

THE NATIONAL TRADE CENTRE
MANAGEMENT REPORT

7



FOR THE MONTH ENDING
JUNE 30, 2002



D. Young – Exhibition Place GM & CEO & E. Vincent – National Trade Centre GM

SUBMITTED BY:

RON TAYLOR
MANAGING DIRECTOR/O&Y/SMG CANADA

ERNEST VINCENT
GENERAL MANAGER/NTC

EXECUTIVE SUMMARY

- The National Trade Centre hosted numerous new events in the second quarter which included; Uniroyal Ride & Drive, Canadian Autotech, Bell Mobility Wireless Internet Conference, Parvaaz Mela concert, Traders Forum, Flow 93.5 Diversity Job Fair, PMO Task Force, Against the Ropes film shoot, Arena Cross, Caribbean Concert, Daimler Chrysler Concept Vehicle Ride & Drive, GM 2003 Fleet Preview, Spring Fever Sex Show and Toronto Taste.
- The National Home Show reported a very successful event in April with a 5% increase in attendance. The Toronto Postage & Stamp Show experienced an increase in attendance that resulted in their best show to date. Traders Forum during May reported a good attendance and wishes to expand in 2003. Can Clean was very happy with their show and the services provided by The NTC.
- Net Operating Income for the six month ending June 30, 2002 was favourable with a variance of \$48,620.
- Capital projects have continued this quarter with the Automotive HVAC project rapidly approaching completion. System checks and commissioning remain, after initial tests have been completed.
- Hardat Persaud, Accounting Manager has successfully completed his Public Assembly Facility Management School at Olgebay and now has his certificate in Facility Management.
- Servo has developed some very exciting upscale themes for our *portable areas* that will meet the demand of our guests. Improving on our product and keeping current with new trends is important in capturing guests that would otherwise go off property for a meal. Some of the themes and stations that we are developing are, *Mediterranean, Asian, Italian and Grilled Sandwiches*.

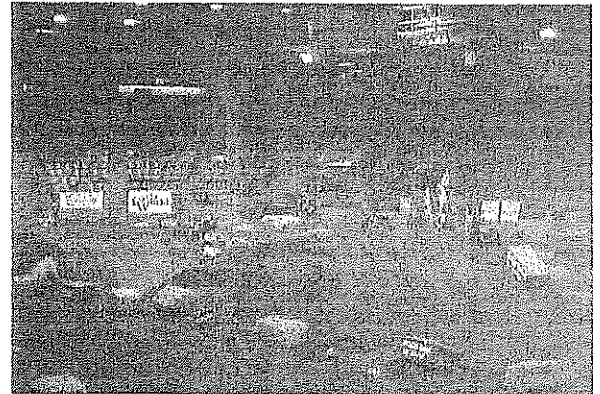
SALES & MARKETING

JUNE SALES ACTIVITY

Results of O&Y/SMG Canada's June sales efforts are as follows:

- 1 new 2002 event was contracted this month which increased our total to 44 new events for 2002. The events are categorized as follows:
 - 8 consumer shows
 - 7 trade shows
 - 12 special events/film/photo shoots
 - 17 corporate bookings/meetings/misc.

- 4 license agreements have been issued to clients for new 2002 events.



Arena Cross

SECOND QUARTER SUMMARY

- Our sales team succeeded in securing a rental contract for the Paramount Pictures feature film "Against the Ropes" starring actress Meg Ryan and directed by Charles S. Dutton. This film, based on the true-life story of female boxing manager, Jackie Kallen, took place in the Coliseum and the Automotive Building in May.
- New events held during the second quarter included the Uniroyal Ride & Drive, Canadian Autotech, Bell Mobility Wireless Internet Conference, Parvaaz Mela concert, Traders Forum, Flow 93.5 Diversity Job Fair, PMO Task Force, Against the Ropes film shoot, Arena Cross, Caribbean Concert, Daimler Chrysler Concept Vehicle Ride & Drive, GM 2003 Fleet Preview, Spring Fever Sex Show and Toronto Taste.

SALES EFFORTS

- Execution of 15 contracts for new 2002 events totalling over \$127,550 in new business rental revenue. Execution of 3 contracts for new events in 2003 totalling over \$117,675 in new business rental revenue. Issuance of 2 contracts for new 2003 events which are awaiting execution

UPCOMING BUSINESS TRAVEL

- In July, Barbara Outschoorn and Ellen de Boer will attend the C.A.E.M. and C.S.A.E. annual conferences. The C.A.E.M. Conference (held by the Canadian Association of Exposition Management) will take place in Charlottetown, PEI at the Delta Prince Edward Hotel from July 6 – 9. The C.S.A.E. (Canadian Society of Association Executives) Conference will run from July 27 – 29, 2002 at the Hilton Lac Leamy in Hull, Quebec. A follow-up report on these conferences will be included in the July summary.

PUBLICITY

- On April 29, 2002, The National Trade Centre Sales & Marketing Department issued a news release announcing the record attendance reported at this year's National Home Show. The news release was issued to local, national and international media and as a result received coverage in the April 30, 2002 issue of Conworld.net, the May 8, 2002 issue of m + a's Newslite, the June 2002 issue of MP-World and was posted on Expo 24-7.com.
- On May 3, 2002, Minister Judy Sgro, MP and Chair of the Prime Minister's Caucus Task Force on Urban Issues made her first stop at The National Trade Centre to present the interim report of the Task Force's recommendations. In attendance at this meeting were such notables as Minister Alan Tonks, MP, Minister Tina Molinari, MPP, Deputy Mayor and City Councillor Case Ootes and City Councillor Anne Johnston. This meeting received extensive media coverage from local television, radio and newspaper media including: CBC, CFTO, CITY TV, Global, CFRB, the Globe & Mail, National Post, Sing Tao, Toronto Star and the Toronto Sun.
- Events held during the first quarter of 2002 received media coverage in the Globe & Mail, Toronto Star, Toronto Sun and the National Post and on local television and radio media including CITY TV, CP24, CTV, CFMT, HGTV, Global, Q107, 93.7FM and Mix 99.9FM.

EVENT SERVICES

During the 2nd Quarter of 2002, Event and Facility Co-ordinators were involved in the following events:

April	
National Trade Centre Events	Exhibition Place Events
Trade	Other
<ul style="list-style-type: none"> • National Home Show • Canadian Fly Fishing Forum • Canadian Autotech • Toronto Postage & Stamp Show • National Franchise Business Show • Parvaaz MelaCanadian • National Marsville 	<ul style="list-style-type: none"> • Peace by Peace
<ul style="list-style-type: none"> • IBEW Annual Meeting • Bell Mobility Wireless Internet Conference 	
May	
Trade	Other
<ul style="list-style-type: none"> • Can Clean • Traders Forum 	<ul style="list-style-type: none"> • Big Brothers & Sisters • Princess Margaret Hospital Fundraiser

Consumer		
<ul style="list-style-type: none"> • Good Food Festival • Toronto District & Area School Board • Spring Library Book Fair • Arena Cross • The Clothing Show • Caribbean Music Expo • People in Motion 		
Other		
<ul style="list-style-type: none"> • Against the Ropes Film Shoot • World Youth Days Group Assembly • Arato Meeting • Mount Sinai Fundraiser • Daimler Chrysler Ride & Drive • Diversity Job Fair 		
JUNE		
Consumer		Other
<ul style="list-style-type: none"> • Spring Fever Sex Show • Toronto Taste 2002 • Unity 		<ul style="list-style-type: none"> • Ride for Heart • YMCA Corporate Run • Molson Indy Motorfest • Chin Picnic
Other		
<ul style="list-style-type: none"> • AIMR Exams • GM Fleet 2003 Preview 		

- The National Home Show reported a very successful event in April with a 5% increase in attendance. The Toronto Postage & Stamp Show experienced an increase in attendance. This resulted in their best show to date.
- Attendance was less than expected at two events of April.
- Traders Forum during May reported a good attendance and wishes to expand in 2003. Can Clean was very happy with their show and the services provided by The NTC.
- The Spring Fever Sex Show – a first time event – experienced some problems but overall they were happy with their show that they plan to return next year.
- Unity, AIMR Examinations, Toronto Taste, YMCA Run and the GM Fleet Preview proceeded successfully without any untoward incident.

REQUIREMENTS FOR SAFETY:

- Updated rules, regulations and requirements for shows and exhibitors were completed in the second quarter and are being included in the NTC Event Guide.

EMERGENCY PREPAREDNESS

- O&Y SMG Canada and NTC Senior Management have reviewed final revisions to the plan.
- Meetings with Exhibition Place have been held to ensure cohesiveness of the NTC plan with that of the rest of Exhibition Place.

TELECOMMUNICATIONS

- Telecommunications serviced all of the events during the period of April through June
- Set up the following during the last quarter:
 - Specifications for additional hardware and software upgrades for the NTC PBX. The hardware will provide for added system capabilities, increased capacity and Voice over IP capabilities.
 - Set up Casino Training School lines in BLC.
 - Set up one set for Capital Works Consultant
 - Set up Offices in QE theatre for World youth Days Office Coordinated with Bell Canada to provide information for routing and deployment for Hall D media services for the World Youth Days.
 - Worked with Adflow on deployment of Video kiosks throughout the NTC & provided connectivity.
 - Finalized procurement for PBX equipment up grade was made.

BUILDING OPERATIONS

- Preventative maintenance undertaken over the past three months focused on preparation of the facility for major summer events, ensuring all building systems are in appropriate working order.
- Capital projects have continued this quarter with the Automotive HVAC project rapidly approaching completion. System checks and commissioning remain, after initial tests have been completed.
- The HVAC department continues with our scheduled filter replacement program to warrant air quality, as well as, maintaining Chillers and associated equipment to optimize efficiency of air-cooling equipment.
- The Electrical department has continued with our lamp replacement program, including, scheduled maintenance to various electrical equipment throughout the facility.
- The Plumbing department has primary focused on ensuring proper function of irrigation system, including regular maintenance within the facility.

FACILITY SERVICES

Building and equipment maintenance was completed throughout the second quarter. Staff coordinated the delivery of services to numerous shows/events and continue to prepare quotes and schedules for future shows. Budget drafts were prepared for 2003 and fiscal targets set for the remainder of 2002. The following is various inspections and repairs completed over the second quarter.

- Replaced damaged glass at North end of building
- Installation of plasma sponsorship monitors were installed throughout Galleria
- Steam cleaned carpet in salons, meeting rooms and on approximately (7000) upholstered rental chairs
- Repaired all cleaning garbage carts wheels and frames, painted forklifts and golf carts
- Re-seal Galleria terrazzo, and prepared various repairs to the concrete floor throughout Automotive Building.

- Pressure washed upper exterior glass /-beacons and roof top on South side of Halls "A" to "D", cleaned roof tops and cleared drains where necessary and pressure washed all walkways and entrances underground parking lots
- Organized rental warehouse and cleaning storage rooms
- Liaised with Capital Works concerning projects in the National Trade Centre

Our department strives to ensure client satisfaction in a challenging environment. The Molson Indy and World Youth Days provide an example of how this team can achieve success under stringent timelines.

FINANCIALS

Net Operating Income for the six month ending June 30, 2002 was \$1,280,612 compared to a budget of \$1,231,992 a favourable variance of \$48,620.

- Rental income at \$3,828,580 is unfavourable to budget by (\$110,079) due to the cancellation of the Toronto International Quarterhorse Show and timing of new business.
- Electrical services of \$307,376 have fallen below budget. The reason for this is a reduced demand from exhibitors at certain shows for this service as well as higher costs to deliver the service for the Boat Show, Canadian Hardware and Building Materials Show and the Toronto Sportsmen's Show. Staff is addressing these issues and improvements are being anticipated for the next quarter.
- Direct and indirect expenses are favourable to budget by \$326,687 partly as a result of lower utilities cost and minimal snow cleaning.
- Food & Beverage concessions of \$790,021 are unfavourable to budget by (\$90,277) due to reduced corporate events which are not allowing new business targets to be achieved
- During the last 3 months ending June 2002, the Finance department completed final billings and estimates for 40 shows. Also during the month a comprehensive review was done of the price list for exhibitor services. During the month all departments were working on the first draft of the 2003 Operating Budget and the 2003 Capital Budget.

Accounts receivables at June 30, 2002 were \$1,357,500 consisting mainly of:

- \$532,359 for services on completed events of which \$370,987 has been received by July 16, 2002.
- \$480,171 owed as deposits for future events of which \$29,636 has been received by July 16, 2002.
- \$128,017 of inter-program settlements, \$47,017 for event support services to Exhibition Place, \$81,000 for sponsorship monies billed by Exhibition Place for the NTC.
- \$74,900 for sponsorship deals approved in January of which \$58,850 has been received.
- \$45,936 of Food & Beverage Concessions is owed by Servo Canada contractually due on the 25th of the following month.

TRAVEL

On June 1 – 7, the NTC Accounting Manager attended and successfully completed the second year of Public Assembly Facility Management School (PAFMS) program at Olgebay in Wheeling West Virginia. The PAFMS is governed by the International Association of Assembly Managers (IAAM) and consists of one week of intensive classroom interaction and is a two-year

program. The purpose is to provide a focused educational experience for public assembly facility managers.

SERVO-CANADA

RETAIL DEPARTMENT

- Shows for this quarter are mostly small in size compared to the larger shows of the first and fourth quarters with the exception of the National Home Show. This year's National Home Show did very well with sales equalling those from last year.
- A key to the success in the Retail Sales Department is the use of Portable services. This includes a wide variety of services ranging from a full service restaurant or bistro to a simple ice cream or hot dog vendor.
- More and more we are finding our guest's discriminating tastes are looking to be satisfied by a more upscale approach to food choices. We have developed some very exciting upscale themes for our portable areas that will meet the demand of our guests. Improving on our product and keeping current with new trends is important in capturing guests that would otherwise go off property for a meal. This is kept in mind when we are matching our services to our show's clientele. Some of the themes and stations that we are developing are:
- *Mediterranean* – These stations feature items such as Tapenades, Hummus, Baba Ghanoush and Tabbouleh served in salads and sandwiches of Pita.
- *Asian* – These stations includes foods from the Orient such as Thai Noodle Salads, Walk-Away Noodle Dishes, Dim Sum Platters and Sushi. Other foods that work well on this station are Stir-Fries.
- *Grilled Sandwiches* – This station includes an assortment of Panini Sandwiches served with Antipasto and other assorted Salads. This station can also include sandwiches such as the Grilled Cuban Sandwich.
- *Italian* – This station includes foods from Italy. Whether it's good old Spaghetti and Meatballs or Lasagne or a Chicken Parmesan Sandwich, it's always a favourite.

CATERING DEPARTMENT

- Catering sales for the second quarter of 2002 were significantly down from 2001. Reasons for the decline from previous years are a general decrease in catering events and/or revenues throughout the GTA since the beginning of the year. Our networking with other off premise catering companies shows they are experiencing the same trend and do not expect sales to turn around until the summer months i.e. weddings then progressing into a busy corporate fall and winter. This may be speculative as for corporate as the planners and caterers have not seen much advance bookings from this sector.
- Major events held at The National Trade Centre in the 2nd quarter were the prestigious Mount Sinai fundraiser with 1200 guests in attendance and, the Princess Margaret Hospital "Playing with Fire" fundraiser held in the QE Building in which we managed the beverage sales.
- Off-premise catering included events for Arato Entertainment & Events group and ISES at the Steam Whistle Brewery downtown. We also had the opportunity to cater at The Liberty Grand for a reception for Toronto Trees and Parks Foundation.
- The MODE catering website will see an additional three pages added. Testimonials from clients will show some of the positive feedback that we have received over the years. The Holiday page will include our plans for this year's holiday themes and some menus in

Heritage Court and the Venues page will list off-premise-catering venues that we can work in. Additional changes are being made to the web so users can either view the web from high speed or dial up access with the same benefits.

APPENDIX "A"

THE NATIONAL TRADE CENTRE FINANCIAL STATEMENT HIGHLIGHTS JUNE 2002 and YEAR TO DATE

	MONTH ACTUAL	MONTH BUDGET	VARIANCE	YTD ACTUAL	YTD BUDGET	VARIANCE
Number of Events	7	3	4	56	23	33
Direct Event Income	323,432.43	357,239.30	(33,806.87)	4,232,742.42	4,313,863.30	(81,120.88)
Ancillary Income	58,063.22	108,743.11	(50,679.89)	1,361,149.26	1,583,866.11	(222,716.85)
Advertising Income	23,471.10	26,464.00	(2,992.90)	156,613.89	130,844.00	25,769.89
CNE Recovery	-	-	-	-	-	-
Total Event Income	404,966.75	492,446.41	(87,479.66)	5,750,505.57	6,028,573.41	(278,067.84)
Direct Expenses	340,266.97	341,666.50	1,399.53	2,555,414.60	2,753,236.00	197,821.40
Indirect Expenses	302,301.67	349,757.00	47,455.33	1,914,479.04	2,043,345.00	128,865.96
Total Event Expenses	642,568.64	691,423.50	48,854.86	4,469,893.64	4,796,581.00	326,687.36
NET INCOME (LOSS)	(237,601.89)	(198,977.09)	(38,624.80)	1,280,611.93	1,231,992.41	48,619.52

NOTE: 1
Actuals include 12% markup paid to Exhibition Place on labour and materials. At June 30, 2002 the markup paid to Exhibition Place
\$ 220,225.37 (\$ 180,020.92 expensed against direct event income & balance of \$ 40,204.45 in direct expense)

**THE NATIONAL TRADE CENTRE
FINANCIAL STATEMENT HIGHLIGHTS
AS AT JUNE 30, 2002 with COMPARISON TO JUNE 2001**

	2001 YTD JUNE ACTUAL	2002 YTD ACTUAL	2002 YTD BUDGET	2002 VARIANCE	VARIANCE TO YTD JUNE 2001 ACTUAL	%
Number of Events	59	56	23	(33)	(3)	(5.1%)
Direct Event Income	4,068,048.20	4,232,742.42	4,313,863.30	(81,120.88)	164,694.22	4.0%
Ancillary Income	1,560,057.21	1,361,149.26	1,583,866.11	(222,716.85)	(198,907.95)	(12.8%)
Advertising Income	117,922.05	156,613.89	130,844.00	25,769.89	38,691.84	32.8%
CNE Recovery	-	-	-	-	-	0.0%
Total Event Income	5,746,027.46	5,750,505.57	6,028,573.41	(278,067.84)	4,478.11	0.1%
Direct Expenses	2,596,999.75	2,555,414.60	2,753,236.00	197,821.40	41,585.15	1.6%
Indirect Expenses	1,865,071.34	1,914,479.04	2,043,345.00	128,865.96	(49,407.70)	(2.6%)
Total Event Expenses	4,462,071.09	4,469,893.64	4,796,581.00	326,687.36	(7,822.55)	(0.2%)
NET INCOME (LOSS)	1,283,956.37	1,280,611.93	1,231,992.41	48,619.52	(3,344.44)	(0.3%)

Note: 1 Actuals include 12% markup paid to Exhibition Place on labour and materials. At June 30, 2002 the markup paid to Exhibition Place is \$ 220,225.37 (\$ 180,020.92 expensed against direct event income & balance of \$ 40,204.45 in direct expense)

**THE NATIONAL TRADE CENTRE
EVENT STATISTICS**

FOR THE MONTH OF JUNE 2002

	<u>MONTH ACTUAL</u>	<u>YTD ACTUAL</u>	<u>PRIOR YEAR ACTUAL</u>
Attendance [Note: 1]	24,100	892,914	841,123

<u>EVENT</u>	<u>ACTUAL # OF PERFORMANCES</u>		<u>(IN THOUSANDS)</u>		<u>REFRESHMENT PER CAP'S ACTUAL [Note: 2]</u>	
	<u>2002</u>	<u>2001</u>	<u>ACTUAL</u>	<u>BUDGET</u>		
	<u>NET EVENT INCOME [Note: 3]</u>					
Consumers Show	27	23	28	3,736	3,899	3.38
Trade Show	5	5	7	499	782	3.84
Concert	1	1	1	14	-	5.88
Photo/Film Shoot	2	3	4	56	-	6.70
Meeting/Corporate	21	27	18	392	243	5.91
	56	59	58	4,697	4,924	

Note: 1 Attendance estimates provided by Show Management.

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

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

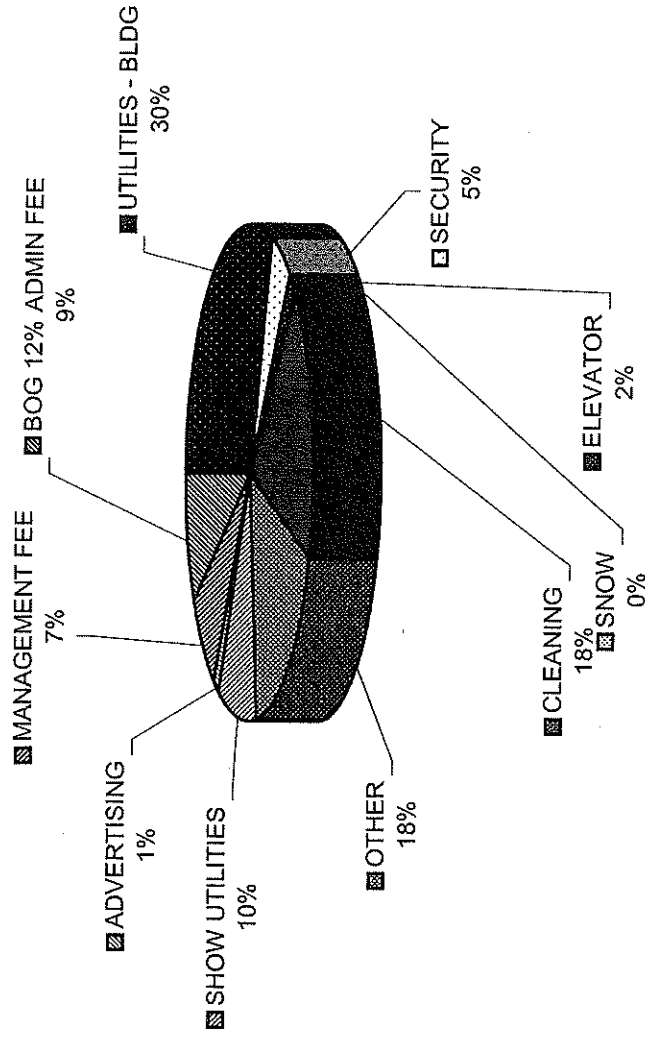
**THE NATIONAL TRADE CENTRE
BALANCE SHEET
AS AT JUNE 30, 2002**

ASSETS	2002	2001
CURRENT ASSETS		
CASH	371,825.94	466,340.85
ADVANCE TO EX PLACE	250,000.00	250,000.00
TERM INVESTMENTS	2,150,000.00	2,100,000.00
AMERICAN EXPRESS	12,259.67	-
TRADE ACCOUNTS RECEIVABLE	1,338,050.61	661,845.90
ALLOWANCE FOR DOUBTFUL ACCOUNTS	1,357,499.84	-
	<u>(19,449.23)</u>	-
NET ACCOUNTS RECEIVABLE	1,338,050.61	661,845.90
RECEIVABLE FROM EX PLACE	72,719.94	30,534.33
OTHER RECEIVABLE	164,555.52	139,276.33
PREPAID EXPENSES	31,123.73	84,975.46
TOTAL CURRENT ASSETS	4,390,535.41	3,732,972.87
FIXED ASSETS		
EQUIPMENT - NET	106,524.39	155,816.31
TOTAL ASSETS	4,497,059.80	3,888,789.18
LIABILITIES & EQUITY		
CURRENT LIABILITIES		
ACCRUED LIABILITIES	1,429,006.71	-
PROVINCIAL & FEDERAL SALES TAX PAYABLE	52,299.70	-
DEFERRED REVENUE	1,944,902.73	2,549,126.87
EQUITY		
NET INCOME (LOSS) CURRENT	1,280,611.93	1,283,956.37
PRIOR YEAR PSAB ADJUSTMENT	(209,761.26)	55,705.94
PRIOR YEAR SURPLUS	1,811,909.44	-
DISTRIBUTION TO EXHIBITION PLACE	(1,811,909.44)	-
	4,497,059.81	3,888,789.18

THE NATIONAL TRADE CENTRE
FINANCIAL STATEMENT HIGHLIGHTS
STATEMENT OF CASH FLOW
FOR THE PERIOD ENDED JUNE 30, 2002

	MONTH	YTD
CASH FLOW FROM OPERATIONS		
NET INCOME (LOSS)	(237,601.89)	1,280,611.93
ADD: EMPLOYEE BENEFITS - VACATION/SICK	-	-
SOURCES (USES) OF CASH		
TERM INVESTMENTS	300,000.00	2,150,000.00
ACCOUNTS RECEIVABLE - TRADE	(217,816.00)	250,670.45
RECEIVABLE FROM EX PLACE B.O.G	(16,039.87)	(72,719.94)
ACCOUNTS RECEIVABLE - OTHER	(44,816.11)	(21,512.18)
PREPAID EXPENSES	9,654.08	24,587.78
DEPOSITS AND OTHER ASSETS	(23,491.58)	(569.83)
ACCOUNTS PAYABLE & ACCRUED EXPENSES	(76,539.38)	(425,909.17)
OTHER PAYABLES	3,750.47	(34,742.50)
DEFERRED INCOME	174,305.53	(1,797,110.29)
ADVANCE DEPOSITS - Exhibition Place B.O.G	-	-
NET CASH FROM OPERATIONS	(128,594.75)	1,353,306.25
OTHER SOURCES (USES) OF CASH		
CAPITAL EXPENDITURES	-	-
PAYMENTS OF DEBT	-	-
DISTRIBUTION TO OWNERSHIP - Exhibition Place B.O.G.	-	(1,819,603.15)
NET CASH FROM OTHER SOURCES	-	(1,819,603.15)
NET INCREASE (DECREASE) IN CASH	(128,594.75)	(466,296.90)
BEGINNING CASH BALANCE	500,420.70	838,122.85
ENDING CASH BALANCE	371,825.95	371,825.95

**COMPONENTS OF DIRECT EXPENSE
YTD JUNE, 2002**



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

**THE NATIONAL TRADE CENTRE
CHEQUE DISBURSEMENTS - JUNE 2002
GREATER THAN \$50,000**

Check No	Date	Description	Amount
13078	6/28/02	THE BOARD OF GOVERNORS OF EXHIBI	201,138.31
12996	6/19/02	O&Y SMG CANADA	105,606.54
12927	6/10/02	THE BOARD OF GOVERNORS OF EXHIBI	95,224.30
12908	6/4/02	THE BOARD OF GOVERNORS OF EXHIBI	84,425.73
		MAY BI-WEEKLY SALARIES	
		MAY SALARIES	
		MAY 25 HOURLY PAYROLL	
		MAY WORK ORDERS	
		DISBURSEMENTS OVER \$50,000	486,394.88
		OTHER DISBURSEMENTS LESS THAN \$50,000	491,026.63
		TOTAL DISBURSEMENTS FOR JUN 2002	<u>977,421.51</u>