Canlan Ice Sports Corp.

2012 Annual Report

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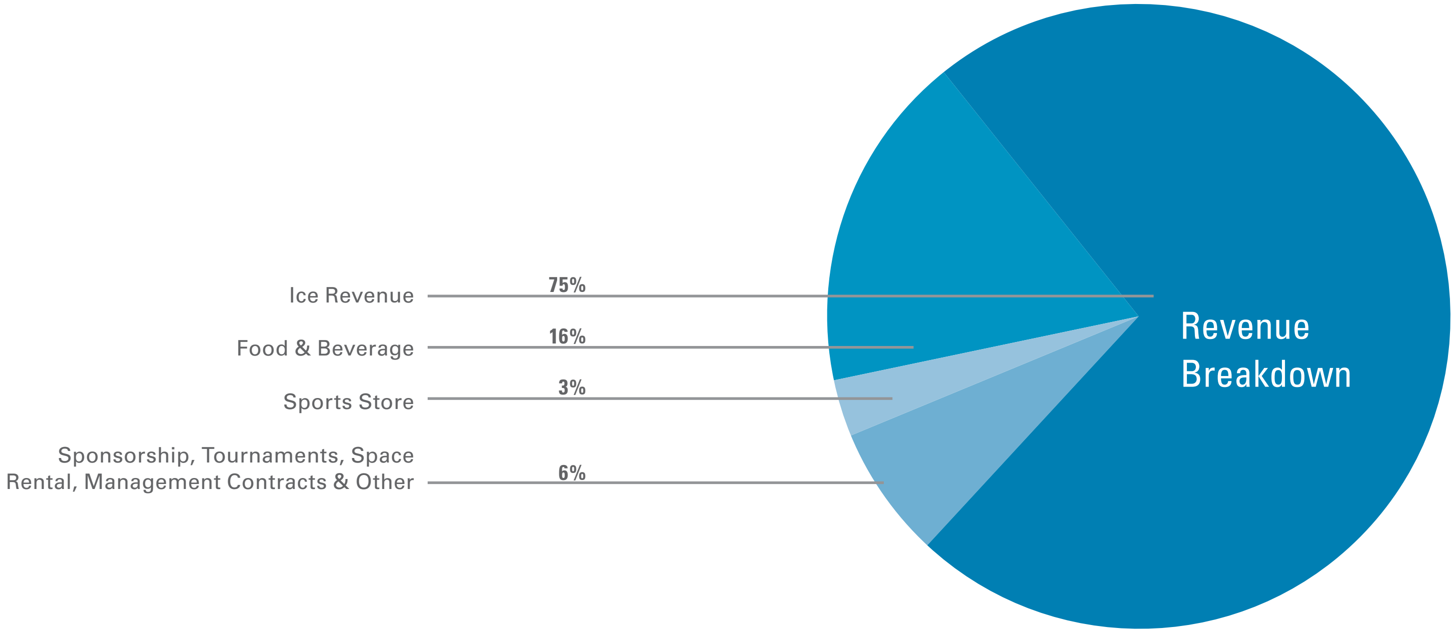
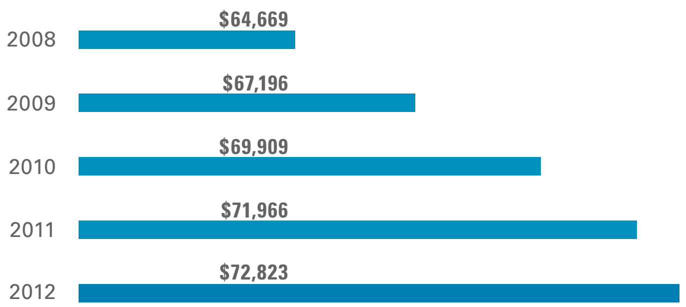
Financial Highlights

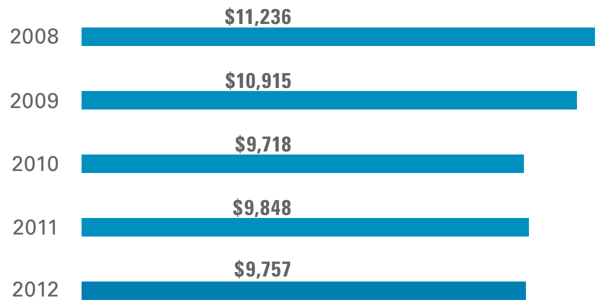


in thousands, except per share information	2012	2011	2010
Revenue	$72,823	$71,966	$69,909
Earnings before interest, taxes, depreciation and amortization (EBITDA)	$9,757	$9,848	$9,718
Net earnings before taxes	$2,287	$4,113	$1,795
Net earnings	$1,295	$2,844	$733
Total assets	$102,824	$104,740	$105,626
Shareholders equity	$44,927	$44,632	$42,589
Earnings per common share	$0.10	$0.21	$0.05
Shareholders equity per share	$3.37	$3.35	$3.19
Weighted average common shares	13,337,448	13,337,448	13,337,448

Revenue *(in thousands)*



EBITDA *(in thousands)*



Message to Shareholders

Joey St-Aubin, Chief Executive Officer

The foundation of a strong and successful company is made up of its people, its products and its processes. We remain committed to these three key fundamental elements while ensuring that we are aggressive in growing our revenue, adding value for our customers and paying a return to our shareholders.

2012 was no exception. With learning and development at the center of it all, we established Canlan College to give our team members at all levels, the ability to learn new skills and grow their knowledge base resulting in strong retention and superior performance to solidify our future.

Our Brand Team and New Product Development Team worked diligently on ways to improve our current products and services and introduced new features to add greater value for our customers, allowing us to remain best in class and the place where people want to be.

We continued to invest in new technologies to eliminate unnecessary steps in our business processes, creating greater efficiency, improving customer service and freeing up quality time for our team members to build the business in new and creative ways.

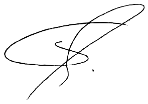
In 2012, we grew revenue to $72.8 million, our largest annual revenue in our company's history. The growth can be attributed to a number of initiatives that resulted in a strong same store revenue increase of 3%. Our growing revenue and stable profitability allowed us to further reduce our interest bearing debt by 7%, or $3 million during the year while maintaining a strong cash balance of $12.9 million.

We introduced Canlan Sportsplex to our portfolio of facilities, an innovative multisport design which includes turf and court sports coupled with a great viewing and social experience. This approach has allowed us to leverage our facility operations experience, programming know-how with the growing demands for soccer, lacrosse, volleyball, ball hockey and other recreational sports. Canada is truly multi-cultural and with that comes a need for more multi-sport facilities ensuring that we can service the recreational needs of all Canadians in one form or another.

In our first full partnership year with Hockey Canada we made some tremendous inroads in servicing more adult recreational hockey players around the country. We grew our Adult Safe Hockey Network by more than 15,000 members and introduced Hockey Canada's new loyalty program called Club Hockey Canada where players (members) earn "Puck Bucks" when they purchase goods from program partners. Those Puck Bucks can be used as registration credits to help subsidize their hockey season allowing us to help our customers make hockey more affordable. This program, in the adult recreational hockey segment, is exclusive to Canlan and to our members which adds tremendous value and a strong competitive differentiator.

We are very confident in our business model, in our team and in our future. This was demonstrated by the Board of Director's approval of an increase to the quarterly dividend from $0.015 to $0.02 per common share during the year. We remain committed to sharing the growth of the company with our shareholders and with our continued financial flexibility, we'll execute on new and innovative ways to grow our business.

On behalf of the Executive Team and our Board of Directors, I wish to thank our customers for their ongoing patronage, our employees for their hard work and dedication, our partners for standing with us and you, our shareholders for your ongoing support.
Yours in Sport,



Joey St-Aubin
President & CEO

Our Responsibility

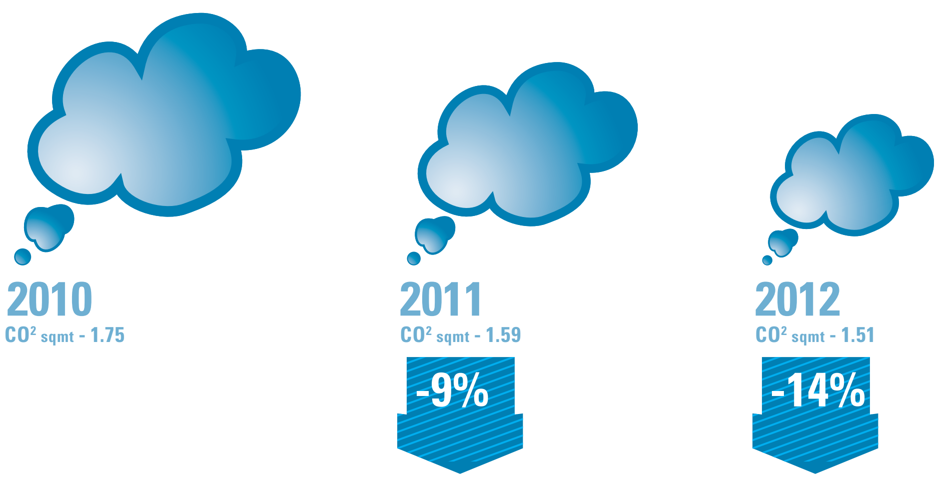
"At Canlan Ice Sports, we continuously aim to exceed in all areas of our business. Our commitment to social responsibility is certainly no exception. While employee morale, customer experience and shareholder returns are always top of mind, we are also mindful of our responsibility to our communities, relevant charity alignment and doing our part in preserving our environment."

As a leading owner/operator of recreational facilities in North America, Canlan Ice Sports is focused on being a responsible corporate citizen in all of the markets we serve. Building a reputation based on trust and confidence is important to us. We conduct our business with the highest ethical standards and recognize that giving back to our communities not only means maintaining our reputation, but more importantly, means meeting the social obligations we have towards our people, investors, customers, suppliers, competitors and the community as a whole. We are proud to say that this is accomplished everyday by our team of approximately 1,000 Canlan staff members.

ENVIRONMENT

Ice rinks are large consumers of electricity and natural gas. Greenhouse gasses, mainly in the form of carbon dioxide (CO^2), are emitted while producing these energy sources and also while they are consumed. Over the last three years, Canlan has focused attention on reducing energy consumption through conservation efforts, equipment upgrades, and improving operational efficiencies. These efforts have led to a significant reduction in both electricity and natural gas, which have also reduced Canlan's carbon footprint. Carbon footprint is measured by CO^2 emissions per square meter of total facility space. In 2012, Canlan reduced its carbon footprint by 14% over 2010, and is on track for further reductions in 2013.

Reducing Our Carbon Footprint



COMMUNITY

We know there are people out there that struggle to make ends meet and we want to do our part in ensuring that nobody in our local communities goes hungry. Over the last five years, Canlan Ice Sports has engaged its employees and customers to help us collect more than 38,000 pounds of food and thousands of dollars in cash during our annual "Fill The Net" campaign which runs from November to January each year.

"Fill The Net" Campaign for our local Food Banks

CHARITY ALIGNMENT

National Partnership with Canadian Cancer Society

Canlan Ice Sports entered into a partnership with the Canadian Cancer Society, which includes several exciting initiatives that will engage employees, increase awareness for this charity and raise funds in support of the Canadian Cancer Society. This includes:

- *A fundraising program we call "Jeans Fridays", providing employees the opportunity to wear jeans on Fridays, in exchange for a donation to the CCS*
- *The Daffodil Campaign as a National Pin Partner that distributes pins to all its locations across Canada and encourages support from employees and customers during Daffodil Month (April)*

Now recognized as a national corporate partner with the Canadian Cancer Society, Canlan Ice Sports will continue to support these social responsibility initiatives as well as exploring new opportunities in this area, with increased employee engagement.

BRITISH COLUMBIA

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

ALBERTA

River Cree Ice Sports Complex (Edmonton), 2-Rink Complex
(Management contract terminated on April 30, 2013)

SASKATCHEWAN

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

MANITOBA

Canlan Ice Sports Winnipeg, 4-Rink Complex

ONTARIO

Canlan Ice Sports Oakville, 4-Rink Complex
Canlan Ice Sports Etobicoke, 4-Rink Complex
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
Canlan Sportsplex Mississauga, 2-Fields, 1-Sports Court, 3 Volleyball

QUEBEC

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

INDIANA

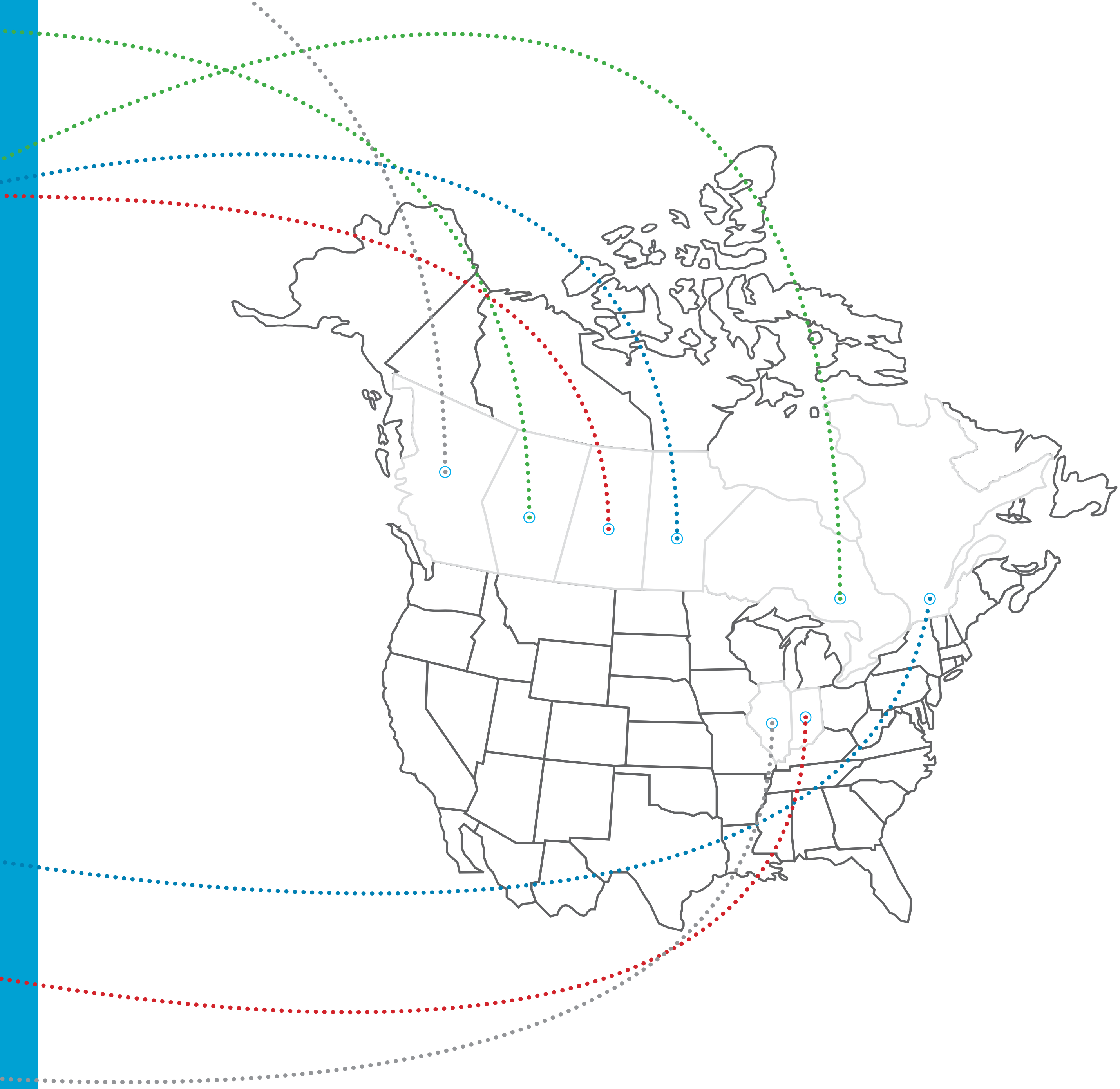
Lutheran Health Sports Center, 3-Rink Complex
McMillen Ice Arena, 1-Rink Complex

ILLINOIS

Canlan Ice Sports Romeoville, 3-Rink Complex

Our Locations

Mark Faubert, Senior VP, Operations




Michael Gellard, Chief Financial Officer

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 years ended December 31, 2012 and 2011. This document should be read in conjunction with our audited consolidated financial statements for the years ended December 31, 2012 and 2011 and accompanying notes. The results reported herein have been prepared in accordance with International Financial Reporting Standards ('IFRS') and are presented in Canadian dollars.

In the following discussion, we define EBITDA as earnings before interest, taxes, depreciation and amortization. In addition, the term free cash flow is used, which we calculate as cash flow from operations less capital expenditures minus any proceeds from the disposition of capital assets. However, EBITDA and free cash flow are not terms that have specific meaning in accordance with IFRS, and may be calculated differently by other companies. The Company discloses EBITDA and free cash flow because these are useful indicators of operating performance and liquidity.

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 and our website www.icesports.com.

The date of this MD&A is March 21, 2013.

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. Except as required by law, the Company disclaims any intention or obligation to update or revise any forward-looking statements.

Overall Performance

2012 Highlights:

- Gross revenue of $72.8 million increased by $0.9 million or 1.2% compared to 2011;
- Same store revenue was $70.3 million or 3.0% higher than 2011;
- Earnings before general and administration costs increased by $0.8 million or 5.6%;
- We recorded EBITDA of $9.8 million, no change from previous year. Same store EBITDA was $10.2 million or 3.4% higher than prior year;
- We invested in capital projects at a number of our facilities to complete building and rink-level upgrades, and continued to install energy-efficient equipment to reduce energy consumption and carbon emissions;
- On May 10, 2012, the Company's Board of Directors approved an increase to the quarterly dividend from $0.015 to $0.02 per common share; and
- Opened a new non-ice recreation facility branded Canlan Sportsplex that houses two indoor soccer fields, three volleyball courts and a boarded sport court, in Mississauga, Ontario. This venue also contains a fully-licensed food and beverage area.

Same store analysis:

This MD&A discusses same store information when comparing year over year results for years ended December 31, 2012 and 2011. Changes to the Company's facility portfolio include:

- Sale of two twin-pad facilities in Regina, Saskatchewan and Candiac, Quebec, during the second half of 2011;
- Purchase of Ice Sports Romeoville in June 2011;
- Ceased operations at Ice Sports Vineland at March 31, 2012 but continued to lease and maintain the facility until the end of the lease term, December 31, 2012; and
- Commenced lease term of the Canlan Sportsplex facility located in Mississauga, Ontario, in April 2012.

Business of the Company

Canlan Ice Sports Corp. is a leading operator of recreational and entertainment 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 8Rinks. The Company's head office is located in the Burnaby facility and it maintains a second corporate office at its Ice Sports York location in Toronto, Ontario. We currently have approximately 960 full time and part time employees working in our facilities and two corporate offices.

As at the date of this MD&A the Company owns, leases or manages a network of 20 facilities in Canada and the United States containing playing surfaces as outlined below. The Company owns 10 of these facilities containing 1.1 million square feet of space situated on 141 acres of land; we operate two facilities under long-term land lease arrangements and a further four facilities under operating leases. We also currently manage four facilities on behalf of third party owners from both the private and public sector.

We operate primarily in the sports and recreation industry, with a focus on ice, turf and court sports. Our largest single revenue source within this segment is adult hockey, catering to both men and women operating under the Adult Safe Hockey League (ASHL) brand. Almost 50% of our ice revenue is provided by the ASHL.

Our total facility count, including all owned, leased and managed properties, is as follows:

	Number of Facilities	*Surfaces*
2012	20	70
2011	20	66
2010	21	67
2009	22	69
2008	22	69

A more detailed summary of the locations of our facilities is as follows:

Canada:	**Facilities**	**Ice Surfaces**	**Indoor Turf Fields**	**Courts**	**Total Playing surfaces**
British Columbia	5	14	1	-	15
Alberta	1	2	-	-	2
Saskatchewan	2	6	-	-	6
Manitoba	1	3	1	-	4
Ontario	7	22	2	8*	32
Quebec	1	4	-	-	4
	17	**51**	**4**	**8**	**63**
USA:					
Illinois	1	3	-	-	3
Indiana	2	4	-	-	4
	3	**7**	**-**	**-**	**7**
	20	**58**	**4**	**8**	**70**

* Includes 3 indoor volleyball courts, 4 outdoor beach volleyball courts and 1 sport court

About Canlan

Canlan is a publicly traded Canadian Company with shares listed on the Toronto Stock Exchange (TSX) under the trading symbol **ICE.** Canlan's shares were first listed for trading on the TSX on March 1, 1990.

There are 13,337,448 shares outstanding that have traded in the $2.50 to $3.19 range since December 31, 2012. The Company has not issued any shares since November 2004.

The Company derives revenue from seven primary categories:

1. **Ice and field sales**
   - Revenue from ice and field rentals (together called "ice rentals" or "ice sales"), and internal programming.

2. **Food and beverage**
   - Sales from our licensed restaurants and concession operations inside our facilities.

3. **Sports stores**
   - Sales and rental of sports equipment and apparel, and skate sharpening services.

4. **Tournament division**
   - Registrations in youth and adult tournaments organized by our Tournament Division.

5. **Management fees and consulting**
   - Fees from managing facilities owned by third parties and consulting engagements completed by our Partnership Solutions Division.

6. **Sponsorship**
   - Revenue from sponsorship and advertising sales.

7. **Space rental**
   - Rental of space inside our facilities.

Vision, Core Business and Strategy

Canlan will strive to be:

"A high performance industry leader, passionately committed to providing exceptional customer experiences, every time."

The Company's goal is to leverage its position in the North American recreation industry by continuing to focus on both organic growth and expansion through acquisition and long term lease. While our largest single market segment is adult recreational hockey leagues, we are focused on increasing utilization in other important segments including skating and hockey schools, soccer programs, specialty sports leagues and camps, and hockey tournaments. 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. At the same time, we actively seek opportunities to expand our business through acquisition, partnership solutions with third parties, or leasing facilities. Expansion objectives are to achieve a high return on investment and penetrate strategic markets.

We have developed six critical success factors supported by specific project initiatives that help the organization reach our goals:

1) **Sales and Marketing** - Cutting edge marketing that maximizes brand awareness, revenue and customer loyalty.

2) **Customer Experience** – Exceptional service delivered by well-trained and motivated staff, which results in consistently great experiences.

3) **New Ventures & Innovation** - Proactively seek out new opportunities that drive revenue and income growth.

4) **Operational Excellence** – Highly efficient and effective facility operations using industry–leading technology, streamlined process and consistent best practices.

5) **People & Leadership** – Strong leadership and highly dedicated people accountable for delivering outstanding customer experiences and business results.

6) **Culture** – High energy action-oriented culture that has a strong foundation in team-work, pride, respect and accountability.

Management continues to focus on carrying out these initiatives that are connected with these critical success factors. Over the past three years, several new ventures have been established and operational improvements have been achieved through strategic capital investments.

The Marketplace and Our Competition

Canlan's current marketplace is recreation, and we understand that we compete for market share with other sports and activities, some of which have lower participation costs. Our largest customer segment is adult hockey players. This segment of our business represents 45% of our total ice revenue from rentals and programming, or $24.4 million. It also represents 33% of total revenue.

Canlan's largest competition is from municipalities and private league operators. Local governments cater primarily to their constituents who are usually made up of minor hockey and other amateur user groups. There are many private league operators in Canada that purchase ice time from local rinks and run adult leagues. Unless an oversupply situation exists in a jurisdiction, we do not believe that competition from municipalities and local league operators will be significant enough to impede our growth. Canlan has various competitive advantages, one of which is that we control the ice inventory in our facilities, enabling us to schedule ice times efficiently and provide quality ice times where deemed most appropriate. In addition, our facilities are generally full-service sports & entertainment centers where we incorporate retail and food & beverage services into the customers' experience.

Competitive Strengths

The Company believes that it has the following competitive strengths:

- ***Our Employees***. Canlan currently has 960 full and part time dedicated employees in Canada and the USA. Through training and internal communications, we have established Canlan as the place to work in our industry and we attract skilled people in the industry. Our employees are focused on providing quality customer service and a safe environment.

- ***Adult Safe Hockey League (ASHL)***. The Company operates one of the largest adult recreational hockey leagues in North America. The ASHL offers superior services and fair competition in a fun environment. It operates year-round and has approximately 68,000 players registered for the winter and summer seasons in various divisions based on skill and age.

- ***Geographic coverage***. Canlan currently owns and operates facilities in six provinces in Canada and two U.S. states giving us broad geographic coverage. Our geographic diversity and wide customer base help to mitigate the effects of economic cycles.

- ***Executive team***. Canlan's executive team is comprised of nine individuals who are members of the management committee. This group plans and monitors operations in all departments, sets policies, as well as continually assesses future growth strategies. These individuals have extensive expertise in operations, sales, marketing, customer service, finance & accounting and human resources.

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

Selected Financial Information

The following selected consolidated financial information as at December 31, 2012, 2011, and 2010 and each of the quarters and years then ended has been derived from our 2012 and 2011 annual and interim consolidated financial statements. This data should be read together with those financial statements.

	(unaudited)		(audited)		
	Quarter ended December 31		Year ended		
in thousands	**2012**	2011	**2012**	2011	2010
Statement of Operations Data:					
Total revenue	**$20,335**	$20,555	**$72,823**	$71,966	$69,909
Direct expenses (1)	**(14,284)**	(15,100)	**(57,912)**	(57,847)	(55,627)
General & administration expenses	**(1,571)**	(1,014)	**(5,154)**	(4,271)	(4,564)
EBITDA	**4,480**	4,441	**9,757**	9,848	9,718
Other expenses:					
Depreciation	**(1,239)**	(1,273)	**(5,112)**	(5,150)	(4,986)
Finance (costs) income	**(575)**	(802)	**(2,381)**	(2,867)	(3,015)
Gain on sale of assets	**4**	258	**4**	2,578	35
Other	**(25)**	(368)	**19**	(296)	43
Taxes	**(840)**	(375)	**(992)**	(1,269)	(1,062)
Net Earnings	**$1,805**	$1,881	**$1,295**	$2,844	$733
Basic and fully diluted earnings per share	**$0.14**	$0.14	**$0.10**	$0.21	$0.05
Balance Sheet Data:					
Cash			**$12,900**	$13,886	$8,903
Current assets (excluding cash)			**3,403**	3,398	3,016
Capital assets			**84,954**	84,967	89,854
Other assets			**1,567**	2,489	3,853
Total assets			**$102,824**	$104,740	$105,626
Current liabilities, excluding debt			**$18,300**	$17,593	$16,893
Mortgage debt			**37,832**	40,899	44,022
Equipment leases			**1,186**	1,073	1,455
Deferred tax liabilities			**579**	543	667
Total liabilities			**57,897**	60,108	63,037
Shareholders's equity			**44,927**	44,632	42,589
			$102,824	$104,740	$105,626
Dividends declared			**$1,000**	$801	$200

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

Review of Fiscal 2012 Operations

Revenue

Total revenue of $72.8 million increased by $0.9 million or 1.2% compared to $72.0 million in 2011. Same store revenue of $70.3 million increased by $2.0 million or 3.0%.

Approximately 75% or $54.4 million (2011 - $53.4 million) of the Company's total revenue is generated from third-party ice rentals and in-house programming. In-house programming accounts for approximately 73% of this revenue source and gives us a distinct advantage over third-party rentals because it enables us to manage ice and field inventory based on demand, which results in increased margins. Canlan's largest internal program is the Adult Safe Hockey League.

The Adult Safe Hockey League

The Adult Safe Hockey League ("ASHL") operates in two seasons: 1) the fall/winter season from September to April and; 2) the spring/summer season from May to August.

In 2012, the ASHL generated $24.4 million in total registration revenue which represents 45% of our total ice sales (2011 - $24.5 million, 46% of ice sales). ASHL revenue remained consistent in 2012 mainly due to 1) the sale of Ice Sports Regina in September 2011 which decreased revenue by $0.6 million from 2011, 2) the loss of one of the satellite leagues which decreased revenue by approximately $0.4 million and 3) the closure of Ice Sports Vineland after the first quarter which decreased revenue by approximately $0.1 million. This decrease was offset by an increase in ASHL revenue from Ice Sports Romeoville that was purchased in June 2011, and pricing. On a same store basis, ASHL revenue increased by $0.6 million or 2.6%.

For the ASHL 2012/2013 fall/winter season, there was a net decrease of 96 teams compared to the prior fall/winter season playing in our adult recreational league mainly because of the loss of one of our satellite leagues. The growth of registrations in the ASHL has generally slowed down compared to historical experience due to increased competition from other league and rink operators and from other recreational activities. Management's focus is to continuously enhance the experience of players that participate in the ASHL, whether it be the registration process, game play, playoff formats, or post-game social networking. This is critical to maintaining our position as leaders in the adult recreation hockey market.

The Youth Hockey League and 3 on 3

In addition to the ASHL, Canlan also operates a variety of youth leagues in the spring and summer seasons. These leagues are designed for minor-hockey-aged players who wish to continue playing after the regular fall/winter season ends. We offer both the traditional "5 on 5" formats through the Youth Hockey League, as well as a "3 on 3" league for those players looking for more speed in the game.

In the US locations, our facilities are associated with minor hockey organizations in their local communities and revenues are earned from a combination of ice rentals to minor hockey associations, and registration fees for youth hockey teams and programs that we operate internally.

In 2012 youth hockey leagues generated $3.6 million in gross revenue; an increase of $0.2 million or 7.3% from $3.3 million in 2011. The year over year increase is mainly due to increased registrations in the 3-on-3 league and additional minor hockey revenue from the Romeoville and Fort Wayne facilities.

Camp Canlan, Hockey and Skating Academies

Canlan offers a variety of developmental programs through our branded Camp Canlan and Hockey and Skating Academies. Camp Canlan operates primarily in the summer months and is directed at the youth market, with a focus on hockey skills development and fun activity in various other sports.

Hockey and Skating Academies for adult and youth operate throughout the year and weekly classes are held to teach everything from learn-to-skate to power skating and team tactics. The growth opportunities of these programs are concentrated in the summer season when ice inventory is available and the youth population is generally not in school.

In 2012 we had approximately 29,000 participants (2011 – 28,100) in these programs and generated $5.1 million in gross revenue; an increase of $0.2 million or 4.7% from $4.9 million in 2011.

Contract ice rentals

After providing the necessary allocation of ice times to operate our in-house programs, we rent ice to third parties. Contract users are required to sign seasonal contracts for the fall/winter and spring/summer seasons and are charged a fixed hourly rate. The ice time is used by private groups, minor hockey associations, third party tournaments and camp operators as well as some adult leagues. Overall, third party contracts accounted for $14.8 million in 2012; an increase of $0.6 million or 4.0% from $14.2 million in 2011.

Soccer

Canlan operates four indoor soccer fields, one in Burnaby built in 2000, one in Winnipeg, built in 2006 and two in Ontario built in 2012. Our approach to increasing the utilization of these synthetic turf fields is similar to how we approach the ASHL. We have developed successful indoor soccer leagues at both Burnaby and Winnipeg facilities that consume all evening times. The Adult Indoor Soccer League ("AISL") has over 6,800 players registered in both locations and the league operates in two separate seasons during the year, with a similar business plan to the ASHL. In October 2012, we opened our first non-ice multi-sports facility which includes two indoor turf fields. Although revenue from these additional fields was not significant in 2012, these new turf fields are expected to complement our strategy in this growth area in the near future.

We generated $1.4 million in total revenue from soccer in 2012, an increase of $0.2 million or 12.3% from $1.2 million in 2011.

Revenue generated from activity on our ice rinks and soccer fields:

	2012		2011	
in thousands	**Revenue**	**% of total**	Revenue	% of total
Adult hockey leagues	**$ 24,362**	**45**	$ 24,465	46
3rd party contract users	**14,819**	**26**	14,244	27
Hockey & skating schools	**5,099**	**9**	4,869	9
Youth hockey leagues	**3,562**	**7**	3,319	6
Public programs & spot rentals	**3,275**	**6**	3,189	6
Soccer field rentals and leagues	**1,370**	**3**	1,219	2
Figure skating	**836**	**2**	858	2
In house tournaments	**336**	**1**	494	1
Other	**710**	**1**	727	1
	$ 54,369	**100**	$ 53,384	100

Food & Beverage (F&B)

Revenue from our 16 restaurant and concession operations was $11.3 million in 2012, compared to $11.6 million 2011. Same store sales of $11.2 million was consistent with the prior year.

While F&B sales grew by a combined 6.8% in the Winnipeg and Saskatoon markets, revenue in the Montreal facility decreased by 13.4% due to reduced traffic in this facility as a result of new ice rink competition in the area. F&B sales in the B.C. and Ontario markets, as well as Fort Wayne, Indiana remained steady compared to 2011.

Food and beverage sales accounted for 16% of total revenue, consistent with 2011.

We operate all our restaurants in-house to ensure our customers receive quality products and service. The product mix between food sales and liquor sales has shifted this year to 58% and 42% respectively, compared to 62% and 38% in the previous year. The main drivers for F&B revenue are adult league players and tournament traffic that play in our venues. Management is focusing on menu offerings, pricing, and promotional programs to regain customer loyalty in our restaurants.

Sports Stores

During the year, Canlan operated eight sports stores that sell equipment, apparel, and skate sharpening services in our buildings. The Company rents to third party store operators under long term leases in another five facilities. Our sports stores generated $2.0 million in gross sales, consistent with prior year. Sports store revenue represents 3% of total revenue. Skate sharpening revenue was $0.5 million, unchanged from 2011.

Management Contracts

Management services revenue is comprised of fees for managing ice rink facilities on behalf of owners and one-time consulting engagements. Management fee revenue of $0.2 million was generated in 2012 which was consistent with 2011. Currently we have four active management contracts.

Tournament Operations

Canlan's Tournament Division is focused on maintaining a high level of in-house tournament business in the seasonally slow summer months, thereby reducing our reliance on third party tournament operators. Revenue generated from this division was $2.0 million which was consistent with the prior year. While the majority of the CCT events are held in Canlan facilities, which increases the utilization of our ice, the division also holds a number of destination tournaments in third party arenas, including Niagara Falls and Las Vegas.

Other revenue

Other sources of revenue totaled $2.9 million in 2012 compared to $2.8 million in 2011. In many facilities, we rent space to complimentary types of businesses. In 2012 we recorded $0.8 million in facility and space rental revenue which decreased by $0.3 million from 2011 mainly due to the decrease in space rental revenue after we sold the facility located in Candiac, Quebec in December 2011.

Another significant component of other revenue is sponsorship. In 2012 we generated $1.4 million in sponsorship revenue compared to $1.3 million in 2011.

Revenue by business segment and geographic region:

	2012		2011	
in thousands	**Sales**	**% of total**	Sales	% of total
Ice and field sales	**$54,369**	**75**	$53,384	74
Food and beverage	**11,313**	**16**	11,604	16
Sports store	**2,037**	**3**	2,020	3
Tournament division	**1,984**	**3**	1,919	3
Sponsorship	**1,361**	**1**	1,278	2
Space rental	**764**	**1**	1,079	1
Management fees & consulting	**215**	**-**	226	-
Other	**780**	**1**	456	1
	$72,823	**100**	$71,966	100

	2012		2011	
in thousands	**Sales**	**% of total**	Sales	% of total
Canada:				
British Columbia	**$17,595**	**24**	$17,368	24
Alberta	**141**	**-**	141	-
Saskatchewan	**5,870**	**8**	6,650	9
Manitoba	**4,055**	**6**	3,784	5
Ontario	**35,766**	**49**	34,592	48
Quebec	**4,951**	**7**	5,463	8
	68,378	**94**	67,998	94
USA	**4,445**	**6**	3,968	6
	$72,823	**100**	$71,966	100

Revenue by Quarter

The Company recorded the following revenue by quarter in 2012. The revenue stream is seasonal with 57% of the Company's revenue being generated in the fall and winter months (first and fourth quarters) and 43% in the spring and summer season (second and third quarters).

	2012		2011	
in thousands	**Revenue**	**% of total**	Revenue	% of total
Q1	**$ 21,148**	**29**	$ 20,329	28
Q2	**16,109**	**22**	16,277	23
Q3	**15,231**	**21**	14,805	21
Q4	**20,335**	**28**	20,555	28
	$ 72,823	**100**	$ 71,966	100

Direct Operating Costs

Total facility operating costs were $57.9 million in 2012 compared to $57.8 million in 2011. The slight increase is mainly due to an increase in labour costs offset by a reduction in direct customer service expenses and utilities. Labour costs increased by $0.8 million or 3.0% mainly due to annual wage increments in the normal course of business. Labour is our largest expense and represents 48% of our direct operating costs, compared to 47% in 2011. We continuously monitor labour rates to stay competitive in all markets. Four of our facilities are subject to collective agreements with two different unions.

Customer service expenses such as prizing, league statistics, camp supplies, etc, decreased by $0.3 million mainly due to the sale of Ice Sports Regina in 2011 and ceased operations at Ice Sports Vineland at March 31, 2012. Utility expenses include the cost of electricity, gas and water. Total utility expense of $6.7 million decreased by $0.5 million or 7.1%. Same store utility expense decreased by $0.3 million or 4.9% as a result of various energy reduction initiatives completed over the past few years.

Also included in operating costs are building and land lease payments related to six of our facilities. In 2012, rent payments totaled $1.8 million, compared to $1.7 million in 2011. The increase was mainly due to the new facility lease for Canlan Sportsplex, which commenced in April 2012.

Facility operating costs are less seasonal than revenue, as our business does have a fixed cost component to it.

	2012		2011	
in thousands	**Costs**	**% of total**	Costs	% of total
Q1	**$ 15,131**	**26**	$ 14,471	25
Q2	**14,490**	**25**	14,477	25
Q3	**14,007**	**24**	13,799	24
Q4	**14,284**	**25**	15,100	26
	$ 57,912	**100**	$ 57,847	100

Operating Margin before General and Administration expenses

Operating margin is calculated as revenue less operating expenses expressed as a percentage of revenue. Operating margin for 2012 was 20% which is consistent with 2011. Same store operating margin was 22% compared to 21% in 2011 as a result of effective cost control.

U.S. Facility Operations

While Canlan's Canadian facility operations are relatively established; our current ventures in the US markets in which we operate are comparatively new. In the United States, the Company operates a 3-pad facility in Fort Wayne, Indiana, and a 3-pad facility in Romeoville, Illinois that was purchased in 2011.

At the end of December 2012, the lease term of Ice Sports Vineland in Vineland, New Jersey came to an end and was not renewed. Due to difficult market conditions, the facility sustained operating losses since inception and the business was closed March 31, 2012 to avoid additional deficits. However, the remaining lease payments were made and we fulfilled our lease commitment to the lessor until the end of the lease term.

In Fort Wayne, Canlan leases a 3-pad ice rink facility under a 20-year lease agreement that began in February 2010. During 2010 to 2012, management has built a portfolio of business that encompasses the ASHL, instructional programming, minor hockey, a solid base of contract rental revenue, and alternative activities such as curling, dry floor recreation, and birthday party events. In addition, several multi-year sponsorship agreements have been secured, including a long-term building naming-rights deal that names the facility the Lutheran Health Sports Centre (LHSC).

As at December 31, 2012, the LHSC has not yet become cash flow positive. Management continues to grow the customer base, take advantage of its central Indiana location to attract tournament and skate competition traffic, and increase operating income. LHSC's total revenue of US$2.0 million in 2012 was consistent with 2011. Before lease expense, the Centre's income was $0.2 million, also consistent with 2011. The lease gives the Company the option to purchase the facility from the lessor for USD$9.3 million anytime during the first five years of the lease, and USD$9.8 million during years six and seven.

In Romeoville, Canlan purchased a 3-pad complex in June 2011. Since purchasing the facility, management has completed some renovation projects and implemented a menu of programs such as the ASHL and skating and hockey academies. In addition, Canlan has continued to work with a very well established local minor hockey association that uses Ice Sports Romeoville as its home arena. During 2012, the facility has continued to grow in various areas including ASHL and tournaments operations. Overall earnings and results have met management's expectations.

General and Administration Expenses

Corporate G&A expenses of $5.2 million increased by $0.9 million or 20.7% compared to $4.3 million in 2011 mainly due to the accrual of $0.5 million in compensation costs to account for the changes in fair values of stock appreciation rights. Fair value changes of the rights are based on market values of the Canlan's common stock that trades on the TSX. The Stock Appreciation Rights (SARs) plan was established in 2005 and made available to the Company's executive management and directors. In 2011, compensation expense related to the SARs valuation was $0.1 million. See **Liquidity and Capital Resources** – *Share Capital* below for further details.

The remainder of the increase in G&A resulted from increased consulting costs. G&A expense represents 7% of total revenue in 2012, compared to 6% in 2011.

Other expenses included in G&A are as follows:

- Professional and regulatory fees
- Director fees
- Travel
- Office

Administration expenses throughout the year are as follows:

	2012		2011	
in thousands	**Expense**	**% of total**	Expense	% of total
Q1	**$ 1,257**	**24**	$ 1,177	28
Q2	**1,287**	**25**	1,076	25
Q3	**1,039**	**20**	1,004	23
Q4	**1,571**	**31**	1,014	24
	$ 5,154	**100**	$ 4,271	100

EBITDA

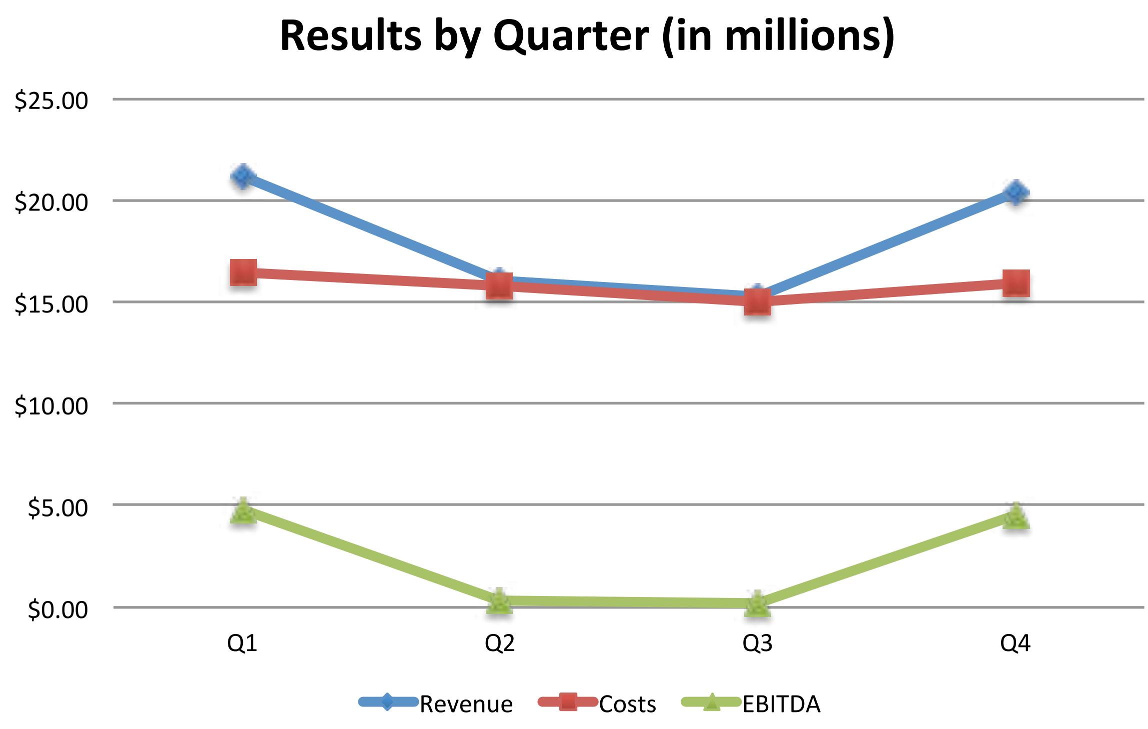
After accounting for ice rink operating costs of $57.9 million (2011 - $57.8 million) and G&A expenses of $5.2 million (2011 - $4.3 million), EBITDA remained consistent with 2011. Same store EBITDA increased by $0.3 million or 3.4%.

The Company's EBITDA by quarter was as follows:

	2012		2011	
in thousands	**EBITDA**	**% of total**	EBITDA	% of total
Q1	**$ 4,760**	**49**	$ 4,681	48
Q2	**332**	**3**	724	7
Q3	**185**	**2**	2	-
Q4	**4,480**	**46**	4,441	45
	$ 9,757	**100**	$ 9,848	100

The Company generates the vast majority of its operating profit during the fall and winter seasons (first and fourth quarters) that produce 57% of our total revenue which was consistent with 2011. This seasonality contributes to quarterly variability of our earnings because a significant portion of our operating costs are relatively fixed.

This trend is illustrated as follows:



Gross Margin

Gross margin is calculated as revenue less operating and G&A expenses, expressed as a percentage of revenue. Gross margin for 2012 was 13% compared to 14% in 2011.

Non-operating Expenses

Depreciation

Depreciation expense of $5.1 million in 2012 compared to $5.2 million in 2011.

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 five years to forty years.

Gain on sale of assets

During 2011, two properties were sold for a gain of $2.6 million. The Company did not sell any assets in 2012.

Finance Income and Costs

Finance income and costs consist of interest income earned on cash on hand, unrealized gains related to the fair value adjustment of an interest rate swap contract, interest expense on mortgage debt and finance leases, and amortization of deferred financing costs. The interest rate swap contract is a derivative instrument used to fix the interest rate on $8.0 million of variable rate mortgage debt. The financial instrument has not been designated as a hedge for accounting purposes; therefore, the resulting gain or loss from the change in fair value of the instrument is recognized in the statement of earnings and comprehensive income.

Net finance costs of $2.4 million decreased by $0.5 million or 17.0% from 2011 as a result of debt reduction.

A breakdown of our net finance cost is as follows:

in thousands	**2012**	2011
Mortgage interest, net of interest income	**$2,300**	$2,775
Equipment lease interest	**97**	102
Unrealized gain on financial instrument	**(76)**	(113)
Amortization of deferred financing costs and other	**60**	103
	$2,381	$2,867

At year end, the Company had interest bearing, mortgage secured debt totaling $38.1 million (2011 – $41.2 million).

The Company has fixed the interest rate on 84% of its mortgage debt, or $32.0 million at a weighted average rate of 6.13%. Debt with variable interest rates consists of $3.8 million at the Prime rate plus 1.25% and $2.3 million at the LIBOR plus 2.50%.

Costs related to debt financing are amortized using the effective interest rate method in accordance with IFRS and classified as interest expense. In 2012 this amounted to $60,000 compared to $0.1 million in 2011.

Net Earnings before Income Taxes

Net earnings before income taxes were $2.3 million in 2012 compared to $4.1 million in 2011; a decrease of $1.8 million. In 2011, net earnings were augmented by the recognition of a $2.6 million gain on sale of assets. Pre-tax earnings before the gain on sale of asset were $1.5 million in 2011. Pre-tax earnings per share was $0.17 in 2012 compared to $0.12 in 2011.

Taxes

Each year, management reviews assumptions regarding deferred income tax assets and liabilities to ensure that the reported balances appropriately reflect tax benefits available to offset future income taxes and future reversal of those benefits. As a result of utilizing tax benefits related to tax loss carry forwards, capital cost allowance, cumulative eligible capital and deferred revenue deductions, there is no current income tax payable for the 2012 fiscal year.

The deferred tax assets mainly resulted from the timing difference between tax and accounting depreciation, and the timing difference of deferred revenue. The Company anticipates that deductions relating to these benefits will be available to offset a substantial portion of taxable income in 2013.

Because U.S. operations have incurred losses during the past several years, there are non-capital losses from rink operations of approximately $6.9 million carried forward that are available to offset future taxable income in the United States. However, this has not been recognized as deferred tax assets in the consolidated statement of financial position at December 31, 2012 because we have not yet developed a reasonably predictable pattern of profitability in U.S. operations.

As at December 31, 2012, net deferred tax assets amounted to $0.5 million compared to $1.5 million at the end of 2011 and total deferred tax expense of $1.0 million (2011 - $1.3 million) was recognized in the statement of earnings and comprehensive income.

Net Earnings

Net earnings after tax for the year ended December 31, 2012 was $1.3 million or $0.10 per share, compared to net earnings of $2.8 million in 2011 or $0.21 per share.

Summary of Operations

For the years ended December 31

in thousands	**2012**	2011	2010
Revenue	**$ 72,823**	$ 71,966	$ 69,909
Expenses	**57,912**	57,847	55,627
Earnings from operations	**14,911**	14,119	14,282
General & administration	**5,154**	4,271	4,564
EBITDA	**9,757**	9,848	9,718
Other expenses (income)			
Depreciation	**5,112**	5,150	4,986
Gain on sale of assets	**(4)**	(2,578)	(35)
Other	**(19)**	296	(43)
	5,089	2,868	4,908
Finance costs (income)			
Finance costs	**2,537**	3,021	3,356
Finance income	**(156)**	(154)	(341)
	2,381	2,867	3,015
Net earnings before taxes	**2,287**	4,113	1,795
Income tax expense	**992**	1,269	1,062
Net earnings	**$ 1,295**	$ 2,844	$ 733
Gross margin before general & administration	**20.5%**	19.6%	20.4%
Administration as a percentage of revenue	**7.1%**	5.9%	6.5%
EBITDA as a percentage of revenue	**13.4%**	13.7%	13.9%

Summary of Quarterly Results

The following tables present our unaudited consolidated quarterly results of operations for each of the last eight fiscal quarters. This data has been derived from our unaudited quarterly consolidated financial statements which are prepared on the same basis as our annual audited financial statements.

	2012				
in thousands	Q1	Q2	Q3	Q4	Total
Gross revenue	$ 21,148	$ 16,109	$ 15,231	$ 20,335	$ 72,823
Operating costs	(15,131)	(14,490)	(14,007)	(14,284)	(57,912)
	6,017	1,619	1,224	6,051	14,911
General & administration	(1,257)	(1,287)	(1,039)	(1,571)	(5,154)
EBITDA	**4,760**	**332**	**185**	**4,480**	**9,757**
Depreciation	(1,355)	(1,267)	(1,251)	(1,239)	(5,112)
Finance costs	(564)	(638)	(604)	(575)	(2,381)
Other	14	(27)	57	(21)	23
Net earnings (loss) before taxes and other	**2,855**	**(1,600)**	**(1,613)**	**2,645**	**2,287**
Income taxes	(988)	387	449	(840)	(992)
Net earnings (loss)	**$ 1,867**	**$ (1,213)**	**$ (1,164)**	**$ 1,805**	**$ 1,295**
Earnings (loss) per share	**$ 0.14**	**$ (0.09)**	**$ (0.09)**	**$ 0.14**	**$ 0.10**

	2011				
in thousands	Q1	Q2	Q3	Q4	Total
Gross revenue	$ 20,329	$ 16,277	$ 14,805	$ 20,555	$ 71,966
Operating costs	(14,471)	(14,477)	(13,799)	(15,100)	(57,847)
	5,858	1,800	1,006	5,455	14,119
General & administration	(1,177)	(1,076)	(1,004)	(1,014)	(4,271)
EBITDA	**4,681**	**724**	**2**	**4,441**	**9,848**
Depreciation	(1,281)	(1,285)	(1,311)	(1,273)	(5,150)
Finance costs	(691)	(683)	(691)	(802)	(2,867)
Other	(5)	30	2,367	(110)	2,282
Net earnings (loss) before taxes and other	**2,704**	**(1,214)**	**367**	**2,256**	**4,113**
Income taxes	(873)	230	(251)	(375)	(1,269)
Net earnings (loss)	**$ 1,831**	**$ (984)**	**$ 116**	**$ 1,881**	**$ 2,844**
Earnings (loss) per share	**$ 0.14**	**$ (0.07)**	**$ 0.01**	**$ 0.14**	**$ 0.21**

Since 57% of our revenue is generated in the winter months while operating costs are relatively fixed, quarterly earnings fluctuate significantly during the year. The Company reported EBITDA of $9.2 million in Q1 and Q4 combined, compared to just $0.5 million in Q2 and Q3. In terms of net earnings, the Company has generally reported net losses in the spring and summer months.

Review of Fourth Quarter 2012

In Q4, revenue was $20.3 million; decreased by $0.2 million or 1.1% from 2011. On a same store basis, revenue was $20.2 million, consistent with 2011.

Revenue from the ASHL decreased by $0.2 million or 3.0% from 2011 which was partially offset by an increase in contract revenue of $0.1 million or 2.4% from 2011.

Operating cost was $14.3 million; decreased by $0.8 million or 5.4% from 2011. The decrease was mainly due to approximately $0.5 million of roof maintenance costs that were incurred during the quarter in 2011.

Operating earnings before G&A expenses was $6.1 million during Q4 compared to $5.5 million in 2011.

After recording G&A expenses of $1.6 million; increased by $0.6 million or 54.9% compared to 2011 as non-cash compensation expense related to the SARs program was recorded. EBITDA was $4.5 million compared to $4.4 million in 2011.

After recording finance costs, depreciation, and gains and losses related to financial instruments and investment properties totaling $1.8 million, net earnings before taxes was $2.6 million compared to $2.3 million in the fourth quarter of 2011.

After adjusting for income taxes, net earnings was $1.8 million or $0.14 per share, compared to $1.9 million or $0.14 per share in 2011. A summary of Q4 results is as follows:

in thousands	**2012**	2011
Gross revenue	**$ 20,335**	$ 20,555
Operating costs	**(14,284)**	(15,100)
	6,051	5,455
General & administration	**(1,571)**	(1,014)
EBITDA	**4,480**	4,441
Depreciation	**(1,239)**	(1,273)
Finance costs	**(575)**	(802)
Other	**(21)**	(110)
Net earnings before taxes and other	**2,645**	2,256
Income taxes	**(840)**	(375)
Net earnings	**$ 1,805**	$ 1,881
Earnings per share	**$ 0.14**	$ 0.14

Review of Assets

The total book value of the Company's assets as at December 31, 2012 was $102.8 million compared to $104.7 million at December 31, 2011.

The table below summarizes the Company's asset base:

in thousands	**2012**	2011
Properties	**$ 84,384**	$ 84,303
Cash	**12,900**	13,886
Accounts receivable	**1,820**	1,717
Inventory	**1,075**	1,121
Prepaid expenses and other assets	**993**	1,024
Investment properties	**570**	664
Deferred tax assets	**1,082**	2,025
	$ 102,824	$ 104,740

Property, plant and equipment makes up 82% of our total asset base and is comprised of land, building and equipment. During the year, $4.3 million of capital expenditures were incurred to renovate and improve our ice rink facilities and to complete the conversion of a vacant warehouse into in indoor multi-sport, non-ice recreation facility, Canlan Sportsplex. Cash on hand was utilized to finance these capital costs.

Investment properties decreased as land that was once considered excess land adjacent to Ice Sports Scarborough, was reclassified to property, plant and equipment because plans are underway to build an outdoor ball hockey rink on this property. The new outdoor court is expected to commence operations in Q2 of 2013.

The decrease of cash on hand at the end of 2012 compared to 2011 is mainly due to the cash spent on the completion of Canlan Sportsplex.

Management estimates that normal annual capital expenditures required will be approximately $2.5 million as part of our long term capital plan. However, when required, the Company will incur additional capital costs to more extensively refurbish and renovate building structures and ice rinks to provide customers with safe and high quality amenities.

Review of Liabilities and Shareholders' Equity

The table below summarizes the Company's capital structure:

in thousands	**2012**	2011
Mortgages payable	**$ 37,832**	$ 40,899
Deferred revenue and customer deposits	**11,348**	11,495
Accounts payable	**6,914**	5,984
Capital leases	**1,186**	1,073
Deferred tax liabilities	**579**	543
Financial liability held for trading	**38**	114
	57,897	60,108
Shareholders' equity	**44,927**	44,632
	$ 102,824	$ 104,740
Shareholders' equity per common share	**$ 3.37**	$ 3.35

Total interest-bearing debt, which includes mortgages payable and capital leases totaled $39.0 million as at December 31, 2012, compared to $42.0 million at the end of fiscal 2011, a net decrease of $3.0 million. For financial statement presentation, our long-term debt is recorded net of related transaction costs, pursuant to the effective interest rate method of accounting for deferred financing costs.

Mortgages

At December 31, 2012, total loans consist of four credit facilities, and have a combined annual debt service of $5.4 million in the coming fiscal year. Our annual principal reduction based on scheduled mortgage repayments will be $3.3 million in 2013.

Specific terms of the four credit facilities are as follows:

- $30.0 million loan maturing July 15, 2018, fixed interest rate of 6.79% per annum, amortized over 20 years with interest payable monthly and seasonal principal payments of $375,000 per month from September 15 to December 15 annually. At December 31, 2012, the balance outstanding was $24.0 million.

- $9.0 million loan maturing September 30, 2014, variable interest rate of Prime plus 1.25%, amortized over 15 years with blended monthly payments. The Company has entered into an interest rate swap agreement to fix the interest rate on the principal borrowed at a rate of 4.15% per annum. At December 31, 2012, the balance outstanding was $8.0 million.

- $5.4 million loan maturing September 30, 2014, variable interest rate of Prime plus 1.25%, amortized over 12 years with blended monthly payments. The Prime rate is currently 3%. At December 31, 2012, the balance outstanding was $3.8 million.

- $2.6 million loan maturing September 30, 2016, variable interest rate of LIBOR plus 2.5%, amortized over 15 years with blended monthly payments. The LIBOR rate is currently 0.20%. At December 31, 2012, the balance outstanding was $2.3 million. This loan is denominated in U.S. currency.

The Company has available, a $1.0 million uncommitted operating line of credit that is unused. Outstanding amounts would incur interest at the Prime rate plus 1.75%, and be secured by general security agreements. The operating line of credit expires on September 30, 2014. In addition, the Bank also provided a $5.0 million committed revolving acquisition credit facility. Outstanding amounts would incur interest at Prime rate plus 1.25%. The revolving credit facility expires on September 30, 2014. This credit facility is currently unused.

On January 30, 2013, the Company obtained a $5.0 million non-revolving committed credit facility to finance capital expenditures relating to extensive refurbishment projects in three of the Company's recreation facilities. Outstanding amounts would incur interest at the Prime rate plus 1.25%. Installments of interest are payable monthly until October 31, 2013, at which time, the facility converts to a term loan and installments of principal and interest are payable monthly with an amortization period of seven years. This credit facility is currently unused.

We are in full compliance with all our debt covenants as at December 31, 2012 and we expect to continue to be in compliance during the coming fiscal year.

Customer Deposits and Deferred Revenue

The largest single component of our current liabilities is comprised of deferred revenue related to league registrations and customer deposits received in advance which totaled $11.3 million as at December 31, 2012 (2011 - $11.5 million). We recognize revenue as the ice is used; many of the seasonal contracts and league registrations are paid in advance.

Finance Leases

We use finance leases to finance the acquisition of various types of heavy equipment used in our facilities such as ice resurfacers and refrigeration equipment. In 2012 we acquired three new ice resurfacers with finance leases that have a term of five years and two sets of rink boards that have a term of five and a half years.

Liquidity and Capital Resources

Canlan's cash balance as at December 31, 2012 was $12.9 million compared to $13.9 million from December 31, 2011. The decrease at year end was principally due to the cash spent on the capital expenditure in our new non-ice facility in Mississauga.

During the year, we utilized $3.1 million for the scheduled mortgage principal repayments. The Company also paid $0.5 million to reduce the principal on finance leases.

A total of $4.3 million was spent on capital expenditures. Major projects completed include the new Canlan Sportsplex, a facility seismic upgrade at Burnaby 8Rinks, facility renovations, refrigeration equipment, and energy efficient lighting fixtures. Investments in strategic areas to improve overall efficiency and reduce energy costs are very important and will continue to be made in 2013. In addition, significant arena refurbishment projects at Burnaby 8Rinks, Ice Sports Winnipeg and Les 4 Glaces are planned for 2013.

During the year, the Company paid quarterly dividends as follows:

Month	**Dividend per common share**	**Total dividend (in thousands)**
January	$ 0.015	$ 200
April	0.015	200
July	0.020	267
October	0.020	267
	$ 0.070	$ 934

On November 30, 2012, the company declared a quarterly dividend of $0.02 per share which was paid on January 15, 2013.

During 2011, the Company paid four quarterly dividends of $0.015 per share for a total of $0.8 million for the year.

Summarized statement of cash flows:

in thousands	**2012**	2011
Cash inflows and (outflows) by activity		
Operating activities	**$ 8,083**	$ 7,158
Financing activities	**(4,553)**	(4,527)
Investing activities	**(4,516)**	2,352
	(986)	4,983
Cash position, beginning of year	**13,886**	8,903
Cash position, end of year	**$ 12,900**	$ 13,886
Key ratios		
Working Capital	**$ (5,589)**	$ (3,820)
Debt to equity ratio	**0.87:1**	0.94:1

Our balance sheet at the end of 2012 indicated a working capital deficiency of $5.6 million. The increase in working capital deficiency was principally due to a reduction in cash.

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

Cash Flow

Our cash position fluctuates during the year as a result of the seasonality of our business. Historically the highest cash position is December and lowest occurs in August. We generally collect registration fees for the ASHL in the first three months of each season, and program fees are collected upon registration. We have built sufficient cash reserves to manage the seasonality of our business without having to access credit lines for working capital and we expect this to continue in the future.

Cash flow from operating activities increased to $8.1 million in 2012 compared to $7.1 million in 2011. After accounting for debt repayments, capital expenditures, and dividends paid, cash decreased by $1.0 million in 2012.

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

in thousands	**2012**	2011
EBITDA	**$ 9,757**	$ 9,848
Changes in working capital items	**782**	406
Net finance costs	**(2,396)**	(3,010)
Other	**3**	(104)
Cash flow from operations	**8,146**	7,140
Less:		
Mortgage principal reduction, net of new financing	**(3,127)**	(3,180)
Proceeds from sale of capital assets	**4**	8,024
Purchase of ice rink property	**-**	(4,043)
Capital expenditures	**(4,520)**	(1,629)
Equipment lease payments	**(491)**	(546)
Dividends paid	**(935)**	(801)
Effect of changes in foreign currency rates	**(63)**	18
Change in cash position for the year	**$ (986)**	$ 4,983

Contractual Obligations

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	2013	2014	2015	2016	2017	Thereafter	Total
Long-term debt:							
Mortgage principal and interest	$5,395	$13,872	$3,216	$4,724	$2,667	$17,060	$46,934
Equipment leases, includes interest	545	362	215	155	109	3	1,389
	5,940	**14,234**	**3,431**	**4,879**	**2,776**	**17,063**	**48,323**
Land and building leases (off balance sheet financing)	1,752	1,757	1,838	1,844	1,850	21,375	30,416
	$7,692	**$15,991**	**$5,269**	**$6,723**	**$4,626**	**$38,438**	**$78,739**

Share Capital

No new shares have been issued from treasury since November 2004, and the Company does not have a stock option plan.

	2012	2011
Shares issued and outstanding	**13,337,448**	13,337,448
Weighted average number of shares outstanding	**13,337,448**	13,337,448

The Company established a stock appreciation rights (SARs) plan in 2005. The SARs 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 three to five years from the grant date.

The Company has outstanding stock appreciation rights as follows:

Expiry date	Number of Rights	Number of Rights Excercisable at December 31, 2012	Exercise Price
November 25, 2013	76,125	76,125	$0.80
November 30, 2013	491,900	327,933	$2.00
April 15, 2014	35,000	35,000	$1.50
June 30, 2014	70,000	23,333	$1.80
November 28, 2014	35,000	11,667	$1.75
	708,025	474,058	

During the year, 52,725 SARs were exercised at a weighted average exercise price of $1.60.

The liability related to the SARs program is adjusted quarterly based on the fair value of the SARs as estimated using the Black-Scholes pricing model. As at December 31, 2012 the Company recorded a liability in the amount of $0.6 million and compensation expense of $0.5 million related to the SARs program was expensed during 2012 as well.

Transactions with Related Parties

Canlan's controlling shareholder, Bartrac Investments Ltd., owns approximately 10.1 million shares of the Company, or 75% of the outstanding shares. Bartrac's ownership position in TSX: ICE has remained unchanged since November 2004.

The Company did not record any related party transactions with Bartrac in 2012 and 2011.

The Company paid $164,000 (2011 - $128,000) in directors' fees.

Two Directors of Canlan's Board are also Directors of a vendor from which Canlan purchases services in the normal course of business. Purchases from this vendor for the year ended December 31, 2012 was $50,000 (2011 - $41,000).

Financial Instruments

The Company initially measures all its financial instruments at fair value. Subsequent measurement and treatment of any gain or loss is recorded as follows:

- Held for trading financial liabilities are measured at the fair value at the balance sheet date with any gain or loss recognized immediately in net income. The Company has entered into an interest-rate-swap agreement to fix the interest rate on a portion of its debt on ice rinks. The fair value of the instrument has been presented as a current liability on the balance sheet. At December 31, 2012, the fair value was $38,000, compared to $0.1 million last year. Changes in the fair value of the instrument are recognized in net earnings. For the year ended December 31, 2012, an expense recovery of $76,000 was recognized, compared to an expense recovery of $0.1 million in 2011.

- Loans and receivables are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses. Loans and receivables comprise of cash and cash equivalents and accounts receivable.

- Non-derivative financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method. Non-derivative financial liabilities comprise of accounts payable and accrued liabilities, obligations under finance leases and debt on ice rinks.

- Transaction costs that are directly attributable to the issuance of financial assets or liabilities are accounted for as part of the carrying cost at inception and are recognized over the term of assets or liabilities using the effective interest method.

The Company does not have held to maturity investments at December 31, 2012. The Company had no "other comprehensive income or loss" transactions during the year ended December 31, 2012 and no opening or closing balances for accumulated other comprehensive income or loss.

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 (CEO) and Chief Financial Officer (CFO) are required to certify that they have assessed the effectiveness of our disclosure controls and procedures as at December 31, 2012.

Our management has evaluated, under the supervision and with the participation of our CEO and CFO, the design and effectiveness of the Company's disclosure controls and procedures as at the year ended December 31, 2012. Management has concluded that these disclosure controls and procedures, as defined in National Instrument 52-109 – Certification of Disclosure in Issuers Annual and Interim Filings (NI 52-109), are adequate and effective and that material information relating to the Company was made known to them and reported within the time periods specified under applicable securities legislation.

Our management, under the supervision of our CEO and CFO, has also designed and evaluated the effectiveness of the Company's internal controls over financial reporting (ICFR) using the Internal Control – Integrated Framework as published by the Committee of Sponsoring Organization of the Treadway Commission (COSO) Framework. Based on our evaluation, management has concluded that ICFR, as defined in NI 52-109 and using the COSO integrated framework are effective as of December 31, 2012.

There were no changes in our ICFR during the year ended December 31, 2012 that have materially affected, or are reasonably likely to materially affect our ICFR.

Risk Factors

Canlan is engaged primarily in the operation of multi-pad recreation 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.

Leverage and Ability to Service Indebtedness

The Company's level of debt and the limitations imposed on it by its debt agreements could have important consequences, including the following:

- the Company will have to use a significant portion of its cash flow from operations for debt service, rather than for operations.
- the Company may not be able to obtain additional debt financing for future working capital, capital expenditures or other corporate purposes.
- the Company could be more vulnerable to economic downturns and less able to take advantage of significant business opportunities or to react to changes in market or industry conditions.
- the Company's less leveraged competitors could have a competitive advantage.

The Company's ability to pay the principal and interest on debt obligations will depend on its future performance. To a significant extent, our performance will be subject to general economic, financial and competitive factors. We can provide no assurances that its business will generate cash flow from operations sufficient to pay the Company's indebtedness, fund other liquidity needs or permit the Company to refinance its indebtedness. The Company can provide no assurances that it can secure any further credit facilities or that the terms of any such credit facilities will be favourable.

If the Company has difficulty servicing its debt, the Company may be forced to reduce or delay capital expenditures, seek additional financing, sell assets, restructure or refinance the Company's debt, or seek equity capital. The Company might not be able to implement any of these strategies on satisfactory terms, if at all. The Company's inability to generate sufficient cash flow or refinance its indebtedness would have a material adverse effect on the Company's financial condition, results of operations and ability to satisfy the Company's obligations.

Mitigating factors and strategies:

- The Company manages its capital with the objectives of maintaining a financial position suitable for servicing debt in accordance with repayment schedules, complying with debt covenants, and supporting our growth strategies.
- The Company maintains good relationships with its lenders through regular communications' and reporting.

Incurrence of Debt and the Granting of Security Interests

From time to time, the Company may enter into transactions and these transactions may be financed partially or wholly with short or long term debt, which may increase the Company's debt levels above industry standards and may require the Company to grant security interests in favour of third parties. Neither the Company's articles nor notice of articles limit the amount of indebtedness that the Company may incur or its ability to grant security interests. Should the Company default on any of its obligations under any secured credit facility, this could result in seizure of the Company's assets. The level of the Company's indebtedness from time to time could impair our ability to obtain additional financing in the future on a timely basis to take advantage of business opportunities that may arise.

Mitigating factors and strategies:

- The Company manages its capital with the objectives of maintaining a financial position suitable for servicing debt in accordance with repayment schedules, complying with debt covenants, and supporting our growth strategies.

Insurance

The Company develops and organizes hockey leagues to play at the facilities it owns and operates. Due to the nature of the sport, injuries can occur. We purchase liability and accident insurance, the cost of which is dependent upon the history of the number of injury 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. The Company has obtained insurance coverage that it believes would ordinarily be maintained by an operator of facilities similar to that of the Company. The Company's insurance is subject to various limits and exclusions. Damage or destruction to any of our facilities or lawsuits arising from use of such facilities could result in claims that are excluded by, or exceed the limits of, the Company's insurance coverage.

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.

U.S. Operations

The Company's expansion strategies include certain markets in the U.S. As such, the Company faces the risks of operating in new markets where the demographics, consumer preferences, and economic conditions can be very different from Canadian markets in which the Company primarily operates. Should market conditions of new U.S. locations vary significantly from what was anticipated, the Company's financial results could be adversely affected.

In addition, the Company is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the functional currency of the Company, the Canadian dollar. The currency in which these transactions are denominated is the U.S. dollar. The Company is exposed to the risk of loss depending on the relative movement of this currency against the Canadian dollar. The Company does not currently enter into forward contracts to mitigate this risk.

Mitigating factors and strategies:

- The Company performs due diligence to evaluate the structural condition of facilities, and conditions that support supply and demand in the marketplace.
- Management closely monitors the Canadian-US foreign exchange rate and could utilize hedging instruments if necessary. In addition, a reasonable amount of US currency is maintained on hand to meet operating needs.

Seasonality of operations

The Company's business cycle is highly seasonal with 56% 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:

- Various programs are developed to increase traffic during the summer period.
- Variable operating costs are reduced during the summer period.
- Certain term debt and finance lease carry seasonal repayment schedules.

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.

Employee and Union Relations

The Company has unionized employees at four of its facilities. The presence of a unionized work force increases the possibility that a labour dispute will effect operations at a facility. The collective agreements with unionized employees at three of the facilities will expire between October 2013 and October 2015. Negotiations to renew the fourth collective bargaining agreement are in progress. The Company may not be able to negotiate a new contract on favorable terms, which could result in increased operating costs as a result of higher wages or benefits paid to its unionized workers. If unionized workers engage in a strike or other work stoppage, the Company could experience a significant disruption in its operations or higher ongoing labour costs, which could have material adverse effects on the business, financial condition, results of operations and cash flows.

Mitigating factors and strategies:

- The Company maintains positive relationships with the unions and management and union representatives have bargained in good faith.
- The Company garners assistance and guidance from professional labour consultants where needed.

Key Personnel

The Company's future success depends, to a large extent, on the efforts and abilities of its executive officers. As the Company's ability to retain these executive officers is important to its success and growth, the loss of its executive officers could adversely affect the Company's business, financial condition, cash flows and results of operations.

Mitigating factors and strategies:

- The Company has established compensation policies for its executive officers that are commensurate with their responsibilities and with market conditions.
- The Company maintains an open and candid working environment where executive officers can offer input into business strategies and decisions.

Utility Costs

As electricity, natural gas and water are significant components of operating costs of our facilities, it is susceptible to fluctuations in the market price of energy. If the Company experiences any power fluctuations or outages or cannot maintain adequate sources of natural gas and water, this may have a material adverse effect on the Company's business, financial conditions, results of operations and cash flows.

Mitigating factors and strategies:

- The Company enters into medium-term energy contracts to mitigate the price fluctuations of gas and electricity.

Interest Rate Risk

Mortgage debt of $6.1 million, is subject to variable interest rates. For every 1% change in the prime rate, interest expense will change by $61,000 per annum.

Mitigating factors and strategies:

- The Company has fixed the interest rate on 84% of its mortgage debt, which totals $32.0 million.

Control by Principal Shareholders

The principal shareholder, Bartrac Investments Ltd. holds 10,075,947 Common Shares and controls approximately 75% of the aggregate voting power of the Corporation, which will allow it to control substantially all the actions taken by the shareholders of the Company, including the election of the directors. Such concentration of ownership could also have the effect of delaying, deterring, or preventing a change of control of the Company that might otherwise be beneficial to its shareholders and may also discourage acquisition bids for the Company and limit the amount certain investors may be willing to pay for the Common Shares.

Critical Accounting Policies and Estimates

Canlan's significant accounting policies are described in Note 4 to the consolidated financial statements. The preparation of the consolidated financial statements in conformity with IFRS requires us to make judgments, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

Estimates and judgments are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Key sources of estimation uncertainty are the areas where assumptions and estimates have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities. These are:

Revenue recognition

Revenue from ice rink operations is recognized as the product or service is supplied. Deferred revenue relates to amounts received in advance for the Company's 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 the Company's estimates. Any differences are recognized upon completion of the season.

Accounts receivable

In determining the valuation of accounts receivable and the allowance for doubtful accounts, the Company relies on current customer information, payment history, and trends.

Impairment and Recoverability of property plant and equipment

When impairment indicators exist, the recoverability of the Company's recreational properties is based on future discounted cash flows expected to be generated from such assets. These cash flows are based on management's approved budgets and projections. When appropriate, third-party appraisals will also be used to assess the recoverability of recreational properties. Judgments are required in assessing impairment indicators.

Useful lives of property, plant and equipment

Property, plant, and equipment are depreciated on a straight-line basis over their estimated useful life. Approximately 80% of the Company's total assets are comprised of recreational properties. The selection method of depreciation and length of the depreciation period could have a material impact on depreciation expense and the net book value of the Company's 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.

Accounting for stock-based compensation

The fair value of the Company's stock appreciation rights ("SAR") is based on certain estimates used in applying the Black-Scholes pricing model. The rights are cash-settled and are classified as a liability and re-measured to fair value at each reporting date by recognizing compensation cost over the life of the SAR based on the vesting terms of each tranche.

Deferred income tax

Deferred income tax assets and liabilities are calculated by assessing temporary differences resulting from differing treatment of items for tax and accounting purposes and net operating losses carried forward. The valuation of deferred tax assets are measured based on management's estimates of future taxable income and expected timing of reversals of temporary differences.

Michael F. Gellard
Senior VP and Chief Financial Officer

MANAGEMENT'S REPORT TO THE SHAREHOLDERS

The consolidated financial statements have been prepared by management in accordance with International Financial Reporting Standards. When a choice between accounting methods exists, management has chosen those they deem appropriate in the circumstances. Financial statements will, by necessity, include certain amounts based on estimates and judgments. Management has determined such amounts on a reasonable basis so that the consolidated financial statements are presented fairly in all material respects. All information in this report is the responsibility of management.

Management has established systems of internal control, including disclosure controls and procedures and internal controls over financial reporting, which are designed and operated to provide reasonable assurance that financial and non-financial information that is disclosed is timely, complete, relevant and accurate. Management believes the internal controls provide reasonable assurance that transactions are properly authorized and recorded, financial records are reliable and form a proper basis for the preparation of the consolidated financial statements and that the Corporation's material assets are properly accounted for and safeguarded.

The Board of Directors is responsible for the overall stewardship and governance of the Corporation, including ensuring management fulfills its responsibility for financial reporting and internal control, and reviewing and approving the consolidated financial statements. The Board carries out this responsibility principally through its Audit Committee.

The Audit Committee of the Board of Directors, composed of independent Directors, meets regularly with management and the external auditors to satisfy itself that each is properly discharging its responsibilities, and to review the consolidated financial statements and management's discussion and analysis. The Audit Committee reports its findings to the Board of Directors prior to the approval of such statements for issuance to the shareholders. The Audit Committee also recommends, for review by the Board of Directors and approval of shareholders, the reappointment of the external auditors. The external auditors have full and free access to the Audit Committee.

The consolidated financial statements have been audited by KPMG LLP, the independent external auditors, in accordance with Canadian generally accepted auditing standards on behalf of the shareholders. The auditors' report outlines the scope of their examination and sets forth their opinion.

Joey St-Aubin
President and
Chief Executive Officer

Michael F. Gellard
Senior VP and
Chief Financial Officer

Vancouver, Canada
March 21, 2013

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of Canlan Ice Sports Corp.

We have audited the accompanying consolidated financial statements of Canlan Ice Sports Corp., which comprise the consolidated statements of financial position as at December 31, 2012 and 2011, the consolidated statements of earnings and comprehensive income, changes in equity and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

KPMG

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Canlan Ice Sports Corp. as at December 31, 2012 and 2011, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

KPMG LLP

Chartered Accountants

March 21, 2013
Vancouver, Canada

(Expressed in thousands of dollars)

	December 31, 2012	December 31, 2011
Assets		
Current assets:		
Cash and cash equivalents	$ 12,900	$ 13,886
Accounts receivable	1,820	1,717
Inventory (note 5)	1,075	1,121
Prepaid expenses	508	560
	16,303	17,284
Non-current assets:		
Property, plant and equipment - facilities (note 6)	84,384	84,303
Investment properties (note 7)	570	664
Deferred tax assets (note 15b)	1,082	2,025
Other assets	485	464
	86,521	87,456
	$ 102,824	$ 104,740
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities (note 8)	$ 6,914	$ 5,984
Deferred revenue and customer deposits	11,348	11,495
Financial liability held for trading (note 16a)	38	114
Current portion of:		
Obligations under finance leases (note 9)	459	443
Debt on ice rinks (note 10)	3,133	3,068
	21,892	21,104
Non-current liabilities:		
Obligations under finance leases (note 9)	727	630
Debt on ice rinks (note 10)	34,699	37,831
Deferred tax liabilities (note 15b)	579	543
	36,005	39,004
Total liabilities	57,897	60,108
Shareholders' equity:		
Share capital (note 11)	63,109	63,109
Contributed surplus	543	543
Deficit	(18,725)	(19,020)
	44,927	44,632
	$ 102,824	$ 104,740

Nature of operations (note 2)
Commitments and contingencies (note 14)
Subsequent event (note 10)

The accompanying notes form an integral part of these consolidated financial statements.

Approved on behalf of the Board:

Wm G B-Ilhtyne Director

Director

(Expressed in thousands of dollars, except for per share amounts)
Years ended December 31, 2012 and 2011

	2012	2011
Revenue:		
Ice rink and recreational facilities (note 19)	$ 72,823	$ 71,966
Expenses (note 21):		
Ice rinks and recreational facilities:		
Salaries, wages and benefits	27,718	26,904
Selling, customer service and other	10,084	10,388
Utilities	6,692	7,200
Cost of goods sold	5,486	5,517
Repairs and maintenance	3,370	3,559
Property tax	2,781	2,622
Facility lease	1,781	1,657
	57,912	57,847
Earnings from ice rink and recreational facilities	14,911	14,119
General and administration expenses (note 13 and 21)	5,154	4,271
Earnings before the undernoted	9,757	9,848
Other expenses (income) (note 21):		
Depreciation	5,112	5,150
Gain on sale of assets (notes 6 and 7)	(4)	(2,578)
Impairment of investment property (note 7)	-	192
Other	(19)	104
	5,089	2,868
Finance income (costs):		
Finance income	156	154
Finance costs	(2,537)	(3,021)
	(2,381)	(2,867)
Earnings before income taxes	2,287	4,113
Deferred income tax expense (note 15)	992	1,269
Net earnings and comprehensive income	$ 1,295	$ 2,844
Basic and fully diluted earnings per share	$ 0.10	$ 0.21
Weighted average common shares issued for basic and diluted earnings per share calculations	13,337,448	13,337,448

The accompanying notes form an integral part of these consolidated financial statements.

(Expressed in thousands of dollars)
Years ended December 31, 2012 and 2011

	Share capital	Contributed surplus	Deficit	Total
Balance at January 1, 2011	$ 63,109	$ 543	$ (21,063)	$ 42,589
Net earnings and comprehensive income	-	-	2,844	2,844
Dividends to common shareholders	-	-	(801)	(801)
Balance at December 31, 2011	63,109	543	(19,020)	44,632
Net earnings and comprehensive income	-	-	1,295	1,295
Dividends to common shareholders	-	-	(1,000)	(1,000)
Balance at December 31, 2012	$ 63,109	$ 543	$ (18,725)	$ 44,927

The accompanying notes form an integral part of these consolidated financial statements.

(Expressed in thousands of dollars)
Years ended December 31, 2012 and 2011

	2012	2011
Cash provided by (used in):		
Operating:		
Net earnings	$ 1,295	$ 2,844
Items not involving cash:		
Depreciation	5,112	5,150
Gain on sale of assets	(4)	(2,578)
Write down of investment property	-	192
Net finance costs	2,381	2,867
Income taxes	992	1,269
Net change in non-cash working capital (note 20)	782	406
Interest paid	(2,476)	(3,051)
Interest received	80	41
Taxes paid	(16)	-
	8,146	7,140
Financing:		
Principal repayments of debt on ice rinks	(3,127)	(5,735)
Increase in principal of debt on ice rinks	-	2,555
Principal repayments on obligations under finance lease	(491)	(546)
Payment of dividends on common shares	(935)	(801)
	(4,553)	(4,527)
Investments:		
Net proceeds on sale of assets	4	8,024
Purchase of ice rink property	-	(4,043)
Expenditures on ice rink and recreational facilities	(4,323)	(1,453)
Expenditures on other assets	(197)	(176)
	(4,516)	2,352
Effect of changes in foreign currency rates on cash and cash equivalents	(63)	18
Increase (decrease) in cash and cash equivalents	(986)	4,983
Cash and cash equivalents, beginning of year	13,886	8,903
Cash and cash equivalents, end of year	$ 12,900	$ 13,886

Supplemental cash flow information (note 20)

The accompanying notes form an integral part of these consolidated financial statements.

1. Reporting entity:

Canlan Ice Sports Corp. and its subsidiaries (collectively referred to as the "Company") focus on the development, lease, acquisition and operation of multi-purpose recreation and entertainment facilities. Canlan Ice Sports Corp. is a company incorporated in Canada, whose shares are publicly traded on the Toronto Stock Exchange. The Company is domiciled in Canada and its head office is located at 6501 Sprott Street, Burnaby, British Columbia, Canada.

2. Nature of operations:

The Company has long-term debt with principal payments coinciding with the Company's seasonal business such that the Company expects that it will not require financing during the off peak hockey season. A significant portion of the Company's earnings are realized during the first and fourth quarters of the fiscal year. In addition, the long-term debt agreements have maturity dates in 2014 to 2018 to provide the Company with liquidity over a reasonable period of time. The Company has a working capital deficiency of $5,589,000 as the Company finances a portion of its assets through customer deposits.

3. Basis of preparation:

(a) Statement of compliance:

The consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The consolidated financial statements were authorized for issue by the Board of Directors on March 21, 2013.

(b) Basis of measurement:

The consolidated financial statements have been prepared on the historical cost basis, except for the following items:

- Derivative financial instruments are measured at fair value; and
- Liabilities for cash-settled stock-based payment arrangements are measured at fair value.

(c) Functional and presentation currency:

The consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency. All financial information presented in tables has been rounded to the nearest thousand.

3. Basis of preparation (continued):

(d) Use of estimates and judgments:

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

Estimates and judgments are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Key sources of estimation uncertainty are the areas where assumptions and estimates have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities. These are:

- *Accounts receivables* - in determining the valuation of accounts receivable and the allowance for doubtful accounts, the Company relies on current customer information, payment history, and trends.
- *Accounting for stock-based compensation* - the fair value of the Company's stock appreciation rights ("SAR") is based on certain estimates used in applying the Black-Scholes pricing model. The rights are cash-settled and are classified as a liability and re-measured to fair value at each reporting date by recognizing compensation cost over the life of the SAR based on the vesting terms of each tranche.
- *Revenue recognition* - revenue from ice rink operations is recognized as the product or service is supplied. Deferred revenue relates to amounts received in advance for the Company's 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 the Company's estimates. Any differences are recognized upon completion of the season.
- *Deferred income tax* - deferred income tax assets and liabilities are calculated by assessing temporary differences resulting from differing treatment of items for tax and accounting purposes and net operating losses carried forward. The valuation of deferred tax assets are measured based on management's estimates of future taxable income and expected timing of reversals of temporary differences.

3. Basis of preparation (continued):

(d) Use of estimates and judgments (continued):

Critical judgments that have a higher degree of judgment and the most significant effect on the Company's financial reporting, apart from those involving estimates (discussed above), include:

- *Recoverability of property, plant, and equipment - the recoverability of the Company's recreational properties* is based on future discounted cash flows expected to be generated from such assets. These cash flows are based on management's approved budgets and projections. When appropriate, third-party appraisals will also be used to assess the recoverability of recreational properties.
- *Useful lives of property, plant, and equipment* - property, plant, and equipment are depreciated on a straight-line basis over their estimated useful life. Approximately 80% of the Company's total assets are comprised of recreational properties. The selection method of depreciation and length of the depreciation period could have a material impact on depreciation expense and the net book value of the Company's 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.

4. Significant accounting policies:

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to the years presented, unless otherwise stated.

(a) Basis of consolidation:

(*i*) Subsidiaries:

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

- Les Quatre Glaces (1994) Inc.
- Canlan Management Services Ltd.
- Canlan Ice Sports (USA) Corp.
- P.C. Development Inc.

Subsidiaries are entities controlled by the Company. The statements of financial position of the subsidiaries are included in the consolidated financial statements from the date that control commences. They are de-consolidated from the date that control ceases. The accounting policies of subsidiaries are aligned with those adopted by the Company.

4. Significant accounting policies (continued):

(a) Basis of consolidation (continued):

(*ii*) Transactions eliminated on consolidation:

Inter-Company balances and transactions are eliminated in preparing the consolidated financial statements.

(b) 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 and estimated net realizable value. The cost of inventory is based on the first-in first-out principle. Net realizable value is the estimated selling price in the ordinary course of business, less estimated selling expenses.

(c) Property, plant, and equipment:

(*i*) Recognition and measurement:

Items of property, plant, and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, costs directly attributable to bringing the assets to a working condition for their intended use, and borrowing costs on qualifying assets.

When parts of an item of property, plant, and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant, and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized within gain on sale of assets.

(*ii*) Subsequent costs:

The cost of replacing a component of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in net earnings as incurred.

4. Significant accounting policies (continued):

(c) Property, plant, and equipment (continued):

(*iii*) Depreciation:

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value. Depreciation is recognized in net earnings on a straight-line basis over the estimated useful lives of each component of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term or their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term.

The estimated useful lives for the current and comparative periods are as follows:

Asset	Rate
Buildings	40 years
Board systems	25 years
Refrigeration equipment	20 years
Building improvements	10 years
Leasehold improvements	Shorter of useful life or remaining lease term
Machinery and equipment	10 years
Computers, furniture and fixtures	5 years
Ice resurfacing equipment	5 years

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

(d) Investment property:

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is carried at cost less accumulated depreciation and accumulated impairment losses. Depreciation is recognized in net earnings on a straight-line basis over the estimated useful lives of each investment property. The estimated useful lives for the current and comparative periods for investment property are consistent with the estimated useful lives for property, plant and equipment as described in note 4(c)(iii). Investment property comprising land is not depreciated.

(e) Other assets:

Included in other assets are fixed assets located in the Company's corporate office.

4. Significant accounting policies (continued):

(f) Leased assets:

Leases where the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and the leased assets are not recognized in the Company's consolidated financial statements.

(g) Lease payments:

Payments made under operating leases are recognized in net earnings on a straight-line basis over the term of the lease. Lease incentives received are recognized as an integral part of the total lease expense, over the term of the lease. Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Contingent lease payments are accounted for in the period in which they are incurred.

(h) Revenue recognition:

(*i*) Ice and field time:

Revenue from ice contracts, programs and leagues is measured at the fair value of the consideration received or receivable, net of returns. Revenue is recognized as games and lessons are being played and collection is reasonably assured.

(*ii*) Goods sold:

Revenue from the sale of food and beverage and sports store goods is measured at the fair value of the consideration received or receivable, net of returns. Revenue is recognized when the goods are transferred to the buyer.

(*iii*) Sponsorship:

Revenue from sponsorship contracts is recognized on a straight-line basis over the term of the contract.

(*iv*) 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. Revenue from such management contracts is recognized over the term of the contract.

4. Significant accounting policies (continued):

(h) Revenue recognition (continued):

(*v*) Rental income:

Rental income is recognized in net earnings on a straight-line basis over the term of the lease.

(i) Foreign currency:

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated at the exchange rate at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognized in net earnings.

(j) Financial instruments:

(*i*) Non-derivative financial assets:

The Company has the following non-derivative financial assets: loans and receivables. Such financial assets have fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Loans and receivables comprise of cash and cash equivalents and accounts receivable.

Cash and cash equivalents comprise cash balances and deposits with financial institutions and other short-term, highly liquid investments with original maturities of three months or less when acquired, that are readily convertible to known cash.

(*ii*) Non-derivative financial liabilities:

The Company has the following non-derivative financial liabilities: accounts payable and accrued liabilities, obligations under finance leases and debt on ice rinks. Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method.

(*iii*) Derivative financial instruments:

Derivative instruments are financial contracts whose value is derived from interest rates, foreign exchange rates or other financial or commodity indices.

4. Significant accounting policies (continued):

(j) Financial instruments (continued):

(*iii*) Derivative financial instruments (continued):

On October 21, 2011, the Company entered into an interest rate swap contract used to manage the exposure to market risks from changing interest rates. This instrument has not been designated as a hedge and is marked to market. The resulting unrealized gains and losses during the period are recorded in net earnings with a corresponding asset or liability recorded on the consolidated statement of financial position. Payments and receipts under the interest rate swap contract are recognized as adjustments to interest expense which are recognized within finance costs.

(k) Earnings per share:

The Company presents basic and diluted earnings per share (“EPS”) data for its common shares. Basic EPS is calculated by dividing the net earnings attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted EPS is determined by adjusting the net earnings attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares, if any.

(l) Employee benefits:

(*i*) Defined contribution plans:

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in net earnings in the period in which services are rendered by employees. Contributions to a defined contribution plan that are due more than twelve months after the end of the period in which the employees render the service are discounted to their present value. On January 1, 2010, the Company established a defined contribution plan for its employees whereby the Company matches contributions to a maximum of 4% of salaries. Included in salaries, wages and benefits within ice rink and recreational facilities and general and administrative expenses is $310,000 (2011 - $303,000) in respect of the Company’s contributions.

(*ii*) Share-based:

The fair value of the amount payable to directors and employees in respect of share appreciation rights, which are settled in cash, is recognized as an expense with a corresponding increase in liabilities, over the period that the employees unconditionally become entitled to payment. The liability is remeasured at each reporting date and at settlement date. Any changes in the fair value of the liability are recognized as compensation expense in net earnings.

4. Significant accounting policies (continued):

(m) Finance income and finance costs:

Finance income comprises bank interest income and changes in the fair value of financial assets and liabilities at fair value through net earnings. Interest income is recognized in net earnings as it accrues.

Finance costs comprise interest expense on borrowings and obligations under finance leases, bank charges and changes in the fair value of financial assets and liabilities at fair value through profit or loss. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in net earnings using the effective interest method.

(n) Income tax:

Income tax expense comprises current and deferred tax. Current and deferred tax are recognized in net earnings except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable income, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

4. Significant accounting policies (continued):

(o) Impairment:

(*i*) Financial assets:

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, or indications that a debtor or issuer will enter bankruptcy.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through net earnings.

(*ii*) Non-financial assets:

The carrying amounts of the Company's property, plant, and equipment and investment properties, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the cash-generating unit, or CGU).

The Company's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs. An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in net earnings.

4. Significant accounting policies (continued):

(o) Impairment (continued):

(*ii*) Non-financial assets (continued):

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(p) Segment reporting:

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. All operating segments' operating results are reviewed regularly by the Company's management to make decisions about resources to be allocated to the segment and assess its performance. Segment results include items directly attributable to a segment.

(q) New standards and interpretations not yet adopted:

At the date of authorization of these consolidated financial statements, the following standards and interpretations were issued but not yet effective:

(*i*) In May 2011, the IASB issued IFRS 10 Consolidated Financial Statements. This new standard is effective for years beginning on or after January 1, 2013 with early adoption permitted under certain circumstances. Adoption of this standard is not expected to have a significant effect on the consolidated financial statements of the Company.

(*ii*) In May 2011, the IASB issued IFRS 13 Fair Value Measurement which provides a single source of guidance on how to measure fair value where it is already required or permitted by another IFRS, and enhancing disclosure requirements for information about fair value measurements. This new standard is effective for years beginning on or after January 1, 2013. Adoption of this standard is not expected to have a significant effect on the consolidated financial statements of the Company.

(*iii*) In 2009, the IASB issued the first part of IFRS 9 Financial Instruments. This standard is anticipated to be effective for periods starting on or after January 1, 2015. Adoption of this standard is not expected to have a significant effect on the consolidated financial statements of the Company.

5. Inventory:

	2012	2011
Sports store	$ 696	$ 741
Food and beverage	379	380
	$ 1,075	$ 1,121

The amount of inventories expensed during the year is presented in cost of goods sold in the consolidated statement of earnings and comprehensive income.

(Tabular amounts expressed in thousands of Canadian dollars, except share and per share amounts)

6. Property, plant and equipment - facilities:

	Land	Buildings and building improvements	Leasehold improvements	Rink board systems	Refrigeration equipment	Machinery and equipment	Computers, furniture and fixtures	Ice resurfacing equipment	Total
Cost									
Balance at December 31, 2010	$ 13,472	$ 89,284	$ 36	$ 3,226	$ 8,000	$ 8,144	$ 7,217	$ 3,883	$ 133,262
Additions	1,001	2,416	-	280	501	540	651	275	5,664
Disposals	(85)	(1,158)	-	(64)	(84)	(352)	(298)	(192)	(2,233)
Balance at December 31, 2011	14,388	90,542	36	3,442	8,417	8,332	7,570	3,966	136,693
Reclassification from investment property	94	-	-	-	-	-	-	-	94
Additions	-	941	1,671	477	137	617	715	368	4,926
Disposals	-	-	-	(35)	-	-	(5)	(75)	(115)
Balance at December 31, 2012	$ 14,482	$ 91,483	$ 1,707	$ 3,884	$ 8,554	$ 8,949	$ 8,280	$ 4,259	$ 141,598
Accumulated depreciation and impairment losses									
Balance at December 31, 2010	$ -	$ (29,797)	$ (17)	$ (1,601)	$ (4,828)	$ (4,859)	$ (4,786)	$ (2,774)	$ (48,662)
Depreciation for the year	-	(2,564)	(4)	(133)	(411)	(497)	(862)	(385)	(4,856)
Disposals	-	440		41	68	211	219	149	1,128
Balance at December 31, 2011	-	(31,921)	(21)	(1,693)	(5,171)	(5,145)	(5,429)	(3,010)	(52,390)
Depreciation for the year	-	(2,511)	(27)	(153)	(423)	(576)	(854)	(390)	(4,934)
Disposals	-	-	-	35	-	-	-	75	110
Balance at December 31, 2012	$ -	$ (34,432)	$ (48)	$ (1,811)	$ (5,594)	$ (5,721)	$ (6,283)	$ (3,325)	$ (57,214)
Carrying amounts									
Balance at December 31, 2011	$ 14,388	$ 58,621	$ 15	$ 1,749	$ 3,246	$ 3,187	$ 2,141	$ 956	$ 84,303
Balance at December 31, 2012	$ 14,482	$ 57,051	$ 1,659	$ 2,073	$ 2,960	$ 3,228	$ 1,997	$ 934	$ 84,384

(Tabular amounts expressed in thousands of Canadian dollars, except share and per share amounts)

6. Property, plant and equipment - facilities (continued):

For the years ended December 31, 2012 and 2011, no impairment losses were recognized.

On June 14, 2011, the Company completed the purchase of an ice-rink facility in Romeoville, Illinois. The purchase price was $3,700,000 (USD$3,800,000) and the assets purchased have been recorded in the appropriate classes of property, plant and equipment - facilities.

During 2011, the Company sold an ice-rink facility in Regina, Saskatchewan for a net gain on sale of $2,300,000, which was recorded in other income in the consolidated statement of earnings and comprehensive income. There were no sales of ice-rink facilities during 2012.

Included in property, plant, and equipment - facilities are assets under finance leases with a cost of $2,827,000 (2011 - $2,564,000) and accumulated depreciation of $1,347,000 (2011 - $1,119,000).

7. Investment properties:

	Cost	Accumulated amortization	Carrying amount
December 31, 2010	$ 7,848	$ (2,594)	$ 5,254
Disposals	(6,992)	2,723	(4,269)
Valuation impairment	(192)	-	(192)
Depreciation	-	(129)	(129)
December 31, 2011	664	-	664
Reclassification to property, plant and equipment - facilities	(94)	-	(94)
December 31, 2012	$ 570	$ -	$ 570

The fair value of the Company's investment properties at December 31, 2012 was $1,466,000 (2011 - $2,064,000). The fair value was determined using valuation techniques incorporating discounted cash flows and expertise of an independent local real estate agent not related to the Company. The cash flows were discounted at a pre-tax rate of 6.5% over the remaining lease term and based on anticipated renewal terms. The independent real estate agent has professional qualifications and experience in the location and category of investment property being valued.

During 2011, the Company recognized an impairment of $192,000 for its one-half interest in an investment property located in the U.S. The impairment in value was a result of real estate market conditions and the fair value of the property was determined using comparable property listings in a similar location. No impairment losses were recognized during 2012.

(Tabular amounts expressed in thousands of Canadian dollars, except share and per share amounts)

7. Investment properties (continued):

During 2011, the Company sold an investment property for a net gain on sale of $260,000, which was recorded in other income in the consolidated statement of earnings and comprehensive income. There were no sales of investment properties during 2012.

In 2012, income earned on investment properties was $92,000 (2011 - $410,000) with no direct expenses in 2012 (2011 - $200,000).

8. Accounts payable and accrued liabilities:

Accounts payable and accrued liabilities consist of the following:

	2012	2011
Trade payables	$ 1,969	$ 1,901
Wages payable	2,149	1,617
Stock appreciation rights	609	108
Other accrued liabilities	1,595	1,738
Indirect tax payables	592	620
	$ 6,914	$ 5,984

All current trade and accrued liabilities are interest-free and payable within 12 months.

9. Obligations under finance leases:

Total minimum lease payments are as follows:

	2012	2011
Not later than one year	$ 545	$ 529
Later than one year and not later than five years	841	734
Later than five years	3	-
	1,389	1,263
Interest (rates vary from 4% to 8%)	203	190
Present value of minimum finance lease payments	1,186	1,073
Current portion	459	443
Long-term portion	$ 727	$ 630

Lease obligations are secured directly by the leased assets.

Interest of $97,000 (2011 - $102,000) relating to capital lease obligations has been included in finance costs.

(Tabular amounts expressed in thousands of Canadian dollars, except share and per share amounts)

10. Debt on ice rinks:

	Maturity dates	Interest rates	2012	2011
Fixed rate	2018	6.79%	$ 24,000	$ 25,500
Variable rate	2014	Prime + 1.25%	8,013	8,869
	2014	Prime + 1.25%	3,753	4,297
	2016	LIBOR + 2.50%	2,298	2,525
			38,064	41,191
Deferred financing costs			(232)	(292)
			37,832	40,899
Current portion			3,133	3,068
Non-current portion			$ 34,699	$ 37,831

As at December 31, 2012, debt on ice rinks consists of four credit facilities with three lending institutions as follows:

- $30,000,000 loan maturing on July 15, 2018, fixed interest at 6.79% per annum, payable monthly. At December 31, 2012, the balance outstanding was $24,000,000;
- $9,000,000 loan maturing on September 30, 2014, interest at Prime rate plus 1.25% payable monthly. The Company entered into an interest rate swap agreement on October 21, 2011 to fix the interest rate on the total principal borrowed at a rate of 4.15% per annum, under an agreement expiring on September 30, 2014. At December 31, 2012, the balance outstanding was $8,013,000;
- $5,381,000 loan maturing on September 30, 2014, interest at Prime rate plus 1.25% per annum, payable monthly. At December 31, 2012, the balance outstanding was $3,753,000; and
- $2,555,000 loan maturing on September 30, 2016, interest at LIBOR plus 2.5% per annum, payable monthly. At December 31, 2012, the balance outstanding was $2,298,000. This loan is denominated in U.S. currency.

Amortization of deferred financing costs totaling $60,000 (2011 - $103,000) was recorded in finance costs. 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.

(Tabular amounts expressed in thousands of Canadian dollars, except share and per share amounts)

10. Debt on ice rinks (continued):

The Company has available, a $1,000,000 uncommitted operating line of credit that was unused at December 31, 2012. Outstanding amounts would incur interest at Prime rate plus 1.75%, and be secured by general security agreements. The operating line of credit expires on September 30, 2014. In addition, the Company has available a $5,000,000 committed revolving acquisition credit facility. Outstanding amounts would incur interest at Prime rate plus 1.25%. The revolving credit facility expires on September 30, 2014. This credit facility was unused at December 31, 2012.

On January 30, 2013, the Company obtained a $5,000,000 non-revolving committed credit facility to finance capital expenditures relating to extensive refurbishment projects in three of the Company's recreation facilities. Outstanding amounts would incur interest at the Prime rate plus 1.25%. Installments of interest are payable monthly until October 31, 2013, at which time, the facility converts to a term loan and installments of principal and interest are payable monthly with an amortization period of seven years.

11. Share capital:

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

	Number of shares	Amount
(a) Authorized: 500,000,000 common shares of no par value		
(b) Issued and outstanding: December 31, 2011 and 2012	13,337,448	$ 63,109

On November 30, 2012, the Company declared a quarterly dividend of $0.02 per share which was paid on January 15, 2013. In addition, the Company paid quarterly dividends of $0.015 per share on April 17, 2012, and $0.02 per share on each of July 17, 2012 and October 17, 2012.

For the year ended December 31, 2012, the Company declared dividends in the amount of $1,000,000 (2011 - $801,000) and paid dividends in the amount of $935,000 (2011 - $801,000).

12. Stock-based compensation:

In 2005, 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.

(Tabular amounts expressed in thousands of Canadian dollars, except share and per share amounts)

12. Stock-based compensation (continued):

The table below summarizes the change in the number of SAR:

	Number of SAR	Weighted average exercise price
Number of SAR outstanding, December 31, 2010	737,750	$ 1.77
Granted	105,000	1.78
Exercised	(47,000)	1.10
Forfeited	(35,000)	2.00
Number of SAR outstanding, December 31, 2011	760,750	1.80
Granted	-	-
Exercised	(52,725)	1.60
Forfeited	-	-
Balance, December 31, 2012	708,025	$ 1.81
Exercisable, December 31, 2011	292,750	$ 1.58
Exercisable, December 31, 2012	474,058	$ 1.75

The following table summarizes information about the stock appreciation rights outstanding at December 31, 2012:

	Rights outstanding			Rights exercisable	
Exercise price	Number outstanding	Weighted average remaining contractual life	Weighted average exercise price	Number exercisable	Weighted average exercise price
$ 0.80	76,125	11 months	$ 0.80	76,125	$ 0.80
$ 1.50	35,000	16 months	$ 1.50	35,000	$ 1.50
$ 2.00	491,900	11 months	$ 2.00	327,933	$ 2.00
$ 1.80	70,000	18 months	$ 1.80	23,333	$ 1.80
$ 1.75	35,000	23 months	$ 1.75	11,667	$ 1.75

During the year ended December 31, 2012, the Company recognized compensation expense of $534,000 (2011 - $85,000) in respect of the SAR Plan. This amount was calculated in accordance with the fair value method of accounting. At December 31, 2012, the SAR liability, included within accounts payable and accrued liabilities, was $609,000 (2011 - $108,000).

(Tabular amounts expressed in thousands of Canadian dollars, except share and per share amounts)

12. Stock-based compensation (continued):

The fair value of SAR was estimated using the Black-Scholes pricing model with the following assumptions:

	2012	2011
Risk free interest rate	1.30%	2.49%
Expected dividend yield	2.67%	3.00%
Remaining lives of rights	1 - 2 years	2 - 3 years
Expected volatility	25% - 27%	31% - 47%

Risk free interest rate is the Government of Canada long-term bond rate. Expected dividend yield assumes a continuation of the most recent dividend payment for the quarterly dividends. Expected lives of rights is based on historical experience of rights being exercised. Expected volatility is based on the historical share price volatility over the past 1 - 2 years.

13. General and administration expenses:

General and administration expenses consist of the following:

	2012	2011
Salaries, wages and benefits	$ 3,373	$ 2,938
Stock appreciation rights	534	85
Professional and regulatory fees	591	553
Office	275	270
Travel	204	227
Other	177	198
	$ 5,154	$ 4,271

14. Commitments and contingencies:

(a) At December 31, 2012, the Company has lease agreements with third parties under the terms of which the Company leases and operates certain ice rink and recreational facilities. During the lease terms, 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 total future minimum lease payments due are as follows:

Not later than one year	$ 1,752
Later than one year and not later than five years	7,289
Later than five years	21,375

(Tabular amounts expressed in thousands of Canadian dollars, except share and per share amounts)

14. Commitments and contingencies (continued):

(a) The lease expenditure charged to net earnings during the year is presented as facility lease on the consolidated statement of earnings and comprehensive income.

Terms of facility operating leases are as follows:

(*i*) A two-pad facility in British Columbia with a lease term that ends on December 31, 2024.

(*ii*) A two-pad facility in Ontario with a lease term that ends on January 31, 2020.

(*iii*) On August 1, 2006, the Company purchased a six-pad rink facility in Toronto, Ontario. 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.

(*iv*) A three-pad facility in Indiana with a lease term that began on February 12, 2010 and will end on January 31, 2030. The lease gives the Company the option to purchase the facility from the lessor for USD$9,300,000 anytime during the first five years of the lease, and USD$9,800,000 during years six and seven.

(*v*) A multi-sport facility in Mississauga with a lease term that began on April 1, 2012 and will end on October 15, 2023 with two five-year renewal options.

(b) Due to the nature of the sports and recreation business, various lawsuits involving the Company are pending. The financial impact of these lawsuits is not determinable, but management believes, based on legal counsels' opinions, that the outcome will not materially affect the Company's financial position.

(c) At December 31, 2012, the Company has letters of guarantee outstanding with various vendors in the amount of $555,000.

15. Income taxes:

(a) The major factors which caused variations from the Company's expected combined federal and provincial income tax rate of 33% for 2012 (2011 - 31%) were as follows:

	2012	2011
Statutory rate applied to earnings before income taxes	$ 755	$ 1,275
Change in deferred tax assets not recognized	305	242
Substantively enacted tax rate change	(47)	131
Permanent differences	28	(437)
Other	(49)	58
Income tax expense	$ 992	$ 1,269

(Tabular amounts expressed in thousands of Canadian dollars, except share and per share amounts)

15. Income taxes (continued):

(b) The tax effects of timing differences that give rise to deferred tax assets and liabilities are presented below.

	2012	2011
Deferred income tax assets:		
Unused tax losses	$ 93	$ 70
Deferred revenue	106	1,153
Properties	872	768
Unrealized loss on financial instruments	11	34
	1,082	2,025
Deferred income tax liability:		
Properties	(524)	(526)
Financing fees	(55)	(17)
	(579)	(543)
Net deferred income tax assets	$ 503	$ 1,482

The following deferred tax assets have not been recognized as at December 31, 2012 and December 31, 2011:

	2012	2011
U.S. Tax losses set to expire between 2018 and 2031	$ 2,332	$ 2,052
Tax losses that do not expire	42	22
Deductible temporary differences	61	61
	$ 2,435	$ 2,135

16. Financial instruments:

(a) Fair value:

The Company has the following financial instruments: cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, obligations under finance leases, debt on ice rinks, and financial liability held for trading. The carrying values of cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities and obligations under finance leases are considered by management to approximate their fair values due to their short-term nature.

(Tabular amounts expressed in thousands of Canadian dollars, except share and per share amounts)

16. Financial instruments (continued):

(a) Fair value (continued):

The fair values of debt on ice rinks included in the statement of financial position are as follows:

	2012		2011	
	Carrying amount	Fair value	Carrying amount	Fair value
Debt on ice rinks	$ 37,832	$ 38,530	$ 40,899	$ 41,390

The Company has also entered into an interest-rate-swap agreement to fix the interest rate on a portion of its debt on ice rinks (note 10). The fair value of the instrument has been presented as a current liability on the statement of financial position. At December 31, 2012, the fair value was $38,000 (2011 - $114,000). Changes in the fair value of the instrument are recognized in net earnings. For the year ended December 31, 2012, a gain of $76,000 (2011 - $113,000) was recognized.

Financial instruments measured at fair value in the consolidated financial statements are categorized according to the basis of their measurement using a fair value hierarchy: Level 1 - unadjusted quoted prices in active markets for identical assets or liabilities; Level 2 - valuation technique using inputs other than quoted prices in Level 1 that are observable for the asset or liability either directly or indirectly; or Level 3 - valuation technique using inputs for the asset or liability that are not based on observable market data. The Company has one financial instrument measured at fair value, being its interest rate swap, which is classified as Level 2 in the fair value hierarchy.

(b) Financial risk management:

(*i*) Interest rate risk:

The terms of the Company's outstanding debt are described in note 10. 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 future periods. A change in the Canadian Prime rate by 1% will increase or decrease interest expense by approximately $61,000 (2011 - $68,000) per annum.

(*ii*) Liquidity risk:

Liquidity risk is the risk from the Company's potential inability to meet its financial obligations. The Company constantly monitors its cash flows and operations to ensure current and long-term obligations can be met. The Company's capital resources are comprised of cash and cash equivalents and cash flow from operating activities. A portion of the cash and cash equivalents at December 31, 2012 consists of customer deposits received in advance of the services being provided.

16. Financial instruments (continued):

(b) Financial risk management (continued):

(*iii*) Credit risk:

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's accounts receivable. Effective monitoring of accounts receivable is a core control procedure of the Company and appropriate provisions are recorded for impaired accounts. Historically, the Company has not experienced significant losses related to trade accounts receivable from individual customers. The Company does not face any material concentrations of credit risk. The Company's credit risk on cash and cash equivalents is limited as it maintains its holdings with large highly rated financial institutions.

(*iv*) Currency risk:

The Company is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currency of the Company, the Canadian dollar. The currency in which these transactions primarily are denominated in is the U.S. dollar. At December 31, 2012, the company has US $2,306,000 debt on ice rinks repayable in U.S. currency (note 10). The Company is exposed to the risk of loss depending on the relative movement of this currency against the Canadian dollar. The Company does not currently enter into forward contracts to mitigate this risk.

17. Capital risk management:

The Company defines capital that it manages as the sum of cash and cash equivalents, long-term borrowings, and shareholders' equity.

The Company's objectives when managing its capital are:

(a) To safeguard the Company's ability to continue as a going concern so that it can provide services to its customers and continue to reduce debt;

(b) To comply with debt covenants;

(c) To return excess cash to shareholders through payment of dividends; and

(d) To maintain a financial position suitable for supporting the Company's growth strategies and provide an adequate return to shareholders.

(Tabular amounts expressed in thousands of Canadian dollars, except share and per share amounts)

17. Capital risk management (continued):

The Company executes a planning and budgeting process to determine the funds required to ensure the Company has appropriate liquidity to meets its operating and growth objectives. The Company ensures that there are sufficient credit facilities to meet its current and future business requirements, taking into account its anticipated cash flows from operations and its holding of cash and cash equivalents. The Company complies with covenant criteria established by its lenders. These include tangible net worth and debt coverage ratio measurements. As at December 31, 2012 and 2011, the Company was in compliance with these covenants. The Company is not subject to any statutory capital requirements, and has not made any changes with respect to its overall capital management strategy during the years ended December 31, 2012 and 2011.

18. Related party transactions:

(a) During the year, the Company expensed $164,200 (2011 - $127,800) in directors' fees.

(b) The Chairman of the Board of Directors of the Company is a Director, and a Director of the Company is the Chairman of the Board of Directors of a vendor from which the Company purchases services in the normal course of business. Purchases from this vendor for the year ended December 31, 2012 was $49,900 (2011 - $41,300).

(c) The Company's majority shareholder is Bartrac Investments Ltd. ("Bartrac"). Two of the Company's Directors are also Directors of Bartrac. During the year ended December 31, 2012 and 2011, there were no related party transactions between the Company and Bartrac.

(d) The Company's key management personnel include the Directors of the Company, executive officers and certain members of the senior management group. Key management personnel compensation comprised the following:

		2012		2011
Short-term employee benefits	$	1,644	$	1,590
Post employment benefits		49		53
Stock appreciation rights		565		138
	$	2,258	$	1,781

(e) Directors and executive officers participate in the Company's stock appreciation rights program (note 12). During the year ended December 31, 2012, the Company recognized compensation expense of $534,000 (2011 - $85,000) in respect of the program.

(Tabular amounts expressed in thousands of Canadian dollars, except share and per share amounts)

19. Segmented information:

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

(a) Ice rink and recreational facilities revenue:

	2012	2011
Ice and field sales	$ 54,369	$ 53,384
Restaurant and lounge	11,313	11,604
Sports store	2,037	2,020
Tournament operations	1,984	1,919
Sponsorship	1,361	1,278
Space rental	764	1,079
Management and consulting fees	215	226
Other	780	456
	$ 72,823	$ 71,966

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

(b) Geographic:

	2012			2011		
	Canada	USA	Total	Canada	USA	Total
Revenue	$ 68,378	$ 4,445	$ 72,823	$ 67,998	$ 3,968	$ 71,966
Net earnings (loss) before tax	3,304	(1,017)	2,287	5,421	(1,308)	4,113
Non-current assets	81,815	4,706	86,521	82,637	4,819	87,456
Total assets	96,343	6,481	102,824	96,917	7,823	104,740

(Tabular amounts expressed in thousands of Canadian dollars, except share and per share amounts)

20. Supplemental cash flow information:

	2012	2011
(a) Net changes in non-cash working capital:		
Accounts receivable	$ (103)	$ (198)
Inventory	46	(80)
Prepaid expenses	52	(104)
Accounts payable and accrued liabilities	871	333
Deferred revenue and customer deposits	(147)	473
Effect of change in foreign currency	63	(18)
	$ 782	$ 406
(b) Non-cash transactions:		
Finance lease obligations	$ 603	$ 164

21. Expenses by function:

The Company's consolidated statement of earnings and comprehensive income presents expenses on a mixed basis. IFRS requires a Company to present expenses according to its nature or function. The following information has been provided to disclose the Company's expenses by function:

	2012	2011
Ice rink and recreational facilities expense	$ 62,846	$ 62,846
General and administrative expenses	5,332	4,422
Other expenses (income):		
Gain on sale of assets	(4)	(2,578)
Impairment on investment property	-	192
Other	(19)	104
	$ (23)	$ (2,282)

The changes in the above table, as compared to the consolidated statement of earnings and comprehensive income, relate to depreciation of $5,112,000 (2011 - $5,150,000) being allocated from other expenses to ice rink and recreational facilities in the amount of $4,934,000 (2011 - $4,999,000) and to general and administrative expenses in the amount of $178,000 (2011 - $151,000).

5 Year Review

(expressed in thousands except statistics)		IFRS		Previous GAAP	
	2012	2011	2010	2009	2008
Assets:					
Property, plant and equipment - facilities	**$ 84,384**	$ 84,303	$ 84,600	$ 95,922	$ 98,137
Other	**17,358**	18,412	17,612	13,779	12,011
Deferred tax assets	**1,082**	2,025	3,414	3,847	4,566
	$ 102,824	$ 104,740	$ 105,626	$ 113,548	$ 114,714
Liabilities:					
Ice rink mortgages	**$37,832**	$ 40,899	$ 44,022	$ 46,595	$ 49,105
Preferred shares	-	-	-	-	1,400
Other	**19,486**	18,666	18,348	19,393	19,263
Deferred tax liabilities	**579**	543	667	1,387	1,507
	$ 57,897	$ 60,108	$ 63,037	$ 67,375	$ 71,275
Shareholders' Equity:					
Share capital	**$ 63,109**	$ 63,109	$ 63,109	$ 63,109	$ 63,109
Contributed surplus	**543**	543	543	543	543
Deficit	**(18,725)**	(19,020)	(21,063)	(17,479)	(20,213)
	$ 44,927	$ 44,632	$ 42,589	$ 46,173	$ 43,439
Statistics:					
Debt to equity ratio	**0.87:1**	0.94:1	1.07:1	1.05:1	1.21:1
Share price range	**$ 1.7-3.46**	$ 1.60-2.23	$ 1.50-2.25	$ 1.00-1.50	$ 1.00-2.00

(expressed in thousands except per share data)		IFRS		Previous GAAP	
	2012	2011	2010	2009	2008
Facility revenue	**$ 72,823**	$ 71,966	$ 69,909	$ 67,196	$ 64,669
Facility operating expenses	**57,912**	57,847	55,627	52,142	49,768
General and administative	**5,154**	4,271	4,564	4,139	3,665
	63,066	62,118	60,191	56,281	53,433
Earnings before interest, taxes, depreciation and amortization	**9,757**	9,848	9,718	10,915	11,236
Other expenses:					
Depreciation	**5,112**	5,150	4,986	4,467	4,224
Net finance cost	**2,381**	2,867	3,015	3,177	4,877
Other	**(23)**	(2,282)	(78)	(62)	(14)
Deferred income tax expense (recovery)	**992**	1,269	1,062	599	(1,678)
	8,462	7,004	8,985	8,181	7,409
Net earnings and comprehensive income	**$ 1,295**	$ 2,844	$ 733	$ 2,734	$ 3,827
Basic & fully diluted earnings per common share:	**$ 0.10**	$ 0.21	$ 0.05	$ 0.20	$ 0.29
Issued and average shares outstanding at year end (000s)	**13,337**	13,337	13,337	13,337	13,337

Corporate Information

Directors

Charles Allen
Chairman, TeraGo Inc.
Whitby, ON

W. Grant Ballantyne
Chairman, Canlan Ice Sports Corp.
Victoria, BC

Frank D. Barker
Partner, Kinetic Capital Partners
Vancouver, BC

Geoffrey J. Barker
Vice-President,
Properties & Development
Bartrac Holdings Ltd.
Vancouver, BC

William G. Bullis
Retired
Victoria, BC

Victor D'Souza
Managing Director,
Reignite Capital
Toronto, ON

William B. Pattison
President
Pattison Information Inc.
Victoria, BC

Joey St-Aubin
President & CEO
Canlan Ice Sports Corp.
Courtice, ON

Officers

W. Grant Ballantyne
Chairman

Joey St-Aubin
President & CEO

Michael F. Gellard
Senior Vice-President & CFO

Mark Faubert
Senior Vice-President of Operations

Ken Male
Vice-President
Partnership Solutions

Paul Dillon
Vice-President
Sales, Marketing & Service

Shari Lichterman
Vice-President
Eastern Operations

Greg Porcellato
Vice-President
Western Operations

Mark E. Reynolds
Vice-President
Human Resources & Chief Privacy Officer

Ivan C. Wu
Vice-President Finance

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