

Consolidated Financial Statements of

TRADE CENTRE LIMITED

Year ended March 31, 2009

AUDITORS' REPORT

To the Shareholder of Trade Centre Limited

We have audited the consolidated balance sheet of Trade Centre Limited as at March 31, 2009 and the consolidated statements of operations and deficit 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 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 consolidated 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 its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

A handwritten signature in black ink that reads "KPMG LLP". The signature is written in a cursive, slightly slanted style. Below the signature is a single horizontal line that extends to the right, underlining the text.

Chartered Accountants

Halifax, Canada

May 29, 2009

TRADE CENTRE LIMITED

Consolidated Balance Sheet

March 31, 2009, with comparative figures for 2008

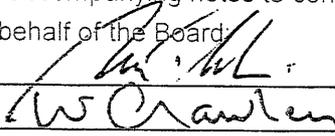
	2009	2008
Assets		
Current assets:		
Cash and cash equivalents	\$ 9,130,675	\$ 3,936,068
Accounts receivable (note 3)	3,702,288	2,190,889
Inventories	116,832	162,754
Prepaid expenses	484,930	771,398
	<u>13,434,725</u>	<u>7,061,109</u>
Capital assets (note 4):		
Land, building, furniture and equipment and tenant leaseholds	51,451,923	48,390,711
Less accumulated depreciation and amortization	34,880,780	32,451,994
	<u>16,571,143</u>	<u>15,938,717</u>
	<u>\$ 30,005,868</u>	<u>\$ 22,999,826</u>

Liabilities and Shareholder's Equity

Current liabilities:		
Accounts payable and accrued liabilities	\$ 2,124,993	\$ 2,172,015
Event deposits	932,150	605,420
Deferred revenue	67,302	54,914
Due to Province of Nova Scotia	13,394,317	7,249,555
	<u>16,518,762</u>	<u>10,081,904</u>
Other liability (note 5)	1,198,970	923,499
Long-term service awards	383,655	345,086
Deferred capital contributions (note 6)	8,347,438	6,472,525
	<u>26,448,825</u>	<u>17,823,014</u>
Shareholder's equity:		
Share capital:		
Authorized:		
1,000,000 common shares without par value		
Issued and outstanding:		
100 common shares	100	100
Contributed surplus (note 7)	45,173,101	45,173,101
Deficit	(41,616,158)	(39,996,389)
	<u>3,557,043</u>	<u>5,176,812</u>
Commitments (note 8)		
	<u>\$ 30,005,868</u>	<u>\$ 22,999,826</u>

See accompanying notes to consolidated financial statements.

On behalf of the Board


 _____ Director
 _____ Director

TRADE CENTRE LIMITED

Consolidated Statement of Operations and Deficit

Year ended March 31, 2009, with comparative figures for 2008

	2009	2008
Revenues:		
Convention Centre	\$ 6,651,366	\$ 5,304,155
Office Tower	2,330,485	2,392,090
Exhibition Park	2,019,215	1,960,167
World Trade Centre	267,183	236,671
Events Halifax	1,077,272	228,198
Ticket Atlantic	2,245,215	1,459,417
Halifax Regional Municipality Convention Centre operating subsidy (note 9)	570,168	554,099
	<u>15,160,904</u>	<u>12,134,797</u>
Expenses (note 10):		
Event expenses	6,353,984	5,624,645
Salaries, wages and benefits	3,859,555	3,587,932
Administration	1,330,402	1,004,495
Advertising and marketing	583,105	641,211
Maintenance	1,360,922	1,297,208
Energy	961,326	1,023,164
Taxes and insurance	972,049	1,192,447
	<u>15,421,343</u>	<u>14,371,102</u>
Loss before the undernoted	(260,439)	(2,236,305)
Other income:		
Gain on sale of capital assets	5,224	3,391
Interest income	145,246	82,447
	<u>150,470</u>	<u>85,838</u>
Income (loss) before depreciation and amortization	(109,969)	(2,150,467)
Depreciation and amortization	2,428,786	2,264,931
Amortization of deferred capital contributions	(918,986)	(760,505)
	<u>1,509,800</u>	<u>1,504,426</u>
Loss for the year	(1,619,769)	(3,654,893)
Deficit, beginning of year	(39,996,389)	(36,341,496)
Deficit, end of year	<u>\$ (41,616,158)</u>	<u>\$ (39,996,389)</u>

See accompanying notes to consolidated financial statements.

TRADE CENTRE LIMITED

Consolidated Statement of Cash Flows

Year ended March 31, 2009, with comparative figures for 2008

	2009	2008
Cash provided by (used in):		
Operations:		
Loss for the year	\$ (1,619,769)	\$ (3,654,893)
Items not involving cash:		
Amortization of deferred capital contributions	(918,986)	(760,505)
Depreciation and amortization	2,428,786	2,264,931
Gain on disposal of capital assets	(5,224)	(3,391)
Other liability	275,471	275,471
<u>Change in non-cash operating working capital</u>	<u>5,257,849</u>	<u>4,651,969</u>
	5,418,127	2,773,582
Financing:		
Increase in long-term service awards	38,569	45,062
<u>Receipt of government capital contributions</u>	<u>2,793,899</u>	<u>3,212,134</u>
	2,832,468	3,257,196
Investments:		
Proceeds from disposal of capital assets	5,224	3,391
<u>Purchase of capital assets</u>	<u>(3,061,212)</u>	<u>(3,668,821)</u>
	(3,055,988)	(3,665,430)
Increase in cash	5,194,607	2,365,348
Cash, beginning of year	3,936,068	1,570,720
<u>Cash, end of year</u>	<u>\$ 9,130,675</u>	<u>\$ 3,936,068</u>

See accompanying notes to consolidated financial statements.

TRADE CENTRE LIMITED

Notes to Consolidated Financial Statements

Year ended March 31, 2009

Trade Centre Limited (the "Company") is incorporated under the laws of the Province of Nova Scotia and its principal business activities include the operation of a trade and convention centre, the provision of marketing and promotion services, leasing of office and commercial space and the operation of Exhibition Park. Trade Centre Limited is a government business-type enterprise as defined by Public Sector Accounting and Assurance Recommendations.

1. Significant accounting policies:

(a) Basis of presentation:

The consolidated financial statements include the accounts of Trade Centre Limited and those of Maritime Fall Fair Association (the "Association"). Trade Centre Limited exercises control over the Association by virtue of its ability to control the Association's Advisory Board. The Association was incorporated under the Nova Scotia Societies Act on December 22, 1999 and its principal activity is the operation of the annual agricultural fair located at Exhibition Park.

(b) Divisional operations:

The Trade Centre Limited consists of six divisions: the Convention Centre, Events Halifax!, the Office Tower, Exhibition Park, the World Trade Centre and Ticket Atlantic. Revenue and expenses are recorded on the accrual basis.

(c) Cash and cash equivalents:

Cash and cash equivalents include amounts on deposit with financial institutions and investments with maturities of 90 days or less.

(d) Inventories:

Inventories are valued at the lower of cost and net realizable value.

(e) Capital assets:

Capital assets are stated at cost. Depreciation and amortization is provided using the following methods and annual rates:

Asset	Basis	Rate
Building	Straight-line	10 to 30 years
Furniture and equipment	Straight-line	3 to 5 years
Vehicles	Declining balance	30%
Tenant leaseholds	Straight-line	Lease term

TRADE CENTRE LIMITED

Notes to Consolidated Financial Statements

Year ended March 31, 2009

1. Significant accounting policies (continued):

Capital assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized for the amount by which the carrying amount of the asset exceeds the fair value of the asset.

(f) Deferred capital contributions:

Government assistance towards the acquisition of capital assets has been deferred and is being amortized to income on the same basis as the assets to which they relate are being depreciated.

(g) Long-term service awards:

Upon retirement, employees are eligible for a public service award equal to one week's salary per year of service to a maximum of six months salary. Management recognizes compensation expense on an accrual basis.

(h) Use of estimates:

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 and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

2. Change in accounting policies:

Effective April 1, 2008, the Company adopted the Canadian Institute of Chartered Accountants' Handbook Section 1535 - Capital Disclosures, Section 3031 - Inventories, Section 3862 - Financial Instruments - Disclosures, and Section 3863 - Financial Instruments - Presentation.

Section 1535 - Capital Disclosures, establishes standards for disclosing information about an entity's capital and how it is managed. The Company has complied with the new disclosure requirements beginning April 1, 2008.

TRADE CENTRE LIMITED

Notes to Consolidated Financial Statements

Year ended March 31, 2009

2. Change in accounting policies (continued):

Section 3862, Financial Instruments - Disclosures, describes the required disclosures related to the significance of financial instruments on the Company's financial position and performance and the nature and extent of risks arising for financial instruments to which the entity is exposed and how the entity manages those risks.

Section 3863, Financial Instruments - Presentation, establishes standards for presentation of financial instruments and non-financial derivatives.

As required by the transitional provisions, these new standards have been applied without restatement of prior period amounts. The information related to these sections is contained in note 13.

Section 3031, Inventories, prescribes the measurement of inventories at the lower of cost and net realizable value, with guidance on the determination of costs including allocation of overheads and other costs to inventory. Reversals of previous write-downs to net realizable value are permitted when there is a subsequent increase in the value of inventories. The change did not result in a material difference, accordingly, the prior year's financial statements have not been restated.

3. Accounts receivable:

	2009	2008
Halifax Metro Centre	\$ 2,582,024	\$ 1,243,958
Convention Centre events	747,608	497,948
Exhibition Park events	96,515	42,051
Events Halifax funding	79,309	212,017
Atlantic Canada World Trade Centre	58,820	38,631
Other	30,331	103,934
Office tower rents	122,821	116,804
	3,717,428	2,255,343
Provision for doubtful accounts	(15,140)	(64,454)
	\$ 3,702,288	\$ 2,190,889

TRADE CENTRE LIMITED

Notes to Consolidated Financial Statements

Year ended March 31, 2009

4. Capital assets:

			2009		2008	
	Cost	Accumulated depreciation and amortization	Net book value	Net book value		
Land	\$ 213,113	\$ -	\$ 213,113	\$ 213,113		
Building	45,248,414	29,704,701	15,543,713	14,878,404		
Furniture and equipment	4,428,083	3,655,777	772,306	831,103		
Vehicles	34,595	7,006	27,589	-		
Tenant leaseholds	1,527,718	1,513,296	14,422	16,097		
	\$ 51,451,923	\$ 34,880,780	\$ 16,571,143	\$ 15,938,717		

5. Other liability:

Trade Centre Limited has a supplemental pension arrangement with the President and Chief Executive Officer to provide post-employment benefits. The most recent valuation performed reflects a total post retirement pension obligation of \$1,198,970 at the expected retirement date of the President and Chief Executive Officer. The cost of the post retirement pension obligation has been accrued over the estimated remaining service life of the individual who retired on April 1, 2009.

As at March 31, 2009 the estimated accrued benefit obligation is \$1,198,970 (2008 - \$923,499). The benefit expense for the year is \$275,471 (2008 - \$275,471), half of which has been allocated to the Halifax Metro Centre.

The significant actuarial assumptions adopted in measuring the Centre's accrued benefit obligation are as follows: discount rate - 4.95% (2007 - 4.95%); rate of compensation increase - 0% (2007 - 0%).

6. Deferred capital contributions:

Trade Centre Limited has entered into an agreement with the Province of Nova Scotia (the "Province") for the Province to fund a capital renovation plan, expected to be completed by fiscal 2010 at a total estimated cost of \$11,250,000. The costs of the capital renovation are being capitalized as capital assets with the funding recorded as deferred capital contributions. These amounts are being amortized on a straight-line basis over periods ranging from 10 to 15 years.

TRADE CENTRE LIMITED

Notes to Consolidated Financial Statements

Year ended March 31, 2009

7. Contributed surplus:

	2009	2008
Government of Canada	\$ 2,750,000	\$ 2,750,000
Halifax Regional Municipality	1,500,000	1,500,000
Province of Nova Scotia	40,923,101	40,923,101
	<hr/>	<hr/>
	\$ 45,173,101	\$ 45,173,101

Contributed surplus consists of non-repayable grants from the three levels of government as set forth above to assist in the financing of the capital cost of the project. These grants have been treated as contributed surplus since they have been received by virtue of the Province of Nova Scotia's position as the sole shareholder of the Trade Centre Limited.

8. Commitments:

Trade Centre Limited is committed to minimum annual operating lease, signage and other payments as follows:

2010	\$	448,541
2011		44,557
	<hr/>	<hr/>
	\$	493,098

9. Halifax Regional Municipality Convention Centre operating subsidy:

Pursuant to the Financing Agreement of May 14, 1982, the Halifax Regional Municipality makes an annual contribution to the operating deficit of the Convention Centre. Trade Centre Limited has recognized the contribution relating to the 2009 fiscal year in these consolidated financial statements.

10. Inventories expensed:

During the year the inventories expensed through the statement of operations amounted to \$1,416,425 (2008 - \$1,365,066).

TRADE CENTRE LIMITED

Notes to Consolidated Financial Statements

Year ended March 31, 2009

11. Related party transactions:

The Company rents significant office tower space to departments and agencies of the Province of Nova Scotia. For the year ended March 31, 2009, rental revenue and tenant recoveries included \$1,840,528 (2008 - \$1,852,715) received from departments and agencies of the Province of Nova Scotia.

Included in Events Halifax revenues are event management fees received from the Centre recoverable from event activities. Events Halifax ("Eh!") is a division of the Centre.

These transactions are in the normal course of operations and are measured at the exchange amount of consideration established and agreed to by the related parties.

12. Employee Pension Plan:

Employees of the Centre participate in the Public Service Superannuation Fund (the "Plan"), a contributory defined benefit pension plan administered by the Province of Nova Scotia, which provides pension benefits based on length of service and earnings. Contributions to the Plan are required by both the employees and the employer. Total employer contributions for 2009 were \$266,618 (2008 - \$247,715) and are recognized as an expense in the period. The Centre is not responsible for any under-funded liability, nor does the Centre have any access to any surplus that may arise in this Plan.

13. Fair value of financial instruments and risk management:

(a) Fair values:

The Company's financial instruments, being cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, other liability and Due to the Province of Nova Scotia, approximate fair value due to their short-term nature. It is not possible to determine the fair value of the long-term service awards due to the uncertainty of the timing of the payout of the award.

(b) Credit risk:

The Company's assets are primarily exposed to credit risk which is the risk that a debtor may not pay amounts owing thus resulting in a loss. To mitigate this risk the Company undertakes credit checks to ensure the credit worthiness of its customers prior to entering into any rental agreements or other contracts.

TRADE CENTRE LIMITED

Notes to Consolidated Financial Statements

Year ended March 31, 2009

13. Fair value of financial instruments and risk management (continued):

(c) Capital:

The Company carries out its programs in conjunction with the contributed surplus (note 7) that has been provided to it over the years. In addition it receives an operating subsidy from the Halifax Regional Municipality on a yearly basis (note 9). The day to day operations are funded by the revenues received and amounts due to the Province of Nova Scotia.