

2008 Annual Message

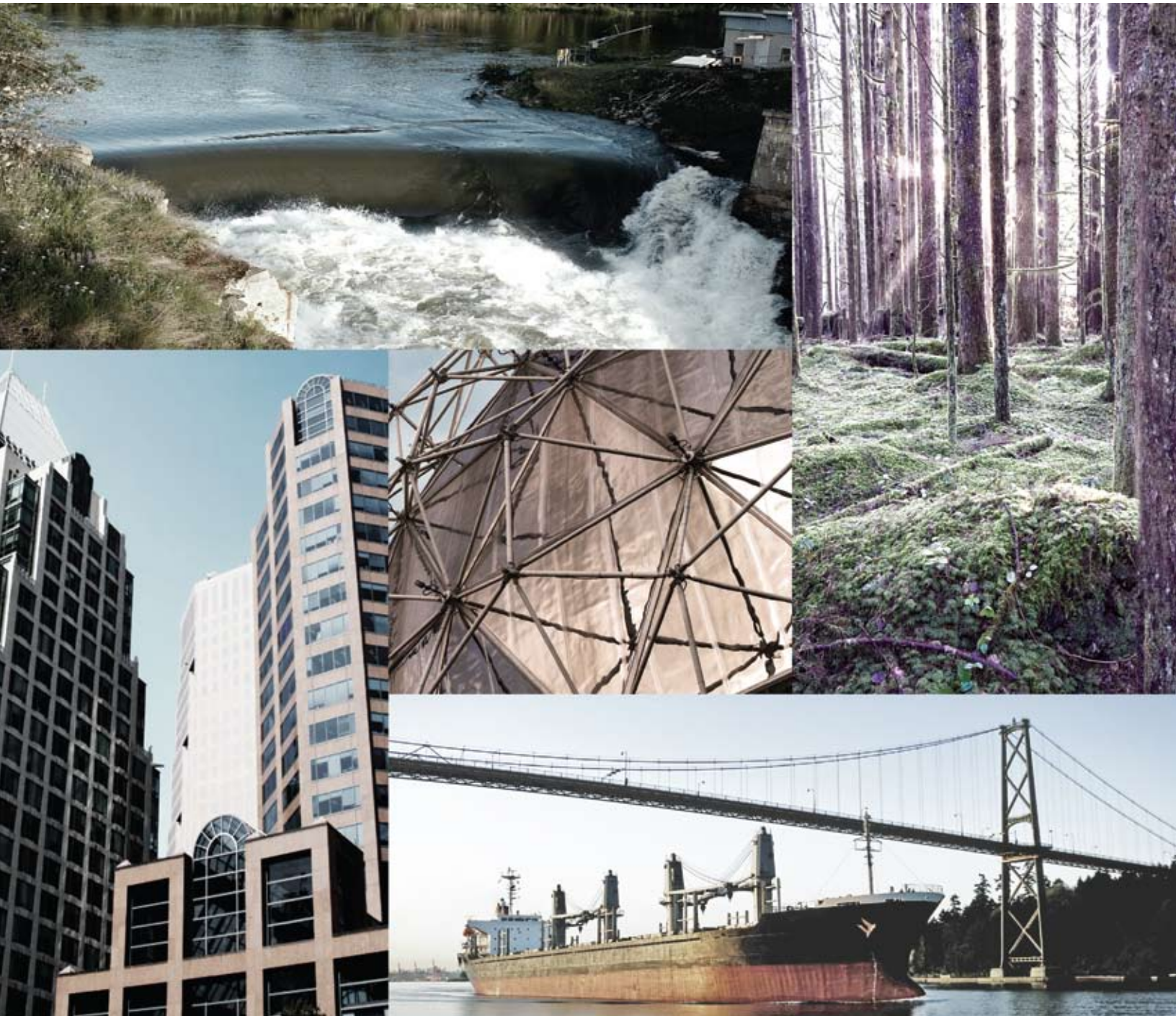


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About the International Financial Centre British Columbia

The International Financial Centre British Columbia (IFC BC) is a non-profit society, established in 1986, with a mandate to promote British Columbia as a location for investment and encourage corporations to take advantage of the favourable tax treatment available under the *International Financial Activity Act* (IFAA).

The IFAA provides the legislative framework for the International Financial Activity (IFA) program, which offers a registered corporation a full refund on provincial corporate taxes earned on the income of a qualifying international financial business (75% for patent activity). Employees who come from outside Canada to work for companies in the IFA program are eligible to register as IFA specialists. IFA specialists are entitled to favourable tax treatment as well.

Membership in the IFC BC consists of Core, Associate, and Academic members. Most Core members are registrants in the IFA Program. Associate members represent the infrastructure of the business community. Academic members are affiliated with universities and institutions of higher learning in British Columbia.

The IFC BC acts as an information source for members inquiring about the IFA program and offers its members a forum for networking and communicating with other members through hosted events.

In addition to bringing new companies into the province, the IFC BC serves its members through:

- Advocating on behalf of members to address issues of interest regarding the IFA Program.
- Undertaking pertinent public policy initiatives and working with policy makers to strengthen the IFAA.
- Promoting the province by raising the profile of British Columbia as a location for investment.



- Disseminating information to members on changes to the IFAA and future developments and hosting meetings, seminars, and conferences to communicate relevant information.
- Providing interested companies with information about the IFAA.
- Building links with higher-level educational institutions to communicate the competitive advantages of doing business in British Columbia.

Message From the Chair

2008 was a year of change and also one of steady progress for International Financial Centre British Columbia (IFC BC). In July, the new President, Bruce Flexman, took the helm from Bob Fairweather, who retired in April. We thank Bob for his years of dedicated service and welcome Bruce, a former tax partner and leader at KPMG, who brings a wealth of experience as well as new leadership to the position of President. In particular, we welcome his expertise in international tax matters.

Under Bruce's direction, the Board dedicated a weekend at Whistler to developing a new strategic direction for IFC BC. Based on the goals

established at the Board retreat, IFC BC immediately initiated proposed policy changes with the Provincial government. In particular, through the Province's budget submission process, IFC BC recommended to the Province specific changes to the International Financial Activity (IFA) program that would enable Vancouver to better compete on a global basis with other major cities and financial centres and take advantage of niche market opportunities.

As evidence of the success of IFC BC, I am pleased to report that during 2008, six new companies joined IFC BC as Core members, bringing total membership to 61 at year end. Progress in communicating the advantages of BC to the international business community has been steady, and we look forward to it continuing in 2009 and redoubling our efforts in this regard. I am confident that IFC BC will continue its success in spite of the recent downturn in the economy. Although the number of members is improving, not all members experienced the same level of program benefits as in prior year. Therefore, IFC BC's 2008 revenues were lower than 2007, but as a result of prudent and careful spending, IFC BC closed the 2008 year in sound financial shape.

Two of the more important services IFC BC performs are assisting members in dealing with IFA program administrative matters and providing a forum for members to network with other members and in doing so, learn more about the program. To that end, IFC BC hosted several events during 2008, most recently a reception where Bruce presented the new IFC BC strategic plan. In early May, we are planning a workshop



for members who wish to learn more about procedural and administrative matters of the IFA program and benefit from the best practices others have adopted.

The current economic turbulence will impact the business of the members of IFC BC in future. However, I am confident that with a clear and focused direction, IFC BC will continue to be successful in its efforts to bring the advantages of British Columbia to the forefront of decision-makers in the global corporate and financial community and convince them that British Columbia is indeed the best place on earth.

IFC BC continues to work with the Province on how to best achieve the shared goal of increasing business and employment in British Columbia. I am pleased to report success in IFC BC's efforts to eliminate the British Columbia corporation capital tax. I believe the elimination of this growth-stunting tax will benefit the Province greatly in the years ahead. IFC BC continues to work closely with the Ministry of Finance in proposing amendments to the existing legislation. On behalf of the entire IFC BC Board, I can say that we look forward to maintaining our close working relationship with the Province.

We are fortunate to have a hard working and experienced Board of Directors. I wish to extend my sincere thanks to all of the members of the Board of Directors for their assistance, support and guidance throughout the past year. Particularly, I want to thank the members of the Executive Committee: Bruce Flexman, Anne Meyer, Andrew Parkinson, Glenn Ives, and Colin Hulford for their diligence and dedication. On an ongoing basis, the Board and the Executive Committee monitor IFC BC's financial health as well as the execution of IFC BC's strategic plan and objectives. The Board is our eyes and ears and stays informed of regulatory, audit and other matters facing members under the IFA program, and IFC BC is grateful for their efforts. Finally, I extend thanks to Bruce and the staff at IFC BC for their contribution to our overall success.

-Ron Bozzer, Chair

President's Report

My first six months as President of the IFC BC have been eventful. Let me begin by noting the efforts of my predecessor, Bob Fairweather. I credit Bob with not only establishing a sound financial footing for the IFC BC, but also laying the foundation for much of the work in progress as well as achievements that are already part of the legislative landscape.

My first initiative was to bring the Board together to assist me in sculpting a Strategic Plan for the IFC BC. I felt it was important to identify areas of focus with the guidance and input of Board members, who have been with the IFC BC and know its

potential. The result was a plan identifying a number of focus areas that promise opportunity for the Society. I believe it is important for us to have a strategic focus in order to build a strong international financial centre in British Columbia. The competition is fierce. Therefore, it is important to focus our efforts on building a cluster of financial businesses with specialized expertise that can play to our competitive advantages. The four key areas that we identified as focus areas are: 1) fund administration and prime brokerage; 2) big 5 Canadian banks; 3) corporate finance and treasury; and 4) Asian Pacific financial institutions. With a clear vision, I can now look forward to implementing practices with the objective of achieving the goals that will sustain our growth in the years to come.

With the plan in place, the IFC BC prepared a Budget Submission to the Minister of Finance to recommend changes in the IFAA and its Regulations to support identified areas of focus. In particular, the IFC BC has recommended a redraft of the management services regulation so that it embodies the spirit of the intended budget change, allowing IFA Specialists in all qualifying activities and removing restrictions that prohibit Schedule III banks from qualifying. Two of the recommendations made by the IFC BC were enacted in the 2009 Budget: changing the amalgamation rule and expanding the category of green-related patents to include wastewater treatment and fuel cell technology patents.

As an important area of strategic interest, the financial services sector in British Columbia plays an important role in job creation and ensuring the province's continued economic health. I have met with the major Canadian banks to learn more about their business with respect to the IFC BC and explore areas where they might benefit



from the program. Now that the capital tax will be eliminated in 2010, financial institutions can begin preparations to expand their business here, taking advantage of the reduced tax rates in British Columbia. The province is preparing to publish a study of financial services in British Columbia and has tasked a group of financial executives to recommend ways the IFC BC can be utilized by the financial services sector.

As a small organization, it is critical that we leverage the efforts of larger organizations. By reaching out to tax professionals, I am convinced that the benefits of the IFA program can be communicated most effectively. I had

the opportunity to present a paper at the BC Canadian Tax Foundation Conference and to deliver a presentation at the Tax Executives Annual Conference as well as make presentations to large and medium accounting firms. One of the first members I solicited was the Business Council of BC, an important group central to the business community in BC. In addition, I have met with the Asia Pacific Foundation, VEDC, CME, Captive Insurance Association, Export Development Canada and others in an effort to explore areas of mutual interest.

On the policy front, I had the opportunity to attend several meetings to discuss legislative changes. I also met with the Audit Department to address more specific questions concerning registration and audit procedures.

As noted in the Chair's remarks, we have been able to attract a growing number of new registrants. I expect this trend to continue as more companies find ways to adapt their business model to the requirements of the IFA program. We remain on sound financial ground, although we expect next year's revenues will reflect the turbulence of the economy. Recently, the IFC BC commissioned a study to measure the benefits of the IFA program for the provincial government and the provincial economy as a whole. The results indicate the program is a significant contributor to the province's economic growth.

I thank the directors for their guidance and support. In particular, I acknowledge the members of the Executive Committee for the strategic advice so unstintingly given. Last, I thank the members of the IFC BC for giving me the opportunity to serve as President of the organization, and I remain grateful that the Society's members have trusted me to carry on the business of the IFC BC in the years to come.

-Bruce Flexman, President

2008 Member Events

IFC BC Annual General Meeting



The IFC BC AGM is a key event for members of the Society to network with other members and find out news about the IFA program.

Pictured at left: C. Hulford, R. Fairweather, and G. Ives.

Bob Fairweather's Retirement Reception

Many friends, colleagues, and dignitaries joined Bob Fairweather to celebrate his outstanding career and wish him well in retirement.



R. Bozzer presents Bob a retirement gift.



C. O'Brien and B. Lea, BC Ministry of Small Business and Revenue



Left to right: Doug Reid, Capilano Golf Club, Brian Phillips, PH&N, Alan Snowden, Family Wealth Management

13th Annual Golf Tournament



A great day of golf on the award-winning University Golf Club marked the IFC BC's 13th Annual Golf Tournament.

Pictured at left: B. Flexman awards the 'yellow ball' trophy to M. Larson, M. Dunnigan, M. Thorpe and A. Lo.

Strategy planning session with the IFC BC

The IFC BC hosted a strategic planning session with IFC BC Board members. Keynote speakers for the event were Jock Finlayson of the Business Council of BC and Stuart MacKay of MMK Consulting. The input of these speakers, the Directors, and guests was invaluable in shaping the strategic focus for the IFC BC. Results of the session were presented to members at the December event at the Vancouver Club.



Pictured on left photo (left to right): C. Hulford, A. Meyer, G. Ives, D. Fast, L. McFarland, J. Finlayson.

Pictured on right photo (left to right starting in centre) A. Parkinson, S. Bow, J. Wiebe, C. Duggan, T. Tessier

Holiday Wine Tasting at the Vancouver Club

The IFC BC hosted a Seasonal Reception and Wine Tasting at the Vancouver Club. In addition to wine tasting, members were invited to hear about the results of the strategic planning session held earlier in the year.

Board of Trade functions

- The Hon. Carole Taylor, BC Minister of Finance
- Ian Russell, President and CEO, Investment Industry Association of Canada
- The Honorable Gordon Campbell, Premier, Province of British Columbia
- 19th Annual Economic Outlook Forum

Core Members

AbeBooks Inc.

Angiotech Pharmaceuticals, Inc.

Babcock & Brown Canada

Bank of Montreal

Bank of Nova Scotia

BASF Finance Canada Inc.

Canaccord Capital Inc.

Chexx (Americas) Inc.

Chrysalix Energy

Canadian Imperial Bank of Commerce

Citizens Bank of Canada

Coast Capital Savings Credit Union

Connor, Clark & Lunn Financial Group

Custom House Ltd.

Custom House (Online) Ltd.

Custom House (Retail) Ltd.

Ecowaste Industries Ltd.

Ethical Funds Company

First Resolution Management Corporation

Genus Capital Management

Global Futures Corporation

Global Securities Corporation

Graymont Capital Inc.

Haywood Securities Inc.

Haywood Securities (USA) Inc.

HSBC Bank Canada

HSBC Capital (Canada) Inc.

HSBC Investment Funds (Canada) Inc.

HSBC Global Asset Management (Canada) Ltd.

International Forest Products Limited

International Tracing Search Inc.

JP Morgan Asset Management (Canada) Inc.

Mackenzie Cundill Investment Management Ltd.

Macquarie Capital Markets Canada Ltd.

Macquarie Metals & Energy Capital (Canada) Ltd.

Mondiale Asset Management Ltd.

Neuromed Pharmaceuticals Ltd. .

North Growth Management Ltd.

Northstar Trade Finance Inc.

Oakridge Accounting Services Ltd.

Orbis Client Services (Canada) Limited

Pacific Network Services Ltd.

Phillips, Hager & North Investment Management Ltd..

PI Financial Corp..

PI Financial (US) Corp.

QLT Inc.

Raymond James Ltd.

RBC Dominion Securities Inc.

Royal Bank of Canada

Salman Partners Inc.

Salman Partners (USA) Inc.

Scotia Capital Inc.

Teck Cominco Ltd.

Tolko Finance Ltd.

Toronto-Dominion Bank

UBS Bank (Canada)

Vancouver City Savings Credit Union

West Fraser International Ltd.

West Fraser Mills Ltd.

Windsor Building Supplies Ltd.

Wolverton Securities Ltd.

Associate Members

Aon Insurance Managers (Vancouver)	KCS Fund Strategies Inc.
Bank Vontobel AG - Rep. Office	KPMG LLP
BC Film Commission	Life Sciences BC
BC Innovation Council	Liquid Capital Pacific Corp.
BC Investment Management Corporation	McCarthy Tetrault LLP
Borden Ladner Gervais LLP	Merck Frosst Canada Ltd.
Boughton Law Corporation	Mitsubishi Canada Ltd.
Business Council of BC	Odlum Brown Ltd.
Canada Pacific Russia Trade Centre	Pacific Corridor Enterprise Council
Canadian German Chamber of Industry & Commerce	Pacific Northwest Economic Region
Canadian Manufacturers & Exporters	PricewaterhouseCoopers LLP
Chamber of Shipping of BC	SME Bancorp Inc.
Computershare Trust Company of Canada	SmytheRatcliffe LLP
Credit Union Central of BC	State Bank of India (Canada)
Deloitte & Touche LLP	Tamarack Capital Advisors Inc.
EFG Wealth Management (Canada) Limited	Thorsteinssons LLP, Tax Lawyers
Ernst & Young LLP	Union Securities Ltd.
Farris, Vaughn, Wills & Murphy LLP	Van Arbor Asset Management Ltd.
Gowling Lafleur Henderson LLP	Vanderluit & Associates, Inc.
Grant Thornton LLP	Vancouver Board of Trade
ICICI Bank Canada	Vancouver Economic Development Commission
Integro Canada Limited	
Investment Industry Association of Canada	
Jardine Lloyd Thompson Canada Inc.	

Academic Members

University of British Columbia Sauder School of Business	Douglas College Commerce & Business Administration
Simon Fraser University Business Department	British Columbia Institute of Technology School of Business

Board of Directors

Bruce Bailey <i>JP Morgan Asset Management (Canada) Inc.</i>	Rodger Hutchinson <i>West Fraser International Ltd.</i>
Steven Bow <i>Northstar Trade Finance, Inc.</i>	Glenn A. Ives <i>Deloitte & Touche LLP</i>
Ron Bozzer <i>Borden Ladner Gervais LLP</i>	Brad Kotush <i>Canaccord Capital Inc.</i>
Neal Clarence <i>Ernst & Young LLP</i>	Tony Martin <i>KPMG LLP</i>
Martine Cunliffe <i>UBS Bank (Canada)</i>	Len A. McFarland <i>Connor, Clark & Lunn Financial Group</i>
Cris Da Silva <i>Mitsubishi Canada Limited</i>	Anne Meyer <i>Raymond James Ltd.</i>
Chris Duggan <i>Royal Bank of Canada</i>	Andrew Parkinson <i>Van Arbor Asset Management Ltd.</i>
Robert Fairweather	Donald Rose
Bruce Flexman <i>IFC BC</i>	Ian Russell <i>Investment Industry Association of Canada</i>
Peter Gustavson <i>Custom House Global Foreign Exchange</i>	Bradley Sakich <i>PricewaterhouseCoopers LLP</i>
David Hall <i>Angiotech Pharmaceuticals, Inc.</i>	John Wiebe <i>Globe Foundation</i>
Colin Hulford <i>HSBC Bank (Canada)</i>	

Executive Committee

Ron Bozzer, <i>Chair</i>	Glenn A. Ives
Bruce Flexman	Anne Meyer
Colin Hulford	Andrew Parkinson, <i>Vice Chair</i>

Contact Information

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General Information

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Annual General Meeting
April 1, 2009
The Vancouver Club
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Vancouver, BC, Canada

