ATB SECURITIES INC.

Financial Statements

YEAR ENDED MARCH 31, 2005

AUDITOR'S REPORT

To the Board of Directors of ATB Securities Inc.

I have audited the balance sheet of ATB Securities Inc. as at March 31, 2005 and the statements of operations, shareholder's deficiency and cash flows for the year then ended. These financial statements are the responsibility of ATB Securities Inc.'s management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I 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 my opinion, these financial statements present fairly, in all material respects, the financial position of ATB Securities Inc. as at March 31, 2005 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

[Original Signed]

Fred J. Dunn, FCA
Auditor General

Edmonton, Alberta
May 13, 2005

ATB SECURITIES INC.

BALANCE SHEET

As at March 31, 2005

	2005	2004
ASSETS		
Current assets		
Cash	$ 13,744,332	$ 9,680,836
Clients' cash held in trust	7,038,150	5,490,284
Due from clients	256,852	334,591
Client fees receivable	143,814	12,231
Trailer fees receivable	170,770	57,040
Prepaid expenses	38,270	34,572
Total assets	$ 21,392,188	$ 15,609,554
LIABILITIES AND SHAREHOLDER'S DEFICIENCY		
Current liabilities		
Due to clients	$ 12,698,978	$ 7,048,836
Due to brokers and dealers	876,735	3,836,915
Due to ATB (Note 3)	853,467	349,026
Accrued liabilities	808,179	171,594
Unearned revenue	21,429	-
	15,258,788	11,406,371
Non-current liabilities		
Subordinated notes (Note 4)	13,995,000	6,995,000
	29,253,788	18,401,371
Commitments (Note 5)		
Shareholder's deficiency		
Share capital (Note 6)	5,000	5,000
Deficiency	(7,866,600)	(2,796,817)
	(7,861,600)	(2,791,817)
Total liabilities and shareholder's deficiency	$ 21,392,188	$ 15,609,554

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

Approved by the Board of Directors:

B. Normand
Chairman of the Board

M. Frederick
Chief Financial Officer

M. Mezei
Chief Executive Officer

ATB SECURITIES INC.

STATEMENT OF OPERATIONS

	for the year ended March 31, 2005	for the 13 month period ended March 31, 2004
Revenue (Note 7)		
Mutual fund commissions	$ 2,504,049	$ 658,223
Securities commissions	923,695	135,951
Net interest	393,089	227,596
Client fees	389,505	59,747
Other revenue	148,229	-
	4,358,567	1,081,517
Administration and selling expenses (Note 7)		
Salaries and employee benefits	2,861,703	1,609,336
Variable compensation expense	2,831,152	690,392
Processing fees	1,135,003	403,204
Professional fees	595,893	456,964
Interest on subordinated debt	426,395	274,859
Other interest expense	17,023	10,010
Other expenses	1,561,181	433,569
Total expenses	9,428,350	3,878,334
Loss for the year	$ (5,069,783)	$ (2,796,817)

STATEMENT OF SHAREHOLDER'S DEFICIENCY

	for the year ended March 31, 2005	for the 13 month period ended March 31, 2004
Share capital	$ 5,000	$ 5,000
Deficiency, beginning of year	(2,796,817)	-
Loss for the year	(5,069,783)	(2,796,817)
Deficiency, end of year	(7,866,600)	(2,796,817)
Total shareholder's deficiency	$ 7,861,600	$ (2,791,817)

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

ATB SECURITIES INC.

STATEMENT OF CASH FLOWS

	for the year ended March 31, 2005	for the 13 month period ended March 31, 2004
Cash flows from (used in) operating activities		
Loss for the year	$ (5,069,783)	$(2,796,817)
Changes in non-cash working capital		
Increase in client fees receivable	(131,583)	(12,231)
Increase in trailer fees receivable	(113,730)	(57,040)
Increase in prepaid expenses	(3,698)	(34,572)
Increase in accrued liabilities	636,585	171,594
Increase in unearned revenue	21,429	-
Cash received from clients	1,219,835	5,060,876
	(3,440,945)	2,331,810
Cash flows from financing activities		
Increase in due to ATB	504,441	349,026
Issue of subordinated notes	7,000,000	6,000,000
	7,504,441	6,349,026
Increase in cash	4,063,496	8,680,836
Cash, beginning of year	9,680,836	1,000,000
Cash, end of year	$ 13,744,332	$ 9,680,836
Supplementary cash flow information		
Interest paid	$ 414,697	$ 259,994
Interest received	$ 393,089	$ 227,596

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

ATB SECURITIES INC.

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2005

NOTE 1 INCORPORATION AND OPERATIONS

ATB Securities Inc. (ATBS) is a wholly owned subsidiary of Alberta Treasury Branches (ATB) established to facilitate client trading of securities. The continuing operations of ATBS are dependent upon ATB's ongoing financial support. ATBS was incorporated in Alberta under the *Business Corporations Act* (Alberta) on February 6, 2003. ATBS commenced operations on July 26, 2003. As a provincial corporation, ATBS is exempt from income tax. ATBS is a member of the Investment Dealers Association of Canada (IDA) and the Canadian Investors Protection Fund (CIPF). The prior year comparatives include a thirteen month period of activity from the date of incorporation.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared by management in accordance with Canadian generally accepted accounting principles. Comparative amounts have been reclassified to conform to the current year's presentation. The significant accounting policies followed in the preparation of these financial statements are summarized below:

Measurement uncertainty

In preparing the financial statements, management makes estimates and assumptions considering values of certain assets, liabilities, revenues, expenses and related disclosures reported in these financial statements. Actual results could differ from these estimates.

Revenue recognition

ATBS earns its revenue from third party clients and affiliates (Note 7). Commission revenue earned on mutual fund sales and securities transactions is recognized on a trade-date basis. Trailer fee revenues are recognized on an accrual basis as they are earned.

Other revenue is recorded on an accrual basis and includes client fees, Registered Retirement Savings Plan (RRSP) administration fees, Guaranteed Investment Certificate (GIC) referral revenue, interest income, client referral fee income, and client transaction fee income. GIC referral fees are paid by ATB to ATBS based on the imputed profit earned on the GIC's. Client referral fees are paid by ATB Investment Management Inc. (ATBIM), an affiliate, to ATBS based on actual commissions paid to ATBS sales staff. Transaction fees are paid by ATBIM to ATBS based on fair market costs of client trade processing.

Unearned revenue relates to RRSP administration fees on client accounts that are amortized into income over the calendar year.

ATB SECURITIES INC.

NOTE 2 (continued)

Cash

Cash consists of cash on deposit with ATB.

Client cash held in trust

Included in clients' cash held in trust are amounts with respect to Registered Retirement Savings Plans and Registered Retirement Income Funds segregated in trust accounts with Canadian Western Trust. Corresponding liabilities are included in Due to clients. Client balances are reported on a trade date basis.

Due to clients and Due to brokers and dealers

Due to clients represents cash balances in client accounts. These amounts are due on demand.

Due to brokers and dealers represents amounts related to trades which have initiated but not been settled.

NOTE 3 DUE TO ATB

In the normal course of operations, ATB pays expenses and collects revenues on behalf of ATBS. These amounts are duly recorded, as payable and receivables, in both ATB's and ATBS' accounts. The amounts due to and due from ATB are generally repaid in the following month.

	2005	2004
Due to ATB	$ 1,074,135	$ 516,014
Due from ATB	(220,668)	(166,988)
Total	$ 853,467	$ 349,026

The net amount due to ATB is subject to interest charges at ATB's prime lending rate. The prime lending rate at March 31, 2005 was 4.25% (2004 - 4.00%).

NOTE 4 SUBORDINATED NOTES

The subordinated notes held by ATB are unsecured and bear interest at the prime lending rate of ATB. The subordinated notes have no specified maturity dates, and are repayable upon demand by ATB, subject to the prior approvals of the IDA. Since ATB does not have the unilateral right to demand repayment, the subordinated notes have been classified as a non-current liability.

	2005	2004
February 11, 2003	$ 995,000	$ 995,000
May 22, 2003	6,000,000	6,000,000
July 29, 2004	5,000,000	-
February 16, 2005	2,000,000	-
Total	$13,995,000	$6,995,000

ATB SECURITIES INC.

NOTE 5 COMMITMENTS

ATBS is committed to payments under service agreements for data processing services through November 2007 in the amount of approximately $208,000. Annual payments are:

2006	$ 78,000
2007	78,000
2008	52,000
2009 and thereafter	-

NOTE 6 SHARE CAPITAL

Authorized:

- An unlimited number of Class A voting common shares without nominal or par value.
- An unlimited number of Class B non-voting common shares without nominal or par value.
- An unlimited number of 10% non-cumulative redeemable non-voting preferred shares without nominal or par value, redeemable at $100 per share.

Issued and outstanding:

100 Class A Voting Common Shares	$ 5,000

NOTE 7 RELATED PARTY TRANSACTIONS

In the normal course of operations, ATBS earns income in the form of trailer fees, and interest and other income from their parent company (ATB) and its other affiliates (ATBIM and ATB Investment Services Inc. (ATBIS)). ATB also charges ATBS for various administrative and selling services, as well as charging interest on subordinated notes and amounts owing to ATB. The summary of these transactions is as follows:

RELATED PARTY	TRANSACTIONS	RECORDED AS	2005	2004
REVENUE				
ATBIM	Trailer fees	Commission revenue	$ 1,324,354	$ 266,673
ATBIM	Referral fees	Other revenue	102,229	-
ATBIM	Transaction fees	Other revenue	42,510	
ATB	Interest income/			-
	GIC referral fees	Other revenue	636,926	215,969
			$ 2,106,019	$ 482,642

ATB SECURITIES INC.

NOTE 7 (continued)

RELATED PARTY	TRANSACTIONS	RECORDED AS	2005	2004
ADMINISTRATION & SELLING EXPENSES				
ATB	Processing	Processing fees	$ 1,134,823	$ 403,204
ATB	Information technology & rent	Other expenses	438,736	127,600
ATB	Employee services	Professional fees	127,194	83,127
ATBIM	Salaries	Salaries & employee benefits	8,417	17,725
			$ 1,709,170	$ 631,656
ATBIM	Salaries (recoveries)	Salaries & employee benefits	$ (14,900)	$ (14,900)
ATBIM	Salaries (recoveries)	Salaries & employee benefits	(44,700)	(44,700)
			$ (59,600)	$ (59,600)
INTEREST EXPENSE				
ATB	Interest expense on subordinated notes	Interest expense	$ 426,395	$ 274,858
ATB	Interest expense on due to ATB	Interest expense	14,859	10,010
			$ 441,254	$ 284,868

The above 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.

ATB SECURITIES INC.

NOTE 8 FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The fair value of cash, receivable from clients, trailer fees receivable, due to brokers and dealers and accrued liabilities approximates the carrying value due to the short-term nature of these instruments. The fair value of amounts due to ATB and subordinated notes is not readily determinable as there are no fixed terms of repayment.

NOTE 9 INTEREST RATE RISK

ATBS is subject to interest rate risk in that amounts due to ATB and subordinated notes are subject to fluctuation in interest rates. For each 1% change in the rate of interest on these obligations, the change in annual interest expense is approximately $144,159 (2004 - $75,000) based on the outstanding balances at March 31, 2005. This would be partially offset by increased interest earned on deposits.