



Financial Statements

Nova Scotia Lands Inc.

March 31, 2009

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Auditors' Report

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To the Directors of

Nova Scotia Lands Inc.

We have audited the statement of financial position of Nova Scotia Lands Inc. as at March 31, 2009, and the statements of financial activities and cash flows for the year then ended. These financial statements are the responsibility of the Company'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 misstatements. 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 Company as at March 31, 2009, and the results of its operations and changes in its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Sydney, Nova Scotia

May 20, 2009

Grant Thornton LLP

Chartered accountants

Nova Scotia Lands Inc.

Statement of Financial Position

March 31

2009

2008

Financial assets		
Cash and cash equivalents	\$ 6,813,630	\$ 2,703,033
Receivables		
Sydney Steel Corporation (Note 4)	5,908,251	4,597,192
Harbourside Commercial Park Inc. (Note 4)	487,251	243,715
Portside Aggregates Limited	24,465	
Trade	556,505	214,441
	<u>13,790,102</u>	<u>7,758,381</u>
Liabilities		
Payables and accruals - trade	1,606,295	2,077,968
Payable to Province of Nova Scotia	12,223,548	5,731,245
Payable to Portside Aggregates Limited		48,071
	<u>13,829,843</u>	<u>7,857,284</u>
Net financial liabilities	<u>(39,741)</u>	<u>(98,903)</u>
Non-financial assets		
Prepays	<u>39,742</u>	<u>98,904</u>
Net resources	<u>\$ 1</u>	<u>\$ 1</u>
Company position		
Capital stock (Note 6)	<u>\$ 1</u>	<u>\$ 1</u>

On behalf of the Board

Director

Director

See accompanying notes to the financial statements.

Nova Scotia Lands Inc.

Statement of Financial Activities

Year Ended March 31

2009

2008

Revenue

Recoveries (Notes 3 and 4)	\$ 9,560,839	\$ 7,299,106
Management fees (Note 4)	87,589	88,067
Miscellaneous	486,935	314,938
	<u>10,135,363</u>	<u>7,702,111</u>

Expenditures

Demolition and remediation	8,133,008	6,224,451
Salaries and employee benefits	926,425	617,516
Professional services	572,626	382,906
Security services	305,095	305,359
General and administration	198,209	171,879
	<u>10,135,363</u>	<u>7,702,111</u>

Annual surplus being accumulated

Surplus at end of year	\$ <u> </u>	\$ <u> </u>
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See accompanying notes to the financial statements.

Nova Scotia Lands Inc.

Statement of Cash Flows

Year Ended March 31

2009

2008

Increase in cash and cash equivalents

Operating		
Net expenditure		
Change in non-cash operating		
working capital (Note 5)	<u>\$ 4,110,597</u>	<u>\$ 2,703,032</u>
Financing		
Issue of capital stock	<u> </u>	<u> 1</u>
Cash provided by operating transactions	4,110,597	2,703,033
Cash and cash equivalents, beginning		
of year	<u>2,703,033</u>	<u> </u>
Cash and cash equivalents, end of year	<u>\$ 6,813,630</u>	<u>\$ 2,703,033</u>

See accompanying notes to the financial statements.

Nova Scotia Lands Inc.

Notes to the Financial Statements

March 31, 2009

1. Nature of operations

Nova Scotia Lands Inc. is a crown corporation owned by the Province of Nova Scotia. It was incorporated on March 30, 2007, with its principal role being to continue the remediation activities at the former Sydney Steel Corporation site and put in place the necessary infrastructure for redevelopment of the site into a viable commercial park facility.

2. Summary of significant accounting policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles for the public sector, which for purposes of the Company's financial statements are represented by accounting recommendations of the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants (CICA), supplemented where appropriate by other CICA accounting standards and pronouncements.

a) Accrual basis of accounting

Revenues and expenses are recorded on the accrual basis of accounting.

b) Financial assets

Cash and cash equivalents are recorded at cost which approximates market value. Accounts receivable are recorded at the principal amount less valuation allowances. These allowances are recorded where collectibility is considered doubtful.

c) Net financial liabilities

Net financial liabilities represent the direct liabilities of the Company less financial assets.

d) Accumulated surplus

Accumulated surplus represents the liabilities of the Company less financial assets, and non-financial assets. This represents the accumulated balance of net deficit/surplus arising from the operations of the Company.

Nova Scotia Lands Inc.

Notes to the Financial Statements

March 31, 2009

2. Summary of significant accounting policies (continued)

e) Financial instruments

The Company's financial instruments consist of cash and cash equivalents, receivables, and payables and accruals. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency, or credit risks arising from these financial instruments. The fair market value of these financial instruments approximates their carrying values.

f) Use of estimates

In preparing the Company's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenue and expenses during the period. Actual results could differ from these estimates.

3. Commitment

On March 30, 2007, Sydney Steel Corporation retained the services of Nova Scotia Lands Inc. to manage the remediation, redevelopment, and by-product operations to be conducted on Corporation lands and to provide other services as may be required. The agreement which was for an initial two year period has been renewed for an additional year.

4. Related party transactions

Included in revenues are recoveries of expenses of \$9,430,058 and \$130,781 (2008 - \$7,162,106 and \$137,000) received from Sydney Steel Corporation and Harbourside Commercial Park Inc., respectively. Both companies are controlled by the Province of Nova Scotia. In addition, the Company received management fees of \$87,859 (2008 - \$88,067) from Harbourside Commercial Park Inc. Finally, the Company rented its office premises from Harbourside Commercial Park Inc. at an annual rent of \$51,520 (2008 - \$51,520).

These transactions are in the normal course of operations and are measured at the exchange amount which approximates fair market value.

Nova Scotia Lands Inc.

Notes to the Financial Statements

March 31, 2009

5. Supplemental cash flow information 2009 2008

Change in non-cash operating working capital:

Receivable from Sydney Steel Corporation	\$ (1,311,059)	\$ (4,597,192)
Receivable from Harbourside Commercial Park Inc.	(243,536)	(243,715)
Trade receivables	(342,064)	(214,441)
Prepays	59,162	(98,904)
Payables and accruals - trade	(471,673)	2,077,968
Payable to Province of Nova Scotia	6,492,303	5,731,245
Payable to Portside Aggregates Limited	<u>(72,536)</u>	<u>48,071</u>
	<u>\$ 4,110,597</u>	<u>\$ 2,703,032</u>

6. Capital stock 2009 2008

Authorized:

The Company is authorized to issue 100,000 common shares with a par value of \$1 each.

Issued and outstanding:

1 common share	<u>\$ 1</u>	<u>\$ 1</u>
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