ALBERTA SECURITIES COMMISSION

Financial Statements

YEAR ENDED MARCH 31, 2003

AUDITOR'S REPORT

AUDITOR GENERAL Alberta

To the Members of the Alberta Securities Commission

I have audited the balance sheet of the Alberta Securities Commission as at March 31, 2003 and the statements of income and retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the Commission'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 the Commission as at March 31, 2003 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]

FCA
Auditor General

Edmonton, Alberta
May 23, 2003

ALBERTA SECURITIES COMMISSION

BALANCE SHEET

As at March 31, 2003 *(thousands)*

	2003	2002 (restated Note 3)
Assets		
Current		
Cash		
Cash (Note 5)	$ 2,472	$ 2,897
Funds held for others (Note 10)	655	-
Accounts and advances receivable (Note 15)	749	182
Lease inducement receivable (Note 8)	400	-
Prepaid expense	55	18
	4,331	3,097
Non-current		
Restricted assets (Note 4)	786	729
Investments (Note 5)	15,320	18,646
Capital assets (Note 7)	1,727	1,619
Lease inducement receivable (Note 8)	588	-
	18,421	20,994
Total assets	$ 22,752	$ 24,091
Liabilities and Retained Earnings		
Current		
Funds held for others (Note 10)	$ 655	$ -
Accounts payable and accrued liabilities	1,551	926
Accrued vacation and benefit liabilities	607	777
Lease inducement (Note 8)	170	40
	2,983	1,743
Lease Inducement (Note 8)	955	120
Accrued benefit liability (Note 9)	1,033	748
Total liabilities	4,971	2,611
Retained earnings (Note 4)	17,781	21,480
Total liabilities and retained earnings	$ 22,752	$ 24,091

The accompanying notes and schedules are part of these financial statements.

Approved on behalf of the members:

Stephen P. Sibold, Q.C., Chair

Jerry A. Bennis, FCA, Member

ALBERTA SECURITIES COMMISSION

STATEMENT OF INCOME AND RETAINED EARNINGS

Year Ended March 31, 2003 *(thousands)*

	Budget (Note 13)	2003 Actual	2002 Actual (restated Note 3)
Revenue			
Fees (Note 14)	$ 15,172	$ 14,647	$ 14,409
Investment income (Note 6)	1,000	551	437
Settlement cost recoveries	-	12	365
Other	20	8	16
	16,192	15,218	15,227
Expense			
Salaries and benefits (Schedule A)	11,567	10,613	10,298
Edmonton office closure (Note 11)	-	2,096	-
Premises	1,146	1,264	1,109
Contract services	1,601	1,820	1,088
Amortization	645	556	557
Other	612	657	541
Travel	622	394	388
CSA project costs (Note 12)	431	780	359
Materials and supplies	368	301	299
Telephone and communications	223	218	229
Member fees (Schedule A)	410	275	199
Total expense	17,625	18,974	15,067
Income (loss) from operations	(1,433)	(3,756)	160
Administrative penalties revenue (Note 4)	(57)	57	104
Net income (loss)	$ (1,490)	(3,699)	264
Opening retained earnings, as originally reported		20,920	20,154
Change in accounting policy (Note 3)		560	1,062
Opening retained earnings, as restated		21,480	21,216
Closing retained earnings (Note 4)		$ 17,781	$ 21,480

The accompanying notes and schedules are part of these financial statements.

ALBERTA SECURITIES COMMISSION

STATEMENT OF CASH FLOWS

Year Ended March 31, 2003 *(thousands)*

	2003	2002
Cash flows from operating activities		
Cash receipts from fees	$ 14,580	$ 14,411
Cash receipts from settlement cost recoveries	12	365
Cash paid to and on behalf of employees	(10,254)	(9,550)
Cash paid to suppliers for goods and services	(5,741)	(4,465)
Edmonton office closure	(1,966)	-
Investment income	561	980
Cash flows from (used in) operating activities	(2,808)	1,741
Administrative penalties	57	104
Cash flows from (used in) operating activities and administrative penalties	(2,751)	1,845
Cash flows from investing activities		
Lease inducement received	19	200
Increase in restricted assets	(57)	(104)
Cash used for capital assets (1)	(727)	(595)
Cash (used for) provided from investments (2)	3,327	(2,786)
Cash advanced to CSA for NRD funding (Note 15)	(236)	-
Cash from investing activities	2,326	(3,285)
Decrease in cash	(425)	(1,440)
Opening cash	2,897	4,337
Closing cash	$ 2,472	$ 2,897
Supplemental cash flow information		
(1) Additions to capital assets	$ (847)	$ (321)
Increases (decreases) in capital asset liabilities	120	(274)
	(727)	(595)
(2) (Additions) reductions in investments	3,337	(2,241)
Loss on disposal of investments	(10)	(545)
	$ 3,327	$ (2,786)

The accompanying notes and schedules are part of these financial statements.

ALBERTA SECURITIES COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2003 *(thousands)*

NOTE 1 NATURE OF OPERATIONS

The Alberta Securities Commission is a Provincial Corporation under the *Securities Act* (Alberta). The business of the Commission is the regulation of the Alberta capital market, including the administration of the Act, the Securities Regulation and the Alberta Securities Commission Rules.

The mission of the Commission is to foster a fair and efficient capital market in Alberta and confidence in that market. In carrying out its mission the Commission strives to balance the needs of investors for adequate protection with the needs of industry to access capital necessary for continued economic growth.

The Commission, as an Alberta Provincial Corporation, is exempt from income tax.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with Canadian generally accepted accounting principles.

The accounting policies of significance to the Commission are as follows:

a) Portfolio Investments

Portfolio investments are recorded at cost. Realized gains and losses on disposal of these investments are included in the determination of net operating results for the year. Where there has been a loss in value of an investment that is other than a temporary decline, the investment is written down to recognize the loss. The written down value is deemed to be the new cost.

b) Investment Income

Investment income is recorded on the accrual basis where there is reasonable assurance as to its measurement and collectability.

Income and expense on index swaps and interest rate swaps are accrued as earned and gains and losses arising as a result of disposal of investments are included in the determination of investment income.

c) Valuation of Financial Assets and Liabilities

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable willing parties who are under no compulsion to act.

The fair values of cash, receivables, payables and accrued liabilities are estimated to approximate their book values.

NOTE 2 (continued)

The methods used to determine the fair values of portfolio investments and derivative contracts are explained in the following paragraphs:

Public fixed-income securities and equities are valued at the year-end closing sale price, or the average of the latest bid and ask prices quoted by an independent securities valuation company.

Private fixed-income securities are valued based on the net present value of future cash flows. These cash flows are discounted using appropriate interest rate premiums over similar Government of Canada benchmark bonds trading in the market.

The value of derivative contracts is included in the fair value of portfolio investments. Equity and bond index swaps are valued based on changes in the appropriate market based index net of accrued floating rate interest. Interest rate swaps are valued based on discounted cash flows using current market yields. Equity index futures are valued based on quoted market prices. The value of cross-currency interest rate swaps is included with the value of the underlying security. Cross-currency interest rate swaps are valued at quoted prices based on discounted cash flows using current market yields.

d) Capital Assets

Capital assets are recorded at cost.

Assets are amortized on a straight-line basis over their estimated useful lives as follows:

Computer equipment	3 years
Furniture and equipment	10 years
Leasehold improvements	8 years

e) Fee Revenue Recognition

Fees are recognized when cash is received (see Note 3).

f) Employee Future Benefits

The Commission participates in the Public Service Pension Plan, a multi-employer pension plan, with other government entities. Pension costs included in these financial statements comprise the cost of employer contributions for current service of employees during the year and additional employer contributions for the service relating to prior years.

The Commission maintains a Supplemental Pension Plan (the Plan) for certain designated executives of the Commission. The cost of the pension is actuarially determined using the projected benefit method pro-rated on services and management's best estimate of economic assumptions. Past service costs are amortized on a straight line basis over the average remaining service period of employees active at the date of commencement of the plan. The average remaining service period of active employees of the Plan is 11 years.

NOTE 2 (continued)

The Commission also maintains a plan whereby it makes Registered Retirement Savings Plan contributions on behalf of certain employees of the Commission. The contributions are calculated based on a fixed percentage of the employee's salary to a maximum of the Registered Retirement Savings Plan contribution of $13.5. The expense included in these financial statements represents the current contributions made on behalf of the employees.

g) **Lease Inducement**
Cash payments received as lease inducements are deferred and amortized on a straight line basis over the lease term.

h) **Use of Estimates**
The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

i) **Restricted Assets**
Revenues received by the Commission from Administrative Penalties are not to be used for normal operating expenditures of the Commission and can only be used for endeavours or activities that in the opinion of the Commission enhance the capital market in Alberta.

NOTE 3 CHANGE IN ACCOUNTING POLICY - FEE RECOGNITION

The Commission changed its accounting method for fees from distributions, registrations, and filing of annual financial statements and applications. Fees are now recognized when cash is received. This change reflects the new regulator model where fees are not based on specific services provided to a filer, rather fees are charged to enable the Commission to fulfill its overall regulatory responsibilities. Further, as fees are not refundable, except at the Commission's discretion, fees represent revenue when received. In addition, the new policy is consistent with other Canadian Securities Commissions.

The change in accounting policy has been applied retroactively, with restatement of comparative figures. The restatement has the effect of eliminating the work in progress and unearned revenue balances at March 31, 2002 of $103 and $664, increasing opening retained earnings by $1,062 and reducing 2002 net income by $502 (revenue decrease of $510; distributions $217, registrations $267, orders $26 and expense increase of $8).

If the policy change had not been made, work in progress and unearned revenue would have been $84 and $890 at March 31, 2003, and the loss for the year 2003 would have increased by $245.

NOTE 4 RESTRICTED ASSETS AND RETAINED EARNINGS

Retained earnings include $786 (2002 $729) of restricted assets, as described in Note 2(i).

NOTE 5 CASH AND INVESTMENTS

a) Summary

	2003 Cost	2003 Fair Value	2003 %	2002 Cost	2002 Fair Value	2002 %
Cash						
Bank deposit	$ 627	$ 627		$ 2,897	$ 2,897	
Less funds held for others (Note 10)	(655)	(655)		-	-	
CCITF cash	2,500	2,500		-	-	
	$ 2,472	$ 2,472		$ 2,897	$ 2,897	
Investments						
Deposit in the CCITF	$ 6,206	$ 6,206	35.2	$ 7,114	$ 7,114	38.5
Fixed-income securities (Schedule B)	8,755	8,544	48.5	8,786	8,399	45.4
Canadian equities (Schedule C)	2,859	2,877	16.3	2,746	2,980	16.1
	17,820	17,627	100.0	18,646	18,493	100.0
Less CCITF cash held for current purposes	(2,500)	(2,500)		-	-	
	$ 15,320	$ 15,127		$ 18,646	$ 18,493	

Cash consists of deposits in the Consolidated Cash Investment Trust Fund that is managed by the Ministers of Alberta Revenue and Alberta Finance to provide competitive interest income while maintaining maximum security and liquidity of depositors' capital.

The Commission's investments are held in investment funds established and managed by the Ministers of Alberta Revenue and Alberta Finance. Investment funds have a market based unit value that is used to allocate income to participants and to value purchases and sales of units.

b) Investment Risk Management

The value of investments is exposed to credit and price risk.

Credit risk relates to the possibility that a loss may occur from the failure of another party to perform according to the terms of a contract. Price risk is comprised of interest rate risk and market risk. Interest rate risk relates to the possibility that the investments will change in value due to fluctuations in market interest rates. Market risk relates to the possibility that the investments will change in value due to future fluctuations in market prices.

In order to earn an optimal financial return at an acceptable level of risk, management of the Commission has established an investment policy, which is reviewed annually. Risk is reduced through asset class diversification, diversification within each asset class and quality and duration constraints on fixed-income instruments. Controls are in place respecting the use of derivatives. While the Commission reports the results of these risk management initiatives in its accounts, the Commission is a passive third party recipient of these transactions and does not engage directly in derivative or swap contracting.

NOTE 5 (continued)

c) Derivative Contracts

Derivative contracts are financial contracts, the value of which is derived from the value of underlying assets, indices, interest rates or currency rates. The fund manager uses derivative contracts within the investment funds to enhance return, manage exposure to interest rate risk and foreign currency risk and for asset mix management purposes. The notional value of a derivative contract represents the amount to which a rate or price is applied in order to calculate the exchange of cash flows. There are underlying securities supporting all swaps, and leveraging is not allowed.

As at March 31, 2003, the Commission's proportionate share of the notional amount of derivative contracts amounted to $1,921 (2002 $1,801) and 28% (2002 38%) of these contracts mature within three years. As at March 31, 2003, index swaps and equity index futures contracts, with a notional amount of $1,315 (2002 $1,101), had a negative fair value of $34 (2002 $5). Cross-currency interest rate swap contracts, which comprised the remaining notional amount of $606 (2002 $700), are valued as a package, including the underlying security. As at March 31, 2003, the combined fair value of cross-currency swaps and underlying securities amounted to $621 (2002 $696).

NOTE 6 NET INVESTMENT INCOME

	2003	2002
Interest	$ 873	$ 945
Net realized loss on investments	(257)	(545)
Derivative income (loss)	(106)	2
Dividends	41	35
	$ 551	$ 437

NOTE 7 CAPITAL ASSETS

	Cost	Accumulated Amortization	2003 Net Book Value	2002 Net Book Value
Computer equipment	$ 1,560	$ 1,162	$ 398	$ 353
Furniture and equipment	481	167	314	322
Leasehold improvements	1,684	669	1,015	944
	$ 3,725	$ 1,998	$ 1,727	$ 1,619

NOTE 8 LEASE INDUCEMENTS

Lease inducement balances and current amortization includes:

Lease	Term	Current Inducement	Future Inducement
Calgary, old	10 years, ending 2006	$ 40	$ 80
Calgary, new	8 years, ending March 2011	123	865
Calgary sublease	3 years, ending October 2005	7	10
		$ 170	$ 955

The new Calgary lease inducement of $988 is receivable over three years with $400 due in May 2003.

NOTE 9 ACCRUED BENEFIT LIABILITY AND PENSION EXPENSE

The accrued benefit liability includes:

	2003	2002
Retirement Plan	$ 201	$ 207
Supplemental Pension	832	541
	$ 1,033	$ 748

The following pension expense for the plans is recorded in the Statement of Income under salaries and benefits.

	2003	2002
Public Service Pension Plan	$ 194	$ 180
Registered Retirement Savings Plan	240	242
Retirement Plan	6	13
Supplemental Pension Plan	292	212
	$ 732	$ 647

a) Public Service Pension Plan

The Commission participates in the Public Service Pension Plan (the PSPP). The expense for this pension plan equals the amount recorded in the accounts for the year ending March 31, 2003. At December 31, 2002 the PSPP reported an actuarial deficiency of $175,528 and in 2001 an actuarial surplus of $320,487.

b) Registered Retirement Savings Plan

The Commission makes contributions on behalf of employees who do not participate in the PSPP to employee Registered Retirement Savings Plans.

NOTE 9 (continued)

c) Retirement Plan

The Commission has a retirement plan for a designated executive. The provisions of the retirement plan were established pursuant to a written agreement with the designated executive. The retirement plan provides pension benefits based on a fixed schedule of payments over a fifteen year period commencing in September 2002 and ending in 2017. Accrued benefits are payable on the death of the designated executive. The retirement plan is not pre-funded and the benefits will be paid from the assets of the Commission as they come due.

d) Supplemental Pension Plan

The Commission has a Supplemental Pension Plan (the Plan) for certain designated executives of the Commission. The provisions of the Plan were established pursuant to a written agreement with each designated executive.

The Plan provides pension benefits to the designated executives which are defined by reference to earnings which are in excess of the $86 limit imposed by the *Income Tax Act* on registered pension arrangements.

Pension benefits from the Plan are payable on or after attainment of age 55 and are equal to 1.75% of highest average pensionable earnings (average over five years) for each year of service with the Commission. Members of the Plan become vested in the benefits of the plan after two years of service. Accrued benefits are also payable on early retirement (with reductions), death or termination of employment of the designated executive.

The Plan is not pre-funded and the benefits will be paid from the assets of the Commission as they come due.

An actuarial valuation of the Plan and retirement plan was performed by an independent actuary in March, 2001 and updated to March 31, 2002. The accrued benefit liability was determined as at March 31, 2001. During the current year management has estimated, based on information from prior actuarial valuations, the incremental costs of employee change within the plans of approximately $55 in addition to the actuarial valuation determined expense (prior to employee change) of $237.

ALBERTA SECURITIES COMMISSION

NOTE 9 (continued)

The results of the actuarial valuation and management's cost estimates as they apply to the Plan are summarized below:

Balance Sheet at March 31	**2003**	**2002**
Market value of assets	$ -	$ -
Accrued benefit obligation	1,033	829
Unfunded obligation	1,033	829
Unamortized transitional obligation	(229)	(255)
Unamortized actuarial gain	(33)	(33)
Employee change cost estimate	61	-
Accrued benefit liability	$ 832	$ 541

Accrued Benefit Obligation		
Accrued benefit obligation at beginning of period	$ 829	$ 596
Service cost	190	134
Interest cost	60	54
Net actuarial loss (gain)	(46)	45
Accrued benefit obligation at end of period	$ 1,033	$ 829

Pension Expense		
The pension expense for the Plan is as follows:		
Service cost	$ 206	$ 134
Interest cost	60	54
Amortization of transitional obligation	26	24
Pension expense	$ 292	$ 212

Actuarial Assumptions for Actuarial Valuation of the Plan

The assumptions used in the actuarial valuation of the Plan performed in March 2001 and updated to March 31, 2002 are summarized below. The discount rate was established in accordance with the yield on long corporate bonds. Other economic assumptions were established as management's best estimate in collaboration with the actuary. Demographic assumptions were selected by the actuary based on best estimate of the future experience of the plans.

	2003	**2002**
Discount rate	7.15%	7.15%
Rate of inflation	2.20%	2.20%
Salary increases	3.70%	3.70%

NOTE 10 FUNDS HELD FOR OTHERS

The Commission holds $655 in cash for participants in the Market Integrity Computer Analysis (MICA) system upgrade project. In addition, the Commission is committed to contributing $170 to the project, of which $35 has been spent and recorded as a Commission expense. Funds are disbursed as payments are made for approved expenditures. Expenditures, if any, in excess of the amounts held for others and the Commission's MICA commitment, require further participant approval and contribution. The MICA project will assist participants in the analysis of trading activities.

NOTE 11 EDMONTON OFFICE CLOSURE

The Commission closed its Edmonton Office on February 1, 2003. Closure costs of $2,096 include: employee severances of $1,400, lease termination of $140, litigation settlement with Edmonton employees of $250, furniture fixtures and leasehold write-offs of $200 and operational costs of $100.

NOTE 12 COMMITMENTS, CONTINGENCIES AND GUARANTEES

Set out below are details of commitments to organizations outside the Commission and contingencies from guarantees and legal actions. Any losses arising from the settlement of contingencies are treated as expenses in the year of settlement.

a) Commitments

Commitments arising from contractual obligations associated primarily with the eight-year lease of premises and three-year average rental of office equipment at March 31, 2003 amounted to $ 12,656 (2002 $5,058). These commitments become expenses of the Commission when the terms of the contracts are met.

The commitment amount includes the Commission's remaining contribution of $135 for the Market Integrity Computer Analysis project (see Note 10).

2003-04	$ 1,617
2004-05	1,463
2005-06	1,542
2006-07	1,573
2007-08	1,658
Thereafter	4,803
Total	$ 12,656

The Commission also agreed to share, based on an agreed upon cost sharing formula, the costs incurred for the maintenance of the Canadian Securities Administrators (CSA) Project Office, and any third party costs incurred in the development of harmonized rules, regulations and policies. The CSA Project Office was established to assist in the development and harmonization of rules, regulations and policies across Canada.

NOTE 12 (continued)

b) Guarantees

The Commission, along with the Ontario Securities Commission and the British Columbia Securities Commission guaranteed the liabilities of the Mutual Fund Dealers Association of Canada. The Commission's share of the guarantee is limited to $2,160.

c) Contingency, National Registration Database

The Commission is contingently liable in the amount of $518, which represents the Commission's share of certain development costs of the National Registration Database System ("NRD System"), should the NRD System fail and cannot be restored. Otherwise, these costs are contractually recoverable from system users. Subsequent to March 31, 2003 the NRD system was implemented, certain of these costs have been recovered and, based on current NRD system operations, the contingency will be eliminated in early 2004. No provision has been made in the financial statements for any potential cost to the Commission, as the Commission does not expect to pay any amount.

d) Legal Actions

The Commission is involved in various legal proceedings arising from its regulatory activities. Management considers the chance of liability under these legal proceedings not to be determinable and accordingly an estimate of any contingent loss cannot be made.

NOTE 13 BUDGET

The Commission members approved the original budget in February 2002. The following changes were subsequently authorized by the Commission members: Fees and investment income reductions of $1,300, net expense reductions of $300, Edmonton office closure expense of $2,200 (not previously budgeted), a contract services increase of $518 to provide additional funding for the National Registration Database, and capital expenditures for premises increases of $1,000 for Calgary leasehold capital renovations and expansions.

NOTE 14 FEES

	2003	2002
Distribution of securities (Note 3)	$ 6,172	$ 6,986
Registrations (Note 3)	5,686	4,822
Annual financial statements	2,448	2,168
Orders (Note 3)	341	433
Total	$ 14,647	$ 14,409

NOTE 15 ADVANCES

The Commission advanced $236 to the NRD project in late fiscal 2003 and consistent with the terms of this advance will be repaid this amount during fiscal 2004.

ALBERTA SECURITIES COMMISSION

SCHEDULES TO THE FINANCIAL STATEMENTS

SCHEDULE OF SALARIES AND BENEFITS

Schedule A

For the Year Ended March 31, 2003 *(dollars)*

	2003				2002	
	Number of Individuals (1)	Salary (2)	Benefits and Allowances (3)	Total	Number of Individuals (1)	Total
Securities Commission Members (part-time)	9	$ 275,405	$ -	$ 275,405	9	$ 198,681
Chair, Securities Commission (4)	1.0	$ 435,150	$ 33,155	$ 468,305	1.0	$ 456,485
Vice Chair, Securities Commission (4)	1.0	$ 212,150	$ 18,731	$ 230,881	1.0	$ 222,532
Vice Chair, Securities Commission (4,5)	0.8	$ 494,025	$ 47,221	$ 541,246	1.0	$ 221,148
Executive Director (6)	1.0	$ 242,900	$ 19,981	$ 262,881	1.0	$ 260,763
Director, Legal/Policy	1.0	$ 192,650	$ 17,986	$ 210,636	1.0	$ 204,137
Director, Capital Markets	1.0	$ 181,151	$ 17,499	$ 198,650	1.0	$ 190,922
Director, Enforcement	1.0	$ 168,350	$ 17,836	$ 186,186	1.0	$ 177,990
Director, Administration (7)	0.6	$ 93,346	$ 12,756	$ 106,102	-	-

(1) Number of individuals is the weighted average during the year.

(2) Salary includes regular base pay, bonuses, overtime and lump sum payments and honoraria.

(3) Employer's share of all employee benefits and contributions or payments made on behalf of employees including pensions, registered retirement savings plan contributions, health care, dental coverage, out of country medical benefits, group life insurance, accidental disability and dismemberment insurance, long and short term disability plan, vacation payouts, professional memberships, tuition, club memberships and Chair's automobile allowance.

(4) The Chair and Vice Chairs are full time Commission Members.

(5) The Vice Chair resigned effective January 31, 2003. Retiring allowance and bonus amounts included in Salary. Vacation payout included in Benefits and Allowances. A new Vice Chair was appointed on April 9, 2003.

(6) Automobile provided, no dollar amount included in benefits and allowance figures.

(7) Director, Administration was hired September 9, 2002 as a new member of the Senior Management team.

SCHEDULE OF INVESTMENTS IN FIXED INCOME SECURITIES

Schedule B

March 31, 2003 *(thousands)*

	Commission's share 2003 Cost	Commission's share 2003 Fair Value	Commission's share 2002 Cost	Commission's share 2002 Fair Value
Deposits in the Consolidated Cash Investment Trust Fund	$ 15	$ 15	$ 94	$ 94
Public fixed-income securities				
Government of Canada, direct and guaranteed	1,788	1,754	2,485	2,368
Provincial, direct and guaranteed:				
Alberta	20	21	26	26
Other	1,617	1,592	1,525	1,446
Municipal	181	180	128	124
Corporate	4,067	3,949	3,337	3,218
Private fixed-income securities				
Corporate	975	941	1,110	1,042
	8,663	**8,452**	**8,705**	**8,318**
Accounts receivable and accrued investment income	111	111	193	193
Accounts payable and accrued liabilities	(19)	(19)	(112)	(112)
	92	**92**	**81**	**81**
	$ 8,755	**$ 8,544**	**$ 8,786**	**$ 8,399**

(a) Fixed income securities held as at March 31, 2003 have an average effective market yield of 5.41% per annum (2002: 5.80% per annum) and the following term structure based on principal amounts:

	2003 %	2002 %
under 1 year	2	7
1 to 5 years	37	34
5 to 10 years	31	31
10 to 20 years	11	10
over 20 years	19	18
	100	100

b) The Commission's fixed income securities are held in the Canadian Dollar Public Bond Pool (the Pool). The Pool is managed by the Ministry of Revenue with the objective of providing above average returns compared to the total return of the Scotia Capital Universe Bond Index over a four-year period while maintaining adequate security and liquidity of participants' capital. The portfolio is comprised of high quality Canadian fixed income instruments and related derivatives. Competitive returns are achieved through management of the portfolio duration and sector rotation.

ALBERTA SECURITIES COMMISSION

SCHEDULE OF INVESTMENTS IN CANADIAN EQUITIES

Schedule C

March 31, 2003 *(thousands)*

	Commission's share 2003		Commission's share 2002	
	Cost	**Fair Value**	**Cost**	**Fair Value**
Deposits in the CCITF	$ 25	$ 25	$ 38	$ 38
Public equities (a)(b)				
Financial	887	952	772	897
Energy	361	446	273	380
Materials	457	437	417	430
Consumer discretionary	243	199	256	232
Industrials	209	193	261	267
Telecommunication services	168	155	120	116
Information technology	191	145	265	241
Consumer staples	109	119	93	111
Utilities	113	117	86	97
Health Care	98	92	108	111
	2,836	2,855	2,651	2,882
Passive index	11	10	39	42
	2,847	2,865	2,690	2,924
Receivable from sale of investments and accrued investment income	8	8	26	26
Accounts payable and accrued liabilities	(21)	(21)	(8)	(8)
	(13)	(13)	18	18
	$ 2,859	**$ 2,877**	**$ 2,746**	**$ 2,980**

(a) The Commission's effective net investment in Canadian public equities includes the fair value of deposits and floating rate notes, totalling $667 (2002: $612) which are used as underlying securities to support the notional amount of Canadian equity index swap contracts and futures contracts.

(b) The industrial classifications are those used by the Toronto Stock Exchange indices.

Schedule C (continued)

(c) The Commission's investments in Canadian equities are held in the following pooled funds administered by the Ministry of Revenue.

	2003 Cost	2003 Fair Value	2002 Cost	2002 Fair Value
Domestic Passive Equity Pooled Fund (i)	$ 1,250	$ 1,272	$ 1,222	$ 1,318
Canadian Pooled Equity Fund (ii)	1,156	1,173	1,160	1,279
External Managers Canadian Large Cap Equity Pool (iii)	453	432	364	383
	$ 2,859	$ 2,877	$ 2,746	$ 2,980

(i) The Domestic Passive Equity Pooled Fund is managed on a passive approach with the objective of providing investment returns comparable to the Toronto Stock Exchange (TSX) Index. The portfolio is comprised of publicly traded equities in Canadian corporations similar in weights to the TSX Index. To enhance investment returns with no substantial increase in risks, the pool uses structured investments such as domestic equity index swaps. The Pool's investment in units of the Floating Rate Note Pool (FRNP) are used as the underlying securities to support the index swaps of the Pool. FRNP is managed with the objective of generating floating rate income needed for the swap obligations in respect of structured investments in foreign equities, domestic equities and bonds. Through the use of interest rate swaps, FRNP provides investment opportunities in high quality floating-rate instruments with remaining term-to-maturity of ten years or less.

(ii) The Canadian Pooled Equity Fund is managed with the objective of providing competitive returns comparable to the total return of the Toronto Stock Exchange (S&P/TSX) Index. The portfolio is comprised of publicly traded equities in Canadian corporations. Risk is reduced by prudent security selection and sector rotation.

(iii) The Canadian Large Cap Equity Pool consists of multiple portfolios of publicly traded Canadian equities. Each portfolio is actively managed by an external manager with expertise in the Canadian large cap equity market. The performance objective is to provide returns higher than the total return of the TSX index over a four-year period. Return volatility is reduced through multiple manager investment style and market capitalization focus.

ALBERTA SECURITIES COMMISSION

SCHEDULE OF INVESTMENT RETURNS

Schedule D

Year Ended March 31, 2003

The Commission uses the time-weighted rate of return based on market values to measure performance. The measure involves the calculation of the return realized by the Commission over a specified period and is a measure of the total proceeds received from an investment dollar initially invested. Total proceeds include cash distributions (interest and dividend payments) and gains or losses (realized and unrealized).

The time-weighted rate of return measures the compounded rate of growth of the initial investment over the specified period. It is designed to eliminate the effect that the size and timing of cash flows have on the internal rate of return. The investment industry uses time-weighted rates of return calculated using market values when comparing the return of pools with other funds or indices.

Investment returns for the Commission are as follows:

	One Year Return				4 Year Compound Annualized Return
	2003	**2002**	**2001**	**2000**	
Time-weighted rates of return					
Short-term fixed income	**2.9**	**4.0**	**5.8**	**5.1**	**4.4**
Scotia Capital 91-day T-Bill Index	2.7	3.7	5.7	4.7	4.2
Long-term fixed income	**9.5**	**5.7**	**9.4**	**1.3**	**6.4**
Scotia Capital Universe Bond Index	9.2	5.1	8.7	1.3	6.0
Canadian equities	**(17.5)**	**n/a**	**n/a**	**n/a**	**n/a**
Toronto Stock Exchange (S&P/TSX)	(17.6)	n/a	n/a	n/a	n/a
Overall Return	**2.3**	**4.3**	**8.6**	**2.1**	**4.3**