



## Canlan Reports Second Quarter 2011 Financial Results

- EBITDA improves 55% year-over-year -

Burnaby, B.C., August 10, 2011 – Canlan Ice Sports Corp., industry-leading providers of recreational and leisure multi sport facilities across North America, today announced its financial results for the three - and six-month period ended June 30, 2011.

### Q2 2011 Key Financial Metrics

<i>In thousands except share data</i>	Q2 2011	Q2 2010	Change
Total revenue	\$16,351	\$15,866	+3%
EBITDA <sup>1</sup>	\$724	\$466	+55%
Loss before taxes	\$1,215	\$1,651	+\$436
Loss after taxes	\$985	\$1,230	+\$245
Loss per share	\$0.07	\$0.09	+22%
	June 30, 2011	June 30, 2010	
Total Assets	\$101,638	\$105,395	-4%
Cash and Cash equivalents	\$2,654	\$5,144	-48%
Total Interest bearing debt	\$44,821	\$47,787	-6%

“Revenues for the second quarter grew 3%, in line with our expectations, while our expenses continued to stabilize, resulting in a significant increase in EBITDA,” said Joey St-Aubin, President and CEO of Canlan Ice Sports. “The addition of a relatively new facility with tremendous potential and our improving margins position the Company for a strong second half.”

### Q2 2011 Operational and Financial Highlights

- Revenue of \$16.4 million for Q2 2011, an increase of 3% over Q2 2010
- EBITDA of \$0.7 million, up 55% from \$0.5 million in Q2 2010
- Reduced net loss after taxes by 20% in Q2 2011 compared to Q2 2010
- Expanded its U.S. ice operations.

### Romeoville Acquisition

On June 14, 2011, Canlan acquired the International Ice Centre (“IIC”), a three-ice sheet, 106,000 square-foot facility, situated on 8 acres of land, currently in operation in the Chicago, Illinois suburb of Romeoville. Opened in the fall of 2006 and originally built at a cost of approximately US\$ 13.8 million, the IIC was purchased for approximately US\$3.8 million and was initially funded by available cash on hand. Management expects to arrange for long-term bank financing to finance this acquisition. Since assuming control of the IIC, management has begun ramping up operations at the sports complex by focusing on adequate staffing and making necessary enhancements to the facility.

<sup>1</sup> Earnings before interest, taxes, depreciation and amortization (EBITDA) is often used as a measure of financial performance. However, EBITDA is not a term that has specific meaning in accordance with IFRS, and may be calculated differently by other companies. Canlan reconciles EBITDA to its net earnings.

## **Dividend Policy**

Canlan's Board of Directors has approved the continuation of the dividend policy which was announced last year and declared eligible dividends totaling \$0.015 per common share that will be next paid on October 14, 2011 to shareholders of record at the close of business September 30, 2011. Canlan's Board of Directors does review the Company's dividend policy on a quarterly basis. Canlan's dividend is designated as an "eligible" dividend under the Income Tax Act (Canada) and any corresponding provincial legislation. Under this legislation, individuals resident in Canada may be entitled to enhanced dividend tax credits, which reduce income tax otherwise payable.

## **Review of Q2 2011 Financial Results**

Canlan derives its revenue from the rental of its playing surfaces, registrations for internal programming, food and beverage sales, sports stores sales, tournament registrations, management and consulting fees and other related fees.

Canlan reported consolidated revenue of \$16.4 million for the three-month period ended June 30, up 3.1% from \$15.9 million for the corresponding period of 2010. The revenue growth was primarily due to a \$340,000 increase in ice related revenue such as contract ice/field rentals, instructional programs and youth hockey leagues. Revenue from the Adult Safe Hockey League (ASHL), the Company's largest component of ice revenue, was consistent at \$4.5 million for the quarter compared to the same period last year.

Food and beverage revenue for Q2 2011 was \$3.2 million, unchanged from Q2 2010. Revenue growth in the Prairie, Ontario and US regions was offset by declines in BC, where the effects of recent changes to driving laws are still negatively affecting business. Revenue from sports stores increased 10.5% or \$52,000 to \$545,000 for the quarter compared to the same time last year.

On a six-month basis, Canlan generated consolidated revenue of \$36.8 million for FY2011, up 3.0% from \$35.7 million for FY2010. The revenue growth on a six-month basis was principally due to higher revenue contributions from contract ice/field rentals, instructional programs, ASHL, youth hockey leagues and drop-in programs which added \$753,000 to top line growth for the period compared to the first six months of 2010. Additional revenue growth for the first six months of 2011 versus the first six months of 2010 came from an \$85,000 increase in sponsorship revenue as well as a \$124,000 increase in tournament operations.

Direct operating expenses were \$14.6 million, up 1.5% from \$14.3 million for Q2 2010. The year-over-year increase was mainly attributable to an increase in wages and slightly higher utility costs due to an increase in Provincial energy surcharges.

For the six-month period of FY2011 operating expenses were \$29.1 million, up 2.6% from \$28.4 million for FY2010. The year-over-year increase was due to higher wages and higher utility expense as previously discussed.

Corporate general and administrative expenses totaled \$1.1 million, consistent with Q2 2010. On a six-month basis, general and administrative expenses totaled \$2.3 million for FY2011 and \$2.1 million for FY2010, respectively. The increase was mostly attributable to increased wages, consulting fees relating to the IFRS transition and labour studies to comply with Provincial legislation.

EBITDA was \$0.7 million, up 55% from \$0.4 million for Q2 2010. The growth in EBITDA was a result of a growth in revenue while the majority of expenses stabilized year-over-year. As a percentage of revenue, EBITDA was 4.4% compared to 2.9% for the corresponding period in the

prior year. EBITDA for the six-month period of FY2011 was \$5.4 million, up 3.1% from \$5.2 million for FY2010.

Canlan generated a net loss before taxes of \$1.2 million, down 26.4% from a loss of \$1.7 million for Q2 2010. The improvement being due the growth in EBITDA discussed above and a decrease in interest expense as the Company continues to reduce its interest bearing debt. On a year-to-date basis, Canlan generated earnings before taxes of \$1.5 million for FY2011 compared to earnings before taxes of \$1.2 million for FY2010.

Net loss for the quarter was \$1.0 million, or \$0.07 per share. In Q2 2010, Canlan generated a net loss of \$1.2 million, or \$0.09 per share. For the six-month period of FY2011, Canlan generated net earnings of \$847,000 or \$0.06 per fully diluted share. This compares to net earnings of \$810,000 or \$0.06 per fully dilute share for same period of FY2010.

### **Outlook**

“The ramping up of operations at the state-of-the-art Romeoville facility are progressing well and are on schedule” said Mr. Michael Gellard, Canlan’s CFO. “We also expect to conclude the sale of our Regina facility by the end of the summer. The proceeds from that sale will allow us to pursue other opportunities we have identified, which fit our criteria of high quality, accretive facilities at attractive valuations.”

“Registrations for the remainder of our summer programs are strong and ASHL registration for the 2011/2012 season is in line with our targets,” said Mr. St-Aubin. “With our margins stabilizing due to careful cost controls and pricing and the additional revenue expected from our new facility, we are excited about what we expect to be a strong second half of 2011.”

Canlan’s financial statements and Management Discussion & Analysis for the period ended June 30, 2011 will be available via SEDAR on or before August 12, 2011 and through the Company’s website, [www.icesports.com](http://www.icesports.com).

### **About Canlan**

Canlan Ice Sports Corp. is the North American leader in the development, operations and ownership of multi-purpose recreation and entertainment facilities. We are the largest private sector owner and operator of recreational ice sports facilities in North America and currently own and/or manage 22 facilities in Canada and the United States with 64 ice surfaces, as well as indoor soccer fields, ball diamonds, curling rinks and volleyball courts.

Canlan Ice Sports Corp. is listed on the Toronto Stock Exchange under the symbol “ICE.”

### **Caution concerning 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.*

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