Canlan Ice Sports

2003 Annual Report

Canlan Ice Sports Corp.
www.canlanicesports.com

Canlan Ice Sports continued to grow and improve the quality of both revenues and profits during 2003. Revenues of $45.0 million grew 6.3% year over year which combined with cost controls resulted in operating earnings, before interest, taxes and amortization, of $7.2 million that grew 14.8% in the same period. As a result of continued growth from in-house programs during the summer months, for the first time, Canlan recorded positive operating earnings in all four quarters during 2003.

Canlan has realized three year compound average annual growth in revenues and operating profits of 4.8% and 13.3% respectively. This growth is a result of three key factors. First, the financial support of our major shareholder that has provided the stable environment to attract quality employees and introduce internal programs and processes focused on growth.

Secondly we have concentrated on training new employees and expanding the knowledge and understanding of our existing staff and managers. This commitment to training and employee growth has resulted in increased understanding and commitment from our people and has been critical to achieving and sustaining growth.

The third key factor is the fundamental belief of both Canlan Ice Sports management and staff in the importance of developing and delivering quality, branded programming designed to meet the needs of the communities in which we operate.

In the year ahead we will continue to focus our efforts on building the business through growth in revenue in both our owned and managed operations and through the acquisition of additional management contracts for independent owners and municipalities both in Canada and the United States. Canlan Ice Sports has demonstrated superior performance in the management of recreational ice sports facilities. We plan to continue to build our reputation by delivering that superior performance in both rinks we own and those we manage for third parties.

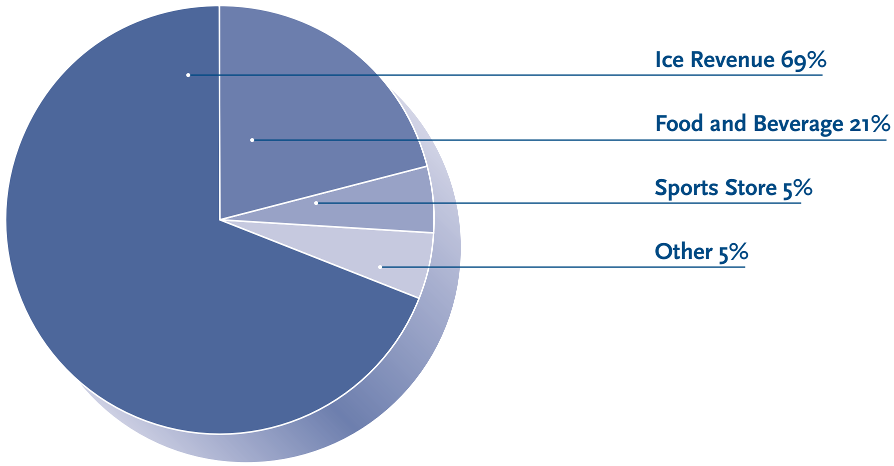
We want to thank our employees for their continued commitment to our goals and success and our shareholders and financial partners for their continued support. We are confident that the growth in revenues and operating profits realized over the last several years will be continued in the year ahead.

W. Grant Ballantyne
President and Chief Executive Officer

Financial Highlights

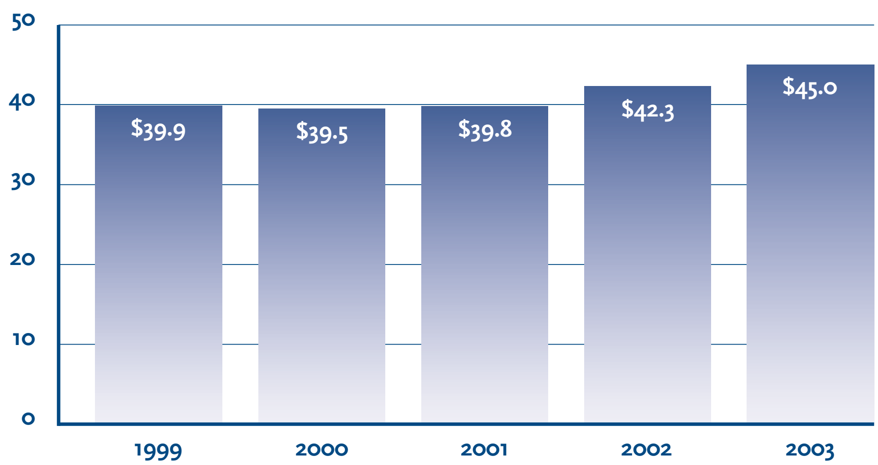
	2003	2002
Revenue from continuing operations	$44,959,000	$42,307,000
Earning before interest, taxes and amortization	7,162,000	6,236,000
Net loss from continuing operations	(1,437.000)	(2,088,000)
Net loss	(1,516,000)	(1,504,000)
Total Assets	103,021,000	105,485,000
Shareholders' equity	26,309,000	27,825,000
Loss per common share, continuing operations	(.02)	(.02)
Loss per common share (basic)	(.02)	(.02)
Shareholders' equity per share	.28	.30
Number of common shares outstanding	93,325,920	93,325,920

Canlan is the largest private sector operator of ice rinks in the world, with 55 ice surfaces at 19 facilities in North America. The Company's success in the recreation industry can be attributed to a combination of innovative, location-specific programming and world class facilities. Shares of Canlan trade on the Toronto Stock Exchange under the symbol ISE.



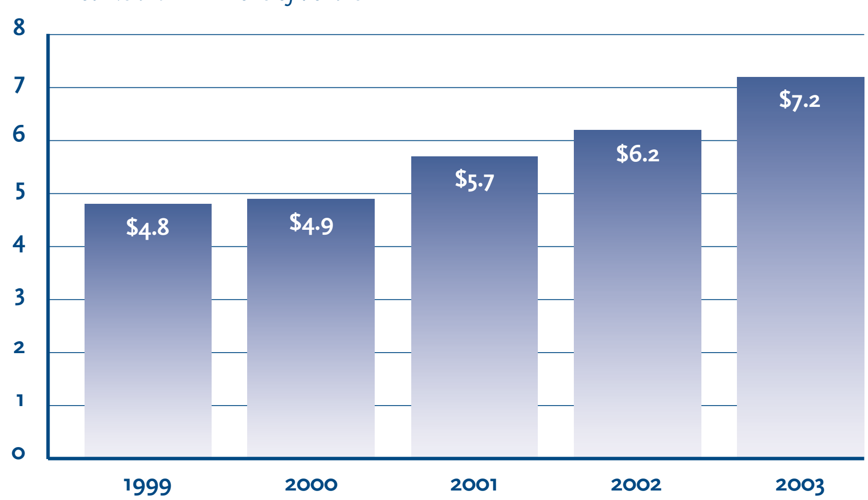
Gross Revenue

Amounts are in millions of dollars



Earnings before Interest, Taxes and Amortization

Amounts are in millions of dollars



The following discussion of the operating results and financial position of Canlan Ice Sports Corp. should be read in conjunction with the December 31, 2003 consolidated financial statements and notes which are contained in this Annual Report.

Overview of the Company

	Number of Facilities	*Number of Ice sheets*
2003	19	55
2002	20	56
2001	20	56
2000	18	53
1999	18	51

	Number of Facilities	*Number of Ice sheets*
Canada:		
British Columbia	4	14
Saskatchewan	3	8
Manitoba	1	4
Ontario	5	16
Quebec	2	6
	15	**48**
USA:		
Kansas	2	3
Michigan	1	2
California	1	2
	4	**7**
	19	**55**

Canlan Ice Sports Corp ("Canlan" or "the Company") is a publicly traded Canadian Company with its shares listed on the Toronto Stock Exchange using the trading symbol ISE. The Company's head office is located in Burnaby, B.C. adjacent to Burnaby 8 Rinks, the Company's largest facility. There are currently 93.3 million shares outstanding that have recently traded in the $0.04 to $0.10 range.

Canlan currently owns and/or manages 19 ice rink facilities with 55 full sized ice sheets throughout North America. The Company owns 13 facilities and manages another 6 on behalf of investors. Canlan believes that the management of third party rinks enables the Company to leverage its management expertise as well as its branded ice-skating programs. The Company's facility portfolio decreased by one from the prior year as a result of three contracts ending and the commencement of two new contracts. The new facilities are located in the Cariboo Regional District of central British Columbia and Toronto, Ontario. The Company continues to pursue new management and consulting opportunities, which it anticipates will turn into management contracts in 2004.

The Ontario market, where the Company currently owns and/or manages five facilities, continues to be the single largest market based on revenue. Ontario facilities generated $20.4 million in gross revenue or 45% of the total Company revenue in 2003.

Review of Operations

Our operating results in 2003 showed solid improvement over the prior year but were below our budgeted goals. Our revenue target from ice rink operations was achieved; however, we experienced above average increases in labour and utility costs. The net loss from continuing operations in 2003 was $1.4 million ($0.02 per share) compared to $2.1 million ($0.02 per share) in 2002, an improvement of $650,000. Earnings before interest, taxes and amortization ("EBITA") was $7.2 million in 2003 compared to $6.2 million in 2002, an improvement of $1 million, or 15%. Earnings from operations include all operating revenue, management fees, operating expenses and corporate administration costs. As a percentage of revenue, EBITA grew to 16% in 2003 compared to 15% in 2002.

Total revenue from continuing operations reached $45.0 million compared to $42.3 million in 2002, an increase of $2.7 million or 6%. All of the geographic regions experienced increased volumes. Our core business of revenue from ice, including in-house programs, contributed

$30.9 million or 69% of the Company's revenue stream, an improvement of $2.1 million or 7%. The Company's largest program, the Adult Safe Hockey League, contributed $11.9 million in sales in 2003, which represents 39% of total ice sales. This compares to $11.3 million in 2002. The total number of registered players in our winter adult hockey leagues grew to 32,000, an increase of 5%.

Gross sales from the restaurant and lounge operations also showed modest improvement in 2003, increasing by $400,000 to $9.5 million, an improvement of 4.5%. Restaurant sales represent 21% of the Company's total sales, which is consistent with the prior year. Revenue growth was experienced evenly across the country, with five restaurant operations exceeding $1 million in total volume.

Revenue in our sports stores was $2.4 million in 2003, down slightly from the previous year's $2.5 million. Sports store sales represent 6% of total sales. The Company has completed its reformation of the sports store operation, and while revenue has dropped slightly, profitability has improved.

A summary of the business segments is summarized as follows:

	2003		2002	
In thousands	*Sales*	%	*Sales*	%
Ice Sales	$30,948	69%	$28,876	68%
Restaurant and Lounge	9,450	21%	9,042	21%
Sports Store	2,425	5%	2,513	6%
Advertising and Other	2,136	5%	1,876	5%
	$44,959	100%	$42,307	100%

	2003		2002	
In thousands	*Sales*	%	*Sales*	%
Canada:				
British Columbia	$10,558	24%	$9,676	23%
Saskatchewan	5,222	12%	4,825	11%
Manitoba	2,678	6%	2,333	6%
Ontario	20,448	45%	18,987	45%
Quebec	4,631	10%	4,593	11%
	43,537	97%	40,414	95%
USA	1,422	3%	1,893	4%
	$44,959	100%	$42,307	100%

Contract Management and Consulting & Development Services

The Company operates a Management Services Division to capitalize on our industry expertise and operating knowledge. The Division offers various services to investors and municipalities, from one time consulting engagements to long-term management contracts. During 2003 the Company added one new management contract and terminated another. Subsequent to the year-end the Company was unsuccessful in renewing a management contract for the Township of Langley, in British Columbia. Canlan had been successfully managing two single pad facilities for the Township for five years; the contract will expire in April 2004. Also subsequent to the year-end the Company successfully negotiated two new management contracts, one in Chilliwack, B.C. and another in Toronto, Ontario. The Chilliwack agreement is a five-year contract commencing on August 1, 2004 and start-up preparations have already begun. The Toronto contract has a term of six months commencing April 1, 2004 with the option to convert to a long-term lease before August 2004. Including the loss of the Langley contract and those signed after December 31, 2003 we are currently managing six facilities under contract with various terms and conditions. Total revenue generated from long-term management contracts and consulting engagements was $0.7 million, compared to $0.9 million in the previous year.

Earnings before interest, taxes, and amortization, by quarter

For the first time, the Company achieved positive operating earnings in all four quarters. This achievement was a result of the continued expansion of the summer programming initiatives which started three years ago and have been expanded to all Canlan facilities. We expect ice utilization to continue to grow in the upcoming off-season with a number of branded programs like Camp Canlan, Youth 3 on 3 Leagues and the popular Youth Hockey League (YHL).

	2003				
	Q1	***Q2***	***Q3***	***Q4***	***Total***
Gross revenue	$13,667	$9,429	$8,540	$13,323	$44,959
Operating costs	($9,420)	($8,601)	($7,891)	($9,387)	($35,299)
	$4,247	$828	$649	$3,936	$9,660
General & Administration	($623)	($718)	($533)	($624)	($2,498)
EBITA	**$3,624**	**$110**	**$116**	**$3,312**	**$7,162**

	2002				
	Q1	***Q2***	***Q3***	***Q4***	***Total***
Gross revenue	$12,833	$8,701	$7,676	$13,097	$42,307
Operating costs	($8,666)	($8,166)	($7,211)	($9,570)	($33,613)
	$4,167	$535	$465	$3,527	$8,694
General & Administration	($620)	($586)	($642)	($610)	($2,458)
EBITA	**$3,547**	**($51)**	**($177)**	**$2,917**	**$6,236**

Operating results showed significant improvement in all regions. In particular Burnaby 8 Rinks, Ice Sports Oakville and our Montreal locations all experienced growth in EBITA in excess of 23%. The results from our Winnipeg facility were also very good when compared to the prior year, despite having one ice pad shut down for maintenance for nine weeks in the summer.

The 2003 operating results from our Kansas City location were disappointing and well below target. Management is currently reviewing alternatives for this property, which may include sale of the property.

Total ice rink operating costs represented 79% of revenue, unchanged from 2002. Total labour costs in owned facilities and head office wages, which represent 33% of total costs, increased 6% to $12.6 million for the year. The company currently has 950 full time and part time employees. The other significant operating costs include utilities, property taxes, repairs and maintenance and insurance. Second only to labour, utility costs represent a significant operating expense in our business. Total utility expense was $3.8 million in 2003, or 10% of total operating costs. The Company utilizes various strategies with its suppliers to reduce the risk of energy price fluctuations.

The Company sold all its remaining surplus assets in 2002, which resulted in a profit of $0.6 million. During 2003, the Company did incur some additional costs related to this disposal; both these items have been presented as discontinued operations.

The total net loss for the year ended December 31, 2003 was $1.5 million compared to a loss of $1.5 million in 2002.

Interest Expense

The Company incurred total interest costs on debt related to ice rinks of $3.6 million (2002 – $3.7 million) plus $0.8 million (2002 – $0.5 million) of interest was paid to service the Company's credit lines, capital leases and other non-mortgage financing activities, for a total interest cost of $4.4 million. This compares to $4.2 million in 2002. At year-end, the Company had interest bearing debt totaling $59.7 million (2002 – $62.5 million) of which $51.9 million was at variable rates. The Company continued to benefit from the low interest rate environment during the year as 86% of its interest bearing debt is variable. The Company will soon begin mortgage renewal discussions with current lenders that will likely include fixing the interest rates on a significant portion of its ice rink debt.

Amortization

The Company's amortization policy was unchanged during the year, which calls for straight-line amortization of its ice rink assets over periods ranging from 5 years to 40 years. Amortization expense for the year of $3.6 million was relatively unchanged from the prior year.

General and Administration

Administrative expenses incurred by the ice rink facilities are included in ice rink operating costs. In 2003, this totaled $3.4 million or 7% of total revenue, compared to $2.9 million or 7% respectively in 2002.

Corporate general and administration expenses were $2.5 million, unchanged from 2002. The Company maintains a satellite office in Toronto at its Etobicoke facility. Included in corporate overhead are costs related to management support services to all Ice Sports facilities, including accounting, marketing, IT support, payroll and human resources services in addition to costs related to the management services division. Costs related to maintaining Canlan's public listing and provincial capital taxes are also included in general and administration expenses.

Taxes

The Company pays property taxes to various municipalities where its ice rinks are located. Property tax is a significant expense to the Company. In 2003, the Company paid $1.9 million (2002 – $1.8 million) in property taxes.

Canlan was not subject to income taxes in 2003 or 2002 as the Company incurred losses for tax purposes. The Company did incur capital taxes at the provincial (included in general and administration expenses) and federal (shown as taxes expense) levels totaling $0.5 million.

Summary of Operations

In thousands	*2003*	*2002*	*% Change*
Revenue			
Ice rinks and management contracts	$44,959	$42,307	6.3%
Expenses			
Ice rinks	35,299	33,613	5.0%
General & administration	2,498	2,458	1.6%
	37,797	36,071	4.8%
EBITA	**7,162**	**6,236**	**14.8%**
Interest	4,499	4,247	5.9%
Amortization	3,580	3,598	(0.5%)
Taxes	248	234	5.9%
Gain on sale of properties	(22)	(71)	n/a
Other	294	316	(6.9)
	8,599	8,324	(3.3%)
Net Loss from Continuing Operations	**($1,437)**	**($2,088)**	**31.2%**
EBITA as a percentage of revenue	15.9%	14.7%	
General & administration as a percentage of revenue	5.5%	5.8%	

Review of Assets

Total book value of the Company's assets decreased to $103.0 million at December 31, 2003 from $105.5 million at December 31, 2002. The table below summarizes the Company's asset base.

In thousands	*2003*	*2002*
Ice rink facilities	$94,547	$95,901
Cash	4,144	3,993
Accounts and notes receivable	1,510	2,707
Inventory	1,279	1,054
Prepaid expenses and other assets	685	974
Land held for ice rink development	856	856
	$103,021	$105,485

During the year the Company spent $1.6 million (net of leased equipment) on capital expenditures that were necessary to improve and enhance the operation of our owned facilities. Some of the larger projects during the year include replacing refrigeration equipment at Burnaby 8 Rinks, refurbishing ice pads in both Winnipeg and Brossard, major roof work in Brossard and various computer upgrades and enhancements to our management information systems.

Advances from the Company's majority shareholder financed these projects. The Company also purchased six new ice resurfacers during the year to replace units that were near the end of their useful lives; capital leases financed these machines. The Company did not make any rink property acquisitions during the year.

Review of Liabilities

The table below summarizes the Company's capital structure.

In thousands	*2003*	*2002*
Mortgages payable	$50,842	$53,943
Notes and agreements payable	8,796	7,823
Deferred revenue and customer deposits	7,142	6,105
Accounts payable	4,845	4,486
Bank indebtedness	2,901	3,726
Capital leases	661	518
Non-controlling interest	1,525	1,059
Shareholders equity	26,309	27,825
	$103,021	$105,485

Total interest bearing debt, which includes notes payable, mortgages payable, capital leases and credit lines totaled $59.7 million as at December 31, 2003, a decrease of $2.8 million from 2002. Mortgages payable was reduced by $3.1 million as a result of scheduled monthly mortgage payments and capital leases were increased by $0.2 million (net of repayments) as a result of new capital leases to acquire six new ice resurfacers. The Company's credit line with its corporate lender was permanently reduced by $1 million with proceeds from the collection of a note receivable. The Company's majority shareholder provided an additional $1.2 million (net of repayments) to fund cash shortfalls and a portion of the capital expenditure program.

As at December 31, 2003, the Company had a working capital deficiency of $14.5 million compared to $11.0 million at the previous year-end. The deficiency increased as a result of a greater portion of mortgage payable and notes payable being classified as a current liability as well as increased amounts of deferred revenue and customer deposits. Deferred revenue and customer deposits represent funds received from customers prior to the completion of various programs and hockey leagues.

The majority of the ice rink debt matures in 2005. Management intends to refinance a portion of the debt prior to maturity to reduce the risk of refinancing all the loans together in 2005. The Company expects all its loans to be refinanced in due course.

Liquidity and Capital Resources

The Company's debt to equity ratio has increased slightly in 2003 to 2.86:1 from 2.75:1 in 2002. The Company generated cash flow from operations before interest, principal, capital expenditures and federal capital taxes totaling $7.2 million. After providing for interest and capital taxes of $4.7 million, a $2.5 million positive cash flow resulted before principal repayment. Principal repayments for the mortgages were $3.1 million (2002 $0.8 million) and capital leases were $0.3 million (2002 – 0.6 million) totaling $3.4 million in 2003. In addition, investments in capital assets required $1.6 million. The result was a cash flow deficit of $2.5 million for the twelve months ended December 31, 2003.

Advances from the Company's majority shareholder partially funded the cash deficiency; the remainder of the shortfall was funded by changes in working capital items, the largest of which was a year over year increase in deferred revenue and customer deposits. As at the year end the Company has outstanding loans from its controlling shareholder totaling $5.2 million and deferred revenue and customer deposits totaling $5.6 million, net of accounts receivables.

While overall, the Company was cash flow negative after head office expenses, debt service, taxes and capital expenditures, the Ontario facilities continued to do well, generating $1.0 million after debt service, taxes and capital expenditures. Canlan's facilities in Ontario are owned by a subsidiary entity that is 75% owned by Canlan, with the 25% non-controlling interest owned by an arm's length investor. As at December 31, 2003, Canlan's Ontario subsidiaries had $4.0 million on deposit, which represents the majority of the Company's cash reserves.

Pursuant to loan agreements, the Company has outstanding interest bearing loans from its major shareholder totaling $5.2 million. The funds were used to finance cash shortfalls over the last three years. The loan agreement calls for a specific repayment schedule over the next two years.

Risk Management

The Company is engaged primarily in the operation of multi-pad ice rink facilities throughout North America, and is exposed to a number of risks that can affect operating performance. These risks and management's action taken to minimize its exposure are summarized below.

Seasonality

The Company's business cycle is highly seasonal with 60% (2002 – 61%) of the revenues and nearly all of the operating profit being generated in the first and last quarters. The variable operating costs are reduced during the summer period with reduced staffing and some closures. Traditionally the Company has reported negative operating results in the spring and summer months; however, for the first time the Company reported positive operating results in all four reporting periods in 2003. This was the result of improved marketing of our Canlan branded programs and diligent cost control.

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. Canlan's strategy to compete in the market place is to focus on customer service, our innovative sports programs and the quality of our facilities.

League Operations

As part of its business strategy, the Company develops and organizes adult hockey leagues to play in the facilities. Due to the nature of the sport, injuries occur. To reduce risk to our customers, the Company maintains its facilities to high standards, continually monitors league activities and enforces a strict set of rules.

Financial

The Company has loans subject to variable rates totaling $51.9 million, which represents 87% of total interest bearing debt. The Company is therefore susceptible to interest rate fluctuations. The Company carefully monitors interest rate movements and will commence renewal negotiations with lenders shortly.

Outlook

During 2003, previously under-performing facilities in Burnaby and Montreal have shown considerable growth in both revenues and operating profits. The Company expects to continue positive growth trends that have been established over the past three years in all regions. Revenue and earnings improvement can be achieved by growing our hockey leagues and recreational programs, and managing ice facilities.

Canlan is able to attract more players each year to its adult and youth hockey leagues by setting high standards in the league operations, offering a competitive yet safe environment to play in, and continuously communicating with the players to ensure customer satisfaction and loyalty. These aspects will continue to evolve and further enhance the leagues as we move forward. Therefore, we anticipate that league registration will continue to expand.

Ice and recreation programs have been the forefront of management's focus over the past three years. During this period, we have made significant market penetrations in adult and youth skating and hockey instructional programs, and multi-sport camps for children, as evidenced in the much improved second and third quarter results in 2003. These programs have all been developed with in-house expertise, and Canlan is constantly striving to raise the standards in the quality of instructors and program curriculum, and adding value to the customers. As we continue to provide innovative and popular programs in the future, we are confident that this area of the business will continue to help improve revenue and earnings growth, especially in the spring and summer months.

The Company's expertise in ice arena operations have been shared with third parties either in the form of rink management contracts or consulting engagements to assist others in improving operations or assessing feasibility. Canlan currently manages five facilities for third parties and will commence two new contracts in 2004. In addition, this division is actively working on a number of other promising opportunities to generate continued growth in this area of the business.

All of the above, combined with sound cost management and disciplined used of the Company's capital should enable the Company to improve earnings and generate the cash flow necessary to reduce debt, and take major strides to becoming a self-sustaining business.

Michael Gellard
Vice President, Finance and Chief Financial Officer

April 15, 2004

Contact information:

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www.canlanicesports.com

Canlan Ice Sports Facilities

BRITISH COLUMBIA

Burnaby

1. Ice Sports 8–Rinks
   8–Rink complex, 100%

North Vancouver

2. Ice Sports North Shore
   3–Rink Complex,
   50 year management contract

Langley

3. Ice Sports Twin Rinks
   2–Rink Complex
   Management contract

100 Mile House

4. South Cariboo Recreation Centre
   1–Rink Complex
   5 year management contract

SASKATCHEWAN

Saskatoon

5. Ice Sports Jemini
   4–Rink Complex, 100%
6. Ice Sports Agriplace
   2–Rink Complex, 100%

Regina

7. Ice Sports Sherwood
   2–Rink Complex, 100%

MANITOBA

Winnipeg

8. Ice Sports Highlander
   4–Rink Complex, 100%

ONTARIO

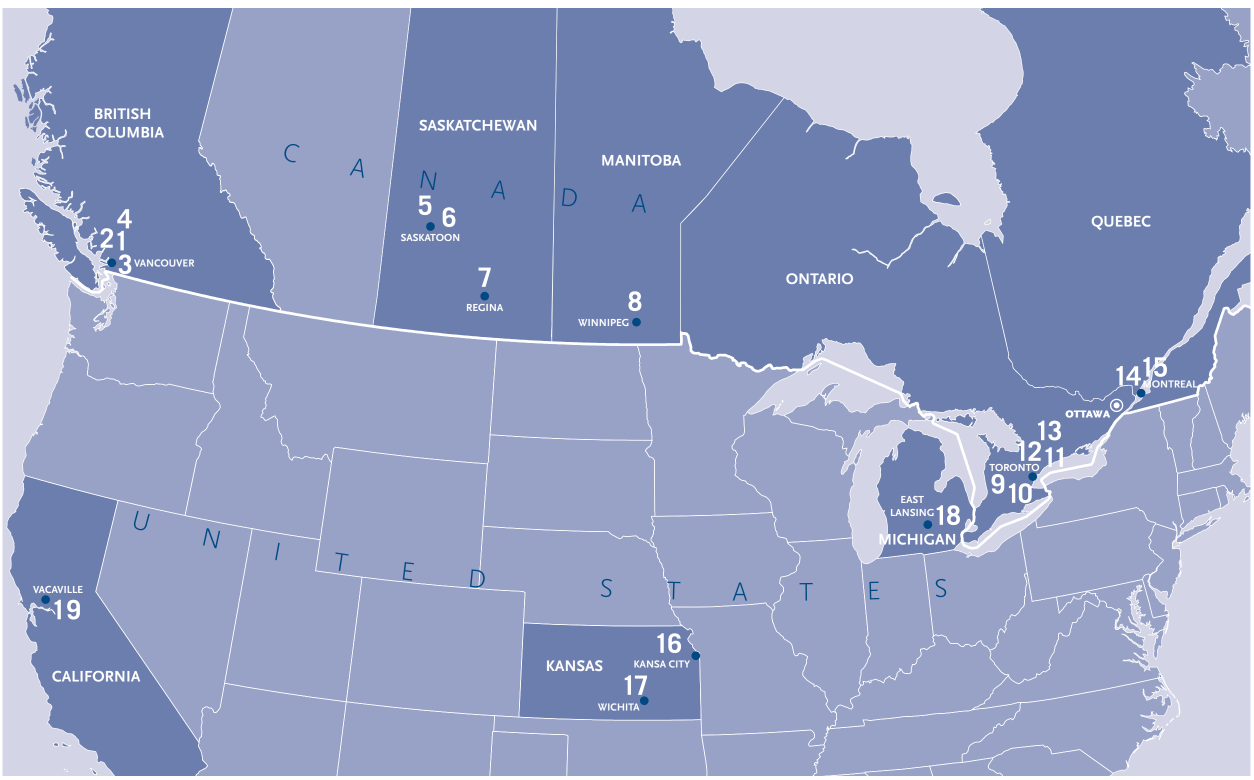
Toronto and area

9. Ice Sports Oakville
   4–Rink Complex, 56.25%
10. Ice Sports Etobicoke
    4–Rink Complex, 75%
11. Ice Sports Scarborough
    4–Rink Complex, 75%
12. Ice Sports Oshawa
    2–Rink Complex, 56.25%
13. Ice Sports Victoria Park
    2–Rink Complex
    Management contract

QUEBEC

Montreal

14. Les 4 Glaces
    4–Rink Complex, 100%
15. Ice Sports Candiac
    2–Rink Complex, 100%



KANSAS

Kansas City

16. Ice Sports Kansas City
    1 Spectator Rink, 100%

Wichita

17. Ice Sports Wichita
    2–Rink Complex
    15 year contract; option to acquire
    a 99 year lease

MICHIGAN

East Lansing

18. Ice Sports East Lansing
    2–Rink Complex
    Management contract

CALIFORNIA

Vacaville

19. Ice Sports Vacaville
    2–Rink Complex
    Management contract

Management's Responsibility for Financial Statements

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

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

KPMG LLP have been appointed by the shareholders of the Company and serve as the Company's external auditors. They have examined the consolidated financial statements of the Company for the year ended December 31, 2003.

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

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

Michael Gellard
Vice President, Finance and Chief Financial Officer
Vancouver, BC

April 15, 2004

KPMG LLP
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Canada

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AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the consolidated balance sheets of Canlan Ice Sports Corp. as at December 31, 2003 and 2002 and the consolidated statements of operations and deficit and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2003 and 2002 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles. As required by the Company Act (British Columbia) we report that, in our opinion, these principles have been applied on a consistent basis.

KPMG LLP

Chartered Accountants

Vancouver, Canada

March 1, 2004

(expressed in thousands of dollars)

December 31, 2003 and 2002	*2003*	*2002*
ASSETS		
Current assets:		
Cash	$4,144	$3,993
Accounts receivable	1,510	1,707
Note receivable	—	1,000
Inventory	1,279	1,054
Prepaid expenses	310	463
	7,243	8,217
Properties:		
Ice rinks (note 4)	94,547	95,901
Held for ice rink development	856	856
	95,403	96,757
Other assets:	375	511
	$103,021	$105,485
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Bank indebtedness (note 5)	$2,901	$3,726
Accounts payable and accrued liabilities	4,845	4,486
Deferred revenue and customer deposits	7,142	6,105
Current portion of:		
Obligations under capital leases (note 6)	235	270
Debt on ice rinks (note 7)	3,242	2,603
Notes and agreements payable (note 8)	3,400	2,025
	21,765	19,215
Long-term liabilities:		
Obligations under capital leases (note 6)	426	248
Debt on ice rinks (note 7)	47,600	51,340
Notes and agreements payable (note 8)	5,396	5,798
	53,422	57,386
Non-controlling interest	1,525	1,059
	76,712	77,660
Shareholders' equity:		
Share capital (note 9)	54,981	54,981
Deficit	(28,672)	(27,156)
	26,309	27,825
	$103,021	$105,485

Future operations (note 2)

Commitments and contingencies (note 11)

See accompanying notes to consolidated financial statements.

Approved on behalf of the Board:

Director

Director

Consolidated Statements of Operations and Deficit

(expressed in thousands of dollars)

Years ended December 31, 2003 and 2002	2003	2002
Revenue:		
Ice rinks (note 16)	$44,959	$42,307
Expenses:		
Ice rinks	35,299	33,613
Ice rinks operations	9,660	8,694
General and administration expenses	2,498	2,458
Earnings before the undernoted	7,162	6,236
Other expenses (income):		
Interest on debt on ice rinks	3,644	3,728
Other interest (note 6)	855	519
Amortization	3,580	3,598
Gain on sale of properties	(22)	(71)
Non-controlling interest	466	316
Gain on foreign exchange	(172)	—
	8,351	8,090
Loss from continuing operations before taxes	1,189	1,854
Taxes (note 12)	248	234
Loss from continuing operations	1,437	2,088
Gain (loss) from discontinued operations (note 15)	(79)	584
Loss for the year	1,516	1,504
Deficit, beginning of year	27,156	25,652
Deficit, end of year	$28,672	$27,156
Basic and fully diluted loss per common share:		
Loss from continuing operations	$0.02	$0.02
Loss for the year	0.02	0.02

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

(expressed in thousands of dollars)

Years ended December 31, 2003 and 2002	*2003*	*2002*
Cash provided by (used in):		
Operations:		
Loss from continuing operations	$(1,437)	$(2,088)
Items not involving cash:		
Amortization	3,580	3,598
Gain on sale of properties	(22)	(71)
Non-controlling interest	466	316
Changes in non-cash working capital:		
Accounts receivable	197	88
Prepaid expenses	153	48
Accounts payable and accrued liabilities	359	329
Deferred revenue and customer deposits	1,037	867
Inventory	(225)	120
	4,108	3,207
Investments:		
Proceeds on sale of properties	22	288
Proceeds from note receivable	1,000	
Expenditures on ice rink properties	(1,562)	(869)
Other assets	(41)	(128)
	(581)	(709)
Financing:		
Repayments on line of credit	(825)	(582)
Principal repayments on debt on ice rinks	(3,101)	(789)
Principal repayments on obligations under capital lease	(344)	(648)
Increase in notes payable	973	350
	(3,297)	(1,669)
Increase in cash from continuing operations	230	829
Increase (decrease) in cash from discontinued operations (note 15)	(79)	625
Cash, beginning of year	3,993	2,539
Cash, end of year	$4,144	$3,993
Supplementary information:		
Taxes paid	$555	$156
Interest paid	4,360	4,159
Non-cash transactions:		
Capital lease additions	487	359

See accompanying notes to consolidated financial statements.

Years ended December 31, 2003 and 2002

1. General:

Canlan Ice Sports Corp. (the "Company") focuses on the acquisition, development and operation of full service ice rink facilities across North America.

2. Future operations:

These financial statements are prepared on the basis that the Company will continue to operate throughout its next fiscal period subsequent to December 31, 2003 as a going concern.

The Company has incurred losses from continuing operations for the years ended December 31, 2003 and 2002, and has a significant working capital deficiency. Accordingly, the Company is dependent upon the continued support of its banks, other lenders and its controlling shareholder in providing long term financing for certain rinks and, ultimately, its ability to generate future profitable operations.

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

3. Significant accounting policies:

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

(a) *Principles of consolidation:*

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

P.C. Development Inc.
Ormskirk Investments Ltd.
Adult "Safe Hockey" Leagues Ltd.
Les Quatre Glaces (1994) Inc.
Iceplex 2000 Ltd.
O&O Development Corporation
Canlan Ice Sports (USA) Corp.

The accounts of all unincorporated joint ventures and partnerships are included in these consolidated financial statements to the extent of the Company's proportionate interest in their respective assets, liabilities, revenue and expenses.

(b) *Inventories:*

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

(c) *Properties:*

Ice rinks and other revenue properties are stated at the lower of cost less accumulated amortization and net recoverable amount. Cost includes interest, property taxes, other carrying charges, and applicable general and administrative expenses incurred during the development and pre-operating periods. Costs incurred on ice rinks are capitalized net of related revenue until the facility is ready to commence operations, for its first hockey league season.

At least annually, management reviews the net carrying amount of individual properties in relation to the estimated future net cash flows from use, including residual value, to determine whether a write-down is required.

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

Assets	***Rate***
Buildings	40 years
Machinery and equipment	10 years
Computers, furniture and fixtures	5 years
Ice resurfacing equipment	5 years

(d) *Revenue recognition:*

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

(e) *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.

(f) *Other assets:*

Included in other assets are deferred financing charges which are amortized over the minimum term of the related debt.

(g) *Foreign currency:*

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

(h) *Earnings per share:*

Earnings per share has been calculated using the weighted average number of common shares outstanding, which for 2003 was 93,325,920 shares (2002 – 93,325,920 shares).

(i) *Stock-based compensation plan:*

On January 1, 2002, the Company prospectively adopted the new recommendations of the Canadian Institute of Chartered Accountants related to the recognition, measurement and disclosure of stock-based compensation. These recommendations encourage, but do not require, enterprises to recognize compensation cost for employee stock options using the fair value based method. Under the fair value method, the value of a stock option is determined using an option pricing model that takes into account, as of the grant date, the exercise price, the expected life of the option, the current price of the underlying stock, its expected volatility, expected dividends on the stock, and the risk-free interest rate over the expected life of the option.

Pursuant to these recommendations, the Company has elected not to adopt the fair value method of accounting for its employee stock options. The Company provides, in note 10, proforma information on the impact on the consolidated financial statements if the fair value method described above was applied to employee stock-based compensation. The Company accounts for stock-based compensation to employees using the settlement method. Under the settlement method, no compensation is recognized on stock-option grants, and consideration received on exercise is credited to share capital. See note 10 for information on stock options granted by the Company.

(j) *Derivative financial instruments:*

The Company is at times party to interest rate swap contracts used to manage the exposure to interest rate cash flow risk. These instruments are not recognized in the financial statements on inception. Payments and receipts under interest rate swap contracts are recognized as adjustments to interest expense on debt on ice rinks.

(k) *Measurement uncertainty:*

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

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

(l) *Income taxes:*

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

(m) *Comparative figures:*

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

4. Properties:

2003	*Cost*	*Accumulated amortization*	*Net book value*
		(expressed in thousands of dollars)	
Ice rinks:			
Land	$15,032	$ —	$15,032
Buildings	92,247	16,418	75,829
Machinery and equipment	3,917	1,876	2,041
Computers, furniture and fixtures	2,581	1,642	939
Ice resurfacing equipment	1,762	1,056	706
	$115,539	$20,992	$94,547

2002	*Cost*	*Accumulated amortization*	*Net book value*
		(expressed in thousands of dollars)	
Ice rinks:			
Land	$15,032	$ —	$15,032
Buildings	91,811	13,988	77,823
Machinery and equipment	3,360	1,596	1,764
Computers, furniture and fixtures	2,766	1,921	845
Ice resurfacing equipment	1,714	1,277	437
	$114,683	$18,782	$95,901

Included in properties are assets under capital leases with a cost of $2,283,000 (2002 – $3,263,000) and accumulated amortization of $885,133 (2002 – $1,306,000).

5. Bank indebtedness:

The Company has an operating line of credit which bears interest at prime plus 1%. This operating line of credit is secured by general security agreements. The $3,000,000 (2002 – $4,000,000) operating line of credit is guaranteed by the Company's controlling shareholder.

At December 31, 2003, the Company was not in compliance with a quarterly covenant related to its operating line of credit. The bank has waived the right to demand repayment of its loan, as a result of this violation. Management believes that the Company will comply with this quarterly covenant for 2004.

6. Obligations under capital leases:

Total minimum lease payments are as follows:

	(expressed in thousands of dollars)
Year ending December 31:	
2004	$291
2005	268
2006	116
2007	104
2008	59
	838
Interest (rates vary from 7.25% to 12%)	(177)
Present value of minimum capital lease payments	661
Current portion	235
Long-term portion	$426

Lease obligations are secured directly by the leased assets.

Interest of $95,700 (2002 – $80,000) relating to capital lease obligations has been included in other interest expense.

7. Debt on ice rinks:

	Maturity dates	*Weighted average interest rates*	*2003*	*2002*
			(expressed in thousands of dollars)	
Fixed rate	2005 – 2009	2003 – 7.25% (2002 – 7.44%)	$5,065	$16,770
Variable rate	2005 – 2007	2003 – prime + 1.14% (2002 – prime + 1.21%)	45,777	37,173
			50,842	53,943
Current portion			(3,242)	(2,603)
Long-term portion			$47,600	$51,340

Debt on ice rink properties at December 31, 2003 includes $802,000 (2002 – $1,094,000) of debt repayable in US dollars.

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.

At December 31, 2003, the Company was not in compliance with an annual covenant related to a certain term loan on one of its ice rinks. The bank has waived the right to demand repayment of its loan, as a result of this violation. Management believes that the Company will comply with this annual covenant for 2004.

Based on terms and conditions in existence at December 31, 2003, principal repayments for the next five years and in aggregate of amounts outstanding are as follows:

	(expressed in thousands of dollars)
Year ending December 31:	
2004	$3,242
2005	46,908
2006	139
2007	86
2008	84
Thereafter	383
	$50,842

8. Notes and agreements payable:

	2003	*2002*
	(expressed in thousands of dollars)	
Notes payable to controlling shareholder	$5,200	$4,025
Amount due to minority interest of subsidiary company	235	235
Adult "Safe-Hockey" League Ltd. ("ASHL") subordinated debentures	813	813
O&O Development Corporation ("O&O") subordinated debentures:		
Interest at 8%	2,500	2,500
Interest at 16%	48	250
	8,796	7,823
Current portion	3,400	2,025
	$5,396	$5,798

The notes payable to the controlling shareholder are non-revolving loan facilities that bear interest at prime plus 2% and prime plus 10% payable monthly in arrears. $3,400,000 is due in 2004 and $1,800,000 is due in 2005.

Interest on the ASHL and O&O subordinated debentures is payable on a date and for a period to be specified by the parties, provided that the companies will not be under any obligation to make such payment if it would cause the companies to be in default of any of their covenants. No interest has been paid or accrued in 2003 or 2002. The debentures matured in September 2003, but were extended for an additional one-year term. When the debentures mature in September 2004, the debt can be extended for two additional one-year terms at the Company's option, if insufficient cash exists for repayment. Upon expiration of the second extension, should ASHL and O&O be unable to retire the debentures, the debenture holder is entitled to receive common shares of the Company in settlement or, if the Company is unable to obtain all necessary regulatory approvals for the share issuance, cash. The weighted average trading price of the Company's shares on the TSX at that time will be used to determine the number of shares to be issued in order to satisfy the debt. The debentures are secured by a charge against the ice rink properties of O&O.

9. Share capital:

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

(a) Authorized:

500,000,000 common shares of no par value

(b) Issued and outstanding:

	Shares	*Amount*
Balance, December 31, 2003, 2002 and 2001	93,325,920	$54,981,000

10. Stock-based compensation:

Stock options are granted by the Company's Board of Directors subject to the terms and conditions of the Canlan Ice Sports Corp. Employee and Director Stock Option Plan (2002). The plan has authorized 9,329,538 common shares. Options granted have a five-year term and an exercise price based on the market price of the stock at the time of grant. Options granted vest at dates determined by the Board of Directors.

The following table summarizes the continuity of the Company's stock options:

	Number of shares	*Weighted average exercise price*
Balance, December 31, 2001	—	$ —
Granted	8,300,000	0.06
Forfeited	(350,000)	(0.06)
Balance, December 31, 2002	7,950,000	0.06
Granted	1,100,000	0.06
Forfeited	(500,000)	(0.06)
Outstanding, December 31, 2003	8,550,000	$0.06

All of the stock options granted in 2002 have vested at December 31, 2003. None of the stock options granted in 2003 were vested at December 31, 2003.

The following table summarizes information about the stock options outstanding at December 31, 2003:

		Options outstanding		*Options exercisable*	
Exercise price	*Number outstanding*	*Weighted average remaining contractual life*	*Weighted average exercise price*	*Number exercisable*	*Weighted average exercise price*
$ 0.06	8,550,000	41 months	$0.06	7,450,000	$0.06

The Company is required to disclose the pro-forma effects on net loss and net loss per share data as if the Company had elected to use the fair value approach to account for its employee stock-based compensation plans described in note 3(i).

If this approach had been applied, the Company's net loss and net loss per share would have been as indicated below:

	2003	2002
	(expressed in thousands of dollars)	
Loss for the year:		
As reported	$1,499	$1,512
Pro forma	1,611	1,913
Basic and fully diluted loss per share:		
As reported	$0.02	$0.02
Pro forma	0.02	0.02

The fair value of the options was estimated using the Black-Scholes option pricing model assuming no expected dividends and the following weighted average assumptions:

		Options	
	Interest rate	*Term*	*Volatility*
2002	4.0%	42 months	150%

The weighted average fair value of options granted during the year was $0.05 (2002 – $0.06) each at the grant date.

11. Commitments and contingencies:

(a) During the period from May 24, 2001 to May 23, 2008, the owner of a non-controlling 25% interest in one of the Company's subsidiaries has the right to require the subsidiary or the Company to, no more frequently than annually, purchase 20% of its interest, for either cash or shares of the Company. The transaction price is to be based on the greater of fair market value and a specific multiple of the subsidiary's earnings before interest, tax, depreciation and amortization. If the consideration paid is shares of the Company, they are to be valued based on the weighted average trading price over a specified 10 day period. As at March 1, 2004, the owner of the non-controlling interest has not exercised this right.

(b) Pursuant to a Shareholders' Agreement dated April 11, 1997, the owner of a non-controlling 25% interest in one of the Company's subsidiaries has the right to require Canlan, annually beginning November 1, 2003, to acquire all or a portion of all of its shares of the subsidiary (up to a cumulative maximum increasing at $2,000,000 per year for each of the first three years) either for shares of Canlan (valued at the weighted average trading price over a specified 10 day period) or, if regulatory approval cannot be obtained, for cash. The price for the shares shall be their proportionate interest in the subsidiary's value calculated based on a multiple of the subsidiary's earnings before interest, tax, amortization, less total funded debt of the subsidiary plus working capital of the subsidiary at such time. As at March 1, 2004, the owner of the non-controlling interest has not exercised this right.

(c) The Company is a defendant in a lawsuit relating to a development project where the damages claimed by the plaintiffs are still unknown. The litigation is in its preliminary stages and neither the outcome nor the potential liability, if any, is determinable at this time.

(d) Various other lawsuits involving the Company are pending. The financial impact of these lawsuits is not determinable, but management believes, based on counsels' opinions, that the outcome will not materially affect the Company's financial position.

(e) An inactive subsidiary is currently in discussions with tax bureaus regarding issues related to taxation years when the subsidiary was active. As a result of these issues, the Company may be liable for tax of up to $650,000 as at December 31, 2003. No amount has been included in the income tax provision for discontinued operations because the subject subsidiary has been dormant and insolvent for a number of years and management does not believe the Company is liable in respect of this matter.

12. Income taxes:

(a) The major factors which caused variations from the Company's expected combined federal and provincial income tax rate of 37% for 2003 (2002 – 40%) were as follows:

	2003	*2002*
	(expressed in thousands of dollars)	
Statutory rate applied to loss from continuing operations before income taxes	$(440)	$(742)
Large corporations tax	225	234
Non-controlling interest	172	126
Benefit related to current year's losses not recognized	236	818
Utilization of prior years' losses not previously recognized	(276)	—
Other	331	(202)
	$248	$234

(b) The tax effects of temporary differences that give rise to future income tax assets and future income tax liabilities at December 31, 2003 and 2002 are presented below:

	2003	*2002*
	(expressed in thousands of dollars)	
Future income tax assets:		
Non-capital loss carry forwards	$12,681	$12,710
Write-down of marketable securities for accounting	93	93
Financing fee deducted for accounting	138	268
	12,912	13,071
Valuation allowance	(11,971)	(11,422)
Net future income tax assets	941	1,649
Future income tax liabilities:		
Properties	941	1,649
Net future income tax asset/(liability)	$ —	$ —

(c) At December 31, 2003 the Company has non-capital loss carry forwards for income tax purposes of approximately $37,117,000 (2002 – $38,672,000), of which approximately $25,743,000 (2002 – $25,920,000) are of restricted use. These unrestricted losses are available to offset future taxable income through 2009.

13. Financial instruments:

(a) *Fair value:*

The Company has the following financial instruments: cash, accounts and note receivable, bank indebtedness, accounts payable and accrued liabilities, obligations under capital leases, debt on ice rinks, notes and agreements payable and interest rate swaps. The carrying values of cash, accounts and note receivable, bank indebtedness and accounts payable and accrued liabilities are considered by management to approximate their fair values due to their short-term nature. Other financial instruments of a long term nature may be impacted by changes in market yields which can result in differences between their carrying value and their market value. Management estimates that these differences are not material to the financial statements as at December 31, 2003.

The Company has entered into swap agreements to fix the interest rate on a portion of its variable rate debt. The Company has $4,250,000 of variable rate debt swapped into a fixed interest rate of 5.54% per annum, plus applicable stamping fees at 220 bps, under an agreement expiring in April 2004. The fair market value of the swap agreement is less than its carrying value at December 31, 2003 by $57,000 (2002 – $156,000).

(b) *Interest rate risk:*

The terms of the Company's outstanding debt are described in notes 5, 6, 7 and 8. As certain of the Company's debt instruments bear interest at floating rates and are not hedged by interest rate swaps, fluctuations in these rates will impact the cost of financing incurred in the future.

(c) *Credit risk:*

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

14. Related party transactions:

The Company incurred $375,000 (2002 – $268,000) in interest expense related to the notes payable to the controlling shareholder (note 8) and fees of $154,000 (2002 – $162,000) related to loan guarantees provided by the shareholder.

During the year, the Company paid $73,400 (2002 – $76,000) in directors' fees.

15. Discontinued operations:

Effective December 31, 1998, the Company adopted formal plans to discontinue its real estate activities. The real estate activities have been reflected in the consolidated financial statements and notes thereto on a discontinued basis.

The results of discontinued operations are as follows:

	2003	2002
	(expressed in thousands of dollars)	
Revenue:		
Development	$ —	$694
Expenses:		
Development	79	110
Gain (loss) from discontinued operations	$(79)	$584

The cash flows from discontinued operations are as follows:

	2003	2002
	(expressed in thousands of dollars)	
Operations	$(79)	$625
Financing	—	—

16. Segmented information:

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

Ice rink revenue by services provided are as follows:

	2003	2002
	(expressed in thousands of dollars)	
Facility operations	$30,948	$28,876
Restaurant and lounge	9,450	9,042
Sports store	2,425	2,513
Other	2,136	1,876
	$44,959	$42,307

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

Approximately 2.8% (2002 – 3.4%) of revenue represents facilities operated under management contracts where the Company's return is subject to the risks and rewards of operation and a further 1.0% (2002 – 1.5%) represents fixed management fees on other third party facilities.

Five Year Review 2003: Balance Sheet

	2003	2002	2001	2000	1999
					(expressed in thousands of dollars)
ASSETS					
Ice rink properties	$95,403	$96,757	$99,122	$98,897	$107,118
Other revenue property	—	—	—	—	1,593
Other	7,618	8,728	6,625	6,758	8,440
Discontinued operations	—	—	1,041	5,697	9,451
Total assets	**103,021**	**105,485**	**106,788**	**111,352**	**126,602**
LIABILITIES					
Ice rink properties	50,842	53,943	55,539	55,177	59,031
Convertible debentures	—	—	—	—	6,901
Other	25,870	23,717	21,920	20,170	25,241
Discontinued operations	—	—	—	2,307	7,394
Total liabilities	**76,712**	**77,660**	**77,459**	**77,654**	**98,567**
CONVERTIBLE DEBENTURES & SHAREHOLDERS' EQUITY					
Convertible debentures	—	—	—	—	13,099
Share capital	54,981	54,981	54,981	54,981	44,592
Retained earnings (deficit)	(28,672)	(27,156)	(25,652)	(21,283)	(29,656)
Total	**26,309**	**27,825**	**29,329**	**33,698**	**28,035**
STATISTICS					
Debt to equity ratio	2.86	2.75	2.59	2.26	3.46
Issued shares at end of year	93,326	93,326	93,326	93,326	12,957
Average shares outstanding	93,326	93,326	93,326	26,609	12,957
Loss per common share:					
Loss from continuing operations:					
Basic	($0.02)	($0.02)	($0.04)	(0.14)	(0.55)
Fully diluted	n/a	n/a	n/a	n/a	n/a
Net loss:					
Basic	($0.02)	($0.02)	($0.05)	(0.18)	(0.63)
Fully diluted	n/a	n/a	n/a	n/a	n/a
Share price range	$0.04 – 0.10	$0.04 – 0.08	$0.01 – 0.09	$0.09 – 0.50	$0.31 – 0.99

Five Year Review 2003: Earnings Statement

	2003	2002	2001	2000	1999
					(in thousands of dollars)
Revenue					
Ice rinks	$44,959	$42,307	$39,753	$39,080	$39,621
Other	—	—	20	448	318
Total revenue	**44,959**	**42,307**	**39,773**	**39,528**	**39,939**
Operating expenses					
Ice rinks	35,299	33,613	31,563	31,721	32,256
Other	—	—	—	186	199
General and administrative	2,498	2,458	2,498	2,699	2,675
	37,797	36,071	34,061	34,606	35,130
Earnings before interest, amortization and taxes	**7,162**	**6,236**	**5,712**	**4,922**	**4,809**
Other expenses					
Interest	4,499	4,247	5,201	6,381	7,020
Amortization	3,580	3,598	3,638	3,765	3,838
Other	520	479	430	– 1,475	143
	8,599	8,324	9,269	8,671	11,001
Loss from continuing operations	**(1,437)**	**(2,088)**	**(3,557)**	**(3,749)**	**(6,192)**
Results of discontinued operations	(79)	584	(812)	(977)	(1,068)
Net loss	**($1,516)**	**($1,504)**	**($4,369)**	**($4,726)**	**($7,260)**
Interest on convertible debentures	$ —	$ —	$ —	($341)	($940)

Corporate Information

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Vancouver, BC

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Partner
Kinetic Capital Partners

Geoffrey J. Barker
Vice-President
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Edwin Cohen
Private Investor
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William B. Pattison
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Officers

Frank D. Barker
Chairman

W. Grant Ballantyne
President & CEO

Patrick J. Doyle
Vice-President
Management Services & Consulting

Michael F. Gellard
Vice-President
Finance & Chief Financial Officer

Arthur Dickson
Vice-President
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Shares Listed

Toronto Stock Exchange
Symbol ISE

Web Site

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