



**CANLAN
ICE
SPORTS**

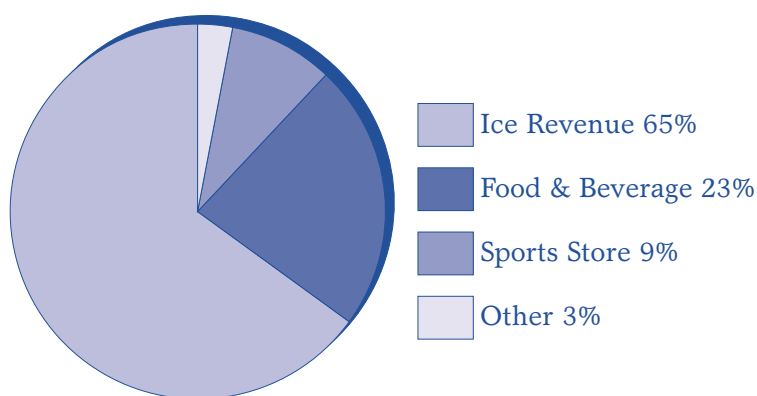
CANLAN
ICE SPORTS CORP.

ANNUAL REPORT
2000

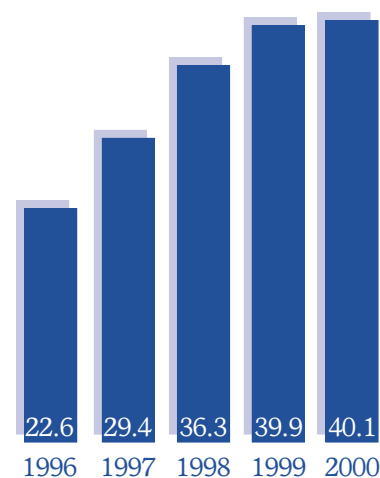
Financial Highlights

	2000	1999
Revenue from continuing operations	\$ 40,098,000	\$ 39,939,000
Earnings before interest, taxes, depreciation and amortization	4,922,000	4,809,000
Net loss from continuing operations	(3,749,000)	(6,192,000)
Net loss	(4,726,000)	(7,260,000)
Total Assets, continuing operations	105,655,000	117,151,000
Total Assets, discontinued operations	5,697,000	9,451,000
Total Assets	111,352,000	126,602,000
Shareholders' and debenture holders' equity	33,698,000	28,035,000
Loss per common share, continuing operations	(.14)	(.55)
Loss per common share (basic)	(.18)	(.63)
Cash flow per common share (basic)	(.03)	(.19)
Shareholders' and debenture holders' equity per share	.36	.50
Number of common shares outstanding	93,325,920	12,957,476

Canlan is the largest private sector operator of ice rinks in the world, with 53 ice surfaces at 18 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.



2000 ICE SPORTS REVENUE



GROSS REVENUE
(in millions of dollars)

Annual Report Message to Shareholders

Fiscal 2000 was a year of financial restructuring for Canlan Ice Sports Corp. With the support of its lenders, convertible debenture holders and major shareholder, we established a viable financial base for the Corporation. In addition to the consensual financial restructuring, the Corporation disposed of much of its discontinued operations and its non-strategic, joint venture ice sports operation in Stamford, Connecticut.

The extension of loan terms for five years together with the two year principal deferment and the retirement of notes payable from the proceeds of asset dispositions has resulted in a \$11 million improvement in the working capital deficit from \$18.4 million to \$7.4 million. The sale of the Stamford rink and of other Revenue Property resulted in a \$7.7 million reduction in Long Term Assets, the proceeds of which were used to reduce debt. The conversion of the debenture into common equity and the private placement of a further \$5 million of equity resulted in a \$10.4 million improvement in Shareholders' Equity before recording the current year's net loss of \$4.7 million. The Shareholders' Equity increased from the prior year in the amount of \$5.7 million.

The Company's debt to equity ratio is presently 2.26 to 1, down from 3.46 to in 1999 and from a high of 3.63 to 1 in 1998. We believe that the restructuring plan implemented in the past year has assisted in stabilizing the Company's finances and has put it on a solid foundation from which to build.

Revenues as reported, and on a same store basis, were virtually flat to the prior year due to continued competition, particularly from municipal rinks, that make it difficult to increase prices so as to offset increasing costs or expand our revenue base. Despite the financial failure of several private sector, multi-rink operators in Canada

and the U.S., there has been no reduction in the inventory of ice surfaces in our principal markets.

Operating earnings also showed only a minor increase on both a reported and same store basis. Loss for the year of \$4.7 million reduced \$2.5 million from the prior year due principally to the gain on sale of non-strategic properties.

The foundation of our operating philosophy is to provide our customers with a high quality entertainment experience through the development of quality, branded recreational leagues, schools and other programs.

During 2000 we were also able to negotiate the relocation of our head office from rented space in downtown Vancouver to owned space at our Burnaby, 8 Rinks location. The move was completed in the first quarter of 2001 and together with other structural changes should assist in achieving a reduction in general and administrative costs in 2001.

The successful financial restructuring permits the Corporation to re-focus all of its management resources on continued growth through existing operations and the acquisition of new management contracts in Canada and the U.S.

The year 2000 was important for Canlan Ice Sports Corp.'s marketing strategy. During the year, Canlan was able to launch a comprehensive sponsorship program that yielded immediate results. We were able to make dramatic improvements through re-negotiated supplier deals with Labatt and Coca-Cola. In addition, the foundation has been put in place for a number of other sponsor partners to begin to participate in our program. In addition, Canlan has begun a significant branding and internal communication program that will bring increased awareness and profile to the Corporation.

The foundation of our operating philosophy is to provide our customers with a high quality entertainment experience through the development of quality, branded

Annual Report Message to Shareholders

recreational leagues, schools and other programs. To this end, we have established an initiative to standardize our programming in each facility. This will allow us to build on our franchise for quality entertainment and effectively position our programs at the forefront of the marketplace. We continue to focus on the development and marketing of additional branded leagues, schools and other programs for young people, particularly in the spring and summer months. This year our Youth Hockey League is sponsored by PowerAde and we have taken the opportunity to create a national focus to the league development and have implemented a uniformed approach to marketing and operating this key summer program.

Equally important to successful operations is the ability of the Canlan Ice Sports employee group to execute these programs effectively and deliver a consistent quality experience to our program users. As we expand internally and through the acquisition of new management contracts, the demand increases for properly trained employees and managers who understand our operating philosophy and methods. To meet these demands we are implementing an internal management-training program. This program will combine industry approved training programs and on the job experience supervised by experienced managers in each of the operating areas of our business.

The Adult Safe Hockey League ("ASHL") is the largest adult recreational hockey league in North America and our most successful program. The league grew 8% during 2000, just in our own facilities. To ensure continued quality of the league and growth both in our own facilities and through satellite leagues in non-owned arenas, we have appointed a National Director of the ASHL during 2000. He has initiated new referee training programs and standards, improved the consistency of application of regulations and improved the standards of operation across the league. He is also responsible for the expansion of the league to facilities outside of Canlan Ice Sports ownership or management.

To capitalize on our ability to organize and operate tournaments for local and out of town players, a separate tournament division has been established in the Toronto market with the objective of building revenue in our facilities.

During 2000, through its Development Division, Canlan acquired two new contracts. One contract is for the management of two facilities comprising five ice surfaces in the St. Louis, Missouri area. Chesterfield, Missouri is the practice facility for the St. Louis Blues, while the Fairview facility is in an adjoining community. As well, the Development Division secured a contract to oversee the completion of construction of a facility in Danbury, Connecticut. As a result, Canlan Ice Sports owns or manages eighteen facilities with fifty-three surfaces, an increase from fifty-one last year, despite the sale of the Stamford joint venture and the conclusion of the Tulsa contract.

Our focus in the coming year will be on increasing revenue and profitability through program development in existing facilities, the acquisition of additional management contracts in Canada and the U.S., the growth of the ASHL via satelliting in other facilities and cities, and through reduced expenses and more effective cost controls.



Grant W. Ballantyne
President & C.E.O.

Management's Discussion and Analysis

The following discussion of the operating results and financial position of Canlan Ice Sports Corp should be read in conjunction with the December 31, 2000 consolidated financial statements and notes attached thereto.

INTRODUCTION

Canlan Ice Sports Corp. ("Canlan" or "the Company") is a publicly traded Canadian company with its shares currently listed on the Toronto Stock Exchange using ISE as its trading symbol. Canlan operates 18 facilities containing 53 full sized ice sheets throughout North America

	<i>Number of Facilities</i>	<i>Number of Ice Sheets</i>
2000	18	53
1999	18	51
1998	17	50
1997	13	44
1996	11	38

	<i>Number of Facilities</i>	<i>Number of Ice Sheets</i>
Canada:		
British Columbia	4	13
Saskatchewan	3	8
Manitoba	1	4
Ontario	4	14
Quebec	2	6
	14	45

U.S.A.

Kansas	2	3
Missouri	2	5
	4	8
	18	53

During the year, Canlan acquired a contract to manage two ice rink facilities in the St. Louis area on behalf of its owners. These facilities are operated in conjunction with each other and contain 5 ice surfaces.

The Company also sold its 50% interest in the Ice Sports Stamford facility located in Stamford, Connecticut. This was the first sale of an ice rink property by the Company. The property was in a non-strategic location and the buyer was the joint venture partner, which enabled to Company to complete the sale with minimal administrative efforts and costs. The sale generated US \$1.7 million that was used to reduce debt, which was part of the restructuring plan described below.

FINANCIAL RESTRUCTURING

On October 30, 2000 the Company reached agreements with Debentureholders and Shareholders on a consensual restructuring plan of the Company's debt. The restructuring plan was necessary as a result of excessive debt levels and an unsustainable capital structure. The plan was formulated by the Company's management, a Special Committee of the Board comprised of independent directors and Trilon Financial Corporation, who acted as consultants.

The restructuring plan comprised the following elements:

1. Secured Debt Extensions

Secured lenders representing approximately \$55 million of the Company's debt, secured by charges over ice rinks agreed to amend their mortgages with the Company to defer principal payments for two years and extend maturities for five years.

2 Debenture Conversion to Equity

Holders of the \$20 million, 8% unsecured convertible debenture agreed to a mandatory conversion of the debt and accrued interest, which resulted in the Company issuing 35,924,000 common shares of the Company.

3 Private Placement

New capital of \$5 million was raised by way of a private placement of 44,444,444 common shares to Bartrac Holdings Ltd., the Company's principal shareholder, at \$0.1125 per share.

Management's Discussion and Analysis

4 Litigation Settlement

The Company settled a lawsuit brought against it by the owners of a condominium development with respect to the construction of the development.

5 Sale of non-core assets and secured debt reduction

The Company has identified certain non-core assets, which are to be sold with the proceeds being used to reduce secured debt. During 2000, the Company sold its 50% interest in its Stamford ice rink facility in addition to its warehouse property located in Portland Oregon. The proceeds of these sales were applied to reduce secured debt by approximately \$8 million.

The conversion of the debentures into common shares results in a permanent cash savings of \$1.6 million per year, this, together with the 24 month principal deferral from secured lenders will improve cash flow by a total of \$3.8 million in each of the next 2 years. In November 2002 the principal deferment will end for most loans and the Company will resume making annual principal payments of approximately \$2.2 million.

The Company incurred \$1.6 million of costs related to the restructuring, of which \$0.5 million represents a write off of previously capitalized costs related to the initial placement of the convertible debenture in 1995.

REVIEW OF OPERATIONS

Revenue from ice rink operations was \$40.1 million, which is relatively unchanged from the previous year due to the sale of the Stamford facility, which was recorded effective June 30, 2000. On a same store basis, revenue increased by \$.5 million or 1.5% over 1999 which compares to a \$.8 million or 2% growth (same store) achieved in 1999.

The facilities generate revenue from four business segments as follows:

<i>in thousands</i>	2000		1999	
	<i>Sales</i>	%	<i>Sales</i>	%
Ice Sales	\$25,339	63%	\$25,173	64%
Restaurant and lounge	9,166	23%	8,438	21%
Sports Store	3,336	8%	4,536	11%
Advertising and other	2,257	6%	1,792	4%
	\$40,098	100%	\$39,939	100%

<i>in thousands</i>	2000		1999	
	<i>Sales</i>	%	<i>Sales</i>	%
Canada:				
British Columbia	\$8,980	22%	\$8,903	22%
Saskatchewan	4,340	11%	4,243	11%
Manitoba	2,443	6%	2,223	6%
Ontario	15,448	39%	15,031	38%
Quebec	5,174	13%	5,679	14%
	36,385	91%	36,079	90%
U.S.A.	3,713	9%	3,860	10%
	\$40,098	100%	\$39,939	100%

The Company is expecting a small growth in its traditional revenue streams in 2001.

Earnings before interest, taxes, depreciation and amortization (EBITDA) were \$4.9 million for the year, increasing slightly over 1999, which was \$4.8 million. EBITDA includes all operating revenue, management fees, operating expenses and the cost of maintaining the Company's head office, including expenses relating to maintaining its public Company listing. As a percentage of revenue, EBITDA represents 12% in both years; the Company has targeted 18% in its 3-year plan. Through further cost reductions and the acquisition of additional management contracts, management believes this target can be achieved. The cost of the restructuring, which was in excess of \$1.6 million was offset against the gain on conversion of debentures and did not form part of EBITDA.

Management's Discussion and Analysis

The net loss from continuing operations was \$3.7 million (\$0.14 per share) compared to \$6.2 million (\$0.55 per share) in 1999. Included in the current years operating results are gains totaling \$1.5 million realized on the disposal of the Company's 50% interest in its Stamford ice rink facility and the sale of its warehouse revenue property located in Portland, Oregon.

The Company incurred a loss from discontinued operations totaling \$1 million in 2000 compared to \$1.1 million in 1999. The current year's loss include the settlement of a lawsuit related to the construction of a condominium development and the write down of the remaining assets to realizable values.

Total net loss for the year ended December 31, 2000 was \$4.7 million compared to \$7.3 million in 1999

INTEREST EXPENSE

The Company incurred total interest costs, including interest on convertible debenture capital, of \$6.7 million in 2000 including debenture interest expense to April 30, 2000, compared to \$8 million in 1999, a decrease of \$1.3 million. The interest related to specific ice rink debt decreased to \$5.1 million from \$5.3 million. Interest related to non specific debt including the amount attributable to the convertible debenture was reduced by \$1 million as a result of the debenture conversion to equity and the reduction of secured debt with proceeds from the sale of non-core assets.

As a result of the restructuring, the Company has \$28.9 million in variable ice rink debt with rates averaging prime plus 1.27% (1999 - prime plus 1.19%). The Company also has ice rink debt totaling \$24.8 million with fixed rates averaging 7.74% (1999 - 8.25%)

DEPRECIATION AND AMORTIZATION

The Company's depreciation policy was unchanged from the prior year, which calls for straight-line depreciation of its ice rinks assets over periods ranging from 5 years to 40 years. Depreciation expense for the year was \$3.8 million, which was unchanged from the prior year.

The reduction in depreciation related to the sale of the Stamford facility, sold June 30, 2000, was offset by the recognition of a full year's depreciation on the Kansas City property that was acquired during 1999.

GENERAL AND ADMINISTRATION

All administrative expenses incurred by the ice rink facilities are included in ice rink operating expenses. In 2000, this totaled \$2.4 million compared to \$3.2 million in 1999, a reduction of \$0.8 million. Ice rink administration expenses continued to decrease as a percentage of revenue to 6% in 2000 from 8% in 1999 due to cost reduction efforts.

Corporate general and administration expenses remained level year over year at \$2.7 million. Included in corporate overhead are costs related to supplying management support services to all Ice Sports facilities including accounting and payroll services, maintaining the head office in Vancouver and a satellite office in Toronto. Costs related to maintaining Canlan's public listing is also included in general and administration expenses

TAXES

The Company pays property tax to various municipal governments in which its ice rinks are situated. In 2000, the Company paid \$1.8 million of property taxes, which was consistent with what was paid in 1999. Property taxes and provincial capital taxes, which totaled \$0.4 million in 2000 (1999 - \$0.7 million) are included in rink operating expenses.

Canlan was not subject to income taxes in 2000 or 1999 as the Company incurred losses for income tax purposes.

Management's Discussion and Analysis

SUMMARY OF OPERATIONS

The operating activity of the Company for 2000 and 1999 can be summarized as follows:

<i>in thousands</i>	<i>2000</i>	<i>1999</i>
Revenue		
Ice rinks	\$39,650	\$39,621
Other	448	318
	40,098	39,939
Expenses		
Ice rinks	32,291	32,256
Other	186	199
General & administration expenses	2,699	2,675
	35,176	35,130
EBITDA	4,922	4,809
Interest	6,381	7,020
Depreciation	3,765	3,838
Taxes	376	400
Gain on sale of properties	(1,467)	0
Other	(384)	(257)
	8,671	11,001
Net loss from continuing operations	(\$3,749)	(\$6,192)
EBITDA as a percentage of revenue	12.3%	12.0%
General & administration as a percentage of revenue	6.7%	6.7%

REVIEW OF ASSETS

Total assets decreased to \$111.4 million as at December 31, 2000, a reduction of \$15.2 million from the prior year. The reduction of the asset base is attributable to sale of the Stamford facility (\$6.1 million), sale of the Portland revenue property (\$1.6 million), the continued liquidation of discontinued assets (\$3.7 million) and the scheduled depreciation of the operating assets of the Company (\$3.8 million). The Company did not acquire any significant assets during the year.

Inventory consists of stock held for resale in the sports stores and food and beverage inventory required to operate the restaurants. Prepaid expenses consist of expenses paid in advance and will be expensed in the subsequent 12 months.

Deferred financing and other charges consist primarily of financing costs, which are amortized over the term of the related debt.

REVIEW OF LIABILITIES

Total debt related to ice rinks, which includes notes payable, mortgage debt and capital leases decreased to \$57.9 million as at December 31, 2000, compared to \$61.8 million in the prior year.

As at December 31, 2000 the Company had a working capital deficiency of \$7.4 million compared to \$18.3 million at the end of 1999. The deficiency has been reduced as a result of the successful restructuring of ice rink mortgage debt, the repayment of a \$3 million note payable and the continued liquidation of discontinued assets, the proceeds of which have been applied to debt reduction. The Company is continuing to focus its efforts on reducing debt and improving its working capital position.

Pursuant to the Company's financial restructuring, with the cooperation of the secured lenders representing substantially all the ice rink debt, the Company has been granted a two year principal deferment and a suspension of the requirement to comply with specified debt covenants for a two year period. In addition \$53 million of mortgage debt has been, or will be renewed or extended to mature in 2005. As a result the Company has converted substantially all of its mortgage debt to long-term liabilities.

LIQUIDITY AND CAPITAL RESOURCES

The Company's debt to equity ratio has been reduced to 2.26:1 from 3.46:1 in 1999 as a result of the various components of the previously described financial restructuring.

Management's Discussion and Analysis

The Company generated cash flow from operations before interest and principal repayments of \$4.9 million. After paying interest of \$6.2 million and scheduled principal repayments of \$2.7 million, including lump sum payments of \$0.8 million, a negative cash flow of \$4 million resulted for the year ended December 31, 2000.

The Company was able to fund the negative cash flow by raising funds by way of a \$5 million private placement with its majority shareholder.

Canlan will benefit from the previously discussed principal deferment in the amount of \$2.2 million annually for the next two years. The cash savings will be used to improve the working capital position of the Company and complete a capital expenditure program to improve ice rink facilities.

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 the Company's exposure are summarized below.

Seasonality

The Company's business cycle is highly seasonal with 63% of the revenue being generated in the first and last quarters; these are the periods in which the Company's hockey leagues and special programs are most active. The Company has developed a cost reduction program for the second and third quarters in addition to continually developing alternative uses of the rink facilities. During 2000 Canlan converted a single pad in its 8 Rinks complex in Burnaby, B.C, to an indoor soccer facility with state of the art turf.

Competition

The ice rink industry is highly competitive, as Canlan finds itself competing with other private operators in its three major markets, B.C., Ontario and Quebec, as well as municipal governments. 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 leagues to play in the facilities. Due to the nature of the sport, injuries occur. To reduce the risk to our customers, the Company continually monitors league activities and enforces a strict set of rules, which are strictly enforced. In addition the Company maintains its facilities to high standards.

Financial

The Company has loans and credit lines totaling \$34 million, which are subject to variable interest rates. This amount represents 56% of total interest bearing debt. The Company is therefore susceptible to interest rate fluctuations.

OUTLOOK FOR 2001 AND BEYOND

The Company's financial restructuring in 2000 was critical to sustaining operations. With this now complete, management is rededicated to improving the operations of its existing facilities and to taking advantage of contract management opportunities as they arise. We believe that this stability will enable us to focus on maximizing the operating performance of these assets for the benefit of all stakeholders.

Canlan Ice Sports Facilities



<i>Project</i>	<i>Location</i>	<i>Description</i>	<i>Ownership</i>
1. Ice Sports 8-Rinks	Burnaby, BC	8-Rink Complex	100%
2. Ice Sports North Shore	North Vancouver, BC	3-Rink Complex	50 year management contract
3. Ice Sports Langley	Langley, BC	1 Spectator Rink	5 year management contract
4. Ice Sports Aldergrove	Aldergrove, BC	1 Spectator Rink	5 year management contract
5. Ice Sports Jemini	Saskatoon, SK	4-Rink Complex	100%
6. Ice Sports Agriplace	Saskatoon, SK	2-Rink Complex	100%
7. Ice Sports Sherwood	Regina, SK	2-Rink Complex	100%
8. Ice Sports Highlander	Winnipeg, MB	4-Rink Complex	100%
9. Ice Sports Oakville	Toronto, ON	4-Rink Complex	56.25%
10. Ice Sports Etobicoke	Toronto, ON	4-Rink Complex	60.1%
11. Ice Sports Scarborough	Toronto, ON	4-Rink Complex	75%
12. Ice Sports Oshawa	Toronto, ON	2-Rink Complex	56.25%
13. Les 4 Glaces	Montreal, QC	4-Rink Complex	100%
14. Ice Sports Candiac	Montreal, QC	2-Rink Complex	100%
15. Ice Sports Kansas City	Kansas City, KS	1 Spectator Rink	100%
16. Ice Sports Wichita	Wichita, KS	2-Rink Complex	15 year contract; option to acquire a 99 year lease
17. U.S. Ice Sports Complex	Chesterfield, MO	3-Rink Complex	5 year management contract
18. U.S. Ice Sports Complex	Fairview Heights, MO	2-Rink Complex	5 year 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, 2000.

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.G. Ballantyne
President & Chief Executive Officer
Vancouver, BC



Michael F. Gellard
Vice President, Finance
Vancouver, BC
April 10, 2001

Auditors' Report

TO THE SHAREHOLDERS

We have audited the consolidated balance sheets of Canlan Ice Sports Corp. as at December 31, 2000 and 1999 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, 2000 and 1999 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 6, 2001

Consolidated Balance Sheets

December 31, 2000 and 1999 2000 1999
(in thousands of dollars)

ASSETS

Current assets

Cash (note 5)	\$ 1,563	\$ 2,253
Accounts receivable	2,572	1,767
Inventory	1,284	1,941
Prepaid expenses	630	1,242
Discontinued operations assets (note 20)	5,697	9,451
	11,746	16,654

Properties:

Ice rinks (note 6)	98,446	106,669
Other revenue (note 7)	-	1,593
Held for ice rink development	451	449
	98,897	108,711

Deferred financing and other charges	709	1,237
	\$111,352	\$126,602

LIABILITIES, SHAREHOLDERS' AND DEBENTURE HOLDERS' EQUITY

Current liabilities:

Bank indebtedness (note 8)	\$ 5,016	\$ 5,409
Accounts payable and accrued liabilities	5,297	6,622
Deferred revenue and customer deposits	5,355	4,572
Current portion of:		
Obligations under capital leases (note 9)	870	1,044
Debt on ice rinks (note 10)	338	6,964
Notes and agreements payable (note 11)	-	3,000
Discontinued operations liabilities (note 20)	2,307	7,394
	19,183	35,005

Long-term liabilities:

Obligations under capital leases (note 9)	597	1,101
Debt on ice rinks (note 10)	53,372	49,922
Notes and agreements payable (note 11)	2,750	2,750
Due to joint venture partners	280	1,296
Convertible debenture liability (note 12)	-	6,901
	56,999	61,970

Non-controlling interest (note 13)	1,472	1,592
	77,654	98,567

Shareholders' and debenture holders' equity:

Convertible debenture capital (note 12)	-	13,099
Share capital (note 14)	54,981	44,592
Deficit	(21,283)	(29,656)
	33,698	28,035
	\$111,352	\$126,602

Future operations (note 2)
 Commitments and contingencies (note 15)

See accompanying notes to consolidated financial statements.

Approved on behalf of the Board:

Director

Director

Consolidated Statements of Operations and Deficit

<i>Years ended December 31, 2000 and 1999</i>	<i>2000</i>	<i>1999</i>
		<i>(in thousands of dollars)</i>
Revenue:		
Ice rinks	\$ 39,650	\$ 39,621
Other	448	318
	40,098	39,939
Expenses:		
Ice rinks	32,291	32,256
Other	186	199
	32,477	32,455
Earnings from operations	7,621	7,484
General and administration expenses	2,699	2,675
Earnings before the undernoted	4,922	4,809
Other expenses (income):		
Interest on debt on ice rinks	5,105	5,336
Other interest	1,276	1,684
Depreciation and amortization	3,765	3,838
Gain on sale of properties	(1,467)	-
Gain on conversion of debentures <i>(note 12)</i>	(327)	-
Non-controlling interest	(120)	(257)
Write-down of marketable securities	63	-
	8,295	10,601
Loss from continuing operations before taxes	(3,373)	(5,792)
Taxes <i>(note 16)</i>	(376)	(400)
Loss from continuing operations	(3,749)	(6,192)
Loss from discontinued operations <i>(note 20)</i>	(977)	(1,068)
Loss for the year	(4,726)	(7,260)
Interest on convertible debenture capital	(341)	(940)
Convertible debenture capital on conversion <i>(note 12)</i>	13,440	-
Deficit, beginning of year	(29,656)	(21,456)
Deficit, end of year	\$(21,283)	\$(29,656)
Loss per common share:		
Loss from continuing operations	\$0.14	\$0.55
Loss for the year	0.18	0.63

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

Years ended December 31, 2000 and 1999

2000

1999

(in thousands of dollars)

Cash provided by (used in):

Operations:

Loss from continuing operations	\$(3,749)	\$(6,192)
Items not involving cash:		
Depreciation and amortization	3,765	3,838
Gain on sale of properties	(1,467)	-
Gain on conversion of debentures (note 12)	(327)	-
Non-controlling interest	(120)	(257)
Write-down of marketable securities	63	-
Changes in non-cash working capital:		
Accounts receivable and due to joint venture partners	(1,821)	534
Accounts payable and accrued liabilities	(1,059)	(1,290)
Deferred revenue and customer deposits	783	(154)
Inventory	657	(623)
Other assets	651	212
	(2,624)	(3,932)

Investing activities:

Proceeds on sale of properties	6,359	-
Expenditures on properties:		
Ice rinks	(1,100)	(3,064)
Held for ice rink development	(2)	-
	5,257	(3,064)

Financing activities:

Increase (decrease) in lines of credit	(393)	1,759
Increase (decrease) in:		
Debt on ice rinks, net of principal repayments	(528)	(2,348)
Obligations under capital lease, net of principal repayments	(678)	(912)
Note payable	(3,000)	-
Principal repayment on debt on other revenue property	-	(128)
Issuance of common shares net of related costs	3,356	-
Interest on convertible debenture capital	(341)	(940)
	(1,584)	(2,569)

Increase (decrease) in cash position from continuing operations	1,049	(9,565)
Increase (decrease) in cash from discontinued operations (note 20)	(1,739)	7,104
Cash position, beginning of year	2,253	4,714
Cash position, end of year	\$ 1,563	\$ 2,253

Supplemental cash flow information:

Taxes paid	\$ 529	\$ 744
Interest paid	6,456	7,693
Debt assumed by purchaser of joint venture interest	2,648	-
Convertible debentures converted to common shares (note 12)	20,000	-

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Years ended December 31, 2000 and 1999

1. General:

Since July of 1997, Canlan Ice Sports Corp. (formerly Canlan Investment Corporation) (the "Company") has focused on its Ice Sports Division involving the acquisition, development and operation of full service ice rink facilities across North America. Prior to that time, the Company also acquired, developed and operated real estate and other revenue property.

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, 2000 as a going concern.

The Company has incurred losses from continuing operations for the years ended December 31, 2000 and 1999 and has a significant working capital deficiency. As a result, the Company is dependent upon the continued support of its lenders (note 4) and its controlling shareholder, its ability to obtain long term financing for certain rinks and, ultimately, its ability to generate future profitable operations.

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.
Candev Inc.
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, revenues and expenses (note 17).

(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 cost less accumulated depreciation. Cost includes interest, property taxes, other carrying charges, and applicable general and administrative expenses incurred during the development and pre-operating periods.

At least annually, management review 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.

Costs incurred on ice rinks and other revenue properties under development are capitalized net of related revenue until the facility is ready to commence operations. For ice rink properties, this occurs at commencement of the first hockey league season.

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

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

(d) Deferred financing and other charges:

Deferred financing charges are amortized over the minimum term of the related debt.

(e) 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.

(f) Earnings per share:

Earnings per share has been calculated using the weighted average number of common shares outstanding, which for 2000 was 26,609,102 shares (1999 - 12,957,476 shares).

Fully diluted and supplementary fully diluted earnings per share have not been provided because they are anti-dilutive.

(g) Stock-based compensation plan:

The Company has a stock-based compensation plan, which is described in note 14. No compensation is recognized for this plan when stock options are issued to employees. Any consideration paid by employees on exercise of stock options is credited to share capital.

(h) Measurement uncertainty:

Financial statements prepared in conformity with Canadian generally accepted accounting principles 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 discontinued operations assets 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.

Notes to Consolidated Financial Statements

Years ended December 31, 2000 and 1999

(i) Income taxes:

Effective January 1, 2000, the Company retroactively adopted Canadian Institute of Chartered Accountants Handbook Section CICA 3465, Incomes Taxes. Under this new 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 tax asset if it is more likely than not that the asset will not be realized. Retroactive adoption of this new standard had no material affect on the Company's financial statements.

4. Company restructuring:

Effective October 30, 2000, the Company reached agreement with its major secured lenders and principal shareholder on a consensual restructuring of the Company's debt. The restructuring comprised the following elements:

(a) Secured debt extension:

Secured lenders representing approximately \$55,000,000 of the Company's indebtedness, secured by charges over ice rinks, agreed to amend their agreements with the Company to defer principal payments and debt covenants for two years and to extend debt maturities for five years. At December 31, 2000, one debt amending agreement of which the Company's proportionate share is \$6,431,000 remained unsigned by a co-venturer.

(b) Debenture conversion to equity:

Holder of \$20,000,000 8% convertible, subordinated, unsecured debentures (note 12) agreed to a mandatory conversion of the debentures, which resulted in the issuance of 35,924,000 common shares on October 30, 2000. The debentures, together with \$800,000 unpaid interest, were converted into common shares at a notional conversion rate of \$0.579 per share. The share issuance was recorded at the quoted market value (\$0.15) of the shares.

(c) Private placement:

Shareholders approved a \$5,000,000 private placement of 44,444,444 common shares to Bartrac Holdings Ltd. ("Bartrac"), the Company's controlling shareholder, at \$0.1125 per share.

The changes in relative shareholdings were as follows:

Shareholder	Before		After	
	Shares	%	Shares	%
	<i>(in thousands of shares)</i>			
Bartrac	7,074	54.6%	51,518	55.2%
Debenture holders	-	-	35,924	38.5%
Other shareholders	5,883	45.4%	5,884	6.3%
	12,957	100.0%	93,326	100.0%

To facilitate the restructuring, the authorized share capital of the Company was increased from 50,000,000 to 500,000,000 common shares without par value.

5. Cash:

Cash includes amounts totalling \$31,000 (1999 - \$249,000) which are either to be applied to specific liabilities or which are held as collateral.

6. Properties:

	2000		
	Cost	Accumulated depreciation	Net book value
	<i>(in thousands of dollars)</i>		
Ice rinks:			
Land	\$ 14,883	\$ -	\$14,883
Buildings	88,866	9,213	79,653
Machinery and equipment	3,286	1,144	2,142
Computers, furniture and fixtures	2,030	1,121	909
Ice resurfacing equipment	1,615	756	859
	\$110,680	\$12,234	\$98,446

	1999		
	Cost	Accumulated depreciation	Net book value
	<i>(in thousands of dollars)</i>		
Ice rinks:			
Land	\$ 15,373	\$ -	\$ 15,373
Buildings	94,185	7,223	86,962
Machinery and equipment	3,439	981	2,458
Computers, furniture and fixtures	1,830	818	1,012
Ice resurfacing equipment	1,506	642	864
	\$116,333	\$9,664	\$106,669

Included in properties are assets under capital leases with a cost of \$4,070,000 (1999 - \$4,133,000) and accumulated depreciation of \$1,428,000 (1999 - \$1,188,000).

7. Other revenue property:

	2000		1999	
	<i>(in thousands of dollars)</i>			
Land	\$ -		\$ 257	
Buildings, equipment and other	-		1,757	
			2,014	
Accumulated depreciation		-	(421)	
	\$ -		\$1,593	

8. Bank indebtedness:

The Company has operating lines of credit which bear interest at rates varying from prime plus 1% (1999 - prime to prime plus 1%) These operating lines of credit are secured by general security agreements. \$4,500,000 of the operating lines of credit are guaranteed by the Company's controlling shareholder.

Notes to Consolidated Financial Statements

Years ended December 31, 2000 and 1999

9. Obligations under capital leases:

Total minimum lease payments are as follows:

	<i>(in thousands of dollars)</i>
2001	\$ 870
2002	552
2003	210
2004	89
2005	84
thereafter	13
	<u>1,818</u>
Interest (rates vary from 8.25% to 12%)	(351)
Present value of minimum capital lease payments	1,467
Current portion	(870)
Long-term portion	<u>\$ 597</u>

Lease obligations are secured directly by the leased assets.

Interest of \$247,000 (1999 - \$333,000) relating to capital lease obligations has been included in other interest expense.

10. Debt on ice rinks:

	Maturity dates	Weighted average interest rates	<i>(in thousands of dollars)</i>	
			2000	1999
Fixed rate	2001 - 2005	2000 - 7.74% (1999 - 8.25%)	\$24,766	\$38,675
Variable rate	2001 - 2005	2000 - prime plus 1.27% (1999 - prime plus 1.19%)	28,944	18,211
			<u>53,710</u>	<u>56,886</u>
Current portion			(338)	(6,964)
Long-term portion			<u>\$53,372</u>	<u>\$49,922</u>

Debt on ice rink properties at December 31, 2000 includes \$1,395,000 (1999 - \$4,083,000) of debt repayable in U.S. 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.

The Company has entered into swap agreements to fix the interest rate on a portion of its variable rate debt. The Company has \$4,650,000 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 2004.

Pursuant to the Company's restructuring (note 4), secured lenders, representing substantially all of the debt on ice rinks, have agreed to suspend for a period of two years principal repayments and their requirements for the Company to comply with specified debt covenants as well as extending the term of the debts to mature in 2005. As at December 31, 2000 one amending agreement in respect of \$6,431,000 of Company debt remains unsigned by the co-venturer. The amending agreement is effective upon execution by the co-venturer, except that it becomes null and void if unexecuted by December 15, 2001. The principal payments on that debt, which but for the unconsummated amendment under the restructuring would otherwise

mature December 15, 2001, are presented below assuming that the principal holiday will commence in 2002. In the event that the amending agreement is not executed by the co-venturer prior to December 15, 2001, the related debt will need to be refinanced by the joint venture.

Based on terms and conditions in existence at December 31, 2000, principal repayments for the next five years and in aggregate of amounts outstanding are as follows:

	<i>(in thousands of dollars)</i>
Year ending December 31:	
2001	\$ 338
2002	436
2003	2,386
2004	2,585
2005	46,801
Thereafter	1,164
	<u>\$53,710</u>

11. Notes and agreements payable:

	2000	1999
	<i>(in thousands of dollars)</i>	
Note payable	\$ -	\$3,000
O&O Development Corporation ("O&O") subordinated debentures:		
8%	2,500	2,500
16%	250	250
	<u>2,750</u>	<u>5,750</u>
Current portion	-	(3,000)
	<u>\$2,750</u>	<u>\$2,750</u>

Interest on the O&O subordinated debentures is payable on a date and for a period to be specified by the parties, provided that O&O will not be under any obligation to make such payment if it would cause O&O to be in default on any of its covenants. No interest has been paid or accrued in 2000 or 1999. The debentures mature in September 2002 at which time the debt can be extended for three additional one-year terms if insufficient cash exists for repayment. Upon the expiration of the third extension, should O&O be unable to retire the debentures, the debenture holder is entitled to receive common shares of the Company in settlement. The weighted average trading price of the Company's shares on the TSE 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.

12. Convertible debentures:

	2000	1999
	<i>(in thousands of dollars)</i>	
8% convertible debentures due 2005:		
Debenture liability	\$ -	\$ 6,901
Debenture capital	-	13,099
	<u>\$ -</u>	<u>\$20,000</u>

The holders of the convertible debentures, originally maturing in 2005 and convertible into common shares of the Company, agreed to a mandatory conversion into common shares as part of the October 30, 2000 consensual restructuring (note 4).

Notes to Consolidated Financial Statements

Years ended December 31, 2000 and 1999

As a consequence of the conversion, a gain in the amount of \$327,000 was recognized representing the excess of the carrying value of the debenture liability, net of applicable deferred financing charges, over the quoted market value of the shares issued and less restructuring costs. Concurrently, the remaining debenture capital balance was transferred to deficit.

13. Non-controlling interest:

Included in non-controlling interest are \$812,500 of subordinated debentures issued to non-controlling shareholders and bearing interest at 8% per annum, due quarterly. Interest is payable on a date and for a period to be specified by the parties provided that O&O will not be under any obligation to make such payment if it would cause O&O to be in default on any of its covenants. The debentures mature on September 30, 2002 at which time the debt may be extended until such time as the subsidiary has sufficient cash to repay the debentures.

14. Share capital:

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

(a) Authorized:

500,000,000 (1999 - 50,000,000) common shares of no par value

(b) Issued and outstanding:

	2000		1999	
	Shares	Amount	Shares	Amount
	<i>(in thousands of dollars)</i>			
Balance, beginning of year	12,957,476	\$44,592	12,957,476	\$44,592
Shares issued during year (note 4):				
Conversion of debenture (note 12)	35,924,000	5,389	-	-
Private placement	44,444,444	5,000	-	-
	80,368,444	10,389	-	-
Balance, end of year	93,325,920	\$54,981	12,957,476	\$44,592

(c) Stock options:

The following table summarizes the continuity of options to purchase common shares of the Company granted by the Board of Directors to directors and certain full-time employees of the Company at an exercise price of \$1.75 per share, which options expire on September 2001.

	2000	1999
Outstanding at beginning of year	754,000	859,000
Cancelled	-	(105,000)
Outstanding and exercisable at end of year	754,000	754,000

15. 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 multiple of the subsidiary's earnings before interest, tax, depreciation and amortization ("EBITDA"). 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.
- (b) The Company is contingently liable for debts of joint ventures and partnerships applicable to co-venturers and partners. However, the assets of the joint ventures and partnerships which exceed their liabilities, are available to satisfy those debts.
- (c) A legal proceeding has been commenced against the Company, one of its subsidiaries and a joint venture in which the subsidiary has an interest. The plaintiff, which is the minority joint venturer, is claiming damages of \$5,000,000. This litigation is in its preliminary stages and neither the outcome nor the potential liability is determinable at this time.
- (d) An assessment notice in the amount of \$193,000 excluding interest and penalties has been issued by Revenue Quebec, following a payroll audit. This claim is in its preliminary stages and neither the outcome nor the potential liability is determinable at this time.
- (e) The Company is a defendant in a lawsuit relating to a development project where the damages claimed by the plaintiffs are still unknown and for which the Company has yet to appoint Counsel. The litigation is in its preliminary stages and neither the outcome nor the potential liability is determinable at this time.
- (f) Various other lawsuits involving the Company are pending. Actual liabilities or recoveries of deposits with respect to these lawsuits are not determinable, but management believes, based on counsels' opinions, that any potential liabilities or shortfall on recoveries of deposits will not materially affect the Company's financial position.
- (g) The Company is currently under review by the Toronto Stock Exchange with respect to meeting its continued listing requirements.

Notes to Consolidated Financial Statements

Years ended December 31, 2000 and 1999

16. Income taxes:

(a) The major factors which caused variations from the Company's expected federal and provincial income tax rate of 45% for 2000 and 1999 were as follows:

	2000	1999
	<i>(in thousands of dollars)</i>	
Statutory rate applied to loss from continuing operations before income taxes	\$(1,518)	\$(2,606)
Large corporations tax	376	195
Deductible interest on convertible debenture capital	(153)	(423)
Non-controlling interest	(54)	(116)
Benefit related to current year's losses not recognized	1,725	3,350
	<u>\$ 376</u>	<u>\$ 400</u>

(b) The tax effects of temporary differences that give rise to significant portions of the future tax assets and future tax liabilities at December 31, 2000 are presented below:

	<i>(in thousands of dollars)</i>
Future tax assets:	
Non-capital loss carry forwards	\$14,556
Write-down of marketable securities for accounting	223
Financing fee including share capital account	651
	<u>15,430</u>
Less valuation allowance	<u>(12,810)</u>
Net future tax assets	2,620
Future tax liabilities:	
Differences in depreciation and undepreciated cost	<u>(2,620)</u>
Total gross future tax liabilities	<u>(2,620)</u>
Net future tax asset/(liability)	<u>\$ -</u>

(c) At December 31, 2000 the Company has non-capital loss carry forwards for income tax purposes of approximately \$33,948,000 of which approximately \$20,538,000 are of restricted use. These losses are available to offset future taxable income through 2007.

17. Joint ventures:

The following amounts representing the Company's proportionate interest in joint ventures and partnerships are recorded in these financial statements:

	2000	1999
	<i>(in thousands of dollars)</i>	
Assets	\$10,641	\$16,624
Liabilities	9,043	12,810
Revenues	4,326	6,124
Expenses	2,838	6,229
Net income (loss)	(260)	(105)
Cash flows from:		
Operating activities	220	575
Investing activities	(152)	(426)
Financing activities	292	917

Certain assets of the joint ventures are pledged as collateral to secure liabilities. Included in the above are amounts which relate to a joint venture in which the interest was sold in the year. The gain on sale is reflected in 'Gain on sale of properties' in the financial statements.

18. Financial instruments:

The Company has the following financial instruments: accounts and mortgages receivable, bank indebtedness, accounts payable and accrued liabilities, obligations under capital leases, debt on properties, notes and agreements payable and interest rate swaps. The carrying values of accounts and mortgages receivable, bank indebtedness and accounts payable and accrued liabilities are considered by management to approximate their fair values due to the short-term nature of these financial assets and liabilities. Other financial instruments of a longer 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. Due to the size of the underlying notional value and the time to termination of the interest rate swap agreements, management believes fair values do not differ materially from book values.

19. Related party transactions:

During 2000, the Company sold its interest in a revenue property located in Portland, Oregon to an affiliate of a significant shareholder of the Company for cash proceeds of \$1,862,000 (US\$1,250,000), which represented estimated fair market value as agreed by the parties.

During 1999, the Company sold its interest in a significant development property and a golf course, net of related debt thereon, to affiliates of a significant shareholder of the Company. The Company received cash proceeds of \$6,000,000, which represented the carrying value of those properties, net of related debt thereon. The value of the transaction was substantiated by a third party appraisal commissioned by an Independent Committee of the Board of Directors struck to review the transaction, which was approved by the shareholders of the Company at a special general meeting held on April 28, 1999 for that purpose.

Notes to Consolidated Financial Statements

Years ended December 31, 2000 and 1999

During 2000, the Company received various loans from the controlling shareholder, bearing interest at prime + 1.75% and prime + 2.0% (1999 - 10.0%) per annum. The loans were fully repaid at December 31, 2000 (\$2,450,000 outstanding at December 31, 1999). The Company incurred \$396,000 (1999 - \$276,000) in interest expense related to this loan and fees of \$156,000 (1999 - \$73,000) related to loan guarantees provided by the shareholder.

20. 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:

	2000	1999
	<i>(in thousands of dollars)</i>	
Revenue:		
Development	\$2,568	\$11,600
Other revenue properties	-	247
	2,568	11,847
Expenses:		
Development	3,407	12,622
Other revenue properties	-	233
	3,407	12,855
Loss from discontinued operations before income taxes	(839)	(1,008)
Income taxes	-	60
Loss from discontinued operations	\$ (839)	\$ (1,068)

The remaining assets and liabilities of discontinued operations are as follows:

	2000	1999
	<i>(in thousands of dollars)</i>	
Accounts and mortgages receivable	\$1,321	\$2,371
Development properties	4,376	7,080
	\$5,697	\$9,451
Accounts payable and agreements payable	\$ 168	\$4,150
Debt on development properties	2,139	3,244
	\$2,307	\$7,394

Development properties are recorded at estimated net realizable values. During the year, interest of \$541,000 (1999 - \$664,000) has been capitalized to such properties.

Debt on development properties is secured by demand debentures, a general security agreement, and specific pledging of title to and the Company's interest in the respective properties.

The cash flows from discontinued operations are as follows:

	2000	1999
	<i>(in thousands of dollars)</i>	
Operations	\$ (268)	\$ (1,067)
Financing	(5,087)	(27,011)
Investing	3,616	35,182
	\$(1,739)	\$ 7,104

21. Segmented information:

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

Ice rinks revenue by services provided are as follows:

	2000	1999
	<i>(in thousands of dollars)</i>	
Ice rentals	\$25,340	\$25,375
Restaurant and lounge	9,166	8,883
Sports store	3,337	3,633
Other	2,255	2,048
	\$40,098	\$39,939

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

Five Year Review

Balance Sheet

	2000	1999	1998	1997	1996
	<i>(in thousands of dollars)</i>				
ASSETS					
Ice rink properties	\$ 98,897	\$107,118	\$107,858	\$ 97,992	\$ 83,669
Other revenue property	-	1,593	1,627	1,849	1,803
Other	6,758	8,440	11,141	11,169	20,369
Discontinued operations	5,697	9,451	44,633	93,586	103,649
Total assets	\$111,352	\$126,602	\$165,259	\$204,596	\$209,490

LIABILITIES

Ice rink properties	\$ 55,177	\$ 59,031	\$ 62,291	\$ 56,133	\$ 46,810
Other revenue property	-	-	128	64	498
Convertible debentures	-	6,901	7,841	8,704	9,496
Other	20,170	25,241	25,299	22,907	33,536
Discontinued operations	2,307	7,394	34,405	54,071	54,482
Total liabilities	\$ 77,654	\$98,567	\$129,964	\$141,879	\$144,822

CONVERTIBLE DEBENTURES AND SHAREHOLDERS' EQUITY

Convertible debentures	\$ -	\$ 13,099	\$ 12,159	\$ 11,296	\$ 10,504
Share capital	54,981	44,592	44,592	44,592	36,600
Retained earnings (deficit)	(21,283)	(29,656)	(21,456)	6,829	17,564
Total equity	\$ 33,698	\$ 28,035	\$ 35,295	\$ 62,717	\$ 64,668

STATISTICS

Debt to equity ratio	2.26	3.46	3.63	2.23	2.18
Issued shares at end of year (in thousands)	93,326	12,957	12,957	12,957	10,632
Average shares outstanding (in thousands)	26,609	12,957	12,957	12,193	10,616
Earnings (loss) per common share:					
Earnings (loss) from continuing operations:					
Basic	(0.14)	(0.55)	(0.50)	(0.50)	(0.37)
Fully diluted	n.a.	n.a.	n.a.	n.a.	n.a.
Net earnings (loss):					
Basic	(0.18)	(0.63)	(\$2.18)	(\$0.88)	\$0.10
Fully diluted	n.a.	n.a.	n.a.	n.a.	n.a.
Cash flow per common share	(\$0.03)	(\$0.19)	(\$0.56)	(\$0.33)	\$0.12
Share price range	\$0.50-0.09	\$0.99-0.31	\$2.74-0.99	\$4.24-2.75	\$4.95-3.05

Five Year Review

Earnings Statement

	2000	1999	1998	1997	1996
	<i>(in thousands of dollars)</i>				
Revenue					
Ice rinks	\$ 39,650	\$ 39,621	\$ 35,825	\$ 28,931	\$ 22,198
Other	448	318	473	512	332
Total revenue	40,098	39,939	36,298	29,443	22,530
Operating expenses					
Ice rinks	32,291	32,256	28,633	23,529	17,565
Other	186	199	132	117	132
General and administrative	2,699	2,675	2,776	2,863	2,175
	35,176	35,130	31,541	26,509	19,872
Earnings before interest, depreciation and taxes	4,922	4,809	4,757	2,934	2,658
Other expenses					
Interest	6,381	7,020	6,665	5,123	4,677
Depreciation and amortization	3,765	3,838	3,593	2,444	979
Other	(1,475)	143	173	648	223
	8,671	11,001	10,431	8,215	5,879
Loss from continuing operations	(3,749)	(6,192)	(5,674)	(5,281)	(3,221)
Results of discontinued operations	(977)	(1,068)	(21,747)	(4,662)	5,010
Net loss	\$ (4,726)	\$ (7,260)	\$ (27,421)	\$ (9,943)	\$ 1,789
Interest on convertible debentures	\$ (341)	\$ (940)	\$ (864)	\$ (792)	\$ (726)

Directors

D.C. Andrews
President

D.C. Andrews Corporation, Vancouver, BC

Grant W. Ballantyne
President & C.E.O.

Canlan Ice Sports Corp., Vancouver, BC

Frank D. Barker
Chairman

Canlan Ice Sports Corp., Vancouver, BC

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

Edwin Cohen
Private Investor
Toronto, ON

William B. Pattison
Faculty of Business
University of Victoria, Victoria, BC

Officers

Frank D. Barker
Chairman

Grant W. Ballantyne
President & C.E.O.

Patrick J. Doyle
Vice-President, Development

Michael F. Gellard
Vice-President, Finance
Corporate Secretary

Arthur Dickson
Vice-President, Sales & Marketing

Brian King
Vice-President, Human Resources

Ivan Wu
Controller

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Shares Listed Toronto Stock Exchange, Symbol ISE

Web site www.icesports.com

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