amount of inventory is mortgaged as security for the repayment of the loan from 0606890 B.C. Ltd..

The inventory of lands is subject to covenants associated with municipal services, an easement of the mill and archaeological considerations. Timber on some of the acquired lands are covered by timber licences with third parties.

##### Sales revenue recognition

- a) Land sales are recognized when the legal titles are transferred.
- b) Sale of timber is initially recorded as prepaid sales or deposits as stipulated in the sales agreement. Income is recognized at the completion of harvesting based upon the provisions of the contract.

#### 3. FINANCIAL INSTRUMENTS

The Partnership's financial instruments consist of cash, term deposit, due from related party, accounts payable, interest payable, and long-term debt. Unless otherwise noted, it is management's opinion that the Partnership is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximate their carrying values, unless otherwise noted.

**PRSC LIMITED PARTNERSHIP**

**Notes to Financial Statements**

**Year Ended March 31, 2008**

4. TERM DEPOSIT

	<u>2008</u>
Term Deposit, bearing interest at 3.00%, maturing October 25, 2008	<u>\$ 51,650</u>

5. DUE FROM RELATED PARTY

	<u>2008</u>	<u>2007</u>
PRSC Land Developments Ltd.	<u>\$ 5,092</u>	<u>\$ 2,634</u>

Advances are non-interest bearing, unsecured, and have no set repayment terms.

6. LONG TERM DEBT - LIMITED PARTNER

	<u>2008</u>	<u>2007</u>
0606890 BC Ltd. loan bearing interest at 5% per annum, repayable as described below. The loan matures on August 1, 2011 and is secured by inventory, insurance and a promissory note.	<u>\$ 4,500,000</u>	<u>\$ 4,500,000</u>
Principal amounts payable within one year	<u>-</u>	<u>-</u>
	<u>\$ 4,500,000</u>	<u>\$ 4,500,000</u>

Interest is payable annually on December 31st. Overdue interest will be calculated on a compounding basis. Principal repayment is the greater of: 110% of the acquisition price of the land being sold and 60% of the net sales proceeds realized, plus 60% of the Partnership's net income excluding real estate profits.

7. DEFERRED REVENUE

A five year option agreement between the Partnership and the City of Powell River was executed on June 8, 2006 for the sale of lands known as Millennium Park. The receipt of publicly donated funds in the amount of \$75,000 (2007 - \$75,000) and option fees of \$20,000 represents a conditionally refundable deposit of the total purchase price of \$1.5 million.

8. LEASE COMMITMENTS

The Partnership has entered into a long term foreshore sublease to June 5, 2017 with Catalyst Paper Corporation (the "Sub-Lessor"). Under the sublease, the Partnership is required to pay it's proportionate share of the annually determined rent.

**PRSC LIMITED PARTNERSHIP**  
**Notes to Financial Statements**  
**Year Ended March 31, 2008**

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9. RELATED PARTY TRANSACTIONS

The following is a summary of the Partnership's related party transactions:

	<u>2008</u>	<u>2007</u>
0609890 BC Ltd <i>Partner</i> Inventory purchase	\$ -	\$ 4,625,848

This transaction was not in the normal course of operations but was measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. The inventory purchase was also supported by an independent appraisal.

During the current fiscal year, the Partnership granted a non-exclusive timber license to Pacifica Poplars Ltd. who is a related party of the limited partner, 0606890 B.C. Ltd. \$13,085 of revenue was recorded from this transaction.

**PRSC LIMITED PARTNERSHIP**

**Financial Statements**

**Year Ended March 31, 2009**

*(Unaudited)*

**PRSC LIMITED PARTNERSHIP**

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**Year Ended March 31, 2009**

*(Unaudited)*

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**DEL MISTRO DUNN**  
**CHARTERED ACCOUNTANTS**

L. Del Mistro, BSc CA  
D. Dunn, CGA CA  
Suite 201, 7385 Duncan Street  
Powell River, British Columbia V8A 1W6  
Phone 604-485-2726 Fax 604-485-7910

A partnership of incorporated professionals  
Suite 1500, Hongkong Bank Building  
885 West Georgia Street  
Vancouver, British Columbia V6C 3E8  
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L. Del Mistro, BSc CA  
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Suite 201, 7385 Duncan Street  
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Phone 604-485-2726 Fax 604-485-7910

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Phone 604-689 4008 Fax 1-604-485-7910

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**REVIEW ENGAGEMENT REPORT**

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To the Partners of PRSC Limited Partnership

We have reviewed the balance sheet of PRSC Limited Partnership as at March 31, 2009 and the statements of loss, partners' capital and cash flows for the year then ended. Our review was made in accordance with Canadian generally accepted standards for review engagements and, accordingly, consisted primarily of enquiry, analytical procedures and discussion related to information supplied to us by the Partnership.

A review does not constitute an audit and, consequently, we do not express an audit opinion on these financial statements.

Based on our review, nothing has come to our attention that causes us to believe that these financial statements are not, in all material respects, in accordance with Canadian generally accepted accounting principles.

Powell River, British Columbia  
September 1, 2009

  
CHARTERED ACCOUNTANTS

**PRSC LIMITED PARTNERSHIP**

**Balance Sheet**

**March 31, 2009**

*(Unaudited)*

	2009	2008
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 7,473	\$ 39,630
Term deposit <i>(Notes 2, 3)</i>	33,557	51,650
Accounts receivable	345	-
Inventory <i>(Notes 2, 9)</i>	5,481,773	5,182,857
Prepaid expenses	2,005	755
Due from related parties <i>(Note 4)</i>	7,171	5,092
	<b>\$ 5,532,324</b>	<b>\$ 5,279,984</b>
<b>LIABILITIES AND PARTNERS' CAPITAL</b>		
<b>CURRENT</b>		
Accounts payable	\$ 210,417	\$ 150,028
Interest payable <i>(Note 5)</i>	619,900	370,705
Deferred income <i>(Note 6)</i>	115,000	95,000
	945,317	615,733
LONG TERM DEBT FROM LIMITED PARTNER <i>(Note 5)</i>	4,500,000	4,500,000
	5,445,317	5,115,733
PARTNERS' CAPITAL	87,007	164,251
	<b>\$ 5,532,324</b>	<b>\$ 5,279,984</b>

**APPROVED BY THE PARTNERS**

  
 \_\_\_\_\_ Partner  
 \_\_\_\_\_ Partner

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

**PRSC LIMITED PARTNERSHIP**

**Statement of Loss**

**Year Ended March 31, 2009**

*(Unaudited)*

	2009	2008
<b>REVENUE</b>	<b>\$ 486</b>	<b>\$ 222,804</b>
<b>COST OF SALES</b>	<b>-</b>	<b>42,300</b>
<b>GROSS PROFIT</b>	<b>486</b>	<b>180,504</b>
<b>EXPENSES</b>		
Accounting fees	1,610	1,500
Advertising and promotion	-	988
Consulting fees	21,450	49,032
Delivery, freight and express	330	-
Foreshore lease <i>(Note 7)</i>	20,460	20,470
Insurance	7,850	7,745
Interest and bank charges (recovery)	(7,577)	13,576
Management fees	29,280	29,280
Meeting	-	86
Office	-	205
Professional fees	6,234	4,919
Rezoning expense	-	2,000
Telephone	-	285
Travel	-	2,207
	<b>79,637</b>	<b>132,293</b>
<b>INCOME (LOSS) FROM OPERATIONS</b>	<b>(79,151)</b>	<b>48,211</b>
<b>OTHER INCOME</b>	<b>1,907</b>	<b>3,194</b>
<b>NET INCOME (LOSS)</b>	<b>\$ (77,244)</b>	<b>\$ 51,405</b>

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



**PRSC LIMITED PARTNERSHIP**

**Statement of Partners' Capital**

**Year Ended March 31, 2009**

*(Unaudited)*

	<b>%</b>	<b>2008 Balance</b>	<b>Net Loss</b>	<b>Contributions</b>	<b>Withdrawals</b>	<b>2009 Balance</b>
0606890 B.C. Ltd.	33.3330	\$ 54,749	\$ (25,747)	\$ -	\$ -	\$ 29,002
Tees'kwat Land Holding Ltd.	33.3330	54,750	(25,748)	-	-	29,002
Powell River Waterfront Development Corp.	33.3330	54,750	(25,748)	-	-	29,002
PRSC Land Developments Ltd.	0.0010	2	(1)	-	-	1
	<b>100.0000</b>	<b>\$ 164,251</b>	<b>\$ (77,244)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 87,007</b>

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

**PRSC LIMITED PARTNERSHIP**

**Statement of Cash Flows**

**Year Ended March 31, 2009**

*(Unaudited)*

	2009	2008
<b>OPERATING ACTIVITIES</b>		
Net income (loss)	\$ (77,244)	\$ 51,405
Changes in non-cash working capital:		
Accounts receivable	(345)	-
Inventory	(298,916)	(273,448)
Accounts payable	60,389	(4,140)
Deferred income	20,000	20,000
Prepaid expenses	(1,250)	4,995
Interest payable	249,195	221,527
	<u>29,073</u>	<u>(31,066)</u>
Cash flow from (used by) operating activities	<u>(48,171)</u>	<u>20,339</u>
<b>FINANCING ACTIVITY</b>		
Advances to related parties	<u>(2,079)</u>	<u>(2,458)</u>
<b>INCREASE (DECREASE) IN CASH FLOW</b>	<b>(50,250)</b>	<b>17,881</b>
Cash - beginning of year	<u>91,280</u>	<u>73,399</u>
<b>CASH - END OF YEAR</b>	<b>\$ 41,030</b>	<b>\$ 91,280</b>
<b>CASH CONSISTS OF:</b>		
Cash	\$ 7,473	\$ 39,630
Term deposit	<u>33,557</u>	<u>51,650</u>
	<b>\$ 41,030</b>	<b>\$ 91,280</b>

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

# PRSC LIMITED PARTNERSHIP

## Notes to Financial Statements

Year Ended March 31, 2009

(Unaudited)

### 1. DESCRIPTION OF BUSINESS

A Limited Partnership Agreement was entered into by three limited partners and one general partner to form the PRSC Limited Partnership (the 'Partnership') to carry out the business of acquiring, developing, operating and selling lands in the City of Powell River. The three limited partners are 0606890 B.C. Ltd., Tees'kwat Land Holdings Ltd., and Powell River Waterfront Development Corporation. The general partner, PRSC Land Developments Ltd., manages the business of the Partnership pursuant to the terms and conditions set forth in the Limited Partnership Agreement.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Changes in accounting policies

The Canadian Institute of Chartered Accountants (CICA) issued Section 1506, "Accounting changes", which describes the criteria for changing accounting policies, along with the accounting and disclosure for changes in accounting policies, changes in accounting estimates and corrections of errors. These changes came into effect for years beginning on or after January 1, 2007.

Effective April 1, 2008, the Partnership adopted the new recommendations of the Canadian Institute of Chartered Accountants (CICA) under Section 1530, "Comprehensive income", Section 3251, "Equity", Section 3855, "Financial instruments – measurement and disclosure", and Section 3861, "Financial instruments – presentation and disclosure." These new Handbook Sections, which apply to years beginning on or after October 1, 2007 provide requirements for the recognition, measurement, presentation and disclosure of financial instruments. Section 1530 establishes standards for reporting and presenting comprehensive income, which is defined as the change in equity from transactions and other events from non-owner sources. Other comprehensive income refers to items recognized in comprehensive income but are excluded from net income calculated in accordance with generally accepted accounting principles.

Under Section 3855, all financial instruments are classified into one of five categories: held for trading, held-to-maturity investments, loans and receivables, available for sale financial assets or other financial liabilities. All financial instruments are measured in the opening balance sheet of the year of adoption at fair value.

The following is a summary of the accounting model the Partnership has elected to apply to each of its significant categories of financial instruments:

Cash and cash equivalents	Held for trading
Accounts receivable	Loans and receivables
Accounts payable and accrued liabilities	Other financial liabilities
Long term debt	Other financial liabilities

Subsequent measurement and treatment of any gain or loss on the financial instruments is recorded as follows:

- (a) Held for trading financial assets are measured at fair value at the balance sheet date with any gain or loss recognized immediately in net income. Interest and dividends earned from held for trading assets are also included in income for the period.
- (b) Loans and receivables are measured at amortized cost using the effective interest method. Any gain or loss is recognized in net income.
- (c) Other financial liabilities are measured at amortized cost using the effective interest method.

(continues)

# PRSC LIMITED PARTNERSHIP

## Notes to Financial Statements

Year Ended March 31, 2009

(Unaudited)

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

- (d) Transaction costs that are directly attributable to the issuance of financial assets or liabilities are accounted for as part of the carrying value at inception, and are recognized over the term of the assets or liabilities using the effective interest method.  
Any gains or losses are recognized in net income.

The adoption of these new recommendations has no material impact on the opening retained earnings or on the Partnership's financial statements for the year ended March 31, 2009

Effective January 1, 2008, the Partnership adopted Canadian Institute of Chartered Accountants (CICA) Handbook Section 3031, "Inventories", which supersedes Section 3030. The new standard introduces significant changes to the measurement and disclosure of inventory and provides guidance on the determination of cost and its subsequent recognition as an expense, including any write-down to net realizable value. In addition, in certain circumstances, write-downs of inventory previously recognized may be reversed.

Inventory is comprised of undeveloped lands, buildings and improvements. Inventories are stated at the lower of cost and net realizable value with the cost being determined on a specific identification basis. The components of cost are the purchase price (including the property transfer tax, legal fees and direct costs to prepare the lands for resale); the components for undeveloped lands also include property taxes and interest. The carrying amount of inventory is mortgaged as security for the repayment of the loan from 0606890 B.C. Ltd..

The inventory of lands is subject to covenants associated with municipal services, utilities' rights of way, an easement for Catalyst Paper Corporation, Western Forest Products Inc., and Powell River Energy Inc., and archaeological considerations. Timber on some of the acquired lands are covered by timber licences with third parties.

Adoption of this standard has not had a material impact on the Company's financial statements.

#### 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 amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from these estimates.

#### Partnership

These financial statements reflect the assets, liabilities, revenues and expenses of the Partnership and do not include any other assets, liabilities, revenues or expenses of the partners.

#### Sales revenue recognition

- a) Land sales are recognized when the legal titles are transferred.
- b) Sale of timber is initially recorded as prepaid sales or deposits as stipulated in the sales agreement. Income is recognized at the completion of harvesting based upon the provisions of the contract.

**PRSC LIMITED PARTNERSHIP**

**Notes to Financial Statements**

**Year Ended March 31, 2009**

*(Unaudited)*

3. TERM DEPOSIT

	<u>2009</u>	<u>2008</u>
Term deposit bearing interest at 3.00%, maturing October 25, 2009.	<u>\$ 33,557</u>	<u>\$ 51,650</u>

4. DUE FROM RELATED PARTY

	<u>2009</u>	<u>2008</u>
PRSC Land Developments Ltd.	<u>\$ 7,171</u>	<u>\$ 5,092</u>

Advances are non-interest bearing, unsecured, and have no set repayment terms.

5. LONG TERM DEBT - LIMITED PARTNER

	<u>2009</u>	<u>2008</u>
0606890 BC Ltd. loan bearing interest at 5% per annum, repayable as described below. The loan matures on August 1, 2011 and is secured by inventory, insurance and a promissory note.	<u>\$ 4,500,000</u>	<u>\$ 4,500,000</u>
Principal amounts payable within one year	<u>-</u>	<u>-</u>
	<u>\$ 4,500,000</u>	<u>\$ 4,500,000</u>

Interest is payable annually on December 31st. Overdue interest will be calculated on a compounding basis. Principal repayment is the greater of: 110% of the acquisition price of the land being sold and 60% of the net sales proceeds realized, plus 60% of the Partnership's net income excluding real estate profits.

6. DEFERRED INCOME

	<u>2009</u>	<u>2008</u>
	<u>\$ 115,000</u>	<u>\$ 95,000</u>

A five year option agreement between the Partnership and the City of Powell River was executed on June 8, 2006 for the sale of lands known as Millennium Park. The receipt of publicly donated funds in the amount of \$75,000 and option fees of \$40,000 (2007 - \$20,000) represents a conditionally refundable deposit of the total purchase price of \$1.5 million.

7. LEASE COMMITMENTS

The Partnership has entered into a long term foreshore sublease to June 5, 2017 with Catalyst Paper Corporation (the "Sub-Lessor"). Under the sublease, the Partnership is required to pay it's proportionate share of the annually determined rent.

**PRSC LIMITED PARTNERSHIP**

**Notes to Financial Statements**

**Year Ended March 31, 2009**

*(Unaudited)*

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8. FINANCIAL INSTRUMENTS

Credit Risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Partnership is not exposed to credit risk from customers as the Partnership does not extend credit for inventory sales.

Fair Value

The Partnership's carrying value of cash and cash equivalents, accounts receivable, and accounts payable approximates its fair value due to the immediate or short term maturity of these instruments.

The fair value of the amounts due from related parties are less than carrying value, as the amounts are non-interest bearing. As the amounts have no terms of repayment, the fair value cannot be calculated with any degree of certainty.

The carrying value of the long term debt approximates the fair value as the interest rates are consistent with the current rates offered to the Partnership for debt with similar terms.

Interest Rate

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Partnership manages exposure through its normal operating and financing activities. The Partnership is exposed to interest rate risk primarily through its fixed interest rate debt.

9. RELATED PARTY TRANSACTIONS

The following is a summary of the Partnership's related party transactions:

	<u>2009</u>	<u>2008</u>
City of Powell River <i>Shareholder of Partner</i> Inventory (Property taxes)	\$ 49,721	\$ 35,087
0606890 B.C. Ltd. <i>Partner</i> Inventory (Interest)	<u>249,195</u>	<u>238,361</u>
	<u>\$ 298,916</u>	<u>\$ 273,448</u>

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

**PRSC LIMITED PARTNERSHIP**

**Financial Statements**

**Year Ended March 31, 2010**

*(Unaudited)*

**PRSC LIMITED PARTNERSHIP**  
**Index to Financial Statements**  
**Year Ended March 31, 2010**  
*(Unaudited)*

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Statement of Partners' Deficiency	4
Statement of Cash Flows	5
Notes to Financial Statements	6 - 8

**DEL MISTRO DUNN**  
*LICENSED PROFESSIONAL ACCOUNTANTS*

L. Del Mistro, BSc CA  
D. Dunn, CGA CA  
S. Beck, CGA  
Suite 201, 7385 Duncan Street  
Powell River, British Columbia V8A 1W6  
Phone 604-485-2726 Fax 604-485-7910

A partnership of incorporated professionals  
Vancouver office, Suite 1500  
Hongkong Bank Building  
885 West Georgia Street  
Vancouver, British Columbia V6C 3E8  
Phone 604-689 4008 Fax 1-604-485-7910



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L. Del Mistro, BSc CA  
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**REVIEW ENGAGEMENT REPORT**

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To the Partners of PRSC Limited Partnership

We have reviewed the balance sheet of PRSC Limited Partnership as at March 31, 2010 and the statements of loss, partners' deficiency and cash flows for the year then ended. Our review was made in accordance with Canadian generally accepted standards for review engagements and, accordingly, consisted primarily of enquiry, analytical procedures and discussion related to information supplied to us by the partnership.

A review does not constitute an audit and, consequently, we do not express an audit opinion on these financial statements.

Based on our review, nothing has come to our attention that causes us to believe that these financial statements are not, in all material respects, in accordance with Canadian generally accepted accounting principles.

Powell River, British Columbia  
August 17, 2010

  
LICENSED PROFESSIONAL ACCOUNTANTS

**PRSC LIMITED PARTNERSHIP**

**Balance Sheet**

**March 31, 2010**

*(Unaudited)*

	2010	2009
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 432,613	\$ 7,473
Term deposit	-	33,557
Accounts receivable	-	345
Inventory <i>(Note 2)</i>	4,041,737	5,481,773
Goods and services tax recoverable	6,553	19
Prepaid expenses	2,005	2,005
Due from related parties <i>(Note 3)</i>	8,809	7,171
	<b>\$ 4,491,717</b>	<b>\$ 5,532,343</b>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable	\$ 286,565	\$ 210,438
Interest payable	29,045	619,900
Deferred income	-	115,000
	315,610	945,338
LONG TERM DEBT FROM LIMITED PARTNER <i>(Note 4)</i>	4,283,836	4,500,000
	4,599,446	5,445,338
PARTNERS' CAPITAL (DEFICIENCY)	(107,729)	87,005
	<b>\$ 4,491,717</b>	<b>\$ 5,532,343</b>
LEASE COMMITMENTS <i>(Note 5)</i>		

APPROVED BY THE PARTNERS

\_\_\_\_\_  
Partner

\_\_\_\_\_  
Partner

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

**PRSC LIMITED PARTNERSHIP**

**Statement of Loss**

**Year Ended March 31, 2010**

*(Unaudited)*

	2010	2009
<b>REVENUES</b>	<b>\$ 1,760,000</b>	<b>\$ 486</b>
<b>COST OF SALES</b>	<b>1,780,427</b>	<b>-</b>
<b>GROSS PROFIT (LOSS)</b>	<b>(20,427)</b>	<b>486</b>
<b>EXPENSES</b>		
Accounting fees	2,992	1,610
Consulting fees	19,731	21,450
Delivery, freight and express	-	330
Foreshore lease (recovery)	(18,298)	20,460
Insurance	9,000	7,850
Interest and bank charges (recovery)	11,376	(7,577)
Management fees	26,840	29,280
Professional fees	3,500	6,234
Repairs and maintenance	118,736	-
	<b>173,877</b>	<b>79,637</b>
<b>LOSS FROM OPERATIONS</b>	<b>(194,304)</b>	<b>(79,151)</b>
<b>OTHER INCOME (EXPENSES)</b>	<b>(430)</b>	<b>1,907</b>
<b>NET LOSS</b>	<b>\$ (194,734)</b>	<b>\$ (77,244)</b>

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

**PRSC LIMITED PARTNERSHIP**

**Statement of Partners' Deficiency**

**Year Ended March 31, 2010**

*(Unaudited)*

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	<b>%</b>	<b>2009 Balance</b>	<b>Net Loss</b>	<b>Contributions</b>	<b>Withdrawals</b>	<b>2010 Balance</b>
0606890 B.C. Ltd.	33.3330	\$ 29,002	\$ (64,911)	\$ -	\$ -	\$ (35,909)
Tees'kwat Land Holdings Ltd.	33.3330	29,001	(64,911)	-	-	(35,910)
Powell River Waterfront Development Corp.	33.3330	29,001	(64,911)	-	-	(35,910)
PRSC Land Developments	0.0010	1	(1)	-	-	-
	<b>100.0000</b>	<b>\$ 87,005</b>	<b>\$ (194,734)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (107,729)</b>

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

**PRSC LIMITED PARTNERSHIP**

**Statement of Cash Flows**

**Year Ended March 31, 2010**

*(Unaudited)*

	<u>2010</u>	<u>2009</u>
<b>OPERATING ACTIVITIES</b>		
Net loss	\$ (194,734)	\$ (77,244)
Changes in non-cash working capital:		
Accounts receivable	345	(345)
Inventory	1,440,036	(298,916)
Accounts payable	76,127	61,987
Deferred income	(115,000)	20,000
Prepaid expenses	-	(1,250)
GST payable (receivable)	(6,534)	(1,598)
Interest payable	(590,855)	249,195
	<u>804,119</u>	<u>29,073</u>
Cash flow from (used by) operating activities	<u>609,385</u>	<u>(48,171)</u>
<b>FINANCING ACTIVITIES</b>		
Advances to related parties	(1,638)	(2,079)
Repayment of long term debt	(216,164)	-
	<u>(217,802)</u>	<u>(2,079)</u>
Cash flow used by financing activities	<u>(217,802)</u>	<u>(2,079)</u>
<b>INCREASE (DECREASE) IN CASH FLOW</b>	<b>391,583</b>	<b>(50,250)</b>
Cash - beginning of year	<u>41,030</u>	<u>91,280</u>
<b>CASH - END OF YEAR</b>	<b>\$ 432,613</b>	<b>\$ 41,030</b>
<b>CASH FLOWS SUPPLEMENTARY INFORMATION</b>		
Interest paid	\$ 602,230	\$ (256,772)
Income taxes paid	\$ -	\$ -

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

# PRSC LIMITED PARTNERSHIP

## Notes to Financial Statements

Year Ended March 31, 2010

(Unaudited)

### 1. DESCRIPTION OF BUSINESS

A Limited Partnership Agreement was entered into by three limited partners and one general partner to form the PRSC Limited Partnership (the 'Partnership') to carry out the business of acquiring, developing, operating and selling lands in the City of Powell River. The three limited partners are 0606890 B.C. Ltd., Tees'kwat Land Holdings Ltd., and Powell River Waterfront Development Corporation. The general partner, PRSC Land Developments Ltd., manages the business of the Partnership pursuant to the terms and conditions set forth in the Limited Partnership Agreement.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 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 amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from these estimates.

#### Partnership

These financial statements reflect the assets, liabilities, revenues and expenses of the Partnership and do not include any other assets, liabilities, revenues or expenses of the partners.

#### Financial Instruments

All financial instruments are classified into one of five categories: held for trading, held-to-maturity investments, loans and receivables, available for sale financial assets or other financial liabilities. All financial instruments are measured in the opening balance sheet of the year of adoption at fair value.

The following is a summary of the accounting model the partnership has elected to apply to each of its significant categories of financial instruments:

Cash and cash equivalents	Held for trading
Accounts receivable	Loans and receivables
Accounts payable and accrued liabilities	Other financial liabilities
Long term debt	Other financial liabilities

Subsequent measurement and treatment of any gain or loss on the financial instruments is recorded as follows:

- (a) Held for trading financial assets are measured at fair value at the balance sheet date with any gain or loss recognized immediately in net income. Interest and dividends earned from held for trading assets are also included in income for the period.
- (b) Loans and receivables are measured at amortized cost using the effective interest method. Any gain or loss is recognized in net income.
- (c) Other financial liabilities are measured at amortized cost using the effective interest method.
- (d) Transaction costs that are directly attributable to the issuance of financial assets or liabilities are accounted for as part of the carrying value at inception, and are recognized over the term of the assets or liabilities using the effective interest method. Any gains or losses are recognized in net income.

(continues)

PRSC LIMITED PARTNERSHIP

Notes to Financial Statements

Year Ended March 31, 2010

(Unaudited)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Inventory

Inventory is comprised of undeveloped lands, buildings and improvements. Inventory is valued at the lower of cost and net realizable value with the cost being determined on a specific identification basis. The components of cost are the purchase price (including the property transfer tax, legal fees and direct costs to prepare the lands for resale); the components of undeveloped lands also include property taxes and interest from long term debt. The carrying amount of inventory is mortgaged as security for the repayment of the loan from 0606890 B.C. Ltd..

The inventory of lands is subject to covenants associated with municipal services, utilities rights of way, an easement for Catalyst Paper Corporation, Western Forest Products Inc., and Powell River Energy Inc., and archaeological considerations. Timber on some of the acquired lands are covered by timber licences with third parties.

Sales revenue recognition

- a) Land sales are recognized when the legal titles are transferred.
- b) Sale of timber is initially recorded as prepaid sales or deposits as stipulated in the sales agreement. Income is recognized at the completion of harvesting based upon the provisions of the contract.

3. DUE FROM RELATED PARTY

	<u>2010</u>	<u>2009</u>
PRSC Land Developments Ltd.	\$ 8,809	\$ 7,171

Advances are non-interest bearing, unsecured, and have no set repayment terms.

4. LONG TERM DEBT - LIMITED PARTNER

	<u>2010</u>	<u>2009</u>
0606890 BC Ltd. loan bearing interest at 5% per annum, repayable as described below. The loan matures on August 1, 2011 and is secured by inventory, insurance and a promissory note.	\$ 4,283,836	\$ 4,500,000
Principal amounts payable within one year	-	-
	<u>\$ 4,283,836</u>	<u>\$ 4,500,000</u>

Interest is payable annually on December 31st. Overdue interest will be calculated on a compounding basis. Principal repayment is the greater of: 110% of the acquisition price of the land being sold and 60% of the net sales proceeds realized, plus 60% of the Partnership's net income excluding real estate profits. Subsequent to the year end, the loan maturity date was extended to August 1, 2016.

5. LEASE COMMITMENTS

The Partnership has entered into a long term foreshore sublease to June 5, 2017 with Catalyst Paper Corporation (the "Sub-Lessor"). Under the sublease, the Partnership is required to pay its proportionate share of the annually determined rent.

**PRSC LIMITED PARTNERSHIP**

**Notes to Financial Statements**

**Year Ended March 31, 2010**

*(Unaudited)*

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**6. FINANCIAL INSTRUMENTS**

**Credit Risk**

Credit risk arises from the potential that a counter party will fail to perform its obligations. The partnership is not exposed to credit risk from customers as the partnership does not extend credit for inventory sales.

**Fair Value**

The partnership's carrying value of cash and cash equivalents, accounts receivable, and accounts payable approximates its fair value due to the immediate or short term maturity of these instruments.

The fair value of the amounts due from related parties are less than carrying value, as the amounts are non-interest bearing. As the amounts have no terms of repayment, the fair value cannot be calculated with any degree of certainty.

The carrying value of the long term debt approximates the fair value as the interest rates are consistent with the current rates offered to the partnership for debt with similar terms.

**Interest Rate**

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the partnership manages exposure through its normal operating and financing activities. The partnership is exposed to interest rate risk primarily through its fixed interest rate debt.



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# PRSC LIMITED PARTNERSHIP

#201A 7373 Duncan Street  
Powell River, British Columbia  
V8A 2K5

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August 17, 2010

Del Mistro Dunn  
201 - 7385 Duncan Street  
Powell River British Columbia V8A 1W6

Dear Sir / Madam:

We are providing this letter in connection with your review of the financial statements of PRSC Limited Partnership for the year ended March 31, 2010, which we acknowledge you performed in accordance with Canadian generally accepted standards for review engagements. We acknowledge that we are responsible for the fair presentation of the financial statements in accordance with Canadian generally accepted accounting principles and for the design and implementation of internal control to prevent and detect fraud and error.

We understand that your review procedures consisted primarily of enquiry, analytical procedures and discussion, which are not designed to identify, nor can they necessarily be expected to disclose, fraud, shortages, errors or other irregularities, should any exist.

Certain representations in this letter are described as being limited to matters that are material. An item is considered material, regardless of its monetary value, if it is probable that its omission from or misstatement in the financial statements would influence the decision of a reasonable person relying on the financial statements.

We confirm, to the best of our knowledge and belief, as of August 17, 2010, the following representations made to you during your review.

## **General**

1. The financial statements referred to above present fairly, in all material respects, the financial position of the partnership as at March 31, 2010, and the results of its operations and its cash flows for the year then ended, in accordance with Canadian generally accepted accounting principles.
2. We have made available to you all financial records and related data and all minutes of the meetings of partners, directors and committees of directors.
3. We have reviewed, approved and recorded all of the following:
  - (a) Adjusting journal entries you prepared or changed;
  - (b) Account codes you determined or changed;
  - (c) Transactions you classified; and
  - (d) Accounting records you prepared or changed.
4. We have responded fully to all enquiries made to us and have made available to you all accounting and financial records and related data of the partnership during your review.
5. There are no material transactions that have not been properly recorded in the accounting records underlying the financial statements. All financial statement misstatements identified and discussed with us in the course of the review have been recorded except for those summarized in the accompanying schedule of proposed adjusting journal entries not recorded. In our opinion, the effects of not recording such identified financial statement misstatements are, both individually and in the aggregate, immaterial to the financial statements of the partnership taken as a whole.
6. We are unaware of any known or probable instances of non-compliance with the requirements of regulatory or governmental authorities, including their financial reporting requirements.

7. We are unaware of any violations or possible violations of laws or regulations the effects of which should be considered for disclosure in the financial statements or as the basis of recording a contingent loss.
8. We have identified to you all known related parties and related party transactions, including guarantees, non-monetary transactions and transactions for no consideration.
9. We believe that the significant assumptions used in arriving at the fair values of financial instruments as measured and disclosed in the financial statements are reasonable and appropriate in the circumstances.
10. We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities reflected in the financial statements.
11. All related party transactions have been appropriately measured and disclosed in the financial statements.
12. The nature of all material measurement uncertainties has been appropriately disclosed in the financial statements, including all estimates where it is reasonably possible that the estimate will change in the near term and the effect of the change could be material to the financial statements.
13. We have informed you of all outstanding and possible claims, whether or not they have been discussed with legal counsel.
14. All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to you and are appropriately reflected in the financial statements.
15. The partnership has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral except as noted in the financial statements.
16. We have disclosed to you, and the partnership has complied with, all aspects of contractual agreements that would have a material effect on the financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.
17. There have been no events subsequent to the balance sheet date up to the date hereof that would require recognition or disclosure in the financial statements. Further, there have been no events subsequent to the date of the comparative financial statements that would require adjustment of those financial statements and the related notes.
18. The minute books of the partnership are a complete record of all meetings and resolutions of partners and directors throughout the period and to the present date.

**Other**

1. None of the partners were in debt to the partnership, other than in the ordinary course of business at the year-end or at any time during the year.
2. The partnership did not make any related party transactions during the year that have not been disclosed to you.

Yours truly,

**PRSC LIMITED PARTNERSHIP**

---

August 17, 2010  
Date signed

---

August 17, 2010  
Date signed

**PRSC Limited Partnership**

Year End: March 31, 2010

Unrecorded journal entries

Date: 4/1/2009 To 3/31/2010

Prepared by	Senior Review	Detail Review
FG 8/20/2010	DAD 9/20/2010	DAD 8/20/2010

6.12

Number	Date	Name	Account No	Reference	Annotation	Debit	Credit	Recurrence
8	3/31/2010	Accounts Payable	2100	BB. 1	*	4,379.59		
8	3/31/2010	Interest & Bank Charges	5890	BB. 1			4,379.59	
To write off interest payable to Whyard Villani from 2008 Y/E.								
						4,379.59	4,379.59	
Net Income (Loss)			(190,354.21)					

ORIGINAL FOR FILING  
FILE NO. 1860-20-0009

**PRSC LIMITED PARTNERSHIP**

**Financial Statements**

**Year Ended March 31, 2011**

*(Unaudited - See Review Engagement Report)*

**PRSC LIMITED PARTNERSHIP**  
**Index to Financial Statements**  
**Year Ended March 31, 2011**  
*(Unaudited - See Review Engagement Report)*

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**DEL MISTRO DUNN**  
*LICENSED PROFESSIONAL ACCOUNTANTS*

L. Del Mistro, BSc CA  
D. Dunn, CGA CA  
S. Beck, CGA  
Suite 201, 7385 Duncan Street  
Powell River, British Columbia V8A 1W6  
Phone 604-485-2726 Fax 604-485-7910

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Vancouver office, Suite 1500  
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---

**REVIEW ENGAGEMENT REPORT**

---

To the Partners of **PRSC Limited Partnership**

We have reviewed the balance sheet of PRSC Limited Partnership as at March 31, 2011 and the statements of income, partners' deficiency and cash flows for the year then ended. Our review was made in accordance with Canadian generally accepted standards for review engagements and, accordingly, consisted primarily of enquiry, analytical procedures and discussion related to information supplied to us by the Partnership.

A review does not constitute an audit and, consequently, we do not express an audit opinion on these financial statements.

Based on our review, nothing has come to our attention that causes us to believe that these financial statements are not, in all material respects, in accordance with Canadian generally accepted accounting principles.

Powell River, British Columbia  
October 3, 2011

  
LICENSED PROFESSIONAL ACCOUNTANTS

**PRSC LIMITED PARTNERSHIP**

**Balance Sheet**

**March 31, 2011**

*(Unaudited - See Review Engagement Report)*

	2011	2010
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 136,896	\$ 432,613
Inventory <i>(Note 2)</i>	4,053,961	4,041,737
Harmonized sales tax recoverable	72	6,553
Prepaid expenses	-	2,005
Due from related party <i>(Note 3)</i>	10,926	8,809
	<u>\$ 4,201,855</u>	<u>\$ 4,491,717</u>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable	\$ 101,409	\$ 286,565
Interest payable	-	29,045
	<u>101,409</u>	<u>315,610</u>
LONG TERM DEBT FROM LIMITED PARTNER <i>(Note 4)</i>	<u>4,198,886</u>	<u>4,283,836</u>
	4,300,295	4,599,446
PARTNERS' DEFICIENCY	<u>(98,440)</u>	<u>(107,729)</u>
	<u>\$ 4,201,855</u>	<u>\$ 4,491,717</u>

LEASE COMMITMENTS *(Note 5)*

**APPROVED BY THE PARTNERS**

\_\_\_\_\_ *Partner*

\_\_\_\_\_ *Partner*

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

**PRSC LIMITED PARTNERSHIP**  
**Statement of Income**  
**Year Ended March 31, 2011**  
*(Unaudited - See Review Engagement Report)*

	2011	2010
<b>REVENUES</b>	<b>\$ 346,550</b>	<b>\$ 1,760,000</b>
<b>COST OF SALES</b>	<b>276,608</b>	<b>1,780,427</b>
<b>GROSS PROFIT</b>	<b>69,942</b>	<b>(20,427)</b>
<b>EXPENSES</b>		
Accounting fees	2,400	2,992
Consulting fees	450	17,291
Foreshore lease (recovery)	6,307	(18,298)
Insurance	7,297	9,000
Interest and bank charges	6,164	11,376
Management fees	29,280	29,280
Professional fees	5,257	3,500
Repairs and maintenance	3,500	118,736
	<b>60,655</b>	<b>173,877</b>
<b>INCOME (LOSS) FROM OPERATIONS</b>	<b>9,287</b>	<b>(194,304)</b>
<b>OTHER INCOME (EXPENSES)</b>	<b>2</b>	<b>(430)</b>
<b>NET INCOME (LOSS)</b>	<b>\$ 9,289</b>	<b>\$ (194,734)</b>

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



**PRSC LIMITED PARTNERSHIP**  
**Statement of Partners' Deficiency**  
**Year Ended March 31, 2011**  
*(Unaudited - See Review Engagement Report)*

	%	2010 Balance	Net Income	2011 Balance
0606890 B.C. Ltd.	33.3330	\$ (35,909)	\$ 3,097	\$ (32,812)
Tees'kwat Land Holdings Ltd.	33.3330	(35,910)	3,096	(32,814)
Powell River Waterfront Development Corporation	33.3330	(35,910)	3,096	(32,814)
PRSC Land Developments Ltd.	0.0010	-	-	-
	<b>100.0000</b>	<b>\$ (107,729)</b>	<b>\$ 9,289</b>	<b>\$ (98,440)</b>

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

**PRSC LIMITED PARTNERSHIP**  
**Statement of Cash Flows**  
**Year Ended March 31, 2011**  
*(Unaudited - See Review Engagement Report)*

	2011	2010
<b>OPERATING ACTIVITIES</b>		
Net income (loss)	\$ 9,289	\$ (194,734)
Changes in non-cash working capital:		
Accounts receivable	-	345
HST payable (refundable)	6,481	(6,534)
Inventory	(12,224)	1,440,036
Prepaid expenses	2,005	-
Accounts payable	(185,156)	76,127
Deferred income	-	(115,000)
Interest payable	(29,045)	(590,855)
	<u>(217,939)</u>	<u>804,119</u>
Cash flow from (used by) operating activities	<u>(208,650)</u>	<u>609,385</u>
<b>FINANCING ACTIVITIES</b>		
Advances to related parties	(2,117)	(1,638)
Proceeds from long term financing	220,364	-
Repayment of long term debt	(305,314)	(216,164)
	<u>(87,067)</u>	<u>(217,802)</u>
Cash flow used by financing activities	<u>(87,067)</u>	<u>(217,802)</u>
<b>INCREASE (DECREASE) IN CASH FLOW</b>	<b>(295,717)</b>	<b>391,583</b>
Cash - beginning of year	<u>432,613</u>	<u>41,030</u>
<b>CASH - END OF YEAR</b>	<b>\$ 136,896</b>	<b>\$ 432,613</b>
<b>CASH FLOWS SUPPLEMENTARY INFORMATION</b>		
Interest on long term debt paid	<u>\$ 16,695</u>	<u>\$ 17,746</u>

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

# PRSC LIMITED PARTNERSHIP

## Notes to Financial Statements

Year Ended March 31, 2011

(Unaudited - See Review Engagement Report)

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### 1. DESCRIPTION OF BUSINESS

A Limited Partnership Agreement was entered into by three limited partners and one general partner to form the PRSC Limited Partnership (the 'Partnership') to carry out the business of acquiring, developing, operating and selling lands in the City of Powell River. The three limited partners are 0606890 B.C. Ltd., Tees'kwat Land Holdings Ltd., and Powell River Waterfront Development Corporation. The general partner, PRSC Land Developments Ltd., manages the business of the Partnership pursuant to the terms and conditions set forth in the Limited Partnership Agreement.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 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 amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from these estimates.

#### Partnership

These financial statements reflect the assets, liabilities, revenues and expenses of the Partnership and do not include any other assets, liabilities, revenues or expenses of the partners.

#### Financial Instruments

All financial instruments are classified into one of five categories: held for trading, held-to-maturity investments, loans and receivables, available for sale financial assets or other financial liabilities. All financial instruments are measured in the opening balance sheet of the year of adoption at fair value.

The following is a summary of the accounting model the Partnership has elected to apply to each of its significant categories of financial instruments:

Cash and cash equivalents	Held for trading
Accounts receivable	Loans and receivables
Accounts payable and accrued liabilities	Other financial liabilities
Long term debt	Other financial liabilities

Subsequent measurement and treatment of any gain or loss on the financial instruments is recorded as follows:

- (a) Held for trading financial assets are measured at fair value at the balance sheet date with any gain or loss recognized immediately in net income. Interest and dividends earned from held for trading assets are also included in income for the period.
- (b) Loans and receivables are measured at amortized cost using the effective interest method. Any gain or loss is recognized in net income.
- (c) Other financial liabilities are measured at amortized cost using the effective interest method.
- (d) Transaction costs that are directly attributable to the issuance of financial assets or liabilities are accounted for as part of the carrying value at inception, and are recognized over the term of the assets or liabilities using the effective interest method. Any gains or losses are recognized in net income.

(continues)

# PRSC LIMITED PARTNERSHIP

## Notes to Financial Statements

Year Ended March 31, 2011

(Unaudited - See Review Engagement Report)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### Inventory

Inventory is comprised of undeveloped lands, buildings and improvements. Inventory is valued at the lower of cost and net realizable value with the cost being determined on a specific identification basis. The components of cost are the purchase price (including the property transfer tax, legal fees and direct costs to prepare the lands for resale); the components of undeveloped lands also include property taxes and interest from long term debt. The carrying amount of inventory is mortgaged as security for the repayment of the loan from 0606890 B.C. Ltd.

The inventory of lands is subject to covenants associated with municipal services, utilities rights of way, an easement for Catalyst Paper Corporation, Western Forest Products Inc., and Powell River Energy Inc., and archaeological considerations. Timber on some of the acquired lands are covered by timber licences with third parties.

#### Sales revenue recognition

- a) Land sales are recognized when the legal titles are transferred.
- b) Sale of timber is initially recorded as prepaid sales or deposits as stipulated in the sales agreement. Income is recognized at the completion of harvesting based upon the provisions of the contract.

#### Financial reporting standards

PRSC Limited Partnership prepares its financial statements in accordance with Canadian GAAP as defined by Canada's Accounting Standards Board (AcSB). The AcSB has announced its intention to converge Canadian GAAP with international financial reporting standards (IFRS) or accounting standards for private enterprises (ASPE). Effective April 1, 2011, as a Canadian private enterprise, the Partnership will be required to decide which accounting standards will be adopted for financial reporting year end financial statements.

### 3. DUE FROM RELATED PARTY

	<u>2011</u>	<u>2010</u>
PRSC Land Developments Ltd.	<u>\$ 10,926</u>	<u>\$ 8,809</u>

Advances are non-interest bearing, unsecured, and have no set repayment terms.

### 4. LONG TERM DEBT - LIMITED PARTNER

	<u>2011</u>	<u>2010</u>
0606890 B.C. Ltd. loan bearing interest at 5% per annum, repayable as described below. The loan matures on August 1, 2016 and is secured by inventory, insurance and a promissory note.	<u>\$ 4,198,886</u>	<u>\$ 4,283,836</u>

Interest is payable annually on December 31st. Overdue interest will be calculated on a compounding basis. Principal repayment is the greater of: 110% of the acquisition price of the land being sold and 60% of the net sales proceeds realized, plus 60% of the Partnership's net income excluding real estate profits. Total payments made towards the loan in fiscal 2011 were \$322,008, \$305,314 of which was applied to the principal of the loan. During the year, \$208,013 of interest was capitalized as part of the cost of the inventory that secures the loan.

**PRSC LIMITED PARTNERSHIP**

**Notes to Financial Statements**

**Year Ended March 31, 2011**

*(Unaudited - See Review Engagement Report)*

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5. LEASE COMMITMENTS

The Partnership has entered into a long term foreshore sublease to June 5, 2017 with Catalyst Paper Corporation (the "Sub-Lessor"). Under the sublease, the Partnership is required to pay it's proportionate share of the annually determined rent.

6. FINANCIAL INSTRUMENTS

Credit Risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Partnership is not exposed to credit risk from customers as the Partnership does not extend credit for inventory sales.

Fair Value

The Partnership's carrying value of cash and cash equivalents, accounts receivable, and accounts payable approximates its fair value due to the immediate or short term maturity of these instruments.

The fair value of the amounts due from related parties are less than carrying value, as the amounts are non-interest bearing. As the amounts have no terms of repayment, the fair value cannot be calculated with any degree of certainty.

The carrying value of the long term debt approximates the fair value as the interest rates are consistent with the current rates offered to the Partnership for debt with similar terms.

Interest Rate

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Partnership manages exposure through its normal operating and financing activities. The Partnership is exposed to interest rate risk primarily through its fixed interest rate debt.

**PRSC LIMITED PARTNERSHIP**

**Financial Statements**

**Year Ended March 31, 2012**

*(Unaudited - See Notice To Reader)*

**PRSC LIMITED PARTNERSHIP**

**Index to Financial Statements**

**Year Ended March 31, 2012**

*(Unaudited - See Notice To Reader)*

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**DEL MISTRO DUNN**

*LICENSED PROFESSIONAL ACCOUNTANTS*

L. Del Mistro, BSc CA  
D. Dunn, CGA CA  
S. Beck, CGA  
Suite 201, 7385 Duncan Street  
Powell River, British Columbia V8A 1W6  
Phone 604-485-2726 Fax 604-485-7910

A partnership of incorporated professionals  
[www.delmistrodunn.ca](http://www.delmistrodunn.ca)  
Vancouver office, Suite 1500  
885 West Georgia Street  
Vancouver, British Columbia V6C 3E8  
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**NOTICE TO READER**

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On the basis of information provided by management, we have compiled the balance sheet of PRSC Limited Partnership as at March 31, 2012 and the statements of loss and partners' deficiency for the year then ended.

We have not performed an audit or a review engagement in respect of these financial statements and, accordingly, we express no assurance thereon.

Readers are cautioned that these statements may not be appropriate for their purposes.

Powell River, British Columbia  
August 24, 2012

  
LICENSED PROFESSIONAL ACCOUNTANTS



**PRSC LIMITED PARTNERSHIP**

**Balance Sheet**

**March 31, 2012**

*(Unaudited - See Notice To Reader)*

	2012	2011
<b>ASSETS</b>		
CURRENT		
Cash	\$ 13,141	\$ 136,896
Inventory	4,339,615	4,053,961
Harmonized sales tax recoverable	72	72
Due from related parties	13,625	10,926
	<u>\$ 4,366,453</u>	<u>\$ 4,201,855</u>
<b>LIABILITIES</b>		
CURRENT		
Accounts payable	\$ 114,566	\$ 101,409
LONG TERM DEBT FROM LIMITED PARTNER	4,413,709	4,198,886
	4,528,275	4,300,295
PARTNERS' DEFICIENCY	(161,822)	(98,440)
	<u>\$ 4,366,453</u>	<u>\$ 4,201,855</u>

**APPROVED BY THE PARTNERS**

\_\_\_\_\_ Partner

\_\_\_\_\_ Partner

These financial statements do not include all the disclosures required under Accounting Standards for Private Enterprises. Some users may require further information as these statements have not been prepared for general purposes.

**PRSC LIMITED PARTNERSHIP**

**Statement of Loss**

**Year Ended March 31, 2012**

*(Unaudited - See Notice To Reader)*

	<b>2012</b>	<b>2011</b>
<b>REVENUES</b>	<b>\$ -</b>	<b>\$ 346,550</b>
<b>COST OF SALES</b>	<b>-</b>	<b>276,608</b>
<b>GROSS PROFIT</b>	<b>-</b>	<b>69,942</b>
<b>EXPENSES</b>		
Accounting fees	3,020	2,400
Consulting fees	-	450
Foreshore lease	-	6,307
Insurance	5,036	7,297
Interest and bank charges (recovery)	183	6,164
Management fees	29,280	29,280
Professional fees	1,500	5,257
Repairs and maintenance	24,370	3,500
	<b>63,389</b>	<b>60,655</b>
<b>INCOME (LOSS) FROM OPERATIONS</b>	<b>(63,389)</b>	<b>9,287</b>
<b>OTHER INCOME</b>	<b>5</b>	<b>2</b>
<b>NET INCOME (LOSS)</b>	<b>\$ (63,384)</b>	<b>\$ 9,289</b>

These financial statements do not include all the disclosures required under Accounting Standards for Private Enterprises. Some users may require further information as these statements have not been prepared for general purposes.

**PRSC LIMITED PARTNERSHIP**

**Statement of Partners' Deficiency**

**Year Ended March 31, 2012**

*(Unaudited - See Notice To Reader)*

---

	<u>%</u>	<u>2011 Balance</u>	<u>Net Loss</u>	<u>2012 Balance</u>
0606890 B.C. Ltd.	33.3324	\$ (32,813)	\$ (21,128)	\$ (53,941)
Tees'kwat Land Holdings Ltd.	33.3333	(32,813)	(21,128)	(53,941)
Powell River Waterfront Development Corporation	33.3333	(32,812)	(21,128)	(53,940)
PRSC Land Developments Ltd.	0.0010	-	-	-
	<u>100.0000</u>	<u>\$ (98,438)</u>	<u>\$ (63,384)</u>	<u>\$ (161,822)</u>

These financial statements do not include all the disclosures required under Accounting Standards for Private Enterprises. Some users may require further information as these statements have not been prepared for general purposes.

**PRSC LIMITED PARTNERSHIP**

**Financial Statements**

**Year Ended March 31, 2013**

*(Unaudited - See Review Engagement Report)*

**PRSC LIMITED PARTNERSHIP**  
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**Year Ended March 31, 2013**  
*(Unaudited - See Review Engagement Report)*

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---

**REVIEW ENGAGEMENT REPORT**

---

To the Partners of PRSC Limited Partnership

We have reviewed the balance sheet of PRSC Limited Partnership as at March 31, 2013 and the statements of loss, partners' deficiency and cash flow for the year then ended. Our review was made in accordance with Canadian generally accepted standards for review engagements and, accordingly, consisted primarily of inquiry, analytical procedures and discussion related to information supplied to us by the Partnership.

A review does not constitute an audit and, consequently, we do not express an audit opinion on these financial statements.

Based on our review, nothing has come to our attention that causes us to believe that these financial statements are not, in all material respects, in accordance with Canadian accounting standards for private enterprises.

Powell River, British Columbia  
August 27, 2013



LICENSED PROFESSIONAL ACCOUNTANTS

**PRSC LIMITED PARTNERSHIP**  
**Balance Sheet**  
**March 31, 2013**  
*(Unaudited - See Review Engagement Report)*

	2013	2012 <i>(Note 7)</i>
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 4,619	S 13,141
Harmonized sales tax recoverable	418	72
Inventory	4,650,958	4,339,615
Due from related party <i>(Note 3)</i>	<u>15,499</u>	<u>13,625</u>
	<b>\$ 4,671,494</b>	<b>S 4,366,453</b>
<b>LIABILITIES AND PARTNERS' DEFICIENCY</b>		
<b>CURRENT</b>		
Accounts payable	\$ 243,967	S 114,566
LONG TERM DEBT FROM LIMITED PARTNER <i>(Note 4)</i>	<u>4,639,523</u>	<u>4,413,709</u>
	4,883,490	4,528,275
PARTNERS' DEFICIENCY	<u>(211,996)</u>	<u>(161,822)</u>
	<b>\$ 4,671,494</b>	<b>S 4,366,453</b>
LEASE COMMITMENTS <i>(Note 5)</i>		

**APPROVED BY THE PARTNERS**

\_\_\_\_\_ Partner

\_\_\_\_\_ Partner

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

**PRSC LIMITED PARTNERSHIP**  
**Statement of Loss**  
**Year Ended March 31, 2013**  
*(Unaudited - See Review Engagement Report)*

	2013	2012 <i>(Note 7)</i>
<b>EXPENSES</b>		
Accounting fees	\$ 2,400	\$ 3,020
Foreshore lease	6,639	-
Insurance	4,591	5,036
Interest and bank charges	108	183
Management fees	29,280	29,280
Professional fees	7,158	1,500
Repairs and maintenance	-	24,370
	<u>50,176</u>	<u>63,389</u>
<b>LOSS FROM OPERATIONS</b>	<b>(50,176)</b>	<b>(63,389)</b>
Interest income	<u>2</u>	<u>5</u>
<b>NET LOSS</b>	<b>\$ (50,174)</b>	<b>\$ (63,384)</b>

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



**PRSC LIMITED PARTNERSHIP**  
**Statement of Partners' Deficiency**  
**Year Ended March 31, 2013**  
*(Unaudited - See Review Engagement Report)*

	%	2012 Balance	Net Loss	2013 Balance
0606890 B.C. Ltd.	33.3324	\$ (53,941)	\$ (16,724)	\$ (70,665)
Tees'kwat Land Holdings Ltd.	33.3333	(53,941)	(16,725)	(70,666)
Powell River Waterfront Development Corporation	33.3333	(53,940)	(16,725)	(70,665)
PRSC Land Developments Ltd.	0.0010	-	-	-
	<b>100.0000</b>	<b>\$ (161,822)</b>	<b>\$ (50,174)</b>	<b>\$ (211,996)</b>

	%	2011 Balance	Net Loss	2012 Balance
0606890 B.C. Ltd.	33.3324	\$ (32,813)	\$ (21,128)	\$ (53,941)
Tees'kwat Land Holdings Ltd.	33.3333	(32,813)	(21,128)	(53,941)
Powell River Waterfront Development Corporation	33.3333	(32,812)	(21,128)	(53,940)
PRSC Land Developments Ltd.	0.0010	-	-	-
	<b>100.0000</b>	<b>\$ (98,438)</b>	<b>\$ (63,384)</b>	<b>\$ (161,822)</b>

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

**PRSC LIMITED PARTNERSHIP**  
**Cash Flow Statement**  
**Year Ended March 31, 2013**  
*(Unaudited - See Review Engagement Report)*

	2013	2012 <i>(Note 7)</i>
<b>OPERATING ACTIVITIES</b>		
Net loss	\$ (50,174)	\$ (63,384)
Changes in non-cash working capital:		
HST receivable	(346)	-
Inventory	(85,530)	(70,832)
Accounts payable	129,402	13,160
	<u>43,526</u>	<u>(57,672)</u>
Cash flow used by operating activities	<u>(6,648)</u>	<u>(121,056)</u>
<b>FINANCING ACTIVITY</b>		
Advances to related parties	<u>(1,874)</u>	<u>(2,699)</u>
<b>DECREASE IN CASH FLOW</b>	<b>(8,522)</b>	<b>(123,755)</b>
Cash - beginning of year	<u>13,141</u>	<u>136,896</u>
<b>CASH - END OF YEAR</b>	<b>\$ 4,619</b>	<b>\$ 13,141</b>

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

**PRSC LIMITED PARTNERSHIP**  
**Notes to Financial Statements**  
**Year Ended March 31, 2013**  
*(Unaudited - See Review Engagement Report)*

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1. DESCRIPTION OF BUSINESS

A Limited Partnership Agreement was entered into by three limited partners and one general partner to form the PRSC Limited Partnership (the 'Partnership') to carry out the business of acquiring, developing, operating and selling lands in the City of Powell River. The three limited partners are 0606890 B.C. Ltd., Tees'kwat Land Holdings Ltd., and Powell River Waterfront Development Corporation. The general partner, PRSC Land Developments Ltd., manages the business of the Partnership pursuant to the terms and conditions set forth in the Limited Partnership Agreement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for private enterprises requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Partnership

These financial statements reflect the assets, liabilities, revenues and expenses of the Partnership and do not include any other assets, liabilities, revenues or expenses of the partners.

Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

Inventory

Inventory is comprised of undeveloped lands, buildings and improvements. Inventory is valued at the lower of cost and net realizable value with the cost being determined on a specific identification basis. The components of cost are the purchase price (including the property transfer tax, legal fees and direct costs to prepare the lands for resale); the components of undeveloped lands also include property taxes and interest from long term debt. The carrying amount of inventory is mortgaged as security for the repayment of the loan from 0606890 B.C. Ltd.

The inventory of lands is subject to covenants associated with municipal services, utilities rights of way, an easement for Catalyst Paper Corporation, Western Forest Products Inc., and Powell River Energy Inc., and archaeological considerations. Timber on some of the acquired lands are covered by timber licences with third parties.

Revenue recognition

The Partnership recognizes revenues when they are earned, specifically as follows:

- Land sales are recognized when the legal titles are transferred.
- Sale of timber is initially recorded as prepaid sales or deposits as stipulated in the sales agreement. Income is recognized at the completion of harvesting based upon the provisions of the contract.

**PRSC LIMITED PARTNERSHIP**  
**Notes to Financial Statements**  
**Year Ended March 31, 2013**  
*(Unaudited - See Review Engagement Report)*

3. DUE FROM RELATED PARTY

	<b>2013</b>	<b>2012</b>
PRSC Land Developments Ltd.	<b>\$ 15,499</b>	<b>\$ 13,625</b>

Advances are non-interest bearing, unsecured and have no set repayment terms.

4. LONG TERM DEBT - LIMITED PARTNER

	<b>2013</b>	<b>2012</b>
0606890 B.C. Ltd. loan bearing interest at 5% per annum, repayable as described below. The loan matures on August 1, 2016 and is secured by inventory, insurance and a promissory note.	<b>\$ 4,639,523</b>	<b>\$ 4,413,709</b>

Interest is payable annually on December 31st. Overdue interest will be calculated on a compounding basis. Principal repayment is the greater of: 110% of the acquisition price of the land being sold and 60% of the net sales proceeds realized, plus 60% of the Partnership's net income excluding real estate profits.

During the year interest in the amount of \$225,814 was capitalized as part of the cost of the inventory that secures the loan.

5. LEASE COMMITMENTS

The Partnership has a long term foreshore sublease to June 5, 2017 with Catalyst Paper Corporation. Under the sublease the Partnership is required to pay its proportionate share of the annually determined rent.

6. FINANCIAL INSTRUMENTS

The Partnership is exposed to various risks through its financial instruments. The following analysis provides information about the Partnership's risk exposure and concentration as of March 31, 2013.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Partnership is not exposed to credit risk from customers as the Partnership does not extend credit for inventory sales.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Partnership is exposed to this risk mainly in respect of its sales of inventory, long-term debt and accounts payable.

Market risk

Market Risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency rate risk, interest rate risk and other price risk. The Partnership is mainly exposed to interest rate risk and other price risk.

*(continues)*

**PRSC LIMITED PARTNERSHIP**  
**Notes to Financial Statements**  
**Year Ended March 31, 2013**  
*(Unaudited - See Review Engagement Report)*

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6. FINANCIAL INSTRUMENTS *(continued)*

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in interest rates. In seeking to minimize the risks from interest rate fluctuations, the Partnership manages exposure through its normal operating and financing activities. The Partnership is exposed to interest rate risk primarily through its fixed rate mortgage.

7. COMPARATIVE FIGURES

The prior year figures shown for comparative purposes were neither audited nor reviewed.

**PRSC LIMITED PARTNERSHIP**

**Financial Statements**

**Year Ended March 31, 2014**

*(Unaudited - See Notice To Reader)*

**PRSC LIMITED PARTNERSHIP**  
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*(Unaudited - See Notice To Reader)*

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**DEL MISTRO DUNN**  
*LICENSED PROFESSIONAL ACCOUNTANTS*

L. Del Mistro, BSc CA  
D. Dunn, CGA CA  
S. Beck, CGA  
Suite 201, 7385 Duncan Street  
Powell River, British Columbia V8A 1W6  
Phone 604-485-2726 Fax 604-485-7910

A partnership of incorporated professionals  
[www.delmistrodunn.ca](http://www.delmistrodunn.ca)  
Vancouver office, Suite 1500  
885 West Georgia Street  
Vancouver, British Columbia V6C 3E8  
Phone 604-689-4008 Fax 1-604-485-7910

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**NOTICE TO READER**

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On the basis of information provided by management, we have compiled the balance sheet of PRSC Limited Partnership as at March 31, 2014 and the statements of loss and partners' deficiency for the year then ended.

We have not performed an audit or a review engagement in respect of these financial statements and, accordingly, we express no assurance thereon.

Readers are cautioned that these statements may not be appropriate for their purposes.

Powell River, British Columbia  
August 8, 2014



LICENSED PROFESSIONAL ACCOUNTANTS



**PRSC LIMITED PARTNERSHIP**

**Balance Sheet**

**March 31, 2014**

*(Unaudited - See Notice To Reader)*

	2014	2013
<b>ASSETS</b>		
CURRENT		
Cash	\$ 59	\$ 4,619
Goods and services tax recoverable	30	418
Inventory	4,975,754	4,650,958
Due from general partner	17,953	15,499
	<u>\$ 4,993,796</u>	<u>\$ 4,671,494</u>
<b>LIABILITIES AND PARTNERS' DEFICIENCY</b>		
CURRENT		
Accounts payable	\$ 269,394	\$ 243,967
LONG TERM DEBT FROM LIMITED PARTNER	<u>4,876,889</u>	4,639,523
	5,146,283	4,883,490
PARTNERS' DEFICIENCY	<u>(152,487)</u>	(211,996)
	<u>\$ 4,993,796</u>	<u>\$ 4,671,494</u>

**APPROVED BY THE PARTNERS**

\_\_\_\_\_ Partner

\_\_\_\_\_ Partner

These financial statements do not include all the disclosures required under Canadian generally accepted accounting principles. Some users may require further information as these statements have not been prepared for general purposes.

**PRSC LIMITED PARTNERSHIP**

**Statement of Loss**

**Year Ended March 31, 2014**

*(Unaudited - See Notice To Reader)*

	2014	2013
<b>EXPENSES</b>		
Accounting fees	\$ 2,400	\$ 2,400
Foreshore lease	6,600	6,639
Insurance	5,032	4,591
Interest and bank charges	8,123	108
Management fees	26,840	29,280
Professional fees	1,792	7,158
	<u>50,787</u>	<u>50,176</u>
<b>LOSS FROM OPERATIONS</b>	<b>(50,787)</b>	<b>(50,176)</b>
Interest income	<u>2</u>	<u>2</u>
<b>NET LOSS</b>	<b>\$ (50,785)</b>	<b>\$ (50,174)</b>

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**PRSC LIMITED PARTNERSHIP**

**Statement of Partners' Deficiency**

**Year Ended March 31, 2014**

*(Unaudited - See Notice To Reader)*

		2013			2014
	%	Balance	Net Loss	Contributions	Balance
0606890 B.C. Ltd.	33.3330	\$ (70,665)	\$ (16,928)	\$ 37,734	\$ (49,859)
Tees'kwat Land Holdings Ltd.	33.3330	(70,666)	(16,928)	36,280	(51,314)
Powell River Waterfront Development Corporation	33.3330	(70,665)	(16,929)	36,280	(51,314)
PRSC Land Developments Ltd.	0.0010	-	-	-	-
	<b>100.0000</b>	<b>\$ (211,996)</b>	<b>\$ (50,785)</b>	<b>\$ 110,294</b>	<b>\$ (152,487)</b>

		2012			2013
	%	Balance	Net Loss	Contributions	Balance
0606890 B.C. Ltd.	33.3330	\$ (53,941)	\$ (16,725)	\$ -	\$ (70,666)
Tees'kwat Land Holdings Ltd.	33.3330	(53,941)	(16,725)	-	(70,666)
Powell River Waterfront Development Corporation	33.3330	(53,940)	(16,724)	-	(70,664)
PRSC Land Developments Ltd.	0.0010	-	-	-	-
	<b>100.0000</b>	<b>\$ (161,822)</b>	<b>\$ (50,174)</b>	<b>\$ -</b>	<b>\$ (211,996)</b>

These financial statements do not include all the disclosures required under Canadian generally accepted accounting principles. Some users may require further information as these statements have not been prepared for general purposes.

**PRSC LIMITED PARTNERSHIP**

**Financial Statements**

**Year Ended March 31, 2015**

*(Unaudited - See Notice To Reader)*

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**DEL MISTRO DUNN**  
*CHARTERED PROFESSIONAL ACCOUNTANTS*

L. Del Mistro, BSc CPA CA  
D. Dunn, CPA CGA CA  
S. Beck, CPA CGA  
Suite 201, 7385 Duncan Street  
Powell River, British Columbia V8A 1W6  
Phone 604-485-2726 Fax 604-485-7910

A partnership of incorporated professionals  
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**NOTICE TO READER**

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On the basis of information provided by management, we have compiled the balance sheet of PRSC Limited Partnership as at March 31, 2015 and the statements of income and partners' capital for the year then ended.

We have not performed an audit or a review engagement in respect of these financial statements and, accordingly, we express no assurance thereon.

Readers are cautioned that these statements may not be appropriate for their purposes.

Powell River, British Columbia  
August 31, 2015



CHARTERED PROFESSIONAL ACCOUNTANTS

**PRSC LIMITED PARTNERSHIP**

**Balance Sheet**

**March 31, 2015**

*(Unaudited - See Notice To Reader)*

	<b>2015</b>	<b>2014</b>
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 18,387	\$ 59
Goods and services tax recoverable	52	30
Prepaid expenses	1,106	-
Inventory	3,592,943	4,975,754
Due from general partner	-	17,953
	<u>\$ 3,612,488</u>	<u>\$ 4,993,796</u>
<b>LIABILITIES AND PARTNERS' CAPITAL</b>		
<b>CURRENT</b>		
Accounts payable	\$ 24,133	\$ 269,394
<b>MORTGAGE PAYABLE TO LIMITED PARTNER</b>		
	-	4,876,889
	24,133	5,146,283
<b>PARTNERS' CAPITAL (DEFICIENCY)</b>		
	<u>3,588,355</u>	<u>(152,487)</u>
	<u>\$ 3,612,488</u>	<u>\$ 4,993,796</u>

**APPROVED BY THE PARTNERS**

\_\_\_\_\_ *Partner*

\_\_\_\_\_ *Partner*

**PRSC LIMITED PARTNERSHIP**  
**Statement of Income**  
**For the Year Ended March 31, 2015**  
*(Unaudited - See Notice To Reader)*

	2015	2014
<b>REVENUE</b>		
Cost recovery	\$ 308,073	\$ -
<b>EXPENSES</b>		
Accounting fees	2,150	2,400
Foreshore lease	5,571	6,600
Insurance	5,357	5,032
Interest and bank charges	8,079	8,123
Management fees (recovery)	(2,440)	26,840
Professional fees	4,010	1,792
	<u>22,727</u>	<u>50,787</u>
<b>INCOME (LOSS) FROM OPERATIONS</b>	<b>285,346</b>	<b>(50,787)</b>
Interest income	1	2
<b>NET INCOME (LOSS)</b>	<b>\$ 285,347</b>	<b>\$ (50,785)</b>



**PRSC LIMITED PARTNERSHIP**

**Statement of Partners' Capital**

**Year Ended March 31, 2015**

*(Unaudited - See Notice To Reader)*

	%	2014 Balance	Net Income	Contributions (Withdrawals)	Adjustments	2015 Balance
0606890 B.C. Ltd.	-	\$ (49,859)	\$ 102,452	\$ (2,882,846)	\$ 2,830,253	\$ -
Tees'kwat Land Holdings Ltd.	33.3330	(51,314)	60,965	11,863	(106,450)	<b>(84,936)</b>
Powell River Waterfront Development Corporation	49.9990	(51,314)	91,447	1,628,201	136,072	<b>1,804,406</b>
Sliammon First Nation	16.6670	-	30,482	1,616,337	242,522	<b>1,889,341</b>
PRSC Land Developments Ltd.	0.0010	-	1	(20,453)	(4)	<b>(20,456)</b>
<b>Partners' total</b>	<b>100.0000</b>	<b>\$ (152,487)</b>	<b>\$ 285,347</b>	<b>\$ 353,102</b>	<b>\$ 3,102,393</b>	<b>\$ 3,588,355</b>

	%	2013 Balance	Net Loss	Contributions	Adjustments	2014 Balance
0606890 B.C. Ltd.	33.3330	\$ (70,665)	\$ (16,928)	\$ 37,734	\$ -	\$ (49,859)
Tees'kwat Land Holdings Ltd.	33.3330	(70,666)	(16,928)	36,280	-	<b>(51,314)</b>
Powell River Waterfront Development Corporation	33.3330	(70,665)	(16,929)	36,280	-	<b>(51,314)</b>
PRSC Land Developments Ltd.	0.0010	-	-	-	-	-
<b>Partners' total</b>	<b>100.0000</b>	<b>\$ (211,996)</b>	<b>\$ (50,785)</b>	<b>\$ 110,294</b>	<b>\$ -</b>	<b>\$ (152,487)</b>

**PRSC LIMITED PARTNERSHIP**

**Financial Statements**

**Year Ended March 31, 2016**

*(Unaudited - See Notice To Reader)*

**PRSC LIMITED PARTNERSHIP**

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*(Unaudited - See Notice To Reader)*

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**DEL MISTRO DUNN**

*CHARTERED PROFESSIONAL ACCOUNTANTS*

D. Dunn, CPA CGA CA  
S. Beck, CPA CGA  
D. Southall, CPA CGA FCCA (UK)  
L. Del Mistro, BSc CPA CA (Consultant)  
Suite 201, 7385 Duncan Street  
Powell River, British Columbia V8A 1W6  
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Vancouver office  
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**NOTICE TO READER**

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On the basis of information provided by management, we have compiled the balance sheet of PRSC Limited Partnership as at March 31, 2016 and the statements of income and partners' capital for the year then ended.

We have not performed an audit or a review engagement in respect of these financial statements and, accordingly, we express no assurance thereon.

Readers are cautioned that these statements may not be appropriate for their purposes.

Powell River, British Columbia  
January 6, 2017



CHARTERED PROFESSIONAL ACCOUNTANTS

**PRSC LIMITED PARTNERSHIP**


**Balance Sheet**

**March 31, 2016**

*(Unaudited - See Notice To Reader)*

	2016	2015
<b>ASSETS</b>		
CURRENT		
Cash	\$ 51,032	\$ 18,387
Goods and services tax recoverable	-	52
Prepaid expenses	-	1,106
Inventory	<u>3,679,876</u>	<u>3,592,943</u>
	<u>\$ 3,730,908</u>	<u>\$ 3,612,488</u>
<b>LIABILITIES AND PARTNERS' CAPITAL</b>		
CURRENT		
Accounts payable	\$ 126,296	\$ 24,133
Government remittances payable	2,358	-
Customer deposit	<u>5,000</u>	<u>-</u>
	133,654	24,133
PARTNERS' CAPITAL	<u>3,597,254</u>	<u>3,588,355</u>
	<u>\$ 3,730,908</u>	<u>\$ 3,612,488</u>

APPROVED BY THE PARTNERS

 Partner  
Partner

**PRSC LIMITED PARTNERSHIP**

**Statement of Income**

**Year Ended March 31, 2016**

*(Unaudited - See Notice To Reader)*

	2016	2015
<b>REVENUE</b>		
Forfeited deposits	\$ 47,619	\$ -
Cost recovery	-	308,073
	<u>47,619</u>	<u>308,073</u>
<b>EXPENSES</b>		
Accounting fees	1,800	2,150
Advertising and promotion	776	-
Consulting fees	6,300	-
Foreshore lease	6,639	5,571
Insurance	5,349	5,357
Interest and bank charges	8,571	8,079
Management fees (recovery)	-	(2,440)
Professional fees	5,915	4,010
	<u>35,350</u>	<u>22,727</u>
<b>INCOME FROM OPERATIONS</b>	<b>12,269</b>	<b>285,346</b>
Interest income	-	1
<b>NET INCOME</b>	<b>\$ 12,269</b>	<b>\$ 285,347</b>

**PRSC LIMITED PARTNERSHIP**

**Statement of Partners' Capital**

**Year Ended March 31, 2016**

*(Unaudited - See Notice To Reader)*

	%	2015 Balance	Net Income	Contributions (Withdrawals)	Adjustments	2016 Balance
Powell River Waterfront Development Corporation	49.9990	\$ 1,804,406	\$ 6,134	\$ -	\$ -	\$ 1,810,540
Tees'kwat Land Holdings Ltd.	33.3330	(84,936)	4,090	-	-	(80,846)
Sliammon First Nation	16.6670	1,889,341	2,045	-	-	1,891,386
PRSC Land Developments Ltd.	0.0010	(20,456)	-	(3,370)	-	(23,826)
Partners' total	100.0000	3,588,355	12,269	(3,370)	-	3,597,254

	%	2014 Balance	Net Income	Contributions (Withdrawals)	Adjustments	2015 Balance
0606890 B.C. Ltd.	-	\$ (49,859)	\$ 102,452	\$ (2,882,846)	\$ 2,830,253	\$ -
Powell River Waterfront Development Corporation	49.9990	(51,314)	91,447	1,628,201	136,072	1,804,406
Tees'kwat Land Holdings Ltd.	33.3330	(51,314)	60,965	11,863	(106,450)	(84,936)
Sliammon First Nation	16.6670	-	30,482	1,616,337	242,522	1,889,341
PRSC Land Developments Ltd.	0.0010	-	1	(20,453)	(4)	(20,456)
Partners' total	100.0000	\$ (152,487)	\$ 285,347	\$ 353,102	\$ 3,102,393	\$ 3,588,355

**PRSC LIMITED PARTNERSHIP**

**Financial Statements**

**Year Ended March 31, 2017**

*(Unaudited - See Notice To Reader)*



**PRSC LIMITED PARTNERSHIP**

**Index to Financial Statements**

**Year Ended March 31, 2017**

*(Unaudited - See Notice To Reader)*

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**DEL MISTRO DUNN**

**CHARTERED PROFESSIONAL ACCOUNTANTS**

A partnership of incorporated professionals

D. Dunn, CPA CGA CA  
S. Beck, CPA CGA  
D. Southall, CPA CGA FCCA (UK)  
L. Del Mistro, BSc CPA CA (Consultant)

Suite 201, 7385 Duncan Street  
Powell River, British Columbia V8A 1W6  
Phone 604-485-2726 Fax 604-485-7910  
[www.delmistrodunn.ca](http://www.delmistrodunn.ca)

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## NOTICE TO READER

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On the basis of information provided by management, we have compiled the balance sheet of PRSC Limited Partnership as at March 31, 2017 and the statements of loss and partners' capital for the year then ended.

We have not performed an audit or a review engagement in respect of these financial statements and, accordingly, we express no assurance thereon.

Readers are cautioned that these statements may not be appropriate for their purposes.

Powell River, British Columbia  
June 30, 2017



CHARTERED PROFESSIONAL ACCOUNTANTS



**PRSC LIMITED PARTNERSHIP**

**Statement of Loss**

**Year Ended March 31, 2017**

*(Unaudited - See Notice To Reader)*

	2017	2016
<b>REVENUE</b>		
Property sales	\$ 330,000	\$ -
Forfeited deposits	-	47,619
	<u>330,000</u>	<u>47,619</u>
<b>COST OF SALES</b>	<u>313,061</u>	-
<b>GROSS PROFIT</b>	<u>16,939</u>	<u>47,619</u>
<b>EXPENSES</b>		
Accounting fees	1,170	1,800
Advertising and promotion	-	776
Consulting fees	-	6,300
Foreshore lease	6,639	6,639
Insurance	5,303	5,349
Interest and bank charges	8,951	8,571
Professional fees	7,122	5,915
	<u>29,185</u>	<u>35,350</u>
<b>INCOME (LOSS) FROM OPERATIONS</b>	(12,246)	12,269
Interest income	<u>2</u>	<u>-</u>
<b>NET INCOME (LOSS)</b>	<u>\$ (12,244)</u>	<u>\$ 12,269</u>

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

**PRSC LIMITED PARTNERSHIP**

**Statement of Partners' Capital**

**Year Ended March 31, 2017**

*(Unaudited - See Notice To Reader)*

	%	2016 Balance	Net Loss	Contributions (Withdrawals)	2017 Balance
Powell River Waterfront Development Corporation	49.9990	\$ 1,810,540	\$ (6,122)	\$ -	\$ 1,804,418
Tees'kwat Land Holdings Ltd.	33.3330	(80,846)	(4,081)	-	(84,927)
Tla'amin Nation	16.6670	1,891,386	(2,041)	-	1,889,345
PRSC Land Developments Ltd.	0.0010	(23,826)	-	(3,015)	(26,841)
<b>Partners' total</b>	<b>100.0000</b>	<b>3,597,254</b>	<b>(12,244)</b>	<b>(3,015)</b>	<b>3,581,995</b>

	%	2015 Balance	Net Income	Contributions (Withdrawals)	2016 Balance
Powell River Waterfront Development Corporation	49.9990	\$ 1,804,406	\$ 6,134	\$ -	\$ 1,810,540
Tees'kwat Land Holdings Ltd.	33.3330	(84,936)	4,090	-	(80,846)
Tla'amin Nation	16.6670	1,889,341	2,045	-	1,891,386
PRSC Land Developments Ltd.	0.0010	(20,456)	-	(3,370)	(23,826)
<b>Partners' total</b>	<b>100.0000</b>	<b>\$ 3,588,355</b>	<b>\$ 12,269</b>	<b>\$ (3,370)</b>	<b>\$ 3,597,254</b>

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

**PRSC LIMITED PARTNERSHIP**

**Notes to Financial Statements**

**Year Ended March 31, 2017**

*(Unaudited - See Notice To Reader)*

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1. FINANCIAL STATEMENT DISCLOSURE

These financial statements do not include all the disclosures required under Canadian accounting standards for private enterprises.

Some users may require further information as these statements have not been prepared for general purposes.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements reflect the assets, liabilities, revenues and expenses of the partnership and do not include any other assets, liabilities, revenues or expenses of the owners/partners.

**PRSC LIMITED PARTNERSHIP**

**Financial Statements**

**Year Ended March 31, 2018**

*(Unaudited - See Notice To Reader)*

**PRSC LIMITED PARTNERSHIP**

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**Year Ended March 31, 2018**

*(Unaudited - See Notice To Reader)*

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**DMD**

**CHARTERED PROFESSIONAL ACCOUNTANTS**

A partnership of incorporated professionals

D. Dunn, CPA CGA CA  
S. Beck, CPA CGA  
D. Southall, CPA CGA FCCA (UK)  
L. Del Mistro, BSc CPA CA (Independent Consultant)

Suite 201, 7385 Duncan Street  
Powell River, British Columbia V8A 1W6  
Phone 604-485-2726 Fax 604-485-7910  
[www.dmdcpa.ca](http://www.dmdcpa.ca)



# DMD

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## NOTICE TO READER

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On the basis of information provided by management, we have compiled the balance sheet of PRSC Limited Partnership as at March 31, 2018 and the statements of income and partners' capital for the year then ended.

We have not performed an audit or a review engagement in respect of these financial statements and, accordingly, we express no assurance thereon.

Readers are cautioned that these statements may not be appropriate for their purposes.

Powell River, British Columbia  
July 13, 2018



CHARTERED PROFESSIONAL ACCOUNTANTS

**PRSC LIMITED PARTNERSHIP**

**Balance Sheet**

**March 31, 2018**

*(Unaudited - See Notice To Reader)*

	<u>2018</u>	<u>2017</u>
<b>ASSETS</b>		
CURRENT		
Cash	\$ 268,566	\$ 158,186
Accounts receivable	1,313	-
Inventory	2,365,280	3,451,016
Goods and services tax recoverable	12	229
	<u>\$ 2,635,171</u>	<u>\$ 3,609,431</u>
<b>LIABILITIES</b>		
CURRENT		
Accounts payable	\$ 37,039	\$ 27,436
PARTNERS' CAPITAL	<u>2,598,132</u>	<u>3,581,995</u>
	<u>\$ 2,635,171</u>	<u>\$ 3,609,431</u>

**APPROVED BY THE PARTNERS**

\_\_\_\_\_ *Partner*

\_\_\_\_\_ *Partner*

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

**PRSC LIMITED PARTNERSHIP**

**Statement of Income**

**Year Ended March 31, 2018**

*(Unaudited - See Notice To Reader)*

	<b>2018</b>	<b>2017</b>
<b>REVENUES</b>	<b>\$ 1,639,457</b>	<b>\$ 330,002</b>
<b>COST OF SALES</b>	<b>1,146,293</b>	<b>313,061</b>
<b>GROSS PROFIT</b>	<b>493,164</b>	<b>16,941</b>
<b>EXPENSES</b>		
Accounting fees	1,846	1,170
Consulting fees	381	-
Foreshore lease (recovery)	(5,532)	6,639
Insurance	4,313	5,303
Interest and bank charges	7,614	8,951
Professional fees	4,500	7,122
	<b>13,122</b>	<b>29,185</b>
<b>NET INCOME (LOSS)</b>	<b>\$ 480,042</b>	<b>\$ (12,244)</b>

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

**PRSC LIMITED PARTNERSHIP**

**Statement of Partners' Capital**

**Year Ended March 31, 2018**

*(Unaudited - See Notice To Reader)*

	2017 Balance	Net Income	Contributions (Withdrawals)	2018 Balance
PRSC Land Developments Ltd.	\$ (26,841)	\$ 3	\$ (2,461)	\$ (29,299)
Tees'kwat Land Holdings Ltd.	(84,927)	160,014	(265,661)	(190,574)
Tla'amin Nation	1,889,345	80,006	(447,289)	1,522,062
Powell River Waterfront Development Corporation	1,804,418	240,019	(748,494)	1,295,943
Partners' total	<u>3,581,995</u>	<u>480,042</u>	<u>(1,463,905)</u>	<u>2,598,132</u>
	2016 Balance	Net Loss	Contributions (Withdrawals)	2017 Balance
PRSC Land Developments Ltd.	\$ (23,826)	\$ -	\$ (3,015)	\$ (26,841)
Tees'kwat Land Holdings Ltd.	(80,846)	(4,081)	-	(84,927)
Tla'amin Nation	1,891,386	(2,041)	-	1,889,345
Powell River Waterfront Developments Ltd.	1,810,540	(6,122)	-	1,804,418
Partners' total	<u>\$ 3,597,254</u>	<u>\$ (12,244)</u>	<u>\$ (3,015)</u>	<u>\$ 3,581,995</u>

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

**PRSC LIMITED PARTNERSHIP**

**Notes to Financial Statements**

**Year Ended March 31, 2018**

*(Unaudited - See Notice To Reader)*

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1. FINANCIAL STATEMENT DISCLOSURE

These financial statements do not include all the disclosures required under Canadian accounting standards for private enterprises.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements reflect the assets, liabilities, revenues and expenses of the partnership and do not include any other assets, liabilities, revenues or expenses of the partners.

**PRSC LIMITED PARTNERSHIP**

**Financial Statements**

**Period Ended November 26, 2018**

*(Unaudited - See Notice To Reader)*

**PRSC LIMITED PARTNERSHIP**  
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**Period Ended November 26, 2018**  
*(Unaudited - See Notice To Reader)*

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**dmd**

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Chartered Professional Accountants

D. Dunn, CPA CGA CA  
S. Beck, CPA CGA  
D. Southall, CPA CGA FCCA (UK)  
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### NOTICE TO READER

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On the basis of information provided by management, we have compiled the balance sheet of PRSC Limited Partnership as at November 26, 2018 and the statements of income and partners' capital for the period then ended.

We have not performed an audit or a review engagement in respect of these financial statements and, accordingly, we express no assurance thereon.

Readers are cautioned that these statements may not be appropriate for their purposes.

Powell River, British Columbia  
November 26, 2018

  
CHARTERED PROFESSIONAL ACCOUNTANTS



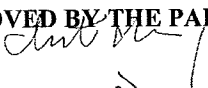
**PRSC LIMITED PARTNERSHIP**

**Balance Sheet**

*(Unaudited - See Notice To Reader)*

	Nov. 26, 2018	Mar 31, 2017
<b>ASSETS</b>		
CURRENT		
Cash	\$ -	\$ 268,566
Accounts receivable	-	1,313
Inventory	-	2,365,280
Goods and services tax recoverable	-	12
	<u>\$ -</u>	<u>\$ 2,635,171</u>
<b>LIABILITIES</b>		
CURRENT		
Accounts payable and accrued liabilities	\$ -	\$ 37,039
PARTNERS' CAPITAL	<u>-</u>	<u>2,598,132</u>
	<u>\$ -</u>	<u>\$ 2,635,171</u>

**APPROVED BY THE PARTNERS**

  
\_\_\_\_\_  
*Kevin Sigouin*  
\_\_\_\_\_  
Partner

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

**PRSC LIMITED PARTNERSHIP**

**Statement of Income**

**Period Ended November 26, 2018**

*(Unaudited - See Notice To Reader)*

	2018	2017 <i>(Note 2)</i>
<b>REVENUES</b>	\$ 4,331,003	\$ 1,639,457
COST OF SALES	<u>2,390,288</u>	<u>1,146,293</u>
GROSS PROFIT	<u>1,940,715</u>	493,164
<b>EXPENSES</b>		
Accounting fees	1,325	1,846
Consulting fees	-	381
Foreshore lease (recovery)	-	(5,532)
Insurance	1,922	4,313
Interest and bank charges	4,389	7,614
Professional fees	<u>9,850</u>	<u>4,500</u>
	<u>17,486</u>	<u>13,122</u>
<b>NET INCOME</b>	<u>\$ 1,923,229</u>	<u>\$ 480,042</u>

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

**PRSC LIMITED PARTNERSHIP**

**Statement of Partners' Capital**

**Period Ended November 26, 2018**

*(Unaudited - See Notice To Reader)*

	Mar 31, 2018 Balance	Net Income	Contributions (Withdrawals)	Nov 26, 2018 Balance
PRSC Land Developments Ltd.	\$ (29,299)	\$ 13	\$ (3,893)	\$ (33,179)
Tees'kwat Land Holdings Ltd.	(190,574)	641,072	(439,438)	11,060
Tla'amin Nation	1,522,062	320,536	(1,837,068)	5,530
Powell River Waterfront Development Corporation	1,295,943	961,608	(2,240,962)	16,589
Partners' total	2,598,132	1,923,229	(4,521,361)	-
	Mar 31, 2017 Balance	Net Income (Note 2)	Contributions (Withdrawals)	Mar 31, 2018 Balance
PRSC Land Developments Ltd.	\$ (26,841)	\$ 3	\$ (2,461)	\$ (29,299)
Tees'kwat Land Holdings Ltd.	(84,927)	160,014	(265,661)	(190,574)
Tla'amin Nation	1,889,345	80,006	(447,289)	1,522,062
Powell River Waterfront Developments Ltd.	1,804,418	240,019	(748,494)	1,295,943
Partners' total	\$ 3,581,995	\$ 480,042	\$ (1,463,905)	\$ 2,598,132

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

**PRSC LIMITED PARTNERSHIP**

**Notes to Financial Statements**

**Period Ended November 26, 2018**

*(Unaudited - See Notice To Reader)*

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1. FINANCIAL STATEMENT DISCLOSURE

These financial statements do not include all the disclosures required under Canadian accounting standards for private enterprises.

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2. COMPARATIVE FIGURES

The prior period figures, shown for comparative purposes, are for the year ended March 31, 2018.

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