



■■■■■■■■■■ 2004 E-COMM ANNUAL REPORT

VISION STATEMENT

E-Comm is a global leader in integrated emergency communications. Together with our partners, E-Comm is a vital link in saving lives and protecting property through excellence in people and technology.



MISSION STATEMENT

We exist to facilitate emergency communications and public services for the safety and well-being of emergency personnel and the public.

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CORPORATE OVERVIEW

E-Comm is the emergency communications centre for southwest British Columbia. E-Comm’s three core business lines include developing and operating the Wide-Area Radio System, providing emergency dispatch service for a number of police and fire agencies and operating the regional 9-1-1 service.

E-Comm is governed under the *Emergency Communications Corporations Act* (1997) and incorporated under the *BC Business Corporations Act*. E-Comm is a privately-held corporation with an annual operating budget of approximately \$45 million. As a cost-recovery model, E-Comm is not structured to make a profit; rather any net surplus can be credited back to shareholders at the end of the fiscal operating year and any shortfalls can be recovered through a special levy assessment in the following year.

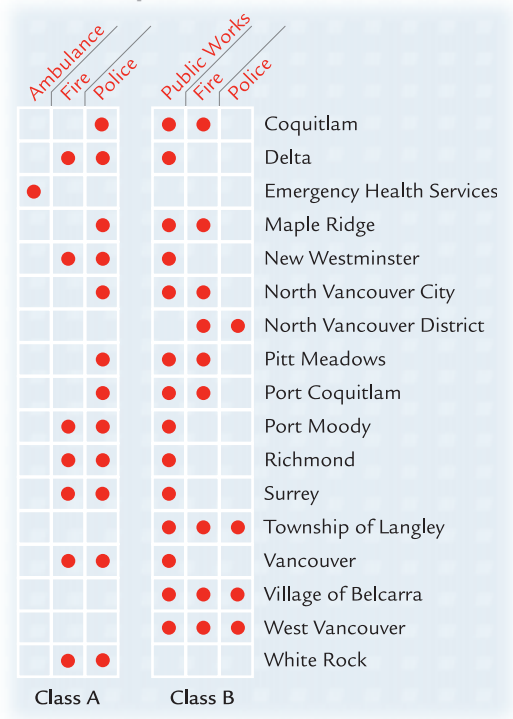
E-Comm has 20 Class ‘A’ shareholders and 27 Class ‘B’ shareholders. These members utilize the Wide-Area Radio system and are bound by the terms and conditions of the Members’ Agreement (Special Users Agreement for the RCMP). Class ‘B’ shares secure the shareholder future radio system access.

Member agencies are charged for their share of the radio system based on a weighted allocation model that considers such factors as the coverage area of their region (geography), population, the number of radios required, and the amount of radio traffic generated.

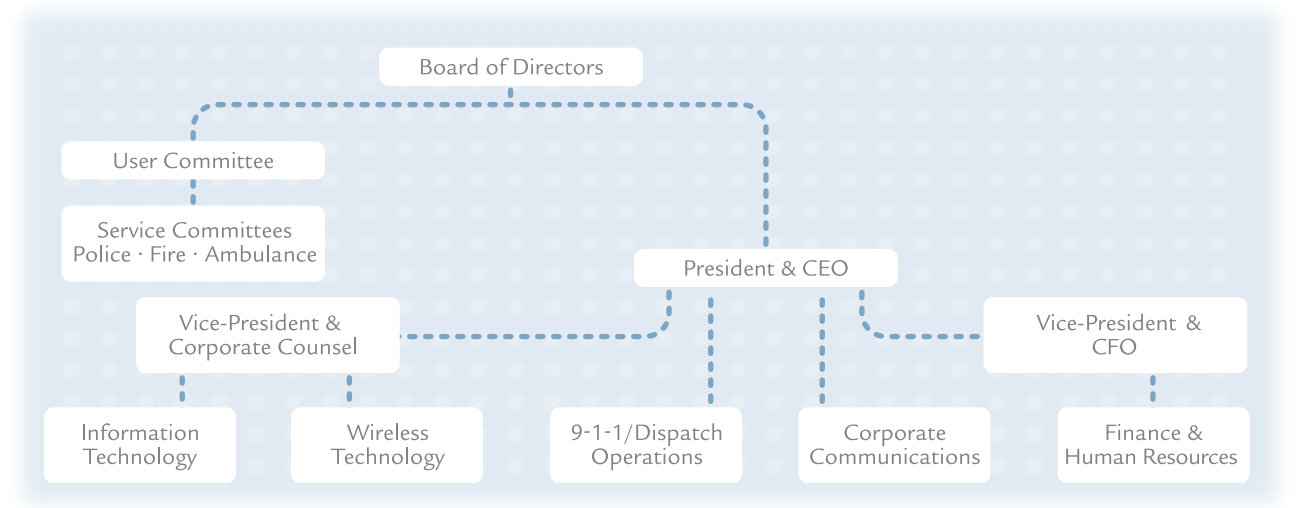
Agencies that utilize dispatch services are charged based on direct staffing requirements and an allocation for corporate administration (includes premises expenses, operating costs, maintenance costs and support staffing such as Management, Information Technology, Finance, Payroll and Human Resources).

9-1-1 service is contracted to E-Comm by the Greater Vancouver Regional District (GVRD), which collects for this service from each participating municipality through property taxes and remits payment to E-Comm. The service area includes the GVRD, Sunshine Coast Regional District and Whistler.

Share Capital



E-Comm Governance



E-Comm also has two wholly-owned subsidiaries, TCM Telecare Management Inc., which operates the provincial government's BC NurseLine, and PRIMECorp (Police Records Information Management Environment Corporation), the organization responsible for implementing the PRIME-BC system province-wide.

A 17 member Board of Directors provides governance to E-Comm and is responsible for overseeing the Corporation's strategic direction, its finances and operating results. Management is accountable to the Board of Directors for the day-to-

day administration of the Corporation. The members of the Board of Directors, nominated by E-Comm shareholders, provide extensive knowledge and experience to the Corporation through their work on the Board and as members of the Board's standing committees (Audit Committee, Human Resources & Compensation Committee, Governance Committee). In addition, E-Comm ensures that it meets its customer needs through a User committee and Service committees comprised of representatives from police, fire and ambulance.

2004/2005 E-Comm Board of Directors

David Korbin	Chair (Independent Director)
Cliff Annable	Councillor, City of White Rock (representing White Rock, Surrey, Township of Langley)
Kevin Begg	Assistant Deputy Minister, Policing and Community Safety Branch, Ministry of Public Safety and Solicitor General (representing Ministry of Public Safety and Solicitor General)
Don Bell	former Mayor, District of North Vancouver (retired from Board in July 2004)
Gary Briggs	Inspector, RCMP, ret (representing RCMP)
Daphne Corbett	(Independent Director)*
Murray Day	Inspector, VPD ret (representing Vancouver Police Board)
Len Garis	Fire Chief, City of Surrey (representing Surrey, White Rock, Township of Langley)
Jon Harris	Councillor, District of Maple Ridge (representing Maple Ridge, Pitt Meadows)**
David Hodgins	Fire Commissioner, Province of British Columbia (representing Ministry of Community, Aboriginal and Women's Services)
Lois Jackson	Mayor of Corporation of Delta (representing Delta and Delta Police Board)
Jon Kingsbury	Mayor of City of Coquitlam (representing Coquitlam, Port Moody, Port Coquitlam, New Westminister, Belcarra)
Kiichi Kumagai	Councillor, City of Richmond (representing Richmond)
Patti Marfleet	(representing City of Vancouver)
David Morhart	CEO, BC Ambulance Service (representing BCAS)
David Sutcliffe	Chairman & CEO, Sierra Wireless (Independent Director)***
Joe Trasolini	Mayor of City of Port Moody (representing Independent Police Boards in Port Moody, West Vancouver, New Westminister)
Ron Wood	Mayor of District of West Vancouver (representing West Vancouver, City of North Vancouver, District of North Vancouver) ****

* *Audit Committee Chair*

** *HRCC (Human Resources and Compensation Committee) Chair*

*** *Governance Committee Chair*

**** *Appointed in December 2004 for retiring Director, Don Bell*

2004/2005 E-Comm Senior Management

Ken Shymanski	President & CEO
Beatrix Henning	Vice-President & CFO
Tracey Lee Lorensen	Vice-President & Corporate Counsel
Deborah Cherry	Director of Operations
Peter Gauthier	Director of Wireless Services
Glen Miller	Director of Information Technology
Jody Robertson	Director of Corporate Communications

MESSAGE FROM DAVID KORBIN

Chair, Board of Directors



E-Comm celebrated two significant milestones in 2004—our fifth anniversary and our first year out of start-up and into full operations. We continued to focus our efforts on financial stability, broadening our customer base and strengthening operational efficiencies and services. Our accomplishments were achieved through the guidance of our Board of Directors, the dedication of our employees and the support of our public safety partners.

In 2004 E-Comm implemented its Strategic Financial Plan, which sets the Corporation on a course to break-even by 2007. The financial results for 2004 indicate that E-Comm is on track to achieve the goals and targets set out in the financial plan.

On behalf of the Board of Directors, I would like to acknowledge the City of New Westminster's purchase of a Class 'A' share for its fire service. I would also like to officially welcome the fire departments of New

Westminster, Surrey and White Rock, who all joined the Wide-Area Radio System in 2004. I am also delighted to welcome our newest dispatch customers, Richmond Fire-Rescue and Delta Fire & Emergency Services, to E-Comm.

Achievements enjoyed must be shared among the many who have invested so much energy and dedication. This includes a strong and involved Board of Directors, which lends its business expertise and passion for public safety and community to the direction of the Corporation. On that note, I would like to take this opportunity to formally welcome those who joined the Board of Directors at our May 2004 AGM: Cliff Annable, Kevin Begg, Daphne Corbett, David Hodgins, David Morhart and David Sutcliffe. I would also like to acknowledge the contribution of departing Board members Don Evans and Tony Heemskerk for their hard work over the years and their ongoing support of E-Comm.

This past year can be described as one of substantial progress and maturity for E-Comm, and we remain steadfast in our pursuit of continuing to provide quality emergency communications services.

A handwritten signature in black ink, appearing to read "David Korbin".

MESSAGE FROM KEN SHYMANSKI

President & CEO



Overall 2004 has been a rewarding year for E-Comm. We continued to focus our efforts on our core businesses: the Wide-Area Radio System, Dispatch operations and 9-1-1. It has also been a challenging year as we worked to meet our operational commitments and deliver on our technology platforms and financial plans. As a result, we are a stronger company—one that will continue to provide quality integrated emergency communications.

We achieved our annual 9-1-1 service level target (95%) in 2004 and recorded zero downtime for the public safety technology that supports it. We added new Dispatch and Wide-Area Radio System customers and maintained

high-system reliability in the process. We took a leadership role in the development and implementation of new technologies that support the emergency services community, including technical implementation support for the provincial Police Records Management System (by way of contract with PRIMECorp). We undertook a customer satisfaction survey and recorded increases in satisfaction in almost all areas of our business. We also invested considerable effort in developing a strategic plan that focuses our priorities and outlines our strategies for future success, some of which are highlighted in this Annual Report. Our employees, the foundation of E-Comm, supported many community charitable programs including Cops for Cancer, the SPCA, the Vancouver Food Bank and the Canadian Red Cross Tsunami Relief Fund.

With the ongoing guidance of our Board of Directors, the hard work of our management and staff and the support of our customers, E-Comm is well positioned for success as we move forward.

A handwritten signature in black ink, appearing to read "Ken Shymanski".

YEAR IN REVIEW

January

- Cost Allocation Model Review

February

- Altaris CAD Geo File upgrade
- Strategic Financial Plan approved by Board of Directors

March

- Surrey Fire Service transitions to Wide-Area Radio System
- White Rock Fire Department transitions to Wide-Area Radio System

April

- Bait Car program expanded
- Combined Events Technology on Altaris CAD introduced
- PoliceCAD implemented at Richmond RCMP dispatch (VersaCAD)

May

- Richmond Fire-Rescue dispatch moves to E-Comm
- AMBER Alert launched in Lower Mainland
- Employee Focus Groups held

June

- Delta Fire & Emergency Services dispatch moves to E-Comm
- 5th anniversary of E-Comm GO LIVE (June 8, 1999)

July-August

- Celebration of Light (radio transmissions increase 17%-35%)
- Law Enforcement Information Portal (LEIP) upgrade
- Ronna Straka (E-Comm dispatcher) awarded APCO Canada Communicator of the Year

September

- City of New Westminster purchases Class 'A' share for fire service
- Cops for Cancer tour stops at E-Comm (\$2500 donated by staff and E-Comm)

October

- Vancouver Police Department RMS upgrade
- Vancouver Police Department CPIC upgrade

November

- Nelson Police Department RMS GO LIVE
- West Vancouver Police Department transitions to new PoliceCAD (VersaCAD)
- Customer Satisfaction Survey executed

December

- New Westminster Fire/Rescue services transitions to Wide-Area Radio System
- West Vancouver Police Department RMS GO LIVE
- E-Comm staff raise \$1300 in 30 minutes for victims of Christmas Eve robbery
- E-Comm staff raise \$6700 for victims of southeast Asia tsunami relief



OPERATIONAL OVERVIEW

E-Comm's goal is to connect our customers—the public and our region's emergency responders—to the help and services they need as quickly and professionally as possible.

As such, 2004 was a year of focusing our attention on aligning and strengthening our core service offerings: 9-1-1, the Wide-Area Radio System and Emergency Dispatch.

Total 9-1-1 Calls Placed in 2004

January..... 98,056	April.....101,708	July.....114,455	October..... 110,969
February..... 93,966	May.....104,444	August.....115,600	November..... 98,973
March101,575	June.....107,802	September107,259	December104,017

Total Calls Placed to 9-1-1: 1,258,824*

* Includes abandoned calls

9-1-1

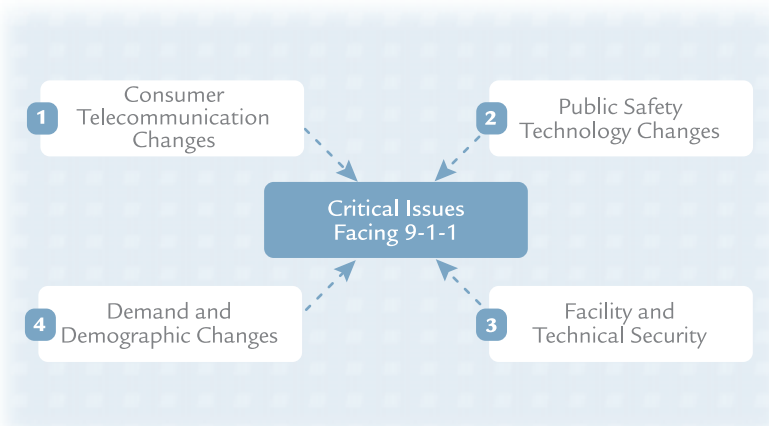
In 2004, calls continued to increase with 1.26 million calls being placed to 9-1-1 (approximately 3,400 calls per day). Our contractual service agreement with the GVRD requires E-Comm to achieve an annual service level of 95/5, meaning 95% of all calls must be answered within 5 seconds (one ring) of the call being connected to E-Comm by the telephone companies. This is a rigorous service standard and one that was again met in 2004 (95.4%). In addition, 9-1-1 again did not experience any downtime in 2004, a testament to the technology E-Comm utilizes and the staff who manage that technology.

In 2004, E-Comm communicated its desire to the GVRD to assume full operational authority for 9-1-1 and in April, the GVRD Board approved the transfer. However, in order to give affect to the Board's decision, 2/3 of the GVRD member municipalities were required to vote in favour of rescinding the original by-law that provides the GVRD with authority

for 9-1-1. That did not occur and as such, E-Comm is currently in negotiations with the GVRD to establish a new contract for the delivery of 9-1-1 services.

Considerable time was invested in 2004 to identify current and emerging issues facing 9-1-1, as it is a key strategic priority for E-Comm to identify public needs and risks and to be a leader and advocate for 9-1-1. As the service provider, E-Comm is faced with dealing with these issues either directly or through the GVRD.

Critical Issues Facing 9-1-1



The following represents a brief synopsis of some of the main challenges with each issue:

1) Consumer Telecommunication Changes

There have been significant changes in the way the public contacts 9-1-1 and it is imperative that 9-1-1 call centres around the globe, including E-Comm, find ways of adapting. For example, cellular calls now account for more than 40% of all 9-1-1 calls to E-Comm, their use now a matter of routine rather than the exception. Cell phones create additional pressure on the 9-1-1 system because of increased call volume (today even a minor motor vehicle accident can generate dozens of calls). Cellular calls also take longer to process because, unlike landlines, location information is not automatically presented to the 9-1-1 call-taker. The address or location information must be determined manually, which adds time to the call. A lack of this location information also means that if a caller dials 9-1-1 from their cell phone and becomes disconnected, the 9-1-1 call-taker has very limited means of locating the caller.

Emerging technologies such as VoIP (Voice over Internet Protocol) will have further profound implications for 9-1-1. This technology allows people to replace their landlines with a high-speed internet connection, in other words, using a data network to conduct voice conversations. But in some cases VoIP is not capable of dialing 9-1-1 or directing calls to the correct 9-1-1 centre or even providing enough caller information that leads to the kind of rapid emergency response we have become accustomed to with landlines.

Initiatives (highlights only)

- *Work with the GVRD to investigate new methods (operational and technical) for managing the ever-increasing wireless (cellular) call volume.*
- *Support increased advocacy around Wireless Phase II issues (the provision of location information).*
- *Liaise with APCO Canada (Association of Public-Safety Communications Officials) and NENA Canada (National Emergency Number Association) to identify and address technical challenges and regulatory issues related to VoIP.*

2) Public Safety Technology Changes

The emergency responders in this region have been actively investing in technology to enhance public safety. For example, the BC policing community is moving to a new integrated police records management system and the majority of police agencies will be transitioning to a new integrated computer-aided dispatch system in 2005.

Similarly, a number of Fire agencies in the region and the BC Ambulance Service are looking at new CAD technology. E-Comm must keep pace with this technological change and ensure 9-1-1 is fully integrated.

Initiatives (highlights only)

- *Establish interface that enables 9-1-1 to work seamlessly with new (agency) technologies.*
- *Ensure new technologies selected and deployed are able to accept data from the telephone companies and wireless carriers.*
- *Ongoing technical support for “combined events.”*

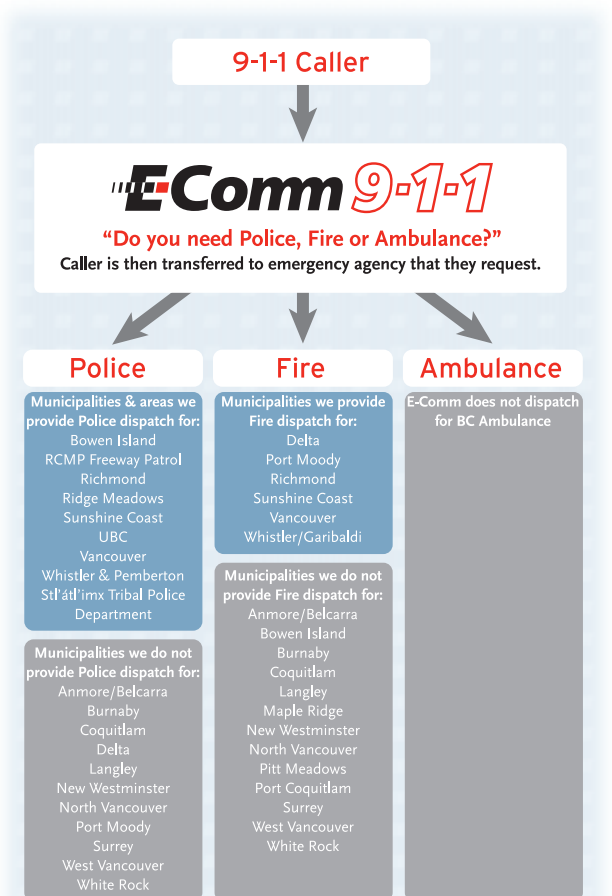
3) Facility and Technical Security

Security remains a priority for E-Comm as we continue to review and enhance all security measures. The facility in which E-Comm delivers 9-1-1 is a post-disaster building utilizing secure technology systems.

Initiatives (highlights only)

- *Continue to keep technology systems robust and secure (9-1-1 infrastructure and backup).*
- *Continue with 24/7 technical support on site; develop further in-house expertise.*

How 9-1-1 Works



4) Demand and Demographic Changes

The demand for 9-1-1 service continues to increase for both planned and unplanned events. E-Comm closely monitors call volume patterns in order to staff appropriately to mitigate the impact of sudden increases in call volume. E-Comm is an active participant in the planning for major events such as the Celebration of Light in Vancouver, Halloween and other events that place extra pressure on the 9-1-1 system. Major events such as the World Police and Fire games (2009) and the 2010 Winter Olympic and Paralympic games will also have an impact on 9-1-1 call volume as hundreds of thousands of visitors, media and dignitaries visit the Lower Mainland and Whistler areas. We will continue to ensure that our technology and staffing operations are able to handle the increase in demand for service on a day-to-day basis as well as during extraordinary events.

Initiatives (highlights only)

- Continued involvement with security planning/operational requirements for major events
- Capacity Planning
- Ongoing monitoring of service levels
- Ongoing education of public and agency on definition of emergency versus non-emergency 9-1-1 dialing

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An average of 3,400 calls are placed to 9-1-1 each day. 75% of 9-1-1 calls are for police, 20% for ambulance and 5% for fire.

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Emergency Dispatch

There has been growth in E-Comm's dispatch operations in 2004 with the introduction of new customers and improved efficiencies. Each agency dispatched by E-Comm has specific and diverse needs, which is complicated by diverse dispatch technologies.

The early months of 2004 were very busy for E-Comm as we geared up for new operational responsibilities and technologies. In April, Fire agencies dispatched by E-Comm were able to implement Ambulance and Fire joint response (Combined Events) using the Altaris CAD System for those events identified by BCAS and Fire agencies. In late 2004, in support of BCAS, E-Comm technical staff worked to provide access to this function to non-E-Comm dispatched Fire agencies. Also in April, the Richmond RCMP (dispatched by E-Comm since 2003) transitioned to a new computer-aided dispatch system known as PoliceCAD (VersaCAD), with the support of E-Comm Information Technology. The Bait Car program, which originally began in Vancouver, was expanded throughout the Lower Mainland also in 2004. E-Comm monitors the Bait Car software from its dispatch centre.

In May, Richmond Fire-Rescue Services transitioned its fire dispatch to E-Comm, followed by Delta Fire & Emergency Services in June. These transitions increased

E-Comm's fire dispatch customer base to 10 fire departments in the Lower Mainland, Sunshine Coast and Whistler.

E-Comm has taken a leadership role working with the fire departments we dispatch for to develop dispatch protocols, including working to streamline the number of possible emergency calls (from more than 150 different event types down to 48) in order to speed up the process of creating an event quickly and rolling out resources as fast as possible.

E-Comm Dispatch



In May, the AMBER Alert (America's Missing Broadcast Emergency Response) was launched. AMBER Alert is a partnership between law enforcement, the media, and the public to combat child abduction by sending out immediate, up-to-date information that aids in the child's safe recovery. The introduction of the AMBER Alert is a major undertaking and will impact E-Comm with regard to an increase in calls to 9-1-1 if the Alert is activated (there are strict criteria on when it can be activated). E-Comm has established special protocols to handle this increased call volume should an AMBER Alert be issued.

The summer months were again busy, particularly during the Celebration of Light in Vancouver. Our staff and dispatch systems performed well under extremely heavy radio traffic volumes.

Our summer ended with the delightful news that our own Ronna Straka, a 15-year veteran of police dispatching, was named APCO Canada's Communicator of the Year. Ronna was honoured for her outstanding management of a serious "shots fired" call in Vancouver.

Initiatives (highlights only)

Communication Centre Standards

- Continuous review and streamlining of operating policies and procedures to assist with standardization in the future
- Improved communication of staff performance expectations for consistency and accountability
- PoliceCAD standards for E-Comm; all new processes and policies in line with provincial multi-jurisdictional standards

Metrics and Reporting

- Current development of Fire metrics includes measurement of CAD data, wireless, different call types, National Fire Protection Association standards.

Utilization of Organizational Structure and Resources

- Workforce management; reviewing skill sets and introduction of best practices.

Information Technology

There was no time for rest as the Fall heated up for our Information Technology specialists who spent considerable time implementing Records Management System (RMS) upgrades for various police agencies, and also rolled out Versaterm RMS and VersaCAD to various police forces around British Columbia.

E-Comm also maintained its focus on its internal systems to ensure quality and agility in the face of an increasing customer base, by embarking upon a significant streamlining of our technology infrastructure.

Technology Availability:

CAD (server)	Target 99.93%	Actual 99.84%
PRIME	Target 99.90%	Actual 99.93%

Wide-Area Radio System

The E-Comm radio system is a shared communications network used throughout the GVRD by police, fire and ambulance personnel and is the largest part of E-Comm's business. The radio system allows local emergency responders to communicate directly with each other and with their counterparts in other communities that also use the E-Comm system. Having a shared communications network with exceptional coverage and capacity is crucial to public safety and from a business perspective, combining multiple agencies onto a single communications network not only increases communication capacity and interoperability, it makes optimum use of scarce radio spectra.

By early 2004, 14 channels (for a total of 89) were added to our radio system, to ensure we continue to consistently meet our traffic grade of service while adding new agencies.

In March 2004, the Cities of Surrey and White Rock transitioned their fire departments to the Wide-Area Radio System. Now for the first time, police, fire and ambulance personnel in Surrey and White Rock are able to communicate directly with each other via radio. Surrey's unique coverage area made for a technically complex transition, and the expertise found in the Surrey and White Rock Fire departments greatly assisted E-Comm in the interfacing of our two systems. Surrey and White Rock together form the largest shared emergency communications coverage area in British Columbia.

In July and August, the Wide-Area Radio System reached record transmissions during the annual Celebration of Light in Vancouver.

Celebration of Light radio traffic 2004

	Number of Transmissions	Increase over 2003
July 28	4,659	30%
July 31	5,938	35%
August 4	5,195	17%
August 7	5,323	22%

In December, New Westminster Fire/Rescue Services also joined the Wide-Area Radio System, replacing its UHF conventional radio system. With the transition, New Westminister became the seventh municipality in the GVRD to have all three of its emergency services (police, fire and ambulance) on the shared radio system (joining Vancouver, Richmond, Port Moody, Surrey, Delta and White Rock). New Westminister Fire/Rescue Services can now communicate directly with fire departments in Surrey, Richmond and Delta, all of which are on the E-Comm radio system and all of which have mutual-aid agreements with New Westminister.

Wide-Area Radio System 2004

Traffic Grade of Service*: 0.02%
System Availability: 99.99%

* Grade of Service represents the ability of the radio system to handle radio traffic. In 2004, queuing on the E-Comm radio system was well below guidelines set for public safety (3.00%) by Industry Canada.

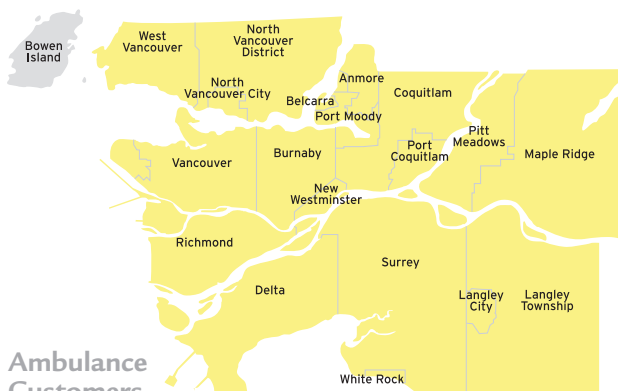
Number of radios in use:

2004 5,472
2003 4,646
2002 3,481

Radio traffic for 2004

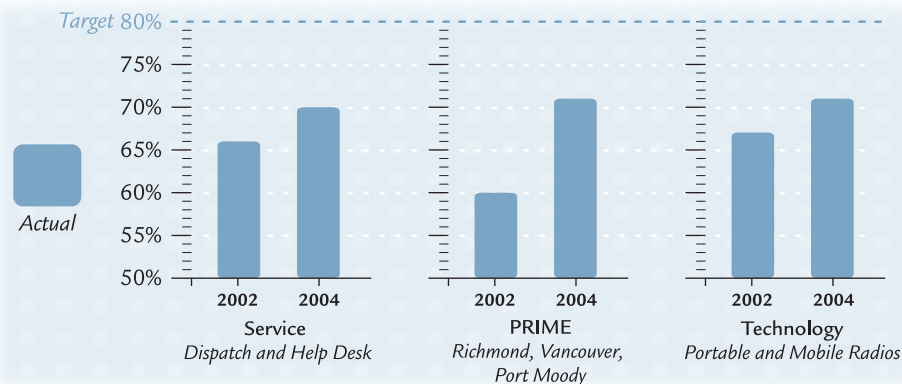
96,670,255 transmissions

E-Comm's Wide-Area Radio System



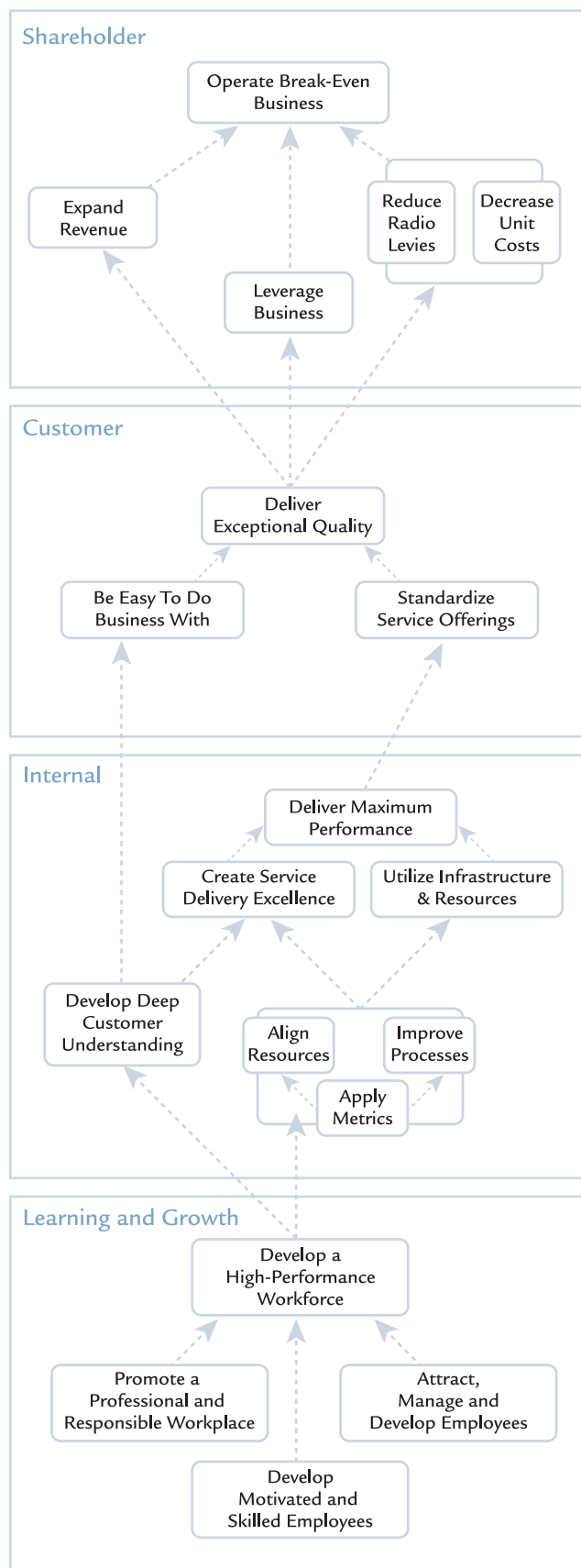
In November, E-Comm conducted its second customer satisfaction survey. More than 1,200 responses from police, fire and ambulance personnel were received. The survey identified increased satisfaction levels for both dispatch and Help Desk and wireless technology.

E-Comm Customer Satisfaction



Performance Measurement

The strategy map below outlines E-Comm's 2004 strategic objectives which support of the ultimate goal of increasing value for our shareholders.



Strategic Principles

(each are supported by specific initiatives)

Shareholder

Operate Break-Even

We will operate a break-even organization while ensuring quality delivery of public safety services.

Expand Revenue

We will expand our emergency dispatch and non-emergency revenues.

Leverage Business

We will leverage E-Comm's business by providing only those services that enhance or align with E-Comm's core purpose.

Reduce Radio Levies

We will reduce radio levies by increasing Wide-Area Radio System participation in our existing operating area.

Decrease Unit Costs

We will decrease the average unit costs of our operations.

Customer

Deliver Exceptional Quality

We will deliver exceptional quality cost effectively.

Be Easy To Do Business With

We will make it easy for customers to do business with us. (Easy to reach E-Comm; easy-to-understand communications).

Standardize Service Offerings

We will move to standardized service offerings supported by customized presentations.

Internal

Deliver Maximum Performance

We will deliver maximum Operations performance levels while ensuring cost effectiveness and efficiency.

Create Service Delivery Excellence

We will meet customer needs with the highest efficiency and accuracy.

Utilize Infrastructure & Resources

We will improve the utilization of the existing infrastructure and increase economies of scale.

Improve Processes

We will integrate and improve our processes in order to manage costs and improve productivity.

Align Resources

We will closely align E-Comm's limited resources with its high-value activities and free resources by abandoning low value activities.

Apply Metrics

We will understand and apply the metrics needed to support sound operations and service delivery decision-making.

Develop Deep Customer Understanding (Internal)

We will develop a deep understanding of the customer.

Learning and Growth

Develop A High-Performance Workforce

We will develop our people and enable them to deliver or support industry-leading performance.

Promote a Professional and Responsible Workplace

We will promote a sense of professionalism, a shared sense of community with respect for history, and support for innovation and change throughout the organization.

Develop Motivated and Skilled Employees

We will provide our employees with the information, training, organizational support and tools needed to continuously strengthen their knowledge and skills. To support this, we will create an environment where employees share responsibility for their own development and are recognized for high performance.

Attract, Manage and Develop Employees

We will attract, manage and develop employees, and we will provide them with role clarity, specific measurable goals and formal and informal feedback.

FINANCE AND ADMINISTRATION

The financial statements in this annual report represent the reporting period January 1, 2004-December 31, 2004.

2004 marks the first full year E-Comm moved out of its start-up phase and for financial purposes is now fully operational.

E-Comm is structured to borrow 100% of the funds required to build the regional emergency communications system. The funding concept was, and remains today, that instead of shareholders investing capital at the outset, E-Comm will carry the debt obligation on behalf of participating municipalities. Accordingly, as E-Comm pays down its original borrowings the organization will incur new debt for the replacement of assets (life cycle/evergreening of systems and infrastructure). Radio levies are affected by both operating and financing capital costs; as well as user decisions regarding equipment. Dispatch levies are a reflection of staffing costs and desired services and service levels.

Management's Responsibility for Financial Statements

The consolidated financial statements have been prepared by management, who are responsible for their integrity, objectivity, completeness and accuracy. The statements were prepared in conformity with Canadian generally accepted accounting principles. We believe that these statements present fairly the Corporation's financial position.

Internal Controls

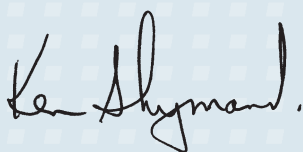
We maintain and rely on a system of internal accounting controls, designed to provide reasonable assurance that assets are safeguarded and transactions are properly authorized and recorded. We continually monitor these internal accounting controls, modifying and improving them as business conditions and operations change.

Independent Auditors

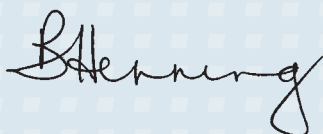
Our independent auditors, KPMG LLP, have audited the financial statements. Their audit was conducted in accordance with Canadian generally accepted auditing standards. Their report follows.

The Audit Committee

The Audit Committee, comprised of members of the Board of Directors of Emergency Communications for Southwest British Columbia Incorporated, oversees management's financial reporting responsibilities. The committee meets with management and our external auditors to discuss auditing, financial reporting and internal control matters and presents its findings to the Board for consideration in approving the consolidated statements for issuance to shareholders.



Ken Shymanski
President & CEO



Beatrix Henning, CGA
Vice-President & CFO

Financial Statements of Emergency Communications for Southwest British Columbia

Years ended December 31, 2004 and 2003

AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the balance sheet of E-Comm Emergency Communications for Southwest British Columbia Incorporated as at December 31, 2004 and the statements of operations and deficit and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

The logo for KPMG LLP, featuring the letters 'KPMG' in a large, stylized, handwritten-style font, with 'LLP' in a smaller, simpler font to the right.

Chartered Accountants

Vancouver, Canada

March 18, 2005

BALANCE SHEETS

December 31, 2004 and 2003

	2004	2003 (Restated – note 4)
Assets		
Current assets:		
Cash and cash equivalents	\$ 8,996,701	\$ 5,715,957
Accounts receivable - net of allowance for doubtful accounts of \$1,395,753 (2003 - \$502,210)	677,026	2,997,262
Accrued interest receivable	17,510	14,121
Prepaid expenses	765,899	710,949
	10,457,136	9,438,289
Investment in TCM Telecare Management Inc. (note 5)	1	1
Investment in PRIME Corp (note 5)	1	1
Debt reserve fund (note 6)	1,954,665	1,862,754
Deferred financing costs	1,534,262	1,633,362
Deferred development costs	11,804,167	12,993,285
Long-term portion of prepaid land lease	2,323,232	2,348,485
Long-term portion of prepaid expenses	336,701	92,250
Property, plant and equipment (note 7)	100,740,087	115,960,195
	\$ 129,150,252	\$ 144,328,622
Liabilities and Shareholders' Deficiency		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 4,103,447	\$ 4,301,655
Accrued interest payable	1,820,746	2,192,691
Current portion of long-term debt (note 9)	12,796,023	12,772,236
	18,720,216	19,266,582
Deferred revenue and other (note 8)	2,385,979	2,512,413
Asset Retirement Obligation (note 11)	1,022,072	972,667
Long-term debt (note 9)	125,586,860	133,382,883
Shareholders' deficiency:		
Share capital (note 12)	470	470
Deficit	(18,565,345)	(11,806,393)
	(18,564,875)	(11,805,923)
	\$ 129,150,252	\$ 144,328,622

Future operations (note 2)
Commitments (note 14)
Contingencies (note 15)
Subsequent event (note 16)

See accompanying notes to financial statements.

Approved on behalf of the Board:



Director



Director

STATEMENTS OF OPERATIONS AND DEFICIT

Years ended December 31, 2004 and 2003

	2004	2003 (Restated – note 4)
Revenue:		
Radio levies	\$ 21,384,570	\$ 17,802,539
CAD levies	1,043,904	491,160
Consolidated dispatch levies	13,362,822	11,750,422
9-1-1 call taking levies	3,041,220	2,300,004
Records management system	805,800	740,700
Tenant recoveries and rental	382,312	454,389
Miscellaneous revenue	1,685,460	1,764,593
	41,706,088	35,303,807
Direct operating expenses:		
Salaries and benefits	19,037,020	17,481,464
Maintenance and technology	2,734,747	2,779,780
Premises	1,105,203	1,106,596
Office supplies and communication	465,378	510,451
Employee related	449,230	423,341
Professional fees	283,008	306,087
Other	1,021,035	420,307
	25,095,621	23,028,026
Other expenses:		
Impairment loss on CAD system	3,267,770	-
Accretion of asset retirement objection	49,405	47,009
Amortization	12,639,699	11,076,742
Interest expense	7,412,545	7,305,371
Total expenses	48,465,040	41,457,148
Loss for the year	6,758,952	6,153,341
Deficit, beginning of the year	11,806,393	5,653,052
Deficit, end of the year	\$ 18,565,345	\$ 11,806,393

See accompanying notes to financial statements.

STATEMENTS OF CASH FLOWS

Years ended December 31, 2004 and 2003

	2004	2003 (Restated – note 4)
Cash provided by (used in):		
Operations:		
Loss for the year	\$ (6,758,952)	\$ (6,153,341)
Items not involving cash:		
Amortization of property, plant and equipment	11,425,328	10,001,876
Amortization of deferred development costs	1,189,118	1,049,613
Amortization of prepaid land lease	25,253	25,253
Accretion of asset retirement obligation	49,405	47,009
Impairment of property, plant and equipment	3,267,770	-
Amortization of deferred financing costs	99,100	96,940
Interest earned on debt reserve fund	(91,911)	(72,533)
Changes in non-cash operating working capital:		
Accounts receivable and accrued interest receivable	2,316,847	428,297
Prepaid expenses	(299,401)	(374,920)
Accounts payable and accrued liabilities	(570,153)	(399,357)
Deferred revenue and other	(126,434)	259,803
	10,525,970	4,908,640
Investments:		
Investment in PRIME Corp	-	(1)
Debt reserve fund contribution	-	(76,840)
Commodity tax rebate on prior years' property, plant and equipment (note 7)	2,913,587	1,221,888
Acquisition and construction of property, plant and equipment	(2,386,577)	(8,971,695)
	527,010	(7,826,648)
Financing:		
Financing costs	-	(57,630)
Proceeds from issuance of debt	-	5,000,000
Repayment of long-term debt	(7,772,236)	(483,881)
	(7,772,236)	4,458,489
Increase in cash	3,280,744	1,540,481
Cash, beginning of year	5,715,957	4,175,476
Cash, end of year	\$ 8,996,701	\$ 5,715,957
Supplementary cash flow information:		
Interest paid	\$ 5,880,653	\$ 7,374,928

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2004 and 2003

1. Operations:

E-Comm Emergency Communications for Southwest British Columbia Incorporated (the "Corporation" or "E-Comm") was incorporated September 22, 1997 under the Company Act (British Columbia). Prior to April 1, 2002, the Corporation was in the development stage. Effective April 1, 2002, the Corporation commenced principal operations. Effective July 1, 2003, the Corporation commenced operations of the PRC Computer Aided Dispatch System ("CAD").

The Corporation provides centralized emergency communications, disaster coordination and related public safety and public service to municipalities, regional districts, the provincial and federal governments and their agencies, and emergency service organizations throughout southwest British Columbia. Primary services are provided to shareholder members of the Corporation pursuant to the Members' Agreement, and to the Royal Canadian Mounted Police ("RCMP") pursuant to a Special User Agreement with the Corporation.

The Corporation is exempt from tax under the Income Tax Act.

2. Future operations:

These financial statements are prepared on a going concern basis, which assumes the Corporation will be able to realize assets and discharge liabilities in the normal course of operations. The long-term financial and operating viability of the Corporation is dependent on its ability to generate revenue adequate to fund continuing operations. The Corporation's strategic financial plan indicates further losses to 2006 in the aggregate amount of \$4.2 million and a recovery of the deficit by the end of 2014.

The financial statements do not reflect adjustments that may be necessary if the continued use of the going concern assumption is not appropriate.

3. Significant accounting policies:

(a) Basis of presentation:

The Corporation's 100% investments in TCM Telecare Management Inc. ("TCM") and PRIME Corp Police Records Information Management Environment Incorporated ("PRIME Corp"), are recorded at cost. The accounts of TCM and PRIME Corp are not consolidated with those of the Corporation as E-Comm does not control either TCM's or PRIME Corp's operations.

(b) Revenue recognition:

All sources of revenue are recognized on an accrual basis.

(c) Cash and cash equivalents:

Cash and cash equivalents consists of cash on hand, cash held in banks and term deposits maturing within ninety days from the date of acquisition, net of bank overdrafts.

(d) Financial instruments:

The carrying values of cash and term deposits, accounts receivable and accounts payable and accrued liabilities approximate their fair value due to the relatively short periods to maturity of the instruments.

Other financial instruments of a longer-term nature are impacted by changes in market yields which can result in differences between their carrying value and their market value. Management estimates that these differences are not material to the financial statements. The Corporation is subject to interest rate risk on certain components of its long-term debt. Management does not believe there to be a significant credit risk exposure relating to its accounts receivable.

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2004 and 2003

3. Significant accounting policies (continued):

(e) Financing costs:

Financing costs incurred for the issuance of debt have been deferred and are being amortized over the term of the debt.

(f) Deferred development costs:

Deferred development costs including salaries and other operating costs deferred through the pre-operating phase of the Corporation are being amortized over a 12.5 year period, approximating the period of their recovery through billings, commencing April 1, 2002 for radio, January 1, 2003 for dispatch and July 1, 2003 for CAD.

(g) Prepaid land lease:

The land on which the E-Comm building is located has been leased from the City of Vancouver for a period of 99 years commencing 1999. The prepaid amount is being amortized over the term of the lease.

(h) Property, plant and equipment:

Property, plant and equipment are stated at cost less related government assistance, net of accumulated amortization. Interest costs directly attributable to major projects are capitalized and, at project completion, are amortized over the estimated life of the underlying assets.

Amortization begins when assets are put into use and is provided for on a straight-line basis over the estimated useful lives of assets as follows:

Assets	Rate
Building	40.0 years
Building equipment	10.0 years to 25.0 years
Furniture, fixtures and equipment	3.0 years to 10.0 years
Radio	7.5 years to 25.0 years
Computer aided dispatch ("CAD")	10.5 years
Dispatch consoles and voice systems	5.0 years to 12.5 years
Remote dispatch	7.0 years to 10.5 years
Records management system	10.5 years
User equipment	7.5 years to 12.5 years

(i) Related party transactions:

Transactions with related parties are in the normal course of operations, and are recorded at the agreed upon exchange amount. Contractual arrangements and service agreements with related parties are subject to the Corporation's tendering and proposal processes.

(j) Measurement uncertainty:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Significant areas requiring the use of management estimates relate to the allowance for doubtful accounts, the useful lives of capital assets and deferred development costs for amortization, fair values of asset retirement obligations, and impairment of assets.

(k) Comparative figures:

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted in the current year.

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2004 and 2003

4. Changes in accounting policies:

(a) CAD start-up costs:

During fiscal 2004, the Corporation changed its policy over the classification of CAD start-up costs to reflect the period of recovery. These costs are recovered through radio levies, as opposed to recovery of capital. As a result, CAD start-up costs have been reclassified on a retroactive basis from property, plant and equipment to deferred development costs. The effect of this change in policy is that CAD start-up costs are now amortized over a 12.5 year period which approximates the period of its recovery rather than over a 10.5 year period. This change has been applied retroactively and has increased amounts previously reported for deferred development costs as at December 31, 2003 by \$1,716,863 and decreased amounts previously reported for capital assets by \$1,734,448.

(b) Asset retirement obligations:

Effective January 1, 2004, the Corporation has adopted Section 3110 of the CICA Handbook, Asset Retirement Obligations. This change in accounting policy has been applied retroactively and has increased the amounts previously reported for liabilities and property, plant, and equipment as at December 31, 2003 by \$601,659.

As a result of these changes in accounting policy for CAD start-up costs and asset retirement obligations, the amount previously reported for expenses of the year ended December 31, 2003 have increased by \$117,196 over the amount previously reported, and increased the expenses for the year ended December 31, 2004 by \$74,751 over the amount that would have been reported under the policies previously in place. As a result of the changes in accounting policies the amounts previously reported as deficit, beginning of year for the years ended December 31, 2004 and 2003 have been restated as follows:

	2004	2003
Deficit, beginning of year:		
As previously reported	\$ 11,417,800	\$ 5,381,655
Prior period adjustment	388,593	271,397
As restated	\$ 11,806,393	\$ 5,653,052

5. Investment in TCM Telecare Management Inc. and PRIME Corp:

In February 2001, E-Comm established a wholly owned company, TCM Telecare Management Inc. ("TCM"), to provide telephone call centre triage and self-care support services to residents of British Columbia. Known as "BC HealthGuide NurseLine", the initiative is funded, and the operations are controlled, by the Province of British Columbia Ministry of Health under the "BC HealthGuide" program. The service started April 2001 and is staffed by registered nurses on a 24-hour, 365-days-per-year basis.

In March 2003, E-Comm established a wholly owned company, PRIME Corp Police Records Information Management Environment Incorporated ("PRIME Corp") to roll out the Versaterm records management system throughout British Columbia. The initiative and operations are funded and controlled by the Province of British Columbia, Minister of Public Safety and Solicitor General.

6. Debt reserve fund:

E-Comm is required to maintain 1% of the borrowings outstanding through the Municipal Finance Authority of British Columbia ("MFA") in a debt reserve fund administered by the MFA. This amount was paid out of the original debt proceeds and is presented together with interest earned on the reserve fund investments. Demand notes in the aggregate amount of \$7,917,700 (2003 - \$7,917,700) are also provided by E-Comm to the MFA.

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2004 and 2003

6. Debt reserve fund (continued):

If at any time, E-Comm does not have sufficient funds to meet payment or contributions due on its obligations, the payments shall be made from the debt reserve fund. The demand notes payable by E-Comm are callable only if there are additional requirements to be met to maintain the debt reserve fund at a specified level. As management considers payment of the demand notes to be unlikely, no amount for the demand notes has been recorded in the financial statements. The amounts due to E-Comm from the debt reserve fund are repaid to E-Comm when the installments under the respective loan agreements have been made during the year. No debt installment payments were made during the year (2003 - nil). Interest earned on the debt reserve fund amounts to \$91,911 (2003 - \$72,533).

7. Property, plant and equipment:

			2004	2003
	Cost	Accumulated amortization	Net book value	Net book value (restated - note 4)
Building	\$ 8,990,205	\$ 1,385,788	\$ 7,604,417	\$ 7,849,478
Furniture, fixtures and building equipment	6,429,876	2,712,928	3,716,948	3,723,610
Radio	65,639,568	11,807,298	53,832,270	59,476,175
Wireless equipment	469,279	87,598	381,681	419,223
Remote dispatch	2,423,600	636,988	1,786,612	2,079,771
Dispatch consoles and voice systems	5,044,734	1,465,530	3,579,204	3,905,227
CAD	8,271,957	1,259,273	7,012,684	11,585,966
User equipment	31,015,439	11,056,286	19,959,153	23,638,153
Records management system	4,362,496	1,495,378	2,867,118	3,282,592
	\$ 132,647,154	\$ 31,907,067	\$ 100,740,087	\$ 115,960,195

During the year, the Corporation received rebates of federal Goods and Services Tax and British Columbia Provincial Sales Tax in the aggregate amount of \$4,135,475 previously paid with respect to purchases of property, plant and equipment of prior years. Of this amount, \$1,221,888 was accrued as receivable and credited against the cost of property, plant and equipment in the prior year, and \$2,913,587 was credited against the cost of property, plant and equipment in the current year. Any adjustment to amortization expense resulting from these rebates will be accounted for on a prospective basis.

PRC Altaris CAD is the software and hardware components that comprise the computer aided dispatch system. It appears likely that Police Agencies will transition off PRC Altaris CAD and consolidate into a multi-jurisdictional police CAD that is being offered by the Province. A user task force is actively involved in the selection of another CAD system for the Ambulance agency and the Fire agencies that are currently on the PRC Altaris CAD system. All current committed agencies on PRC CAD are responsible for the full capital costs of CAD; thus there will be future cash flows to ensure the recoverability of the committed portion of PRC CAD (68.9%). There is a 31.1% unfunded portion of PRC CAD, due to non-participation. This unfunded portion has been recorded as an impairment loss in the current year.

8. Deferred revenue and other:

Deferred revenue and other consists of the following:

- (a) Radio system levies from member agencies consisting of prepayments of user equipment capital costs.

These amounts will be recognized as revenue over the useful lives of the related capital assets.

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2004 and 2003

8. Deferred revenue and other (continued):

- (b) Grants received by the Corporation from senior governments assist in funding certain development costs of the PRIME records management system ("RMS"). These grants are reflected as deferred revenue and are offset against the cost of the RMS development upon the completion of the system component to which the grants relate. As at December 31, 2004 grants aggregating \$32,387 (2003 - \$32,387) are deferred pending system completion.
- (c) Unrecognized contracted services fee of \$112,500 (2003 - \$112,500) have been received as an advance for PRIME Corp operating costs for January 2005 to March 2005.
- (e) The Corporation received funding from the RCMP to be used towards the consolidation of the RCMP CIID's platform. At the year end, \$500,000 (2003 - \$500,000) of this funding (included within cash and cash equivalents) remains to be spent on the CIID's platform.
- (f) Unrecognized contracted services fees of \$250,000 (2003 - Nil) have been received as an advance for TCM Telecare operating costs for January 2005 to March 2005, and for transition costs to be incurred to September 2005.

9. Long-term debt:

	2004	2003
5.46% unsecured note payable, maturing March 24, 2021(a)		
Original balance	\$ 96,469,000	\$ 107,493,000
Incremental principal balance	14,486,000	10,462,000
6.05% unsecured note payable, maturing June 1, 2022 (b)	14,979,100	15,516,119
4.775% unsecured note payable, maturing October 3, 2023 (c)	7,448,783	7,684,000
<u>Demand promissory note, due December 12, 2008 (d)</u>	<u>5,000,000</u>	<u>5,000,000</u>
Total long-term debt	138,382,883	146,155,119
 Current portion of long-term debt	 12,796,023	 12,772,236
	\$ 125,586,860	\$ 133,382,883

On March 24, 1998, the Corporation entered into an agreement with the MFA to borrow up to a maximum of \$170 million.

- (a) On March 24, 1998, E-Comm obtained \$146,316,000 of debenture financing through the MFA. The loan is unsecured and has an initial ten year term with interest at 5.46% per annum and a further twelve year term at 6.47% per annum.

During 2003, the Board of Directors approved, and the MFA agreed to, a revised repayment schedule, and a provision for refinancing at March 24, 2021, to better align the timing of E - Comm's cash flows with its operating needs. The balance of the debt under the original repayment schedule continues to be subject to the original fixed interest rate of 5.46%. Any incremental principal balance resulting from the revised repayment schedule is subject until March 24, 2008 to the MFA's Interim Financing Program at a floating rate of approximately prime less 1.25% compounded monthly. Principal repayment amounts will vary from year to year in accordance with the revised payment schedule. Nominal cash payments for interest will be based on the fixed rate of 5.46% applied to the entire outstanding balance of this note. Any cumulative difference between cash payments for interest and actual interest costs calculated as above will be recorded as an asset or liability of the Corporation depending on the floating rate. On March 24, 2008 the expected incremental principal balance amount of \$36,186,000, adjusted for any deficiency or excess of

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2004 and 2003

9. Long-term debt (continued):

actual interest cost over cash payments for interest, and any refinancing charges, will be subject to refinancing from March 2008 to 2021 at the then market interest rate. The refinanced interest rate will then be a blend of the fixed rate of 6.47% on the originally scheduled March 24, 2008 balance of \$54,769,000 and the market interest rate on the incremental principal balance amount.

- (b) On April 9, 2002, E-Comm obtained an additional \$16 million of financing through the MFA as a further drawdown to the \$170 million. This loan has a term of 20 years with annual blended principal and interest payments of \$1,453,481 and a final payment date of June 1, 2022 and bears interest at a rate of 6.06% with interest calculated and paid semi-annually each year of the loan.
- (c) On September 23, 2002, E-Comm obtained an additional \$7,684,000 of financing through the MFA as the final drawdown to the \$170 million. This loan requires annual blended principal and interest payments of \$599,295, has a final payment date of October 3, 2023 and bears interest at a rate of 4.775% with interest calculated and paid semi-annually each year of the loan.
- (d) On December 12, 2003, E-Comm obtained an additional \$5 million of financing through the MFA, under a December 3, 2003 board resolution that authorized the Corporation to re-borrow up to \$28,361,000 that has been paid back by the Corporation to the MFA on the original loan of \$146,316,000. This loan has been established as a temporary borrowing with interest at the Bank of Montreal 30-day Bankers Acceptance Rate accrued daily and paid quarterly. This loan is due on demand with no structured principal repayment plan, and is therefore classified as a current liability.

The repayment requirements, net of estimated sinking fund asset balances, under the existing borrowing agreements for long-term debt of the Corporation during the next five years and thereafter are as follows:

Year ending December 31:	
2005	\$ 12,796,023
2006	6,835,824
2007	6,877,616
2008	6,421,496
2009	967,571
Thereafter	104,484,353
Total long-term debt	\$ 138,382,883

10. Fair value of financial instruments:

The fair value of long-term debt and debt reserve fund at December 31, 2004 is \$147,654,536; and \$2,013,305, respectively.

11. Asset retirement obligation:

The Corporation has retroactively adopted section 3110 of the CICA Handbook, Asset Retirement Obligations. The standard provides guidance for the recognition, measurement and disclosure of liabilities for asset retirement obligations and the associated asset retirement costs. The standard applies to legal obligations associated with the retirement of a tangible long-lived asset that results from acquisition, construction, development or normal operations, specifically for the Corporation, the site leases that the Corporation's radio towers are situated on.

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2004 and 2003

11. Asset retirement obligation (continued):

The standard requires the Corporation to record the fair value of a liability for an asset retirement obligation in the year in which it is incurred and when a reasonable estimate of fair value can be made. The standard describes the fair value of a liability for an asset retirement obligation as the amount at which that liability could be settled in a current transaction between willing parties, that is, other than in a forced or liquidation transaction. The Corporation is subsequently required to allocate that asset retirement cost to expense using a systematic and rational method over the lesser of the useful life of the asset or the lease term.

The 2003 financial statement amounts have been adjusted to reflect the changes in the Corporation's financial position resulting from the adoption of this standard (note 4(b)).

There are certain obligations, with an indeterminable useful life, where adequate information is not available to estimate fair value. These amounts are not material.

12. Share capital:

(a) Authorized:

350 Class A common voting shares without par value. Following project completion, Class A shareholders are obligated to share in funding both the on-going operations and any additional costs relating to capital assets (in accordance with a cost-sharing formula). Upon a member acquiring a Class A share, that member shall have agreed to use the Corporation's wide area radio system network to which the Class A share relates.

150 Class B common restricted voting shares without par value. Following project completion, Class B shareholders can elect to become Class A shareholders on the condition that the member agrees to use the Corporation's wide area radio system network. Class B shareholders are not obligated to share in funding the on-going operating costs.

(b) Issued:

	2004	2003
20 Class A common voting shares (2003 - 19)	\$ 200	\$ 190
27 Class B common restricted voting shares (2003 - 28)	270	280
	<hr/> \$ 470	<hr/> \$ 470

In September 2004, New Westminster Fire converted one (1) Class B restricted voting share to one (1) Class A common voting shares.

(c) RCMP Special User Agreement:

Due to existing Federal restrictions, the RCMP cannot become a shareholder in the Corporation.

Consequently, a Special User Agreement has been executed such that the RCMP has the right to participate in the E-Comm project on the same terms and conditions as the class A shareholders, including the obligation to fund both the on-going operating costs and any additional costs relating to capital assets (in accordance with a cost-sharing formula).

13. Related party transactions:

Included in accounts payable is an amount of \$1,638,892 due to TCM. During the year, the Corporation received an administrative fee of \$692,163 from TCM. Included in accounts receivable is an amount of \$47,219 due from PRIME Corp. The corporation received a contracted services fee of \$450,000 from PRIME Corp.

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2004 and 2003

14. Commitments:

The Corporation has entered into leases of land for radio tower sites. These leases expire in future years from 2005 to 2066 and are renewable at the option of the Corporation. Future minimum payments under these leases, excluding option periods, are approximately as follows:

Year ending December 31:		
2005	\$	346,425
2006		268,091
2007		238,229
2008		239,578
2009		210,073
Thereafter		1,889,799
	\$	3,192,195

(a) Municipal pension plan

The Corporation and its employees contribute to the Municipal Pension Plan (the “plan”), a jointly trusted pension plan governed by the BC Public Sector Pension Plans Act. The pension plan is a multi-employer contributory defined benefit pension plan with about 123,000 active contributors, including approximately 28,000 contributors from over 180 local governments. Joint trusteeship was established effective April 5, 2001. The board of trustees, representing plan members and employers, is fully responsible for the management of the pension plan, including investment of the assets and administration of the plan. The British Columbia Pension Corporation provides benefit administration services and the British Columbia Investment Management Corporation provides investment management services for the pension plan.

Every three years an actuarial valuation is performed to assess the financial position of the plan and the adequacy of plan funding. The most recent valuation as at December 31, 2003 indicates a deficit of \$789 million, compared to a surplus of \$436 million at the previous valuation in December 2000. The Joint Trust Agreement specifies how surplus assets can be used. The actuary does not attribute portions of the surplus to individual employers. Each employer expenses contributions to the plan in the year in which payments are made. The Corporation paid \$915,063 (2003 - \$772,150) for employee contributions to the plan in the year.

15. Contingencies:

As at December 31, 2004, there were various legal claims pending against the Corporation arising in the ordinary course of its operations. The Corporation has made provision for certain claims, based on the best estimate of the loss to be incurred, but has made no specific provision for those where the outcome is presently undeterminable. Management does not anticipate claims for which no provision has been made to result in material loss to the Corporation.

16. Subsequent event:

The contract with the Province of British Columbia Ministry of Health for the provision of the “BC HealthGuide Nurseline” (note 5) (operating as a wholly-owned company, TCM Telecare Management Inc.) will expire September 30, 2005. Subsequent to the year end, an interim contract is being drafted to extend the term of the contract beyond September 30, 2005. In accordance with a Board decision on February 10, 2005, E-Comm will no longer be the provider of the BC HealthGuide Nurseline at the end of the interim contract.

Subsequent to the year end, E-Comm is in negotiations with the Province of British Columbia, Minister of Public Safety and Solicitor General to renew the PRIME BC contract, which will expire March 31, 2005.



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EComm 9-1-1
EMERGENCY COMMUNICATIONS FOR SOUTHWEST BRITISH COLUMBIA
INCORPORATED

HELPING TO SAVE LIVES AND PROTECT PROPERTY ■ ■ ■ ■ ■ ■ ■ ■ ■ ■