



Canlan Ice Sports Corp.
Annual Report
2007

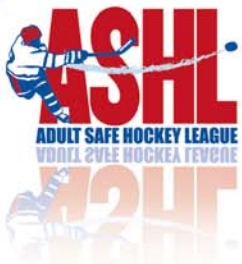


Table Of Contents



Canlan Ice Sports is one of the largest private sector operators of recreational ice sports facilities in North America, with 64 playing surfaces at 22 facilities. The Company's success in the recreation industry can be attributed to a combination of innovative, location-specific programming and world class facilities. Shares of Canlan trade on the Toronto Stock Exchange under the symbol ISE.

Financial Highlights	Page 3
-----------------------------	--------

Message to Shareholders	Page 4
--------------------------------	--------

Facility Locations	Page 5
---------------------------	--------

Management's Discussion & Analysis	Page 8
---	--------

Management's Responsibility for Financial Statements	Page 28
---	---------

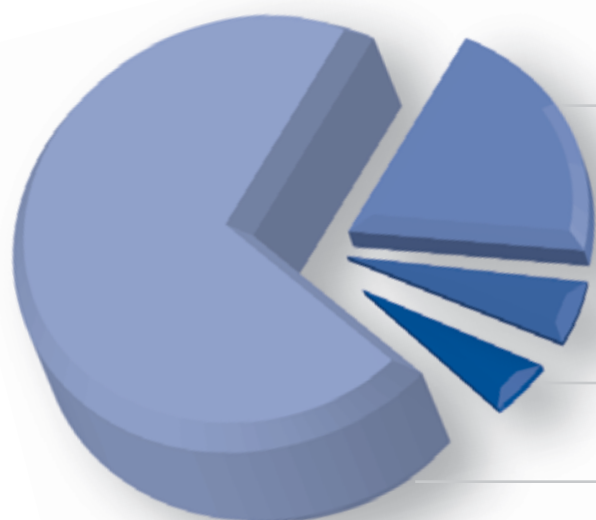
Auditors' Report to the Shareholders	Page 29
---	---------

Consolidated Financial Statements	Page 30
--	---------

Five Year Review	Page 42
-------------------------	---------

Corporate Information	Page 44
------------------------------	---------

	2007	2006	2005
Revenue	\$62,539,000	\$55,231,000	\$48,768,000
Earnings before interest, taxes and amortization	10,157,000	9,349,000	8,397,000
Net earnings before taxes	1,566,000	1,165,000	1,247,000
Net earnings	806,000	1,354,000	1,040,000
Total assets	109,754,000	112,203,000	99,792,000
Shareholders equity	39,612,000	38,806,000	37,450,000
Earnings per common share	\$0.003	\$0.005	\$0.004
Shareholders equity per share	\$0.148	\$0.145	\$0.140
Number of common shares outstanding	266,747,663	266,747,663	266,747,663



Food & Beverage
19%

Management Fees, Consulting & Other
6%

Sports Store
3%

Ice Revenue
72%

Earnings before interest, taxes and amortization (in millions)



Gross revenue (in millions)



Fiscal 2007 was the tenth year of consistent year over year growth in both revenue and profitability. In 1998 Canlan Ice Sports Corp. transitioned from being a real estate development company with investments in ice rinks to an operating company solely in the business of owning and operating recreational ice rinks. Since that time we have grown from thirteen owned or leased and four managed rinks with 50 surfaces to fifteen owned or leased and seven managed rinks with 64 surfaces. Our revenues have grown to \$62.5 million from \$36.3 million and earnings before interest, taxes and amortization (EBITA) have more than doubled to \$10.2 million from \$4.8 million. The Company also has transitioned from the loss in 1998 of \$5.7 million to profits beginning in 2004. In 2007 net profit before tax is \$1.6 million.

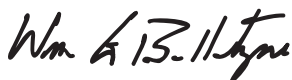
This growth in sales and earnings is due to our commitment, throughout Canlan, to providing a consistent high quality of service and program delivery. The result is continued growth in both the winter and summer seasons for our Adult Safe Hockey League, the largest adult recreational hockey league in North America, with over fifty-five thousand players. Our programs for youth are also a major area of growth, particularly in the slower summer season. In 2007 we had over 6% growth in youth programs and over thirty-four thousand participants.

During 2007, management participated in a formal strategic planning process with key senior personnel meeting to reassess our operating and growth strategies for the future. As a result of that review we reaffirmed our commitment to continued growth of our core business in both youth and adult programs within our existing facilities. In addition, management developed a strategy that will place an increased focus on the acquisition of new operations in larger urban centres in both Canada and targeted U. S. states by purchase or through leasing.

The strategic review also reaffirmed management's commitment to the training and development of our employees to provide an environment of growth for both the Company and the individuals. This will be accomplished through the expansion of existing training programs and the development of new initiatives assisted by available technology.

We expect 2008 to be a year of exciting change with the introduction of several new and innovative initiatives. We will continue to emphasize the opportunities to increase revenues and profits in our current facilities through the expansion of existing leagues and programs and the introduction of new sources of revenue. We will also focus efforts on expanding our sponsorship and advertising partnerships, capitalizing on the strength of our substantial customer base. In addition, we will concentrate on the enhancement of our largest new program initiative, the Adult Safe Hockey Network, which we believe, will place us at the forefront of the Canadian adult recreational hockey marketplace.

As always, we want to acknowledge and thank our employees for their commitment to our goals and success, and our shareholders and financial partners for their continued support. We are committed to the continued profitable growth of the Company in the coming years.



W. Grant Ballantyne
President & CEO

"In 2007 we had over 6% growth in youth programs and over thirty-four thousand participants."

BRITISH COLUMBIA

Canlan Ice Sports 8-Rinks, 8-Rink Complex,
Canlan Ice Sports North Shore, 3-Rink Complex
1 Canlan Ice Sports Langley Twin Rinks, 2-Rink Complex
Prospera Centre (Chilliwack), 2-Rink Complex
South Cariboo Rec. Centre, 1-Rink Complex
Armstrong / Spallumcheen Sports Centre, 1-Rink Complex

ALBERTA

2 River Cree Twin Rinks (Edmonton), 2-Rink Complex

SASKATCHEWAN

3 Canlan Ice Sports Jemini(Saskatoon), 4-Rink Complex
Canlan Ice Sports Agriplace(Saskatoon), 2-Rink Complex
Canlan Ice Sports Regina, 2-Rink Complex

MANITOBA

4 Canlan Ice Sports Winnipeg, 4-Rink Complex

MICHIGAN

5 Monroe Multi Sports Complex, 2-Rink Complex

ONTARIO

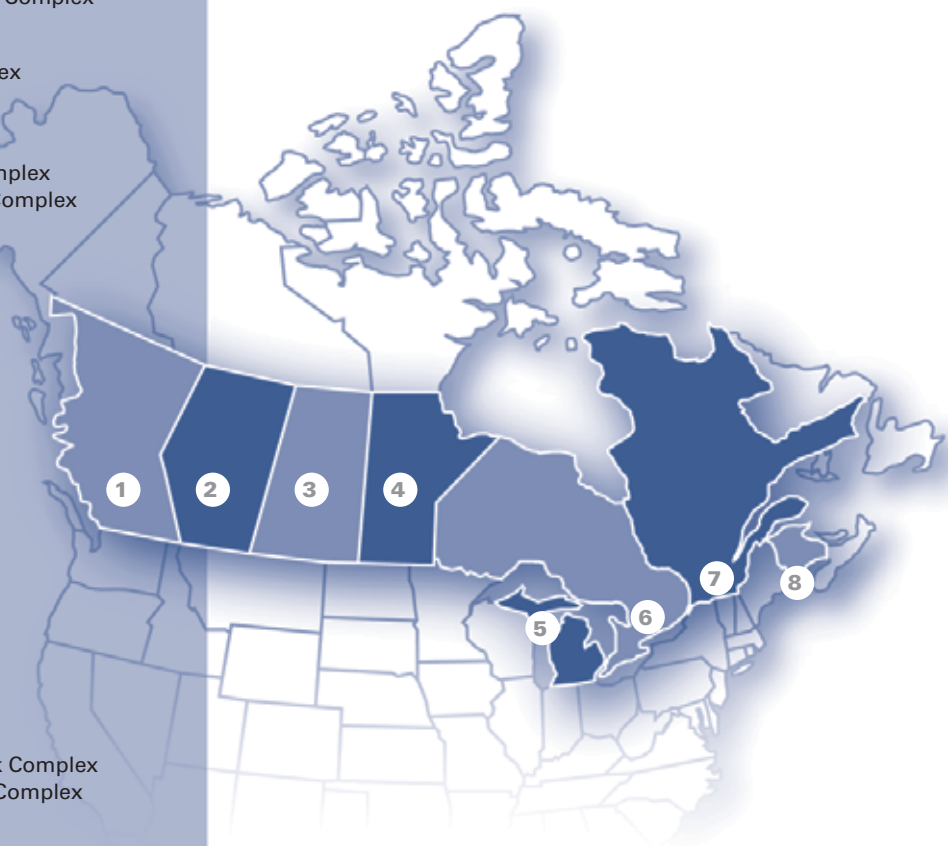
Canlan Ice Sports Oakville, 4-Rink Complex
Canlan Ice Sports Etobicoke, 4-Rink Complex
6 Canlan Ice Sports Scarborough, 4-Rink Complex
Canlan Ice Sports York, 6-Rink Complex
Canlan Ice Sports Oshawa, 2-Rink Complex
Canlan Ice Sports Victoria Park, 2-Rink Complex

QUEBEC

7 Canlan Ice Sports Les 4 Glaces (Brossard), 4-Rink Complex
Canlan Ice Sports Les 2 Glaces(Candiac), 2-Rink Complex

NEW BRUNSWICK

8 Campbellton Memorial Civic Centre, 2-Rink Complex



Management's Discussion & Analysis	Page 8
---	--------

Management's Responsibility for Financial Statements	Page 28
---	---------

Auditors' Report to the Shareholders	Page 29
---	---------

Consolidated Financial Statements	Page 30
--	---------

Five Year Review	Page 42
-------------------------	---------

Corporate Information	Page 44
------------------------------	---------

The following management discussion and analysis (MD&A) summarizes significant factors affecting the consolidated operating results and financial condition of Canlan Ice Sports Corp. ("Canlan", "the Company", "we" "our" or "us") for the year ended December 31, 2007 compared to the year ended December 31, 2006. This discussion should be read in conjunction with our audited consolidated financial statements for the year ended December 31, 2007 and accompanying notes, all of which are included with this MD&A. The results reported herein have been prepared in accordance with Canadian generally accepted accounting principles (GAAP) and are presented in Canadian dollars.

In the following discussion, EBITA (earnings before interest, taxes and amortization) is often used as a measure of financial performance. However, EBITA is not a term that has specific meaning in accordance with GAAP, and may be calculated differently by other companies. EBITA is reconciled to net earnings in this MD&A.

Additional information relating to our Company, including quarterly reports and our annual information form, is filed on SEDAR and can be viewed at www.sedar.com.

The date of this MD&A is March 14, 2008.

Business of the Company

Canlan Ice Sports Corp. is a leading operator of recreational and leisure facilities.

The Company's first venture into the ice rink industry was in 1986, when it acquired a facility known as Columbia 4 Rinks located in Burnaby B.C. This facility was expanded in 1995 to an eight rink facility, which is now known as Burnaby 8 Rinks, and is considered our flag ship facility. The Company's head office is located in the Burnaby facility.

During the period from 1995 to 1998 Canlan built six multi-pad facilities located in B.C. (1), Ontario (4) and Quebec (1). All of these facilities are still owned by the Company. In addition to constructing six facilities, we purchased a further seven buildings since acquiring Columbia 4 Rinks, one of which we sold in 2006. The remainder of our facilities are either leased or managed.

As at the date of this MD&A the Company owns, leases or manages a network of 22 facilities in Canada and the United States containing 62 full sized ice sheets, 2 indoor soccer fields and 3 curling surfaces. The Company owns 11 of these facilities containing 1.2 million square of space; we operate 2 facilities under long-term land lease arrangements and a further 2 facilities under operating leases. We currently manage 7 facilities on behalf of third party owners. We did not add any facilities to the portfolio during the year.

Overall Performance

2007 financial highlights:

- We generated \$62.5 million in gross revenue (2006 - \$55.2 million), an increase of \$7.3 million or 13%.
- We recorded earnings before interest, taxes and amortization of \$10.2 million (2006 - \$9.3 million), an increase of \$0.9 million, or 9%.
- We recorded net earnings before tax of \$1.6 million (2006 - \$1.2 million).
- We recorded net earnings of \$0.8 million, (2006 - \$1.4 million).
- We spent \$2 million on capital improvements on our owned and leased (2006 - \$1.4 million) facilities.
- We reduced debt principal by \$3.5 million (2006 - \$ 4.7 million).



Our total facility count

including all owned, leased and managed properties, is as follows

	Number of Facilities	Number of playing surfaces
2007	22	64
2006	22	64
2005	20	55
2004	19	54
2003	19	55

	Number of Facilities	Number of playing surfaces
Canada:		
British Columbia	6	17
Alberta	1	2
Saskatchewan	3	8
Manitoba	1	4
Ontario	7	23
Quebec	2	6
New Brunswick	1	2
	21	62
USA:		
Michigan	1	2
TOTAL	22	64

Canlan is a publicly traded Canadian Company with its shares listed on the Toronto Stock Exchange (TSX) using the trading symbol ISE. Canlan's shares were first listed for trading on March 1, 1990. There are approximately 267 million shares outstanding that have recently traded in the \$0.06 to \$0.10 range. The Company has not issued any shares since November 2004.

The Company derives revenue from five primary sources:

- Ice sales and internal programming
- Food and beverage
- Sports stores
- Management & consulting
- Other, which includes tournaments and space rental

Vision, Core Business and Strategy

The Company's goal is to enhance its leadership position in the North American ice rink industry by continuing to focus on both organic growth and expansion through acquisition and long term lease. By providing quality products and services in clean safe facilities, we still have capacity to grow our existing revenue base by providing value added services

to our customers. While our largest single market segment is the adult recreational hockey player, we are committed to increasing our market share of other segments in the market place, including learn to skate programs, summer camps, and hockey tournaments for both youth and adults. In addition to growing our organic revenue by a minimum of 5% annually, we also intend to look for growth by acquisition and lease.

Canlan recently developed a five-year strategic plan focused on the growth of the Company and creating shareholder value. The plan was developed by the senior executives of the Company and contains a number of targets, including the following:

- Acquisition of facilities in select key markets.
- Continue to focus on providing management services in select key markets.
- Organic growth in total sales of 5% per annum.
- Increase sponsorship and advertising revenue.
- Install Customer Relationship Management software
- Reduce employee turnover.
- Reduce operating costs, including a focus on decreasing energy consumption.

Canlan's current marketplace is recreation, and we understand that we are competing for disposable dollars with other sports and activities that can have significantly lower participation costs. While our largest customer segment is currently adult hockey players, we are fully aware that our customers of the future are today's children. We foresee healthy living lifestyles where children will have access to a variety of recreational activities, including hockey and figure skating. The federal government has created the Fitness Tax Credit, which will allow parents to deduct up to \$500 annually for activities related to children's fitness, effectively reducing the cost of our programs for children.

Canlan's largest competition is from municipalities. Many municipalities in Canada have an aging infrastructure that will need to be replaced with larger multi-use facilities. They are faced with rising operating and construction costs; in addition there is competition for tax dollars, which will result in higher demand for public/private partnership opportunities.

Competitive Strengths

The Company believes that it has the following competitive advantages:

- **National coverage.** Canlan currently owns and operates facilities in seven provinces in Canada and one U.S. state giving us broad geographic coverage.
- **Adult Safe Hockey League.** The Company operates the largest and most well established adult hockey league in North America. The ASHL is a full service adult league that operates in both the winter and summer months and has over 55,000 players registered.
- **Executive team.** Canlan's executive team is comprised of 9 individuals who are members of the management committee. This group meets regularly to discuss a variety of issues. These individuals have extensive expertise in operations, marketing, finance & accounting and human resources.

- **Barriers to entry in the market.** Construction costs continue to increase significantly making the replacement cost of our buildings much higher than original cost. The increased cost of construction will likely make privately funded ice rink projects less viable, reducing competition risk.

- **Buying Power.** As a result of being geographically diversified, and having significant volumes in a number of supply chains we are able to negotiate national supply agreements for preferred pricing.

- **Our Employees.** Canlan currently has over 975 full and part time employees. Through training and internal communications, we have established Canlan as the place to work in our industry and we attract the most talented people in the industry. Our employees are focused on providing quality customer service and a safe environment.

Results of Operations

While the Company did not make any acquisitions during 2007, we did acquire a six-pad facility, known as Ice Sports York in August 2006. We will therefore refer to total results as well as same store results in discussion of our operating results.

Total revenue in 2007 increased by \$7.3 million or 13% to \$62.5 million compared to \$55.2 million in 2006. On a same store basis, total revenue increased by \$3.5 million or 6%. As expected, the majority of the Company's revenue is generated from ice sales and in-house programs. In 2007, 72% or \$44.9 million of the Company's total revenue (70% and \$38.9 million respectively in 2006) is generated from ice sales and in-house programs. On a same store basis ice sales and program revenue increased by \$3.2 million or 8%.

The Company's largest program is the Adult Safe Hockey League ("ASHL"). The ASHL generated \$19.4 million in total registration revenue in 2007 or 43% of total ice sales. In 2006, league revenues totaled \$16.6 million which also represented 43% of total ice sales. On a gross revenue basis the ASHL grew by \$2.8 million or 17% in 2007. This includes both seasonal leagues. On a same store basis the league grew by \$1.6 million or 10%, over 2006. This premium adult league continues to grow in all of our Canadian markets as a result of exceptional customer service and well run facilities. The ASHL is an integral

part of our business and generated 31% of the Company's total revenue in 2007, compared to 30% in 2006.

The total number of adult hockey players registered in our winter and summer leagues are estimated to be 55,000, up from 53,000 in 2006. Many of our players play in both seasonal leagues.

Revenue from our fourteen restaurant operations, including Ice Sports York, was \$12.1 million, representing an increase of \$1.2 million or 11% from last year. On a same store basis, restaurant revenues grew by \$320,000 or 2.9%. Food and beverage sales accounted for 19% of total revenue, consistent with prior years. We operate all our restaurants in house.

During the year, Canlan operated ten sports stores that occupy approximately 7,500 square feet in our buildings. The Company rents to third party store operators under long term leases in another five facilities. Our sports stores generated \$2.2 million in gross sales in 2007 compared to \$2.1 million in 2006. Sports store revenue represents 3% of our total revenue. On a same store basis the stores generated \$2 million, a slight drop from 2006. Skate sharpening revenue from the ten owned stores was \$472,000 compared to \$401,000 in 2006 a 18% increase. On a same store basis, skate sharpening revenue increased by 9.5%.

Effective January 1, 2008, we have leased out the sports store space in our Winnipeg facility pursuant to a three year lease, with an option for a further three years.

Management services revenue is comprised of fees for managing ice rink facilities on behalf of owners and one time consulting engagements. Our management services division generated consulting and management fee revenue in 2007 totaling \$395,000, compared to \$544,000 in 2006. Currently we have seven active management contracts, unchanged from the prior year.

Other sources of revenue totaled \$3.0 million in 2007 compared to \$2.7 million in 2006. Major components of other revenue include tournament operations, space rental, vending, and sponsorship.

Selected Financial Information

The following selected consolidated financial information as at December 31, 2007, 2006 and 2005 and each of the years then ended has been derived from our audited consolidated financial statements. This data should be read together with those financial statements.

Our consolidated financial statements are prepared in accordance with Canadian GAAP, and are stated in Canadian dollars.

in thousands			
Year ended December 31,	2007	2006	2005
Statement of operations Data:			
Total revenue (1)	\$62,539	\$55,231	\$48,768
Direct expenses (2)	(48,856)	(43,107)	(37,607)
General & administration expenses	(3,526)	(2,775)	(2,764)
	10,157	9,349	8,397
Other expenses (3)	(9,351)	(7,995)	(7,152)
Earnings before discontinued operations	806	1,354	1,245
Discontinued operations	-	-	(205)
Net earnings	\$806	\$1,354	\$1,040
Net earnings per share – basic and fully diluted	\$0.003	\$0.005	\$0.003
Cash dividends declared per share	\$0.00	\$0.00	\$0.00
Balance sheet data:			
Current assets (including cash)	\$8,805	\$10,330	\$6,110
Properties	99,902	101,320	93,071
Other assets	1,047	553	611
Total assets	\$109,754	\$112,203	\$99,792
Current liabilities, excluding current portion of term debt	\$15,915	\$15,680	\$12,021
Current portion of long term debt	50,855	3,035	2,584
Note payable	-	-	750
Preferred shares (classified as debt)	2,650	3,650	-
Long- term liabilities	722	51,032	46,987
Total liabilities	\$70,142	\$73,397	\$62,342

(1) Total revenue is comprised of ice rentals, food & beverage sales, sports store sales, sponsorship, advertising and management fees.

(2) Direct expenses include all operating costs related to the operation of our facilities.

(3) Other expenses include amortization, interest and taxes

Review of Fiscal 2007 Operations

Total revenue from all sources was \$62.5 million in 2007 compared to \$55.2 million last year, an increase of \$7.3 million or 13%. On a same store basis, revenue was \$58.7 million in 2007, which represents a 6% increase over 2006.

Revenue by business segment and geographic region is summarized as follows:

in thousands	2007 Sales	%	2006 Sales	%
Ice sales	\$44,889	72%	\$38,932	70%
Restaurant and lounge	12,090	19%	10,911	20%
Sports store	2,179	3%	2,148	4%
Management & consulting fees	395	1%	544	1%
Other	2,986	5%	2,696	5%
	\$62,539	100%	\$55,231	100%
in thousands	2007 Sales	%	2006 Sales	%
Canada:				
British Columbia	\$15,455	25%	\$13,801	25%
Alberta	65	-	68	-
Saskatchewan	6,037	10%	5,441	10%
Manitoba	3,425	5%	3,326	6%
Ontario	31,287	50%	26,495	48%
Quebec	6,143	10%	5,749	10%
New Brunswick	75	-	31	-
	62,487	100%	54,911	99%
USA	52	-	320	1%
	\$62,539	100%	\$55,231	100%



Revenue by business segement & geographical region cont'd.

Same store basis				
	2007		2006	
in thousands	Sales	%	Sales	%
Ice sales	\$42,095	72%	\$38,932	70%
Restaurant and lounge	11,231	19%	10,911	20%
Sports store	2,021	3%	2,148	4%
Management & consulting fees	395	1%	544	1%
Other	2,941	5%	2,696	5%
	\$58,683	100%	\$55,231	100%
	2007		2006	
in thousands	Sales	%	Sales	%
Canada:				
British Columbia	\$15,455	26%	\$13,801	25%
Alberta	65	-	68	-
Saskatchewan	6,037	10%	5,441	10%
Manitoba	3,425	6%	3,326	6%
Ontario	27,431	47%	26,495	48%
Quebec	6,143	11%	5,749	10%
New Brunswick	75	-	31	-
	58,631	100%	54,911	99%
USA	52	-	320	1%
	\$58,683	100%	\$55,231	100%

Revenue by quarter

The Company recorded the following revenue, by quarter in 2007. These results are compared to the two prior years, and on a same store basis:

in thousands	As reported 2007	Same store 2007	As reported 2006	As reported 2005
Q1	\$18,396	\$16,079	\$15,054	\$14,238
Q2	13,096	11,835	11,319	10,671
Q3	12,308	12,030	10,845	9,248
Q4	18,739	18,739	18,013	14,611
	\$62,539	\$58,683	\$55,231	\$48,768

As demonstrated by the table above, the Company generates 59% of its revenue in the winter months and 41% in the summer

Ice Rink Operating Costs

Total ice rink operating costs were \$48.9 million in 2007 compared to \$43.1 million in 2006, an increase of 13.3%. On a same store basis operating costs were \$45.7 million, an increase of \$2.6 million or 6% over 2006.

The increase in operating costs was primarily due to the following:

- In response to the labour shortage across the country, we adjusted our wage grids upwards by more than the usual rate of inflation.
- Our league operating costs increased as a result of higher insurance rates and early payment incentives.
- Repairs and maintenance expense increased by \$300,000 or 11%. On a same store basis we spent \$2.8 million maintaining our buildings, compared to \$2.6 million in 2006, representing a 7.7% increase.
- The increase in utility expenses were somewhat controlled by entering into longer term purchase agreements for both gas and electricity. Utility expenses, which include electricity, gas and water, increased to \$6 million an increase of \$681,000 or 12.8%. On a same store basis utilities increased by only 3%, or \$151,000. As part of Canlan's strategic plan, we will be exploring different technologies to reduce consumption in the coming years.

Property taxes are also included in ice rink operating costs and represent 5% of our total operating expenses. In 2007, the Company paid \$2.6 million in property taxes compared to \$2.3 million in 2006. On a same store basis, property taxes remained unchanged as a result of appeals, and are reviewed annually to ensure our properties are assessed appropriately.

Earnings from ice rink operations increased to \$13.7 million from \$12.1 million in 2006, an increase of \$1.6 million, or 12.9%. On a same store basis, earnings from ice rinks operations increased \$0.9 million, or 7.6%.

Gross margin (revenue less operating expenses expressed as a percentage of revenue) was 21.9% in 2007, which is unchanged from the prior year.

General and Administration

Corporate general and administration (G&A) expenses were \$3.5 million in 2007, compared to \$2.8 million in 2006, representing an increase of \$0.7 million, or 25%. This represents 5.6% of total revenue in 2007, which has increased from 5% in 2006. Wages and benefits accounted for 66% of our corporate general and administration expenses in 2007 compared to 61% in 2006. The largest single component in the wage increase is due to the establishment of a stock appreciation rights (SARS) plan in 2006; this resulted in a year end accrual of \$283,000.

The Company added 3 positions to its corporate support group in the areas of accounting, information technology and human resources.

Included in corporate overhead are costs related to management support services to all Ice Sports facilities, including administration and accounting, marketing, IT support, payroll and human resources in addition to all costs related to the management services division. The costs related to maintaining our public listing are also included in corporate administration expenses. The Company is liable for Provincial Capital taxes in Quebec, Ontario and Manitoba, that are estimated to be \$230,000 for 2007 (2006 - \$293,000). These amounts are also included in general and administration expenses.

Earnings before interest, taxes and amortization ("EBITA") was \$10.2 million in 2007 compared to \$9.3 million in 2006. EBITA is calculated after head office general and administration expenses

A significant portion of the year over year improvement can be attributed to the York acquisition which was effective on August 1, 2006. Fiscal 2007 was the first full year of inclusion of Ice Sports York operating results, compared to only five months inclusion in 2006. After eliminating the effect of Ice Sports York for the first 7 months of 2007, EBITA grew \$0.2 million to \$9.5 million, a 1.8% improvement over last year. The Company achieved our revenue growth targets in 2007 but experienced higher administration and operating costs as previously described

Contract Management and Consulting Services

The Company operates a Management Services Division to capitalize on our industry expertise and operating knowledge. The Division offers various services to investors and municipalities, from one time consulting engagements to long-term management contracts.

During fiscal 2007 the Company did not add any new management contracts to its portfolio of managed facilities, however one contract located in the USA was terminated in March 2007. Currently we are managing seven facilities on behalf of a variety of owners, including municipalities and investors. Three of

these contracts are located in British Columbia; the remaining four contracts are located in Alberta, Ontario, New Brunswick and Michigan in the USA. The term of the contracts range from 3 to 7 years with various terms and conditions, including incentive features.

Total revenue generated from long-term management contracts and consulting engagements was \$395,000, compared to \$544,000 in the previous year.

Subsequent to December 31, 2007, a management contract located in Ontario was terminated, effective March 31, 2008.

Review of 2007 Non-operating Expenses

Interest Expense

Interest expense related to the financing of our facilities, equipment leases and a seasonal credit line increased to \$4.2 million from \$4.0 million in 2006, as a direct result of the new debt related to the acquisition of Ice Sports York in August 2006.

A breakdown of our interest expense is as follows:

in thousands	2007	2006
Mortgage interest	\$3,179	\$2,925
Equipment lease interest	219	314
Dividend on preferred shares	388	184
Guarantee fees	300	306
Interest on seasonal credit facility	124	226
	\$4,210	\$3,955

The preferred shares issued as part of the York financing include a 12% dividend, paid quarterly, which is recorded as interest expense, pursuant to CICA accounting standards.

At year-end, the Company had interest bearing, mortgage secured debt totaling \$50.5 million (2006 – \$53.2 million), in addition to preferred shares totaling \$2.7 million (2006 - \$3.7 million) which have a 12% dividend. The remaining balance of the preferred shares will be redeemed over the next two years.

The Company has fixed the interest rate on 77% of its mortgage debt, or \$38.8 million at an average rate of 5.82%. The remaining debt, totaling \$11.6 million has a variable interest rate of prime plus 1%.

Amortization

Amortization expense increased by \$473,000 in 2007 as a result of the York acquisition on August 1, 2006.

The Company's amortization policy was unchanged during the year. The policy calls for straight-line amortization of ice rink assets over periods ranging from 5 years to 40 years. Costs related to debt financing are amortized using the effective interest rate method in accordance with GAAP.

Net Earnings before Income Taxes

Net earnings before income taxes were \$1.6 million in 2007 compared to \$1.2 million in 2006, a \$0.4 million improvement. The 2006 net earnings results include an exchange loss of \$358,000 related to our sale of a property in Kansas City. Therefore net earnings were similar in both years after eliminating the effect of the exchange loss recorded in 2006.

Taxes

In 2007, Canlan adjusted its future income tax asset to reflect the various tax pools still available to offset future income taxes. We do not anticipate paying income taxes for several more years as a result of utilizing these tax pools related to tax loss carry forwards, capital cost allowance and cumulative eligible capital. Similar to the prior year, the Company has recorded a future tax benefit as we have determined that the Company will benefit from its non-capital loss carry forwards and available tax pools in 2008 and beyond. The expected future tax benefit from utilizing these available tax pools has been reduced to \$1.4 million as a result of the Company's success in generating profits and reducing available tax pools. This reduction in the available tax pools resulted in a tax expense of \$0.8 million for the year ended December 31, 2007, compared to a tax recovery in 2006 of \$0.2 million, a net change of \$1.0 million.

Net Earnings

Net earnings after tax for the year ended December 31, 2007 was \$0.8 million or \$0.003 per share, compared to a net income of \$1.4 million in 2006 or \$0.005 per share, based on a weighted average number of shares outstanding of approximately 267 million in 2007 and 2006. The 2006 net earnings results include an exchange loss of \$358,000 related to our sale of a property in Kansas City.

Summary of operations

in thousands	As reported 2007	Same store 2007	As reported 2006	As reported 2005
Revenue				
Ice rinks and management contracts	\$62,539	\$58,683	\$55,231	\$48,768
Expenses				
Ice rinks	48,856	45,709	43,107	37,607
Earnings before general & administration	13,683	12,974	12,124	11,161
General & administration	3,526	3,453	2,775	2,764
EBITA	10,157	9,521	9,349	8,397
Interest	4,210	3,663	3,955	3,477
Amortization	4,361	4,058	3,888	3,687
Gain on sale of properties	-	-	(17)	-
Other	20	20	358	(14)
	8,591	7,741	8,184	7,150
Net earnings before taxes	1,566	1,780	1,165	1,247
Taxes, net of future tax benefit	(760)	(760)	189	(2)
Net earnings from Continuing Operations	\$806	\$1,020	\$1,354	\$1,245
Gross margin before general & administration	21.9%	22.1%	21.9%	22.8%
Administration as a percentage of revenue	5.6%	5.9%	5.0%	5.7%
EBITA as a percentage of revenue	16.2%	16.2%	16.9%	17.2%

EBITA by Quarter

The Company recorded the following EBITA by quarter in 2007. These results are compared to the two prior years, and on a same store basis:

in thousands	As reported 2007	Same store 2007	As reported 2006	As reported 2005
Q1	\$5,044	\$4,194	\$4,048	\$3,894
Q2	384	499	390	486
Q3	245	344	197	(40)
Q4	4,484	4,484	4,714	4,057
	\$10,157	\$9,521	\$9,349	\$8,397

As demonstrated by the previous table, and consistent with our quarterly revenue stream, our industry is extremely seasonal. The Company generates 94% of its operating profit during the fall and winter seasons (first and fourth quarters) that produce 59% of our total revenue. The majority of our operating expenses are fixed, and do not fluctuate at the same rate as revenue. We recorded positive EBITA in all four quarters in 2007 and 2006.

The following table provides details of our 2007 net earnings, by quarter, compared to 2006 and reconciles EBITA to net earnings (loss):

As Reported					
	2007				
in thousands	Q1	Q2	Q3	Q4	Total
Gross revenue	\$18,396	\$13,096	\$12,308	\$18,739	\$62,539
Operating costs	(12,454)	(11,776)	(11,259)	(13,367)	(48,856)
	5,942	1,320	1,049	5,372	13,683
General & administration	(898)	(936)	(804)	(888)	(3,526)
EBITA	5,044	384	245	4,484	10,157
Interest	(1,019)	(1,059)	(1,126)	(1,006)	(4,210)
Amortization	(1,073)	(1,089)	(1,100)	(1,099)	(4,361)
Other	6	(22)	(1)	(3)	(20)
Net earnings (loss) before taxes and other	2,958	(1,788)	(1,980)	2,376	1,566
Income taxes and other	(618)	362	395	(899)	(760)
Net earnings (loss)	\$2,340	(\$1,424)	(\$1,587)	\$1,477	\$806
Earnings (loss) per share	\$0.009	(\$0.006)	(\$0.006)	\$0.006	\$0.003
As Reported					
	2006				
in thousands	Q1	Q2	Q3	Q4	Total
Gross revenue	\$15,054	\$11,319	\$10,845	\$18,013	\$55,231
Operating costs	(10,333)	(10,225)	(9,953)	(12,596)	(43,107)
	4,721	1,094	892	5,417	12,124
General & Administration	(673)	(704)	(694)	(704)	(2,775)
EBITA	4,048	390	198	4,713	9,349
Interest	(839)	(888)	(1,127)	(1,101)	(3,955)
Amortization	(927)	(925)	(994)	(1,042)	(3,888)
Other	-	(347)	(2)	8	(341)
Net earnings (loss) before taxes and other	2,282	(1,770)	(1,925)	2,578	1,165
Income Taxes and Other	(614)	423	641	(261)	189
Net earnings (loss)	\$1,668	(\$1,347)	(\$1,284)	\$2,317	\$1,354
Earnings (loss) per share	\$0.006	(\$0.005)	(\$0.005)	\$0.009	\$0.005



2007 Fourth Quarter Results

Revenue for the fourth quarter of 2007 was \$18.7 million, which is the highest revenue quarter in the Company's recent history. This represents an increase of \$0.7 million over the same quarter last year or 4%. (Already stated in same store comparables). The large same store revenue increase is primarily attributable to the substantial growth of the Adult Safe-Hockey League.

We have 2,640 teams registered across Canada for the 2007/08 ASHL winter season, compared to 2,513 registered for the prior year. An increase of 127 teams or 5%. The average registration fee for teams in the winter league is approximately \$6,000. The ASHL represents 43% of our total ice sales, and continues to thrive.

Operating earnings before general & administration expenses was \$5.4 million in the quarter, unchanged from 2006.

EBITA for the fourth quarter of 2007 was \$4.5 million compared to \$4.7 million in 2006. EBITA decreased over the prior year as a result of additional general & administration expenses related to increased wages and the additional accrual related to the Company's SARs program.

Net earnings before taxes was \$2.4 million compared to \$2.6 million in the fourth quarter of 2006.

After adjusting for income taxes, net earnings were \$1.5 million in Q4 2007, compared to \$2.3 million in Q4 2006.

Review of Assets

The total book value of the Company's assets as at December 31, 2007 was \$110 million compared to \$112 million at December 31, 2006. The table below summarizes the Company's asset base:

in thousands	2007	2006	2005
Ice rink facilities	\$99,046	\$100,464	\$92,215
Cash	4,570	4,820	1,172
Accounts and notes receivable	1,750	1,822	1,424
Inventory	1,144	1,186	1,051
Prepaid expenses and other assets	1,008	915	1,124
Land held for ice rink development	856	856	856
Future income taxes	1,380	2,140	1,950
	\$109,754	\$112,203	\$99,792

The most significant change to our assets over the last two years was the acquisition of Ice Sports York in 2006, a six-pad facility situated on the campus of York University in Toronto. York University leases the land to Canlan under the terms of a 49 year lease agreement that expires in 2044. The purchase price was \$11.25 million, which included the building and all its contents. The building was in poor condition when we acquired it. Subsequent to the acquisition in August, 2006 Canlan implemented a 24-month remediation plan to return the building to good operating condition. We have spent \$1.1 million since the purchase of this facility on this upgrade program, which is proceeding as planned.

In addition to York, the Company spent \$1.4 million (2006 - \$1 million) net of leased equipment on capital expenditures at various facilities. The largest project in 2007 was a full renovation of an ice pad at Burnaby 8 Rinks. We also started the implementation of a new customer relation (CRM) management software system, which will assist us with administrative efficiencies and targeting sales to our customers.

We are paying particular attention to energy saving programs such as high efficiency lighting systems and energy efficient electric motors used in our ice making plants. Many of these projects can be partially financed by local electricity providers.

We expect to spend \$1.7 million on capital expenditures in 2008.

Review of Liabilities and Shareholders' Equity

The table below summarizes the Company's capital structure:

in thousands	2007	2006	2005
Mortgages payable	\$50,461	\$53,195	\$49,144
Deferred revenue and customer deposits	10,552	10,430	7,806
Accounts payable	5,363	5,250	4,215
Preferred shares	2,650	3,650	-
Notes payable	-	-	750
Capital leases	1,116	872	427
	70,142	73,397	62,342
Shareholders' equity	39,612	38,806	37,450
	\$109,754	\$112,203	\$99,792

Total interest bearing debt, which includes mortgages payable, preferred shares, and capital leases totalled \$54.2 million as at December 31, 2007, a net decrease of \$3.5 million from 2006.

The preferred shares carry an annual dividend of 12% payable quarterly, the remaining preferred shares will be redeemed over the next 2 years with the next redemption scheduled for October 31, 2008. In accordance with accounting standards these preferred shares are classified as debt and the related dividend is recorded as interest.

Our balance sheet at the end of 2007 indicated a working capital deficit of \$59.2 million compared to a deficit of \$9.4 at December 31, 2006. This large increase is a result of our entire mortgage

debt being classified as a current liability pursuant to CICA accounting standards, as our mortgage matures within the next twelve months. The term of our mortgage debt matures on September 30, 2008, and we fully expect to refinance this debt before maturity; however, until that time the debt is classified as a current liability. We are in full compliance with all our debt covenants as at December 31, 2007.

Aside from our mortgages, the largest component of our current liabilities is comprised of deferred revenue and customer deposits which totalled \$10.6 million as at December 31, 2007 (2006 - \$10.4 million). The balance represents league registrations and customer deposits received in advance.

Liquidity and Capital Resources

The Company's debt to equity ratio was 1.37:1 at the end of the year, compared to 1.49:1 last year. The ratio has decreased as a result of scheduled principal reductions of debt, combined with an increase in shareholders' equity through net earnings. This ratio will continue to improve as debt levels decrease and the Company remains profitable.

The Company generated cash flow from operations before borrowing costs, preferred share dividends, debt principal and capital expenditures totaling \$10.2 million. After providing for borrowing costs and preferred share dividends of \$4.2 million, a \$6.0 million positive cash flow resulted before principal repayments, preferred share redemption and capital expenditures.

The Company made scheduled principal repayments during the year totaling \$2.7 million. We also redeemed preferred shares totaling \$1 million in July 2007 pursuant to a three year redemption plan. The next redemption is scheduled for October 31, 2008, in the amount of \$1.25 million.

As stated earlier, the term of our mortgage expires in September 2008 and we expect to renew the debt; however, the terms and conditions may be different from what we currently have. If the mortgage is renewed under similar conditions, the debt service on our mortgage debt will be \$6 million in 2008. The cost to redeem preferred shares in 2008 is \$1.25 million, in addition to \$0.3 million in related dividends. The combined debt service on our mortgage and preferred shares is expected to be \$7.6 million in 2008. In addition, we have capital lease obligations totaling \$0.5 million and other planned borrowing costs totaling \$0.5 million.

Total cash required to service our debt and preferred shares is expected to be \$8.6 million in 2008, unchanged from 2007.

The following table provides a reconciliation of EBITA to the change in cash position for the last two years:

in thousands	Year ended December 31/07	Year ended December 31/06
Earnings before Interest, Taxes and Amortization (EBITA)	\$10,157	\$9,349
Changes in working capital items	122	3,277
Interest expense	(4,210)	(3,955)
Other	(20)	21
Cash flow from operations	6,049	8,692
Less:		
Mortgage principal reduction	(2,734)	(3,949)
Mortgage proceeds - York	-	8,000
Preferred shares (redemption)	(1,000)	3,650
Capital expenditures, including York	(2,000)	(12,732)
Proceeds on sale of properties	-	1,192
Repayment of not payable	-	(750)
Other	(565)	(455)
Change in cash position for the year	(\$250)	\$3,648

Canlan's cash position decreased slightly from the prior year as a result of the preferred share redemption program and the increased capital expenditures related to Ice Sports York. As a result, our cash position was reduced by \$0.25 million to \$4.6 million as at December 31, 2007.

Due to the seasonal nature of our business we have arranged for a \$3.25 million non-revolving credit facility with an affiliated Company of our controlling shareholder. This credit facility will be available as needed during the year and fully repaid in the fourth quarter. A similar credit facility was required for 2007.

Contractual Obligations and Off Balance Sheet Arrangements

The following table presents the aggregate amount of future cash outflows for contractual obligations in each of the next five years and thereafter. The operating leases listed below for land and buildings fit the definition of off -balance sheet financing arrangements.

in thousands	2008	2009	2010	2011	2012	Thereafter	Total
Long-term debt:							
Mortgage principal and interest	\$52,398	-	-	-	-	-	\$52,398
Preferred share redemptions and dividend	1,570	1,526	-	-	-	-	3,096
Equipment leases, includes interest	457	396	285	131	60	-	1,329
	54,425	1,922	285	131	60	-	56,823
Off balance sheet financing:							
Land and building leases	796	798	832	833	833	12,637	16,729
	\$55,221	\$2,720	\$1,117	\$964	\$893	\$12,637	\$73,552

Share capital

	2007	2006
Shares issued and outstanding	266,747,663	266,747,663
Weighted average number of shares outstanding	266,747,663	266,747,663

The Company did not issue any shares during the year and does not have a stock option plan.

The Company established a Stock Appreciation Rights (SAR) plan in 2006. The SAR plan provides eligible employees and directors with the right to receive cash equal to the appreciation of the Company's common shares subsequent to the date of the grant. The granted SAR's vest in equal installments over a three year period and expire five years from the grant date.

The SAR plan resulted in the Company issuing 14.4 million Stock Appreciation Rights at an exercise price of \$0.06. Subsequent to the issuance, 0.5 million rights have been cancelled, and 13.9 million SARs remain.

As at December 31, 2007, approximately two thirds of the program has vested with its participants, representing 9.1 million rights. The liability related to the SARs program is adjusted monthly. No rights have been exercised, and we have recorded a liability in the amount of \$0.3 million as at December 31, 2007. The majority of the SAR's program will be vested by November 2008.

Our Board of Directors has approved a 20 for 1 stock consolidation, subject to the approval of regulatory authorities and our shareholders at our Annual and Special Meeting of Shareholders scheduled for June 18, 2008. All share and per share information in this document does not give effect to the proposed stock consolidation. If approved, the number of outstanding shares will be reduced to approximately 13.3 million shares.

Transactions with Related Parties

Canlan's controlling shareholder, Bartrac Investments Ltd., owns approximately 201 million shares of the Company, or 75% of the outstanding shares, unchanged from the prior year.

An affiliate of the Company's controlling shareholder has provided seasonal financing, in addition to providing various forms of loan guarantees.

During 2007 the Company paid \$124,000 (2006 - \$226,000) in interest charges and \$300,000 (2006 - \$306,000) in loan

guarantee fees to an affiliate of its controlling shareholder. In addition, the Company paid or accrued dividends totaling \$398,000 (2006 - \$184,000) related to the issuance of preferred shares. Total amount paid in 2007 to related parties for various debt arrangements was \$822,000 (2006 - \$716,000).

Subsequent Events

Effective January 1, 2008, the Company entered into a lease agreement with Centre Sportif Candiac to lease to them our two-pad ice rink facility located in Candiac, Quebec. The 5 year lease calls for semi-annual lease payments of \$162,500, and gives the lessee the option to purchase the facility for \$4.5 million at the end of the five year term, which is December 31, 2012. As a result, we will no longer be recording operating revenue, other than lease payments received, from the Candiac facility, which totaled \$1.7 million in 2007.

Financial Instruments

On January 1, 2007, we adopted The Canadian Institute of Chartered Accountants Handbook Section 1530, "Comprehensive Income", Section 3251, "Equity", Section 3855, "Financial Instruments – Recognition and Measurement", Section 3861, "Financial Instruments – Disclosure and Presentation", and Section 3865 "Hedges".

In 2006 a wholly owned subsidiary of the Company issued preferred shares as part of the financing of Ice Sports York acquisition. In accordance with CICA handbook section 3861 "Financial Instruments – Disclosure", the preferred shares are included with liabilities and the related dividends are recorded as interest expense.

Section 3861 establishes standards for disclosure and presentation of financial instruments and non-financial derivatives. The preferred shares issued by a wholly owned subsidiary of the Company are presented as liabilities and dividends accrued are included in interest expense. Section 3865 describes when and how hedge accounting can be applied as well as disclosure requirements. Section 3855 prescribes when a financial asset, financial liability or non-financial derivative is to be recognized on the balance sheet and the amount at which these items should be recorded. Under the

new standard, financial instruments must be classified into one of these five categories: held-for-trading, held-to-maturity, loans and receivables, available-for-sale or other financial liabilities. All financial instruments are measured in the balance sheet at fair value except for loans and receivables, held-to-maturity investments and other financial liabilities, which are measured at amortized costs. Subsequent measurement and the accounting for changes in fair value will depend on their initial classification.

Upon adoption of these new standards, the Company designated its cash, cash equivalents, restricted cash and short-term investments as available for sale, which are measured at fair value. Accounts receivable are classified as loans and receivables, which are measured at amortized cost. Accounts payable, accrued liabilities, debt on ice rinks and preferred shares are classified as other financial liabilities. The Company does not have held to maturity investments at December 31, 2007. The Company had no "other comprehensive income or loss" transactions during the year ended December 31, 2007 and no opening or closing balances for accumulated other comprehensive income or loss. The adoption of these standards did not result in any material impact on the Company's financial statements.

Forward Looking Statements

Certain statements in this MD&A may constitute "forward looking" statements which involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. When used in this MD&A, such statements may use such words as "may", "will", "expect", "believe", "plan" and other similar terminology. These statements reflect management's current expectations regarding future events and operating performance and speak only as of the date of this MD&A. These forward looking statements involve a number of risks and uncertainties. Some of the factors that could cause actual results to differ materially from those expressed in or underlying such forward looking statements are the effects of, as well as changes in: international, national and local business and economic conditions; political or economic instability in the Company's markets; competition; legislation and governmental

regulation; and accounting policies and practices. The foregoing list of factors is not exhaustive.

Risk Factors

Canlan is engaged primarily in the operation of multi-pad ice rink facilities throughout North America, and is exposed to a number of risks and uncertainties that can affect operating performance and profitability. Our past performance is no guarantee of our performance in future periods.

Some of the risks and uncertainties we are exposed to, together with a description of management's action to minimize our exposure, are summarized below.

Seasonality of operations

The Company's business cycle is highly seasonal with 59% of total revenues and virtually all of the operating profit being generated in the first and last quarters. This seasonality of operations impacts reported quarterly earnings. The operating result for any particular quarter is not necessarily a good indicator of operating results for the other fiscal quarters or the entire fiscal year. As a result of the seasonality, the highest cash flow period for the Company is in the fourth quarter when customer deposits for future ice contracts are received, and the lowest cash flow is in the summer months, when traffic is reduced.

Mitigating factors and strategies:

- Hockey programs are developed to increase traffic during the summer period.
- Variable operating costs are reduced during the summer period.
- Seasonal financing is secured.

Competition

The ice rink industry is highly competitive and Canlan competes with other private operators in its three major markets, B.C., Ontario and Quebec, as well as Municipal Governments that have different mandates and usually operate with significant losses. Other private operators may have more resources and less debt than Canlan, and municipal operators can operate at a loss for an indefinite period without the same negative

consequences such losses would have on private companies.

Mitigating factors and strategies:

- Canlan has developed customer loyalty by providing superior customer service and facilities.
- The ice rink industry is capital intensive with high start up expenses, therefore barriers to enter the business exist.
- We have developed expertise in all aspects of the ice rink development and operations.

Insurance

We maintain property and general liability insurance in addition to accident insurance for our various in-house programs.

A large part of our revenue is achieved through the development and organization of adult hockey leagues that play in our owned and managed facilities. Due to the nature of the sport, injuries can occur. The Company purchases liability and accident insurance, the cost of which is dependant upon the history of the number of claims and the quantum of such claims. There is always a risk that the cost of acquiring sufficient insurance to cover any such injury claims will become prohibitive or that such insurance will become unavailable.

Mitigating factors and strategies:

- Company maintains its facilities to high standards and continually monitors league activities and enforces a strict set of rules.
- Company has developed risk management procedures and emergency preparedness guides at all of its locations.
- Management works closely with insurance providers.

Interest Rate and Loan Renewal Risk

The Company has fixed the interest rate on 77% of its mortgage debt, which totals \$38.8 million. The remainder of our mortgage debt, totaling \$11.6 million, is subject to variable interest rates.

The entire loan facility matures in September 2008; therefore, we could be susceptible to interest rate fluctuations leading up to maturity. There is also a risk that the loans will not be renewed by our current financial institution and the Company will need to source out alternative sources of financing in 2008. The renewal terms may be less favourable to the Company than they are currently, which may have an adverse impact on our business and cash flow.

Mitigating factors and strategies:

- The Company carefully monitors interest rate movements.
- The Company has commenced renewal negotiations, well in advance of maturity.

Critical Accounting Policies and Estimates

Canlan's critical accounting policies are described in Note 3 to the consolidated financial statements. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent liabilities.

The most critical of these policies are those related to ice rink properties and revenue recognition.

Useful lives of depreciable assets

Ice rink properties and administrative assets, such as furniture, computer equipment and software are amortized on a straight-line basis over the estimated useful life of the asset. A large proportion of our total assets are comprised of our ice rink properties (2007 - 90%). The selection method of amortization and length of the amortization period could have a material impact on amortization expense and the net book value of our assets. Assets may become obsolete or require replacement before the end of their estimated useful lives, in which case any remaining unamortized costs would be written off.

Revenue recognition

Revenue from ice rink operations and management services is recognized as the product or service is supplied. Deferred revenue relates to amounts received in advance for our adult hockey leagues; revenue is recognized as games are played. A certain amount of judgment is required in the determination of revenue recognition based on our estimates. Any differences are recognized upon completion of the season.



Valuation of future income tax assets

In determining our income tax provision, the Company is required to make assumptions about expected timing of the reversal of our future tax asset. In the event that our assumptions differ from those of the tax authorities or that the timing of the reversals were not as anticipated, the tax provision could increase or decrease.

Disclosure Controls and Procedures

We have established and maintain disclosure controls and procedures designed to provide reasonable assurance that material information relating to the Company is made known to the appropriate level of management in a timely manner.

Based on current securities legislation in Canada, our Chief Executive Officer and Chief Financial Officer are required to certify that they have assessed the effectiveness of our disclosure controls and procedures as at December 31, 2007.

We have performed an evaluation under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures at December 31, 2007. Based on that evaluation, we concluded that our disclosure controls and procedures were effective as of that date.

The Company's CEO and CFO acknowledge responsibility for the design of internal controls over financial reporting ("ICFR"), and confirm that there were no changes in these controls that occurred during the most recent period ended December 31, 2007 which materially affected, or are reasonably likely to materially affect, the Company's ICFR.

Outlook for 2008 and Beyond

The general outlook for the Company continues to be positive; we are expecting to continue to grow our revenue base by expanding our in-house programs and looking for long term lease and acquisition opportunities. We recognize that the infrastructure in many markets throughout North America is in need of replacement, as many facilities are reaching the end of their useful life. As facilities age, operating costs increase which makes replacement more economically viable, even after considering the increase in construction costs.

The market outlook for adult hockey continues to flourish, and our female leagues have shown significant growth. We have wait lists to join the ASHL in many of our buildings. Through the Adult Safe Hockey Network (ASHN) we are now offering our services to tournament operators and adult leagues throughout North America for the first time. Our revenue is expected to grow 3.5% in 2008, a lower growth rate than in past years as a result of leasing our Candiac facility to a third party. We are committed to improving our operating margin in 2008 by operating more efficiently, with a focus on reducing energy consumption.

We will be actively searching for expansion opportunities in both Canada and the US, but will remain cognizant of the impact that such transactions have on our balance sheet, as debt management and improving cash flow remains fundamental to our approach to expansion.

Discussions regarding the refinancing of our entire mortgage debt package have commenced and we anticipate an early renewal.

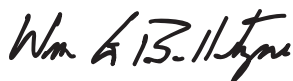
Michael F. Gellard
Senior Vice President, Finance and
Chief Financial Officer
March 14, 2008

The accompanying consolidated financial statements and other financial information of Canlan Ice Sports Corp. Have been prepared by management in accordance with Canadian generally accepted accounting principles.

The Company's accounting procedures and related systems of internal control are designed to provide reasonable assurance, on a cost-effective basis that its assets are safeguarded and its financial records are reliable. In recognizing that the Company is responsible for both the integrity and objectivity of the financial statements, management is satisfied that these consolidated financial statements have been prepared accordingly and within reasonable limits of materiality. Furthermore, management is satisfied that the financial information throughout the balance of this annual report is consistent with the information presented in the consolidated financial statements.

KPMG LLP have been appointed by the shareholders of the Company and serve as the Company's external auditors. They have examined the consolidated financial statements of the Company for the year ended December 31, 2007. The audit report, dated March 4, 2008, outlines the scope of their examination and their opinion on the consolidated financial statements.

The Audit Committee has reviewed these statements with management and the auditors, and has reported to the Board of Directors. The Board has approved the consolidated financial statements of the Company, which are contained in this annual report.



W. Grant Ballantyne
President and Chief Executive Officer
Burnaby, BC



Michael F. Gellard
Senior Vice President of Finance and Chief Financial Officer
Burnaby, BC



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AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the consolidated balance sheets of Canlan Ice Sports Corp. as at December 31, 2007 and 2006 and the consolidated statements of earnings, comprehensive income and deficit and cash flows for the years 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 audits.

We conducted our audits 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 December 31, 2007 and 2006 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

A handwritten signature in black ink that reads 'KPMG LLP' in a stylized, cursive font. Below the signature is a horizontal line.

Chartered Accountants

Vancouver, Canada

March 4, 2008

AS AT DECEMBER 31, 2007 AND 2006

(Expressed in thousands of dollars)

	2007	2006
Assets		
Current assets:		
Cash and cash equivalents	\$ 4,570	\$ 4,820
Accounts receivable	1,750	1,822
Inventory	1,144	1,186
Prepaid expenses	589	362
Future income taxes (note 11)	752	2,140
	8,805	10,330
Properties:		
Ice rinks (note 4)	99,046	100,464
Held for ice rink development	856	856
	99,902	101,320
Future income taxes	628	-
Other assets	419	553
	\$ 109,754	\$ 112,203
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 5,363	\$ 5,250
Deferred revenue and customer deposits	10,552	10,430
Current portion of:		
Obligations under capital leases (note 5)	394	288
Debt on ice rinks (note 6)	50,461	2,747
Preferred shares (note 7)	1,250	1,000
	68,020	19,715
Long-term liabilities:		
Obligations under capital leases	722	584
Debt on ice rinks	-	50,448
Preferred shares	1,400	2,650
	2,122	53,682
	70,142	73,397
Shareholders' equity:		
Share capital (note 8)	63,109	63,109
Contributed surplus	543	543
Deficit	(24,040)	(24,846)
	39,612	38,806
Future operations (note 2)		
Commitments and contingencies (note 10)		
	\$ 109,754	\$ 112,203

See accompanying notes to consolidated financial statements.

Approved on behalf of the Board:

 Director

 Director

YEARS ENDED DECEMBER 31, 2007 AND 2006

(Expressed in thousands of dollars)

	2007	2006
Revenue:		
Ice rinks (note 14)	\$ 62,539	\$ 55,231
Expenses:		
Ice rinks	48,856	43,107
Ice rinks operations	13,683	12,124
General and administration expenses	3,526	2,775
Earnings before the undernoted	10,157	9,349
Other expenses (income):		
Amortization	4,361	3,888
Interest	4,210	3,955
Loss on foreign exchange, net	20	358
Gain on sale of properties	-	(17)
	8,591	8,184
Earnings from operations before income taxes	1,566	1,165
Income taxes (note 11):		
Current	-	1
Future expense (recovery)	760	(190)
	760	(189)
Net earnings and comprehensive income	806	1,354
Deficit, beginning of year	(24,846)	(26,200)
Deficit, end of year	\$ (24,040)	\$ (24,846)
Basic and fully diluted earnings per common share	\$ 0.003	\$ 0.005
Weighted average common shares issued for basic and diluted earnings per share calculations	266,747,663	266,747,663

See accompanying notes to consolidated financial statements.

YEARS ENDED DECEMBER 31, 2007 AND 2006

(Expressed in thousands of dollars)

	2007	2006
Cash provided by (used in):		
Operations:		
Net earnings	\$ 806	\$ 1,354
Items not involving cash:		
Stock-based compensation	-	2
Amortization	4,361	3,888
Gain on sale of properties	-	(17)
Foreign exchange loss on sale of assets	-	378
Future income taxes	760	(190)
Net change in non-cash working capital (note 15(a))	122	3,277
	6,049	8,692
Financing:		
Principal repayments of debt on ice rinks	(2,734)	(3,949)
Increase in debt on ice rinks	-	8,000
Principal repayments on obligations under capital lease	(412)	(273)
Repayment of notes payable	-	(750)
Net proceeds from issuance (redemption) of preferred shares	(1,000)	3,650
	(4,146)	6,678
Investments:		
Proceeds on sale of properties	-	1,192
Expenditures on ice rink properties	(2,000)	(12,732)
Other assets	(153)	(182)
	(2,153)	(11,722)
Increase (decrease) in cash and cash equivalents	(250)	3,648
Cash and cash equivalents, beginning of year	4,820	1,172
Cash and cash equivalents, end of year	\$ 4,570	\$ 4,820

Supplemental cash flow information (note 15(b)).

See accompanying notes to consolidated financial statements.

1. General:

Canlan Ice Sports Corp. (the "Company") focuses on the acquisition, development and operation of full service ice rink facilities primarily in Canada.

2. Future operations:

These financial statements are prepared on the basis that the Company will continue to operate throughout its next fiscal period subsequent to December 31, 2007 as a going concern.

The Company is dependent upon the continued support of its controlling shareholder in providing seasonal financing and, ultimately, upon its ability to generate continuing profitable operations. In February 2008, an affiliate of the Company's controlling shareholder has agreed to provide seasonal financing for fiscal 2008. In addition, the Company's debt on ice rinks of \$50,461,000 matures in 2008. The Company expects to refinance the debt prior to its maturity.

Management continues to review the Company's revenue generating activities and its expenditure levels to increase net cash flows. Management believes that these actions, in conjunction with the expected revenue growth and continued expansion of ice rink management and consulting activities, make the use of the going concern basis appropriate; however, it is not possible at this time to predict the outcome of these matters. If the going concern basis is not appropriate, adjustments would be necessary to the carrying amounts and/or classification of assets, liabilities and expenses in these consolidated financial statements, and the adjustments could be material.

3. Significant accounting policies:

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

(a) Principles of consolidation:

These consolidated financial statements include the accounts of the Company and the following wholly-owned subsidiaries:

P.C. Development Inc.
Ormskirk Investments Ltd.
Les Quatre Glaces (1994) Inc.
Iceplex 2000 Ltd.
Canlan Ice Sports (USA) Corp.
Canlan Management Services Ltd.

(b) Cash equivalents:

Cash equivalents include all highly liquid investments with terms to maturity of three months or less when acquired.

(c) Inventory:

Inventory consists of hockey equipment, supplies and sportswear held for sale, and food and beverage supplies. Inventory is recorded at the lower of cost, determined on a first-in first-out basis, and estimated net realizable value.

Commencing with the fiscal year beginning January 1, 2008, the Company will be adopting CICA Handbook Section 3031 Inventory. Section 3031 requires inventory to be measured at lower of cost and net realizable value. The standard also provides guidance on the costs that can be capitalized. In addition, previous inventory write-downs must be reversed if the economic circumstances have changed to support an increase in inventory value. The impact of the adoption of this standard is not expected to be significant to the financial statements of the Company.

(d) Long-lived assets:

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Long-lived assets are tested and measured for impairment at the individual ice rink property level, the lowest level for which identifiable cash flows are largely independent.

A two-step process is used to assess the impairment of long-lived assets held for use, with the first step determining whether impairment needs to be recognized, and the second step measuring the amount of the impairment. Impairment losses are recognized when the carrying amount of long-lived assets exceeds the sum of the undiscounted cash flows expected to result from their use and eventual disposition. An impairment loss is determined as the amount by which the carrying amount of a long-lived asset exceeds its fair value.

Ice rink properties are amortized on a straight-line basis over the estimated useful lives of the respective assets, which are as follows:

Assets	Rate
Building	40 years
Building improvements	10 years
Machinery & equipment	10 years
Computer, furniture & fixtures	5 years
Ice resurfacing equipment	5 years

(e) Revenue recognition:

Revenue from ice contracts, programs and leagues is recorded as earned. Deferred revenue represents payments received in advance for events which have not yet occurred, and services which have not yet been performed. These amounts are recorded in revenue as earned.

(f) Management contracts:

The Company's financial results include the revenue and expenses of facilities operated under management contracts where the Company's return is subject to the risks and rewards of operation. For facilities where this is not the case, the Company records only the revenue received in the form of fixed management fees.

(g) Foreign currency:

Monetary items denominated in foreign currency are translated into Canadian dollars at exchange rates in effect at the balance sheet date, and non-monetary items are translated at rates of exchange in effect when the assets were acquired or obligations incurred. Revenue and expenses are translated at rates in effect at the time of the transactions. Foreign exchange gains and losses are included in operations.

(h) Financial Instruments:

On January 1, 2007, the Company adopted The Canadian Institute of Chartered Accountants Handbook Section 1530, Comprehensive Income, Section 3251, Equity, Section 3855, Financial Instruments – Recognition and Measurement, Section 3861, Financial Instruments – Disclosure and Presentation and Section 3865, Hedges, retroactively, without restatement. Section 1530 establishes standards for reporting and presenting comprehensive income, which represents the change in equity from transactions and other events from non-owner sources. Other comprehensive income refers to items recognized in comprehensive income that are excluded from net income calculated in accordance with Canadian GAAP.

Section 3861 establishes standards for disclosure and presentation of financial instruments and non-financial derivatives. The preferred shares issued by a wholly owned subsidiary of the Company are presented as liabilities and dividends accrued are included in interest expense. Section 3865 describes when and how hedge accounting can be applied as well as disclosure requirements. Section 3855 prescribes when a financial asset, financial liability or non-financial derivative is to be recognized on the balance sheet and the amount at which these items should be recorded. Under the new standard, financial instruments must be classified into one of these five categories: held-for-trading, held-to-maturity, loans and receivables, available-for-sale or other financial liabilities. All financial instruments are measured in the balance sheet at fair value except for loans and receivables, held-to-maturity investments and other financial liabilities, which are measured at amortized costs. Subsequent measurement and the accounting for changes in fair value will depend on their initial classification.

Upon adoption of these new standards, the Company designated its cash, cash equivalents, restricted cash and short-term investments as available for sale, which are measured at fair value. Accounts receivable are

classified as loans and receivables, which are measured at amortized cost. Accounts payable, accrued liabilities, debt on ice rinks and preferred shares, are classified as other financial liabilities, which are measured at amortized cost. The Company did not have held-to-maturity instruments at December 31, 2007.

The adoption of these standards did not result in any material impact on the Company's financial statements.

(i) Earnings per share:

Earnings per share have been calculated using the weighted average number of common shares outstanding.

(j) Stock-based compensation plan:

Stock option plans are accounted for using the fair-value based method of accounting for stock options, with a resulting compensation expense being charged to operations and an increase to contributed surplus.

Stock appreciation rights (SARs) are settled in cash and are recognized over their vesting period and remeasured at each reporting period, until settlement, using quoted market values. SARs are accounted for as compensation expense and recorded in accounts payable and accrued liabilities.

(k) Measurement uncertainty:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported balances. In determining estimates of net recoverable amounts for its ice rinks and net realizable values for accounts receivable, inventory and other assets, management makes assumptions regarding applicable industry performance and prospects, as well as general business and economic conditions that prevail and are expected to prevail. Assumptions underlying asset valuations are limited by the availability of reliable comparable data and the uncertainty of predictions concerning future events.

By nature, asset valuations are subjective and do not necessarily result in precise determinations. Should the underlying assumptions change, the estimated net recoverable amounts and net realizable values may change, and the amount of the change may be material.

(l) Income taxes:

Incomes taxes are accounted for by the asset and liability method. Under this method, future income tax assets and liabilities are determined on temporary differences (differences between the tax basis and accounting basis of assets and liabilities) and are measured using the enacted, or substantively enacted tax rates expected to apply when the asset is realized or the liability is settled. A valuation allowance is recorded against any future income tax asset to reduce it to an amount that management considers is more likely than not to be realized.

4. Ice rinks:

2007	Cost	Accumulated amortization	Net book value
Land	\$ 14,616	\$ -	\$ 14,616
Buildings and building improvements	106,387	26,400	79,987
Machinery and equipment	6,020	3,583	2,437
Computers, furniture and fixtures	4,374	3,049	1,325
Ice resurfacing equipment	2,559	1,878	681
	\$ 133,956	\$ 34,910	\$ 99,046

2006	Cost	Accumulated amortization	Net book value
Land	\$ 14,616	\$ -	\$ 14,616
Buildings and building improvements	105,547	23,579	81,968
Machinery and equipment	5,317	3,130	2,187
Computers, furniture and fixtures	3,714	2,598	1,116
Ice resurfacing equipment	2,220	1,643	577
	\$ 131,414	\$ 30,950	\$ 100,464

On August 1, 2006, the Company purchased an ice rink facility in Toronto, Ontario. The purchase price was \$11,250,000 and the assets purchased have been recorded in the appropriate classes of ice rink properties shown above.

Included in ice rinks are assets under capital leases with a cost of \$2,121,000 (2006 - \$1,490,000) and accumulated amortization of \$937,000 (2006 - \$533,000).

5. Obligations under capital leases:

Total minimum lease payments are as follows:

2008	\$ 457
2009	396
2010	285
2011	131
2012	60
	1,329
Interest (rates vary from 4% to 8%)	213
Present value of minimum capital lease payments	1,116
Current portion	394
Long-term portion	\$ 722

Lease obligations are secured directly by the leased assets.

Interest of \$86,700 (2006 - \$57,700) relating to capital lease obligations has been included in interest expense.

Notes To Consolidated Financial Statements

(tabular amounts expressed in thousands of dollars, except number of shares)
Years ended December 31, 2007 and 2006

6. Debt on ice rinks:

	Weighted average interest rates	2007	2006
Fixed	2007 - 5.82% (2006 - 5.85%)	\$ 38,838	\$ 41,296
Variable	2007 - prime + 1.00% (2006 - prime + 1.00%)	11,623	11,899
Current portion		50,461 50,461	53,195 2,747
Long-term portion		\$ -	\$ 50,448

Debt on ice rinks is secured by first mortgages, demand debentures, general security agreements, general assignments of book debts, assignments of rents and insurance, and specific pledging of title to and interest in the respective land and buildings.

Based on terms and conditions in existence at December 31, 2007, the current term of the debt matures in September 2008; therefore, it has been presented in current liabilities in its entirety in accordance with CICA accounting standards. The Company expects to refinance its ice rink debt on or before the maturity date.

7. Preferred shares:

On August 1, 2006, a wholly owned subsidiary of the Company issued 3,650,000 preferred shares to an affiliate of the Company's controlling shareholder for proceeds of \$3,650,000. During the year, \$1,000,000 of the preferred shares were redeemed by the Company. The preferred shares carry a cumulative annual dividend rate of 12% payable quarterly, and will be redeemed on specific dates as follows:

October 31, 2008	\$ 1,250
October 31, 2009	1,400

In accordance with CICA accounting standards regarding financial statement presentation of certain financial instruments, such as these preferred shares, the net book value of the shares outstanding are presented as a liability in these consolidated financial statements.

The proceeds from this issuance were used to purchase an ice rink facility in Toronto, Ontario (note 4).

8. Share capital:

The common shares of the Company are listed on the Toronto Stock Exchange.

	Shares	Amount
(a) Authorized:		
500,000,000 common shares of no par value		
(b) Issued and outstanding:		
Balance, December 31, 2006 and 2007	266,747,663	\$ 63,109

9. Stock-based compensation:

On April 1, 2006, the Company established a Stock Appreciation Rights plan (the "SAR Plan") granted by the Company's Board of Directors subject to terms and conditions of the Canlan Ice Sports Corp. Director and Employee Stock Appreciation Rights Plan (2006). The SAR Plan provides eligible directors and employees of the Company with the right to receive cash equal to the appreciation of the Company's common shares subsequent to the date of grant. The stock appreciation rights granted under the SAR Plan vest in equal installments over a three year period commencing in November 2006. All unexercised stock appreciation rights expire five years from the grant date.

The SAR Plan resulted in the Company issuing 14,400,000 stock appreciation rights at an exercise price of \$0.06. During the year, \$283,000 of compensation expense was recorded related to the SAR Plan.

The following table summarizes the continuity of the Company's Stock Appreciation Rights Plan:

	Number of rights	Weighted average exercise price
Number of rights outstanding, December 31, 2006	14,400,000	\$ 0.06
Forfeited	466,667	0.06
Balance, December 31, 2007	13,933,333	\$ 0.06

The following table summarizes information about the stock appreciation rights outstanding at December 31, 2007:

Exercise price	Rights outstanding			Rights exercisable	
	Number outstanding	Weighted average remaining contractual life	Weighted average exercise price	Number exercisable	Weighted average exercise price
\$ 0.06	13,933,333	35 months	\$ 0.06	9,133,333	\$ 0.06

10. Commitments and contingencies:

- (a) At December 31, 2007, the Company has lease agreements with third parties under the terms of which the Company leases and operates certain ice rink facilities. The Company assumes the financial risks and rewards of the facilities' operations, but there will be no transfer of ownership. Accordingly, the lease agreements have been accounted for as operating leases. The remaining lease terms, at December 31, 2007, range from 6 to 11 years and total minimum lease payments are as follows:

2008	\$	498
2009		500
2010		534
2011		535
2012		535
Thereafter		2,743

- (b) On August 1, 2006, the Company purchased an ice rink facility in Toronto, Ontario (note 4). Upon purchase, the Company assumed a forty-nine year land lease agreement related to the land on which the facility is situated. The land lease agreement is with a third party and ends on October 30, 2044. The annual lease cost is \$297,600. The lease agreement requires \$500,000 to be funded to a segregated bank account. This money is restricted in use to pay for repairs, maintenance, and capital expenditures for the York building. As at the end of the lease, \$75,000 must be paid to the landlord.
- (c) Effective January 1, 2008, the Company entered into an agreement with a third party under the terms of which the Company will lease an ice rink facility it owns to the third party and the lessee will operate the facility. The annual lease payment payable to the Company is \$325,000 and the term of the lease is for a period of 5 years. At the end of the term, the lessee has an option to purchase the facility from the Company for \$4,500,000.
- (d) Various lawsuits involving the Company are pending. The financial impact of these lawsuits is not determinable, but management believes, based on counsels' opinions, that the outcome will not materially affect the Company's financial position.

11. Income taxes:

- (a) The major factors which caused variations from the Company's expected combined federal and provincial income tax rate of 35% for 2007 (2006 - 35%) were as follows:

	2007	2006
Statutory rate applied to earnings from continuing operations before income taxes	\$ 548	\$ 431
Recognition of future benefits related to loss carry forwards	23	(190)
Other	189	(430)
	\$ 760	\$ (189)

- (b) The tax effects of temporary differences that give rise to future income tax assets and future income tax liabilities at December 31, 2007 and 2006 are presented below:

	2007	2006
Future income tax assets related to:		
Non-capital loss-carry forwards	\$ 1,208	\$ 2,618
Properties	803	537
Write-down of marketable securities for accounting	93	93
Financing fee deducted for accounting	-	15
	2,104	3,263
Less: valuation allowance	(724)	(1,123)
	1,380	2,140
Current portion of future income tax asset	752	2,140
Long-term portion	\$ 628	\$ -

- (c) At December 31, 2007 the Company has non-capital loss carry forwards for income tax purposes of approximately \$3,636,000 (2006 - \$7,542,000) available to offset future taxable income through 2010. None of these losses carried forward are restricted as to use.

12. Financial instruments:

- (a) Fair value:

The Company has the following financial instruments: cash, cash equivalents, accounts receivable, accounts payable and accrued liabilities, obligations under capital leases, debt on ice rinks, preferred shares and notes payable. The carrying values of cash, cash equivalents, accounts receivable, and accounts payable and accrued liabilities are considered by management to approximate their fair values due to their short-term nature. Other financial instruments of a long-term nature may be impacted by changes in market yields, which can result in differences between their carrying values and their fair values. Management estimates that these differences are not material to the financial statements as at December 31, 2007 and do not require disclosure.

- (b) Interest rate risk:

The terms of the Company's outstanding debt are described in notes 5, 6, and 7. As certain of the Company's debt instruments bear interest at floating rates and are not hedged by interest rate swaps, fluctuations in these rates will impact the cost of financing incurred in the future.

- (c) Credit risk:

The Company does not face any material concentrations of credit risk.

Notes To Consolidated Financial Statements

(tabular amounts expressed in thousands of dollars)
Years ended December 31, 2007 and 2006

13. Related party transactions:

- (a) During the year, the Company incurred approximately \$124,000 (2006 - \$226,000) in interest expense related to a note payable, preferred shares dividends of \$398,000 (2006 - \$184,000) (note 7) and fees of approximately \$300,000 (2006 - \$306,000) related to loan guarantees provided by an affiliate of the controlling shareholder.
- (b) During the year, the Company paid \$54,000 (2006 - \$55,000) in directors' fees.

14. Segmented information:

The Company's continuing operations consist of full service ice rink facilities, primarily in Canada, which constitute a single operating segment.

Ice rink revenue by services provided are as follows:

	2007	2006
Facility operations	\$ 44,889	\$ 38,932
Restaurant and lounge	12,090	10,911
Sports store	2,179	2,148
Management and consulting fees	395	544
Other	2,986	2,696
	\$ 62,539	\$ 55,231

There is no single customer who accounts for 10% or more of the Company's revenue.

15. Supplemental cash flow information:

	2007	2006
(a) Net changes in non-cash working capital:		
Accounts receivable	\$ 72	\$ (398)
Inventory	42	(135)
Prepaid expenses	(227)	151
Accounts payable and accrued liabilities	113	1,035
Deferred revenue and customer deposits	122	2,624
	\$ 122	\$ 3,277
(b) Supplemental cash flow information:		
Taxes paid	\$ 3	\$ 164
Interest paid	4,262	3,882
Non-cash transactions:		
Capital lease obligations	656	718



(expressed in thousands of dollars)

	2007	2006	2005	2004	2003
Assets:					
Ice rink properties	\$99,046	\$100,464	\$92,215	\$94,670	\$94,547
Other	9,328	9,599	5,627	5,107	8,474
Future income tax benefit	1,380	2,140	1,950	1,768	-
	\$109,754	\$112,203	\$99,792	\$101,545	\$103,021
Liabilities:					
Ice rink mortgages	\$50,461	\$53,195	\$49,144	\$47,238	\$50,842
Preferred shares	2,650	3,650	-	-	-
Other	17,031	16,552	13,198	17,905	25,870
	\$70,142	\$73,397	\$62,342	\$65,143	\$76,712
Shareholders' Equity:					
Share capital	\$63,109	\$63,109	\$63,109	\$63,109	\$54,981
Contributed surplus	543	543	541	533	-
Retained earnings (deficit)	(24,040)	(24,846)	(26,200)	(27,240)	(28,672)
	\$39,612	\$38,806	\$37,450	\$36,402	\$26,309
Statistics:					
Debt to equity ratio	1.77:1	1.89:1	1.66:1	1.79:1	2.92:1
Issued shares at year end (000s)	266,748	266,748	266,748	266,748	93,326
Average shares outstanding (000s)	266,748	266,748	266,748	109,956	93,326
Basic & fully diluted earnings (loss) per common share:					
From continuing operations	\$0.003	\$0.005	\$0.005	\$0.018	(\$0.015)
Net earnings (loss)	\$0.003	\$0.005	\$0.004	\$0.018	(\$0.016)
Share price range	\$0.06-0.135	\$0.04-0.07	\$0.04-0.06	\$0.04-0.11	\$0.04-0.10

Five Year Review Statement Of Operations

43

(expressed in thousands of dollars)

	2007	2006	2005	2004	2003
Revenue:					
Ice rinks	\$62,539	\$55,231	\$48,768	\$46,138	\$44,959
Operating expenses:					
Ice rinks	48,856	43,107	37,607	35,317	35,299
General and administrative	3,526	2,775	2,764	2,534	2,498
	52,382	45,882	40,371	37,851	37,797
Earnings before interest, amortization and taxes	10,157	9,349	8,397	8,287	7,162
Other expenses:					
Amortization	4,361	3,888	3,687	3,590	3,580
Interest	4,210	3,955	3,477	3,681	4,499
Other	20	341	(14)	312	272
Tax expense (recovery)	760	(189)	2	(1,294)	248
	9,351	7,995	7,152	6,289	8,599
Net earnings (loss) from continuing operations	806	1,354	1,245	1,998	(1,437)
Results from discontinued operations	-	-	(205)	(54)	(79)
Net earnings (loss)	\$806	\$1,354	\$1,040	\$1,944	\$(1,516)

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Private Investor
Whitby, Ontario

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Canlan Ice Sports Corp.
Victoria, BC

Frank D. Barker
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Kinetic Capital Partners
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Edwin Cohen
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William B. Pattison
President
Pattison Information Inc.
Victoria, BC

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Chairman

W. Grant Ballantyne
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Michael F. Gellard
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Finance & CFO

Joey St. Aubin
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