

Consolidated Financial Statements

Forestry Innovation Investment Ltd.
Consolidated Balance Sheet
(in \$000s)

As at March 31	2011	2010
Assets		
Current assets		
Cash	7,426	-
Restricted cash held in trust (note 5)	377	-
Accounts receivable	1,276	4,301
Prepaid expenses	129	1,181
Recipient advances (note 6)	317	533
Program advances (note 6)	-	96
	9,525	6,111
Capital assets		
Property, plant and equipment (note 7)	275	478
Intangible assets (note 7)	150	122
	9,950	6,711
Liabilities		
Current liabilities		
Cheques written in excess of cash balance	-	342
Accounts payable and accrued liabilities (note 8)	1,875	1,588
Restricted funds held in trust (note 5)	377	-
Note payable (note 9)	-	1,561
Program payables (note 6)	460	-
Due to the Province of British Columbia (note 10)	104	709
	2,816	4,200
Deferred revenue (note 11)	6,392	2,055
	6,392	2,055
Shareholders's equity		
Share capital (note 12)	-	-
Retained earnings (note 16)	742	456
	742	456
	9,950	6,711

Commitments (note 13)

On behalf of the Board

Director

Director

The accompanying notes and supplementary schedule are an integral part of these financial statements.

Forestry Innovation Investment Ltd.
Consolidated Statement of Operations and Retained Earnings
(in \$000s)

For the year ended March 31	2011	2010
Revenue		
Contribution from the Province of British Columbia	18,898	23,075
Contribution for Wenchuan Reconstruction Projects (note 14)	4,772	1,847
Contribution for China Demonstration Projects (note 15)	2,637	3,341
	26,307	28,263
Market Development Programs		
Market Development	9,574	11,507
China - Market Development		
Market Development	2,781	3,815
Wenchuan Reconstruction Projects (note 14)	4,690	1,697
Demonstration Projects (note 15)	2,761	3,035
Market Initiatives and Outreach	4,784	5,936
Total Market Development Programs	24,590	25,990
Corporate Support	1,100	1,381
Amortization	331	436
	26,021	27,807
Excess of revenue over expenditures	286	456
Retained earnings, beginning of year	456	-
Retained earnings, end of year (note 16)	742	456

The accompanying notes and supplementary schedule are an integral part of these financial statements.

Forestry Innovation Investment Ltd.
Consolidated Statement of Cash Flows
(in \$000s)

For the year ended March 31	2011	2010 (Restated - note 2)
Cash flows provided by (used in) operating activities:		
Excess of revenue over expenditures	286	456
Items not involving cash:		
Amortization of capital assets	331	436
Amortization of Dream Home Canada lease (note 11)	-	1,003
	617	1,895
Changes in non-cash working capital	4,907	(5,497)
	5,524	(3,602)
Cash flows from investing activities:		
Purchase of capital assets	(156)	(230)
Change in restricted cash	(377)	-
	(533)	(230)
Cash flows provided from (used by) financing activities:		
Change in deferred revenue	4,338	240
Note payable	(1,561)	1,561
	2,777	1,801
Increase (decrease) in cash during the year	7,768	(2,031)
Cash beginning of year	(342)	1,689
Cash end of year	7,426	(342)

Interest paid during the year 2011 was \$7,330 (2010 - \$0).

The accompanying notes and supplementary schedule are an integral part of these financial statements.

Forestry Innovation Investment Ltd.

Consolidated Schedule of Expenditures by Business Segment
for the year ended March 31, 2011
(in 000's)

Business Segment	Market Development	China Market Development	Market Initiatives and Outreach	Corporate Support	2011 Total	2010 Total
Amortization	-	46		285	331	436
Auditing	120	22		61	203	258
Communications	-	-		52	52	77
Conferences and Trade Shows	-	-	194	-	194	1,101
Grants	-	-	1,952	-	1,952	1,970
Marketing	-	157	178	-	335	239
Office	-	730	171	179	1,080	908
Lease Amortization	-	-		-	-	1,003
Performance Management	89	-	-	-	89	-
Professional Services	-	120	126	215	461	445
Publishing	-	-	60	-	60	116
Strategy & Research Studies	-	20	621	-	641	601
Trade Missions	-	-	18	-	18	36
Travel & Business Costs	-	192	118	73	383	398
Wages and Benefits	290	1,178	941	536	2,945	2,988
Websites	60	-	52	-	112	76
Program Costs	9,015	7,821	353	-	17,189	17,145
Exchange Gain/Loss	-	(8)	-	(16)	(24)	10
Total	9,574	10,278	4,784	1,385	26,021	27,807

The accompanying notes and supplementary schedule are an integral part of these financial statements.

Notes to the Consolidated Financial Statements

1. Nature of Business

Forestry Innovation Investment Ltd. (the Company), was incorporated on March 31, 2003 under the laws of British Columbia. A board of directors, all appointed by the government of British Columbia, governs the Company.

Market Development Program - uses project funding delivered through an annual "Call for Proposals" in partnership with the Government of Canada to fund forest industry associations and research institutions, to:

- maintain and create opportunities for B.C. wood products in existing and emerging markets;
- ensure that customers, consumers, designers, builders, developers and architects know about BC wood products and the many positive features they bring to wood-frame construction and interior finishing;
- support the development of innovative new forest products, including products using pine harvested from mountain pine beetle-attacked forests; and
- provide interested parties around the world with information on the properties and qualities of B.C.'s forest products and the B.C. companies that supply them.

Market Initiatives and Outreach Program - are internally direct delivered programs that;

- identify potential opportunities for BC forest products through market research and develop market access strategies;
- ensure BC forest products have access to markets free from regulatory and other barriers through initiatives and research; and
- provide customers and foreign regulators with facts about the environmental merits of B.C. forest products, including the sustainable forest management regime that underlies their production.

Environmental campaigns that promote misleading or incorrect information are quickly challenged by FII and its partners. They also monitor development of draft legislation and procurement policies in other jurisdictions, and intervene if necessary to obviate or minimize measures that would impair the flow of B.C. forest products into a particular market. They do this in part by making relevant officials aware of frequently unintended consequences if the legislation or policy is adopted.

2. Accounting Changes and Error Corrections

The consolidated statement of cash flows has been restated to reflect excess of revenue over expenditures for fiscal 2010 of \$456,000, which was originally classified as part of changes in non-working capital in error. The error correction is a change in classification and has no impact on 2010 reported cash end of year.

3. Significant Accounting Policies

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles. Significant accounting policies followed in the preparation of these financial statements are:

a) Consolidation

In 2004, the Company incorporated FII Consulting (Shanghai) Co., Ltd., a wholly owned subsidiary registered under the laws of the People's Republic of China.

Based in Shanghai, the subsidiary administers market development programs on behalf of the Company. There are restrictions imposed on the distribution of earnings and assets from the subsidiary to its parent; hence FII Consulting (Shanghai) Co. Ltd.'s working capital has been disclosed as program payables or program advances on the balance sheet. All significant intercompany transactions and balances have been eliminated upon consolidation at year end. (See Note 6)

b) Financial Instruments

All financial assets and liabilities are initially measured at fair value. Measurement of the financial instruments in subsequent periods depends on their classification as described below.

Financial assets and financial liabilities "held-for-trading" are measured at fair value with changes in those fair values recognized in the excess of revenues over expenditures. Financial assets "available-for-sale" are measured at fair value, with changes in those fair values recognized in "Other Comprehensive Income". Financial assets "held-to-maturity", "loans and receivables" and "other financial liabilities" are measured at amortized cost using the effective interest method of amortization.

The Company has made the following classifications:

Cash and Restricted cash held in trust are classified as held for trading and measured at fair value and all gains and losses are recognized in the period in which they occur. Accounts receivable, Recipient advances and Program advances are classified as loans and receivables and are measured at amortized cost using the effective interest method. Accounts payable and accrued liabilities, Restricted funds held in trust, Program payables, Notes payable and amounts Due to the Province of British Columbia are classified as other financial liabilities and are also measured at amortized cost using the effective interest method.

c) Property, Plant and Equipment and Intangible Assets

Property, plant and equipment and intangible assets are recorded at cost and amortization is being calculated on the straight-line basis using the following rates:

Computer Equipment	3 years
Computer Software	2 years
Furniture and Equipment	5 years
Leasehold Improvements	Term of Lease
Trade Show Booths	3 years
Website development Costs	2 years

d) Revenue Recognition

Contributions from the Province of British Columbia, the Federal Government, and the Beichuan Municipal County are for specific purposes and as such are deferred and recognized as revenue as the expenses are incurred.

e) Foreign Currency Translation

These consolidated financial statements are expressed in Canadian dollars. The Company's foreign operations, conducted through FII Consulting (Shanghai) Co., Ltd., are considered integrated operations and are translated from Chinese RMB using the temporal method of translation. Accordingly, monetary assets and liabilities are translated at the spot rates of exchange in effect at the balance sheet date; non-monetary items are translated at historical exchange rates in effect on the dates of the transactions. Revenue and expense items are translated at monthly average rates of exchange in effect during the month in which the transaction occurred, except for amortization which is translated at its corresponding historical rate. Realized exchange gains and losses are included in the consolidated statements of operations.

f) Impairment and Disposal of Long-Lived Assets

Long-lived assets, including capital assets and prepaid leases subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The recoverability of assets held and used by the Company is measured by comparing the carrying amount of the asset to the estimated value in use expected from the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount of which the carrying amount of the asset exceeds the fair value of the asset. Assets to be disposed of would be separately presented in the balance sheet and reported at the lower of the carrying amount or fair value less costs to sell, and would no longer be depreciated.

g) Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts and disclosure of assets and liabilities at the date of the financial statements. Significant

areas requiring the use of management estimates include estimating the useful lives of long-lived assets, assessing the recoverability of accounts receivable, recipient advances, and accounts payable and accrued liabilities. Reported amounts and note disclosures reflect the overall economic conditions that are most likely to occur and anticipated measures to be taken by management. Actual results could differ from these estimates.

4. Future Accounting Changes

Future Accounting Framework – Public Sector Accounting (PSA) Standards:

The Public Sector Accounting Board (PSAB) sets out the applicable source of GAAP applied by Canadian government organizations. Federal, provincial, territorial, and local governments follow the PSA Handbook Standards, not IFRS. Governments control and operate various forms of organizations. In response to the AcSB's adoption of IFRS, the PSAB released the "Introduction to PSA Standards", as amended in December 2010, and directed government organizations as follows:

1. Government business enterprises are to follow IFRS;
2. Government not-for-profit organizations are to follow the standards for not-for-profit organizations in the CICA PSA Handbook or the standards in the CICA PSA Handbook without Sections PS 4200 to PS 4270; and
3. Other government organizations can choose PSA Handbook or IFRS, whichever is more appropriate.

Forestry Innovation Investment is an "other government organization." At the direction of the Office of the Comptroller General, Forestry Innovation Investment Ltd. will adopt PSAB standards to meet the needs of the financial statement users. The recommended changes made will be effective April 1, 2011 and include the restatement of March 31, 2011 financial results using the newly adopted standards. The Company is reviewing these new standards and has not yet quantified the effect of adoption.

5. Restricted Cash Held in Trust

In 2010 the Company's subsidiary FII Consulting (Shanghai) Co., Ltd. entered into an agreement with the Beichuan Municipal County (BMC), China to provide funding for the costs incurred by the general contractor, Fu Yuan on the Beichuan Reconstruction Project. In the year \$730,000 was received by FII Consulting (Shanghai) Co., Ltd. from the Beichuan Municipal County (BMC) which was agreed to be "Held In Trust". This contribution was for the sole purpose of making payments on behalf of BMC to the Beichuan Project General Contractor, Fu Yuan. This money represented Beichuan County's Agreed financial responsibility to the project. During the year FII Consulting (Shanghai) Co., Ltd. made payments on behalf of BMC in the amount \$332,129. A balance of \$376,584 remains to be paid by the end of June 2011. The payments made and the matching cash contribution is contained in the consolidated statement of operations. The remaining \$376,584 is contained on the balance sheet as Restricted Funds/Cash Held in Trust.

6. Recipient Advances, Program Advances and Payables

The Company advances funds to recipient organizations during the year, based on recipient funding contracts, to carry out program activities. Historically unspent advances have been repaid back to the Company prior to the end of the first quarter of the new fiscal year after final reconciliation reports have

been submitted and final audits have been completed. At March 31, 2011, \$317,000 (2010 - \$533,000) has been identified as repayable by the recipients and has been set up as Recipient advances.

Program payables (advances) at March 31, 2011 of \$460,000 (2010 – (\$96,000)) relate to the net working capital at March 31, 2011 of Forestry Innovation Investment Ltd.'s subsidiary company, FII Consulting (Shanghai) Co., Ltd. This amount represents the net amount payable for programs being carried out by the subsidiary. The balance of program payables and advances to FII Consulting (Shanghai) Co., Ltd. is comprised of the following elements:

	2011	2010
Cash	(55)	(65)
Program advances	(693)	(186)
Program payables	1,208	155
Total	460	(96)

7. Property, Plant and Equipment

	2011		2010	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Property, Plant and Equipment				
Computer equipment	568	482	86	116
Furniture and equipment	338	271	67	85
Leasehold improvements	215	155	60	93
Tradeshow booths	734	672	62	184
	1,855	1,580	275	478
Intangible Assets*				
Websites	401	257	144	120
Computer software	109	103	6	2
	510	360	150	122
	2,365	1,940	425	600

Cost includes the fair market value of certain assets transferred to the Company from the Province effective April 1, 2003, for one dollar. These assets are now fully depreciated.

*Intangible assets subject to amortization that were acquired during the year totalled \$115,000 (2010 - \$76,000). The aggregate amortization recorded for intangible assets in 2011 was \$87,000 (2010 - \$88,000).

8. Accounts Payable and Accrued Liabilities

	2011	2010
Trade payables	227	369
Future employee benefit	171	171
Accrued liabilities	1,477	1,048
	<u>1,875</u>	<u>1,588</u>

9. Note Payable

	2011	2010
Note Payable	-	1,561
	<u>-</u>	<u>1,561</u>

Forestry Innovation Investment Ltd. signed a \$1,561,000 short-term note with HSBC on March 31, 2010 against 90 percent of its accounts receivable invoice outstanding from a Federal Government contract with a fair market value of \$1,734,000 for the Wenchuan Reconstruction Projects. The note required interest payable monthly at prime plus 0.5 percent. Interest was effective April 1, 2010 and repayment of the loan in full was made in full in 2010 upon receipt of payment of accounts receivable outstanding from the Federal Government (See Note 14 – Wenchuan Reconstruction Projects).

10. Due to the Province of British Columbia

On March 31 the amount due to the Province of British Columbia consisted of the following:

	2011	2010
Balance, beginning of the year	709	1,221
Funds received for current year operations	22,275	23,075
	<u>22,984</u>	<u>24,296</u>
Payments refunded back to the Province	(709)	(1,221)
Interest earned during the period	27	2
Program expenditures	(22,373)	(23,450)
Dream Home Canada lease amortization	-	1,003
Change in property, plant and equipment and intangible assets net of amortization	175	206
Advances against program expenditures	-	(127)
	<u>104</u>	<u>709</u>

Change in property, plant and equipment and intangible assets net of amortization represents assets acquired during the year of \$156,000 (2010 - \$230,000) less amortization of \$331,000 (2010 - \$436,000).

The amount payable to the Province of British Columbia is subject to repayment upon completion of the final audited financial report for fiscal 2011 and is not subject to interest charges.

11. Deferred Revenue

Deferred revenue consists of contributions received for the acquisition of property, plant and equipment and intangible assets, advances against program expenditures and advances on federal contracts with goods and services still outstanding. Revenue is recognized as these assets are amortized and or goods and services received. The deferred revenue account, therefore, will increase by the purchase of assets less disposals or advances received and decrease by the amortization of those assets or goods and services received.

	2011	2010
Balance, beginning of the year	2,055	1,815
Decrease in Dream Home Canada net of prepaid lease expense	-	(1,003)
Decrease in property, plant and equipment and intangible assets net of amortization	(175)	(206)
Advances against program expenditures provincial	5,710	127
Advances against program expenditures federal	(1,198)	1,327
Adjustment	-	(5)
Balance, end of the year	6,392	2,055

Advances against program expenditures for fiscal 2011, reflects provincial funding for fiscal 2012 received during fiscal 2011.

12. Share Capital

The Company has authorized capital of 100 common shares without par value of which 10 shares are issued and outstanding. The Minister of Forests and Range holds the shares issued as the designated representative of Her Majesty the Queen in right of the Province of British Columbia.

13. Commitments

The Company has lease commitments for the premises it occupies at 1130 West Pender Street and DHC Villa, Shanghai, China:

	<u>Lease</u> <u>Payments</u>
March 2012	523
March 2013	117
March 2014	-
March 2015	-
March 2016	-
	<hr/> 640 <hr/>

The Company also has an obligation to pay \$1,073,000 (2010 - \$2,142,000) in fiscal 2012 for contracts entered into, including those for the Wenchuan Reconstruction Projects, and not yet completed at March 31, 2011.

14. Wenchuan Reconstruction Projects

In June of 2008, British Columbia (B.C.) Premier Gordon Campbell and the Honourable Gary Lunn, Canadian Minister of Natural Resources, announced a CDN \$8 million donation to provide wood-frame buildings to help survivors of China's Wenchuan Earthquake.

The initiative is a collaborative effort between the Government of Canada and the Government of British Columbia. B.C. is providing CDN \$5 million and the Government of Canada is contributing CDN \$3 million. This involves constructing permanent wood-frame structures, including a school, a seniors' home, and a rehabilitation centre for physically disabled. All are being built of Canadian structural lumber and using modern wood frame construction technology.

The reconstruction projects are being managed by Forestry Innovation Investment Ltd. and delivered through its Shanghai based subsidiary FII Consulting (Shanghai) Co., Ltd. The latter is responsible for negotiating the terms of each project and managing it to completion. Canada Wood Group China, is providing on-the-ground quality assurance. The initiative is expected to continue over three years with completion targeted now for early fiscal 2012.

In the 2011 fiscal year Forestry Innovation Investment Ltd. received/incurred the following funding and costs related to this initiative:

	2011	2010
Funding from the Province of British Columbia	(3,300)	-
Funding from the Government of Canada	(1,140)	(1,847)
Funding from Beichuan County, China	(332)	-
Project Costs	4,700	1,704
Exchange Gain/Loss	(10)	(7)
	<u>(82)</u>	<u>(150)</u>

15. China Wood Frame Demonstration Projects

In fiscal 2010, Forestry Innovation Investment Ltd. and the Government of Canada, through the Minister of Natural Resources, entered into an agreement where Natural Resources Canada contributed CDN \$3.3 million for wood frame demonstration projects in China. A further CDN \$2.6 million contribution was made in fiscal 2011 towards these initiatives.

The projects are a collaborative effort to illustrate a wide range of building applications using wood. These include wood frame elements such as wood truss roofs, interior partition walls, and exterior infill walls in multi-storey, multi-family housing. Projects will demonstrate the merits of wood-frame building and related technology, and the quality of Canadian/B.C. wood products, and will advance the acceptance of structural wood building systems in China.

The demonstration projects are being managed by Forestry Innovation Investment Ltd. and delivered through its Shanghai based subsidiary FII Consulting (Shanghai) Co., Ltd. As with most Demonstration projects, FII Consulting (Shanghai) Co., Ltd. is responsible for negotiating the terms of each project and managing it to completion. Canada Wood Group China is providing on-the-ground quality assurance expertise.

In the 2011 fiscal year Forestry Innovation Investment Ltd. received/incurred the following funding and costs related to these projects:

	2011	2010
Funding from the Government of Canada	(2,562)	(3,341)
Forest Products Association of Canada	(75)	-
Project Costs	2,763	3,037
Exchange Gain/Loss	(2)	(2)
	<u>124</u>	<u>(306)</u>

16. Retained Earnings

Retained earnings of \$742,000 (2010 - \$456,000) represents funds received from the Government of Canada in excess of expenditures incurred. FII's funding agreement with the Province of British Columbia

allows for the carryover of any funds received from sources outside of Province of British Columbia into future periods.

17. Future employee benefit

The Company has an obligation to pay a retirement allowance of \$171,482 to a senior executive at the expiry of the employment agreement. The contract was renewed in fiscal 2011 with no change in the retirement allowance.

18. Related Party Transactions

The Company is related through common ownership to all Province of British Columbia ministries, agencies and crown corporations and other public sector entities. In addition, transactions with senior management, directors, immediate family members of senior management and directors and companies with which any of the above have a financial interest are also considered related parties. 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.

Forestry Innovation Investment Ltd. had the following transactions with its related parties:

	2011	2010
Revenues from the Province		
Contributions (funding) from the Province of British Columbia	18,800	22,700
Capital funding from deferred revenue for Dream Home Canada lease amortization (see note 10, 11)	-	1,003
Capital funding from deferred revenue for assets net of amortization (see note 7, 10, 11)	175	206
Interest earned during the period	27	2
Advances against program expenditures provincial (see note 10,11)	-	(127)
Excess provincial funding over expenditures set up as due to the Province of British Columbia (see note 10)	(104)	(709)
Net contributions from the Province of British Columbia	18,898	23,075
Contributions from the Province of British Columbia towards Wenchuan Reconstruction Projects (see note 14)	3,300	-
	22,198	23,075
Expenses		
Wages and benefits	141	308
Office	13	75
Program Costs	343	597
Grants	45	25
	542	1,005
Balance Sheet items		
Deferred Revenue per Consolidated Balance Sheet	6,392	2,055
Advances against program expenditures from the Federal Government	(130)	(1,327)
Deferred revenue from the Province	6,262	728
Due to Province of British Columbia	104	709
	6,366	1,437

19. Capital Management

The Company considers its capital to be its retained earnings, which comprise general funds from federal government agreements. The capital consists of amounts received from the Government of Canada where funds were in excess of expenditures at year end for ongoing projects undertaken by the Company (see Note 16).

The Company's objectives when managing its capital are to ensure the Company effectively achieves its goals and objectives for which it has been established, whilst remaining a going concern.

Annual budgets are developed and monitored to ensure the Company manages its revenues, expenses, assets, liabilities, and general financial dealings prudently and in compliance with the British Columbia government budget processes and with British Columbia Treasury Board instructions.

20. Financial Instruments

As at March 31, 2011 FII has the following financial instruments:

Financial Instrument	Balance	Balance
	2011	2010
Cash	7,426	-
Restricted Cash held in trust	377	-
Accounts Receivable	1,276	4,301
Recipient Advances	317	533
Program Advances	-	96
Cheques Written in excess of Cash Balance	-	342
Accounts Payable and Accrued Liabilities	1,875	1,588
Restricted funds held in trust	377	-
Note Payable	-	1,561
Program Payables	460	-
Due to the Province of British Columbia	104	709

The carrying value of Forestry Innovation Investments' financial instruments approximate their fair value due to their short-term nature or in the case of Cash and Restricted Cash held in Trust due to these accounts being carried at fair value.

The management of Forestry Innovation Investment monitors and assesses the Company's exposure to risk through its financial instruments on an ongoing basis. Management uses a variety of processes to address these risks.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Forestry Innovation Investment is potentially exposed to credit risk through cash, restricted cash held in trust, accounts receivable and recipient advances. Cash and restricted cash is maintained with financial institutions of reputable credit and may be redeemed upon demand. Accounts receivable consist mainly of federal cost share agreements which are monitored on a regular basis. Recipient advances are made three times through the year to reputable recipients, and FII staff monitor the status of such advances on a continuing basis. It is the Company's opinion that its exposure to credit risk is subject to normal industry risks and is considered minimal.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. Management maintains sufficient cash balances throughout the year to meet its short-term obligations. It is the Company's opinion that its exposure to liquidity risk is subject to normal industry risks and is considered minimal.

Market risks

Foreign exchange risk

Foreign exchange risk is the risk that a variation in exchange rates between the Canadian dollar and foreign currencies will affect the Company's operations and financial results. The Company is subject to foreign exchange risk through its program payables and program advances and a portion of the Company's program and tradeshow costs, which are denominated in Chinese Renminbi, Japanese Yen and other foreign currencies. Significant foreign exchange gain or losses are reflected as a separate component of the consolidated schedule of expenditures by business segment. The Company does not use derivatives instruments to reduce its exposure to foreign currency risk.

Interest Rate Risk

Interest rate risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Debt management strategies include monitoring of interest rates, leveraging unrestricted surplus funding against the interest rate debt.

21. Economic Dependence

The Company's operations are funded in full by the Province of British Columbia, through the Ministry of Jobs, Tourism and Innovation effective March 14, 2011, previously the Ministry of Forests and Range. The Company's operations are also funded in part by the Federal Government through Natural Resources Canada.

22. Comparative Figures

Certain figures for 2010 have been restated to conform to the current year's presentation.