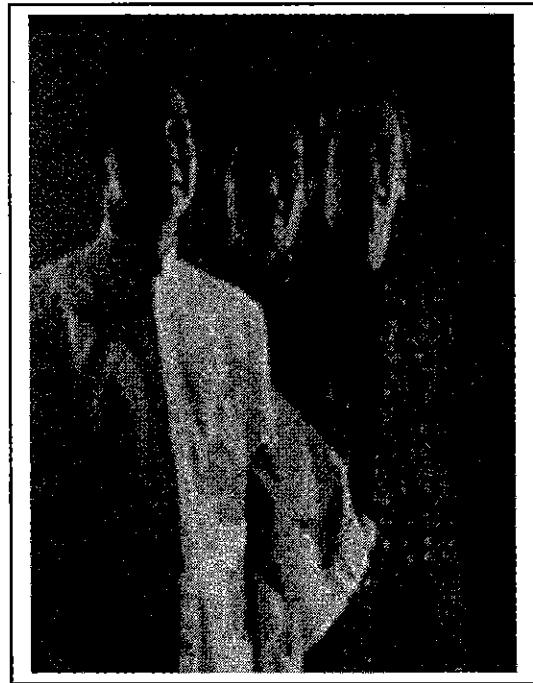


THE NATIONAL TRADE CENTRE
MANAGEMENT REPORT

FOR THE MONTH ENDING
AUGUST 31, 2004

7



Mabuhay Festival -APO Hiking Society

SUBMITTED BY:

RON TAYLOR
MANAGING DIRECTOR/O&Y/SMG CANADA

ARLENE CAMPBELL
GENERAL MANAGER/NTC

EXECUTIVE SUMMARY

- During the months of July & August, our Sales & Marketing team secured 8 new events for 2004 increasing our total to 54 new events.
- In July, the International Association of Assembly Managers (IAAM) named Laura Purdy as the recipient of the 2004 Mid Grood Perry Creativity Award.
- In August, The National Trade Centre was confirmed as the venue sponsor for the BizBash T.O. Event Style Show and Expo in February 2005.
- Net Operating Income for the eight months ending August 31, 2004 was \$947,071 compared to a budget of \$878,510 for a favourable variance of \$68,561.
- We are projecting the core NTC budget would be achieved for 2004, however the adjustments flowing from the renegotiation of the Ricoh Coliseum and the rent and service relief granted to the RAWF (a reduction of \$220,000) will result in an estimated shortfall of \$235,000 in the projected 2004 results.

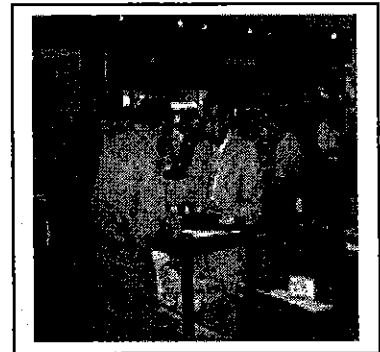
SALES & MARKETING

AUGUST SALES EFFORTS

During the months of July & August, our Sales & Marketing team secured 8 new events for 2004 increasing our total to 54 new events.

The events are categorized as follows:

- 10 consumer shows
- 6 trade shows
- 26 special events/film/photo shoots
- 12 corporate bookings/meetings/holiday parties/misc.



Jewellery World Expo

In July, the International Association of Assembly Managers (IAAM) named Laura Purdy as the recipient of the 2004 Mid Grood Perry Creativity Award. This award is designed to recognize a project, program or management innovation developed or implemented within a public assembly facility. Laura was chosen as this year's recipient for the trade-marketing campaign which she developed and implemented to launch Ricoh Coliseum as a new venue. This marketing campaign for Ricoh Coliseum included e-cards, brochures, industry advertising and venue website.

In August, The National Trade Centre was confirmed as the venue sponsor for the BizBash T.O. Event Style Show and Expo in February 2005. BizBash is an annual event that focuses on event style and trends in the Toronto event market. It attracts event professionals from across Canada from several sectors including corporate, film, fashion, music, media, beauty, finance and retail. Participating as a sponsor at this event will give our sales team the opportunity to further promote our facility expansion of the new conference centre and hotel to meeting planners attending this function.

BUSINESS TRAVEL

In August The National Trade Centre was represented at the SISO Executive Conference as part of the SMG booth.

Upcoming business travel includes the C.S.A.E. Annual Conference that will take place in Montreal in October.

PUBLICITY

Events held during July and August received media attention from the Toronto Star, Toronto Sun, CITYTV and CP24.

SMG National Promotional Initiatives

The National Trade Centre and Ricoh Coliseum are part of SMG's North America brand advertising campaign. The trade media exposure is summarized below:

SMG Media Schedule (2003-04)

SMG Corporate Ad	Periodical	Date
SMG 49 Convention Centers Ad, Full Page	Tradeshaw Week Major Exhibit Hall Directory	September 2004
SMG Convention Centers SISO Supplement (Full list)	Tradeshaw Week	August 2004
SMG Convention Centers Full Page Ad	SISO Membership Directory	August 2004
SMG is More than just Buildings...	Amusement Business	August 2004
SMG is more than just Buildings... 2 Page Spread... IAAM Conference	IAAM facility Manager	July 2004
SMG is More than just Buildings... IAAM Conference	Amusement Business Back Cover	July 2004
SMG is More than just Buildings... IAAM Conference	TourGuide Magazine	July 2004
SMG Welcome's back Amusement Business	Amusement Business	April 2004
SMG Prime Site ad for Convention Centers... 2 Page Spread	Facilities and Destinations Magazine	January 2004
SMG Prime Site ad for Arenas... 2 Page Spread	Facilities and Event Management Magazine	March 2004
SMG Convention Center SISO Supplement	Tradeshaw Week	August 2003
SMG Welcomes the IAAM to its Louisiana Facilities. 2 page spread	IAAM Facility Manager	July 2003
SMG Welcomes the IAAM to its Louisiana Facilities.	Venues Today Magazine	July 2003
2 of the Industry's Top 100, Thom Connors, Dick Shaff	Tradeshaw Week Magazine	July 2003
"There's just one thing growing...SMG"	IAAM Facility Manager	June 2003

SMG National Sales represented (or will represent) all facilities at:

- Meeting Professionals International (MPI)... 2,000+ attendees in July.
- Society of Independent Show Organizers (SISO)... 250 multiple show producers in August.
- Conferon Annual Meeting: presenting our new national agreement in August
- Travel, Events & Management in Sports (TEAMS)... co-op at appointment tradeshow in October
- International Association for Exposition Management (IAEM)... 16 booth co-op in December.

EVENT SERVICES

During the months of July and August of 2004, Event and Facility co-ordinators at The National Trade Centre were involved in the following events:

JULY	
National Trade Centre Events	Exhibition Place Events
Consumer	
<ul style="list-style-type: none"> • Wireless & Mobile World Expo • Hoop it up Basketball Event 	<ul style="list-style-type: none"> • Chin Picnic • Molson Indy & Motorfest
Other	
<ul style="list-style-type: none"> • 12th Annual Latvian Song & Dance Festival • Garden Brothers Circus 	
AUGUST	
National Trade Centre Events	Exhibition Place Events
Consumer	
<ul style="list-style-type: none"> • Mabuhay Festival 	<ul style="list-style-type: none"> • Canadian National Exhibition
Other	
<ul style="list-style-type: none"> • Jewellery World Expo 	

NTC EVENTS

Wireless & Mobile World Expo was a first time event at the NTC that required significant IT infrastructure. The client was late in making many requests for service and as a result it was a challenge to arrange services at the usual level of quality. The client will be returning with at least two more events and communication difficulties will be addressed in future.

Attendance at Hoop it Up was 16,000. The client requested space in addition to what was outlined in the contract for basketball courts. It is recommended that IATSE technicians be more involved in the set up and removal of the technical equipment for future events.

Managers of the Mabuhay Festival were a challenge to work with. It was difficult establishing contact with them and determining their needs. Attendance was poor and patrons had difficulty finding the entrance due to the move-in of the CNE.

Jewellery World Expo was expanded this year with about 5 per cent more booths.

EXHIBITION PLACE EVENTS

NTC Event and Facility coordination staff culminated their work that began in early April on the Molson Indy and CHIN picnic in June and July. These major events required significant time and effort to accommodate. Molson Indy and Motorfest were somewhat scaled back this year but the events were still quite successful by all accounts.

NTC Event & Facility management coordinated the services for the CNE which included the events in the Ricoh Coliseum.

RICOH COLISEUM

HOCKEY

Event staff worked closely with Borealis and the Edmonton Oilers to ensure to orderly removal of Oiler-owned equipment and personal belongings from the Ricoh Coliseum.

OTHER EVENTS

The 12th Annual Latvian Song & Dance Festival attendance was slightly under expectation, however the event was well received.

The Garden Brothers Circus was held at the Ricoh Coliseum for the first time. Staff had difficulty obtaining technical information from the client. IATSE and the circus staff worked well together. The performing animals (horses and elephants) were housed in the west annex and cared for by the circus staff. Parking went well considering that the Molson Indy was in early move-out mode. The circus also elected to buy out Centreplate and sell their own food and snack items. Although the circus did not achieve its desired attendance levels, management was satisfied and did not feel it would impact on their decision to return for future events.

TELECOMMUNICATIONS

Telecommunications prepared and deployed service delivery for the Canadian National Exhibition. Staff was busy with deployment of services spanning the Exhibition Place campus, including the Casino (Better living Centre), Queen Elizabeth Exhibit Hall, Press Building, Horse Palace and The National Trade Centre. Services included Pay Phone circuits, Bank Machine feeds, standard telecommunications for both staff and exhibitors as well as internet access via Ethernet.

Telecommunications was also asked to assist Exhibition Place IT in order to have true 24 hour 7 day a week support for network support including wireless information kiosks. Telecom staff assisted Exhibition Place IT staff with infrastructure layout, testing, installation and support.

On the first night of the CNE a major Toronto Hydro power failure knocked out all telecommunications capability across the grounds. Though the system is designed with battery backup and a diesel generator to provide backup capability, certain factors caused a complete shutdown. Staff was on site in the very early hours to work on restoring services prior to the opening of the CNE the next morning.

BUILDING OPERATIONS

- Repairs to the ACX diesel generator water pump have been initiated and parts have been ordered from Cummins Diesel.
- The Angus PPM Programme schedules and revisions to the system are ongoing to ensure maximum efficiency.
- T.S.S.A. inspections of escalators and elevators took place this month in preparation for the CNE.
- Cooling towers have been cleaned and maintenance completed in preparation for CNE.
- Automotive Building fire alarm and emergency lighting upgrades are now complete.
- NTC fire alarm system upgrades are scheduled to be completed in mid October, 2004.

- Maintenance of the Automotive Building roof top exhaust fans is ongoing with one fan out for rewinding. We are currently awaiting quotes on the status of the motor.
- The kitchen hood system in the Automotive Building has been inspected and made fully operational after a season of reduced usage.
- Maintenance of the CCTV System has been ongoing as well as the Distress Alarm System which interacts with CCTV.

FACILITY SERVICES

- The Preventative Maintenance Programme was a priority throughout August as staff prepared for the CNE
- Staff coordinated services for CNE and prepared quotes for upcoming show/events.
- Rolling steel doors underwent a thorough inspection including repairs.
- Huffcore wall partitions were inspected and repaired.
- Terrazzo was stripped sealed and burnished.
- All equipment underwent various inspections/repairs.
- Concrete repairs were completed around the building exterior.

SERVICE STARS

Arlene Campbell received the following e-mail from Garnett Mills: "It is with great pleasure that I send this e-mail to you. I am the Chairman of the Mid Grood Perry Creativity Award Committee this year. I am proud and excited to tell you that Laura Purdy is the winner for 2004. You need to be extremely proud of her and her work. We had five excellent applications this year and the competition was tough."

The second noteworthy Service Stars mention actually comes from a member of the general public who brought it to the attention of NTC Management that the Canadian Flag on site was not to standard specifications. The problem was corrected in short order and Mr. Bill Gray of Toronto followed up via e-mail to Arlene Campbell to say "I did notice that the flag had been taken down before I went on vacation and was happy to see the corrected one flying on my return.... thanks again for taking this to heart."

CENTERPLATE

RETAIL DEPARTMENT

August is traditionally a slow month for F&B and is consumed by prep and carry-through for the CNE.

Jewellery World Expo continued its tradition with strong food and beverage sales while the Mabuhay Festival was poorly attended. The CNE started off well, however a major part of the marketing program from the last few years that has been supplied by Labatt was missing. The Big Rig and Sports Zone were not available for us this year and sales are off 20% – 25% as a result.

CATERING DEPARTMENT

Catering for the period went as expected with a majority of shows using catering services. There were only two small events on site with the exception of those affiliated with the shows.

AUGUST FINANCIALS

Net Operating Income for the eight months ending August 31, 2004 was \$947,071 compared to a budget of \$878,510 for a favourable variance of \$68,561.

- Rental income at \$3,971,362 is unfavourable to budget by (\$142,000) mainly due the timing of new business.
- Electrical services of \$364,190 were below budget by (\$92,699) due to the timing of new business electrical revenue and the higher cost of delivery experienced in the 1st Quarter. Exhibition Place took over the delivery of electrical show services effective March 1, 2004; NTC Finance continues to be responsible for invoicing and collections.
- Direct and indirect expenses are favourable to budget by \$444,068 partly as a result of timing on marketing dollars, PM&D expenses, and savings in salaries for the Finance, Event Services and Operations Departments due to vacant positions.
- Food & Beverage concessions of \$714,054 are unfavourable to budget by (\$128,496) due to lower attendance for consumer shows.
- Telecommunications at \$239,374 is favourable to budget by \$30,354 due to higher demand for internet services for the Boat Show, Sportsmen's Show, and the Dalai Lama Kalachakra for World Peace.

Accounts receivable for the month ending August 31, 2004 were \$3,023,951 consisting mainly of:

- \$979,075 for services on completed events, of which \$11,960 has been received by September 7, 2004.
- \$437,915 owed as deposits for future events, of which \$33,424 has been received by September 7, 2004.
- \$113,420 for Sponsorship agreements.
- \$50,421 for Coliseum partners and sub-contractors for Arena-related project costs.
- \$24,604 of Food & Beverage Concessions is owed by Centerplate, contractually due on the 25th of the following month.

The Finance Department continues to provide extensive accounting support to the Ricoh Coliseum Owners Group.

APPENDIX "A"

THE NATIONAL TRADE CENTRE FINANCIAL STATEMENT HIGHLIGHTS AUGUST 2004 and YEAR TO DATE

	MONTH ACTUAL	2	MONTH BUDGET	1	YTD ACTUAL	56	YTD BUDGET	36	VARIANCE	20
Number of Events				1						
Direct Event Income	53,836.90		81,656.00	(27,819.10)	4,386,343.25		4,570,099.00		(183,755.75)	
Ancillary Income	212,420.10		189,366.00	23,054.10	2,610,468.73		2,700,505.00		(90,036.27)	
Advertising Income	11,008.07		39,891.00	(28,882.93)	112,581.07		214,297.00		(101,715.93)	
CNE Recovery	431,159.00		431,159.00	-	431,159.00		431,159.00		-	
Total Event Income	708,424.07		742,072.00	(33,647.93)	7,540,552.05		7,916,060.00		(375,507.95)	
Direct Expenses	268,085.04		409,494.00	141,408.96	3,427,988.46		3,608,482.00		180,493.54	
Indirect Expenses	407,729.12		422,796.00	15,066.88	3,165,492.62		3,429,068.00		263,575.38	
Total Event Expenses	675,814.16		832,290.00	156,475.84	6,593,481.08		7,037,550.00		444,068.92	
NET INCOME (LOSS)	32,609.91		(90,218.00)	122,827.91	947,070.97		878,510.00		68,560.97	

NOTE: 1 Actuals include 12% markup paid to Exhibition Place on labour and materials. At August 31, 2004 the markup paid to Exhibition Place was a total of \$ 205,883.60 (\$ 162,629.24 expensed against direct event income and the balance of \$ 43,254.36 in direct expense)



**THE NATIONAL TRADE CENTRE
FINANCIAL STATEMENT HIGHLIGHTS
AS AT AUGUST 31, 2004 with COMPARISON TO AUGUST 2003**

	2003 YTD AUGUST ACTUAL	2004 YTD ACTUAL	2004 YTD BUDGET	2004 VARIANCE	VARIANCE TO YTD AUGUST, 2003 ACTUAL	%
Number of Events	50	56	36	20	6	12.0%
Direct Event Income	4,013,721.11	4,386,343.25	4,570,099.00	(183,755.75)	372,622.14	9.3%
Ancillary Income	1,429,488.62	2,610,468.73	2,700,505.00	(90,036.27)	1,180,980.11	82.6%
Advertising Income	209,670.07	112,581.07	214,297.00	(101,715.93)	(97,089.00)	(46.3%)
CNE Recovery	418,408.00	431,159.00	431,159.00	-	12,751.00	
Total Event Income	6,071,287.80	7,540,552.05	7,916,060.00	(375,507.95)	1,469,264.25	24.2%
Direct Expenses	3,139,790.63	3,427,988.46	3,608,482.00	180,493.54	(288,197.83)	(9.2%)
Indirect Expenses	2,907,036.32	3,165,492.62	3,429,068.00	263,575.38	(258,456.30)	(8.9%)
Total Event Expenses	6,046,826.95	6,593,481.08	7,037,550.00	444,068.92	(546,654.13)	(9.0%)
NET INCOME (LOSS)	24,460.85	947,070.97	878,510.00	68,560.97	922,610.12	3,771.8%

Note: 1 Actuals include 12% markup paid to Exhibition Place on labour and materials. At August 31, 2004 the markup paid to Exhibition Place was a total of \$ 205,883.60 (\$ 162,629.24 expensed against direct event income and the balance of \$ 43,254.36 in direct expense)

**THE NATIONAL TRADE CENTRE
EVENT STATISTICS**

FOR THE MONTH OF AUGUST 31, 2004

	<u>MONTH ACTUAL</u>	8,000	<u>YTD ACTUAL</u>	804,060	<u>PRIOR YEAR ACTUAL</u>	786,181
Attendance [Note:1]						

<u>EVENT</u>	<u>ACTUAL # OF PERFORMANCES</u>				<u>(IN THOUSANDS)</u>		<u>REFRESHMENT PER CAP'S ACTUAL [Note: 2]</u>
	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2002</u>	<u>ACTUAL</u>	<u>BUDGET</u>	
	<u>NET EVENT INCOME [Note: 3]</u>						
Consumers Show	32	28	27	27	3,668	3,848	3.26
Trade Show	9	5	7	7	732	1,319	4.75
Concert	1	0	1	1	-	-	1.76
Photo/Film Shoot	6	3	2	2	65	-	11.66
Meeting/Corporate	8	14	22	22	340	-	
	<u>56</u>	<u>50</u>	<u>59</u>	<u>59</u>	<u>4,805</u>	<u>5,168</u>	

Note: 1 Attendance estimates provided by Show Management.

Note: 2 Refreshment per cap's based on information reported by Centerplate

Note: 3 Net event income includes rent and services, ancillary income includes catering and electrical commissions.



THE NATIONAL TRADE CENTRE
BALANCE SHEET
AS AT AUGUST 31, 2004

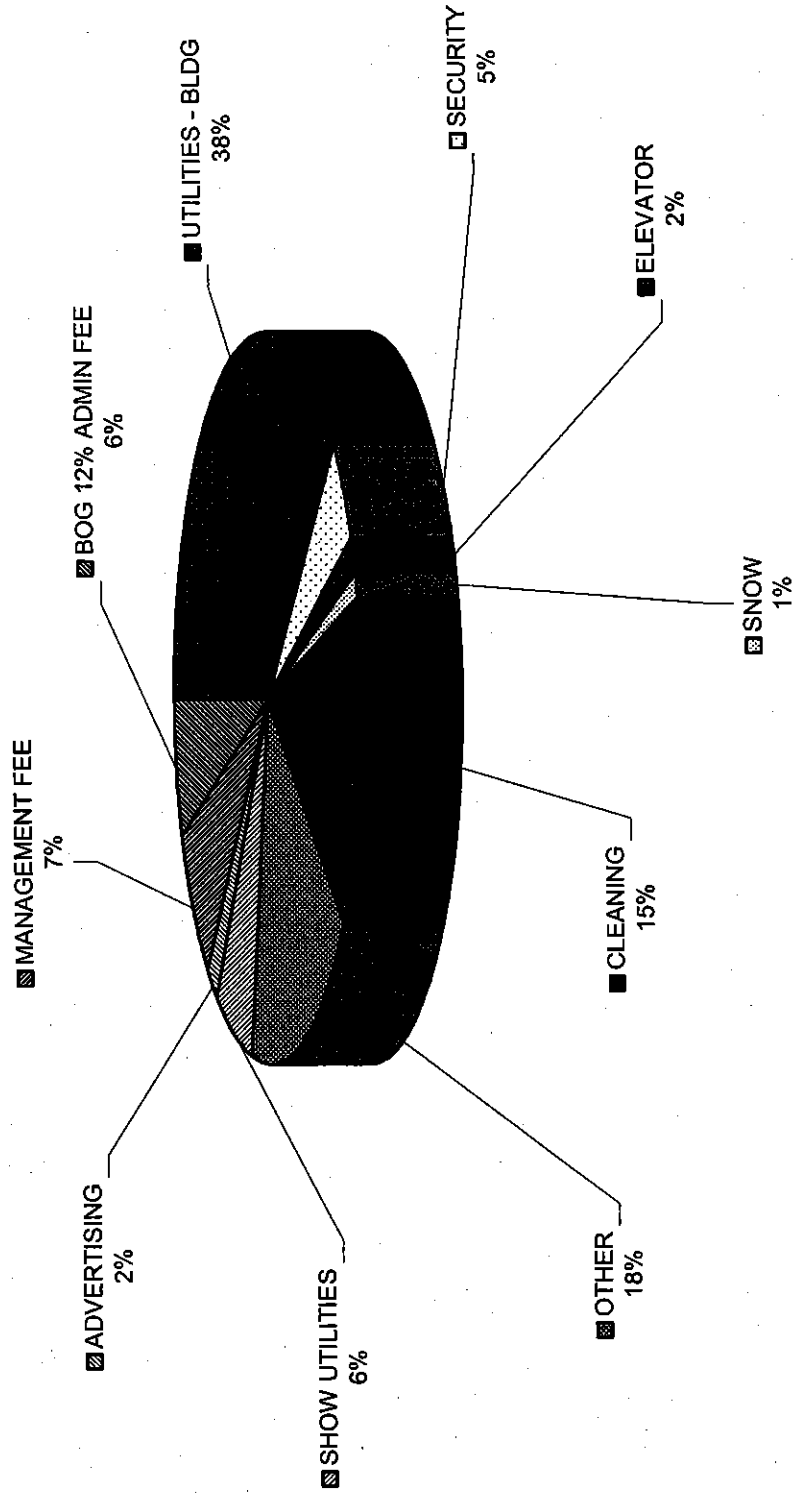
ASSETS	2004	2003
CURRENT ASSETS		
CASH	679,757.63	485,498.87
ADVANCE TO EX PLACE	320,000.00	250,000.00
TERM INVESTMENTS	2,650,000.00	2,350,000.00
AMERICAN EXPRESS	918.01	7,432.28
TRADE ACCOUNTS RECEIVABLE		3,023,951.20
ALLOWANCE FOR DOUBTFUL ACCOUNTS		<u>(16,632.63)</u>
NET ACCOUNTS RECEIVABLE	3,007,318.57	1,530,278.87
RECEIVABLE FROM EX PLACE	36,640.11	13,565.62
OTHER RECEIVABLE	5,199.35	44,973.13
PREPAID EXPENSES	17,945.92	121,073.99
TOTAL CURRENT ASSETS	<u>6,717,779.59</u>	<u>4,802,822.76</u>
FIXED ASSETS		
EQUIPMENT - NET	41,152.11	54,750.53
TOTAL ASSETS	<u><u>6,758,931.70</u></u>	<u><u>4,857,573.29</u></u>
LIABILITIES & EQUITY		
CURRENT LIABILITIES		
ACCRUED LIABILITIES		3,172,383.99
PROVINCIAL & FEDERAL SALES TAX PAYABLE		60,845.20
DEFERRED REVENUE	5,428,603.75	5,000,534.51
EQUITY		
NET INCOME (LOSS) CURRENT	947,070.97	24,460.85
PRIOR YEAR PSAB ADJUSTMENT	(167,422.07)	(167,422.07)
PRIOR YEAR SURPLUS		1,150,679.05
DISTRIBUTION TO EXHIBITION PLACE	550,679.05	-
	<u>6,758,931.70</u>	<u>4,857,573.29</u>



**THE NATIONAL TRADE CENTRE
FINANCIAL STATEMENT HIGHLIGHTS
STATEMENT OF CASH FLOW
FOR THE PERIOD ENDED AUGUST 31, 2004**

	<u>MONTH</u>	<u>YTD</u>
CASH FLOW FROM OPERATIONS		
NET INCOME (LOSS)	32,609.91	947,070.97
ADD: EMPLOYEE BENEFITS - VACATION/SICK	-	-
SOURCES (USES) OF CASH		
TERM INVESTMENTS	500,000.00	2,000,000.00
ACCOUNTS RECEIVABLE - TRADE	(705,714.12)	(305,186.14)
RECEIVABLE FROM EX PLACE B.O.G	(3,193.76)	(36,600.00)
ACCOUNTS RECEIVABLE - OTHER	16,843.90	72,974.60
PREPAID EXPENSES	16,512.90	131,932.90
DEPOSITS AND OTHER ASSETS	13,643.99	(4,054.61)
ACCOUNTS PAYABLE & ACCRUED EXPENSES	70,020.81	(723,189.52)
OTHER PAYABLES	14,403.39	(98,523.89)
DEFERRED INCOME	330,306.08	(1,180,216.27)
ADVANCE DEPOSITS - Exhibition Place B.O.G	-	(70,000.00)
NET CASH FROM OPERATIONS	<u>285,433.10</u>	<u>734,208.04</u>
OTHER SOURCES (USES) OF CASH		
CAPITAL EXPENDITURES	-	-
PAYMENTS OF DEBT	-	-
DISTRIBUTION TO OWNERSHIP - Exhibition Place B.O.G.	-	(600,000.00)
NET CASH FROM OTHER SOURCES	<u>-</u>	<u>(600,000.00)</u>
NET INCREASE (DECREASE) IN CASH	285,433.10	134,208.04
BEGINNING CASH BALANCE	394,324.53	545,549.59
ENDING CASH BALANCE	<u>679,757.63</u>	<u>679,757.63</u>

**COMPONENTS OF DIRECT EXPENSE
YTD AUGUST 31, 2004**



- UTILITIES - BLDG
- SECURITY
- ELEVATOR
- ▨ SNOW
- CLEANING
- ▨ OTHER
- ▨ SHOW UTILITIES
- ▨ ADVERTISING
- ▨ MANAGEMENT FEE
- ▨ BOG 12% ADMIN FEE

**THE NATIONAL TRADE CENTRE
CHEQUE DISBURSEMENTS - AUGUST 2004
GREATER THAN \$50,000**

DESCRIPTION

Amount

Check No Date

16239	8/27/04	O & Y ENTERPRISES	120,023.82	O&Y SALARIES WK ENDING JUL.10, JUL.24 & AUG.7, 200
16224	8/27/04	THE BOARD OF GOVERNORS OF EXHIBITION PLACE	194,374.70	SALARIES FOR WK ENDING JUN.12 & JUN. 26, 2004
16163	8/6/04	THE BOARD OF GOVERNORS OF EXHIBITION PLACE	364,809.25	Y2003 SURPLUS/MAR7-JUL03-WORK ORDER/NORM OT
DISBURSEMENTS OVER \$50,000			679,207.77	
OTHER DISBURSEMENTS LESS THAN \$50,000.			316,443.64	
TOTAL DISBURSEMENT IN AUGUST 2004			995,651.41	



