



ANNUAL REPORT 2007-2008 | 25 years of stories between a city and its river.

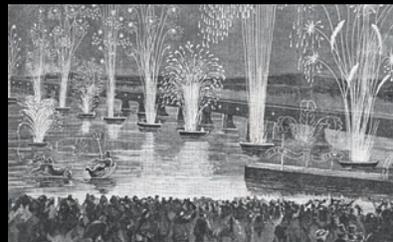


Table of Contents

| | |
|---|-----------|
| The Corporation is Celebrating its 25th Anniversary | 3 |
| From Port to Old Port: A Page in Our History | 3 |
| Recognizing the Work of the Old Port's Builders | 3 |
| Support from Key People | 4 |
| The Work Continues | 4 |
| Highlights | 5 |
| A Remarkable Overall Performance | 5 |
| Message From the Chairman of the Board | 6 |
| Message From the President and Chief Executive Officer | 7 |
| The Corporation | 8 |
| Mandate | 8 |
| Governing statutes | 8 |
| Mission | 8 |
| Products and services | 8 |
| Social responsibility | 9 |
| Values | 10 |
| Commitment to quality | 10 |
| Environmental responsibility | 11 |
| Performance Assessment and Operating Report | 13 |
| Quays of the Old Port | 13 |
| Montréal Science Centre | 22 |
| Corporate Services | 31 |
| Governance | 37 |
| Board of Directors | 37 |
| Governance | 39 |
| Risk management | 39 |
| The Organization | 41 |
| Senior management | 41 |
| Human resources management | 42 |
| Financial Resources | 43 |
| Financial analysis | 43 |
| Management's responsibility regarding the financial statements | 53 |
| Auditor's report | 54 |
| Financial Statements | 55 |
| Partners | 75 |

Cover

Clock Tower: © Mattera Inc.

Small Photos

1. Skating rink on the river at Montréal Port, unknown photographer, around 1900, Bibliothèque et Archives nationales du Québec, Direction du Centre d'archives de Montréal, Fonds Edouard-Zotique Massicotte, P750-2-249-b.
2. Skating rink at the Quays, Parade of lights.
3. Grande finale of the fireworks display in honour of the Prince of Wales and the end of the works on Victoria Bridge, 1860. M975.62.263.3 © McCord Museum.
4. *Feux sur glace TELUS*: a must-see in the summer in Montréal.
5. View of the Port from the Customs building, Montréal, 1887-1888, Wm. Notman & Son, 1887-1888. VIEW-1940 © McCord Museum.
6. View of the Old Port from Pointe-à-Callière, Montréal Museum of Archaeology and History.
7. Jacques-Cartier Pier, Montréal Port, 1908, Bibliothèque et Archives nationales du Québec, Direction du Centre d'archives de Montréal, Fonds Edouard-Zotique Massicotte, P750-4-219-b.
8. Montréal Science Centre, on King-Edward Quay.

The Corporation is Celebrating its 25th Anniversary

FROM PORT TO OLD PORT: A PAGE IN OUR HISTORY

As a result of revitalization efforts made over several years, the Quays of the Old Port are now more vibrant than ever and are among the most



© SVPM, 1984

popular destinations in the city. All this major work that is so appreciated now is owed to the people who made the Old Port what it is today. To celebrate the Old Port's 25th anniversary, the Corporation's management would like to pay tribute to the Old Port's builders

who, with their vision and commitment, have left Montrealers, Quebecers and Canadians with a public site featuring recreational tourism facilities that are beyond compare.

It was in the late 1960s that Port of Montréal authorities began work to refurbish outdated facilities. However, transshipment activities quickly shifted eastward and westward and the original site soon fell into disrepair. Some ten years later, the federal government announced that the riverfront area now known as the Old Port of Montréal would be restored.

In order to preserve the site's accessibility and to confirm its use for recreational tourism activities, a public consultation was held in 1978. The resulting recommendations focussed above all else on preserving the site's heritage and the imperative to protect and showcase this heritage for the benefit of all Montrealers.

The first phase of the Old Port's redevelopment began in 1981. The Old Port of Montréal Corporation (the Corporation) was created to take charge of this massive project and to develop a "window on the River". A second public consultation was held in 1985 and confirmed that

this Montréal site would be a public area for relaxation that would become a cultural destination in an urban setting involving the development of recreational tourism services. Phase two of the work then began as part of the celebrations marking the 350th anniversary of the founding of Montréal. The locks to the west of the site were renovated. The Bonsecours Basin to the east was cleared, a pavilion was built, and the Jacques-Cartier Pier was developed to be able to hold major events. Sailing vessels and yachts can now anchor at the Port d'escale while cruise ships dock along the piers. Cultural programming was put into place on the site and an innovative exhibition on science and technology was soon launched. Expotec was held at the Old Port for nine years.

Buoyed by this success, the Corporation began developing the central portion of the site in 1997. The hangars on the King-Edward Pier were transformed to create the Montréal Science Centre (MSC).

This destination for intellectual leisure activities and stimulating knowledge opened in 2000. The range of



© SVPM, 1983

experiences offered on the site is becoming increasingly diverse to the great benefit of the growing number of visitors who come to this unique site again and again. The Old Port has therefore become a real attraction and an instrument for cultural, economic and social development.

RECOGNIZING THE WORK OF THE OLD PORT'S BUILDERS

This is how the Corporation lauded the efforts of its first four chairmen: Mr. Paul Gérin-Lajoie (1981 to 1984), Mr. Roger Beaulieu (1984 to 1991), Mr. Benoît Lemay (1991 to 1994) and Mr. Bernard Lamarre (1994 to 2007). The key role played by the two individuals who have served as the Corporation's President and Chief

Executive Officer until now must also be



mentioned. Mr. Pierre Émond devoted 17 years to the Old Port (1983 to 2000) while Mrs. Claude Benoit has followed in the

footsteps of her great predecessors since 2000.

SUPPORT FROM KEY PEOPLE

These builders had the support and commitment of many people for this key project in Montréal. This 25th anniversary is an occasion to highlight the remarkable commitment of three people who influenced the development of this site, thus becoming ambassadors for the Old Port in their own way. Due to her involvement on the Corporation's Board of Directors over several years, Mrs. Phyllis Lambert is an example of the popular desire that so profoundly shaped the development of the Old Port of Montréal. Mr. Brian Mulroney symbolizes the political will that enabled the Old Port to become one of Montréal's main attractions. Finally, Mr. Daniel Lamarre, an executive officer of the Cirque du Soleil and a partner from the very beginning, represents the creativity and innovativeness that are characteristic of the Old Port of Montréal.

THE WORK CONTINUES

Twenty-five years after its creation, the Old Port of Montréal Corporation continues to carry out the mandate granted to it by the federal government. The Corporation strives to protect the Old Port's

facilities from a long-term perspective in order to allow for clear development guidelines, stable investments and a stable framework for action. In this context, 2007-2008 is a pivotal year for the Corporation. This is the first year that the Corporation will be receiving recurring annual core funding. A five-year Corporate Plan taking effect in 2008-2009 has also been accepted. These two achievements are important in that they reduce uncertainty and allow for more



© Maitera Inc.

efficient financial management and strategic planning. Having an annual amount granted over a five-year period to be earmarked for the conservation and maintenance

of real estate assets also provides greater stability for the Corporation.

In spite of these achievements, the Corporation is still awaiting approval for and the granting of funding to implement its *2005-2015 Vision Development*. It took an important step this year in unveiling its Vision at the Montréal, Cultural Metropolis—Meeting in November 2007. This highly publicized event was an opportunity for the Corporation to unveil the primary projects in its *2005-2015 Vision Development* to all Montrealers. This vision, which is now part of the major projects the 2007-2017 development plan for Montréal as a cultural metropolis, is now one of the development priorities that will ensure that Montréal will become a stronger social, economic and cultural player.

Highlights

A REMARKABLE OVERALL PERFORMANCE

An Exceptional Number of Visitors This Year

Programming both at the Montréal Science Centre and the Quays of the Old Port was an extraordinary way to considerably increase the number of visitors to the site this year, as well as awareness and the positioning of the Old Port of Montréal. The efforts made to offer a variety of attractive products and services for all seasons have provided results. More than six million people visited the Old Port in 2007-2008, a significant 17% increase compared to last year.

This result is attributable to the remarkable performance recorded in the summer season. The number of visitors to the Quays of the Old Port increased 27% over 2006.

The MSC, for its part, had an exceptional year. More than a million visitors came to the MSC while ticket sales jumped 28% compared to 2006-2007. Presenting the world renowned *Body Worlds 2* exhibition played a major role in enabling the MSC to exceed the set target for ticket sales.

New and Varied Programming

Renewing offerings is one of the key priorities of the Corporation's management. The number of activities and events held on the Quays of the Old Port, both in the summer and the winter, continued to increase. Among other things, 16 new events were added to Quays programming this year. Some of the important events held on the site this year include the long-awaited and highly publicized arrival of the *Sedna IV* (a three-masted schooner), the holding of the second *National Environment Show*, the return of the *Igloofest* and of the *Montréal High Lights Festival*, and the prolonged opening of the winter bar.

The MSC team was proud to unveil the centre's brand new permanent exhibitions in November. *Imagine!*, *Mission Gaia*, *Science 26* and *idTV* are the four new interactive experiences being offered

to the centre's targeted clientele of 9 to 14 year olds. In addition to these permanent exhibitions, there are two smaller exhibits set up in the MSC's common areas: *the technological showcases* and *Cargo*, as well as two temporary exhibitions, *Salt Essentials* and the *Odyssey of Light*.

Two new school programs in addition to a host of educational and cultural activities were also held by the MSC this year. These include a brand new event, the *Eureka! Festival*, which attracted some 43,000 young visitors and their families over a three-day period. This was a great success for this first time that the event was held.

Efficient and Effective Management

This year, the Corporation continued its efforts to improve its management tools and processes. Among other things, the project and portfolio management structure was put into operation and a five-year internal audit plan based on risk management was developed.

The Corporation also continued to optimize its organizational structure by making changes to the office of the Vice-president, Building Development and Maintenance (Site Management) and the office of the Vice-president, Marketing. Similarly, in connection with the review of the Corporation's total compensation policy, a new job assessment system was put in place this year to examine the compensation of non-unionized personnel.

The development projects carried out with partners are progressing well. A bus route leaving downtown Montréal and making a loop through Old Montréal should be put into operation during the next summer season. Similarly, the development work on de la Commune Street is continuing. This artery is the main access road to the Old Port site. These anticipated projects will help make the Old Port even more attractive to visitors.

Message From the Chairman of the Board



A reflection of the past, present and future, 2007-2008 is a year that will have allowed us to thoroughly take stock of all that has been accomplished since the Corporation's founding 25 years ago and to publicly express our desire to follow in the footsteps of our predecessors by developing all the wealth that is found on this wonderful heritage site.

The announcement made last April that the Corporation would be receiving recurring funding for the next five years, in addition to a \$35-million five-year budget earmarked for the conservation and maintenance of assets, already provided greater certainty regarding the Corporation's future. In securing this funding, the federal government is providing us with the tools that we need to provide visitor services and to ensure the protection of our infrastructures. These are the very cornerstones of our mission. The government of Canada has therefore recognized the role that the Corporation plays in Montréal's social, cultural and economic development.

However, two major issues with implications for the Corporation's stability and future action continue to be a cause for concern. The transfer of the custody of assets from PWGSC to the Corporation, which we wanted so much to settle this year, did not take place. We are hopeful that all this will be finalized in the coming fiscal year and are working towards this objective.

Another key issue for the Corporation is the approval and granting of the funding required to roll out the Corporation's *Vision Development*. The Corporation is now involved in the *2007-2017 development plan for Montréal as a cultural metropolis*. Achieving this vision is as important to the Corporation as it is for the development and assertion of the city's role in the cultural and economic sectors. The objective is simple: to complete the work that was begun 25 years ago and to make the Old Port of Montréal, which binds the city to the river, a world-class year-round cultural destination that showcases Montréal's creativity while telling the story of the birth of the modern economy of northeastern North America.

The drive, efficiency and professionalism of the Corporation's team were more than evident this past year. As a result of the team's work, the Corporation had an exceptional performance in 2007-2008. Moreover, the targets set for revenues and the number of visitors have been exceeded.

This first year at the helm of the Corporation is a great source of motivation for the directors and heralds a promising future for both the Corporation and its partners.

I would like to thank the directors for their commitment and, on their behalf, I would like to congratulate the entire Old Port of Montréal team for its excellent work.

The Chairman of the Board,

A handwritten signature in dark ink, appearing to be 'B. Roy', written in a cursive style.

Bernard A. Roy, Q.C.

Message From the President and Chief Executive Officer



This past year was clearly marked by novelty for the Old Port of Montréal Corporation. The summer season started on a very strong note with the presentation of the Cirque du Soleil's new show, *Kooza*, the arrival of the *Sedna IV* and its crew members with all their memories, and the exceptional presentation of a world-class international exhibition, *Body Worlds 2*, at the MSC. A number of new activities and events were presented this year, and the experience culminated with the long-awaited unveiling of the MSC's brand new permanent exhibitions.

The Quays team did a brilliant job in handling the substantial increase in the number of visitors to the site in the summer resulting from various new activities. The winter season was no different. After three years of hard work, a broad range of winter activities was developed for the Quays to the delight of anyone who loves the cold. It can now be stated, beyond all doubt, that the Old Port is the place to be in the winter.

This was also the first year that the Corporation presented its *Vision Development* to the public. The Corporation benefited from the presence of 1,300 people from Montréal's business and cultural sectors who attended the *Montréal, Cultural Metropolis—Meeting in November 2007* to present major projects. I am pleased to see how enthusiastic all the players in the cultural development, economic and recreational tourism sectors were about our vision. This is yet another source of motivation to continue our work and hope that our vision receives the necessary approval and funding to ensure its implementation.

The Corporation now has some financial stability, a five-year commitment for the government contribution and sufficient funds to maintain its facilities. It can now be said that the Corporation's financial house is in order in keeping with the principles of effective management of public funds.

From an organizational standpoint, the Corporation has stayed the course for improving the efficiency and effectiveness of its management practices by successfully implementing the project and portfolio management structure, developing a brand new five-year internal audit plan based on risk management and applying new guidelines for the total compensation policy for non-unionized employees.

Three people left the Corporation this past year: Mr. Denis Gouge, Vice-president, Site Management; Mrs. Lily Robert, Communications Director and Mr. Pierre Fortin, Vice-president, Marketing. I would like to take this opportunity to thank them for their contribution, their loyalty and their commitment. I would also like to mention the arrival in March 2008 of Mr. Patrick Goineau as Vice-president, Building Development and Maintenance.

The Corporation celebrated its 25th anniversary in 2007-2008. I am proud of all that has been accomplished over the years. I am also happy because an event such as this provided us with a rare opportunity to stop and look back to see all that has been accomplished since the initial revitalization work at the Old Port of Montréal. This provides inspiration to continue along this path. Once again, I would like to thank the Old Port's builders, who have made a difference in Montréal's landscape and economy, as well as our ambassadors who have supported us over the years.

I would like to thank all of our employees for their hard work. Their commitment to serve our customers and their expertise have made it possible for us to achieve our objectives. We owe them our success. Finally, I would like to thank the Board of Directors for its support and wise counsel. The new outlooks that the members are providing are guiding the way for change.

President and Chief Executive Officer,

A handwritten signature in cursive script that reads "Claude Benoit".

Claude Benoit, C. M

The Corporation

MANDATE

The Old Port of Montréal Corporation Inc. was created by the government of Canada with the mandate of developing, and promoting the development of the Old Port of Montréal's territory, and of administering and managing Crown property.

The territory of the Old Port of Montréal, which represents an area of 47.3 hectares, is 2.7 km long and lies along the St. Lawrence River, bordering on Old Montréal. It has been recognized historically in two ways: the Eastern and Central sectors and part of the Western Sector were recognized in the historic Old Montréal burrough in 1997 and the Western Sector has been a part of the Lachine Canal National Historic Site since 1996.

The Old Port is near Pointe-à-Callière, where the city of Montréal was founded, and Saint-Laurent Street, for which the section between the Old Port and Jean-Talon Street is classified as an historic district by the Historic Sites and Monuments Board of Canada.

GOVERNING STATUTES

The Corporation is a business corporation incorporated on November 26, 1981 under the *Canada Business Corporations Act*. It is a wholly-owned subsidiary of the Canada Lands Company Limited (CLC), a Crown corporation registered under Part I of Schedule III of the *Financial Administration Act*. In accordance with Order in Council P. C. 1987-86, the Corporation is subject to certain provisions of the *Financial Administration Act* as if it were a parent Crown corporation, listed in Part 1 of Schedule III. The Corporation reports to Parliament on its operations through the honourable Lawrence Cannon, Minister of Transport, Infrastructure and Communities.

At present, the Corporation fulfills its mandate in the name of, and on behalf of, the Minister of Public Works and Government Services Canada (PWGSC), who holds title to the federal assets and

has responsibility for their maintenance and conservation for the benefit of the Crown.

MISSION

The Corporation's mission is to manage, develop, and hold activities on an urban recreational, tourist, and cultural site and a centre for entertainment and discovery.

PRODUCTS AND SERVICES

The site of the Old Port of Montréal is an exceptional location for walking, entertainment, discovery, learning and relaxation. The Corporation offers a wide array of services and reaches a vast clientele composed of children and adults, Montrealers and Canadian and foreign tourists alike.



© A.P.E.S.

Promoting the Development of the Old Port of Montréal's Territory

In accordance with its mandate, the Corporation must put in place the basic infrastructures, equipment and services to:

- ☞ Satisfy the public's interest;
- ☞ Contribute to the sector's commercial development;
- ☞ Invest in the refitting or construction of certain buildings.

Project cost assessments and feasibility analyses, calls for tenders, the conclusion of public works, service and supply contracts, the planning and performance of work, as well as transactions with purchasers or concession holders are some of the services provided by the Corporation within this framework.

Administering, Managing and Maintaining Property

The Corporation is responsible for ensuring the adequate maintenance of the Quays, as well as the related land, buildings, equipment and facilities. Their conservation and maintenance as well as urgent work satisfying health and safety standards are under the responsibility of PWGSC, the custodian of the assets. Security, maintenance and mechanical services, the development of green space and environmental management services make the Old Port site enjoyable, clean, safe and functional for commercial operations and public attractions. The conservation and protection of the site's architectural and landscape heritage should be ensured with regular maintenance and well as repairs to and the preservation of buildings and equipment, with the resources at its disposal.

Managing, Developing and Holding Activities on an Urban Recreational, Tourist, and Cultural Site

The Corporation ensures the management of a vast site including an urban park as well as an institution for the dissemination of scientific culture. The Quays of the Old Port business unit is in charge of showcasing the site's historical, maritime and harbourfront character as well as the variety of programmed events



© A.P.E.S.

offered throughout the year. Within this context, the Quays of the Old Port unit:

- Offers on-site hospitality and information services;
- Produces or co-produces recreational events;
- Ensures that events organized by outside producers are held on the site;
- Manages La Balade, the Port d'escalas as well as locks n° 1 and 2 at the Lachine Canal;
- Ensures that concession holders operating maritime, sporting or outdoor activities or a variety of restaurant services set up and maintain operations;
- Operates a refrigerated outdoor skating rink during the winter;

- Manages parking facilities.

The Montréal Science Centre business unit is in charge of:

- Developing and presenting permanent and temporary interactive exhibitions in the field of science;
- Developing and presenting cultural and educational activities in the field of science;
- Operating the IMAX® TELUS Theatre and the movie game;
- Ensuring corporate rental services;
- Managing concession holders.

Corporate services support the work of the two business units, assuming responsibility for:

- Operations required for site management;
- Financial and administrative matters, as well as information technology management;
- Human resources management;
- All activities related to marketing, communications, the search for partners and relations with various partners in the private sector, Canadian or foreign museums and the various levels of government.

SOCIAL RESPONSIBILITY

The Corporation's social responsibility is primarily defined by three government objectives, which were reiterated and supported by the guiding principles for development resulting from the public consultations in 1985-86:

- **Improve urban living conditions and public access to the river**
 - ✓ *Everyone should have access to the site and be able to circulate freely and easily.*
 - ✓ *All development should preserve or highlight the exceptional vistas of the site itself, the river, and the city.*
 - ✓ *All development should reflect real collective needs for which the site is particularly appropriate.*
- **Protect and promote Canadian cultural heritage**
 - ✓ *The Old Port's significant historical, maritime, and harbour relics should be highlighted.*
- **Contribute to economic development efforts**
 - ✓ *The Old Port should encourage and support rather than compete against neighbouring areas.*
 - ✓ *Make the Old Port's development a complementary part of the development of greater downtown Montréal area.*

- ✓ *Encourage the participation of the various levels of government in the planning and management of its development.*

In each of its endeavours, the Corporation is concerned about preserving visual contact with the



river. Access to the site, as well as to a large number of activities, is free. The programming which it offers is chosen based on events suitable for the particularities of the site and that meet the

needs of customers and the Old Port's environment. Given the nature of the Corporation's operations, its concerns are always focussed on the visitor. In this respect, the Corporation is responsible for offering visitors top-quality service.

As a leading social player, the MSC plays an important role in educating young people in the fields of science and technology with its activities and contributes to promoting innovations and training teachers and the next generation of scientists. Due to its involvement in the scientific community, the MSC has become a hub for players in the education sector and museums, scientific associations and scientists themselves. Through the MSC, the Corporation seeks to encourage young people to develop a taste for a career in science so as to train the next generation of scientists and to meet the challenges facing researchers and companies. It works together with other organizations to ensure that young people in underprivileged areas also have access to the exhibitions.

The Corporation, which is responsible for managing a unique national heritage site, attempts to preserve facilities to the best of its abilities. It is aware of the value of the site's relics and takes action with the means at its disposal. In addition, it disseminates the quality and diversity of Canadian culture as well as that of its communities through its programming. The Old Port Quays is an important part of the urban landscape and is one of Montréal's cultural and tourist attractions.

The Corporation plays an active role in community life and is in constant contact with Montréal organizations and institutions. It is a member of the Board of Directors of the Conseil québécois de l'industrie touristique, is involved in the work of Culture Montréal, the Table de concertation du Vieux-Montréal and the Regroupement des

organismes culturels du Vieux-Montréal. It is also in constant dialogue with the Association des résidents du Vieux-Montréal to preserve the environment and the quality of life of residents.

The Corporation is a corporate citizen of Montréal and makes its voice heard when investments must be made for the conservation and enhancement of assets and infrastructures, the improvement of citizens' quality of life and safety, and local economic and cultural development.

There is no doubt that enhancing the federal Old Port site, its facilities and its heritage aspects and increasing the number of quality cultural and recreational activities offered contribute to the city's cultural and socio-economic vitality, to its recognition and to its national and international visibility.



© A.P.E.S.

VALUES

The Corporation has identified values that guide its decisions in managing the Old Port. The Corporation values:

- Physical, economic, and cultural accessibility to its site and products.
- The satisfaction of its customers.
- Effective, efficient, and cost-effective management.
- Drive, creativity, and boldness.
- The contribution of employees to the Corporation's development.
- Productive and stimulating teamwork.
- Quality of architecture and design in its actions.
- Conservation and showcasing of the site's heritage.
- Environmental protection and sustainable development.

COMMITMENT TO QUALITY

In 2005, the Corporation received accreditation from the Bureau de normalisation du Québec regarding the *Customer services—Attractions and Events* standard (BNQ 9700-085).

This accreditation affects all of the Corporation's activities, employees at all levels and concession holders and partners involved in its activities in one way or another. Requirements pertain to customer service, equipment, human resources, security, and respect for the natural and human environment.

The commitment to quality that is the basis of this accreditation is primarily aimed at contributing to customer satisfaction and ensuring that a visit to the Old Port of Montréal is a memorable experience.

Our commitment to quality is more than a slogan. It is a source of motivation for our entire team, whose members undertake to:

- Greet visitors warmly, courteously and efficiently.
- Ensure the safety of visitors and their property.
- Provide clear, complete and accurate information in all of our communications to visitors.
- Show consideration to persons with specific needs or limitations.
- Learn more about visitors' needs so that our products meet their expectations.
- Provide visitors with clean, appropriate equipment that is in perfect working order and that meets the current safety standards.
- Promote the safeguarding of natural resources and put in place responsible environmental practices.
- Comply and ensure compliance with the code of ethics of the tourist industry and with the standard for service quality in the attractions and events sector.

ENVIRONMENTAL RESPONSIBILITY

The Corporation's commitment to protect the environment, which was ratified by its Board of Directors in 2003, reads as follows:

"The Old Port of Montréal Corporation Inc. (the "Corporation") recognizes the importance of

incorporating protection of the environment as effectively as possible in the management of the Corporation's activities and intends to make continuous efforts to promote this principle with its employees, partners and customers."

With this objective in mind, the Corporation undertakes to:

- Respect legislative and regulatory requirements in effect relating to the environment;
- Constantly improve its effectiveness to increase its environmental performance;
- Prevent pollution.

The Corporation plans to take the following steps to achieve this objective:

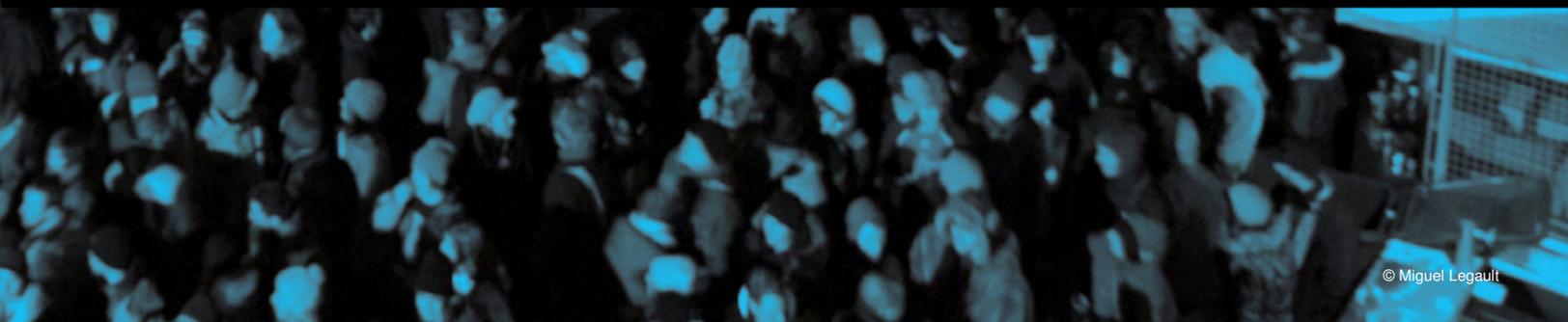
- Make its employees aware of their role and obligations to protect the environment, provide related training and make them appropriately accountable for their actions;
- Minimize the risk of site contamination resulting from the Corporation's activities;
- Promote the application of principles of reducing, reusing, recycling and enhancing;
- Set clear and measurable environmental objectives and ensure a regular follow-up;
- Reduce energy consumption;
- Make partners working on the site aware of the Corporation's environmental commitment and manage the environmental impacts resulting from their activities on the site;
- Submit a semi-annual progress report to the Board of Directors setting out the Corporation's environmental performance.



© Claude Dallaire

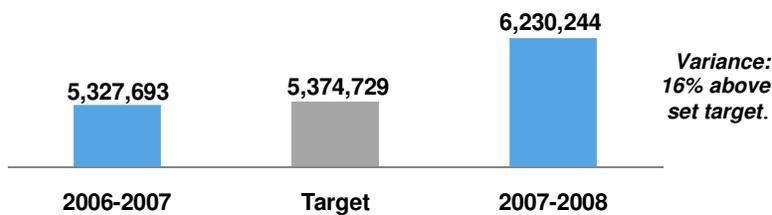


The Quays of the Old Port's management continues to strive to offer a site with activities and attractions of interest to a vast clientele. A record number of events and activities were held on the site this past year.



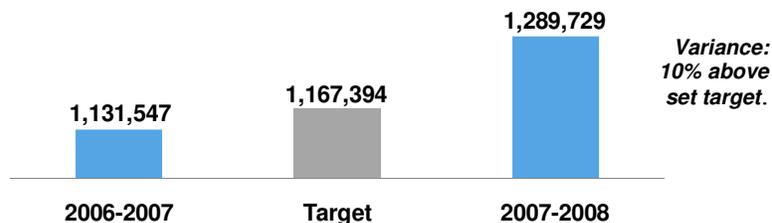
The **Quays of the Old Port of Montréal** business unit takes responsibility for products and services which help disseminate the arts and Canadian diversity and which showcase the site's maritime and harbourfront history, as well as recreational and tourism activities, and commercial activities and services.

Total number of visitors to the Old Port site
(number of visitors)



The increase recorded this year is attributable to the number of visitors to the site during the summer months, which jumped 27%. This result may be explained by several factors, including the presence of the Cirque du Soleil and the holding of the *Body Worlds 2* exhibition at the Montréal Science Centre.

Revenues from events and concessions Quays of the Old Port (\$)



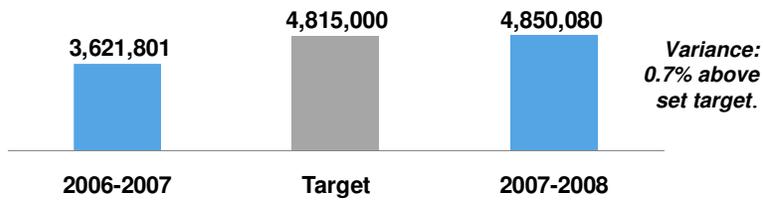
Attractive maritime offerings are a major contributing factor to achieving the set objective. Concession holders' involvement in activities held on the site also played a role in generating commercial revenues.

OBSERVATIONS

- 17% increase in the number of visitors to the site compared to 2006-2007.

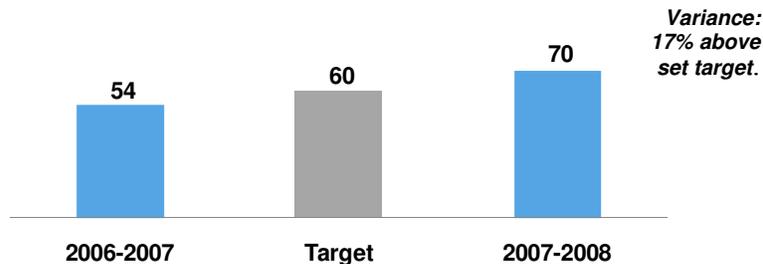
- Revenues generated by commercial activities increased by 14% compared to last year.

Parking revenues—Corporation (\$)



The substantial increase in parking revenues was expected considering that major events were held: the *Body Worlds 2* exhibition and Cirque du Soleil shows. The target was achieved.

Events held on the Quays of the Old Port (number of events)

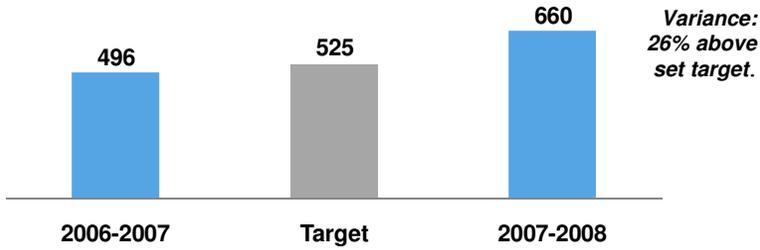


The work to develop offerings is providing results and has enabled the Corporation to exceed the target set for this year. The visit of the *Sedna IV*, the new *Eureka! Festival* organized by the Montréal Science Centre, the *Montréal sur terre* event and *Délire d'hiver 24h* are some of the new events programmed for the Quays of the Old Port this year.

OBSERVATIONS

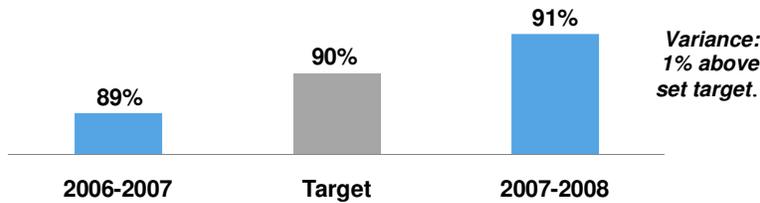
- Substantial 34% increase in parking revenues compared to the amount recorded in 2006-2007.
- Approximately 16 events were added to the Quays of the Old Port programming this year.

**Activities held on
the Quays of the Old Port**
(number of days of activities)



Due to the development of event offerings, the number of activities held at the Quays of the Old Port increased substantially compared to 2006-2007.

**Awareness of
the Quays of the Old Port**



The target was exceeded. The Quays of the Old Port are among the best known recreational tourism attractions in the Greater Montréal Area.

OBSERVATIONS

- *The Quays of the Old Port held over 160 more days of activities compared to last year.*

- *Overall awareness of the Quays of the Old Port has continued to grow. A two-point percentage increase has been recorded compared to 2006-2007.*

More than six million people visited the Quays of the Old Port this past year, which represents a significant 17% increase over last year. This increase is attributable to the exceptional performance for the summer season. There was a 27% rise in attendance numbers for this period of the year. More than 4.5 million people visited the Quays of the Old Port in the summer of 2007. It is important to mention that in addition to good weather, some very popular events were held at the Old Port.

In spite of obvious and continued improvements to winter offerings, the number of visitors during the winter months did not exceed the previous year's results. In fact, there was a slight 7% decline in attendance which is attributable to a combination of factors, such as the weather. The many snow storms this past winter discouraged people from getting out at certain times, and the exceptional amount of snow made winter sports more attractive. This therefore created more competition for the Old Port of Montréal. The number of visitors to the Quays therefore declined from November to January. The combined effect of activities held at the site at the end of the season—mainly the *Montréal High Lights Festival* and the prolonged opening of the skating rink and the winter bar—made it possible to again see positive attendance numbers in the last two months of the winter season.

Consolidation of Maritime Offerings

Maritime services are a major component of the Quays of the Old Port's offerings. In addition to contributing to the positioning of *Montréal on the River*, these services account for close to 80% of the revenues generated by commercial activities on the site. The work that has begun to consolidate, update and renew maritime offerings continued this past year.

The Port d'escale, which is intended for boaters passing through the Old Port wishing to have a short stay here, was the subject of studies to build new docks and to assess development possibilities. This evaluation is part of a broader process to optimize maritime services, including

re-development of the Jacques-Cartier Basin to allow the Corporation's cruise company partners to offer higher quality service. The conclusions of these studies will be tabled in the coming fiscal year.

The average occupancy rate of the Port d'escale's 95 dock spaces was 32% this year, and the revenues generated by this facility decreased by 13%. The

upgrade of the Port d'escale's facilities being contemplated will enable the

Corporation to be more competitive on the market being served and will facilitate the efforts to reach a broader clientele of boaters.



© A.P.E.S.

The Corporation is continuing to operate Locks 1 and 2, for which the revenues generated declined slightly by 3% this year. It is important to note that the lock configuration limits passage for the growing number of larger vessels. In addition, the conditions for passing through the locks and the time required to do so are meeting boater expectations less and less.

The Corporation's association with the Montréal Yacht Club, a private partner that manages the marina with more than 200 dock spaces on the Clock Tower Pier, is proving to be a wise choice for the Quays of the Old Port. In addition to offering a quality product and favouring transparent management, the Yacht Club is involved in rolling out various joint promotional activities. For example, once again this year the Quays of the Old Port shared a booth with the Montréal Yacht Club at the *Montréal Boat Show* held in January. The Quays of the Old Port's promotional activities therefore also have a greater impact.

The Quays of the Old Port team is working on renewing and diversifying maritime offerings. Agreements were signed this past year to

welcome two new cruise companies in the summer of 2008. One is offering a cruise and cycling package while the other offers deluxe cruises to small corporate groups. These new partners will help meet the strong demand for all types of cruises.

Where maritime activities are concerned, 2007 was beyond all doubt the year of the *Sedna IV*. The triumphant arrival and welcoming of Jean Lemire's crew, upon their return from a journey to Antarctica, was an exceptional event. Cruise operators were fully booked on the morning of the *Sedna IV*'s arrival, while many curious on-lookers came to the Quays of the Old Port to witness the event. The *Sedna IV*'s arrival at the Clock Tower



Pier, which was associated with the festivities to launch the 2007 summer season, helped to draw many visitors to the Quays of the Old Port during this two-day event

attended by some 55,000 people. The *Sedna IV* had considerable media coverage. The RDI network was on location and the highly popular radio show on the French-language arm of the CBC hosted by Joël LeBigot was broadcast live from the Old Port.

While the *Sedna IV* was docked at the Old Port, visitors to the Quays of the Old Port were able to discover *Espace Sedna-Cascades-Rebut global*. This pavilion was of interest due to its singular construction: it was essentially built with recycled materials. Various activities were held, including viewing of *Antarctic Mission*, a film made by Jean Lemire's team in Antarctica to study the effects of climate change.

The Quays of the Old Port welcomed several other vessels of interest, some of which were open to visitors. The *Marie-Clarisse*, a wooden schooner almost 100 years old that is a jewel in Québec's maritime heritage, docked twice at the Old Port during the summer. The Quays of the Old Port are also visited by a few megayachts, although current regulations for navigating on the St. Lawrence River limit the Corporation's possibilities to develop this market.

Diversifying Event Programming

The Quays of the Old Port's management continues to strive to offer a site with activities

and attractions of interest to a vast clientele. A record number of events and activities were held on the site this past year.

The 2007-2008 year began on a strong note with the presentation of *Kooza*, the latest Cirque du Soleil production. It was a resounding success; 217,000 visitors enjoyed this production presented from April to June. The total occupancy rate was 97%.

The *National Environment Show* is becoming an important part of the Quays of the Old Port's programming. The second edition of this event attracted almost double the number of visitors as last year. This show deals with issues of concern to a growing number of people and some 30,000 people came to the Old Port to take part in it. A few days after this event, the first edition of the *Eureka! Festival* was held on the Quays of the Old Port. This event organized by the Montréal Science Centre and focussing on scientific and technological advancements exceeded expectations by attracting 43,000 visitors.

However, *International Flora Montréal* was not as successful. The summer season ended with a 50% decline in the number of visitors compared to the 150,000 people who came to enjoy this major event in its first year. This event, which showcases the art of gardening, clearly suffered from poor positioning which undermined its chances to reach the type of visitors who would be interested in this type of exhibition. The Corporation is trying to redefine the use of this site. It will therefore begin prospecting efforts to sign agreements for a new activity in the summer of 2009.

Although few major events are held at the Quays of the Old Port, there are a number of small and medium-sized events, many of which are held year after year. These include the *Salsafolies* held on Sunday afternoons, the *Reggae Festival*, Evening tango, Canada Day celebrations, *Expo Art Montréal*, the *Escales improbables de Montréal* and the *Artegonia Festival*.

Montréal sur terre, a local event held in connection with *Live Earth*, a global event to raise awareness about climate change in which several major cities, including London, New York, Tokyo, Shanghai, Johannesburg, Sydney, Rio de Janeiro and Hamburg, participated, was held at the Quays of the Old Port this year. Shows were

presented to the general public to raise awareness about the effects of climate change. Some other major shows were also held on the Quays of the Old Port during the summer, including concerts by The Scorpions and Björk. Such shows enable the Quays of the Old Port to attract a different public to the site.

Concession holders, like small promoters, such as Tango libre, which offers popular tango evenings at the Place des Vestiges, contribute to the activities held on the site throughout the summer. The Quays of the Old Port's management would like to see more and better such activities on the site. Steps have been taken this year with well-known artistic organizations, such as the Cirque du Soleil, a long-time partner of the Old Port, to welcome Amakhosi, a South African circus, in the summer of 2008, the Akyia Circus, and *Sept doigts de la main*, a troop that will present a show in the summer of 2008 in association with a restaurant.

Due to prospecting efforts that were made, this year members of the Quays of the Old Port team took part in the *Festival des lumières* de Lyon accompanied by Montréal partners, including representatives of the *Montréal High Lights Festival* and Mutek. The purpose of this French mission was to see what is done elsewhere with a light theme and to assess possibilities for the Old Port, in particular to present huge projections on its site.

Asserting Winter Offerings

Winter offerings at the Quays of the Old Port continued to be developed and asserted this past year. Events such as the *Feux sur glace Telus*, the *Montréal High Lights Festival*, the *Igloofest* and the *Port Symphonies* produced by the Montréal Museum of Archeology and History (Pointe-à-Callière museum) are now part of the city's recreational and tourism landscape in the winter.

The ever-popular skating rink at the Old Port had its ups and downs this year especially due to the unpredictable weather. The refrigerated portion is less affected by temperature fluctuations. It is more difficult to maintain the natural skating rink in ideal



conditions. Close to 60,000 skaters came to the Old Port this past winter, which represents a slight 2% increase over last year. Revenues, for their part, decreased slightly due to the higher number of season memberships sold.

The Montréal High Lights Festival is one of the activities that drive the winter season at the Quays of the Old Port. This festival provides visibility for the Old Port and clearly increases public awareness of all that it offers. This event, presented as part of the Quays of the Old Port's outdoor programming for a third consecutive year, had positive results. A total of 104,418 visitors purchased tickets to the Quays of the Old Port site, representing a 10% increase over last year.



© Claude Dallaire.

The *Igloofest* held in collaboration with the Piknik Électronik proved to be a strong point in the Montréal winter this year. This original event was held over two weekends this year and increased from two to four evenings. The bet clearly paid off since the number of visitors jumped from 4,000 the first time the event was held to 14,000 this year.

The winter bar was yet another resounding success. Presented as a prototype operated during a limited period last year, the winter bar became a permanent seasonal offering this year.

This exceptional location with 200 seats and a fenced-in outdoor terrace attracted more than 25,000 visitors this year and generated



© Patrice Lamoureux

revenues in excess of targeted objectives. Like the *Igloofest*, this innovative service enables the Quays of the Old Port to attract a more diversified clientele and to assert the site as an "in" winter destination.

The winter events held at the Quays of the Old Port ended with the *Port Symphonies*. However, the activities held on one of the two weekends had to be cancelled due to bad weather. As a result, the attendance numbers generated by this event held on the Quays of the Old Port

decreased as well. The weather during the winter of 2007-2008 generally had repercussions on the number of visitors to the site at this time of year. The number of visitors during the winter therefore decreased slightly in spite of events that were very popular with the public.

Asserting the Position of Montréal on the River

The Quays of the Old Port team is building on the marketing plan guidelines and the various programming plans that have been adopted. These planning tools take into account the features and attributes of the positioning of the Quays of the Old Port for *Montréal on the River*. Developing the site according to this positioning had profound effects on the choice of activities and events held on the site as well as on the types of services offered by the Quays of the Old Port. The new partnership between the Corporation and the Sleeman's-Unibroue brewery made it possible to introduce brand-name beers on the Quays of the Old Port site. Decisions are made with a view to optimizing the quality of the visitor's experience according to the type of customer that the Corporation would like to reach.

The objective is therefore not to increase the number of visitors, but rather to increase the average amount spent by visitors on the site. Concession holders benefit from supporting strategic choices. The revenues generated by these concession holders rose significantly by 21%. The average amount spent on the site, which was estimated to be \$21 in 2006-2007, was close to \$26 this year. Sharing financial risks between business partners and the Corporation is a way to ensure that, together, offerings are improved based on standards for the positioning adopted. It is with this spirit in mind that all contracts signed with these partners will now be renewed according to the fixed rent and royalties equation.

The desire to provide good customer service is also felt in other service improvements. Among other things, more efficient signs for information and points of sale on the site were put in place. The number and quality of washroom facilities on the site increased and free wireless Internet access was provided throughout the site. The Corporation's involvement in the project to implement dynamic parking signs in the Old Port area and Old Montréal with the city of Montréal is in keeping with this initiative.

It should be noted that the Old Port site manages vast parking areas with a total of 2,250 parking spaces. Parking is a major source of revenues. The Quays of the Old Port and Marketing teams work together to maximize parking service quality and to ensure that a



© SYPM

competitive product is offered year round. This year, parking facilities generated revenues of close to \$5 million due to the exceptional number of visitors to the site, which is almost 35% more than last year.

Interpreting and Showcasing the Site's Heritage

Above all else, the Quays of the Old Port is a heritage site whose protection and promotion are implicitly ensured with action taken by the Corporation each and every day. Although asset maintenance makes it possible to address the deterioration of certain heritage assets, additional conservation and development efforts are still required. By implementing the *2005-2015 Vision Development*, the Corporation should be able to make more obvious efforts in these areas.

At the same time, the Corporation's senior management continued its efforts to develop a heritage interpretation program. This program will be implemented in the coming years. A brochure will be launched as early as the summer of 2008.

Outlook for the Future

Optimizing the positioning of *Montréal on the River* remains a key concern for the Quays of the Old Port business unit. Creating a different and



© A.P.E.S.

attractive year round destination is a lengthy process. The Quays of the Old Port team's efforts are

well under way and the team will continue to improve and develop the visitor's experience in the summer and the winter.

Activities held on the Quays of the Old Port will take on a new look with the presence of street artists next summer and the holding of new events also related to the circus theme, namely *Sept doigts de la main*, the Amakhosi Circus and the Akya Circus. Becoming associated with these renowned artistic organizations is in keeping with the idea of better showing the attributes of the Quays of the Old Port. This desire will be a central part of the discussions held by the Quays of the Old Port team to specify how the Locks Garden is to be used and to develop prospecting initiatives accordingly to ensure that interesting

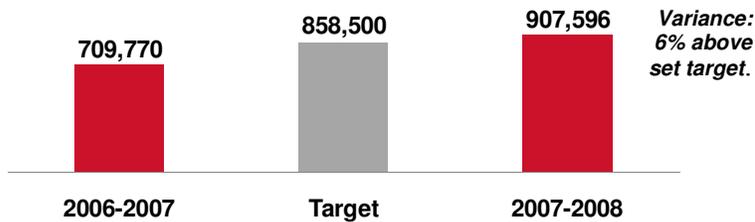
offerings can be developed in this vast area in the western sector of the site.

Strengthening maritime offerings will be one of the priorities for the coming year. The results of the reflection process conducted regarding the re-development of and possibly moving the Port d'escale will enable management to make decisions in this area. The repairs made to the Port d'Escale docks in the coming year will already ensure that customers receive more adequate, and even more competitive, service.



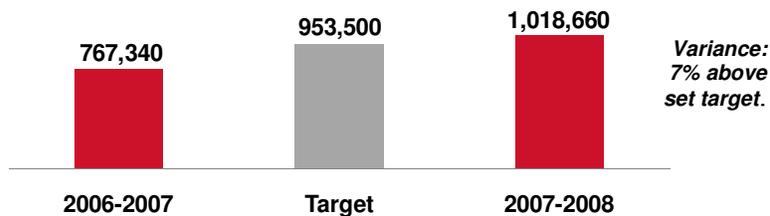
The MSC's new permanent exhibitions, which were a key concern for the MSC team for more than three years and which were designed, manufactured and set up by numerous specialists, were unveiled to the general public at the end of November 2007.

Number of ticket sales Montréal Science Centre (Number of tickets)



The MSC's record number of ticket sales this past year is largely attributable to the success of the *Body Worlds 2* exhibition. This performance made it possible to offset the impact of the temporary closure of the exhibition halls to prepare the new permanent exhibitions unveiled in November 2007 and to exceed the set target.

Total attendance Montréal Science Centre (number of visitors)



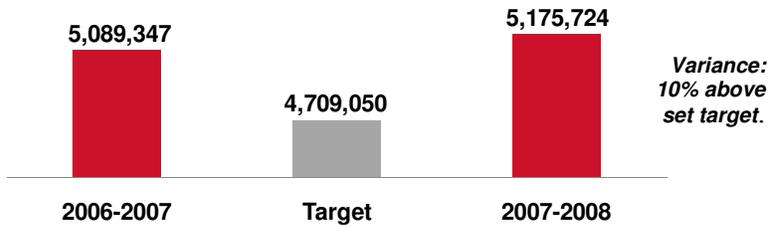
There was also attendance generated by free activities such as the new *Eureka! Festival*, the *Technophiles take to the Road* as well as various activities and discovery, awareness and discussion forums.

OBSERVATIONS

- *MSC ticket sales rose 28% compared to last year.*

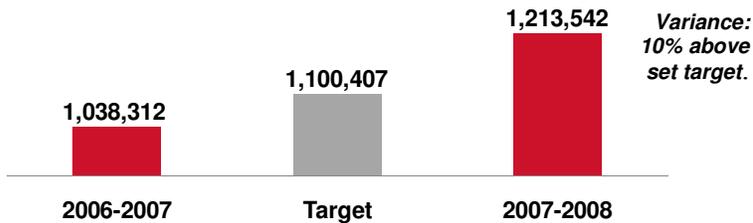
- *A major increase of over 250,000 visitors, which is equivalent to 33% growth compared to last year.*

**Programming revenues
Montréal Science Centre (\$)**



As expected, the significant increase in the number of ticket sales has no impact on programming revenues insofar as most of the substantial revenues generated by *Body Worlds 2* went to the MSC Foundation, which presented this exhibition. The closure of the exhibition halls for a few weeks to prepare the new permanent exhibitions should also be considered.

**Revenues from concessions and
corporate rentals
Montréal Science Centre (\$)**

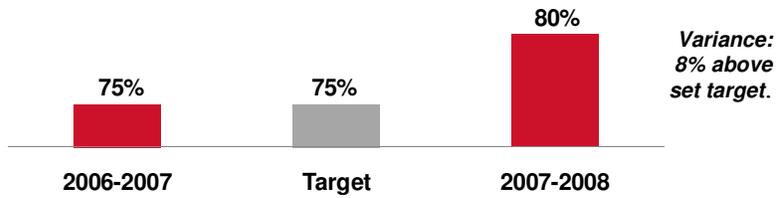


The increase in the number of ticket sales and the total number of visitors to the MSC has an impact on revenues from concession holders, which also increased. The MSC's good performance for the corporate rentals market also helped it to exceed the set target.

OBSERVATIONS

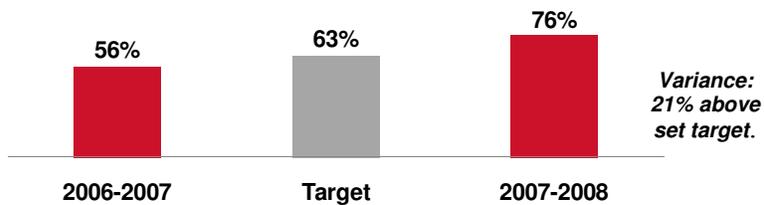
- This represents a 2% increase in programming revenues compared to 2006-2007.
- MSC commercial activities generated a total of \$175,000 more in revenues compared to last year, which translates into a 17% rise compared to 2006-2007.

**Self-financing
Montréal Science Centre (%)**



The increase recorded is attributable to many factors, especially to the substantial increase in sponsorships and donations to MSC activities, as well as the rise in revenues from commercial activities and the share of MSC ticket revenues attributable to *Body Worlds 2*.

**Brand awareness
Montréal Science Centre**



The overall level of brand awareness of the MSC as a centre for entertainment and scientific discovery, which is related in large part to the success of *Body Worlds 2*, increased significantly, largely exceeding the set target.

OBSERVATIONS

MSC self-financing rose 7% compared to last year.

- *The overall level of MSC brand awareness jumped 36% over 2006-2007.*

This past year was one of renewal for the Montréal Science Centre. New permanent and temporary exhibitions, a new festival, and new educational and cultural activities were unveiled throughout the year. These new offerings were an extraordinary way to attract more visitors to this institution. In fact, more than a million people came to visit the MSC, which is a major 33% increase over last year.

Total attendance includes visitors who come to enjoy the various free activities offered by the MSC, in addition to peripheral activities, such as promotional events or corporate rentals. These peripheral activities account for a major portion of this increase in the number of visitors. This year, they represent 12% of the MSC's total attendance. The number of tickets sold rose by 28% compared to 2006-2007 in spite of the fact that the permanent exhibition halls were closed for almost two months to set up the new permanent exhibitions. Holding the world renowned *Body Worlds 2* exhibition helped the MSC to exceed its target for ticket sales. Of the 900,000 or so MSC tickets sold, 41% were for this temporary exhibition.

The higher number of visitors made it possible to increase the MSC's brand awareness, in addition to its revenues. Although a substantial portion of



revenues from *Body Worlds 2* ticket sales will go to the Montréal Science Centre Foundation, which held this exhibition, the indirect revenues generated are still significant. These

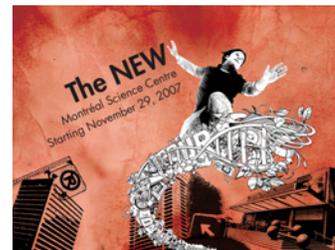
indirect revenues include parking revenues and royalties from boutique sales. The Corporation therefore had a non-recurring ad hoc exceptional surplus that it reinvested in two strategic projects, including the winterization of the Belvedere at the MSC, a project that has been anticipated for several years.

New Exhibitions

The MSC's new permanent exhibitions, which were a key concern for the MSC team for more than three years and which were designed, manufactured and set up by numerous specialists, were unveiled to the general public at the end of November 2007.

All of this hard work led to four exhibitions providing a new type of interactive experience to the visitor. The first, *Imagine!*, is based on the idea that today's dreams are tomorrow's reality. *Imagine!* explores the human imagination.

Mission Gaia is an interactive game that allows participants to work together to save humanity and ensure the sustainable development of our planet. *Science 26*



focusses on experimentation by enabling visitors to better understand the role of science and technology in their everyday lives at 26 discovery stations. Finally, *idTV* lets the young visitor to develop an opinion by becoming a science reporter and producing an original report on current scientific or technical issues.

These new exhibitions, which were developed to deal with themes such as dreaming, thinking, acting, and understanding, as well as all the other activities offered by the MSC, are part of a citizen's perspective. They aim to interest visitors in the major issues facing our societies today. By adopting this citizen-based approach, the MSC would like to contribute to encouraging each individual to develop his or her own curiosity and critical sense and realize the role that he or she can play in a concrete and individual way to find solutions to global challenges.

These new and innovative citizen-based exhibitions also show the MSC team's desire to mainly target 9 to 14 year olds.

In addition to these four permanent exhibitions, there are two small exhibits in the MSC's common areas: the *technological showcases* and *Cargo*. The latter is an initiative of the Montréal Port Authority and presents the technologies used in a port such as the Port of Montréal.



© Marie-Josée Roy

Two temporary exhibitions, *Salt Essentials* and the *Odyssey of Light*, were launched with the unveiling of the MSC's permanent exhibitions. *Salt Essentials*

teaches visitors all about this crystal while the



© Marie-Josée Roy

Odyssey of Light, which was produced by the Musée de la civilisation, in Quebec City, looks at light from a scientific, anthropological and artistic perspective.

Six new permanent and two new temporary exhibitions were therefore unveiled to the general public at the end of November 2007. The MSC team is even more proud of the fact that what can be referred to as the second generation of the Montréal Science Centre was created on time and within budget.

The unveiling of these new exhibitions was quite a challenge given that the *Body Worlds 2* exhibition presented by the Montréal Science Centre Foundation was also held exceptionally this year. This exhibition held at the MSC from May to September 2007 was a resounding success and exceeded management's expectations. Although the targeted objective was 250,000 visitors, in four months close to 372,066 people came to see *Body Worlds 2*, a record for the MSC. The spin-offs from this international calibre exhibit, mainly geared to an adult public, will be felt in terms of increasing the Centre's brand awareness and diversifying its clientele. Although the very large majority of visitors to the MSC normally come from Montréal, in the case of *Body Worlds 2* almost half of the visitors were from off the island. This exhibition held at the MSC resulted in a substantial increase in brand awareness, which increased from 56% to 76% this past year.

A Complete Range of Educational Activities

Educational activities are invaluable tools to stimulate and encourage scientific and technical



© Marie-Josée Roy

knowledge. While the new exhibitions were being developed, work began to design new school programs that are better adapted to the targeted public of 9 to 14 year olds. *Sound FX* is one such program. Geared

specifically to grade 3 and 4 elementary school children, it allows visitors to create the sound effects of a film clip. *Mysterious Machines* is geared towards grade 5 and 6 students; visitors assemble mechanisms to create machines that will activate

mysterious creatures. Finally, the third new program, *Cycling is Hot*, is intended for high school students and focusses on reconciling good health, consumption habits and environmental impacts. With the addition of these three programs, the MSC now offers five different school programs to generate new interest on the part of its targeted public.



© Marie-Josée Roy

Other educational activities have also been developed, some in connection with the new exhibitions. *Science 26 Rally* is one such activity that offers the visitor a dynamic way to experience scientific principles in this hall. Students, who are supervised and put into teams, must answer a series of questions. They then must meet various challenges and work together to find the answers to questions.

The MSC once again presented the exhibition developed in connection with the provincial *Soutenir l'école montréalaise* program. This year, it was called *Arrimage 2007: Art and Light*. To create the works that are included in this exhibition, more than 800 elementary and high school students visited



© Mattera Inc.

the Musée d'art contemporain and the MSC to learn about artistic and scientific practices, thereby guiding their creative process. The resulting works will be featured at the MSC for one year.

The 14% decline in visits from school groups this year is attributable to the closure of the MSC's exhibition halls for two months and the unveiling of exhibitions and programs geared more specifically to 9 to 14 year olds. Due to changes in the price structure, this drop in the number of visitors did not impact the amount of revenues generated. Revenues remained stable compared to last year.

Renewing the MSC's permanent exhibitions, and developing them with the targeted public of 9 to 14 year olds in mind, is a new argument to attract and retain school groups. Efforts have been made to

develop this new school clientele. This is a difficult process that will show results in the coming years.

The MSC team developed Kit OOWatts to better meet teachers' needs and to stimulate learning. These kits are designed to facilitate teachers' work in raising young people's awareness of the importance of conserving energy. This initiative, which was encouraged and supported by Hydro-Québec, made it possible to develop and distribute 39 Kit OOWatts in Québec at the start of the fiscal year. A partnership with local scientific development centres was entered into to handle the circulation of these kits. The Kit OOWatts are a resounding success; two months after being put into circulation, they were reserved by schools for the next two school years. Hydro-Québec therefore asked the MSC to develop 19 more Kit OOWatts to be added to the 39 already in circulation.

In addition, to support the work of teachers, the MSC has associated itself with the *Éclair de sciences* program for a second consecutive year. This program lets teachers learn about a scientific approach via different activities and teaches them about the scientific concepts underlying what they will teach their students. The MSC makes a set of educational resources available to teachers free of charge. Once again this year, the MSC's expertise was called upon to develop new guides to be part of the educational resources made available to teachers in connection with this program.

It should be pointed out that the MSC held *Technology Days* once again this year to allow 12 to 14 year olds to learn about career opportunities in the fields of science and technology. In seeking to promote careers in these fields of endeavour and to attract the next generation of scientists, this activity is part of the institution's mission.

A Variety of New Cultural Activities

New activities, including one festive event, the *Eureka! Festival*, were added to the cultural activities

roster developed in accordance with the principles of a citizen-based approach. The *Eureka! Festival*, a major outdoor event held on the Quays of the Old Port, is an initiative of the Conférence régionale des élus de Montréal's committee for Montréal as a city of learning, knowledge and innovation. After

receiving the mandate to develop and hold this event, the MSC proposed more than 80 activities to invite visitors to discover the effervescence, wealth and diversity of Montréal's scientific community. The *Eureka! Festival*, which is geared towards young people and their families, attracted more than 43,000 visitors during the three-day event. The targeted objective of 35,000 visitors was therefore largely exceeded. With such a success, the MSC team is now working on the programming for the second edition of the event to be held during the upcoming summer season.

The MSC also presented *Backstage Access* again during the holiday period in the spirit of exploring the world of science and technology in new ways. This interactive activity focusses on demystifying the science and technology behind the performing arts. More than 6,500 9 to 14 year olds came to see *Backstage Access* this year, which represents a 15% decline compared to a year earlier. This decrease is attributable to greater competition from winter sports during this season. The weather also affected the performance of the *Robofolies*, which attracted close to 25,000 visitors as compared to close to 28,000 people last year. The *Robofolies*, which had become a March break tradition, featured more than 50 robots in addition to a host of shows and demonstrations as well as robot-building workshops.

In addition to these cultural activities, a host of special activities were held providing visibility to young, budding scientists. There was the *Défi génie inventif 2007*, for which student finalists for the Québec-wide science contest met at the MSC, as well as the *Science and Technology Symposium* organized in partnership with the Commission scolaire de Montréal and the *Technophiles Take to the Road*, a free activity presented on the Quays of the Old Port and inviting participants to discover the achievements of students at the École de technologie supérieure.

Finally, the MSC presented youth forums again this year. Known under the name *Rendez-vous – jeunes citoyens*, two major forums attended by approximately 100 people were organized this year. The first allowed elementary school children to voice their opinions on the subject of laboratory animals being used for scientific research. The other activity,



© SVPM



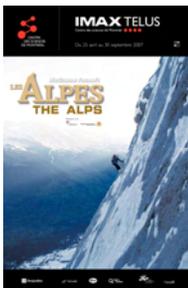
© Mattera Inc.

which was geared towards high school students, focussed on the science underlying the question: Are we all equal?

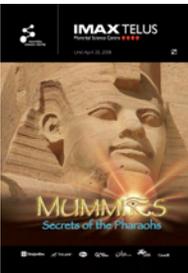
The MSC also takes part in various events in Montréal, particularly the *Nuit Blanche* that is part of the *Montréal High Lights Festival*, and *Museum Day*. These events help make the MSC's work in the field of science and technology better known.

Ever Popular Film Programming

The films presented at the IMAX®TELUS Theatre are also part of the MSC's offerings. Developing programming requires six months to one year of research to ensure that the MSC has access to the best films. Once again this year, managers found films of interest to young and old alike.



The Alps: Giants of Nature, *Sea Monsters 3D*, *Haunted Castle 3D* for a Halloween theme, *Santa Clause Vs. the Snowman* during the holiday season, *Mummies: Secrets of the Pharaohs* and *Africa's Elephant Kingdom* were all featured at the IMAX®TELUS Theatre this year.



Buoyed by the considerable success of *Deep Sea 3D*, ticket sales for the IMAX®TELUS Theatre rose exceptionally by more than 20% in 2006-2007. A drop of close to 15% has been recorded this year. The number of visitors to the IMAX®TELUS Theatre is therefore closer to the curve for attendance recorded in recent years, excluding the exceptional performance last year. The fact that the exhibitions were closed for almost two months is another factor that explains the decrease in attendance this year.



The work to replace the seats in the IMAX®TELUS Theatre this year will help to make the visitor's experience more enjoyable. Similarly, the MSC now has

new possibilities due to the acquisition of new equipment to project 90-minute films, which are becoming increasingly common on the market. This acquisition was made due to the MSC's desire to show *U2 3D*, which is expected to be very popular among the adult clientele, next year.

Profitable Commercial Activities

Revenues generated by commercial activities increased by more than 50% over last year, an extraordinary result.

Programming choices had a major impact on these revenues. As a result, sponsorships, ticket sale royalties, parking revenues and concession holder revenues increased



© Mattered Inc.

considerably with the holding of *Body Worlds 2*. A noteworthy phenomenon is that a larger number of adult customers has a positive impact on amounts spent at the MSC snack bar.

Revenues from corporate rentals at the MSC are continuing to increase. This year, close to 200 corporate events were held at the MSC. Corporate rentals are one of the primary sources of commercial revenues for the MSC. By consolidating the sales team this year, the MSC will be able to focus on developing the corporate rentals market, in particular with the opening of two new rental spaces: the Espace Bernard Lamarre and the Belvedere.

These two long-awaited corporate rental spaces will enable the MSC to provide more diversified offerings. With room for 120 seated people and its good acoustics, the Espace Bernard Lamarre, which was built mainly to better serve the MSC's young public, will better address needs for certain corporate activities. Moreover, winterizing the Belvedere provides new possibilities for MSC programming, and adds a vast multi-functional space to the list of rooms available for corporate rentals on an annual basis. The rental of these two areas is an additional source of revenues for the MSC.

A Recognized Institution and a Key Player

The expertise and experience of the MSC team make this institution a major player in scientific and technological circles, as well as in the Montréal community.

This year, the MSC was part of a committee to consider the review of the Master's degree in Museology offered by the Université de Montréal and to develop content for the convention of the Société des musées québécois held in the fall of 2007 on the theme of technology. The MSC has also been recognized by its peers by way of prizes and awards of distinction. This year, it received a special

mention by receiving Tourisme Montréal's *Prix Ulysse* highlighting its contribution to developing Montréal's tourist attractions.

The MSC's expertise has also generated an interest on the part of other institutions around the world interested in science and technology. This year, the MSC team welcomed the program director of the Cité de l'espace de Toulouse, the Chairman of the Board and project director of the Telus World of Science in Calgary, and the program director and director of the public observatory of the Cité des sciences et de l'industrie de la Villette in Paris. It also welcomed a delegation of African education specialists.

Outlook for the Future

The MSC team will focus on a several areas in the coming year. It will begin work to develop a body of knowledge to interpret the Old Port's heritage after the MSC takes charge of the heritage interpretation program. In addition, a new movie game will be completed and put into operation in the fall of 2008, inviting participants to experience a mission to Mars.

Where temporary exhibitions are concerned, *The Science of Aliens*, a theme exhibition developed in London and exploring the question of whether aliens really exist, will be launched in the spring of 2008. In October of 2008, *Nomadic Forest* will examine the

precarious balance of woodland resources while *Beyond the Trees* will be a theme exhibit on Canadian forests on loan from the Museum of Science and Technology in Ottawa.

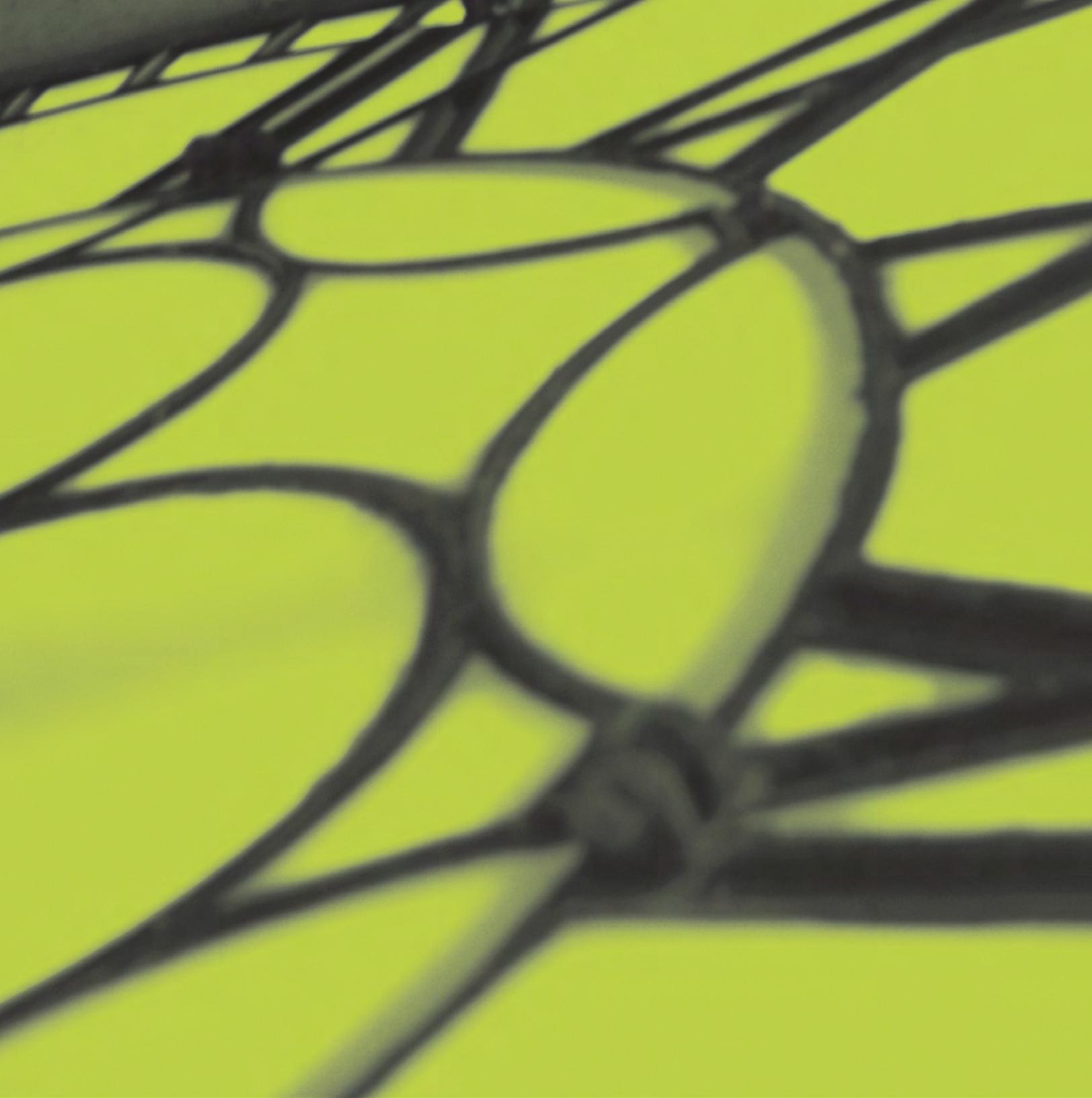


© Mattera Inc.

Where cultural activities are concerned, the MSC will hold the second edition of the *Eureka! Festival* in June. In addition, it will present a reproduction of the James Webb space telescope on the

Quays of the Old Port in association with the Canadian Space Agency. Where the aerospace industry is concerned, the MSC will work on implementing an activities program based on Julie Payette's future space mission.

In addition to these programming activities, action will be taken to successfully operate the new corporate rental space that is available year round at the MSC: the Belvedere and the Espace Bernard Lamarre. With the support of marketing management, the MSC team will also finalize the brand integration for the various commercial spaces.



In addition to implementing and improving processes to ensure efficient and effective management, corporate services played an active role in allowing the Corporation to assert itself as a major player in the Montréal community.

Corporate services include the offices of the vice-presidents of building development and maintenance, finance and administration, marketing and human resources. They support the work of the Corporation's two business units and play a role in achieving its objectives. Corporate services ensure the responsible and effective management of the Corporation's resources to allow for their sustainable and viable development.

By focussing action on continued achievements and changes that occurred in the past year, corporate services played a role in ensuring the conservation and enhancement of the site and renewing the Corporation's offerings. Moreover, in addition to implementing and improving processes to ensure efficient and effective management, corporate services played an active role in allowing the Corporation to assert itself as a major player in the Montréal community.

Greater Stability for the Corporation

The 2007-2008 year has been a pivotal one for the Corporation. This is the first year that the Corporation is receiving annual recurring core funding. In addition, a five-year corporate plan has been accepted and will take effect in 2008-2009. These two achievements are important insofar as they improve the Corporation's ability to strategically plan activities, expenses and investments. They also reduce uncertainty regarding future action and encourage more efficient financial management.

Having approximately \$7 million annually for the conservation and maintenance of real estate assets, for which PWGSC is still the custodian, over a five-year period also provides some stability to the Corporation. This funding helps ensure that the Corporation is able to take action to address the deterioration and obsolescence of the assets that it manages. Where these assets are concerned, following the decision announced last year, the Corporation continued work with PWGSC and the other government partners concerned this year to give effect to the transfer of the custody of assets from PWGSC to the Corporation. Although significant progress has been made in this area, some matters must still be confirmed.

Work on the 2005-2015 Vision Development Continues

The *2005-2015 Vision Development* remains one of the Corporation's key priorities. Although it has still

not received the necessary approval and funding to implement this vision, the Corporation took an important step this year by presenting the major thrusts of its vision to the public. The Corporation's Chairman and its President and Chief Executive Officer had the opportunity to present the *2005-2015 Vision Development* to various political and cultural leaders, including federal ministers Lawrence Cannon and Michael Fortier; provincial ministers Raymond Bachand, and Céline Saint-Pierre; deputy ministers and representatives of the federal and Québec governments and the city of Montréal, as well as to key players in the cultural sector, including Tourisme Montréal and Société du Havre de Montréal. The Corporation's 2005-2015 *Vision Development* is now one of the major projects in the *Montréal, Cultural Metropolis 2007-2017 Development Plan* ratified by the *Meeting November 2007* partners.



© Maitera Inc.

The *2005-2015 Vision Development* was updated and fine-tuned this year. Important planning work including specific studies was carried out. Some of this work relates to analyses regarding the optimization of the Bonsecours and Jacques-Cartier pavilions, or the major feasibility work and the development of a business plan for hangar 16 in collaboration with the McCord Museum. However, the partnership being contemplated with this Montréal museum cannot be concluded in the short term since the required funding is not yet available.

There were also developments for other issues related to the Corporation's strategic direction and in connection with the *2005-2015 Vision Development*. Several such projects relate to the conservation and enhancement of the site.

The Corporation also submitted a request for assessment to the Federal Heritage Building Review Office regarding its hangars. Advice on conservation guidelines is expected in the coming months.

Optimizing Site Development

This year, the Corporation was able to make the necessary efforts to complete an assessment and an inventory of the interpretation potential of the

site's heritage assets. Consultations were held with experts in the field to pinpoint the main interpretation themes and complementary directions

for research. The Corporation now has a program to guide its heritage interpretation initiatives. The work carried out resulted in a new interpretation brochure to be launched in the summer of 2008. This is the

first step in an interpretation and development process to be implemented over several years.

Where heritage assets are concerned, action has been taken in the forms of plans and specifications to restore the Daniel McAllister tugboat, one of the oldest tugboats in Canada that is currently sitting on a concrete stand in Basin 1 of the Lachine Canal. The restoration work is scheduled for the fall of 2008.

Optimizing access to the Old Port site is one area that saw some interesting developments this past year. The Corporation took part in initiatives to complete development work on the remaining section of de la Commune Street between Saint-Gabriel Street and McGill Avenue. In May 2008, a development concept is expected to be presented to the project partners, namely the city of Montréal, Société de transport de Montréal, Société de développement commercial du Vieux-Montréal and the Old Port of Montréal Corporation.

It was in the same spirit that the Corporation continued to participate in the feasibility study for a public transit project. Since the results for the option to create a reserved bus lane on the Old Port site were not conclusive, the partners began examining new scenarios. The project involving a bus route making a loop from downtown and passing through Old Montréal, mainly via de la Commune Street, was retained. This route is expected to be put into service on June 23, 2008 provided that the public consultations held in the spring of 2008 are conclusive. This transit service is a key element for developing the offerings of the Old Port and Old Montréal. It will facilitate access to these areas which still have inadequate public transit service. The Old Port will become even more attractive to Montrealers and tourists alike.

The development and implementation of a horticultural and arboreal maintenance and development master plan also played a role in optimizing site development this past year. Plans and specifications were drawn up, among other

things to ensure better visual connectivity between the Old Port site and the river. Since the Corporation also had to deal with several sick trees in recent years, especially Lombardi poplar and apple trees, horticultural and arboreal choices were made with both aesthetics and long-term sustainability in mind. This horticultural and arboreal master plan covering 30,000 m² of space will ensure that the site managed by the Old Port is developed as a consistent whole in accordance with the Corporation's objectives.

Improvements were also made to several sanitary facilities to ensure that they meet the Corporation's standards for quality and availability. Customer service on the Quays of the Old Port site has therefore also been improved.

The Corporation carried out asset maintenance work this year in collaboration with PWGSC, the custodian of the assets. The amount of \$7.1 million granted this year made it possible to begin major work that has been anticipated for several years. This work includes repairs to the lower docks on the north and west sides of the Clock Tower Pier as well as repairs to the Berri Tunnel. The work on the lower docks was aimed at ensuring that these structures meet the various environmental standards currently in effect, primarily with respect to rain water runoff. The work on the Berri Tunnel involved securing the rail link by replacing girders and railway crossings.

The office of the Vice-president, Building Development and Maintenance took the opportunity provided by work to winterize the Belvedere, which was made possible due to a \$2.4 million donation from the Montréal Science Centre Foundation, to consolidate and brace the Belvedere structure. This work was essential to stabilize the structure.

At the same time, the Corporation assessed and planned upcoming asset maintenance projects together with PWGSC. It therefore developed plans and specifications to make repairs to the King Edward Pier and completed a preventive maintenance plan for the roofs of all of its buildings.

Finally, due to the willingness of the new President of the Montréal Port Authority to make substantial investments for repairs to the Alexandra Pier, the necessary discussions were initiated with the



© Mattera Inc.



© Mattera Inc.

Corporation's management based on regular meetings between the managements of the Montréal Port Authority and the Old Port of Montréal Corporation so that issues of common interest may be discussed.

The Corporation is Playing an Increasingly Strong Leadership Role in Montréal

The Corporation is increasingly playing a major leadership role in Montréal's socio-economic and cultural sectors. Its presence at the *Montréal, Cultural Metropolis—Meeting in November 2007* was not only an opportunity to publicly unveil its *2005-2015 Vision Development*, but also allowed it to show its commitment to promising projects that will bring players together in Montréal, such as the *Historic Montréal Quarter* and a major event on video games.

The *Historic Montréal* project consists in creating an historic and heritage focal point highlighting Montréal's beginnings to citizens and visitors, allowing them to understand how the city has evolved over time. This historic quarter, which was initiated by the ministère de la Culture, des Communications et de la Condition féminine du Québec, together with the Société du Havre, the Old Port of Montréal Corporation and Tourisme Montréal, will benefit greatly from the projects that are part of the Corporation's *2005-2015 Vision Development*, in particular those involving heritage and historical aspects.

The Corporation also plans to take part in consolidating Montréal's position as a key player in digital creativity, via the Montréal Science Centre, in particular by joining forces with Alliance NumériQC and UQAM's Unesco-Bell Chair in Communications to prepare a major exhibition on video games to be held in 2010. This project, which will involve the digital arts and cultural industries, is aimed at generating interest among younger visitors and preparing the next generation for Québec's digital economy sector.

The Corporation is also one of some 20 Montréal organizations invited to take part in a collective effort allowing the city to sign the *National Geographic Center for Sustainable Destinations Geotourism Charter*. This initiative, which was co-chaired by Tourisme Montréal, Heritage Montréal and the Centre mondial d'excellence sur les destinations touristiques, recognizes Montréal's sound practices to develop its geographic assets, namely its environment, culture, aesthetic value, heritage and the well-being of its citizens.

The Corporation, which is concerned about city affairs, especially economic, social and cultural development, heritage conservation and citizens' quality of life, has made its voice heard with various authorities.

Among other things, it has agreed to take part in an advisory committee on heritage development guidelines and the development of

cultural, recreational and tourism offerings for the Griffintown urban development project. It also took part in consultations regarding the Hôtel Viger project, with its funicular railway. The Corporation is a member of many committees, including with the Board of Trade of Metropolitan Montreal. It is also a member of the Table de concertation du Vieux-Montréal and the Regroupement des organismes culturels du Vieux-Montréal. As a major player in the city's cultural and tourism development, the Corporation takes part in debates in these sectors and influences policies, strategies and action that is taken.

The Corporation also contributes to Montréal's recognition and its national and international visibility by having one of the most sought-after film shoot locations in Québec. Its many sites were used this past year for full-length feature films, television series and commercials. The site characteristics make it possible to provide various dimensions to the scenes being shot. Film producers have a host of possibilities, from an industrial or urban setting, to a modern decor, to a port scene from today or times gone by. U.S. films such as *A Shoe at Your Foot*, *Benjamin Button*, and *The Punisher*; Québec films such as *Cruising Bar* and *Le piège américain*; television series such as *La vie en vert* or *Une pilule, une petite granule*; Honda, Saint-Hubert BBQ, Blackberry or Sports Rousseau commercials with Montréal Canadiens star player Alex Kovalev, are but a few examples of some of the productions filmed at the Old Port this year.

Improving Processes to Ensure Efficient and Effective Management

The project and portfolio management structure developed last year was in operation for the first year. This structure is used for both investment and major corporate projects. Its implementation has made it possible to standardize project documentation and to put in place an efficient, centralized approval mechanism, since the Executive Committee is in charge of this approval process. More than 115 projects followed the



© Paul Labelle

approval process. Given the substantial change in corporate culture and in the way that the Corporation is managed represented by this structure, this first year was a learning and adjustment period. However, the structure clearly provides major gains in terms of efficiency and effectiveness since it ensures a strict follow-up of expenses and investments and, ultimately, better accountability. In addition, due to the system's transversality it is in the interest of each vice-president to be more concerned with all projects that are submitted, which guarantees the sharing of information and the implementation of an organizational intelligence relating to strategic and corporate affairs.



© Mattera Inc.

While the structure was being implemented, the process for establishing tools, such as the centralization of management information

regarding project progress and the performance for the Corporation's strategic objectives, continued. The needs for implementing an integrated scorecard system will become more specific after the assessment is performed this year.

A similar assessment was also performed for the sources of marketing data. The format and content of marketing performance reports will continue to be developed in the coming year. The Corporation should ultimately have a series of scorecards to gather standard relevant data to ensure a strict project follow-up in addition to a better record of progress made and the Corporation's performance.

The Corporation developed a five-year internal audit plan based on risk management. This plan, which is the result of a process to which the various managements contributed to identify, categorize and rank risks, was developed taking the following principles into account: encouraging the implementation of strategic internal audit engagements, incorporating all processes for which the level of risk is considered to be high, and ensuring that this plan is in line with the Corporation's priorities. Implementation of this plan will begin during the next fiscal year.

The office of the Vice-president, Finance and Administration began integrating the new Canadian Institute of Chartered Accountants (CICA) financial statement preparation standards this year.

Integrating these new standards, which will take effect for the fiscal year beginning on April 1st, 2011, into the Corporation's practices is a colossal undertaking.

In order to improve the Corporation's environmental performance, this year the office of the Vice-president, Building Development and Maintenance completed a needs analysis and examined possible ways to save energy to put in place an energy efficiency program. Initial action will be taken at the Montréal Science Centre next year. An audit was performed for the environmental management system implemented and managed by each office of the vice-president. Every office of the vice-



© Mattera Inc.

president met the audit requirements. Environmental considerations are therefore an integral part of the action taken by the Corporation, which is

constantly seeking to improve its practices. Among other things, environmental clauses in the contracts between concession holders and their suppliers were generalized this year, three hybrid vehicles were purchased and a choice was made to use phosphate-free cleaning products.

Where process efficiency is concerned, the implementation of an electronic ticketing system on the Internet, which was accelerated by the holding of the *Body Worlds 2* exhibition at the Montréal Science Centre, provides added value for customer service. More than 120,000 transactions, totalling over \$3 million, were recorded via this system this past year.

A wireless network was set up throughout the Old Port site, also in a desire to improve customer service. The Old Port of Montréal is therefore one of the largest sites in Canada offering free wireless Internet service.



© Mattera Inc.

On another issue, in keeping with its security policy, the work to set up an IT backup site at the Corporation's administrative office was completed.

Where human resources management is concerned, the review of the Corporation's total compensation policy continued with the implementation of a new job assessment system

and new salary classes for non-unionized personnel. In addition, changes to the working conditions of this group of employees were put into effect on April 1, 2007. Management saw the benefits of this major review, in particular for the working climate and the level of satisfaction of the employees concerned. Where unionized personnel is concerned, a similar job assessment review initiated in 2005 continued at an interesting pace. The Corporation plans to be able to finalize this matter early in the coming fiscal year.

Where labour relations are concerned, the petition to review the scope of union accreditation remained in effect. Meetings were held with union representatives and the mediator appointed by the Canada Industrial Relations Board.

The joint committee in charge of occupational health and safety issues developed an action plan this

year, which includes various measures to raise awareness among the Corporation's departments and personnel of the importance of prevention and implementation of more efficient

mechanisms for handling such problems. We have already seen tangible results from these measures.

Human resources management must be an area of concern for each office of the vice-president. The office of the Vice-president, Human Resources has developed and provided training to the Corporation's managers in various areas, including leading a winning team, managing discipline, supervising personnel in an operating context or managing daily operations in a unionized environment. The aim of this is to ensure that human resources at all levels are considered and more efficiently managed.

A Better Adapted Organizational Structure

The Corporation is continuing to adapt its organizational structure, a process that began in 2005-2006 with the creation of its new business units. This year, the mandate of the office of the Vice-president, Site Management was focussed more on maintenance and development requirements, given that the Corporation was more involved in asset maintenance and considering the anticipated transfer of assets from PWGSC. To ensure greater efficiency, some groups, in particular protection and prevention, logistics and maintenance, whose activities are directly related to

the operations of the office of the Vice-president, Quays of the Old Port, were transferred from the office of the Vice-president, Site Management to the Quays of the Old Port business unit. The name change from Site Management to Building Development and Maintenance confirms the new mandate of this department.

Management thoroughly reviewed the organizational structure of the office of the Vice-president, Marketing after considering this department's role last year. This major reorganization is in keeping with the Corporation's desire to make the client approach a central part of its organizational deployment. Senior management therefore wanted the office of the Vice-president, Marketing to take more consideration of the strategic marketing needs of the business units and therefore to be able to develop appropriate processes, practices and assessment methods. In so doing, the necessary skills and processes were different, requiring a new allocation of the roles and responsibilities of the various managements within the office of the Vice-president, Marketing, which is still being re-deployed. This process will be completed in the coming year.

Asserting the Customer Approach

In keeping with the objectives of the reorganization of the office of the Vice-president, Marketing, the related managements are continuing to improve their approach to be closer to the Corporation's business units and internal and external business partners. With this in mind, strategies have been rebalanced based on an optimal deployment of product/market opportunities. The objective is to have action be based on experience to make offerings more attractive and to better meet customer expectations.

Confirming this customer approach leads the Corporation to rethink its partnerships such that the products offered meet the standards and correspond to the image of the experiences being proposed both at the

Montréal Science Centre and on the Quays of the Old Port. Work has been done in this area this past year.

Holding a major exhibition, *Body Worlds 2*, while at the same time preparing to unveil the new permanent exhibitions at the Montréal Science Centre was a major marketing and communications challenge. Specific advertising campaigns were developed to reach targeted clientele. In the case of *Body Worlds 2*, these efforts made it possible to



© Patrice Lamoureux



© Marie-Josée Roy

reach a more diversified clientele in terms of geographic location and sociodemographic profile, in addition to achieving a record attendance number for the Science Centre.

Following an audit conducted by the Bureau de la normalisation du Québec (BNQ), the Corporation renewed its BNQ customer service quality accreditation for a three-year period. This accreditation attests to the fact that the Corporation and partners have chosen to focus on service quality.

Outlook for the Future

The Corporation has chosen to organize its development efforts according to master plans. Development work on de la Commune Street, which is to start in the coming year, in addition to the implementation of a public transit service, are two major projects that are part of the traffic and access master plan. Finalizing these projects will ensure greater and better access to the Old Port site.



© Mattara Inc.

Similarly, the development master plan for buildings managed by the Corporation will be updated in the coming year to include priority projects, in particular based on expert opinions. The work relating to the signage plans and to horticultural and arboreal development will continue according to set guidelines. Finally, developing a lighting master plan is one of the objectives for next year. This plan will normally complete a set of integrated and coherent master plans outlining a series of guidelines and principles for carrying out various development work throughout the Old Port site.

Next year, asset maintenance work will focus on finalizing repairs to the lower sections of the Clock Tower Pier and replacing the Port d'escalade docks. These docks are obsolete and no longer meet current standards for maritime activities, which makes the Old Port less competitive in this area. Major roof maintenance work, particularly at the Science Centre, will also be carried out.

The redeployment of the organizational structure of the office of the Vice-president, Marketing will be completed. This office's results are therefore expected to be optimized. The marketing plans of the Science Centre and the Quays of the Old Port should be completely reviewed and readjusted in the coming year. In addition, new sponsorship plans should be developed for these two business units.

In connection with the review of the total compensation policy, the office of the Vice-president, Human Resources plans to complete the work for unionized positions. Similarly, the review of the scope of union accreditation is still ongoing and the Corporation is hopeful that an agreement can be reached in the coming year.

In terms of process improvements, the office of the Vice-president, Human Resources has set an objective of strengthening the values and abilities with respect to human resources management within the Corporation's various departments. Managers plan to continue the work that has started by implementing tools to encourage sound human resources management practices next year.

Governance

BOARD OF DIRECTORS

On April 16, 2007, the Canada Lands Company Limited (CLCL) appointed a new Board of Directors with five members, namely H el ene Desmarais, Patrick Kenniff, Tasha Kheriddin, Bernard A. Roy and Claude Thibault. This new Board elected Mr. Bernard A. Roy as the Corporation's Chairman.

On January 17, 2008, the CLCL appointed two additional directors, namely Mr. Yves-Andr e Godon and Mr. Yvon Martin, thereby bringing the number of members of the Board to seven.

Chairman



Bernard Roy, Q.C.

Mr. Roy is a well-known Montr al lawyer who specializes in civil, commercial and administrative law. Currently Counsel at Ogilvy Renault, he has acted as an arbitrator and litigator before courts of provincial and federal jurisdiction and administrative tribunals. Mr. Roy has also served as lead Counsel to many federal and provincial commissions of inquiry, including the Gomery Commission. He was Principal Secretary to the Prime Minister of Canada from 1984 to 1988. Mr. Roy is a member of the Canadian Bar Association and the Bar of Quebec and sits on the boards of several public companies.

Directors



H el ene Desmarais

Ms Desmarais is the founder and Chief Executive Officer of Centre d'entreprises et d'innovation de Montr al (CEIM), a business incubator dedicated to the startup and development of innovative technology enterprises in the fields of information, multimedia, industrial technologies, biotechnologies and new technologies in general. Since its foundation in 1996, CEIM has become the leading incubator in Qu ebec and one of the largest in Canada. She has served in senior capacities in a number of community organizations in Montr al and is the first woman to serve as Chairman of the Board of HEC Montreal.



Yves-Andr e Godon

Over the course of his career, Mr. Godon has developed solid expertise in international real estate investment. He is currently Senior Vice-President, Canada for SITQ, and is in charge of all of the company's investment and asset management activities in this market. Mr. Godon holds a Bachelor's degree in Law from Universit e de Sherbrooke and is a member of the Qu ebec Bar Association. He is also a chartered real estate broker. Moreover, Mr. Godon is the Chairman of the Board of Axima Services and is a board member of the Mount Bruno Country Club and the Fondation du pensionnat des Sacr es-C eurs. As an active participant in the business community with his expertise, Mr. Godon was a panelist for several real estate conferences.



Patrick Kenniff

Mr. Kenniff is a partner in the Montréal-based management consulting firm Kenniff & Racine, which specializes in executive recruitment. A former rector of Concordia University, he also served as Québec's Deputy Minister of Municipal Affairs from 1979 to 1984. In 1992, he chaired the organization responsible for the 350th Anniversary celebration of Montréal and, in 2001, he was vice-chair of the Transition Committee which implemented the municipal structure for the new City of Montréal. Mr. Kenniff is active in the community and currently serves on the boards of the Grace Dart Extended Care Centre, Les Amis de la Montagne, the Can Serve Foundation and the Foundation of the Nature Museums of Montréal.



Tasha Kheiriddin

An author, lawyer and television personality, Ms Kheiriddin is currently a lecturer at McGill University and the director for Québec and the francophonie with the Fraser Institute, a non-partisan, privately funded think-tank that promotes free-market solutions to social problems. Ms Kheiriddin currently serves as a member of the Advisory Committee in Judicial Appointments to the Tax Court of Canada and is a Board member of the Civitas Society and the University Club of Montréal.



Yvon Martin

Mr. Martin is the President of Les Placements Solicom inc. in Montréal. He has more than 25 years of marketing and communications experience. He is also a director of the Fondation de l'Hôpital du Sacré-Cœur de Montréal and a governor of the Orchestre Métropolitain du Grand Montréal. In addition, Mr. Martin is the Honorary Consul General for the Republic of Madagascar to Québec.



Claude Thibault

Mr. Thibault is Vice-President, Finance, and Chief Financial Officer of NuEra International Inc., a holding company of private investment owning three manufacturing and distribution business unit in the USA and Canada. Over the past ten years, he has been the CFO of a number of public and private companies, including most recently Mediagrif Interactive Technologies Inc., a TSX-listed corporation, and PTT Poly Canada, a Shell joint venture. Mr. Thibault had previously gained significant investment banking and corporate finance experience while at Merrill Lynch Canada and KPMG. He is a chartered accountant, a chartered business evaluator and he holds an MBA from McGill University. He is a member of the Institute of Corporate Directors.

GOVERNANCE

The Board of Directors (the Board) is responsible for managing the Corporation. The Corporation reports to Parliament via the Honourable Lawrence Cannon, Minister of Transport, Infrastructure and Communities.

During 2007-2008, with the support of the audit and human resources committees, the Board assumed the strategic direction of the Corporation, oversaw the management of its activities and its internal affairs, and ensured that appropriate risk management systems were implemented. It also ensured that information systems and management practices met the Corporation's needs and guaranteed the integrity of the information produced. In particular, the Board ensured that the Corporation's activities are managed in accordance with its mandate, as defined in the agreement signed with the Crown on January 25, 1982 and in accordance with the applicable provisions of the *Financial Administration Act*.

The Board met on eight occasions in 2007-2008 and 78% of these meetings were attended by its members. Some of the strategic issues examined include the amendments to the 2007-2008 Corporate Plan, the approval of the strategic objectives and initiatives in the 2008-2009 to 2012-2013 Corporate Plan, the follow-up with the federal authorities concerned for the Corporation's *2005-2015 Vision Development* and the update for this vision.

Where the oversight of the Corporation's management activities is concerned, the Board examined the budget situation, the monthly statements of operations and the various reports on the planning and holding of activities, work related to pay equity for unionized employees, the implementation of a new assessment system for unionized positions, requests for contract awards and the monitoring of environmental management activities. During the course of each of their meetings, the Board members had an opportunity to hold discussions with management and various external consultants, as necessary.

Audit Committee

The Audit Committee met on four occasions during 2007-2008 and 100% of these meetings were attended by members. In particular, the Audit Committee chaired by Mr. Claude Thibault, C.A., examined the Corporation's audited annual financial statements in addition to the budget forecasts and the 2008-2009 budgets included in the 2008-2009 to

2012-2013 Corporate Plan. It also followed up on implementation of the recommendations made by the Corporation's external auditors and the 2006-2007 annual internal audit report, in addition to the final report from the most recent periodic special examination performed by the Office of the Auditor General of Canada in 2004. The Committee also examined the external auditor's annual audit plan for 2007-2008 and the authority matrix for financial commitments. It approved the five-year 2008-2013 internal audit plan and followed up on internal audit work for 2007-2008 and environmental management issues. Finally, the Audit Committee advised the Board of Directors after these follow-ups, approvals and examinations were completed.

Human Resources Committee

Since the Human Resources Committee was only re-created on February 28, 2008, only one meeting was held in 2007-2008 and all committee members attended this meeting. The Human Resources Committee, chaired by Mr. Patrick Kenniff, examined the recommendations regarding the review of the salary conditions of non-unionized employees for 2008-2009, executive performance assessments, and the recommendations for executive compensation. It advised the Board of Directors following these reviews.

RISK MANAGEMENT

Managing an organization like the Old Port of Montréal Corporation involves risks that the management team and directors must identify, analyze, minimize and eliminate. The Corporation focusses on strategic planning and developing its Corporate Plan to guide and control its action and to organize its reporting to Parliament. In that spirit, it has put in place an integrated work program to satisfy the recommendations following the annual audit and the special examination performed by the Office of the Auditor General (OAG).

Internal Risks

This year, the Corporation carried out internal audit activities to confirm practices and make the necessary improvements to the policies and procedures in place. However, in order to ensure that internal audit engagements have a more strategic impact and to allow for better risk management, this year the Corporation developed a five-year plan based on a risk management approach. To achieve the measures in the plan, each office of the vice-president assessed all of its activities and drew up a complete list of business processes and the related risks. Each of the 76

business processes identified was then assessed by each office of the vice-president. A committee composed of internal auditors and representatives of each office of the vice-president then confirmed these assessments and determined the internal audit engagements to be carried out over a period of five years based on the risks identified and the Corporation's strategic priorities. This five-year plan will be implemented in 2008-2009.

Asset conservation and maintenance represent substantial risks for the Corporation. With its various systems and practices in place, the Corporation ensures the maintenance of its equipment, facilities and infrastructures to allow for its operations. In so doing, it prevents a certain amount of asset deterioration. In this area, the Corporation relies on the effectiveness of its preventive maintenance system. The Corporation's commitment to ensure environmental protection and its environmental management system also play a role in asset conservation and maintenance. The environmental management system includes applications that are revised regularly while the commitment of each office of the vice-president regarding environmental management is audited annually to ensure that objectives are achieved and that any necessary corrective measures are put in place.

PWGSC, the custodian of the assets, regularly updates the Building Condition Report (BCR) in collaboration with the Corporation, which enables it to list the work that is required and have it carried out with the funds that are available.

Personal, property and information security is another area where the Corporation faces significant risks. The Corporation's overall security policy is one of the tools used to prevent and manage these risks. This policy pinpoints security and risk management measures to safeguard all of the Corporation's human, physical, financial and computer resources. Security is also a key concern for the Corporation's IT department. Various security analyses are carried out regularly to test the security systems already in place. The Corporation also relies on a backup site when necessary. The implementation of a document and archive management system is another risk management measure. This system makes it possible to process, retrieve and use information better. Internal control measures and employee training regarding these standards ensure that they will be strictly followed.

Where health and safety are concerned, it should also be pointed out that the office of the Vice-president, Human Resources realigned the mission of the occupational health and safety committee by supporting action in this area and proposing measures designed to optimize the Corporation's practices. This committee's work ensures that problems are better taken into account by managers and that solutions to be put into place are considered.

Training is certainly one of the most effective preventive measures. The training provided by the Corporation relates to its various systems and policies and is developed specifically to address various situations that may result in risks for the Corporation. The Corporation strives to identify risk situations and to understand the mechanisms so that appropriate action can be taken, including personnel training. Training is a major asset to prevent internal risks or to minimize the resulting impacts.

External Risks

The Corporation's revenues hinge upon attendance numbers at the site related to the attractiveness of its products and services provided year round. The number of visitors also depends on situations that are often beyond the Corporation's control, such as the weather, oil prices, international security issues and labour conflicts in the recreational and tourism sector. To deal with these risks, the Corporation operates prudently and shows versatility and flexibility in managing its advertising investments. Also, based on its experience, which has provided it with a reliable 25-year record of its organizational performance, it has scenarios and models to simulate impacts and draft the appropriate measures to be put in place. Performance indicators are also tools to detect and quickly deal with risks. The Corporation is developing new performance indicators to optimize risk management. This work is furthered by the performance analysis and the examination of measures put in place by institutions comparable to the Old Port of Montréal Corporation.

Finally, over the years the Corporation has reviewed and adjusted its partnership agreements and pricing strategies to deal with the loss of suppliers, concession holders and event producers, to adapt to changing situations and to react quickly to unforeseen events.

The Organization

SENIOR MANAGEMENT



Claude Benoit, M.C.
President and Chief Executive Officer



Patrick Goineau
Vice-president, Building Development and Maintenance



André Jean Lauzon
Vice-president, Quays of the Old Port



Benoît Légaré
Vice-president, Montréal Science Centre



Luc Nadeau
Vice-president, Human Resources



Richard Tardif, C.A., C.M.A.
Vice-president, Finance and Administration

Vice-president, Marketing^{*}

^{*} At the time of publication, the Corporation was looking for a candidate to fill this position.

HUMAN RESOURCES MANAGEMENT

The Old Port of Montréal Corporation's organizational structure is based on two primary business units—the Quays of the Old Port and the Montréal Science Centre. The work of these two business units is supported by corporate services (offices of the vice-presidents of Building Development and Maintenance, Finance and Administration, Marketing and Human Resources).

The Corporation has approximately 150 permanent full-time employees, in addition to temporary,



© Mattera Inc.

occasional and seasonal staff. It therefore employs more than 300 people annually. Although the development of winter activities has a positive impact on

seasonal jobs that are available during the winter months, seasonal employment is mainly a summer phenomenon. The Corporation holds many more activities on the site during the summer. The number of seasonal employees generally triples during the summer months. Most seasonal employees are full-time students. It should be pointed out that the Corporation dealt with a major challenge this past year with the presentation of the *Body Worlds 2* exhibition, which was in addition to the growth for activities related to the new Cirque du Soleil show. It therefore had to deal with an exceptional increase of close to 70% in the number of positions to be filled for the summer season.

Approximately 65% of the Corporation's employees are unionized. This proportion has remained constant in recent years. Employees are relatively young; the average age for all employees was 36 in 2007-2008. Given the Corporation's wide range of responsibilities and the activities that it carries out, it requires various types of expertise. Profiles are extremely varied, from museology technicians to maintenance employees, from accounting analysts to Webmasters, from logistical officers to educators.

The Corporation seeks to offer competitive and fair compensation and working conditions. Every employee plays a role in achieving the Corporation's objectives and management makes sure to provide a healthy, stimulating and safe working environment

in addition to making it its duty to keep its personnel abreast of the Corporation's business. The Corporation's President and Chief Executive Officer regularly holds meetings for this purpose.

Employees are important ambassadors for the Corporation's activities and are usually invited to the unveiling of events or exhibitions, such as was the case this past year, when the Montréal Science Centre's new permanent exhibitions were presented.

To show its commitment to its employees, the Corporation has a series of policies, including a *Total Compensation Policy*, but also a *Training and Development Program* which is aimed at achieving the Corporation's strategic and operating objectives while making requests for training and development a priority. Similarly, a *Bursaries* program is in place. It is aimed at encouraging its student personnel to continue to further their studies and increases employees' feeling of belonging. The Corporation also has a *Policy on managing and preventing harassment and discrimination in the workplace* in addition to occupational health and safety measures.

Training is a constant concern for the Corporation considering its large number of seasonal employees.

Various training courses are developed and given to personnel each year, in particular as part of Bureau de normalisation du Québec quality accreditation. A total of 388 employees received operations and customer service training this year, which is equivalent to 2,400 hours of training.



© Mattera Inc.

The Corporation recognizes the work done by its employees. Each year, it celebrates employment anniversaries by organizing a special celebration for employees with 5, 10, 15 and 20 years of service. Social activities are important. In addition to providing an opportunity to thank employees, the people who have made the Corporation what it is today, they help ensure internal cohesion and foster a feeling of belonging. Annual celebrations play the same role. Some 200 employees attended the *Christmas Gala* this past year, while 215 people took part in the summer country festival for employees and their families.

Financial Resources

FINANCIAL ANALYSIS

The following section should be read in conjunction with the Corporation's audited financial statements for the year ended March 31, 2008 and the related notes included elsewhere in this Annual Report.

Financing (in thousands of dollars)

| | Results 2007-2008 | Budget 2007-2008 | Variance between results and budget | | Results 2006-2007 |
|------------------------------|----------------------|---------------------|--|------|----------------------|
| | | | \$ | % | |
| Parliamentary appropriations | 18,899 | 18,900 | 1 | 0.01 | 15,199 |

The Corporation is presenting a balanced budget for 2007-2008, with a \$1 K (0.01%) surplus. The used parliamentary appropriations amounted to \$18.899 million, representing an increase of \$3.700 million (24.3%) compared to 2006-2007. The parliamentary appropriations attributed for the 2007-2008 budget totalled \$18.900 million and covered both operating and capital expenditures.

Statements of Operations (in thousands of dollars)

| | Results 2007-2008 | Budget 2007-2008 | Variance between results and budget | | Results 2006-2007 |
|---|----------------------|---------------------|--|------------|----------------------|
| | | | \$ | % | |
| Operating revenues | 16,049 | 15,607 | 442 | 2.8 | 13,747 |
| Amortization of deferred contributions | 658 | 170 | 488 | 287.1 | 242 |
| Total revenues | 16,707 | 15,777 | 930 | 5.9 | 13,989 |
| Operating expenditures (before depreciation) | 29,226 | 28,829 | 397 | 1.4 | 27,388 |
| Depreciation of property, plant and equipment | 2,810 | 2,439 | 371 | 15.2 | 2,695 |
| Total expenditures | 32,036 | 31,268 | 768 | 2.4 | 30,083 |

The operating deficit (before depreciation) amounts to \$13.177 million compared to \$13.641 million in 2006-2007, a decrease of \$464,000 (3.4%). This decrease is attributable to a 16.7% rise in operating revenues whereas expenditures before depreciation rose by only 6.7%.

The operating deficit is \$45,000 lower than the \$13.222 million budgeted. This result is attributable to a 2.8% favourable variance for revenues and an increase of only 1.4% in operating expenditures.

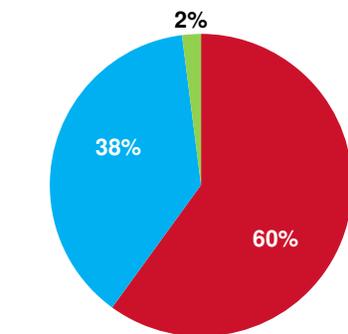
Revenues (in thousands of dollars)

| | Results 2007-2008 | Budget 2007-2008 | Variance between results and budget | | Results 2006-2007 |
|--------------------------------|----------------------|---------------------|--|------------|----------------------|
| | | | \$ | % | |
| Montréal Science Centre | 10,105 | 9,474 | 631 | 6.7 | 8,424 |
| Quays of the Old Port | 6,340 | 6,139 | 201 | 3.3 | 5,347 |
| Corporate services | 262 | 164 | 98 | 59.8 | 218 |
| Total revenues | 16,707 | 15,777 | 930 | 5.9 | 13,989 |

Self-generated revenues related to the Corporation's products in 2007-2008 amount to \$16.707 million compared to \$13.989 million in 2006-2007, a 19.4% increase corresponding to \$2,718,000. This increase is mainly attributable to the outstanding performance in terms of direct and indirect revenues from the *Body Worlds 2* temporary exhibition, parking facilities and corporate rental activities.

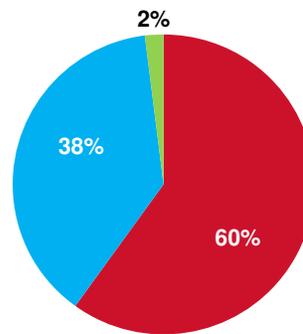
Self-generated revenues of \$15.777 million were budgeted in the 2007-2008 Corporate Plan, whereas results for 2007-2008 total \$16.707 million, up 5.9% or \$930,000. The principal variances compared to budgeted amounts pertain to parking revenues (\$1.228 million) and corporate rentals (\$0.119 million).

Revenues (%) in 2006-2007



- Montréal Science Centre
- Quays of the Old Port
- Corporate Services

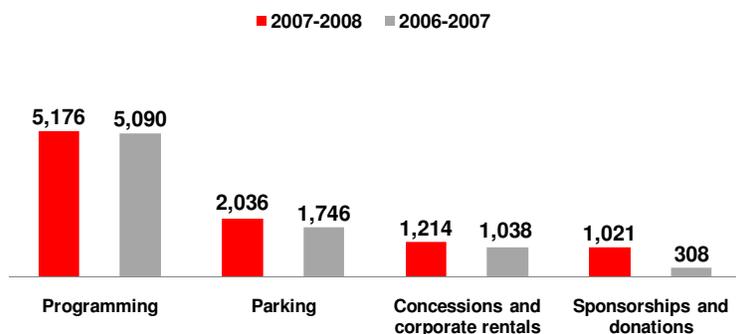
Revenues (%) in 2007-2008



- Montréal Science Centre
- Quays of the Old Port
- Corporate Services

Montréal Science Centre

Montréal Science Centre Revenues (\$000)



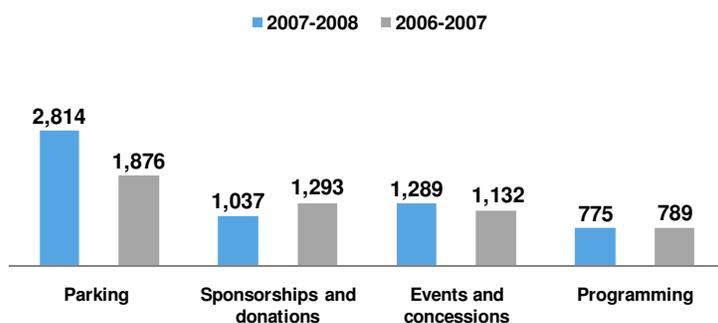
Programming revenues, which include revenues from the IMAX®TELUS Theatre and exhibitions, totalled \$5.176 million in 2007-2008 compared to \$5.090 million in 2006-2007. This result represents an increase of \$86,000 (1.7%). Revenues from the IMAX®TELUS Theatre declined \$559,000 (15.7%). Exhibition revenues increased by \$64,000 (0.06%) compared to 2006-2007; parking revenues increased by \$290,000 (16.7%)

due to higher attendance numbers generated by the Cirque du Soleil and the *Body Worlds 2* exhibition.

Where concessions and corporate rentals are concerned, revenues increased by \$176,000 (17%), primarily for rentals for corporate events. The \$713,000 increase in sponsorships and donations is attributable to higher amounts received for educational projects.

Quays of the Old Port

Quays of the Old Port Revenues (\$000)



Parking revenues increased by \$938,000 (50%) due to two major events, the Cirque du Soleil shows and the *Body Worlds 2* exhibition.

Revenues from sponsorships and donations decreased by \$256,000 (19.8%). Revenues from events and concessions rose by \$157,000 (13.9%) mainly due to the winter bar. Programming revenues declined by \$14,000 (1.8%) due to the Port d'escale.

Expenditures (in thousands of dollars)

| | Results 2007-2008 | Budget 2007-2008 | Variance between results and budget | | Results 2006-2007 |
|---|----------------------|---------------------|--|------------|----------------------|
| | | | \$ | % | |
| Montréal Science Centre | 12,693 | 12,409 | 284 | 2.3 | 11,224 |
| Quays of the Old Port | 9,814 | 9,768 | 46 | 0.5 | 9,921 |
| Corporate Services | 6,719 | 6,652 | 67 | 1.0 | 6,243 |
| Total operating expenditures (before depreciation) | 29,226 | 28,829 | 397 | 1.4 | 27,388 |
| Depreciation of property, plant and equipment | 2,810 | 2,439 | 371 | 15.2 | 2,695 |
| Total expenditures | 32,036 | 31,268 | 768 | 2.5 | 30,083 |

Total operating expenditures (before depreciation) for 2007-2008 increased by \$1.838 million (6.7%) compared to 2006-2007. Operating expenditures also rose by \$0.397 million (1.4%) compared to the amount budgeted for 2007-2008 in the Corporate Plan.

Montréal Science Centre

Expenditures relating to the Montréal Science Centre amounted to \$12.693 million, an increase of \$1,469,000 (13.1%) compared to 2006-2007. The variations relate primarily to higher advertising costs (up \$401,000 or 37.9%), and higher exhibition costs (up \$117,000 or 61.9%) resulting from the opening of the new permanent exhibitions (MSC 2007). The higher amount for educational projects (up \$436,000 or 172.3%) is offset by sponsorship revenues.

Quays of the Old Port of Montréal

Expenditures relating to the Quays of the Old Port total \$9.814 million in 2007-2008, a decrease of \$107,000 (1.1%) compared to 2006-2007. The principal items that explain this variance include the Corporation's participation in the *Montréal High Lights Festival* (increase of \$114,000), various animation contracts (increase of \$159,000), lower advertising costs (down by \$142,000) and the impact of higher costs charged to PWGSC regarding work managed by the Corporation (decrease of \$377,000).

Corporate Services

Expenditures relating to corporate services total \$6.719 million in 2007-2008, an increase of \$476,000 compared to 2006-2007. This rise is essentially attributable to the annual statutory salary increase.

Expenditure Analysis by Major Class:

| | Results 2007-2008 | Budget 2007-2008 | Variance between results and budget | | Results 2006-2007 |
|-------------------------------------|----------------------|---------------------|--|------------|----------------------|
| | | | \$ | % | |
| (in thousands of dollars) | | | | | |
| Salaries and employee benefits | 15,562 | 15,173 | 389 | 2.6 | 14,111 |
| Advertising | 3,156 | 2,817 | 339 | 12.0 | 3,042 |
| Depreciation | 2,810 | 2,439 | 371 | 15.2 | 2,695 |
| Maintenance | 2,280 | 2,562 | (282) | (11.0) | 2,872 |
| Taxes, permits, rents and utilities | 2,000 | 1,978 | 22 | 1.1 | 2,167 |
| Exhibitions | 1,157 | 1,248 | (91) | (7.3) | 465 |
| Professional services | 955 | 971 | (16) | (1.6) | 940 |
| Animation contracts | 869 | 608 | 261 | 42.9 | 475 |
| Movie rentals | 782 | 770 | 12 | 1.6 | 912 |
| Office expenses | 655 | 629 | 26 | 4.1 | 690 |
| Research and development costs | 341 | 331 | 10 | 3.0 | 238 |
| Travel and entertainment costs | 309 | 627 | (318) | (50.7) | 247 |
| Insurance | 253 | 227 | 26 | 11.5 | 253 |
| Telecommunications | 222 | 220 | 2 | 0.9 | 239 |
| Software maintenance | 171 | 182 | (11) | (6.0) | 149 |
| Machinery and tools | 95 | 137 | (42) | (30.7) | 136 |
| Training | 80 | 85 | (5) | (5.9) | 65 |
| Other | 339 | 264 | 75 | 28.4 | 387 |
| Total expenditures | 32,036 | 31,268 | 768 | 2.5 | 30,083 |

Compared to 2006-2007, the analysis of the major expenditure categories for the current year reveals the following:

% of expenditures
(before depreciation)

53.2%

Salaries and benefits rose by \$1,451,000, or 10.3%, in 2007-2008. Some of the main reasons for this rise are the automatic increase of 2.5% received by unionized employees and the impact of the *Body Worlds 2* exhibition. An allowance for the impact of implementing the new job assessment systems is also included.

10.8%

Advertising expenditures (excluding salaries) totalled \$3.156 million in 2007-2008, up \$114,000. This is equivalent to 18.9% of total revenues, compared to 21.7% in 2006-2007.

7.8%

Site maintenance and the maintenance of facilities represent a significant expense for the Corporation. Due to the size of the site and the age of certain assets, rigorous maintenance work is required, which explains the expense.

6.8%

Taxes, permits, rents and utilities decreased by \$167,000 (7.7%) due to the abolishment of the water tax and the service tax on the rental value.

4.0%

Exhibitions represented an expense of \$1,157,000, an increase of \$692,000 (148.8%) resulting from the renewal of the permanent exhibitions.

3.3%

Professional services amount to \$955,000 compared to \$940,000 in 2006-2007.

3.0%

Animation contracts totalled \$869,000, up \$394,000 (82.9%) due to the increased number of winter activities and the Corporation's contribution to the *Montréal High Lights Festival* (\$114,000).

2.7%

Movie rentals include the cost of movies shown at the IMAX®TELUS Theatre and as part of the movie game. The \$130,000 decrease results from revenues, which are down by 15.7%.

2.2%

Office expenses include stationery, postage and uniforms.

1.2%

Research and development costs include surveys and marketing analyses, in addition to development costs in relation to *2005-2015 Vision Development* projects.

1.0%

Travel and entertainment expenses amounted to \$309,000.

0.9%

Insurance costs totalled \$253,000, the same amount as last year.

0.7%

Telecommunications expenses totalled \$222,000, a decrease of \$17,000 (7.1%).

0.6%

Software maintenance costs totalled \$171,000 compared to \$149,000 in 2006-2007.

0.3%

Machinery and tooling expenses totalled \$95,000, down \$41,000, due primarily to fewer lamps being purchased for the IMAX® TELUS Theatre.

0.3%

Training costs totalled \$80,000, up \$15,000 compared to 2006-2007.

1.2%

“Other” expenses totalled \$339,000 and include many components. Other expenses decreased by \$48,000 compared to 2006-2007.

Balance Sheet (in thousands of dollars)

| | 31-03-2008 | 31-03-2007 |
|----------------------|------------|------------|
| Total assets | 31,932 | 23,152 |
| Total liabilities | 31,775 | 21,831 |
| Shareholder's equity | 157 | 1,321 |

Total assets as at March 31, 2008 amount to \$31.932 million compared to \$23.152 million at the end of the last fiscal year, an increase of \$8.780 million (37.9%).

Assets

Cash and cash equivalents, restricted cash and investments total \$6.057 million compared to \$5.145 million in 2006-2007. Accounts receivable increased by \$1,171,000 (83.8%) in comparison with amounts as at March 31, 2007. This variance is the result of amounts receivable from PWGSC for asset maintenance work. The bad debt allowance totals \$72,000.

Liabilities

The total amount of accounts payable and accrued liabilities (excluding the repayable contribution) increased from \$5.819 million in 2006-2007 to \$8.869 million in 2007-2008. This variance is attributable to repairs made to the Belvedere, the relocation of offices and the construction of the auditorium. The repayable contribution totals \$1,000 for 2007-2008.

Capital Expenditures (in thousands of dollars)

| Capital expenditures | Actual 2007-2008 | Budget 2007-2008 | Variance between results and budget | | Actual 2006-2007 |
|-------------------------------|---------------------|---------------------|--|------|---------------------|
| | | | \$ | % | |
| Property, plant and equipment | 9,534 | 5,678 | 3,856 | 67.9 | 2,613 |

Capital expenditures totalled \$9.534 million in 2007-2008 compared to \$2.613 million in 2006-2007 and compared to the budgeted amount of \$5.678 million included in the Corporate Plan. Disbursements in 2007-2008 include capital expenditures for the renewal of the MSC's permanent exhibitions in 2007, representing a total amount of \$3,812,000. This amount is entirely financed through donations made by the Montréal Science Centre Foundation. Excluding this item, expenditures comparable to the budgeted amount for 2007-2008, totalling \$5.722 million, were recorded, which is \$44,000 more than the budget. The fund-raising campaign organized by the Montréal Science Centre Foundation to fund the renewal of the MSC's permanent exhibitions brought in the necessary funds to renew the MSC's permanent exhibitions in 2007, whose estimated cost is \$6.300 million. Thus, thanks to the Montréal Science Centre Foundation, the Corporation now has assurances that all of the expenditures to be incurred to renew the MSC's exhibitions in 2007 will be covered.

The following projects represented capital expenditures in excess of \$100,000 in 2007-2008:

| | |
|---|--------------------|
| Migration of database server | \$100,000 |
| Equipment to operate restaurant concessions | \$100,000 |
| Seats in the IMAX®TELUS Theatre | \$102,000 |
| Re-development of the Port d'escale | \$104,000 |
| Renewal of computer inventory | \$113,000 |
| Temporary exhibition—Forests | \$115,000 |
| Hangar 16 project | \$152,000 |
| Wireless network equipment | \$154,000 |
| Migration—Microsoft network | \$222,000 |
| Horticultural maintenance | \$226,000 |
| Lavatories at the Pond Pavilion | \$247,000 |
| Outdoor signage and implementation of the MSC brand master plan | \$318,000 |
| Relocation of offices, parking and prevention and protection services | \$469,000 |
| Auditorium | \$704,000 |
| Repairs to the Belvedere | \$1,062,000 |
| TOTAL | \$4,188,000 |

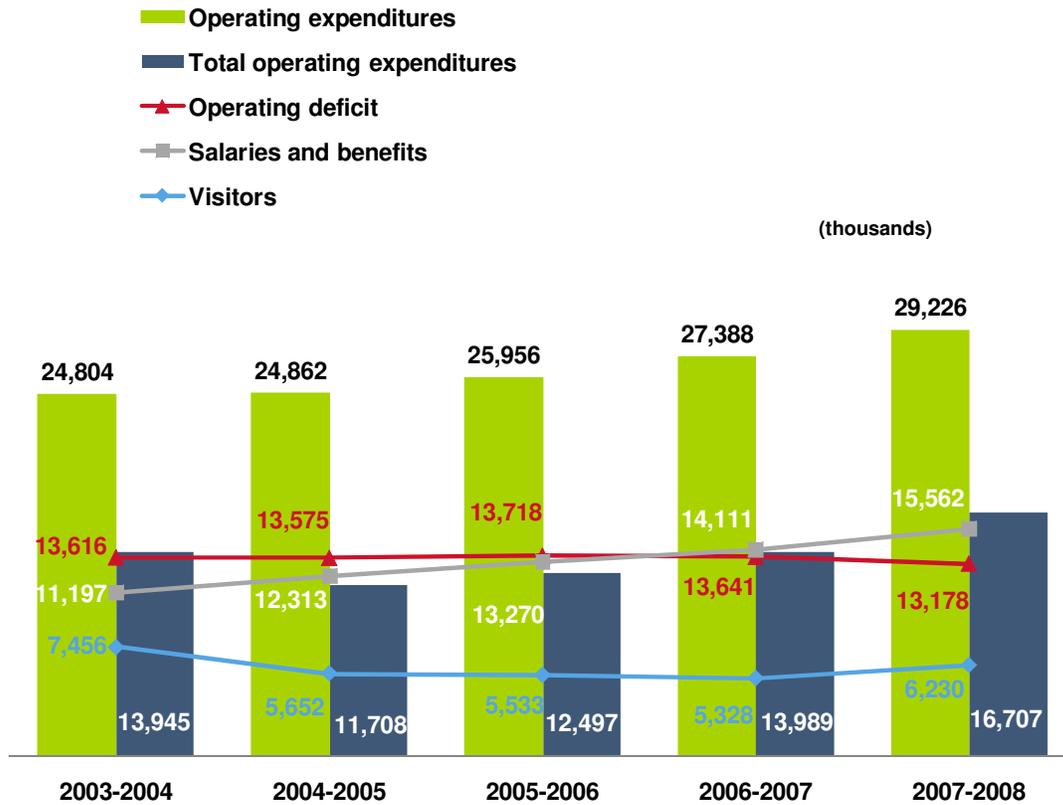
Finally, 10 other projects represented expenditures in excess of \$50,000 during the year, which corresponded to a total amount of \$708,000. The considerable variety of the Corporation's commercial and cultural activities, the size of its site, and the fact that its buildings and equipment are aging explain the Corporation's considerable action in the form of specific investments on the site.

Five-year Summary (in thousands of dollars)

| | Budget | Results | | | | |
|---|-----------|-----------|-----------|-----------|-----------|-----------|
| | 2007-2008 | 2007-2008 | 2006-2007 | 2005-2006 | 2004-2005 | 2003-2004 |
| Statement of operations | | | | | | |
| Revenues | | | | | | |
| Montréal Science Centre (\$) | 9,474 | 10,105 | 8,424 | 6,882 | 6,537 | 8,379 |
| % | 60.1 | 60.5 | 60.2 | 55.1 | 55.8 | 60.1 |
| Quays of the Old Port (\$) | 6,139 | 6,340 | 5,347 | 5,383 | 4,975 | 5,120 |
| % | 38.9 | 37.9 | 38.2 | 43.1 | 42.5 | 36.7 |
| Corporate services (\$) | 164 | 262 | 218 | 232 | 196 | 446 |
| % | 1.0 | 1.6 | 1.6 | 1.8 | 1.7 | 3.2 |
| Total operating revenues | 15,777 | 16,707 | 13,989 | 12,497 | 11,708 | 13,945 |
| Expenditures | | | | | | |
| Operating expenditures | 28,829 | 29,226 | 27,388 | 25,956 | 24,862 | 24,804 |
| Salaries and benefits | 15,173 | 15,562 | 14,111 | 13,270 | 12,313 | 11,197 |
| Salaries and benefits to operating expenditures | 52.6 | 53.2 | 51.5 | 51.1 | 49.5 | 45.1 |
| Depreciation | 2,439 | 2,810 | 2,695 | 2,567 | 2,636 | 3,894 |
| Operating Deficit (before depreciation) | 13,222 | 13,178 | 13,641 | 13,718 | 13,375 | 13,616 |
| Financing | | | | | | |
| Parliamentary appropriations and contributions | 18,900 | 18,899 | 15,199 | 16,231 | 15,775 | 18,018 |

| | Budget | Results | | | | |
|--|-----------|-----------|-----------|-----------|-----------|-----------|
| | 2007-2008 | 2007-2008 | 2006-2007 | 2005-2006 | 2004-2005 | 2003-2004 |
| Balance sheet | | | | | | |
| Assets | | | | | | |
| Cash and cash equivalents, restricted cash and investments | 2,630 | 6,057 | 5,145 | 3,808 | 3,329 | 4,091 |
| Accounts receivable | 1,000 | 2,568 | 1,397 | 758 | 652 | 1,063 |
| Prepaid expenses | 600 | 337 | 364 | 479 | 408 | 269 |
| Property, plant and equipment | 18,269 | 22,970 | 16,246 | 16,328 | 15,529 | 15,316 |
| Liabilities | | | | | | |
| Accounts payable | 2,500 | 8,869 | 5,819 | 4,617 | 4,227 | 4,629 |
| Parliamentary appropriations repayable | - | 2 | 1 | 94 | 325 | 826 |
| Deferred contributions | 2,609 | 6,214 | 3,094 | 2,490 | 1,399 | 1,301 |
| Deferred property, plant and equipment financing | 15,121 | 16,690 | 12,917 | 13,548 | 13,076 | 12,825 |

| Key operating statistics | 2007-2008 | 2006-2007 | 2005-2006 | 2004-2005 | 2003-2004 |
|---|-----------|-----------|-----------|-----------|-----------|
| Operating revenues to operating expenditures (excluding depreciation) | 57% | 51% | 47% | 46% | 45% |
| Number of visitors to the Old Port of Montréal (in thousands) | 6,230 | 5,328 | 5,533 | 5,652 | 7,456 |



MANAGEMENT'S RESPONSIBILITY REGARDING THE FINANCIAL STATEMENTS

The Corporation's management is responsible for preparing the financial statements in the annual report. These have been prepared in accordance with generally accepted accounting principles in Canada and necessarily contain estimates made by Management to the best of its judgment and for which Management is responsible. Management acknowledges its responsibility for choosing accounting principles and methods that are compatible with the Corporation's circumstances. Financial information presented elsewhere in the annual report is consistent with that of the financial statements. Management applies internal controls, accounting principles and practices to ensure with a reasonable degree of certainty that financial information is relevant and reliable, that the assets it manages are safeguarded, and that corporate transactions have been in compliance with the appropriate authorizations. The Board of Directors is responsible for examining and approving the financial statements and for overseeing how Management discharges its responsibility for the presentation of financial information.

The Board exercises this responsibility primarily through the Audit Committee, which is composed exclusively of Directors who are neither part of Management nor employed by the Corporation. This Committee examines the financial statements with Management and representatives of the Office of the Auditor General of Canada, who is appointed as external auditor by the shareholder, before submitting them to the Board for approval. This Committee also examines the work plans submitted by the internal and external auditors and meets with them in order to discuss their findings and observations regarding accounting issues, audit procedures and the presentation of financial information. The Auditor General of Canada is responsible for auditing the

transactions and the financial statements of the Corporation and for reporting on these financial statements. Management considers that the financial statements faithfully present the financial position of the Corporation, the results of its operations, and its cash flows. The Board of Directors has studied and approved the financial statements following a recommendation from the Audit Committee.



Claude Benoit, C.M.
President and Chief Executive Officer



Richard Tardif, ca, cma
Vice-president, Finance and Administration

Montréal,
June 2, 2008



AUDITOR'S REPORT

To the Minister of Transport, Infrastructure and Communities

I have audited the balance sheet of the Old Port of Montreal Corporation Inc. as at March 31, 2008, and the statements of operations, comprehensive income, retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the *Financial Administration Act*, I report that, except for the changes in accounting policies adopted in the current year as explained in Note 2 to the financial statements, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, the transactions of the Corporation that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with Part X of the *Financial Administration Act* and regulations, the *Canada Business Corporations Act*, the articles and the by-laws of the Corporation and the Agreement between the Corporation and Her Majesty in Right of Canada represented by the Minister of Public Works and Government Services.

Sylvain Ricard, CA
Assistant Auditor General
for the Auditor General of Canada

Montreal, Canada
June 2, 2008

FINANCIAL STATEMENTS

OLD PORT OF MONTRÉAL CORPORATION INC.

Balance Sheet as at March 31

| | 2008 | 2007 |
|--|--------|--------|
| (in thousands of dollars) | | |
| <i>Assets</i> | | |
| Current | | |
| Cash and cash equivalents | 795 | 3,856 |
| Restricted cash (Note 4) | 262 | 1,289 |
| Investments (Note 5) | 5,000 | - |
| Accounts receivable | 2,568 | 1,397 |
| Prepaid expenses | 337 | 364 |
| | 8,962 | 6,906 |
| Long-term | | |
| Property, plant and equipment (Note 6) | 22,970 | 16,246 |
| | 31,932 | 23,152 |
| <i>Liabilities</i> | | |
| Current | | |
| Accounts payable and accrued liabilities | 8,869 | 5,819 |
| Repayable parliamentary appropriations (Note 21) | 2 | 1 |
| Current portion of deferred contributions (Note 7) | 1,859 | 286 |
| | 10,730 | 6,106 |
| Long-term | | |
| Deferred contributions (Note 7) | 4,355 | 2,808 |
| Deferred property, plant and equipment financing (Note 8) | 16,690 | 12,917 |
| | 21,045 | 15,725 |
| | 31,775 | 21,831 |
| <i>Shareholder's equity</i> | | |
| Retained earnings | 157 | 360 |
| Accumulated other comprehensive income (Notes 2 and 9) | - | 961 |
| | 157 | 1,321 |
| Capital stock (Note 10) | - | - |
| | 157 | 1,321 |
| | 31,932 | 23,152 |

Contingencies (Note 18)

Commitments (Note 19)

The notes are an integral part of the financial statements.

Approved by the Board of Directors

Director



Director



OLD PORT OF MONTRÉAL CORPORATION INC.

Statement of Operations and of Comprehensive Income

For the year ended March 31

| | 2008 | 2007 |
|---|---------------------------|--------------|
| <i>Revenues</i> | (in thousands of dollars) | |
| Quays (Note 11) | 6,340 | 5,347 |
| Montréal Science Centre (Note 12) | 10,105 | 8,424 |
| Corporate services (Note 13) | 262 | 218 |
| | <hr/> 16,707 | <hr/> 13,989 |
| <i>Operating expenditures (Note 14)</i> | | |
| Quays (Note 11) | 9,814 | 9,921 |
| Montréal Science Centre (Note 12) | 12,693 | 11,224 |
| Corporate services (Note 13) | 6,719 | 6,243 |
| Depreciation of property, plant and equipment | 2,810 | 2,695 |
| | <hr/> 32,036 | <hr/> 30,083 |
| <i>Excess of operating expenditures over revenues</i> | (15,329) | (16,094) |
| Parliamentary appropriations - operating expenditures (Note 21) | 13,177 | 13,641 |
| Amortization of deferred property, plant and equipment financing (Note 8) | 1,949 | 2,189 |
| | <hr/> | <hr/> |
| Net operating results | (203) | (264) |
| <i>Other comprehensive (loss) income (Note 9)</i> | | |
| Donations from non-owners | (961) | 492 |
| | <hr/> | <hr/> |
| Net operating results and comprehensive (loss) income | (1,164) | 228 |

The notes are an integral part of the financial statements.

OLD PORT OF MONTRÉAL CORPORATION INC.

Statement of Retained Earnings

For the year ended March 31

| | 2008 | 2007 |
|-----------------------------------|---------------------------|-------|
| | (in thousands of dollars) | |
| <i>Balance, beginning of year</i> | 360 | 624 |
| Net operating results | (203) | (264) |
| <i>Balance, end of year</i> | 157 | 360 |

The notes are an integral part of the financial statements.

OLD PORT OF MONTRÉAL CORPORATION INC.

Statement of Cash Flows

For the year ended March 31

| | 2008 | 2007 |
|---|---------------------------|----------------|
| | (in thousands of dollars) | |
| <i>Operating activities</i> | | |
| <i>Net operating results</i> | (203) | (264) |
| Non-cash items: | | |
| Depreciation of property, plant and equipment | 2,810 | 2,695 |
| Gain on disposal of property, plant and equipment | (189) | - |
| Amortization of deferred property, plant and equipment financing | (1,949) | (2,189) |
| Amortization of deferred contributions | (658) | (242) |
| Sponsorships recognized as revenue | (834) | (130) |
| Donations recognized as revenue | (80) | (79) |
| Changes in non-cash working capital items | 1,907 | 585 |
| <i>Cash flows from operating activities</i> | 804 | 376 |
| <i>Financing activities</i> | | |
| Sponsorships received for the Montréal Science Centre | 814 | 390 |
| Donations received for the Montréal Science Centre | 2,917 | 1,626 |
| Parliamentary appropriations for the acquisition of property, plant and equipment | 5,722 | 1,558 |
| <i>Cash flows from financing activities</i> | 9,453 | 3,574 |
| <i>Investing activities</i> | | |
| <i>Increase in investments</i> | (5,000) | - |
| Acquisition of property, plant and equipment | (9,534) | (2,613) |
| Proceeds from sale of property, plant and equipment | 189 | - |
| Decrease (increase) in restricted cash | 1,027 | (784) |
| <i>Cash flows from investing activities</i> | (13,318) | (3,397) |
| Change in cash during the year | (3,061) | 553 |
| Cash and cash equivalents, beginning of year | 3,856 | 3,303 |
| <i>Cash and cash equivalents, end of year</i> | 795 | 3,856 |

The notes are an integral part of the financial statements.

OLD PORT OF MONTRÉAL CORPORATION INC.

Notes to Financial Statements as at March 31, 2008

1. Authority and activities

The Old Port of Montréal Corporation Inc. was incorporated on November 26, 1981 under the *Canada Business Corporations Act* and is a wholly-owned subsidiary of Canada Lands Company Limited, a Crown corporation named in Part I of Schedule III of the *Financial Administration Act*. In accordance with Order in Council P.C. 1987-86, the Old Port of Montréal Corporation Inc. is subject to certain provisions of the *Financial Administration Act* as if it were a parent Crown corporation, agent of the Crown, listed in Part I of Schedule III of the *Financial Administration Act*.

Since February 1, 1982, pursuant to an agreement between the Corporation and Her Majesty in Right of Canada represented by the Minister of Public Works and Government Services, the Corporation has been responsible for developing and promoting the development of the lands of the Old Port of Montréal, and for administering, managing and maintaining the properties of Her Majesty located thereon.

2. Changes in accounting policies

On April 1, 2007, in accordance with the applicable transitional provisions, the Corporation adopted the new recommendations in Sections 3855, "Financial Instruments - Recognition and Measurement", 1530, "Comprehensive Income", 3861, "Financial Instruments - Disclosure and Presentation", and 3251, "Equity", of the Canadian Institute of Chartered Accountants' Handbook.

Sections 3855 and 3861 deal with the recognition, measurement, presentation and disclosure of financial instruments and non-financial derivatives in the financial statements. The transitional provisions of these sections require the Corporation to remeasure the financial assets and liabilities as appropriate at the beginning of its fiscal year. Any adjustment of the previous carrying amount is recognized as an adjustment of the balance of retained earnings at the beginning of the fiscal year of initial application or as an adjustment of the opening balance of a separate component of accumulated other comprehensive income, as appropriate. The financial statements of prior fiscal years are not restated.

The adoption of these new recommendations resulted in the following impacts on the classification and measurement of the Corporation's financial instruments:

- Cash and cash equivalents, restricted cash and investments are classified as held for trading financial assets. They are measured at fair value. Any change in fair value is recorded in net operating results. This change had no impact on the financial statements as at March 31, 2008.
- Accounts receivable are classified as loans and receivables. Accounts receivable are measured at amortized cost using the effective interest method. This change had no impact on the financial statements as at March 31, 2008.
- Accounts payable and accrued liabilities are classified as other financial liabilities. They are measured at amortized cost using the effective interest method. This change had no impact on the financial statements as at March 31, 2008.

OLD PORT OF MONTRÉAL CORPORATION INC.

2. Changes in accounting policies (continued)

- The Corporation recognizes as separate assets and liabilities those derivative financial instruments embedded in hybrid instruments issued, acquired or substantively modified by the Corporation on or after April 1, 2003 where these hybrid instruments are not recognized as held for trading and are still in effect as at April 1, 2007. Embedded derivative financial instruments that are not closely related to the host contract should be separated and classified as financial instruments held for trading. They are measured at fair value and any change in fair value is recorded in net operating results. The Corporation has identified no embedded derivative financial instrument to be separated from a host contract. This change had no impact on the financial statements as at March 31, 2008.
- Section 1530 introduces comprehensive income, which consists of net operating results and other comprehensive income. Other comprehensive income represents changes in shareholders' equity arising from transactions and other events with non-owner sources that are recognized in comprehensive income, but excluded from net operating results. Upon adoption of Section 1530, the Corporation revised its statement of operations to include the newly required statement of comprehensive income by creating a combined statement. Pursuant to the transitional provisions of this Section, the financial statements for previous years have been restated to reclassify donations from non-owners. The balance of the reclassified amount from deferred contributions to accumulated other comprehensive income is nil as at March 31, 2008 (\$961,000 in 2007).
- Section 3251 establishes standards for the presentation of equity and the changes in equity during the year. This change had no impact on the financial statements as at March 31, 2008.

3. Significant accounting policies

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles. Significant accounting policies are described below.

a) Restricted cash

Restricted cash represents cash received that is externally restricted to be used to acquire capital assets or for other specific activities of the Montréal Science Centre.

b) Investments

Investments include deposit certificates redeemable at any time and maturing less than 12 months from the contract date. Investments maturing less than 90 days from the contract date are presented in cash and cash equivalents.

c) Property, plant and equipment

Property, plant and equipment are recorded at their original cost and are depreciated on a straight-line basis over their estimated useful lives, starting on the date they are put into service, as follows:

| | |
|----------------------------------|---|
| Buildings | 25 years |
| Computer hardware and software | 3 years |
| Exhibitions | According to the duration of the exhibition |
| Machinery, tooling and equipment | 10 years |
| Automotive equipment | 5 years |
| Office furniture and equipment | 7 years |

OLD PORT OF MONTRÉAL CORPORATION INC.

3. Significant accounting policies (continued)

Leasehold improvements represent major work to buildings, infrastructures and land development. They are capitalized and depreciated over the remaining life of the lease for rental space or over a 15- to 25-year period for assets owned by Public Works and Government Services Canada.

d) Deferred contributions

The Corporation follows the deferral method of accounting for contributions, which are mainly in the form of donations and sponsorships. Unrestricted contributions are recognized as revenue when they are received or receivable provided that collection is reasonably assured.

Externally restricted contributions are deferred and recognized as revenue during the year in which the underlying expenses are incurred. These contributions are intended for the renewal of the exhibitions or for other specific activities for the Montréal Science Centre. Contributions restricted for the acquisition of depreciable capital assets are amortized over the estimated useful lives of the capital assets acquired.

e) Donations from non-owners

Donations from non-owners from the Montréal Science Centre Foundation are deferred to other comprehensive income and recognized as revenue during the year in which the underlying expenses are incurred. Donations restricted for the acquisition of depreciable capital assets are deferred to deferred contributions during the year in which the capital assets are acquired and amortized over their useful lives.

f) Revenues

Quays, Montréal Science Centre and Corporate services

Revenues from programming sales and parking, concession revenues, interest and other revenues, including La Balade, the Port d'Escale and the skating rink, are recorded during the year in which they are earned.

Sponsorships

The Corporation has signed agreements with a number of sponsors that provide cash, products, advertising and other services in exchange for various benefits, including exclusive marketing rights and visibility. Sponsorships are recognized in the period to which they relate. Non-monetary transactions are recorded at fair market value.

g) Parliamentary appropriations

The Government of Canada funds the Corporation through parliamentary appropriations. The appropriations for the purchase of depreciable property, plant and equipment are recorded as deferred property, plant and equipment financing and amortized on the same basis as the related property, plant and equipment. The appropriations for operating expenditures are recorded in the Statement of Operations in the year for which the appropriations are approved.

h) Retirement savings plan

The Corporation has set up a group retirement savings plan that provides for the creation of a single trust with a corporation in the private sector to administer the contributions it receives to provide retirement income for employees through individually registered retirement savings plans. The Corporation acts solely as an agent and assumes no financial responsibility or obligation regarding this plan.

OLD PORT OF MONTRÉAL CORPORATION INC.

3. Significant accounting policies (continued)

i) Measurement uncertainty

The preparation of the financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities as at the date of the financial statements and the reported amounts of revenues and expenditures for the reporting period. Estimates relating to allowance for bad debts, claims from suppliers, accrued liabilities and the useful life of property, plant and equipment are the most significant items requiring estimates to be made. Actual figures may differ substantially from these estimates.

j) Future accounting changes

New Handbook Section 1535 “Capital Disclosures” establishes standards for an entity’s capital disclosures and how it is managed. New Handbook sections 3862 “Financial Instruments - Disclosures” and 3863 “Financial Instruments - Presentation” replace Section 3861 and modify and increase the financial instrument presentation requirements. These new Handbook sections place increasing importance on disclosures of the nature and extent of risks resulting from financial instruments and how the entity manages these risks. These new requirements will take effect for the Corporation’s fiscal year beginning on April 1, 2008. The Corporation is examining these new requirements and, at this point in time, does not foresee any major impact on its financial statements.

4. Restricted cash

For the year ended March 31, 2008, restricted cash represents amounts received totalling \$262,000 (\$1,289,000 in 2007) for which the counterparties are presented, on the balance sheet, under accumulated other comprehensive income, \$0 (\$961,000 in 2007) and deferred contributions, \$262,000 (\$328,000 in 2007).

5. Investments

Investments include the following deposit certificates:

| | 2008 | 2007 |
|--|---------------------------|------|
| | (in thousands of dollars) | |
| \$2,000,000; 4.57%, maturing on July 24, 2008 | | |
| \$1,000,000; 3.83%, maturing on December 1, 2008 | | |
| \$2,000,000; 3.10%, maturing on January 23, 2009 | | |
| Redeemable at any time | 5,000 | - |

OLD PORT OF MONTRÉAL CORPORATION INC.

6. Property, plant and equipment

| 2008 | | | |
|----------------------------------|-------------|---------------------------------|-------------------|
| | <i>Cost</i> | <i>Accumulated depreciation</i> | <i>Book value</i> |
| (in thousands of dollars) | | | |
| Leasehold improvements | 10,762 | 2,284 | 8,478 |
| Buildings | 147 | 35 | 112 |
| Computer hardware | 2,786 | 2,042 | 744 |
| Exhibitions | 9,637 | 4,263 | 5,374 |
| Software | 1,774 | 1,450 | 324 |
| Machinery, tooling and equipment | 8,833 | 6,072 | 2,761 |
| Automotive equipment | 1,167 | 1,002 | 165 |
| Office furniture and equipment | 2,491 | 1,598 | 893 |
| Work in progress | 4,119 | - | 4,119 |
| | 41,716 | 18,746 | 22,970 |
| 2007 | | | |
| | <i>Cost</i> | <i>Accumulated depreciation</i> | <i>Book value</i> |
| (in thousands of dollars) | | | |
| Leasehold improvements | 10,529 | 1,773 | 8,756 |
| Buildings | 147 | 29 | 118 |
| Computer hardware | 2,349 | 1,734 | 615 |
| Exhibitions | 8,372 | 8,284 | 88 |
| Software | 1,570 | 1,259 | 311 |
| Machinery, tooling and equipment | 8,469 | 5,391 | 3,078 |
| Automotive equipment | 1,040 | 979 | 61 |
| Office furniture and equipment | 2,375 | 1,652 | 723 |
| Work in progress | 2,496 | - | 2,496 |
| | 37,347 | 21,101 | 16,246 |

Property, plant and equipment represent acquisitions made by the Old Port of Montréal Corporation Inc. since it was incorporated. A significant portion of the property, plant and equipment used by the Corporation, representing wharves, urban equipment, warehouses, buildings, land and bicycle paths, is recorded in the financial statements of Public Works and Government Services Canada because the Corporation does not own the property, plant and equipment.

OLD PORT OF MONTRÉAL CORPORATION INC.

7. Deferred contributions

Deferred contributions represent the unrecognized portion of externally restricted contributions used to acquire capital assets or to be used for other specific activities for the Montréal Science Centre.

The changes in the balance of deferred contributions can be explained as follows:

| | 2008 | 2007 |
|--|---------------------------|-------|
| | (in thousands of dollars) | |
| Balance, beginning of year | 3,094 | 2,021 |
| Plus: | | |
| Reclassification of donations from non-owners (Note 9) | 3,798 | 1,055 |
| Sponsorships | 814 | 390 |
| | 4,612 | 1,445 |
| Less: | | |
| Sponsorships recognized as revenue | 834 | 130 |
| Amortization of contributions restricted for the purchase of depreciable property, plant and equipment | 658 | 242 |
| | 1,492 | 372 |
| Balance, end of year | 6,214 | 3,094 |
| Current portion | 1,859 | 286 |
| Long-term portion | 4,355 | 2,808 |
| | 6,214 | 3,094 |

8. Deferred property, plant and equipment financing

Deferred property, plant and equipment financing represents the unamortized portion of the parliamentary appropriations for the purchase of property, plant and equipment.

The changes in the deferred property, plant and equipment financing balance are as follows:

| | 2008 | 2007 |
|---|---------------------------|---------|
| | (in thousands of dollars) | |
| Balance, beginning of year | 12,917 | 13,548 |
| Parliamentary appropriations received during the year for property, plant and equipment acquisitions and improvements | 5,722 | 1,558 |
| Amortization for the year | (1,949) | (2,189) |
| Balance, end of year | 16,690 | 12,917 |

OLD PORT OF MONTRÉAL CORPORATION INC.

9. Accumulated other comprehensive income

Other comprehensive income represents the unrecognized portion of donations from the Montréal Science Centre Foundation to be used to acquire capital assets or for other specific activities for the Montréal Science Centre. The changes in accumulated other comprehensive income are explained as follows:

| | 2008 | 2007 |
|--|---------------------------|---------|
| | (in thousands of dollars) | |
| Donations from non-owners | | |
| Balance, beginning of year | 961 | 469 |
| Changes during the year: | | |
| Donations during the year (Note 15) | 2,917 | 1,626 |
| Reclassification of donations to the statement of operations | (80) | (79) |
| Reclassification of donations to deferred contributions | (3,798) | (1,055) |
| | (961) | 492 |
| Balance, end of year | 0 | 961 |

10. Capital stock

The Corporation is authorized to issue a single share, to be held in trust for Her Majesty in Right of Canada. The share may not be transferred without the consent of the Governor General in Council. The authorized share has been issued in consideration of services rendered.

OLD PORT OF MONTRÉAL CORPORATION INC.

11. Operations - Quays

| | 2008 | 2007 |
|----------------------------------|---------------------------|--------------|
| | (in thousands of dollars) | |
| <u>QUAYS</u> | | |
| <i>Revenues</i> | | |
| Parking | 2,814 | 1,876 |
| Events/concessions | 1,289 | 1,132 |
| Sponsorships and donations | 1,037 | 1,293 |
| Programming | 775 | 789 |
| Other | 425 | 257 |
| Total revenues | 6,340 | 5,347 |
| <i>Expenditures</i> | | |
| Parking | 918 | 800 |
| Events/concessions | 1,445 | 954 |
| Sponsorships and donations | 310 | 294 |
| Programming | 1,047 | 1,262 |
| Maintenance, repairs, prevention | 3,911 | 4,217 |
| Communications | 1,195 | 1,353 |
| Utilities | 483 | 520 |
| Information technology | 205 | 219 |
| Clothing | 74 | 105 |
| Other | 226 | 197 |
| Total expenditures | 9,814 | 9,921 |

OLD PORT OF MONTRÉAL CORPORATION INC.

12. Operations - Montréal Science Centre

| | 2008 | 2007 |
|--|---------------------------|---------------|
| | (in thousands of dollars) | |
| <u>MONTRÉAL SCIENCE CENTRE</u> | | |
| <i>Revenues</i> | | |
| Programming | 5,176 | 5,090 |
| Parking | 2,036 | 1,746 |
| Concessions/corporate rentals | 1,214 | 1,038 |
| Sponsorships and donations | 1,021 | 308 |
| Amortization of deferred contributions | 658 | 242 |
| Total revenues | 10,105 | 8,424 |
| <i>Expenditures</i> | | |
| Programming | 7,852 | 6,806 |
| Parking | 213 | 174 |
| Concessions/corporate rentals | 285 | 241 |
| Sponsorships and donations | 99 | 93 |
| Communications | 1,505 | 1,058 |
| Maintenance, repairs and prevention | 1,273 | 1,303 |
| Utilities | 956 | 1,030 |
| Information technology | 218 | 233 |
| Clothing | 49 | 70 |
| Other | 243 | 216 |
| Total expenditures | 12,693 | 11,224 |

OLD PORT OF MONTRÉAL CORPORATION INC.

13. Operations - Corporate Services

| | 2008 | 2007 |
|-------------------------------------|---------------------------|-------------|
| | (in thousands of dollars) | |
| <u>CORPORATE SERVICES</u> | | |
| <i>Revenues</i> | | |
| Interest and other | 262 | 218 |
| <i>Expenditures</i> | | |
| Office of the President and finance | 2,014 | 1,780 |
| Human resources | 1,539 | 1,591 |
| Procurement | 976 | 994 |
| Marketing | 873 | 631 |
| Site management | 462 | 410 |
| Maintenance, repairs and prevention | 345 | 293 |
| Information technology | 238 | 254 |
| Communications | 209 | 222 |
| Utilities | 63 | 68 |
| Total expenditures | 6,719 | 6,243 |

OLD PORT OF MONTRÉAL CORPORATION INC.

14. Summary of operating expenditures by major category

| | 2008 | 2007 |
|-------------------------------------|---------------------------|--------|
| | (in thousands of dollars) | |
| Salaries and fringe benefits | 15,562 | 14,111 |
| Advertising | 3,156 | 3,042 |
| Depreciation | 2,810 | 2,695 |
| Maintenance | 2,280 | 2,872 |
| Taxes, permits, rents and utilities | 2,000 | 2,167 |
| Exhibitions | 1,157 | 465 |
| Professional fees | 955 | 940 |
| Animation contract | 869 | 475 |
| Movie rental | 782 | 912 |
| Office expenses | 655 | 690 |
| Research and development costs | 341 | 238 |
| Travel and entertainment costs | 309 | 247 |
| Insurance | 253 | 253 |
| Telecommunications | 222 | 239 |
| Software maintenance | 171 | 149 |
| Machinery and tooling | 95 | 136 |
| Training | 80 | 65 |
| Other | 339 | 387 |
| | 32,036 | 30,083 |

15. Montréal Science Centre Foundation

The Montréal Science Centre Foundation is a not-for-profit organization founded on March 27, 2000. It was incorporated as a trust under a notarial deed and is a registered charity under the *Income Tax Act*. The audited financial statements of the Montréal Science Centre Foundation are not consolidated in these financial statements.

The purpose of the Foundation is to promote better knowledge and understanding of science and technologies. It must also manage the funds and fund-raising activities for the sole benefit of the Montréal Science Centre.

According to the trust arrangement, the Foundation must remit to the Old Port of Montréal Corporation Inc. no later than 90 days after its year end, its disbursement quota as per the *Income Tax Act*, in particular a minimum of 80% of the donations received and the revenues generated by the accumulated capitalized funds.

Funds remitted to the Corporation must be used for activities of the Montréal Science Centre.

The Foundation remitted the amount of \$2,917,000 (\$1,626,000 in 2007) to the Corporation for the year ended March 31, 2008, including \$2,837,000 (\$1,547,000 in 2007) to finance the renewal of the Montréal Science Centre's permanent exhibitions in 2007 and \$80,000 for the Montréal Science Centre's activities (\$79,000 in 2007).

OLD PORT OF MONTRÉAL CORPORATION INC.

15. Montréal Science Centre Foundation (continued)

The Foundation's condensed financial statements for the fiscal year ended December 31 are as follows:

| <i>Financial Position</i> | 2007 | 2006 |
|--|---------------------------|-------|
| | (in thousands of dollars) | |
| Total assets | 4,625 | 1,344 |
| Total liabilities | 2,861 | 1,344 |
| Total net assets | 1,764 | - |
| <i>Operating results</i> | | |
| Revenues | 4,551 | 1,726 |
| Expenses | 2,787 | 1,772 |
| Net results | 1,764 | (46) |
| <i>Cash flows</i> | | |
| Decrease in cash from operating activities | (1,116) | (704) |
| Cash from financing and investing activities | 2,275 | 450 |
| Increase (decrease) in cash | 1,159 | (254) |

16. Non-monetary transactions

The Corporation has granted exclusive rights to certain sponsors for the sale of their products in exchange primarily for advertising. These non-monetary transactions with unrelated parties were recorded equally in revenues and expenditures. They were valued at \$357,000 in 2008 (\$574,000 in 2007), which represents the fair value of the assets and services received.

17. Related party transactions

The Corporation is related in terms of common ownership to all Government of Canada departments, agencies and Crown corporations. The Corporation enters into transactions with these entities in the normal course of business. These transactions were recorded at the exchange amount, i.e. the value of the consideration paid or received, which was established and accepted by the related parties.

Aside from the transactions already mentioned in the financial statements, the Corporation conducted the following transactions with related entities:

a) Landscaping work on the site

Public Works and Government Services Canada (PWGSC) manages contracts based on the cost-plus method. For the fiscal year ended March 31, 2008, the cost of these contracts totalled \$13,000 (\$13,000 in 2007) and is included under the category of work in progress and leasehold improvements.

The Corporation has carried out work on the site of the Old Port for which it invoiced the Canada Lands Company Limited an amount of \$134,000 (\$73,000 in 2007).

OLD PORT OF MONTRÉAL CORPORATION INC.

17. Related party transactions (continued)

PWGSC owns the principal assets located on the Old Port of Montréal site. Under an agreement signed on March 15, 2007, PWGSC and the Old Port of Montréal Corporation have determined specific work to be carried out on all of the assets to address occupational health and safety issues. The Corporation has managed a large portion of the work performed on behalf of PWGSC, using the cost-plus method. The balance invoiced to PWGSC in connection with this work totals \$2,197,000 (\$1,108,000 in 2007). A balance receivable of \$1,068,000 (\$476,000 in 2007) has been included in accounts receivable.

b) Rental of space

The Corporation signed an agreement with the Montréal Port Authority, beginning on January 1, 2007 and ending on December 31, 2011, covering the rental of space for parking facilities and administrative offices. Rental costs under this agreement amounted to \$629,000 for the fiscal year (\$639,000 in 2007) and are included in Quays expenditures under Maintenance, repairs, prevention and parking.

c) Joint operations

The Corporation and federal and provincial museums are party to agreements for the sharing of exhibition production costs in the normal course of operations. The Corporation had a commitment under these agreements for \$965,000 (\$965,000 in 2007) for the year ended March 31, 2008. In this respect, an amount of \$400,000 (\$821,000 in 2007) is included in work in progress and exhibitions under property, plant and equipment. The balance payable totals \$152,000 as at March 31, 2008 (\$231,000 in 2007).

18. Contingencies

In the normal course of its activities, the Corporation is either a claimant or a defendant in a number of claims or lawsuits. Various claims have been filed or lawsuits instituted against the Corporation. In management's opinion, the outstanding issues as at March 31, 2008 are of a current nature. Management is of the opinion that the resolution of these contingencies should not have a major unfavourable impact on the Corporation's financial situation.

19. Commitments

a) Commitments relating to operating expenditures and acquisitions of property, plant and equipment

As at March 31, 2008, the Corporation's total contractual obligations amounted to \$659,000 (\$2,979,000 in 2007), including \$134,000 (\$503,000 in 2007) for maintenance services, advertising contracts and professional services, and \$525,000 (\$2,476,000 in 2007) for the acquisition of property, plant and equipment. Payments under these contracts must be made within the next five years.

OLD PORT OF MONTRÉAL CORPORATION INC.

19. Commitments

b) Operating leases

Operating leases mainly pertain to the rental of space to operate parking facilities and administrative offices and to the rental of property. Future minimum lease payments to be made annually under these operating leases are as follows as at March 31, 2008:

(in thousands of dollars)

| | |
|-----------------------|----------------|
| 2008-2009: | 832 |
| 2009-2010: | 525 |
| 2010-2011: | 509 |
| 2011-2012: | 361 |
| <u>2012-2013:</u> | <u>-</u> |
| Total future minimum | |
| <u>lease payments</u> | <u>\$2.227</u> |

20. Asset retirement obligations

The Corporation operates certain structures under an operating lease. The agreement signed by the parties includes a clause which stipulates that upon expiry of the lease the owner will retake control of these structures without providing any compensation for any additions or modifications made by the Corporation to the initial structures, provided that the owner considers them to be in satisfactory condition. According to the Corporation, the changes made to the structures since it has had responsibility for management thereof satisfy the lessor's requirements. Accordingly, no liability relating to the retirement of these assets has been recognized in the financial statements.

OLD PORT OF MONTRÉAL CORPORATION INC.

21. Reconciliation of net results from operations to Government funding

The Corporation receives its funding from the Government of Canada based on cash flow requirements. The Treasury Board Secretariat allotted a parliamentary appropriation in the amount of \$18,900,000 for the 2007-2008 fiscal year (\$17,100,000 in 2007).

Items recognized in the Statement of operations and comprehensive income in one year may be funded by the Government of Canada in different years. Accordingly, the Corporation has different net results of operations for the year on a government funding basis than on a Canadian generally accepted accounting principles basis. These differences are outlined below:

| | 2008 | 2007 |
|--|---------------------------|-------------|
| | (in thousands of dollars) | |
| Excess of operating expenses over revenues | 15,329 | 16,094 |
| Items not affecting government funding: | | |
| Amortization of deferred contributions | 658 | 242 |
| Depreciation of property, plant and equipment | (2,810) | (2,695) |
| Parliamentary appropriations required to fund operations | 13,177 | 13,641 |
| Amount used to acquire property, plant and equipment | 5,722 | 1,558 |
| Total parliamentary appropriations used | 18,899 | 15,199 |
| Funding available: | | |
| Annual approved funding | 18,900 | 17,100 |
| Portion of funding frozen for payments in lieu of taxes (PILT) | - | (1,900) |
| Funding available | 18,900 | 15,200 |
| Excess government funding repayable | 1 | 1 |

OLD PORT OF MONTRÉAL CORPORATION INC.

22. Fair value of financial instruments

The transactions related to cash and cash equivalents, restricted cash, investments, accounts receivable, accounts payable and accrued liabilities are carried out in the normal course of business. The carrying amount of each of these items approximates their fair value because of their short-term maturity.

Financial risks

The Corporation's main financial risks and its risk management policies are detailed below.

Credit risk

As a general rule, the carrying amount on the balance sheet of the financial assets exposed to credit risk, net of the related provisions for losses, represents the Corporation's maximum credit risk.

The Corporation's credit risk relates mainly to accounts receivable. In addition, the accounts receivable balance is managed and analyzed on an ongoing basis. The Corporation's exposure to bad debts is therefore insignificant. Since there is no concentration of accounts receivable, credit risk is low.

Liquidity risk

Liquidity risk is managed to maintain a sufficient amount of cash and cash equivalents. The Corporation establishes budget and cash forecasts to ensure that it has the funds required to meet its obligations.

23. Comparative figures

Certain 2007 figures were restated to conform to the presentation of the current year.

PARTNERS

Partners of the Old Port of Montréal Corporation



Major partners of the Quays of the Old Port of Montréal



Other partners

Astral Média Affichage

Zoom Média

Canadian Wildlife Federation

Partners for 2007-2008 winter programming:

Presenters for the Winter Bar: Guru, Serralunga, Unibroue, Artic Glacier

Presenters for Igloofest: Artic Glacier, Guru, Telus, Blizzarr

Media partners: Astral Media Radio (Énergie & RockDentente), VOIR & HOUR, Metrovision

Partner of the Montréal Science Centre



Presenting sponsors of the Montréal Science Centre



Sponsors of the Montréal Science Centre



Presenting sponsor of the Montréal Science Centre's IMAX® TELUS Theatre



Presenting sponsor for regular programming at the Montréal Science Centre's IMAX® TELUS Theatre



Presenting sponsor of the Montréal Science Centre's IMAX® TELUS

Canadian Wildlife Federation

Promotional sponsor of the Montréal Science Centre

SAIL Baron Sports

GRM Productions

Donors of the Montréal Science Centre

Trottier Family Foundation

Pratt & Whitney Canada

Nortel

Imperial Oil Foundation

Royal Bank of Canada

Laurentian Bank Foundation



Old Port of Montréal Corporation
333 de la Commune Street West, Montréal, Québec H2Y 2E2
www.oldportofmontreal.com