

# ENCORP PACIFIC (CANADA)

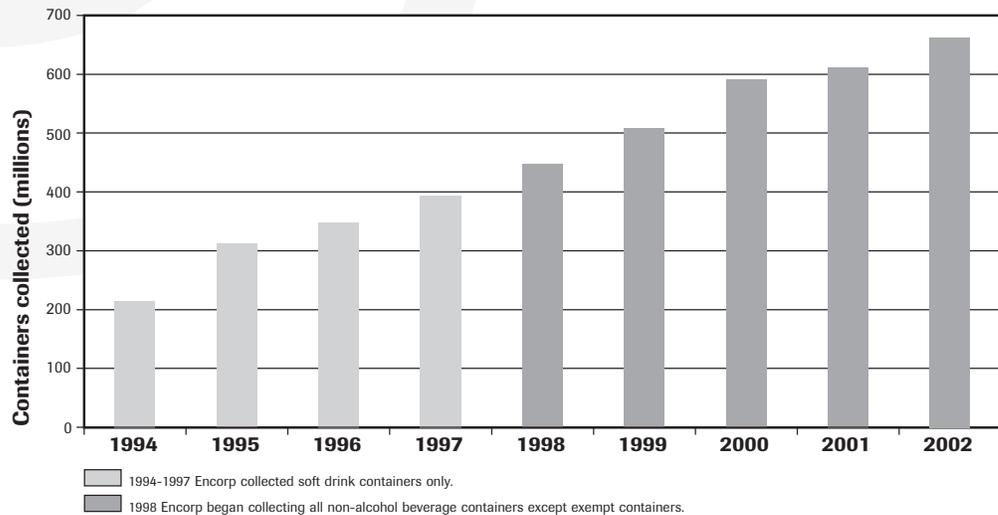
2002 Annual Report



# In 2002, the Encorp System collected and recycled 671 million containers, 59 million more than 2001

Type	Metric tonnes of material recycled	
	2002	2001
Aluminum	5,171	5,150
Plastic	8,137	6,805
Polycoat	1,703	1,459
Glass	9,366	8,941
Other	244	292
<b>Total</b>	<b>24,621</b>	<b>22,647</b>
<b>Change</b>	<b>+8.7%</b>	

Number of used, non-alcohol, beverage containers collected by the Encorp system (millions)

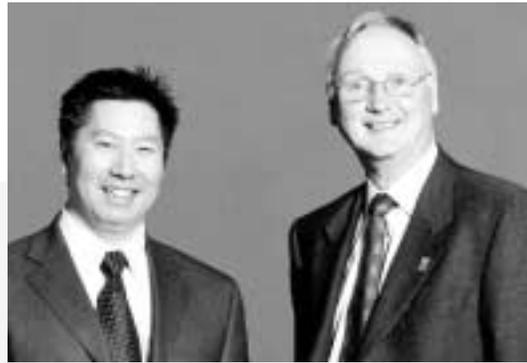


UNAUDITED

	Containers sold		Containers recovered		% Recovery Rate	
	2002	2001	2002	2001	2002	2001
Aluminum	427,240,674	414,430,488	359,105,736	344,192,051	84.05	83.05
Plastic	248,383,289	223,869,822	195,646,362	163,047,889	78.77	72.83
Polycoat	145,140,655	134,717,773	74,511,666	63,364,449	51.34	47.03
Glass	59,631,288	62,025,038	37,005,345	36,146,711	62.06	58.28
Other Metals	6,147,881	6,515,931	2,794,251	2,835,347	45.45	43.51
Combination	7,058,595	7,292,199	2,318,247	2,205,589	32.84	30.25
<b>TOTALS</b>	<b>893,602,382</b>	<b>848,851,252</b>	<b>671,381,607</b>	<b>611,792,036</b>	<b>75.13</b>	<b>72.07</b>

Note: Does not include alcohol containers.

As we enter our tenth year of operation, we are pleased to report that, by a variety of performance indicators, 2002 was one of the most successful years in our history.



Dan Wong (L), Neil Hastie (R)

In last year's report, we identified three key performance indicators: recovery volumes - with the goal of continuous improvement; direct consumer charges - with the goal of keeping them as low as possible and system financial requirements - with the goal of assuring sufficient reserves.

Volumes of recovered containers rose by 59 million units, an increase of 10%; our largest year-over-year growth except for the period immediately following the expansion of the deposit system in 1998. Direct consumer charges were reduced from \$12.3 million to \$9.4 million, a reduction of 23% while, as predicted in our 2001 report, we produced an operating deficit of \$0.6 million so that our overall reserves were managed down from \$11.6 million to \$11.0 million.

Here are other highlights for the year 2002:

- Celebrated the recycling of our 4 billionth container on November 5, 2002
- Increased, in a single year, the recovery rate for single serve plastic containers, our second largest container category, from 64% to 74%
- Added a beverage container recycling program for high schools, complementing our successful elementary school program
- Completed the first full year of our service provider contract with the Liquor Distribution Branch

In addition, eight depots relocated to improved facilities and 17 depots upgraded their existing facilities.

#### Outlook for 2003

The positive consumer response to improved depots that offer full refunds on an increasing range of containers, and to our awareness programs, gives us confidence that the trend of increasing recovery volumes will continue in 2003.

We will continue to manage our reserves within a zone of fiscal prudence. Based upon our current level of fees, we are anticipating a

second consecutive year of deficits and a further reduction in our reserves for 2003. Direct consumer charges in 2003 will be lower than 2002 levels.

#### A System in Transition

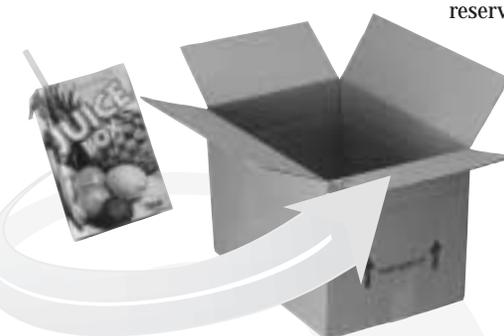
The British Columbia Ministry of Water, Land and Air Protection has initiated a review of the Beverage Container Stewardship Program Regulation and, more generally, a review of all stewardship regulations with the goal of making stewardship operations more efficient. We are participating actively in both reviews.

More than 80% of all non-alcoholic containers are returned through depots. We believe the transition period from a return-to-retail to a return-to-depot system is now complete.

Therefore, we are advocating amendments to the Beverage Container regulation to relieve grocery retailers from the mandatory requirement to take back empty non-alcoholic containers. Further, we believe that the commercial arbitration provisions of the regulation should be removed in favour of a dispute resolution mechanism agreed to, and placed in the contract, between Encorp, the bottle depot operators and their association. Finally, we have advised government that the regulated requirement to achieve an overall 85% recovery rate for non-alcoholic containers by 2002 is not reasonable. No other jurisdiction in North America has such a requirement, while at the same time British Columbia's non-alcoholic beverage container recovery rate rivals that of any other jurisdiction.

One of the more significant challenges we face in this period of transition is accommodating new market forces in the collection of containers inside of what has traditionally been a managed system without direct competition. Our goal is to find solutions that demonstrate the flexibility inherent in an industry-managed system while maintaining the lowest possible costs for brandowners and consumers.

We would like to commend our more than 200 brandowners for their ongoing support. Fulfilling their stewardship obligations in British Columbia is both a rewarding responsibility and a significant obligation. As our advertising slogan says: "It's Worth It".



The paper fibre from polycoat containers is used to make new cardboard boxes

Neil Hastie  
President & CEO

Dan Wong  
Board Chair

## Our Role

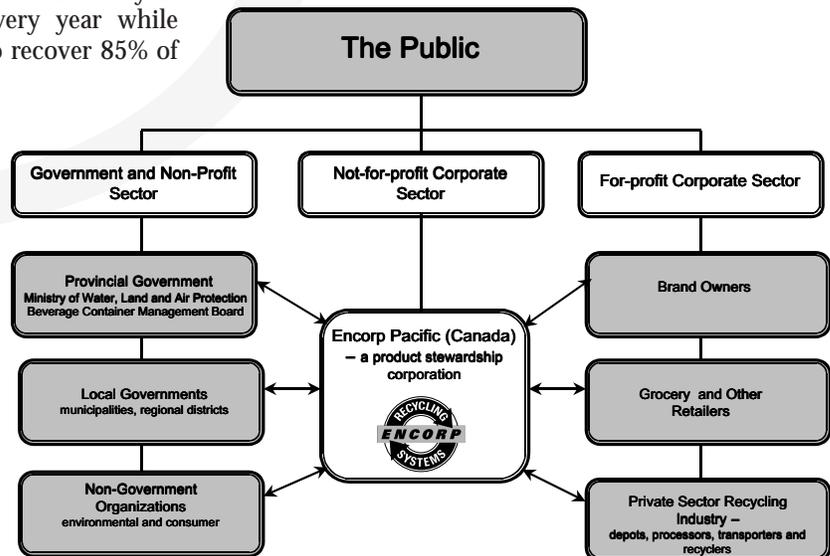
**E**ncorp Pacific (Canada) is a not-for-profit corporation which is the product steward for all non-alcoholic beverage containers covered by the British Columbia Beverage Container Stewardship Program Regulation (BCSPR)

Our overall role is straightforward: to collect and recycle more non-alcoholic beverage containers every year while working toward the regulated requirement to recover 85% of them.

Encorp Pacific does not set the policies and recovery targets specified in the BCSPR and acts as the stewardship agency on behalf of more than 200 beverage brand owners who sell packaged beverages in B.C.

This industry-managed model of product stewardship is unique in North America and has proven to be very successful in recovering and recycling containers in a cost-effective manner.

The diagram at right shows how Encorp is placed between the policy-making sectors represented by various levels of government and the for-profit private sector.



## Our Guiding Principles

These are the basic principles under which we establish our operating policies

1. Develop and operate a system which provides consumer-friendly and convenient return points throughout the province. – *This requires that we continuously strive to improve the system as consumer needs change*
2. Manage the system in a cost-effective manner that has the lowest possible impact on consumer prices – *We are always striving to ensure that we get the best value for the money we spend*
3. Run a cost-based system in which each container type pays its own costs with no cross-subsidization – *Containers which cost more to recycle must pay their own way*
4. Divert used products from landfill and incineration – *One of the legislated requirements that we fulfill on behalf of our brandowners*
5. Find useable end products which maximize the value of the recovered materials – *Getting the most for recovered materials helps defray the costs of the system.*
6. Treat all brandowners equitably – *Equitable treatment ensures that Encorp will not favour one brand owner over another*

## Our Responsibilities

In fulfilling our primary role, Encorp Pacific has responsibilities to many different parties, some of which are to:

- ❑ Consumers – Retaining and enhancing consumer support for the system through constant improvements and continuous education
- ❑ Beverage Brandowners – Complying with the BCSPR on behalf of brandowners, keeping them informed about the system and controlling costs.
- ❑ Provincial government – Ensuring that the government is informed about the progress of the system and that its policies are being observed
- ❑ Local governments – Working with local governments to resolve recycling issues concerning beverage containers
- ❑ Institutions and Associations – Maintaining close relationships in order to address issues as they arise.
- ❑ To all parties – Manage the flow of money through the system in a prudent manner to ensure that all obligations can continue to be met.

## HOW THE MONEY FLOWS

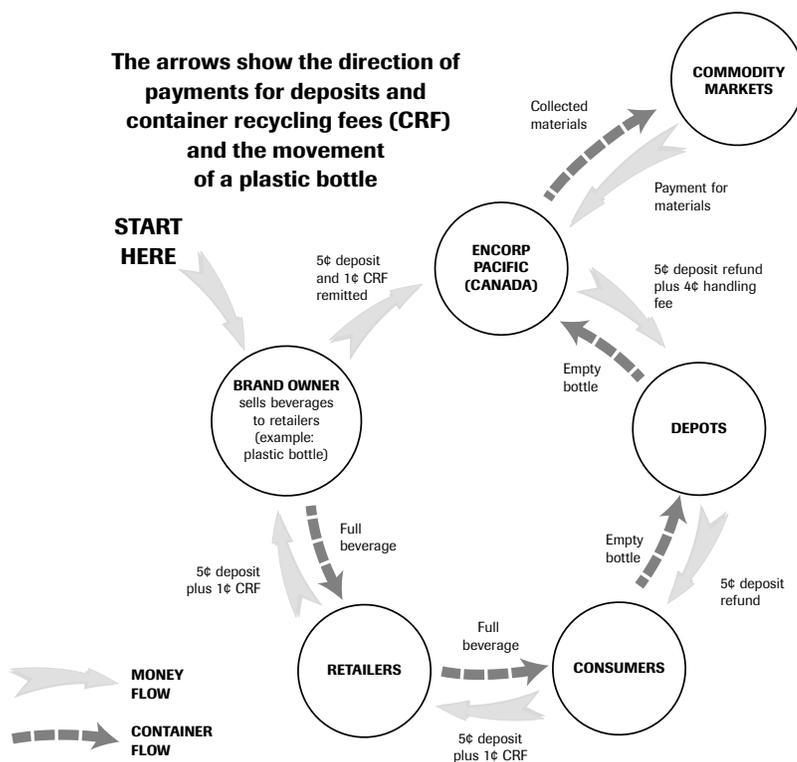
Encorp Pacific is somewhat like a “clearing house” since it collects deposits and Container Recycling Fees (CRF) from beverage brandowners and holds these funds in “accounts” from which deposits are refunded and operational costs are paid when containers are returned to depots and grocery stores.

The chart at right gives an illustration of how the money, and the container itself, moves around the system.

Since Encorp’s guiding principles require that each container type pay its own way, Encorp sets up individual “accounts” for each type into which all the revenues for that container type are placed and from which all expenses are paid.

### Separate container accounts are set up for:

- Aluminum cans
- Plastic up to and including 1 litre
- Plastic larger than 1 litre
- Glass up to and including 1 litre
- Glass larger than 1 litre
- Aseptic up to and including 500 ml
- Aseptic 501ml to 1 litre
- Gable top up to and including 500 ml
- Gable top 501 ml up to and including 1 litre
- Gable top larger than 1 litre
- Bi-metal up to and including 1 litre
- Bi-metal larger than 1 litre
- Bag-in-a-box



# REVENUES AND EXPENSES

## Revenue comes from:

Deposits which are paid on all containers sold but not all of which are redeemed. The money left over is called the “unredeemed deposit” and is used as revenue for each container’s account. Some container types have very little unclaimed deposit because high percentages of them are returned for refund.

Sales of the collected materials like aluminum, plastic, etc., which, after freight costs are included, range from zero for glass to as much as \$1500 per tonne for aluminum.

Container Recycling Fees (CRF) which are a charge per container made to cover any costs of recovering and recycling that type of container which are not covered by the unredeemed deposit and sale of the collected material. Many stores show this fee as a separate item on shelf prices and cash register receipts.

## Expenses from each container account include:

Deposit refunds paid to depots and grocers to re-imburse them for deposits paid to customers for containers

Handling fees paid to depots and grocers. Handling fees comprise about 68% of all Encorp’s operational costs

Transportation and processing of containers to get them ready for sale to recyclers

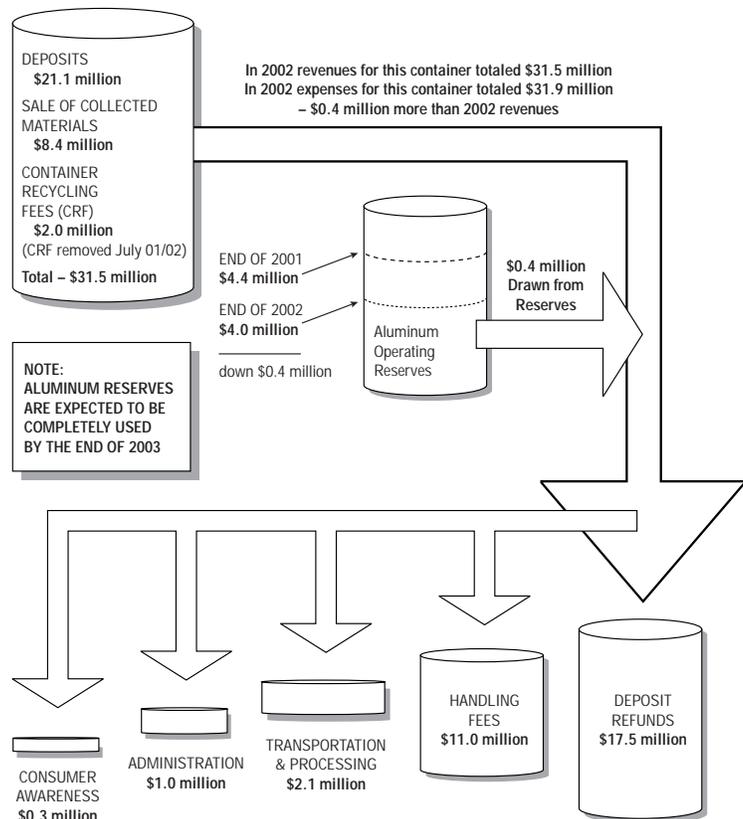
Consumer awareness programs which encourage consumers to return more containers

Administration of the program including collection, management and payment of all funds

Also similar to a clearing house, each account requires a cash reserve since there is no time limit on returning containers and, like other businesses, costs and revenues can vary widely.

The amount of money in each container’s reserve varies dependent on such factors as the recovery rate, costs of handling, transportation and processing, and the value of the collected material. If the reserve runs into deficit, increases are made to the CRF; if the reserve is larger than required, reductions in the CRF are made.

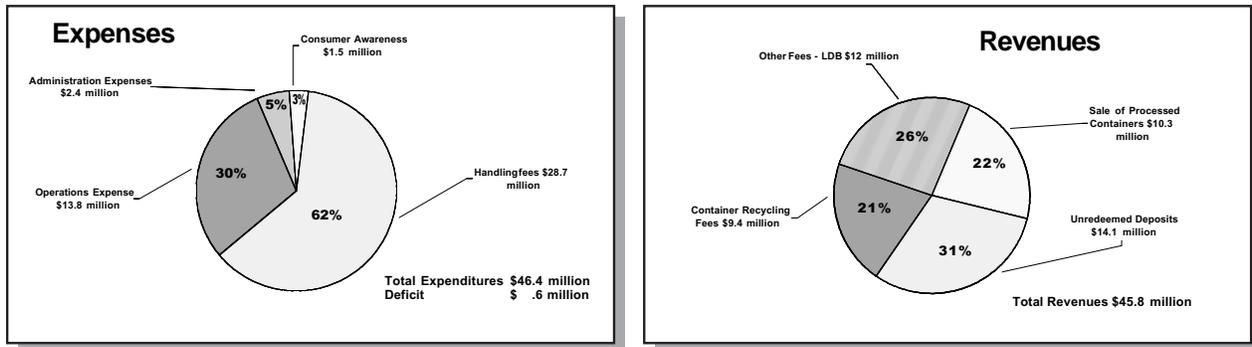
## Aluminum Account



# CONTAINER RECYCLING FEE

The charts below show the breakdown of all revenue and expenses for Encorp Pacific for 2002

**Summary of Operations – Including Alcohol Containers**  
Year Ended December 31, 2002



The following table shows how the CRF has changed over time for many container types.

## Container Recycling Fee History

Container type	CRF included in retail price until spring 2000		CRF shown separately by most grocery retailers after spring 2000			
	1999	2000	2001	2002 (February 1)	2002 (July 1)	2003 (February 1)
Aluminum cans	0¢	1¢	1¢	1¢	0¢	0¢
Plastic up to 500ml	0¢	1¢	1¢	1¢	1¢	1¢
Plastic 501ml to 1L	1¢	2¢	2¢	1¢	1¢	1¢
Plastic over 1L	4¢	5¢	5¢	5¢	4¢	4¢
Glass up to 1L	3¢	3¢	3¢	3¢	3¢	3¢
Glass over 1L	7¢	7¢	7¢	5¢	5¢	5¢
Drink box up to 500ml	N/A	0¢	0¢	0¢	0¢	0¢
Drink box 501ml to 1L	N/A	0¢	1¢	2¢	2¢	3¢
Gable top up to 500ml	N/A	0¢	1¢	1¢	1¢	1¢
Gable top 501ml to 1L	N/A	0¢	1¢	1¢	1¢	1¢
Gable top over 1L	N/A	0¢	0¢	0¢	0¢	0¢
Bi-metal less than 1L	N/A	0¢	0¢	0¢	0¢	0¢
Bi-metal over 1L	4¢	4¢	2¢	0¢	0¢	0¢
Bag-in-a-box over 1L	4¢	4¢	4¢	0¢	0¢	0¢

Containers up to and including 1L – 5¢ deposit  
Containers over 1L – 20¢ deposit

The paper fibre from polycoat containers is used to make new cardboard boxes



## OPERATING RESERVES

The surplus or deficit for each container type is added up and the end result is Encorp's overall surplus or deficit for the year. In 2000, and again in 2001, Encorp recorded an operating surplus of over \$5,000,000 which resulted in an accumulated reserve of \$11,599,068. In 2002, as a result of reductions in the CRF and higher recovery rates, Encorp recorded a deficit of \$589,709 which reduced the accumulated surplus for all container types to \$11,009,359.

## Why Do We Need Operating Reserves?

Revenues from the sale of collected materials can change rapidly. Reserves provide a financial cushion which stabilizes changes to the CRF.

Depot operations are a cash business and Encorp pays out over \$1.5 million per week in reimbursed deposits and handling fees. These obligations must be met regardless of how long it may take Encorp to get paid by brand owners.

Operating reserves are a necessary way of ensuring that there will be funds to redeem containers that are still in consumers' hands.

Operating reserves are used only to fund the system, they are not repaid to brand owners or to any other agency.

The table below shows the changes in operating reserves for 2002.

	Invested in capital assets	Internally restricted reserve	Unrestricted	2002 Total	2001 Total
Balance, beginning of year	\$ 227,570	\$ 3,666,297	\$ 7,705,201	\$11,599,068	\$ 6,308,006
Excess (deficiency) of revenue over expenses	(65,454)	-	(524,255)	(589,709)	5,291,062
Investment in capital assets	102,736	-	(102,736)	-	-
Internally imposed restrictions (note 4)	-	637,864	(637,864)	-	-
Balance, end of year	\$ 264,852	\$ 4,304,161	\$ 6,440,346	\$11,009,359	\$ 11,599,068

See accompanying notes to financial statements.

## Internally Restricted Reserve

In 2002, Encorp's Board of Directors agreed to establish an Internally Restricted Reserve which is the unredeemed deposits, net of collection and recycling costs, for polycoat and "other metal" containers which have a low recovery rate.

Based on Encorp's fundamental principle that there is to be no cross-subsidization between container types, this reserve will be drawn down to delay the implementation of a Container Recycling Fee on these types of containers as their recovery rate improves. The Reserves may also be used directly to improve the recovery rates for those container types.

Reserves are reviewed annually by the Audit Committee and the Board of Directors. (See p. 17 for list of Directors)

## **B.C. LIQUOR DISTRIBUTION BRANCH**

**I**n 2002 Encorp completed the first full calendar year of its contract with the BCLDB to collect wine, spirits, cooler and imported beer bottles through the Bottle and Return-It System.

The volume of such alcohol containers collected and recycled through the Encorp system totaled 126,277,074 units, weighing 47,769 tonnes for which Encorp was paid contract fees of \$11,683,619 to offset the costs of recovering and recycling these containers.

The BCLDB contract gives consumers the convenience of one place where they can receive a full refund for all non-alcoholic and alcoholic containers except for domestic beer cans and refillable domestic beer bottles. This added convenience is another reason for the volume growth being enjoyed by Encorp Bottle and Return-It Depots. The Encorp system benefits from improved efficiencies which have been passed along to consumers in reduced Container Recycling Fees on non-alcoholic containers.

Those wine, spirits and other alcoholic beverage containers which are returned to Government Liquor Stores are placed in large plastic tubs which are then collected by Encorp transporters. These tubs are then shipped to processors where they are emptied, cleaned and returned to the stores. The processors convert glass bottles into construction materials or compact containers for shipment to other recyclers. All containers collected by the Encorp system, whether alcoholic or non-alcoholic, are recycled for other uses.

The use of existing Encorp infrastructure provides cost savings for both the BC Liquor Distribution Branch as well as for non-alcoholic beverage brand owners and consumers.





**UPGRADED DEPOTS  
ATTRACT MORE  
CUSTOMERS...**

*A good location & outside signs make the Squamish depot easy to find. Despite increased retail competition, the Squamish depot recorded above average increases in volume in 2002.*



*The Squamish depot has a bright interior with helpful signage.*



*Clean, spacious tables make it easy for customers to sort containers at the Squamish depot.*

*The depot truck carries the Return-It message all over town.*





*A great location, good signage & lots of parking make the Aldergrove depot very successful.*

**...MORE CUSTOMERS  
MEAN INCREASED  
CONTAINER RETURNS**



*Lots of interior room for customers helped the Aldergrove depot post above-average increases in 2002.*



*Encorp's Point of Return computer system & helpful signs all contribute to Aldergrove's success.*



**The paper fibre from polycoat containers is used to make new cardboard boxes**

## TRANSPORTATION & PROCESSING

Encorp has contracts with a number of independent companies to provide transportation and processing services. The transporters collect containers from over 500 locations around the province and take them to one of 17 processing sites where they baled or crushed to make them easier to ship to recyclers. Some of Encorp's authorized depot operators also provide transportation and processing services under separate contracts.

One example of a transporter is Commercial Logistics, a dedicated carrier of import and domestic beers to Government Liquor Stores throughout B.C. As part of a contract with Encorp, Commercial Logistics provides collection services for used containers from these same stores. In 2002, the company designed an Oracle-based Internet inventory management system which gives these stores the capability to request pickup and replenishment of recycling supplies on-line.

This system integrates with Commercial's traffic routing system for a daily, cost-effective, recycling management program.

An example of Encorp's major processing contractors is International Paper Industries (IPI) which, in 2002, opened a new 20,000 square foot processing facility in Kamloops to handle all types of container materials.

Encorp's contract with the BC Liquor Distribution Branch has resulted in a large increase in glass available for recycling through Encorp processors. United Concrete, in Quesnel, processes glass for use as sandblasting material which it sells to customers throughout B.C. and even into Alberta.

Encorp regularly tests the market and adjusts its transportation and processing network to meet changing demands and to ensure the most cost-effective container retrieval and recycling system possible while meeting the requirements of the Beverage Container Regulation.



*A crusher turns glass bottles into fine particles for use in a wide range of applications.*

Photo courtesy International Paper Industries



## QUALITY ASSURANCE

The first full year of managing the recovery of wine, spirits and cooler containers under Encorp's contract with the B.C. Liquor Distribution Branch (LDB) added a further 126 million alcoholic beverage containers to the 671 million non-alcoholic containers already collected by the Encorp system.

This also added to the workload of Encorp's Quality Assurance centre by increasing the volume of containers arriving from each depot check.

As in the past, Encorp performed random checks of depots to verify that the depots' claims for deposit reimbursement and handling fees match the actual containers being picked up by Encorp. Where depots are found to be short, a deduction is made from their payments, where they are found to be over, a credit is applied.

New procedures, systems and better staff training have reduced such errors for most depots and very few adjustments are now necessary.

In addition, to ensure that consumers are being paid the correct refund amount, checks are made by "mystery shoppers" who return specific numbers of containers and report on the actual refund received.

Where errors have occurred they have often resulted in overpayment as well as underpayment to consumers. Here, too, better systems and staff training have greatly reduced these errors.

In 2002 the QA centre made 182 separate checks of depots and audited over 36,000 bags of containers including the alcohol containers covered by the LDB contract.



Automated auditing at the QA Centre



## CONSUMER AWARENESS

The major theme which underlies all of Encorp's activities is the recovery of an increasing number of used beverage containers every year. While the deposit refund is a factor in motivating consumers to return containers, it is not the most significant one. Consumers need to be reminded to return containers, informed about the value for the environment when they do and encouraged to do even more.

All of Encorp's consumer awareness programs are designed to do these things but each is tailored to a specific need.

### Media Activity

In 2002, Encorp embarked on the most ambitious media program undertaken to date. Taking advantage of a unique, and temporary set of circumstances Encorp was able to assemble a package of television air time comprised of regular commercials, public service announcements, program participation and other special features. This package, with a variety of messages, raised the awareness of the Encorp Return-It System to unprecedented levels and markedly increased the return of used containers.

The messages included general information regarding the wide variety of containers which can be returned to an Encorp Bottle and Return-It Depot as well as reminders that returning containers means that they can be turned into something useful.

A tie-in with community newspapers added print advertisements and frequent placement of the "Return-It, It's Worth It" logo as an additional reminder.



### School Program

In 2002, Encorp continued with its highly successful school program by adding even more features to those already offered to elementary schools as well as starting a new program directed at high schools.

Elementary schools now have a program which gives them, at no charge, all of the following:

- A set of collection bins made of recycled plastic
- Labels for each bin describing what containers to put in it
- Promotional materials to encourage participation
- Certificates of appreciation custom-made for each school
- An opportunity to enter a contest with cash prizes of up to \$500 per school
- A 10 minute educational video which explains the recycling process for each type of container in the Encorp system

Plus, of course, they get to keep all the deposit money collected for school projects.

At the end of 2002 there were 1152 elementary schools with Encorp's recycling bin kit and 284 schools were participating in this year's contest which will end in June, 2003.

# CONSUMER RESEARCH

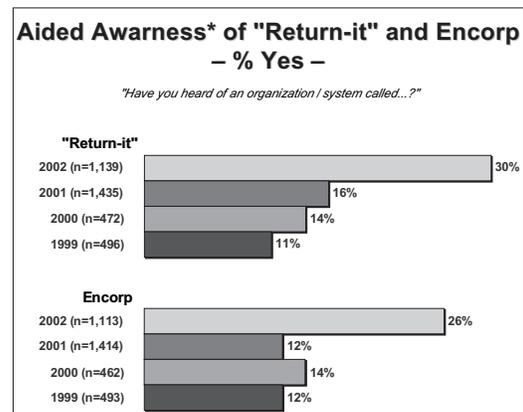
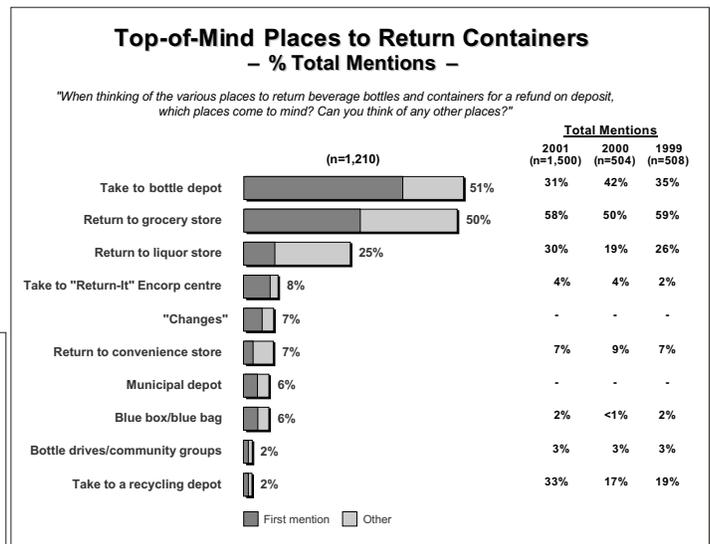
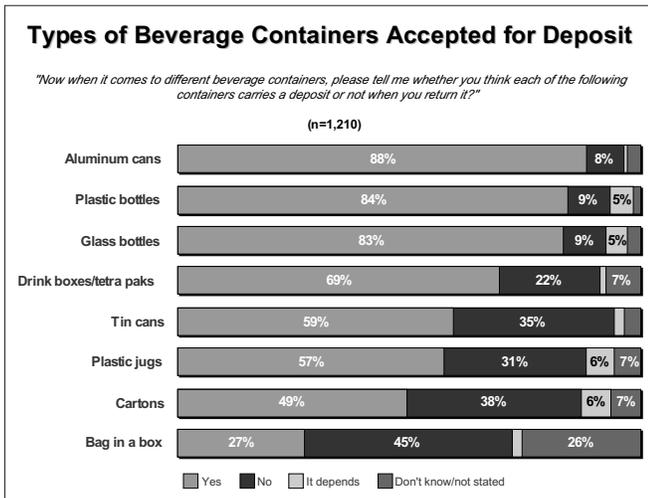
Knowledge of consumer attitudes is essential in designing successful awareness programs. To collect that knowledge, each year Encorp conducts extensive market research.

In November 2002, Encorp contracted with Ipsos-Reid to conduct a telephone poll of B.C. residents to analyze their recycling motivations and behaviors. A total of 1,210 telephone interviews were conducted with residents aged 16 years and older. The interviews were done in two sections; a random sample of 800 from the entire province and 410 done as "over-samples" in four specific B.C. regions. This method ensured sufficient sample sizes to provide detailed analysis with these communities. This method and sample size allows Encorp to be 95% certain that the results are within 3.2% (plus or minus) of what would have been obtained had Ipsos-Reid interviewed every B.C. resident aged 16 and over.

Some highlights from the research:

- ❑ Bottle depots have now surpassed grocery stores as the "top of mind" destination for bottle returns
- ❑ Eight in ten B.C. residents know that containers such as aluminum cans, plastic and glass bottles carry a deposit
- ❑ Seven in ten B.C. residents know that drink boxes carry a deposit
- ❑ 92% of B.C. residents say that they.... "always return their bottles and containers because it's good for the environment."
- ❑ While consumers think that bottle depots offer good service, and give a full refund, 53% agree that the cleaner they are the more likely they would be to return containers to bottle depots

The following graphs detail some of the research findings. The full Executive Summary of the research report can be viewed on Encorp's website - [www.encorp.ca](http://www.encorp.ca)



## THIS LIFE – THE NEXT LIFE

All the beverage containers collected by the Encorp system are transformed into something useful. In “This Life” they are beverage containers, in “The Next Life” they can become one of many different products.

### Aluminum cans

- Most aluminum cans are made right back into more cans in as little as 60 days. In fact, about 50% of every aluminum soft drink can on store shelves is aluminum that has been recycled at least once.

### PET plastic

- This clear, strong, plastic is used for a wide array of useful products including new beverage containers. Recycled PET, or R-PET, is used for the middle layer of three layer plastic beverage containers. The inside and outside layers are virgin PET, the middle one is R-PET. PET is also used to make carpet fibre, polyester yarn used for the fleece vest shown elsewhere in this report and to make all kinds of containers.

### HDPE and other plastics

- Another tough, but not transparent, plastic, HDPE is used for buckets, non-food containers and all kinds of plastic gadgets.

### Glass

- Because of its weight, glass is broken into “cullet” at a number of sites around the province and, to reduce transportation costs, its ultimate use depends on the location of the processing site. Much of the glass collected by the Encorp system is shipped for further processing and, eventually, is made into fibre glass building insulation. In other cases, the glass is ground very finely and used in place of sand in construction, sandblasting, or even in golf course sand traps. Some B.C. glass is also used to make new wine bottles.

### Bi-metal

- The tin-plated steel which gives this container its name is shredded, mixed with other scrap steel and made into all types of fence wire as well as rebar for construction use.

### Polycoat

- The gable top and drink box containers are processed to remove the valuable paper fibre that makes up most of their construction and this fibre is then made into cardboard boxes. Because of its high quality the fibre from polycoat containers is often used for the fine white finish on boxes destined for consumer products.



## WHAT HAVE WE DONE BETTER?

In the 2001 report we listed several places where we thought that we needed to improve. Here's what happened:

### Depot Credibility

Last year we said we needed to improve the credibility of the depot system for consumers. As can be seen in this report a number of Encorp's independently owned depots have relocated and/or upgraded to make their operations more accessible and more attractive to consumers. Consumers have responded by returning more containers than ever through the depot system. The program of depot upgrades will continue in 2003 and beyond.

### Improve Recovery Volumes

We said we needed to improve the recovery volumes for some container types. Our large increase in container volumes; 59 million more than in 2001, shows that we have started to make some headway in achieving this goal. A dramatic increase in recovery for smaller plastic containers increased overall recovery in the plastic category from 72.8% to 78.8%. The improvement in recovery for some polycoat containers shows that consumers are starting to recognize that these containers should be returned for refund. For 2003 we will continue to work on improving container recovery volumes.

### Improve Coordination

We stated last year that we needed to improve coordination with local governments regarding consumer education. Since this is an ongoing activity from which it is difficult to track results we will continue to work towards that goal.

## WHAT ELSE CAN WE DO BETTER?

- ❑ A key element in the success of the Encorp system is an efficient and financially stable depot network. Changes in the marketplace, in consumer buying habits and new requirements for recycling, all provide challenges to the depot network. In order to maintain an efficient network Encorp will assist depots to respond to these challenges.
- ❑ An industry operated system, such as Encorp, is a very efficient method of operating a deposit-refund program since all funds are used to operate the system. This process, however, is not always understood by governments and other concerned organizations. Encorp will undertake additional programs to ensure that all affected parties gain a better understanding of the values and efficiencies of an industry operated product stewardship program.



**PET plastic is made into new containers as well as fibre for carpets & vests**

## WEBSITE – [www.encorp.ca](http://www.encorp.ca)

Sixty-two per cent of Canadians go on-line at least once per month and British Columbians are in the top percentile of users. The Internet allows people to obtain information when they need it and lets businesses interact much more quickly with their customers.

Encorp recognizes that our site is an important contributor to the success of our consumer awareness goals and provides the foundation to facilitate many of our valuable programs and services.

The website, completely redesigned and updated in 2002, has seen an increase in site traffic of 46% moving from 167,815 hits in 2001 to 308,000 hits in 2002, and from 19,000 to more than 30,000 individual visitors.

We invite you to visit our website and check out the information available under the headings listed below:



*Deposit Levels and Acceptable Brands*



*Full Refund Locations*



*Fundraising, School and Community Programs*



*Recycling Resources and Information*



*Newsletters and Reports*



*About Encorp*



*Brand Owners' Homepage*



*Depot Operators' Intranet*



*Employees' Intranet*

The paper fibre from polycoat containers is used to make new cardboard boxes



# ENCORP PACIFIC (CANADA) BOARD OF DIRECTORS 2002



Rear L to R – Linda (Toby) Oswald-Felker, Bryan Walton,  
Lorne Campbell, Larry Brookes, Gemma Zecchini  
Front L to R – Dale Parker, Neil Hastie, Dan Wong,  
Liisa O'Hara  
Absent from photo – Sandra Banks, Colleen Newell

NAME	TITLE	ENCORP AFFILIATION	COMMITTEES
Dan Wong – CHAIR	President, Public Affairs D. Wong & Associates	Juice Council of British Columbia	<input type="checkbox"/> Audit <input type="checkbox"/> Governance <input type="checkbox"/> Human Resources and Compensation
Sandra Banks	Vice President, Public Affairs Coca-Cola Bottling Company	Refreshments Canada	<input type="checkbox"/> Nominating <input type="checkbox"/> Human Resources and Compensation
Larry Brookes	Director of Production, Western Canada Canadian Springs Water Company	B.C. Bottled Water Association	<input type="checkbox"/> Audit
Lorne Campbell	Vice President of Grocery Operations Thrifty Foods	Canadian Council of Grocery Distributors	<input type="checkbox"/> Human Resources and Compensation
Neil Hastie	President and CEO Encorp Pacific (Canada)	Inside Director	<input type="checkbox"/> Nominating
Colleen Newell	Vice President, Environment & Government Affairs Pepsi-Cola Canada Ltd	Refreshments Canada	<input type="checkbox"/> Governance
Liisa O'Hara	Vice President, Financial Services & Regulatory Affairs Terasen Pipelines	Unrelated Director	<input type="checkbox"/> Audit <input type="checkbox"/> Nominating
Toby Oswald-Felker	Vice President, Public Relations & Government Affairs Canada Safeway Limited	Canadian Council of Grocery Distributors	<input type="checkbox"/> Governance
Dale Parker	Chairman Pacific Parkinsons Research Institute	Unrelated Director	<input type="checkbox"/> Governance <input type="checkbox"/> Human Resources and Compensation
Vacant		Joint seat B.C. Bottled Water Association/ Juice Council of B.C.	
Bryan Walton	Vice President, Western Region Canadian Council of Grocery Distributors	Canadian Council of Grocery Distributors	<input type="checkbox"/> Nominating
Gemma Zecchini	President and Chief Executive Officer Refreshments Canada	Refreshments Canada	<input type="checkbox"/> Audit

# Encorp Committees

Encorp has various committees of the Board as part of its corporate governance model.

## Board committees

**Nominating** – responsible for setting the criteria for nominees to the Board of Directors and for recommending Board and Committee appointments.

**Audit** – responsible for financial reporting, regulatory compliance, assessing and managing corporate strategic risks and evaluating the internal and independent auditing processes.

**Governance** – responsible for ensuring that the composition of the Board, Board operating policies, procedures and Board effectiveness are in keeping with the fundamental principles of the company and high standards of corporate governance

## Other committees

**Advisory** – a Board appointed group of stakeholders and small brand owners who review company operating practices and procedures and advise the Board on opportunities for improvement. The chairperson of this committee sits on the Board Governance committee

**Stakeholders** – a broadly-based group of local government, non-profit organizations and affected parties who meet with senior management and review and advise on company practices and procedures.

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### ADVISORY COMMITTEE 2002

Margaret Sinclair, Chair	Vancouver General Hospital (retired)
Allen Lynch	North Shore Recycling Program
Russell Moore	Stone Point Group
Mondee Redman	Burnaby School District #41
Catarina Wong	Core-Mark International Inc.

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### STAKEHOLDERS COMMITTEE 2002

Margaret Sinclair, Chair	Vancouver General Hospital (retired)
Karen Asp	Recycling Council of B.C.
Stephanie Banks	United We Can bottle depot
Wally Erickson	Simon Fraser University / Delta Recycling Society
Allen Lynch	North Shore Recycling Program
Mondee Redman	Burnaby School District #41
John Richards <i>Alternates</i> Samantha Allison Lisa Turpin	Abbotsford Community Services
Brenda Southam	B.C. Bottle Depot Association
Andy Telfer	Coast Waste Management Association

## Brand Owners Represented By Encorp

7-Eleven Canada  
A. Bosa & Co. Ltd.  
A. Lassonde Inc.  
Aberfoyle Springs Ltd. (Nestle Waters Canada)  
Acklands - Grainger Inc.  
Adanac Food Importers Ltd.  
Albi Beverages  
Alfresh Beverages Canada Corp.  
Allcity Importers Ltd.  
Alta Beverage Corporation  
Amari Enterprises Inc.  
Anchor Foods International Ltd.  
Arctic Chiller Ltd.  
Avani Water Corporation  
Aviara Sales Inc.  
Bioforce Canada Inc.  
Blackwell Dairy Farm Inc.  
Blasko's Ice & Artesian Spring Water  
Bottle Green Drinks Co. Canada Inc.  
Bremner Foods Ltd.  
Bridge Brand Food Services Ltd.  
Buy-Low Foods Ltd.  
C&W Distributors Canada Inc.  
C.F. Inc.  
Cadbury Beverages Canada Inc.  
Calkins & Burke Limited  
Campbell Soup Company Ltd.  
Canada Pure Water Co. Ltd.  
Canada Safeway Limited  
Canada Youth Orange Network (CYONI)  
Canada's Choice Spring Water Inc.  
Canadian Choice Wholesalers Ltd.  
Canadian Springs Water Co.  
Canda Enterprise Co. Ltd.  
Capers Community Markets (c/o Watermark Beverages)  
Carley Spring Water Sales  
Cawston Cold Storage Ltd. / Nature's First Fruits  
Central Boeki Canada Ltd.  
Chilliwack Water Store Ltd.  
Clearly Canadian Beverage Corp  
Coca-Cola Bottling Ltd.  
Concord Sales Ltd.  
Continental Importers Ltd.  
Continental Packaging Ltd.  
Core-Mark International Inc.  
Corinthian Distributors Ltd.  
Costco Wholesale  
Cott Beverages Canada  
Dan-D Foods Ltd.  
Danone Waters of North America Inc.  
Dattani Wholesalers (a Div. of Dattani Foods Ltd.)  
Diamond Springs Water Co.  
Distribution Missum Inc.  
Dole Foods of Canada Ltd.  
Echo Springs Co. Inc.  
Edoko Food Importers Ltd.  
Elco Fine Foods Inc.  
Elko Developments Ltd.  
Eurobubbles Canada Inc.  
Falesca Importing Ltd.  
Far East North America Food Ltd.  
Far-Met Importers Ltd.  
Federated Cooperatives Ltd.  
Fok's Trading (Canada) Ltd.  
Fountain Drinks (Canada) Co. Ltd.  
Fukuda Trading Co. Ltd.  
Garland International Holdings (Canada) Ltd.  
Glenmore Sales and Distribution  
Golden Boy Foods Inc.  
Great Western Brewing Company Limited  
H. J. Heinz Co. of Canada Ltd.  
H.Y. Louie Co. Ltd.  
Hanif's International Food Ltd.  
Happy Planet Foods Inc.  
Horizon Distributors  
Horsting's Farm Market  
Hung Gay Enterprises Ltd.  
I-D Foods Western Corporation  
Indigo Beverages  
Inform Brokerage Inc.  
Intersave West Buying & Merchandising  
Invemere Hardware & Building Supplies Co. Ltd.  
Island Farms Dairies Co-op Association  
J West Food Systems Ltd.  
Jace Holdings Ltd. (Thrifty)  
"Johanna Foods, Inc."  
Jones Soda Co.  
Joriki Inc.  
K Mart Canada  
Kan-Pak  
KO&C Enterprises Ltd.  
Konings  
Kootenay Springs Ltd.  
Kraft Canada Inc.  
Kwong Man Sang Co. Ltd.  
Lakeport Brewing Corporation  
Landmark Dairy Ltd.  
"Le Kiu Importing Co., Ltd."  
"Leading Brands of Canada, Inc."  
Left Coast Trading Company Inc.  
Lekker Foods Distributors Ltd.  
London Drugs Limited  
Macdonalds Consolidated Ltd.  
Malinda Distributors Inc.  
"Mandisa, Inc."  
Martin-Brower of Canada Ltd

## Brand Owners Represented By Encorp

Matheson Creek Farm Ltd.  
McCain Foods (Canada)  
Medis Distributors (Pharmasave)  
Miller Springs Ltd.  
Monashee Spring Water Ltd.  
Mountain Manna Water & Ice Co.  
Mr. Case Inc.  
Nanton Water & Soda Co.  
National Cheese Company (Western) Ltd.  
National Importers Ltd.  
"Natural Brands, Inc."  
Natural Glacial Waters Inc.  
Natureland Bio Products  
Natures Perfection  
Nature's Pop Sales  
NAYA Waters of Canada  
Neptune Food Service Inc.  
Nestle Canada Inc.  
New World Natural Foods Ltd.  
Nishimoto Trading Co. Ltd.  
Noel Canning/Division of Noel Corporation  
North American Tea & Coffee  
Northland Water Company Ltd.  
Northleaf Foods  
Nutrition Zone Products Inc.  
Ocean Spray International Inc.  
OGEM  
Okanagan Soft Drink Co.  
"Olympic Foods, Inc."  
Overwaitea Food Group/Save-On-Foods  
Pacific Exotic Foods Inc.  
Parmalat Canada  
Perrier Group of Canada Ltd. (Nestle Waters Canada)  
Phy-Lor  
Polaris Water Company Inc.  
Principal Sales Inc.  
"Private Reserve Water, Inc."  
Procter and Gamble Inc.  
"PSC Natural Foods, Ltd."  
Purified Water Store Corporation  
QTG Canada Inc.  
Que Pasa Mexican Foods  
Quixtar Canada Corporation  
Qwest Foods Ltd.  
Renegade Private Stock Ltd.  
Rocky Mountain Chocolate Factory  
Roy's Ice N' Bottled Water  
SAAN Stores Ltd.  
San Remo Importers Ltd.  
Santa Maria Foods Corp.  
Saputo Milk Division (Dairyland Foods)  
Sawridge Waters Ltd.  
Scott-Bathgate Ltd.  
Sea-Van Distributors Ltd.  
Shoppers Drug Mart  
Siena Foods Limited  
"SLN Beverages, Inc."  
Snapple Beverage Group  
Snowflake Water Corporation  
Sobeys Capital Inc.  
Star Marketing Ltd.  
Stars Trading Co. Ltd.  
StonePoint Group Limited  
Sun Pac Foods Limited  
Sun Wah Foods Ltd.  
Sun-Rype Products Ltd.  
Susan Schembri  
T&T Supermarket Inc.  
Tak Tai Trading Co. Ltd.  
Taplow Sheere / Northleaf Foods  
Tazo Tea Company  
Tetley Canada Inc.  
TFB & Associates Limited  
The Apple Valley Juice Corp.  
The Minute Maid Company Canada Inc.  
The Original Candy Company Ltd.  
The Pepsi Bottling Group  
The TDL Group Ltd.  
Thomas Canning (Maidstone) Limited  
Three Valley Mountain Spring Water Ltd.  
"Toy's "R" Us Canada Ltd."  
Tree of Life/Gourmet Award Foods Canada  
"Tree Top, Inc."  
Triple Jim's Juices  
Tun Hau Enterprises (Canada) Ltd.  
Uno Foods Inc.  
Upper 49th Imports Inc.  
Van Isle Artesian Springs  
Vancol Canadian Industries Inc.  
Vansky Trading Co. Ltd.  
Vitality Foodservice Canada Ltd.  
Wallace & Carey Ltd.  
Wal-Mart Canada Inc.  
Watermark Beverages Inc.  
Westfair Foods Ltd.  
Wet Planet Beverages  
Wild West Organic Harvest Co-op  
Worrenberg Farms  
Wycen Foods (Canada) Inc.  
Zebroff's Organic Farm  
Zellers Inc.

## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The financial statements of Encorp Pacific (Canada) have been prepared by management in accordance with generally accepted accounting principles in Canada. Any financial information contained elsewhere in this report has been reviewed to ensure consistency with the financial statements.

Management is responsible for the integrity of the financial statements and has established systems of internal control to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and financial statements are prepared in a timely manner.

Encorp Pacific (Canada) maintains a system of internal accounting and administrative controls. They are designed to test the adequacy and consistency of internal controls, practices and procedures.

KPMG has performed an independent audit of the financial statements of Encorp Pacific (Canada). The Auditor's Report outlines the scope of this independent audit and expresses an opinion on the financial statements of Encorp Pacific (Canada).



Neil Hastie  
President & Chief Executive Officer



Bill Chan, CGA, MBA  
Vice President & Chief Financial Officer

May 14, 2003

Financial Statements of

**ENCORP PACIFIC (CANADA)**

Years ended December 31, 2002 and 2001



KPMG LLP  
Chartered Accountants  
Box 10426, 777 Dunsmuir Street  
Vancouver BC V7Y 1K3  
Canada

Telephone (604) 691-3000  
Telefax (604) 691-3031  
www.kpmg.ca

## AUDITORS' REPORT TO THE SHAREHOLDERS

To the Members of  
Encorp Pacific (Canada)

We have audited the statement of financial position of Encorp Pacific (Canada) as at December 31, 2002 and the statements of operations, changes in net assets 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, 2002 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

The comparative figures for December 31, 2001 were reported on by another firm of Chartered Accountants.

A handwritten signature in black ink that reads 'KPMG LLP'. The letters are stylized and cursive.

Chartered Accountants

Vancouver, Canada

March 26, 2003

# ENCORP PACIFIC (CANADA)

## Statements of Financial Position

December 31, 2002 and 2001

	2002	2001
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 15,036,694	\$ 12,766,233
Accounts receivable	10,807,473	10,990,202
Prepaid expenses and deposit	45,866	757,679
	<u>25,890,033</u>	<u>24,514,114</u>
Capital assets (note 3)	264,852	227,570
	<u>\$ 26,154,885</u>	<u>\$ 24,741,684</u>

## Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities	\$ 15,145,526	\$ 13,142,616
Net assets:		
Invested in capital assets	264,852	227,570
Internally restricted reserve (note 4)	4,304,161	3,666,297
Unrestricted	6,440,346	7,705,201
	<u>11,009,359</u>	<u>11,599,068</u>
	<u>\$ 26,154,885</u>	<u>\$ 24,741,684</u>

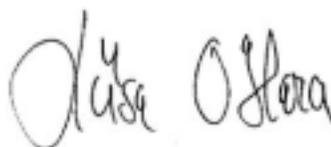
Commitments (note 6)

See accompanying notes to financial statements.

Approved on behalf of the Board:



Director



Director

# ENCORP PACIFIC (CANADA)

## Statements of Operations

Years ended December 31, 2002 and 2001

	2002	2001
Revenue:		
Deposits on containers	\$ 66,268,863	\$ 56,152,879
Container recycling fees	9,394,170	12,295,800
Contract fees	10,319,568	2,343,935
Sale of recyclable materials	11,683,619	10,045,876
Other	337,319	759,929
	<u>98,003,539</u>	<u>81,598,419</u>
Deposits refunded	52,117,153	39,758,689
	<u>45,886,386</u>	<u>41,839,730</u>
Direct operations expenses:		
Handling fees	28,662,316	24,751,427
Depot operations	490,685	594,526
Transportation and processing fees	13,368,009	7,459,969
	<u>42,521,010</u>	<u>32,805,922</u>
Other expenses:		
General and administrative	2,372,823	2,382,607
Consumer awareness	1,479,376	1,187,636
Research and development	37,432	115,463
Amortization	65,454	57,040
	<u>3,955,085</u>	<u>3,742,746</u>
Excess (deficiency) of revenue over expenses	<u>\$ (589,709)</u>	<u>\$ 5,291,062</u>

See accompanying notes to financial statements.

# ENCORP PACIFIC (CANADA)

## Statements of Changes in Net Assets

Years ended December 31, 2002 and 2001

	Invested in capital assets	Internally restricted reserve	Unrestricted	2002 Total	2001 Total
Balance, beginning of year	\$ 227,570	\$ 3,666,297	\$ 7,705,201	\$11,599,068	\$ 6,308,006
Excess (deficiency) of revenue over expenses	(65,454)	-	(524,255)	(589,709)	5,291,062
Investment in capital assets	102,736	-	(102,736)	-	-
Internally imposed restrictions (note 4)	-	637,864	(637,864)	-	-
Balance, end of year	\$ 264,852	\$ 4,304,161	\$ 6,440,346	\$11,009,359	\$ 11,599,068

See accompanying notes to financial statements.

# ENCORP PACIFIC (CANADA)

## Statements of Cash Flows

Years ended December 31, 2002 and 2001

	2002	2001
Cash provided by (used in):		
Operations:		
Excess (deficiency) of revenue over expenses	\$ (589,709)	\$ 5,291,062
Item not involving cash:		
Amortization	65,454	57,040
	(524,255)	5,348,102
Changes in non-cash operating working capital:		
Accounts receivable	182,729	(740,134)
Prepaid expenses and bid deposit	711,813	(687,598)
Accounts payable and accrued liabilities	2,002,910	419,481
	2,373,197	4,339,851
Investments:		
Purchase of capital assets	(102,736)	(110,504)
Increase in cash and cash equivalents	2,270,461	4,229,347
Cash and cash equivalents, beginning of year	12,766,233	8,536,886
Cash and cash equivalents, end of year	\$ 15,036,694	\$ 12,766,233

See accompanying notes to financial statements.

# ENCORP PACIFIC (CANADA)

Notes to Financial Statements

Years ended December 31, 2002 and 2001

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## 1. Operations:

Encorp Pacific (Canada) (the "Corporation") was incorporated without share capital pursuant to Part II of the Canada Corporations Act on October 1, 1998. The Corporation is exempt from income taxes and carries on its operations without monetary gain to its members.

The objectives of the Corporation are to promote and facilitate the recycling of used beverage containers in British Columbia through education, public awareness and management of the Beverage Container Stewardship Program (the "BCSP").

The Corporation has been appointed by participating brand owners pursuant to the terms of the BCSP Regulation in force on October 1, 1998 in British Columbia. Under this appointment, the Corporation acts to develop a Stewardship Plan in the form prescribed by the Regulation for the collection and management of containers for and on behalf of the brand owners in an efficient, cost-effective, socially and environmentally responsible manner. The appointment also allows the Corporation to establish charges for its services as required to generate fees sufficient to meet its current and future financial requirements, including deposit refunds and operating costs.

Effective October 1, 2001, the Corporation entered into an agreement with the Liquor Distribution Branch ("LDB") to manage the LDB wine, spirits and non-refillable beer, cider and coolers container collection program.

## 2. Significant accounting policies:

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles, incorporating the following significant accounting policies:

### (a) Cash and cash equivalents:

Cash and cash equivalents include cash and short-term instruments with a maturity date of three months or less from the date of inception.

### (b) Revenue:

Deposits on containers and container recycling fees are received from brand owners on each container sold in the province of B.C. The Corporation records revenue on containers upon the sale of containers by the brand owners.

Recyclable materials revenue is accrued on the date the containers are sold by the brand owners.

Contract fees are recorded when the services are provided.

### (c) Direct expenses:

Deposit refunds, handling, transportation and processing fees are accrued on the date the containers are sold by the brand owners.

# ENCORP PACIFIC (CANADA)

Notes to Financial Statements

Years ended December 31, 2002 and 2001

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## 2. Significant accounting policies (continued):

(d) Accruals for recyclable materials revenue and direct expenses:

The recyclable materials revenue accrual and accruals for deposit refunds, handling, transportation and processing fees for containers on which fee revenue has been recorded, but which have not yet been returned for refund, are estimated based on the industry average of the rate of recovery of used beverage containers. The determination of such accruals is subject to estimates that reflect management's most probable set of economic conditions, including the estimated turnaround time for consumers returning used beverage containers for refunds, the percentage of used beverage containers being diverted to recycling depots, the estimated fees for services, and recyclable materials revenue prices.

(e) Capital assets:

The Corporation records capital assets at cost less accumulated amortization. Amortization is calculated as follows:

Asset	Rate
Office equipment	20% declining balance
Computer hardware	30% declining balance
Computer software	30% declining balance
Leasehold improvements	3 -5 years straight-line

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A half-year of amortization is taken in the year of acquisition.

(f) Use of estimates:

A precise determination of many assets and liabilities is dependent upon future events, and therefore, the preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to use estimates and assumptions. These estimates affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

(g) Comparative figures:

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

# ENCORP PACIFIC (CANADA)

Notes to Financial Statements

Years ended December 31, 2002 and 2001

### 3. Capital assets:

			2002	2001
	Cost	Accumulated amortization	Net book value	Net book value
Office equipment	\$ 100,154	\$ 28,919	\$ 71,235	\$ 67,031
Computer hardware	131,848	77,966	53,882	64,496
Computer software	241,339	138,934	102,405	75,974
Leasehold improvements	49,505	12,175	37,330	20,069
	\$ 522,846	\$ 257,994	\$ 264,852	\$ 227,570

### 4. Internally restricted reserve:

In 2001, the Board of Directors recommended that unrestricted net assets of \$3,666,297 be transferred to an internally restricted fund in recognition of the principle that the costs of recycling each container type be borne independent of other container types. A further \$637,864 was transferred during the current year. The objective of the reserve is to defer the implementation of the container-recycling fee on container types for which the current unredeemed deposits exceed the net costs of recycling. The reserve may also be used to develop and implement strategies to improve recovery rates of these specific containers.

### 5. Credit facility:

The Corporation has available a \$4,000,000 credit facility consisting of a \$2,000,000 demand revolving operating loan by way of a current account overdraft and a \$2,000,000 electronic funds transfer facility bearing interest at the bank's prime rate plus 1/4% per annum. The Corporation has provided a general security agreement, a general assignment of book debts, and an assignment of all risk insurance as security for the credit facility. At year-end, there were no funds drawn on the facility.

### 6. Commitments:

The Corporation has entered into operating leases for its premises and certain equipment. The total future minimum lease payments for the years ending December 31 are as follows:

2003	\$ 365,000
2004	267,000
2005	77,000
2006	18,000

# ENCORP PACIFIC (CANADA)

Notes to Financial Statements

Years ended December 31, 2002 and 2001

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## 7. Fair value of financial instruments:

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

## 8. Related entities:

The Corporation owns 100% of Encorp Pacific Inc. (EPI), an incorporated company. EPI is inactive and its statement of financial position is as follows:

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Cash	\$ 2
<hr/>	
Shareholder's equity	\$ 2

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**We invite  
you to  
match  
this life...**



**...to the  
next life**



**Bank**

***HSBC Bank Canada***

**Legal Firm**

***Fasken Martineau DuMoulin LLP***

**Auditor**

***KPMG LLP***

***Encorp Pacific (Canada)  
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The Encorp Annual Report was designed and printed in Vancouver, British Columbia at BENWELL-ATKINS, a division of Moore Corporation Limited. Photography was provided by Kenneth Dyck of Urban Pictures, West Vancouver.

The Annual Report is printed on recycled stock; New Leaf Paper – Reincarnation Matte, 95lb Cover & 100lb Text. Reincarnation consists of 50% Post-Consumer Waste, 100% Recycled, Processed Chlorine free. BENWELL-ATKINS, a division of Moore Corporation Limited uses vegetable based inks with a VOC (volatile organic compounds) content of 8% or less. All of the waste water used in the developing of film negatives is processed to remove the heavy metals and is conditioned to meet GVRD standards. The chemicals used in the developing of printing plates and the cleaning of the printing presses are collected by the appropriate supplier and disposed of in a safe manner. All of the waste inks are collected and blended with other substances to be used as an alternative fuel in cement kilns. Ink cans are picked up & recycled by the ink companies. The waste film is processed to remove the silver content and then recycled. All scrap paper is collected by a major recycling company for use in the manufacture of other paper products. The Aluminum plates are also recycled.



1-800-330-9767 [www.encorp.ca](http://www.encorp.ca)



***It's Worth It***