



Canlan Ice Sports Corp.
First Quarter Report
March 31, 2009





Notice of no auditor review of interim consolidated financial statements

The accompanying interim consolidated financial statements of the Company, as at and for the period ended March 31, 2009 have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by the entity's auditor.

CANLAN ICE SPORTS CORP.

Consolidated Balance Sheets
(In thousands of dollars)

	March 31 2009 (unaudited)	December 31 2008 (audited)	March 31 2008 (unaudited)
Assets			
Current assets:			
Cash and cash equivalents	\$ 4,216	\$ 7,588	\$ 1,960
Accounts receivable	1,887	1,826	3,012
Inventory	1,085	1,071	1,032
Prepaid expenses	1,222	331	1,248
Future income taxes (note 13)	2,145	3,209	425
	10,555	14,025	7,677
Properties:			
Ice rinks (note 6)	97,284	98,137	98,732
Held for ice rink development	856	856	856
	98,140	98,993	99,588
Future income taxes (note 13)	1,357	1,357	285
Other assets	322	339	223
	\$110,374	\$114,714	\$107,773
Liabilities and Shareholders' Equity			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 4,278	\$ 5,721	\$ 5,550
Deferred revenue and customer deposits	6,467	10,970	6,513
Financial liability held for trading (note 14)	919	933	-
Current portion of:			
Obligations under capital leases	533	551	390
Debt on ice rinks (note 7)	2,592	2,663	49,605
Preferred shares (note 8)	1,400	1,400	1,250
	16,189	22,238	63,308
Long-term liabilities:			
Obligations under capital leases	985	1,088	857
Debt on ice rinks (note 7)	46,272	46,442	-
Preferred shares (note 8)	-	-	1,400
Future income taxes (note 13)	1,507	1,507	-
	48,764	49,037	2,257
	64,953	71,275	65,565
Shareholders' equity:			
Share capital (note 9)	63,109	63,109	63,109
Contributed surplus	543	543	543
Deficit	(18,231)	(20,213)	(21,444)
	45,421	43,439	42,208
Nature of operations (note 2)			
Commitments and contingencies (note 12)			
	\$110,374	\$114,714	\$107,773

See accompanying notes to consolidated financial statements.

Approved on behalf of the Board:

"W. Grant Ballantyne" Director

"Joey St-Aubin" Director

CANLAN ICE SPORTS CORP.

Consolidated Statements of Earnings, Comprehensive Income and Deficit (unaudited)
(In thousands of dollars, except for per share amounts)

	Three months ended March 31	
	2009	2008
Revenue:		
Ice rinks (note 16)	\$ 19,445	\$ 18,886
Expenses:		
Ice rinks	13,463	12,734
Earnings from operations	5,982	6,152
General and administration expenses	959	821
Earnings before the undernoted	5,023	5,331
Other expenses (income):		
Amortization	1,102	1,030
Interest	918	1,038
Gain on held-for-trading financial liabilities (note 14)	(15)	-
Other	(28)	(3)
	1,977	2,065
Earnings before taxes	3,046	3,266
Future income tax	1,064	670
Net earnings	1,982	2,596
Deficit, beginning of period	(20,213)	(24,040)
Deficit, end of period	(\$18,231)	(\$21,444)
Basic and fully diluted earnings per share	\$0.15	\$0.19
Weighted average common shares issued for basic and diluted earnings per share calculations	13,337,448	13,337,448

CANLAN ICE SPORTS CORP.

Consolidated Statements of Cash Flows (unaudited)
(In thousands of dollars)

	Three months ended March 31	
	2009	2008
Cash provided by (used in):		
Operations:		
Net earnings	\$ 1,982	\$ 2,596
Items not involving cash:		
Amortization	1,102	1,030
Amortization of deferred financing costs	34	46
Gain on sale of assets	(21)	-
Future income taxes	1,064	670
Gain on financial liability held for trading	(15)	-
Net change in non-cash working capital (note 17(a))	(6,913)	(5,661)
	(2,767)	(1,319)
Financing:		
Principal repayments of debt on ice rinks	(265)	(713)
Principal repayments on obligations under capital lease	(120)	(115)
	(385)	(828)
Investments:		
Proceeds on sale of assets	25	-
Expenditures on ice rink and recreational properties	(231)	(456)
Other assets	(14)	(7)
	(220)	(463)
Decrease in cash and cash equivalents	(3,372)	(2,610)
Cash and cash equivalents, beginning of year	7,588	4,570
Cash and cash equivalents, end of year	\$ 4,216	\$ 1,960

Supplemental cash flow information (note 17(b)).

See accompanying notes to consolidated financial statements.

CANLAN ICE SPORTS CORP.

Notes to Consolidated Financial Statements (unaudited)

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

Three months ended March 31, 2009

1. General:

Canlan Ice Sports Corp. (the "Company") focuses on the acquisition, development and operation of full service ice rink and recreational facilities primarily in Canada.

2. Nature of operations:

The Company has long term debt with principal payments coinciding with the Company's seasonal business such that the Company expects that it will not require shareholder support for financing during the off peak hockey season. In addition, the long term debt agreements cover three and ten year terms to provide the Company with liquidity over a reasonable period of time. The Company has a working capital deficiency of \$5,634,000 as the Company finances a portion of its long term assets through customer deposits.

3. New accounting standards and policies:

Effective January 1, 2009, the Company adopted the following new accounting standards that were issued by the Canadian Institute of Chartered Accountants:

(a) Goodwill and intangible assets:

CICA Handbook Section 3064, Goodwill and Intangible Assets, establishes new standards for the recognition and measurement of intangible assets, but does not affect the accounting for goodwill. The Company's adoption of this standard did not have an impact on the Company's consolidated financial statements.

(b) Financial statement concepts:

CICA Handbook Section 1000, Financial Statement Concepts, clarifies the criteria for recognition of an asset and the timing of expense recognition. The adoption of these standards did not have an impact on the Company's consolidated financial statements.

CANLAN ICE SPORTS CORP.

Notes to Consolidated Financial Statements (unaudited)

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

Three months ended March 31, 2009

4. 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 wholly-owned subsidiaries:

P.C. Development Inc.
Les Quatre Glaces (1994) Inc.
Iceplex 2000 Ltd.
Canlan Ice Sports (USA) Corp.
Canlan Management Services Ltd.

(b) Cash equivalents:

Cash equivalents include all highly liquid investments with terms to maturity of three months or less.

(c) Inventory:

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

(d) Long-lived assets:

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Long-lived assets are tested and measured for impairment at the individual ice rink property level, the lowest level for which identifiable cash flows are largely independent.

A two-step process is used to assess the impairment of long-lived assets held for use, with the first step determining whether impairment needs to be recognized, and the second step measuring the amount of the impairment. Impairment losses are recognized when the carrying amount of long-lived assets exceeds the sum of the undiscounted cash flows expected to result from their use and eventual disposition. An impairment loss is determined as the amount by which the carrying amount of a long-lived asset exceeds its fair value.

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

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

CANLAN ICE SPORTS CORP.

Notes to Consolidated Financial Statements (unaudited)

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

Three months ended March 31, 2009

4. Significant accounting policies (continued):

(e) Revenue recognition:

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

(f) Management contracts:

The Company's financial results include the revenue and expenses of facilities operated under management contracts where the Company's return is subject to the risks and rewards of operation. For facilities where this is not the case, the Company records only the revenue received in the form of fixed management fees.

(g) Foreign currency:

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

(h) Financial Instruments:

The Company designated its cash and cash equivalents as available for sale, which are measured at fair value. Accounts receivable are classified as loans and receivables, which are measured at amortized cost. Accounts payable, accrued liabilities, debt on ice rinks and preferred shares, are classified as other financial liabilities, which are measured at amortized cost. Derivative contracts are measured at fair value. Transaction costs are offset against the outstanding principal of the related debts and are amortized using the effective interest rate method. The Company did not have held-to-maturity instruments at March 31, 2009.

(i) Derivative financial instruments:

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

On August 1, 2008, the Company entered into an interest rate swap contract used to manage the exposure to market risks from changing interest rates. This instrument has not been designated as a hedge and is marked to market. The resulting unrealized gains and losses during the period are recorded in other expenses (income) with a corresponding asset or liability recorded on the balance sheet. Payments and receipts under the interest rate swap contract are recognized as adjustments to interest expense on long-term debt.

(j) Earnings per share:

Earnings per share have been calculated using the weighted average number of common shares outstanding.

CANLAN ICE SPORTS CORP.

Notes to Consolidated Financial Statements (unaudited)

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

Three months ended March 31, 2009

4. Significant accounting policies (continued):

(k) Stock-based compensation:

Stock appreciation rights (SARs) are settled in cash and are recognized over their vesting period and remeasured at each reporting period, until settlement, using quoted market values. SARs are accounted for as compensation expense and recorded in accounts payable and accrued liabilities.

(l) Measurement uncertainty:

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

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

(m) Income taxes:

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

(n) Prior year figures:

Certain March 31, 2008 comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.

CANLAN ICE SPORTS CORP.

Notes to Consolidated Financial Statements (unaudited)

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

Three months ended March 31, 2009

5. Future changes in accounting policies:

(a) Credit risk and fair value of financial instruments:

In January 2009, the CICA's Emerging Issues Committee issued EIC 173 that clarifies that entities must consider their own credit risk and the credit risk of the counterparty in the determination of fair value of derivative instruments. Under this guidance, entities would re-measure the fair value of financial assets and financial liabilities, including derivative instruments, as at the beginning of the period of adoption, to take into account both its own credit risk and counterparty credit risk. Application of this abstract is required for interim and annual financial statements with fiscal years beginning on or after January 1, 2010.

(b) International Financial Reporting Standards:

In February 2008, the Canadian Accounting Standards Board confirmed that International Financial Reporting Standards ("IFRS") will replace Canadian generally accepted accounting principles in 2011 for all publicly accountable Canadian enterprises. The Company will be required to report its financial results in accordance with IFRS effective January 1, 2011. The Company is currently assessing the potential impacts of this changeover and developing its plan accordingly.

6. Ice rinks:

March 31, 2009	Cost	Accumulated amortization	Net book value
Land	\$ 14,616	\$ -	\$ 14,616
Buildings and building improvements	106,627	29,909	76,718
Machinery and equipment	7,264	4,208	3,056
Computers, furniture and fixtures	5,458	3,661	1,797
Ice resurfacing equipment	3,310	2,213	1,097
	\$ 137,275	\$ 39,991	\$ 97,284

December 31, 2008	Cost	Accumulated amortization	Net book value
Land	\$ 14,616	\$ -	\$ 14,616
Buildings and building improvements	106,635	29,204	77,431
Machinery and equipment	7,194	4,075	3,119
Computers, furniture and fixtures	5,326	3,523	1,803
Ice resurfacing equipment	3,299	2,131	1,168
	\$ 137,070	\$ 38,933	\$ 98,137

CANLAN ICE SPORTS CORP.

Notes to Consolidated Financial Statements (unaudited)

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

Three months ended March 31, 2009

7. Debt on ice rinks:

	Maturity dates	Interest rates	March 31, 2009	December 31, 2008
Fixed rate	2018	6.79%	\$ 30,000	\$ 30,000
Variable rate	2011	Prime + 1.25%	12,654	12,785
	2011	Prime + 1.25%	6,727	6,861
			49,381	49,646
Less: deferred financing costs			(517)	(541)
			48,864	49,105
Current portion			2,592	2,663
Long-term portion			\$ 46,272	\$ 46,442

As at March 31, 2009, debt on ice rinks consists of three credit facilities with two lending institutions as follows:

- \$13,000,000 loan bearing interest at Prime rate plus 1.25% payable monthly, maturing on September 30, 2011. The Company has entered into an interest rate swap agreement to fix the interest rate on the total principal borrowed at a rate of 4.12% per annum, plus applicable stamping fees at 2.5%, under an agreement expiring in September 2011. As at March 31, 2009, the balance outstanding was \$12,654,000;
- \$7,000,000 loan maturing on September 30, 2011, interest at Prime rate plus 1.25% per annum, payable monthly. At March 31, 2009, the balance outstanding was \$6,727,000; and
- \$30,000,000 loan maturing on July 15, 2018, fixed interest at 6.79% per annum, payable monthly.

Amortization of deferred financing costs totaling \$34,000 (2008 - \$46,000) was recorded as interest expense. 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.

8. Preferred shares:

On August 1, 2006, a wholly owned subsidiary of the Company issued 3,650,000 preferred shares to an affiliate of the Company's controlling shareholder for proceeds of \$3,650,000. During fiscal 2008, \$1,250,000 of the preferred shares were redeemed by the Company. The preferred shares carry a cumulative annual dividend rate of 12% payable quarterly. At March 31, 2009, \$1,400,000 of the preferred shares remained outstanding and will be redeemed on October 31, 2009.

CANLAN ICE SPORTS CORP.

Notes to Consolidated Financial Statements (unaudited)

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

Three months ended March 31, 2009

9. Share capital:

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

	Shares	Amount
(a) Authorized:		
500,000,000 common shares of no par value		
(b) Issued and outstanding:		
Balance, December 31, 2008 and March 31, 2009	13,337,448	\$ 63,109

On December 2, 2008, the Company completed a 20 for 1 share consolidation that reduced the issued and outstanding number of shares to 13,337,448. All share, stock appreciation rights and per share information have been restated to reflect the share consolidation on a retrospective basis.

10. Stock-based compensation:

On November 23, 2005, the Company established a Stock Appreciation Rights plan (the "SAR Plan ") granted by the Company's Board of Directors subject to terms and conditions of the Canlan Ice Sports Corp. Director and Employee Stock Appreciation Rights Plan (2006). The SAR Plan provides eligible directors and employees of the Company with the right to receive cash equal to the appreciation of the Company's common shares subsequent to the date of grant. The stock appreciation rights granted under the SAR Plan vest in equal installments over a three year period commencing in November 2006. All unexercised stock appreciation rights expire five years from the grant date.

	Number of rights	Weighted average exercise price
Number of rights outstanding, December 31, 2008 and March 31, 2009	808,250	\$ 1.14

CANLAN ICE SPORTS CORP.

Notes to Consolidated Financial Statements (unaudited)

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

Three months ended March 31, 2009

10. Stock-based compensation (continued):

The following table summarizes information about the stock appreciation rights outstanding at March 31, 2009:

Exercise price	Rights outstanding			Rights exercisable	
	Number outstanding	Weighted average remaining contractual life	Weighted average exercise price	Number exercisable	Weighted average exercise price
\$ 1.20	685,000	20 months	\$ 1.20	673,333	\$ 1.20
\$ 0.80	123,250	56 months	\$ 0.80	-	\$ 0.80

During the three months ended March 31, 2009, no compensation expense accrual (2008 - expense of \$9,000) in respect of the SAR Plan was necessary.

11. Capital risk management:

The Company defines capital that it manages as the sum of cash and cash equivalents, debt on ice rinks, preferred shares, and shareholders' equity

The Company's objectives when managing its capital are:

- To safeguard the entity's ability to continue as a going concern so that it can continue to provide services to its customers and continue to reduce debt;
- To comply with debt covenants; and
- To maintain a financial position suitable for supporting the Company's growth strategies and provide an adequate return to shareholders.

The Company's debt on ice rinks (note 7) contains a covenant that requires the Company's debt to tangible net worth ratio, as defined in its debt agreements, to be no greater than 1.50. Debt to tangible net worth ratio is calculated as follows:

Shareholders' equity	\$ 45,421
Less:	
Net future income tax asset	(1,995)
Net worth	43,426
Current and long-term portions of:	
Debt on ice rinks	49,381
Capital leases	1,518
Total debt	\$ 50,899
Debt to tangible net worth ratio	1.17

The Company has not made any changes to its overall capital management strategy during the three months ended March 31, 2009.

CANLAN ICE SPORTS CORP.

Notes to Consolidated Financial Statements (unaudited)

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

Three months ended March 31, 2009

12. Commitments and contingencies:

- (a) At March 31, 2009, the Company has lease agreements with third parties under the terms of which the Company leases and operates certain ice rink and recreational facilities. The Company assumes the financial risks and rewards of the facilities' operations, but there will be no transfer of ownership. Accordingly, the lease agreements have been accounted for as operating leases. The remaining lease terms, at March 31, 2009, range from 5 to 10 years and total minimum lease payments are as follows:

Years ending December 31:

2009	\$	500
2010		878
2011		879
2012		879
Thereafter		2,743

- (b) On August 1, 2006, the Company purchased an ice rink facility in Toronto, Ontario. Upon purchase, the Company assumed a forty-nine year land lease agreement related to the land on which the facility is situated. The land lease agreement is with a third party and ends on October 30, 2044. The annual lease cost is \$297,600.
- (c) On September 1, 2008, the Company entered into an agreement to lease an ice rink facility in Vineland, New Jersey from a third party. The Company does not have to make any lease payments until January 1, 2010, at which time, annual lease payments will amount to US\$325,000 per annum. The term of the lease is for 52 months, and is accounted for as an operating lease. At the conclusion of the lease, the Company will have the option to purchase the facility for US\$3,800,000. An implicit lease expense of US\$56,250 related to the three months ended March 31, 2009 has been recorded in these financial statements.
- (d) Effective January 1, 2008, the Company entered into an agreement with a third party under the terms of which the Company will lease an ice rink facility it owns to the third party and the lessee will operate the facility. The annual lease payment payable to the Company is \$325,000 and the term of the lease is for a period of 5 years. At the end of the term, the lessee has an option to purchase the facility from the Company for \$4,500,000.
- (e) Due to the nature of the sports and recreation business, various lawsuits involving the Company are pending. The financial impact of these lawsuits is not determinable, but management believes, based on legal counsels' opinions, that the outcome will not materially affect the Company's financial position.

CANLAN ICE SPORTS CORP.

Notes to Consolidated Financial Statements (unaudited)

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

Three months ended March 31, 2009

13. Income taxes:

The tax effects of temporary differences that give rise to future income tax assets and future income tax liabilities at March 31, 2009 and December 31, 2008 are presented below:

	March 31, 2009	December 31, 2008
Future income tax assets:		
Unused tax losses	\$ 4,007	\$ 4,938
Properties	358	420
Unrealized loss on financial instruments	294	299
Other	106	106
	4,765	5,763
Less: valuation allowance	(1,263)	(1,197)
Total future income tax asset	3,502	4,566
Current portion of future income tax asset	2,145	3,209
Non-current future income tax asset	\$ 1,357	\$ 1,357
Future income tax liability:		
Properties – non-current	\$ (1,507)	\$ (1,507)
Net future income taxes	\$ 1,995	\$ 3,059
Presented on balance sheets as:		
Future income tax asset – current	\$ 2,145	\$ 3,209
Future income tax asset – non-current	1,357	1,357
Future income tax liability – non-current	(1,507)	(1,507)
	\$ 1,995	\$ 3,059

CANLAN ICE SPORTS CORP.

Notes to Consolidated Financial Statements (unaudited)

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

Three months ended March 31, 2009

14. Financial instruments:

(a) Fair value:

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

Other financial instruments of a long-term nature may be impacted by changes in market yields, which can result in differences between their carrying values and their fair values. Management estimates that these differences are not material to the financial statements as at March 31, 2009 and do not require disclosure.

The Company has also entered into an interest-rate-swap agreement to fix the interest rate on a portion of its debt on ice rinks (note 7). The fair value of the instrument has been presented as a current liability on the balance sheet. At March 31, 2009, the fair value was \$919,000. Changes in the fair value of the instrument are recognized in net earnings. For the three months ended March 31, 2009, a gain of \$15,000 was recognized.

(b) Interest rate risk:

The terms of the Company's outstanding debt are described in note 7. As certain of the Company's debt instruments bear interest at floating rates and are not hedged by interest rate swaps, fluctuations in these rates will impact the cost of financing incurred in the future. A change in the Canadian Prime rate by 1% will increase or decrease interest expense by approximately \$67,000 per annum.

(c) Liquidity risk:

Liquidity risk is the risk from the Company's potential inability to meet its financial obligations. The Company constantly monitors its cash flows and operations to ensure current and long-term obligations can be met. The Company's capital resources are comprised of cash and cash equivalents and cash flow from operating activities. A portion of the cash and cash equivalents at March 31, 2009 consists of customer deposits received in advance of the services being provided.

(d) Credit risk:

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's accounts receivable. Effective monitoring of accounts receivable is a core control procedure of the Company and appropriate provisions are recorded for impaired accounts. The Company does not face any material concentrations of credit risk.

CANLAN ICE SPORTS CORP.

Notes to Consolidated Financial Statements (unaudited)

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

Three months ended March 31, 2009

15. Related party transactions:

(a) During the period, the Company paid approximately \$42,000 (2008 - \$80,200) of preferred shares dividends and no interest or loan guarantee fees (2008 - \$74,000) to an affiliate of the controlling shareholder.

(b) During the period, the Company incurred \$29,000 (2008 - \$11,000) in directors' fees.

16. Segmented information:

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

Ice rink revenue by services provided are as follows:

	2009	2008
Ice and soccer	\$ 14,757	\$ 14,072
Restaurant and lounge	3,357	3,540
Sports store	567	495
Management and consulting fees	74	95
Other	690	684
	\$ 19,445	\$ 18,886

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

17. Supplemental cash flow information:

	2009	2008
(a) Net changes in non-cash working capital:		
Accounts receivable	\$ (61)	\$ (1,275)
Inventory	(15)	112
Prepaid expenses	(891)	(646)
Accounts payable and accrued liabilities	(899)	187
Deferred revenue and customer deposits	(5,047)	(4,039)
	\$ (6,913)	\$ (5,661)
(b) Supplemental cash flow information:		
Interest paid	\$ 885	\$ 993
Non-cash transactions:		
Capital lease obligations	\$ -	\$ 246



**Management's Discussion and Analysis of
Financial Condition and Results of Operation**

**For the Three Months Ended March 31, 2009
As of May 13, 2009**

Canlan Ice Sports Corp.

Management's Discussion and Analysis

The following management discussion and analysis (MD&A) summarizes significant factors affecting the financial condition of Canlan Ice Sports Corp. ("Canlan", the "Company", "we" "our" or "us") as at March 31, 2009 and the consolidated operating results for the three months ended March 31, 2009 compared to the three months ended March 31, 2008. This document should be read in conjunction with our unaudited consolidated financial statements for the period ended March 31, 2009, the accompanying notes, and our audited consolidated financial statements for the years ended December 31, 2008 and December 31, 2007. The results reported herein have been prepared in accordance with Canadian generally accepted accounting principles (GAAP) and are presented in Canadian dollars.

In the following discussion, EBITA (earnings before interest, taxes and amortization) is often used as a measure of financial performance. However, EBITA is not a term that has specific meaning in accordance with GAAP, and may be calculated differently by other companies. EBITA is reconciled to net earnings in this MD&A.

Additional information relating to our Company, including quarterly reports and our annual information form, is filed on SEDAR and can be viewed at www.sedar.com.

The date of this MD&A is May 13, 2009.

Business of the Company

Canlan Ice Sports Corp. is a leading operator of full-service ice rink and recreational facilities. During the period from 1995 to 1998 Canlan built six multi-pad facilities located in B.C. (1), Ontario (4) and Quebec (1) and expanded its flagship facility from 4 ice rinks to 8 ice rinks in 1995. This facility is known today as Burnaby 8 Rinks and the Company's head office is located here. In addition to constructing six facilities, we purchased a further seven buildings, one of which we sold in 2006. The remainder of our facilities are either leased or managed.

As at the date of this MD&A the Company owns, leases or manages a network of 22 facilities in Canada and the United States containing 63 full sized ice sheets, two indoor soccer fields and three curling surfaces. The Company owns 11 of these facilities containing 1.2 million square feet of space; we operate two facilities under long-term land lease arrangements and a further three facilities under operating leases. We currently manage six facilities on behalf of third party owners. We did not add any facilities to the portfolio during the three months ended March 31, 2009.

The Company's newest facility is Ice Sports Vineland in Vineland, New Jersey, which was added to our portfolio in September 2008. This is a two-pad facility that is leased from a third-party owner and contains a food and beverage concession and sports store.

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

<u>As at March 31</u>	<u>Number of Facilities</u>	<u>Number of playing Surfaces</u>
2009	22	65
2008	21	63
2007	22	64
2006	22	64
2005	20	55
<u>Canada:</u>		
British Columbia	6	17
Alberta	1	2
Saskatchewan	3	8
Manitoba	1	4
Ontario	6	22
Quebec	2	6
New Brunswick	1	2
	20	61
<u>USA:</u>		
Michigan	1	2
New Jersey	1	2
	22	65

Canlan is a publicly traded Canadian Company with its shares listed on the Toronto Stock Exchange (TSX) using the trading symbol **ICE**. Canlan's shares were first listed for trading on March 1, 1990. There are approximately 13.3 million shares outstanding that have traded in the \$1.00 to \$1.50 range during the period. The Company has not issued any shares since November 2004.

The Company derives revenue from five primary sources:

- Ice sales and internal programming
- Food and beverage
- Sports stores
- Management & consulting
- Other, which includes tournaments, space rental and lease

Selected Financial Information

The following selected consolidated financial information is for the three months ended and as at March 31, 2009, 2008 and 2007. This data should be read together with the unaudited consolidated financial statements for the periods ended March 31, 2009, 2008, and 2007.

Our consolidated financial statements are prepared in accordance with Canadian GAAP, and are stated in Canadian dollars.

<i>in thousands (unaudited)</i>			
As at and for the three months ended March 31,	2009	2008	2007
Statement of Operations Data:			
Total revenue (1)	\$19,445	\$18,886	\$18,396
Direct expenses (2)	13,463	12,734	12,454
General & administration expenses	959	821	898
	5,023	5,331	5,044
Other expenses (3)	1,977	2,065	2,086
Earnings before tax	3,046	3,266	2,958
Current and future tax expense	1,064	670	618
Net earnings	\$1,982	\$2,596	\$2,340
Basic and fully diluted earnings per share	\$0.15	\$0.19	\$0.18
Balance Sheet Data:			
Current Assets (including cash)	\$10,555	\$7,677	\$6,973
Properties	98,140	99,588	101,260
Other assets	1,679	508	514
Total assets	\$110,374	\$107,773	\$108,747
Current liabilities, excluding current portion of term debt and preferred shares	12,197	12,453	10,734
Current portion of long term debt	2,592	49,605	2,783
Preferred shares (classified as debt)	1,400	2,650	3,650
Long- term liabilities	48,764	857	50,434
Total liabilities	64,953	\$65,565	\$67,601

- (1) Total revenue is comprised of ice rentals, food & beverage sales, sports store sales, sponsorship, advertising and management fees.
- (2) Direct expenses include all operating costs related to the operation of our facilities, excluding amortization
- (3) Other expenses include amortization, interest, other expenses (income)

Review of Operations – Three months ended March 31, 2009

Comparative Results

Total revenue of \$19.4 million increased by \$559,000 or 3% compared to 2008. Of this increase, \$250,000 related to sales from Ice Sports Vineland, which was not in the Company's facility portfolio in the first quarter of 2008. Same store revenue of \$19.2 million increased by \$309,000 or 1.6%. The principal factor affecting same store revenue growth was Canlan's Adult Safe Hockey League ("ASHL") for the 2008/09 winter season that began in September 2008 and ends in May 2009. During the first quarter, ASHL revenue increased by \$461,000 compared to the prior year.

Offsetting some of the revenue increase from ice sales was a decrease in revenue from food and beverage operations. Food and beverage sales of \$3.4 million decreased by \$183,000 or 5.2% compared to prior year. This decline was partially due to lower hockey tournament traffic levels compared to 2008, and a reduction in discretionary spending resulting from the slower economy. To mitigate the decline of business in this area, the Company is creating new promotions to drive traffic into our restaurants and controlling costs to maintain net margins.

Canlan operates ten sports stores that are located in the facilities the Company owns or leases. In addition, the Company rents space to third-party operators under long term leases in another five of its owned facilities. Revenue from sports stores of \$567,000 increased by \$72,000 or 14.5% because Canlan operated two more stores in 2009 compared to the same time last year: one in Saskatoon's Jemini facility, and one in Ice Sports Vineland, Canlan's newest facility. On a same store basis, sports store revenue was consistent with prior year.

Revenue from facility management contracts totaled \$74,000 compared to \$95,000 in 2008. The decrease is due to one contract that existed in the first quarter of the prior year that ended midway through 2008.

Other revenue of \$690,000, which is consistent with prior year, is comprised of revenue from our tournament division, building lease, space rental, vending, and sponsorship.

Total direct operating expense of \$13.5 million increased by \$729,000 or 5.7% compared to 2008. Same store operating expense of \$13.1 million increased by \$316,000 or 2.5%. This increase was principally due to increased labour cost, utilities and repairs and maintenance expenses.

Corporate general and administration costs of \$959,000 increased by \$138,000 or 16.8% compared to 2008. This was principally due to increased labour costs related to new positions added to focus on strategic business areas and increased costs related to managing investor relations. Included in corporate general and administration are costs related to management support services to all Ice Sports facilities, including accounting, marketing, IT support, and human resources. In addition, all costs related to the consulting and management services division are also included in corporate administration expenses. The new positions added have responsibilities to focus on energy consumption, US facility operations and business development, sponsorship, and web marketing.

Overall, EBITA of \$5 million decreased by \$308,000 or 5.8% as expected. As a percentage of revenue, EBITA was 25.8% compared to 28.2% a year ago.

Total interest expense of \$918,000 decreased slightly from \$1.0 million a year ago. After recording a future income tax expense of \$1.1 million net earnings for the quarter was \$2 million compared to \$2.6 million last year.

Contract Management and Consulting Services

The Company operates a management services division that provides various services to investors and municipalities, from one time consulting engagements to long-term management contracts.

The Company is currently managing six facilities on behalf of municipalities and private investors. Three of these contracts are located in British Columbia; the remaining three contracts are located in Alberta, New Brunswick and Michigan, USA. The length of the contracts ranges from 3 to 7 years with various terms. Two management contracts will be complete at the end of June and July of 2009, and we will not be renewing these contracts. On an annual basis, these contracts represent approximately \$125,000 in revenue.

During the first quarter, total revenue generated from management contracts and consulting engagements was \$74,000 compared to \$95,000 in 2008.

Earnings by Quarter

The Company's quarterly results for the last 8 quarters are as follows (in \$000's except earnings (loss) per share and unaudited):

	2009	2008				2007		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Gross revenue	\$19,445	\$18,984	12,921	13,877	\$18,886	\$18,739	\$12,308	\$13,096
Operating costs	(13,463)	(13,360)	(11,411)	(12,263)	(12,734)	(13,367)	(11,259)	(11,776)
	5,982	5,624	1,510	1,614	6,152	5,372	1,049	1,320
General & administration	(959)	(1,066)	(902)	(876)	(821)	(888)	(804)	(936)
EBITA	5,023	4,558	608	738	5,331	4,484	245	384
Interest	(918)	(1,074)	(962)	(892)	(1,038)	(1,006)	(1,126)	(1,059)
Amortization	(1,102)	(940)	(1,184)	(1,075)	(1,030)	(1,099)	(1,100)	(1,089)
Other	(43)	(933)	-	38	3	(3)	(1)	(22)
Net earnings (loss) before taxes and other	3,046	1,611	(1,538)	(1,191)	3,266	2,376	(1,980)	(1,786)
Income taxes and other	(1,064)	1,847	278	223	(670)	(899)	395	362
Net earnings (loss)	\$1,982	\$3,458	(\$1,260)	(\$968)	\$2,596	\$1,477	(\$1,587)	(\$1,424)
Earnings (loss) per share	\$0.15	\$0.26	(\$0.09)	(\$0.07)	\$0.19	\$0.11	(\$0.12)	(\$0.11)

On December 2, 2008, the Company completed a 20 for 1 share consolidation that reduced the issued and outstanding number of shares to 13,337,448. All per share

information above have been restated to reflect the share consolidation on a retrospective basis.

Review of Assets

The table below summarizes the Company's asset base:

<i>in thousands (unaudited)</i>	March 31, 2009	December 31, 2008	March 31, 2008
Ice rink facilities	\$97,284	\$98,137	\$98,732
Cash and cash equivalents	4,216	7,588	1,960
Accounts receivable	1,887	1,826	3,012
Prepaid expenses and other assets	1,544	670	1,471
Inventory	1,085	1,071	1,032
Land held for ice rink development	856	856	856
Future income taxes	3,502	4,566	710
	\$110,374	\$114,714	\$107,773

During the quarter, the Company spent \$231,000 on capital expenditures to purchase equipment and improve ice rink facilities. These expenditures, together with scheduled amortization of assets resulted in a net decrease of \$853,000 to capital assets compared to the most recent year end. A net usage of cash during the period of \$3.4 million and a drawdown of the future income tax assets of \$1.1 million contributed to the remainder of the decrease in assets for the quarter. See "Liquidity and Capital Resources" below for discussion on uses of cash during the period.

Prepaid expenses consist of amounts paid in advance that will be expensed in the subsequent 12 months, such as insurance and property taxes.

Review of Liabilities

The table below summarizes the Company's capital structure:

<i>in thousands (unaudited)</i>	March 31, 2009	December 31, 2008	March 31, 2008
Mortgages payable	\$48,864	\$49,105	\$49,605
Deferred revenue and customer deposits	6,467	10,970	6,513
Accounts payable	4,278	5,721	5,550
Preferred shares	1,400	1,400	2,650
Capital leases	1,518	1,639	1,247
Financial liability held for trading	919	933	-
Future income taxes	1,507	1,507	-
	64,953	71,275	65,565
Shareholders' equity	45,421	43,439	42,208
	\$110,374	\$114,714	\$107,773

Total interest bearing debt, which includes mortgages payable and capital leases totaled \$50.4 million as at March 31, 2009, a net decrease of \$362,000 from December 31, 2008. This decrease represents scheduled mortgage principal and lease payments.

At March 31, 2009, we had a working capital deficit of \$5.6 million compared to a deficit of \$8.2 million at December 31, 2008. The reduction is principally due to the decrease in deferred revenue and customer deposits at December 31, 2008. Deferred revenue and customer deposits represent customer registration and rental fees received in advance of when ice is actually used.

At March 31, 2009, the Company was in compliance with all debt covenants.

Liquidity and Capital Resources

The Company's debt to equity ratio was 1.17:1 at the end of the first quarter, compared to 1.27:1 at December 31, 2008. The ratio has decreased principally due to the increase in equity resulting from net income in the first quarter.

During the first three months of the year, the Company had negative cash flow from operations of \$2.8 million (2008 – negative \$1.3 million), mainly due to the change in deferred revenue and customer deposits. This cash deficiency was financed with cash on hand at year end.

The following table provides a reconciliation of EBITA to cash flow from operations:

<i>in thousands (unaudited)</i>	Three months ended	
	March 31, 2009	March 31, 2008
Earnings before interest, taxes and amortization	\$5,023	\$5,331
Changes in working capital items	(6,913)	(5,661)
Interest expense	(884)	(992)
Other	7	3
Cash flow from operations	<u>(\$2,767)</u>	<u>(\$1,319)</u>

During the quarter, the Company also used \$385,000 to make scheduled debt principal and lease repayments, and \$231,000 to purchase capital assets. Significant capital expenditures made during the period included: 1) \$60,000 related to upgrading refrigeration equipment and renovating an ice pad at Ice Sports York; 2) \$47,000 on ice arena equipment at various facilities; and 3) \$52,000 in restaurant furniture, fixtures and equipment.

Share Capital

Shares issued and outstanding at March 31, 2009 and December 31, 2008	<u>13,337,448</u>
Weighted average number of shares outstanding	<u>13,337,448</u>

The Company did not issue any shares during the year and does not have a stock option plan.

The Company established a stock appreciation rights (SARs) plan in 2005. The SARs plan provides eligible employees and directors with the right to receive cash equal to the appreciation of the Company's common shares subsequent to the date of the grant. The granted SARs vest in equal installments over a three year period and expire five years from the grant date.

As at March 31, 2009, 808,250 stock appreciation rights were outstanding with a weighted average exercise price of \$1.14. Approximately 673,300 rights were vested and exercisable. During the first quarter no compensation expense related to the SARs plan was recorded.

Transactions with Related Parties

Canlan's controlling shareholder, Bartrac Investments Ltd., owns approximately 10 million shares of the Company, or 75% of the outstanding shares.

An affiliate of the Company's controlling shareholder holds 1.4 million preferred shares issued by a subsidiary of Canlan. During the first quarter, the subsidiary paid \$42,300 (2008 - \$80,200) of preferred share dividends to the shareholder.

Financial Instruments

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

- Held for trading financial liabilities are measured at the fair value at the balance sheet date with any gain or loss recognized immediately in net income.
The Company has entered into an interest-rate-swap agreement to fix the interest rate on a portion of its debt on ice rinks. The fair value of the instrument has been presented as a current liability on the balance sheet. At March 31, 2009, the fair value was \$919,000 (December 31, 2008 - \$933,000). Changes in the fair value of the instrument are recognized in net earnings. For the three months ended March 31, 2009, a gain of \$15,000 was recognized.
- Transaction costs that are directly attributable to the issuance of financial assets or liabilities are accounted for as part of the carrying cost at inception and are recognized over the term of assets or liabilities using the effective interest method.

The Company does not have held to maturity investments at March 31, 2009. The Company had no "other comprehensive income or loss" transactions during the three months ended March 31, 2009 and no opening or closing balances for accumulated other comprehensive income or loss.

International Financial Reporting Standards

In February 2008 the CICA's Accounting Standards Board confirmed its strategy of replacing Canadian GAAP with International Financial Reporting Standards (IFRS) for Canadian publically accountable enterprises. IFRS will be effective for our interim and annual financial statements effective January 1, 2011. We have established a conversion plan and an IFRS project team, and have commenced our review of the accounting policy differences between Canadian GAAP and IFRS, as well as policy decisions and elections allowed under IFRS to ensure we adequately address all the key elements of the conversion.

As at the date of this MD&A, the impact on future financial position or results of operations is not reasonably determinable. We do anticipate a significant increase in disclosure resulting from the adoption of IFRS and are continuing to assess the impact of the new disclosures required on our reporting systems.

Changes in Accounting Policies

As of January 1, 2009, the Company adopted CICA's Emerging Issues Committee section 173 that clarifies that entities must consider their own credit risk and the credit risk of the counterparty in the determination of fair value of derivative instruments. Under this guidance, entities would remeasure the fair value of financial assets and financial liabilities, including derivative instruments, as at the beginning of the period of adoption, to take into account both its own credit risk and counterparty credit risk. The Company's adoption of this standard did not have a material impact on the Company's consolidated financial statements.

Forward Looking Statements

Certain statements in this MD&A may constitute "forward looking" statements which involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. When used in this MD&A, such statements may use such words as "may", "will", "expect", "believe", "plan" and other similar terminology. These statements reflect management's current expectations regarding future events and operating performance and speak only as of the date of this MD&A. These forward looking statements involve a number of risks and uncertainties. Some of the factors that could cause actual results to differ materially from those expressed in or underlying such forward looking statements are the effects of, as well as changes in: international, national and local business and economic conditions; political or economic instability in the Company's markets; competition; legislation and governmental regulation; and accounting policies and practices. The foregoing list of factors is not exhaustive.

Risk Factors

Canlan is engaged primarily in the operation of multi-function ice rink facilities throughout North America, and is exposed to a number of risks and uncertainties that can affect operating performance and profitability. Our past performance is no guarantee of our performance in future periods.

Some of the risks and uncertainties we are exposed to, together with a description of management's action to minimize our exposure, are summarized below.

Seasonality of operations

The Company's business cycle is highly seasonal with 59% of total revenues and virtually all of the operating profit being generated in the first and last quarters. This seasonality of operations impacts reported quarterly earnings. The operating result for any particular quarter is not necessarily a good indicator of operating results for the other fiscal quarters or the entire fiscal year. As a result of the seasonality, the highest cash flow period for the Company is in the fourth quarter when customer deposits for future ice contracts are received, and the lowest cash flow is in the summer months, when traffic is reduced.

Mitigating factors and strategies:

- Hockey programs are developed to increase traffic during the summer period.
- Variable operating costs are reduced during the summer period.

Competition

The ice rink industry is highly competitive and Canlan competes with other private operators in its three major markets, B.C., Ontario and Quebec, as well as Municipal Governments that have different mandates and usually operate with significant losses. Other private operators may have more resources and less debt than Canlan, and municipal operators can operate at a loss for an indefinite period without the same negative consequences such losses would have on private companies.

Mitigating factors and strategies:

- Canlan has developed customer loyalty by providing superior customer service and facilities.
- The ice rink industry is capital intensive with high start up expenses, therefore barriers to enter the business exist.
- We have developed expertise in all aspects of the ice rink development and operations.

Insurance

We maintain property and general liability insurance in addition to accident insurance for our various in-house programs.

A large part of our revenue is achieved through the development and organization of adult hockey leagues that play in our owned and managed facilities. The Company purchases liability and accident insurance, the cost of which is dependant upon the history of the number of claims and the quantum of such claims. There is always a risk

that the cost of acquiring sufficient insurance to cover any such injury claims will become prohibitive or that such insurance will become unavailable.

Mitigating factors and strategies:

- Company maintains its facilities to high standards and continually monitors league activities and enforces a strict set of rules.
- Company has developed risk management procedures and emergency preparedness guides at all of its locations.
- Management works closely with insurance providers.

Interest Rate and Loan Renewal Risk

The Company has fixed the interest rate on 86% of its mortgage debt, which totals \$42.7 million. The remainder of our mortgage debt, totaling \$6.7 million, is subject to variable interest rates. For every 1% change in the prime rate, interest expense will change by \$67,000 per annum.

Our loans were refinanced in 2008 with varying maturity dates.

- 60% of the debt, currently \$30 million, matures on July 15, 2018. The estimated balance on maturity is \$16.5 million.
- 40% of our debt, currently \$19.4 million, matures on September 30, 2011. The estimated balance on maturity is \$16.6 million.

On maturity, there is a risk that the loans will not be renewed or the renewal terms may be less favourable to the Company than they are currently, which may have an adverse impact on our business and cash flow.

Mitigating factors and strategies:

- The Company maintains good relationships with its lenders through regular communications' and reporting.

Critical Accounting Policies and Estimates

Canlan's critical accounting policies are described in Note 4 to the consolidated financial statements. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent liabilities.

The most critical of these policies are those related to ice rink properties and revenue recognition.

Useful lives of depreciable assets

Ice rink properties and administrative assets, such as furniture, computer equipment and software are amortized on a straight-line basis over the estimated useful life of the asset. A large proportion of our total assets are comprised of our ice rink properties (March 31, 2009 - 88%). The selection method of amortization and length of the amortization period could have a material impact on amortization expense and the net book value of our assets. Assets may become obsolete or require replacement before the end of their

estimated useful lives, in which case any remaining unamortized costs would be written off.

Revenue recognition

Revenue from ice rink operations and management services is recognized as the product or service is supplied. Deferred revenue relates to amounts received in advance for our adult hockey leagues; revenue is recognized as games are played. A certain amount of judgment is required in the determination of revenue recognition based on our estimates. Any differences are recognized upon completion of the season.

Valuation of future income tax assets

In determining our income tax provision, the Company is required to make assumptions about expected timing of the reversal of our future tax asset. In the event that our assumptions differ from those of the tax authorities or that the timing of the reversals were not as anticipated, the tax provision could increase or decrease.

Disclosure Controls and Procedures

We have established and maintain disclosure controls and procedures designed to provide reasonable assurance that material information relating to the Company is made known to the appropriate level of management in a timely manner.

Based on current securities legislation in Canada, our Chief Executive Officer (CEO) and Chief Financial Officer (CFO) are required to certify that they have assessed the effectiveness of our disclosure controls and procedures as at March 31, 2009.

Our management has evaluated, under the supervision and with the participation of our CEO and CFO, the design and effectiveness of the Company's disclosure controls and procedures as at the period ended March 31, 2009. Management has concluded that these disclosure controls and procedures, as defined in National Instrument 52-109 – Certification of Disclosure in Issuers Annual and Interim Filings (NI 52-109), are adequate and effective and that material information relating to the Company was made known to them and reported within the time periods specified under applicable securities legislation.

Our management, under the supervision of our CEO and CFO, has also designed and evaluated the effectiveness of the Company's internal controls over financial reporting (ICFR) using the Committee of Sponsoring Organization of the Treadway Commission (COSO) Framework. Based on our evaluation management has concluded that ICFR, as defined in NI 52-109 and using the COSO framework are effective as of March 31, 2009.

Outlook

Although first quarter earnings were slightly below prior year's performance, results from operations met expectations.

The outlook for the second quarter is positive as ASHL registrations for the summer season are on target and registrations for our 3 on 3 Youth League are strong in most markets. In addition, cost control continues to be a primary focus for all facilities to ensure operations are run as efficiently as possible.

Management is also staying alert to potential impacts the current economic climate may have on our business. Currently, efforts are being made to mitigate the negative effect in our food and beverage operations, and league registrations are being tracked very closely to monitor the need to change marketing strategies if necessary.

In addition to paying close attention to current operations, we must also continue to actively search for expansion opportunities through acquisition or lease, seek sponsorship opportunities, and complete projects that enable us to continuously reduce energy consumption; all of which are important components of Canlan's core strategic plan.

I would like to take this opportunity to invite all shareholders and interested parties to our Annual General Meeting to be held on June 17, 2009 at 10am at the Four Seasons Hotel, Vancouver B.C.

Michael F. Gellard
Senior Vice President
Chief Financial Officer