



THE OLD PORT OF MONTRÉAL
Annual Report 2001-02



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Message from the Chairman of the Board

Fiscal year 2001-2002 posed a number of challenges to both the directors and the senior managers of the Old Port of Montréal Corporation. I would like to recognize their expertise and devotion, and point out the extent to which they guided us through the period of adaptation to the great changes in our organization resulting from the establishment of the Montréal Science Centre. I also wish to thank them for their strategic vision in their approach to the review of the Corporation's mandate, undertaken last February by the Department responsible for the Corporation, namely Public Works and Government Services Canada (PWGSC), at the request of the Treasury Board. The purpose of this review was to ensure that the Corporation's mission is consistent with the Government of Canada's objectives and, if necessary, to propose changes to the role, responsibilities, and resources required by the Corporation to do so. The government's decision in this matter is expected in the fall of 2002.

I want to recognize the major efforts of the Old Port team and its President in making the Montréal Science Centre and the Old Port park two must-see destinations for Montréalers and tourists alike. The Centre, now two years old, has taken its first steps into the world of culture and education. On balance, it has been a successful year, one on which we can build to ensure that the Centre develops further and becomes more attractive to all our customers.

I also want to recognize the hard work of our concession holders, producers, and sponsors. The excellence of their contribution has allowed us, once again, to set attendance records, with

a total of over eight million visitors. The Old Port is now unquestionably Montréal's premier recreational, cultural, and tourist destination. Let us remember that, on an annual basis, it generates nearly \$32 million in sales and some \$72 million in total economic impact. This clearly positions the Old Port as a major player in the Montréal economy.

In closing, I invite you join with me in celebrating the Old Port of Montréal Corporation's 20th birthday. In meeting its management and development responsibilities, the Corporation has contributed significantly to the process of making the shores of the St. Lawrence more accessible to Montréalers and visitors alike, while fostering the development of nearby residential areas and the strengthening of the local economy. Montréal's Old Port has become a meeting place where people of all ages, nationalities, and social standings gather to exchange ideas in a tangible manifestation of true democracy. The Old Port stands as a witness to Montréal's maritime history; it has ensured the preservation of the architectural character of the site, opened a window on the St. Lawrence and provided access to its shores, thus highlighting some of the jewels of Canada's industrial heritage.

We can all be proud of the Old Port's contributions to the development of Montréal and of Canada. Allow me to share with my colleagues from the Board the enthusiasm that spurs us on, and our common determination, in accordance with the government of Canada, to lay the foundations for another twenty years of astounding success. ■



Fiscal year 2001-2002 was a year of challenges and adaptation to change for the entire Old Port of Montréal Corporation team.



Report from the President and Chief Executive Officer

Dealing with revenue shortfalls resulting from lower than expected attendance at the IMAX® Theatre and the Exhibitions, and reduced parking revenues was the first, but not the least, of our challenges. First, interest in the Science Centre waned, as did repeat visits. Then, much to our surprise, the IMAX® Theatre recorded a dramatic reduction in patronage. Though we had previously managed to avoid the problems experienced by other IMAX® facilities in America and Europe over the past years, we were unable to do so in 2001-2002. Thanks to the effectiveness of our Old Port team in developing an action plan, we were able to absorb the resulting losses into our operating and investment budgets without requiring additional government contributions. Important sacrifices had to be made in all departments; but as early as December 2001, our situation had improved, thanks to a television promotion and the launching of new activities at the Science Centre. We now believe we are well on our way to recovery.

Our second challenge consisted in managing the organization in such a way as to enable it to adapt to change. Fiscal year 2001-2002 gave us the opportunity to test the effectiveness of our systems and methods and to improve them with a view to enhancing our results. We implemented a budget management system to ensure, among other things, that we could measure our performance by project using historical financial data. Though this proved to be a laborious process, we succeeded in seeing it to completion and developed models that our managers are progressively adopting. In the same vein, we reviewed our ticketing

and parking systems, made diagnoses, and adopted solutions in an effort to fully exploit their potential. In this respect, 2002-2003 should show a marked improvement.

We could not have met these challenges without the active, constant involvement of our staff, customers, and partners. The action plan devised to revitalize the programming of the Science Centre relied on the findings of market research, on an internal review and on expert advice from consultants in the field. We listened carefully to the Old Port's concessionnaires, and conducted a new survey among our visitors in order to review our marketing strategies and adapt our offerings to the new realities. Careful consideration of feedback provided by our staff allowed us to solve operating problems and improve the overall working climate.

In closing, I wish to thank Pierre-Luc Brodeur, Vice-President, Site Management, who left the Corporation last December, for his contribution over the past 15 years, and I would like to welcome Denis Gouge, who takes over the leadership of the team responsible for construction and maintenance activities. I want to congratulate all members of the management team for their professionalism, their commitment, and their ability to adapt to the new responsibilities entrusted to them. I also thank all our staff members for their competent work and enthusiasm in supporting the Corporation's mission. With a strong and constant team spirit, we can surpass our limits and face the future with assurance and confidence. ■

Highlights

Quality of hospitality

A customer survey conducted in the summer of 2001 indicated a general satisfaction level of 85%, reflecting improvements to safety, maintenance, and the layout of public spaces. Visitors especially appreciated the rest areas that allowed them to relax, appreciate the St. Lawrence, and enjoy the services at their disposal.

Interesting activities

During the last fiscal year, the Old Port reached the eight-million-visitor milestone. The on-going availability of traditional activities, the addition of new maritime activities and animation, and the good weather account for much of this success.

Overall attendance at the Montréal Science Centre fell significantly during its second year of operations. Consequently, the Corporation developed an action plan and implemented it during the holiday period in an effort to remedy the situation. The plan is being extended through 2002-2003 in an attempt to rekindle public interest.

Influence, image, and reputation

Thanks to the renewal of its major investments, the visibility of the Government of Canada as partner of the Old Port rose from 12% in 1999 to 65% in 2001-2002.

In May 2001, the Old Port's Montréal Science Centre was awarded the *Lauréat national d'or* in the category of *Tourist attractions - 100,000 visitors and over*, at the Grands prix du tourisme québécois.

Efforts to improve recognition of the Centre among Montréalers resulted in a doubling of awareness, from 4% to 8%, which bodes well for the future.

Quality facilities

Thanks to help from Public Works and Government Services Canada (PWGSC), the quality of Old Port facilities improved significantly, especially as a result of restorations to the Old Clock Tower and repairs to certain piers. With the cooperation of the Old Port Corporation, Parks Canada, Economic Development Canada, PWGSC, and the City of Montréal, Parks Canada was able to plan the reopening of the Lachine Canal, which reclaimed its place as a seaway in May 2002 after 30 years of inactivity.

Other improvements include a complete redesign of the signage system intended to help visitors find their way around the site. [\(next p7\)](#)

Results of Operations 2001-2002 (continued)

Cost-effective operations

The non-renewal of certain of the Science Centre's offerings, the reduction in attendance at the IMAX® Theatre and IMMERSION movie game, and their ensuing indirect impact meant that the Corporation could only generate 81.6% of its projected revenues and this despite its efforts in repositioning the Montréal Science Centre, and the launching of a promotional and advertising campaign. To achieve a balanced budget without resorting to increased government funding, the Corporation had to reduce its expenditures by 8.9%.

Human resources management

The Corporation consolidated relations with its employees by signing a collective agreement with IMAX® Theatre projectionists and by settling most of the work-related grievances pending. The Corporation's difficult financial situation resulted in a hiring freeze and a reorganization of work schedules for a number of its employees, whose cooperation—ensured through information-sharing mechanisms implemented to keep them abreast of the situation—deserves mention.

The Corporation also implemented a project-cost system—a key milestone in its integrated management system—revamped its Web site in an effort to improve the dissemination of information to the public, and developed an intranet site to improve communications with its staff. ■

Highlights

Table 1 - - Revenues and Expenditures (thousands of dollars)

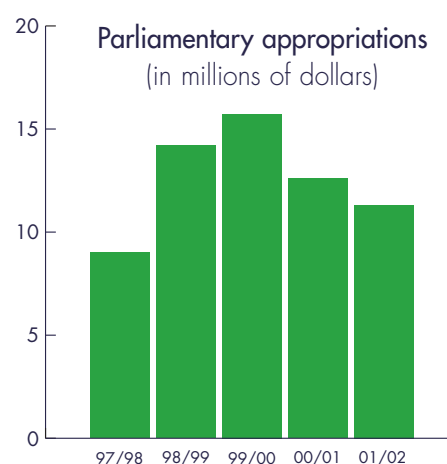
	Results 2001-2002	Budget 2001-2002	Variance between results and budget	Results 2000-2001 (adjusted)
Revenues				
• Parliamentary appropriations	11,325	11,325	0	12,610
• Operating revenues (before amortization)	10,535	12,913	- 2,378	11,717
Expenditures				
• Operations (before amortization)	19,638	20,818	1,180	19,489
• Investments	2,435	3,420	985	10,320

Parliamentary appropriations

In 2001-2002, parliamentary appropriations totalled \$11.325 million, a decrease of \$1.285 million compared with the previous year's appropriations of \$12.610 million. Compared to the 2000-2001 results, the total includes an increase in operating appropriations of \$1.444 million (19%), and a reduction in capital appropriation of \$2.729 million (57%).

In relation to the budget, the parliamentary appropriations for the acquisition of fixed assets was reduced by \$1.329 million, going from a forecast of \$3.420 million to \$2.091 million. The Corporation also decreased its operating expenditures before amortization by \$1.180 million. All these measures were necessary in order to compensate for the shortfall in revenues.

Figure 1 - Parliamentary Appropriations



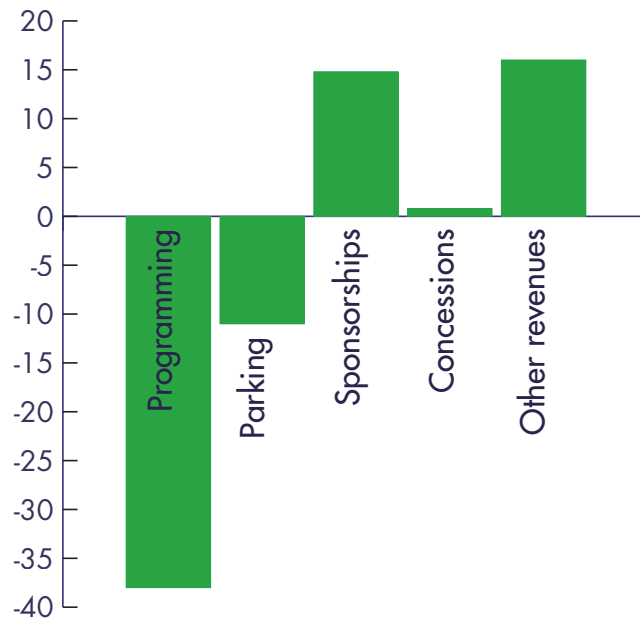
Highlights (continued)

Table 2 - Operating Revenues (thousands of dollars)

	Results 2001-2002	Budget 2001-2002	Variance between results and budget	Results 2000-2001 (adjusted)
• Programming	3,752	6,051	- 2,299	5,306
• Parking	3,008	3,389	- 381	3,145
• Sponsorships	1,309	1,140	169	901
• Concessions	1,581	1,569	12	1,505
• Other revenues	885	764	121	860
• Total revenues (before amortization)	10,535	12,913	- 2,378	11,717
• Amortization of deferred revenue	3,004			2,889
• Total revenue	13,539			14,606

Revenues generated by the Corporation's products fell by \$1.182 million, compared with the previous year's results, going from \$11.717 million in 2000-2001 to \$10.535 million in 2001-2002. This represents a revenue shortfall of 18.4% compared with the 2001-2002 budget, and 10% compared with 2000-2001 actual revenues, due mostly to program revenue decreases. On the positive side, sponsorships, concessions, and other revenues all showed positive results that partially compensated for revenue shortfalls.

Figure 2 - Variance Between 2001-2002 Results and Budget (%)



Highlights (continued)

As shown in Figure 3, programming (36%) and parking (29%) are the Corporation's main sources of revenue. However, sponsorships (12%) and concessions (15%) also contribute substantially.

Programming

Generally, annual revenues generated from programming have ranged between \$3 and \$4 million in the past five years, except in 2000-2001 when revenues reached \$5.306 million, primarily because of the opening of the Montréal Science Centre and the presentation of the three-dimensional film JOURNEY OF MAN at its IMAX® Theatre. This film, featuring the Cirque du soleil, was a hit with the public. By 2001-2002, however, the novelty of the

Science Centre had worn off and new IMAX® three-dimensional films had become rare. Combined, these factors were the main reasons for the 2001-2002 fiscal year revenue shortfalls.

Parking

Since the inception of the Old Port Corporation, parking has represented a major source of revenues. Until fiscal year 1999-2000, revenues generated by parking operations were relatively stable at about \$2 million per year. However, the opening of the Science Centre and the increase in parking rates resulting from the implementation of a new system generated a 50% increase in revenues, which now total about \$3 million.

Figure 3 -
Operating Revenues
(before amortization)

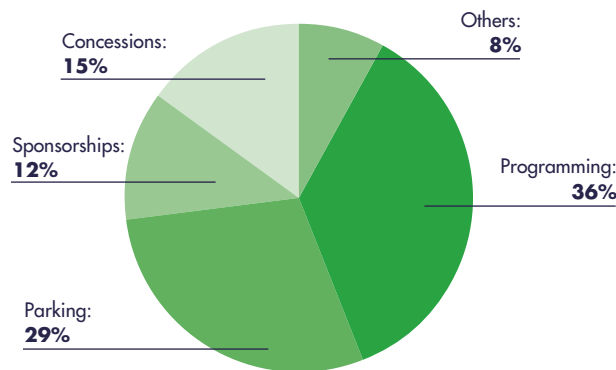
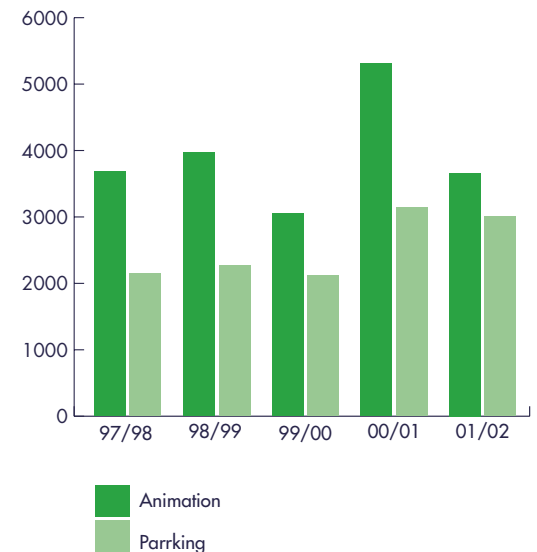


Figure 4 -
Revenues from Animation Programs and
Parking (thousands of dollars)



Highlights (continued)

Sponsorships

The Corporation has continued its efforts to increase sponsorship revenues, which over the past four years have averaged about \$850,000. In 2001-2002, the Corporation succeeded in raising the average sponsorship price to \$141,000; in addition, it received a donation of \$243,000 from the Science Centre Foundation, raising its revenues to a high of \$1.309 million.

Concessions

Concession revenues had been declining since 1997-1998, falling from \$945,000 to \$743,000 in 1999-2000. Since the opening of the Montréal Science Centre, however, they have doubled, reaching \$1.581 million in 2001-2002. This is mainly due to the addition at the Science Centre of the Food Chain with its seven rapid-service restaurants, of boutiques and of the Porto Fiorentino family restaurant.

Other revenues

Other revenues have held steady at around \$850,000 over the past five years. They reached \$885,000 in 2001-2002. (Other revenues primarily include investment income, re-billed advertising revenues, and revenues generated by Corporation products such as La Balade, the skating rink, the Port d'Escale, etc.)

Figure 5 -
Sponsorships Revenues
(thousands of dollars)

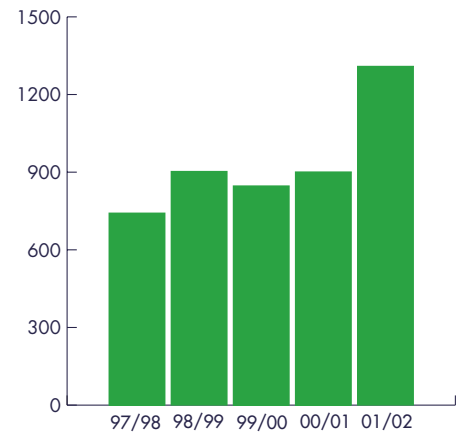
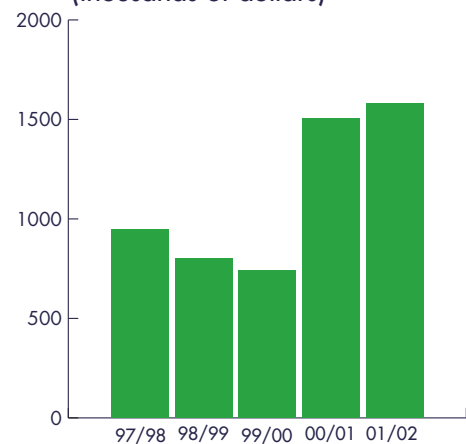


Figure 6 -
Concession Revenues
(thousands of dollars)

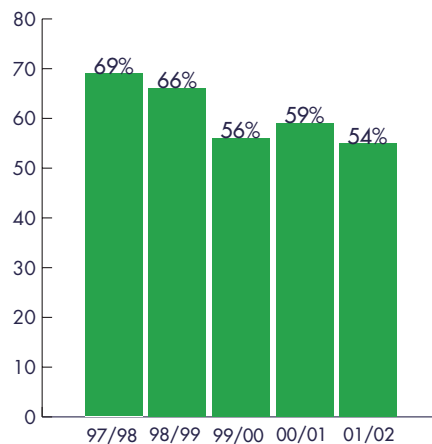


Highlights (continued)

Revenue versus operating expenses before amortization

Operating revenues play an important complementary role in securing the basic financing from parliamentary appropriations needed by the Corporation to fulfill its mission. In 2001-2002, the Corporation had set an objective of covering 59% of its operating expenses from operating revenues, the same percentage as for the previous fiscal year. However, it fell short of its objective because of revenue shortfalls, covering only 54% of its expenses. Although off target, these results are nevertheless remarkable when compared with those of governmental organizations similar to the Corporation. ■

Figure 7 -
Revenues Versus Operating Expenses (before amortization)



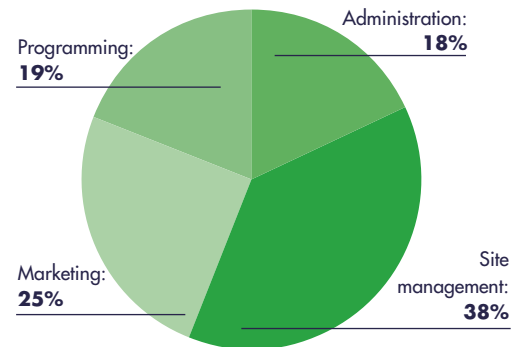
Expenditures

Table 3 - Operating Expenditures (thousands of dollars)

	Results 2001-2002	Budget 2001-2002	Variance between results and budget	Results 2000-2001 (adjusted)
• Site management	7,450	7,309	-141	7,595
• Marketing and customer services	4,898	4,970	72	4,345
• Programming	3,708	4,850	1,142	4,253
• Administration	3,582	3,689	107	3,296
• Total – Operating expenditures (before depreciation)	19,638	20,818	1,180	19,489
• Accumulated depreciation	3,580			2,862
• Start-up costs of the MSC	–			503
• Total – expenditures	23,218			22,854

Generally, revenue decreases before depreciation compelled the Corporation to constantly revise its budget projections for both expenditures and revenues, and to modify its work schedules to operate within budget. Important savings, in the order of \$1.180 million, or 5.7% of the total budget, were achieved thanks to decreased labour costs, the elimination of programs and services, and a reduction of equipment, building, and grounds maintenance expenses. Results for this fiscal year show an increase in expenditures of barely 1% compared with 2000-2001. The allocation of expenditures shown in Figure 8 indicates that site management (38%) and marketing—i.e., sales, communications and customer services (25%)—are the Corporation’s two major expense items.

Figure 8 - Operating Expenditures 2001-2002

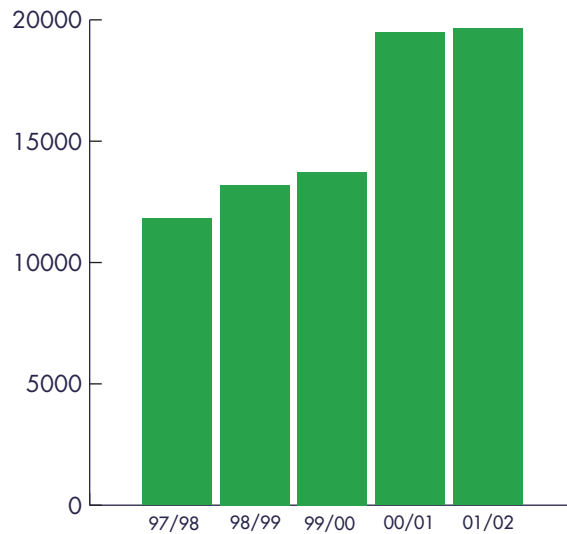


Expenditures (continued)

In the end, thorough management of expenditures allowed the Corporation to maintain a balanced budget without having to request additional parliamentary appropriations.

The marked increase in the Corporation's operating expenditures since fiscal 2000-2001 is obviously attributable to the arrival of the Montréal Science Centre on the scene.

Figure 9 -
Operating Expenditures
1997-2002 (thousands of dollars)
(before amortization)



Expenditures (continued)

Site management

Expenses related to site management were less than those of the previous fiscal year and exceeded the planned budget by \$141 000, or 2%. This variance is due, in part, to an adjustment in the accounting of assets which was necessary and which caused an increase in site management expenditures of about \$600,000. The reduction of certain expenses was also a factor in this variance.

Marketing, sales, communications, and customer services

In an effort to increase revenues, visibility, and awareness of the Science Centre, the Corporation, during the last months of the year, invested additional amounts in advertising. Increased investments in market research and analysis, and, at year-end, in a television advertising campaign aimed at the general public, combined to produce an increase in expenditures of \$553,000 compared with the previous fiscal year. These investments had a positive impact on revenues during the last quarter and should have a similar effect on fiscal 2002-2003. It should be noted that marketing expenditures (sales, communications, and customer services) were under budget by \$72,000, or 1.4%.

Programming

The Corporation saved close to \$545,000, or 12.8%, compared with the previous fiscal year, and \$1.142 million, or 23.5%, compared with its budget. Among the reasons for these savings: a reduction in payroll through changes in operating hours for the Montréal Science Centre; a decrease in the cost of films and materials maintenance for the IMAX® Theatre (due to lower attendance); a reduction in development, production, and maintenance expenses for exhibitions; and a reduction in animation contracts.

Administration

As shown in Table 3, administration expenses rose by \$286,000, or 8.7%, compared with the previous fiscal year. An increase in payroll, including health care and social security costs, partially offset by a major decrease in training and office management expenses, achieved through the Corporation's cost-control program, is the main factor behind this increase.

When compared with 2001-2002 budget forecasts, reductions, especially those related to office management costs, contributed to an overall reduction in expenses of nearly \$107,000 dollars, or 2.9%■

Expenditures (continued)

Table 4 - Capital Expenditures (thousands of dollars)

Capital expenditures	Results 2001-2002	Budget 2001-2002	Variance between results and budget	Results 2000-2001 (adjusted)
• Financed through Parliamentary appropriations	2,091	3,420	1,329	4,820
• Financed through external contributions	344			5,500
• Total - expenditures	2,435			10,320

As of April 1, 2001, the Corporation is required to account for capital expenditures as capital assets. The capital assets in question must be recognized at cost and depreciated annually.

The acquisitions of the Corporation since its inception were fully inventoried. A large portion of these assets had already been inventoried by Public Works and Government Services Canada (PWGSC), who is their guardian: they include lands, piers and

buildings. As of April 1, 2001, the Corporation's capital expenditures on these assets are recorded as rental improvements. The results of fiscal year 2000-2001 have been adjusted to reflect these new requirements.

For fiscal year 2001-2002, a reduction in expenditures of \$1.329 million was required to compensate for the reduction in revenue and to avoid the need for requesting additional government funding. ■

A Crown corporation

The Old Port of Montréal Corporation (the Corporation) is a commercial enterprise incorporated on November 26, 1981 in accordance with the provisions of the Canadian Business Corporations Act. It is a wholly-owned subsidiary of the Canada Lands Company, itself a Crown corporation registered in accordance with the provisions of part I of appendix III of the Financial Administration Act.

The Corporation fulfils its mandate in the name of, and on behalf of, the Ministry of Public Works and Government Services Canada (PWGSC), which holds title to its tangible assets for the benefit of Her Majesty. The Corporation must, pursuant to an Order in Council of the Privy Council (1987-86), report as a parent Crown corporation and agent of Her Majesty. Since August 2002, the Corporation reports through the Minister of Transport, the Honourable David Collenette.

Its mandate

The Corporation's mandate is to develop and promote the site of the Old Port of Montréal as well as to administer, manage, and maintain Her Majesty's assets.

Its mission

To manage, develop, and animate an urban, recreational, tourist and cultural site, a meeting point of entertainment and discovery.

Its values

The Corporation's values:

- provision of diversified, recreational and tourism products, animated, affordable, and physically and culturally accessible;
- a commitment to focus on its diverse clientele's needs, expectations and satisfaction;
- effective, efficient, and cost-effective management;
- drive, creativity, and boldness in its teams and partners;
- its employees and their contribution to the development and maintenance of a productive and stimulating team spirit;
- the architectural and design quality of its buildings, site, and facilities;
- the conservation and enhancement of the heritage it has been entrusted with;
- ongoing, planned, and sustainable development.

Strategic objectives

The Corporation's activities can be classified into four key areas: the management and development of an urban park; the production and delivery of cultural activities; the conservation and protection of the site's architecture, land, and landscape; and effective, efficient and cost-effective management. These translate into six main strategic objectives that, in turn, allow the Corporation to fulfil its mission.

Quality hospitality – Become a model of customer service.

Interesting activities – Deliver a diversified and unique programming that meets the needs and wishes of clients, both local and foreign.

Influence, image, and reputation – While ensuring the visibility of its shareholder, be known and appreciated by its clients.

Quality facilities – Maintain the site in ideal conditions and improve the facilities.

Cost-effective operations – Minimize government contributions toward the Corporation's operations.

Human resources management – Ensure that human resources are up to the task and continue to empower and motivate staff, and make them accountable. Develop a sense of belonging among Old Port employees.

The Corporation's governance

The board of directors

A board of directors whose members are appointed by the Canada Lands Company supervises the Corporation's operations. In 2001, the board of directors reported to the Minister of Public Works and Government Services (PWGS). As of August 2002, the board reports to Parliament through the Minister of Transport, the Honourable David Collenette.

The board, comprising a chairman and six directors, meets monthly to fulfil its obligations in matters of organizational planning; human, material, and financial resources management; internal control systems integrity; and reporting. For its part, the Corporation submits regular performance reports with the board. Members of the board are required to act in compliance with the Financial Administration Act.

Chairman



Mr. Bernard Lamarre Eng., O.C., O.Q.

Mr. Lamarre was CEO of LAVALIN INC for many years and an advisor to SNC LAVALIN INC, and has been involved with a wide variety of projects, both in Canada and abroad. The demand for his presence on boards of directors, both as chairman or as director, and the impressive list of honorary degrees conferred upon him are testament to his abilities.

Directors



Ms. Hélène Béïque CPM

Ms. Béïque has expertise in the fields of real estate and marketing. As president of Groupe Archi plus inc., she acted as a developer for numerous real-estate projects. As vice-president of the Centre d'analyse du marché immobilier inc. (CAMI), she advises both private and para-public developers in real-estate matters related to market and client analysis, development programs, marketing, and sales. She is currently director of real-estate marketing for R.O. international inc.



Ms. Phyllis Lambert O.C., C.Q., O.A.L., F.I.R.A.Q.

Phyllis Lambert is an architect well-known for her contributions to contemporary architecture and her advocacy for the social aspects of urban conservation. Founding director and Chair of the Board of Trustees of the Canadian Centre for Architecture, she directs research projects, contributes to numerous publications, and has been commissioner of a number of expositions. Her memberships include various international architectural and urban planning panels as well as several university councils; she has also been a guest speaker at universities both in Canada and abroad. She has been awarded many professional awards and honorary degrees and distinctions, including Companion of the Order of Canada.

Directors (continued)



Mr. Vincent Arciresi

Mr. Arciresi is trained as a surveyor and as an engineering and architectural technician. He has overseen large-scale projects such as the Ville-Marie autoroute, Complexe Desjardins, and the Olympic Stadium and Village. As the owner of Viarco inc., he has carried out numerous construction projects such as schools, a city hall, hospitals, and housing projects. He sits on boards of directors of several community organizations as chairman or vice-chairman, and he was a municipal counsellor for the Ville de St-Léonard. Since 1990, he has been chairman of the Jérôme-Le Royer School Board, and he is currently chairman of the Pointe de l'Île School Board.



Mr. Raymond Cyr O.C.

An engineer by training, Mr. Cyr is currently Chairman of the Board of Polyvalor inc. Over his career, he has held several key positions at Bell Canada, including President, CEO, and Chairman of the Board. He was also President and CEO of BCE inc. He sits on several boards, among them, Air Canada and Canadian National. He has won numerous awards, including the Gold Medal Award from the Canadian Council of Professional Engineers and the management prize from McGill University. He is an Officer of the Order of Canada.



Mr. Pierre Michaud

Mr. Michaud has been Chairman of the Board of Provigo inc. since 1993 and was involved in the merger of Provigo and Loblaw. In 1995, he introduced the "warehouse-store" concept to Quebec by launching Réno-dépôt, a company that has now expanded into Ontario under the name Building Box. He sits on several boards of directors of companies in the fields of banking, food, and investments. He has been president of fundraising campaigns for the Ste-Justine Hospital, Centraide, and muscular dystrophy research. Mr. Michaud was the developer of the Auberge Réno-dépôt (Camp Papillon), which provides lodging for handicapped children and their families, and he continues to be active in community work.

Directors (continued)



Mr. Jocelyn Proteau

A money manager, Mr. Proteau pursued a career with the Mouvement Desjardins, eventually taking on the positions of Chairman and Director of the Fédération des caisses de Montréal et de l'Ouest du Québec from 1989 to 2001. For over ten years, he was acting president of the Conseil d'investissement Desjardins, the Movement's venture capital company. He is currently President of their investment comity. He has led several fundraising campaigns for organizations such as Centraide and the Université du Québec à Hull. He sits on several boards of directors and governors, of which that of the École des hautes études commerciales. He is a sponsor of the Fondation EPIC.

Senior Management Team



Ms. Claude Benoît,
President and CEO



Ms. Dany Bleau, CA,
Vice-president, Administration and Human Resources



Mr. Pierre-Luc Brodeur (until december 2001)
Vice-president, Site Management



Mr. Pierre Fortin,
Vice-president, Marketing and Customer Services



Mr. Benoît Légaré,
Vice-president, Programming

General Context

A renewed mandate

After twenty years of existence, the Old Port of Montréal Corporation's mandate was reviewed in 2001 under the direction of Public Works and Government Services Canada (PWGSC), in collaboration with the Privy Council Office, the Treasury Board Secretariat, the Old Port of Montréal Corporation, the Canada Lands Company, Canadian Heritage, Parks Canada, and Canada Economic Development.

The **general objectives** of this review were as follows:

- Take stock of how the Old Port of Montréal Corporation's achievements compare with the mandate established when the government created the Corporation in 1982.
- Assess the socio-economic potential of the Old Port and the related expenses.
- Examine the policies, objectives, and government strategies with respect to the Old Port, and define its mandate.
- Develop an appropriate governance structure and the other requirements necessary for effectively implementing the Government of Canada's vision.

The conclusions of this review were submitted to the Honourable Alfonso Gagliano. Following a cabinet shuffle in January 2002, John Manley, the Deputy Prime Minister, Finance Minister, and Minister responsible for Infrastructure and Crown Corporations, took over the file. As of August 2002, the Honourable David Collenette, Minister of Transport, is now the minister responsible for the Old Port of Montréal Corporation.

As soon as the government has made its decisions, the Corporation will move to ensure that the capabilities and management mechanisms necessary to assume its new responsibilities will be in place and accessible.

A changing environment

In terms of public participation in recreational activities and cultural events at the Old Port, the impact of major investments by governments and private business in the boroughs of Ville-Marie and Old Montréal over the last five years is now being felt.

The hotel industry saw an increase of 2,400 rooms in Old Montréal thanks to investments of over 88 million dollars over the last four years. The residential sector also saw significant increases, with 1,128 housing units being added to already existing units, thereby creating a new and proximate clientele for the Old Port. Investment projects totalling over \$170 million in Montreal's Multimedia City, adjacent to the Old Port, will mean an influx of workers with specific needs in terms of recreation, restaurants, leisure activities, and business meetings. The expansion of the Palais des congrès, at a cost of \$200 million, will also draw convention-goers and business people to the Old Port. Finally, the re-opening of the Lachine Canal in May 2002 should see an increase in both the number of people using the western portion of the Old Port and tourist traffic from boats.

General Context (continued)

A community player

Over the last few years, the Corporation has been recognized by various tourism organizations for outstanding customer service. It enjoys an excellent reputation and is one of Montréal's most important cultural, recreational, and tourist sites. The Corporation actively participates in various think tanks, coordination groups, and strategic direction committees.

In May 2001, the Corporation received the *Lauréat national d'or* in the category of *Tourist attractions - 100,000 visitors and over*, for its pioneering and structuring contribution of the Montréal Science Centre.

The Corporation has also strengthened ties with local organizations, in particular:

- with the Palais des congrès and Quartier international teams, and with the new municipal administration.
- with Parks Canada, Communication Canada, Economic Development Canada, Public Works and Government Services Canada, and the city of Montréal, toward the re-opening of the Lachine Canal and the celebrations for this event in May 2002.
- with the residents and business people of Old Montréal, and merchants' associations. A solid basis for dialogue was established with concerned stakeholders, through which several of the Corporation's impacts on the neighbourhood (noise, traffic congestion, etc.) were discussed and solutions proposed.

Rich and diverse activities

The Corporation strives constantly to develop a wide variety of activities for Canadians and foreign tourists in order to encourage: leisure and outdoor activities, the dissemination and integration of the richness and diversity of Canadian culture, the development of science and technology, the promotion of visual and performing arts, and the interpretation of the Old Port's maritime heritage. Revitalizing activities so they better respond to the public's changing needs and exploiting the potential of such activities to attract various segments of the population are challenges that the Corporation will continue to meet in the future.

Competition

In the last few years, competition in Montréal has increased in sectors related to the Corporation's activities such as cinema, theme parks, major events, and museums. To deal with this situation, the Corporation is working to strengthen its position by emphasizing both the added value created by the exclusiveness and originality of its products and the refined synergy between these products, its activities, and the general themes harnessed by its partners.

Moreover, in this context of significant competition, where maintaining close, vigorous relationships with one's sponsors is a top priority, the Corporation has undertaken various actions to ensure that they remain loyal and satisfied and that the goals to which their participation is tied are reached. ■

Results of Operations

1. Management and development of an urban park

For its visitors, the Old Port offers a showcase of the river, a place to relax, and a wide range of outdoor activities. It provides services related to access and hospitality, prevention and the protection of facilities and visitors within the park, and parking facilities for better access to the site.

<p>OBJECTIVE Quality hospitality - Become a model for customer service.</p>	
<p>STRATEGIES AND TACTICS</p> <p>Provide unrivalled customer service.</p> <ul style="list-style-type: none"> Continue to strengthen customer service training. <p>Mobilize partners and employees behind a common customer service program.</p> <ul style="list-style-type: none"> Distribute the Corporation's customer service policy and ensure its application. 	<p>2001-2002 RESULTS</p> <ul style="list-style-type: none"> Training. Customer service is the most important of the Corporation's activities. In order to maintain quality, it developed and delivered a corporate training program to all employees of the site in the spring of 2001. The training conveyed the Corporation's current mission, values, and customer service standards. Satisfaction. The Corporation continued to apply its customer service policy, which translated into a high rate of satisfaction (83%) with the hospitality of site personnel among visitors, 51.9% saying they were very satisfied and 31.1% saying they were satisfied. Complaints. Despite an increase of nearly 1 million visitors to the site, the number of complains did not increase.

Results of Operations (continued)

ACHIEVEMENTS 2001-2002

Visitors

Once again this year, the Old Port had a record number of visitors, with 8 million person/visits. Over the last five years, the Old Port site has had an average of 6.5 million visitors annually. The last three years have been exceptional, with 6.7 million person/visits in 1999, 7.3 million in 2000, and 8.08 million in 2001.

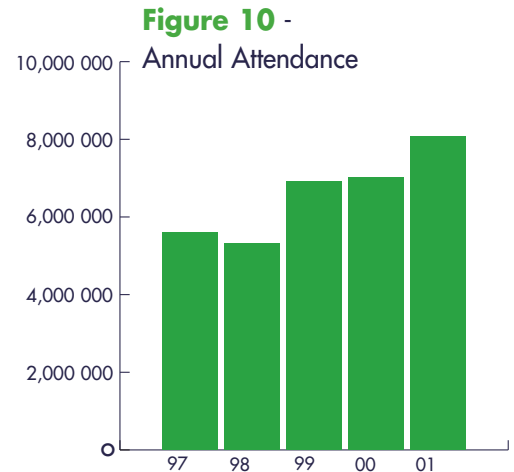
Source of visitors

Over the years, the proportion of visitors to the Old Port from the Montréal region has risen significantly, increasing from 47% in 1996 to 80% in 2001. The Old Port has thus become much more of a fixture in the lives of Montréalers, not only because of its unparalleled site, but also because of its activities. While the proportion of tourists has decreased, the absolute number of tourists has diminished only slightly because of the overall increase in the number of visitors to the site.

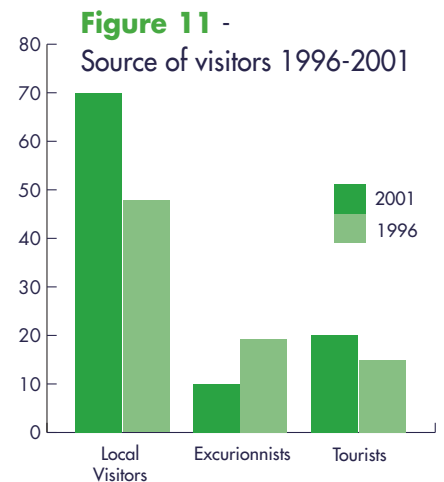
Visitors satisfied with the Old Port's hospitality

Providing visitors a warm, welcoming environment that meets their needs and expectations is of the highest importance to the Corporation. This is why it regularly reviews customer service standards with its partners and invests in employee training.

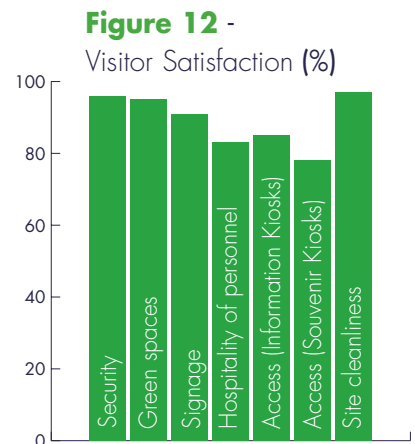
During the summer of 2001, visitors indicated a high level of satisfaction with their visits to the Old Port.



Source : Sodem, Profile of Old Port of Montréal clientele, summer season, September 2001.



Source : Pensum Conseil, Economic activity and benefits of the Old Port of Montréal in 1996-1997, November



Source : Sodem, Profile of Old Port of Montréal clientele, summer season, September 2001.

Results of Operations (continued)

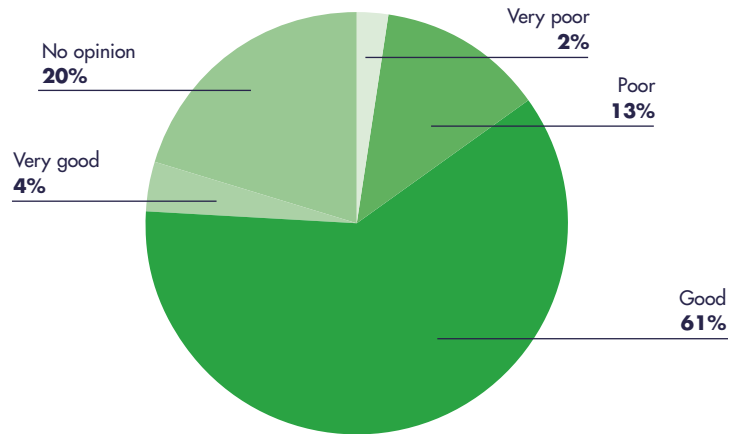
Value for money

The Corporation constantly strives to offer its diverse clientele quality products and activities at accessible and competitive prices. As a result, 64.6% of visitors during the summer 2001 period felt that the value for money of their visit to the Old Port site was good (60.8%) or very good (3.8%). Only 15% of visitors felt the value for money was poor.

In 2001-2002, in order to improve customer service, the Corporation focused particular attention on its paid parking system, which is

still being broken in. While the system worked better as compared with 2000-2001, certain situations such as shows or fireworks displays continued to challenge the system's capacity, causing a negative impact on waiting times for visitors. Despite the significant decline (30%) in attendance at the Montréal Science Centre, the Corporation managed to contain the reduction in parking revenues to 4%, a decrease of \$137,000 as compared with 2000-2001. ■

Figure 13 -
Appreciation of Value for Money



Sodem. : Sodem, Profile of Old Port of Montréal clientele, summer season, September 2001

Results of Operations (continued)

OUTLOOK FOR 2002-2003

- The Corporation will continue efforts to maintain high customer satisfaction levels.
- The Corporation will continue to assess the performance of the parking division and focus on better adapting parking services to the needs of its customers.
- It will continue to offer visitors a clean, safe, and welcoming environment in order to maintain high attendance levels.
- It will complete the implementation of its signage program. ■

Results of Operations (continued)

2. The Production and Delivery of Cultural Activities

The goal of this facet of the Old Port's activities is to ensure the dissemination and integration of the richness and diversity of Canadian culture. It encompasses activities linked to the development of science and technology—most notably, interactive exhibitions and cultural and educational activities—and includes the IMAX® Theatre and the IMMERSION movie game. It also incorporates all activities and events in the visual and performing arts such as art work exhibited at the site, shows, and performance artists. In addition to support services, merchants, and parking, this sector of activities also covers the interpretation of the Old Port's heritage and the enhancement of its historical and maritime character.

<p>OBJECTIVE Interesting activities - Deliver a diversified and unique programming that meets the needs and wishes of clients, both local and foreign.</p>	
<p>STRATEGIES AND TACTICS</p> <p>Determine programming development directions in order to rationalize and channel actions.</p> <ul style="list-style-type: none"> • Be open to new products and opportunities, geared to the clientele's needs. 	<p>PRIMARY 2001-2002 RESULTS</p> <p>Partnerships. In addition to being open to new products, the Corporation has adopted a proactive approach toward co-production or co-distribution of activities, events, and products.</p>
<p>Increase and strengthen programming in science and technology to attract new visitors and encourage repeat visits.</p> <ul style="list-style-type: none"> • Implement the cultural action plan. • Optimize the impact and penetration of educational programming. • Consolidate the exposition program and content. • Continue science and technology career awareness programs. • Strengthen relationships with sponsors, industries, and different partnership networks with a view to integrating them into new product development. • Develop the WEBZINE of the web site of the iSci Centre (now called the Montréal Science Centre). • Optimize the IMMERSION product. 	<p>Programming. Programming has been increased in several respects:</p> <ul style="list-style-type: none"> • A programming committee was established. • The cultural program has two new star events: <i>It's ScienTOYfic</i> and <i>Robofollies</i>. • Two educational programs developed in 2000 and designed for primary students, <i>The Heart's Secrets</i> and <i>Robo-tricks</i>, continued to run; a high school program, <i>Arctic 2 is not responding!</i> was added. • A program of exhibition revitalization was planned to attract the interest of existing clients and better target new visitors.

Results of Operations (continued)

STRATEGIES AND TACTICS	PRIMARY 2001-2002 RESULTS
<p>Develop destination programming and year-round cultural and recreational animation.</p> <ul style="list-style-type: none"> • Design separate summer and winter programming. • Stretch the summer 2001 programming over a longer period to reach a more diverse clientele. • Consolidate and develop the Old Port of Montréal's master development plan. • Establish a plan for the development of business and the renewal of commercial and entertainment activities. 	<p>School system. Links with the school system were strengthened thanks to:</p> <ul style="list-style-type: none"> • the establishment of a pedagogical committee, • the creation of an educational guide for teachers, • the introduction of "open house" evenings for primary and secondary school teachers from the Montréal region. <p>Community ties. The Corporation capitalized on the knowledge and experience of people working in related areas by:</p> <ul style="list-style-type: none"> - playing active roles in associations and conventions in fields such as museology, scientific communications, culture, and education. • These activities helped to attract new visitors. In fact, during the school year, 58% of visitors to the Science Centre were visiting for the first time. <p>Programming. The Corporation continued to increase its programming to reach a wider diversity of publics by:</p> <ul style="list-style-type: none"> • offering new ethnocultural products such as <i>Matsuri Japon, la Salsa</i>, etc.; • presenting the second edition of <i>Mosaicultures internationales</i>; • introducing the <i>Labatt Blue Outdoor Cinema</i> (6 films shown outdoors at the Bonsecours stage). <p>Animation. It also stretched its animated activities over a longer period by:</p> <ul style="list-style-type: none"> • presenting a fireworks show during the <i>Montreal High Lights Festival</i> in the winter of 2002; • providing animated activities on its skating rink over the winter 2001-2002 season, which attracted a record 53,000 skaters.

Results of Operations (continued)

<p>STRATEGIES AND TACTICS</p>	<p>PRIMARY 2001-2002 RESULTS</p> <p>Development. 2001-2002 saw the renewal of agreements with strategic partners within the context of a long-term vision:</p> <ul style="list-style-type: none"> • A 2001-2006 recreational and tourist programming development plan was instigated. • Agreements were signed with our concession holders to strengthen the new and existing products we offer.
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ACHIEVEMENTS 2001-2002

Numerous activities



Mosaïcultures internationales



Canada day Celebrations

The record 8 million visitors this year can certainly be attributed to the continuation of the major “normal” site activities, the presentation of new maritime activities and animation, the return of the *Mosaïcultures*, and a greater media visibility thanks, especially, to the live broadcast of the Radio Canada show *Tam Tam* throughout the summer of 2001. This year, the Corporation offered an average of just over 8 shows per day over the 100 days of its summer programming, to which were added animated events and several events highlighting visual, performing, and performance artists.

Moreover, in an effort to diversify and prolong its programming, the Corporation, in an Old Port first, presented a fireworks display in the Bonsecours sector on February 23, 2002 as part of the *Montreal High Lights Festival*.

Results of Operations (continued)

Popular products and services

Outdoor products and services such as cruises and sports equipment rentals provided good financial results—in some cases even surpassing estimates—making these services available to several thousand clients over the season.

Several new products offered during the summer of 2001 quickly gained popularity. Among this year's innovations were electric scooters and the *Shed 16 Labyrinth*.

Beautiful sunshine

Last summer's beautiful weather drew large numbers of people on weekends, especially during the Canada Day Celebrations. And without a doubt, *Happy Hour at the Belvédère* became the "in" activity for young workers aged 25 to 35, a clientele attracted to the Old Port for the first time.

Learning while having fun...

At the Science Centre, the Corporation offered the public revitalized exhibitions and added an education program for high school students to the already existing programs designed for primary school children.

Events at the Science Centre have had their share of success; for instance, the *It's ScienTOYfic* event over the Holiday period, with its theme of the science of games and toys, was extraordinarily popular. The second edition of *Robofollies* over the March break, which offered several activities that initiated people into the world of robots, saw these new machines invade every corner of the Science Centre. By themselves, these two events attracted nearly 45,000 visitors from a broad spectrum of the population and broke attendance records.

... makes for good value for money

Visitors to the IMAX® Theatre and the IMMERSION movie game were satisfied with the value for money. In fact, they indicated a satisfaction level of 87% with value for money at the IMAX® Theatre (54% saying it was very good and 33% saying it was good), while participants in the IMMERSION movie game indicated an 85% satisfaction level.



It's ScienTOYfic

Results of Operations (continued)

OUTLOOK FOR 2002-2003

- Continue efforts to strengthen summer-season products and develop winter-season products for the Old Port Park.
- Continue efforts to boost the Montréal Science Centre's reputation and attendance.
- Complete and deliver the new products planned for Science Centre programming.
- Improve the Centre's Web site to better target markets and improve the dissemination of the culture of science and technology.

Results of Operations (continued)

OBJECTIVE

Influence, image, and reputation - While ensuring the visibility of its shareholder, be known and appreciated by its clients.

STRATEGIES AND TACTICS

Promote the Old Port's different products and activities.

- Increase the visibility of the iSci Centre (now called the Montréal Science Centre)
- Reposition activities and the iSci Centre (now called the Montréal Science Centre)
- Strengthen the activities offered according to the type of customer targeted.

2001-2002 RESULTS

A three-pronged strategy was implemented to reach this objective:

- **Identity.** Changing the name and logo of the iSci Centre to the Montréal Science Centre and implementing a new brand identity (Total branding) helped to increase the Centre's visibility.
- **Products.** After carrying out market studies of its clientele, the Corporation rearranged the Centre's exhibition halls to better meet the needs identified. It also developed a more simplified entrance-fee structure, to be implemented in 2002-2003.
- **Promotion.** Several publicity campaigns were launched, such as a mass-media campaign for all the activities at the Old Port and Science Centre, and a campaign aimed specifically at tourists. The Old Port's Web site was reviewed and updated. This reworking led to a 73% increase in the number of Web-page views for the Old Port site, and a 30% increase for the Science Centre site.

Results of Operations (continued)

Objectives and achievements 2001-2002 (continued)

STRATEGIES AND TACTICS

Integrate promotion of the government into communication and promotion actions.

- Design, develop, and produce programming for the Old Port's 20th anniversary.
- Develop partnerships with federal ministries and organizations for the promotion of their areas of expertise that are relevant to the Old Port's mission.
- Integrate a governmental presence to the site's signage.

PRIMARY 2001-2002 RESULTS

- **Presence.** To increase the visibility of the Canadian government on the site, the Corporation integrated the Government of Canada's identity into its new signage and into the new logo of the Montréal Science Centre.
- **Partnerships.** The Corporation also increased its partnership with other Canadian ministries and organizations. In particular:
 - the partnership with the PWGSC in inventorying the state of the buildings on the site and for significant capital works.
 - the partnership with Parks Canada, the PWGSC, Economic Development Canada, Communication Canada, and Canadian Heritage in working toward the reopening of the Lachine Canal.
 - the collaboration between the Port of Montréal and the Coast Guard in ensuring cruise-ship safety after the events of September 11, 2001.
- **Celebrations.** Unfortunately, the prioritization of the Montréal Science Centre's positioning coupled with a difficult financial situation forced the Corporation to cancel the Old Port's 20th anniversary celebrations.

Results of Operations (continued)

ACHIEVEMENTS 2001-2002

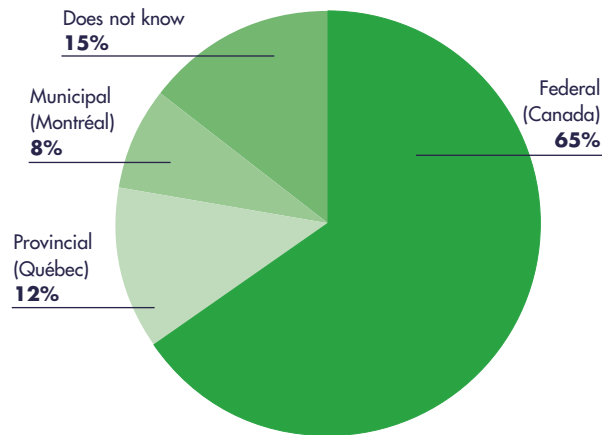
Two-thirds of the visitors were able to formally identify the Government of Canada as responsible for the Old Port of Montréal site.

In addition to regular publicity of Old Port activities, which includes Government of Canada representation, the renewal of the signage system and the installation of a digital screen on the Passerelle at the Science Centre have meant that the Government of Canada logo is permanently visible on all signage at the site. According to a SODEM poll done in the summer of 2001, awareness of the Canadian government rose from 12% in 1999 to 65% this year, an increase of 53% in two years.

The visibility of the Science Centre

The Corporation changed the name and logo of the "iSci Centre" to the "Montréal Science Centre." It improved signage to better showcase its products and launched a communications campaign aimed at specific segments of its clientele. An important brand definition process was carried out, which helped to efficiently refocus the communications plans. While the level of awareness of the existence of the Science Centre is still deemed low, these measures have in fact doubled the Centre's level of recognition among Montréalers, from 4% to 8%.

Figure 14 -
Knowledge of Level of Government
Responsible for Site



Source : Sodem, Profil des clientèles du Vieux-Port de Montréal, saison estivale, septembre 2001



Results of Operations (continued)

OUTLOOK 2002-2003

- The Corporation will continue efforts to increase recognition of the Science Centre, especially among Montréalers, by implementing a strategy based on institutional visibility, the involvement of a spokesperson, and the use of television advertising. At the same time, it will deepen relationships with the press and other media in order to increase its influence and specifically define the Science Centre's position.
- The signage program will be completed with the implementation of the commercial signage plan, which includes shareholder visibility.
- New programs of activities and events will be produced that highlight the contribution of the Canadian Government as sponsor.

Results of Operations (continued)

3. The Conservation and Protection of the Site's Architecture, Lands, and Landscape

The mission of this sector of activities is to ensure that the historical and maritime character of the Old Port endure for the benefit of current and future generations. It includes maintenance, and the safeguard and development of the Old Port's infrastructures, lands, buildings, equipment, and facilities.

<p>OBJECTIVE Quality facilities – Maintain the site in ideal conditions and improve the facilities.</p>	
<p>STRATEGIES AND TACTICS</p> <p>Implement a continuous facility maintenance program</p> <ul style="list-style-type: none"> • Inventory lands, buildings, and equipment, and assess their condition. • Develop a program and action plan for the maintenance of assets and equipment. • Put systems and controls into place and ensure their optimal use. • Develop and implement the financing plan necessary for the maintenance of assets. 	<p>PRIMARY 2001-2002 RESULTS</p> <ul style="list-style-type: none"> • Property in its care. The Corporation inventoried and assessed the condition of all of the site's property in its care. • Property in the care of the PWGSC. The Corporation assisted in the inventory and assessment of the Old Port infrastructures and buildings in the care of the PWGSC. • The development of a broad, integrated asset management and financing plan has been postponed until the review of the Corporation's authority and responsibilities has been completed (autumn 2002).

Results of Operations (continued)



ACHIEVEMENTS 2001-2002

Clock Tower

Over the year 2001, the Clock Tower, a historical monument built in 1922, was completely restored under the stewardship of Public Works and Government Services Canada (PWGSC). Other restoration work undertaken by the PWGSC on pier walls, sidewalks, the lighting system, and other urban elements of the site, currently underway, should be completed by June 2002. The ministry also repaired a supporting wall on the Clock Tower pier, rebuilt two access ramps and guard rails, and resurfaced the pier.

Pier repairs on portions of the King-Edward and Jacques-Cartier basins

Repair work to the piers of the King-Edward and Jacques-Cartier basins was done by Public Works and Government Services Canada (PWGSC). The work was done on the pier walls, sidewalks, the lighting system, and other urban elements, and should be completed by June 2002.

Results of Operations (continued)

ACHIEVEMENTS 2001-2002 (continued)

The Lachine Canal

The Corporation restored and replaced all the equipment of Locks 1 and 2, and developed the standards for their operation. Moreover, it built a lock keeper's house and added new piers and access ramps for the locks. This restoration work is in addition to other work done by Parks Canada, Economic Development Canada, and the PWGSC will allow the reopening of the Lachine Canal in May 2002, an event for which citizens have been waiting for nearly 30 years.

Property protection and improvement

The Corporation has undertaken various maintenance and upkeep work to protect its corporate property and allow visitors to make better use of its equipment. Among other things, it added a berthing pier to the Port d'Escale in the Jacques-Cartier basin to meet the needs of the marina's boat traffic. It also built animation areas at entrance points to the site, which required work to infrastructure and public services in order to meet the needs of recreational users and tourists. Finally, it improved signage at the site by installing new visual elements, including notice boards, maps, and orientation posts; at the Science Centre, it began work for the revitalization of the exhibitions.



Results of Operations (continued)

ACHIEVEMENTS 2001-2002 (continued)

It is also important to mention the significant contribution of Public Works and Government Services Canada (PWGSC) toward certain priority areas related to health and safety and for which the Corporation had no resources.

Finally, it should be noted that capital expenditures were reduced to help compensate for the shortfall in the operating budget.

OUTLOOK FOR 2002-2003

- The Corporation will develop a building and facilities maintenance program based on the property assessment report of the PWGSC, the environmental assessment report, and the inventory of the property and assets done by the OPMC.
- Technical feasibility studies will be done to evaluate the development potential of different sites.

Results of Operations (continued)

4. Effective, Efficient, and Cost-effective Management

The goal of this sector of activities is to ensure the responsible and sustainable management of resources in the care of the Corporation. It includes activities related to administrative processes that adhere to required practices; and to tools, systems, and processes for the management of human, material, and financial resources.

OBJECTIVE

Cost-effective operations –

Minimize government contributions toward the Corporation's operations.

STRATEGIES AND TACTICS

Maximize revenues through increased ticket sales.

- Become more aware of the competition and the various client groups.
- Establish market position to increase the visibility of the iSci Centre (now called the Montréal Science Centre).
- Revitalize the Old Port's products according to the needs of its clients.
- Increase the catch rate of visitors to the Old Port.
- Maintain customer satisfaction levels.
- Maximize market penetration for groups.

PRIMARY 2001-2002 RESULTS

- **Ticketing.** 378,063 individual tickets were sold, or 51% of the goal of 736 410 tickets.
- **Studies.** Several surveys, studies, and focus groups were carried out to better pinpoint the characteristics of target client groups and thereby determine which adjustments are needed in terms of communications and customer service.
- **Catch rate.** To improve the catch rate, the Corporation heightened the visibility of the Science Centre off the site by using educators to facilitate and raise awareness of Science Centre activities.
- **Science Centre recognition.** The recognition rate of the Science Centre rose from 4% to 8% among Montréalers.
- **Satisfaction.** The general level of customer satisfaction was 85%.
- **Group market.** The Corporation undertook a process designed to strengthen group sales in order to recoup the shortfall incurred during the first months of operation and to update its database.

Results of Operations (continued)

STRATEGIES AND TACTICS	PRIMARY 2001-2002 RESULTS
<p>Maximize revenues through a better penetration of the corporate market.</p> <ul style="list-style-type: none"> • Intensify sales efforts among corporate customers. • Assess the potential of e-commerce. 	<ul style="list-style-type: none"> • Group sales. 192,996 group tickets were sold, 12% short of the established objective of 220,000 tickets. Corporate sales were \$8,000, or a 68% negative variance of the \$25,000 budgeted for. • Hall rentals. Hall rentals generated \$256,000 in revenues, 27% short of the established objective of \$349,500. • E-commerce. Postponed to 2002-2003 due to certain technical difficulties that must first be resolved.
<p>Maximize revenues by increasing sponsorships and grants other than those from the PWGSC.</p> <ul style="list-style-type: none"> • Increase corporate sponsorship. • Increase revenues from the sponsorship of programming, property, products, and activities. • Use the Corporation's primary expenditure items as starting points for new partnerships. • Explore the value of IMAX® Theatre and IMMERSION sponsorships. 	<ul style="list-style-type: none"> • Corporate sponsorships. Corporate sponsorship revenues surpassed the established objective of \$875,000 by 3%, for a total of \$903,000. • Sponsorship of programming, property, products, and activities. Revenues from this source surpassed the established objective by 41%, for a total of \$83,000. • IMAX®, and IMMERSION. The sponsorship agreement with Desjardins for the Montréal Science Centre IMAX® Theatre was renewed up to 2004. Programming renewal of the IMMERSION movie game was delayed, and the e-commerce development program was postponed.

Results of Operations (continued)

STRATEGIES AND TACTICS	PRIMARY 2001-2002 RESULTS
<p>Maximize revenues from philanthropic donations.</p> <ul style="list-style-type: none"> • Develop a program to elicit donations from large foundations. 	<ul style="list-style-type: none"> • Donations. The fund-raising evening organized by the Montréal Science Centre Foundation resulted in a donation of \$243,000 to the Corporation.

ACHIEVEMENTS 2001- 2002

The Corporation's revenues from operations, sponsorships, and donations allow it to carry out its mandate while minimizing its need for parliamentary appropriations. To obtain these revenues, the Corporation must have a good knowledge of the market, offer attractive products that meet the needs of its customers, and form close relationships with partners and the community in which it operates.

Revenues from ticket sales

After an excellent first year of operation during which it sold 792,000 tickets, the Science Centre experienced a 30% reduction in attendance levels compared with fiscal year 2000-2001. This decrease translated into a 30% drop in ticket revenues—40% less than budget estimates. Ticket sales for exhibitions were also 47% lower than the budget. This reduction in attendance is due primarily to a fading of the novelty effect and is a normal phenomenon for institutions of this type during their second year of operation.

The Old Port team has consequently implemented certain measures to increase attendance and the consumption of Science Centre products. Unfortunately, the results thus far have been neither immediate nor up to expectations. As a result, the Corporation has adopted a double approach: at a day-to-day level, to continue efforts to optimize operations; at a strategic level, to develop an action plan and implement various projects, the results of which should be felt in the next fiscal year. This action plan was greatly enriched by the consultation of experts in various fields. The movement toward event-based programming can already be seen in terms of attendance patterns at the Science Centre. Moreover, in response to surveys and comments from visitors, certain measures have been taken in the exhibition halls to better respond to the specific needs identified by our customers.

Results of Operations (continued)

Attendance at the IMAX® Theatre was also nearly 30% lower than expected, with 354,000 tickets sold compared with a budgeted number of 506,000. These figures are in line with the market corrections that have occurred over the entire IMAX® network and can be explained by increased competition, especially from theatre complexes that incorporate arcades and restaurants, by the growing popularity of home-theatre systems, and by the production of high-quality films for video and television distribution on themes that have traditionally been IMAX® productions.

Finally, the performance of the IMMERSION movie game fell short of objectives, with only 86,000 tickets sold compared with a forecast of 200,000, a shortfall of 57%. The new film that should have been featured in the autumn of 2001 has been postponed until the autumn of 2002 due to production delays. The significant drop in IMMERSION revenues was due to the fact that customers were only moderately interested in the current movie game and that a lack of funds made it impossible to create an attractive package for the product.

The Corporation has worked hard to improve knowledge of its client base by conducting several surveys, studies, and focus groups. As a result, changes have been made to programming in order to better meet our customers' needs. In addition, The Corporation has also adapted its communications system to maximize efficiency. For instance, a user-friendly site map has been developed, and several brochures have been combined to increase their impact.

Thus, with the ultimate goal of increasing revenues, the Corporation has put a multi-pronged strategy into place.

One facet of this strategy has been to increase the physical visibility of the Science Centre by implementing an integrated signage program and improving the building's identification on the site. The Corporation also undertook a process of brand definition for the Science Centre, accompanied by a three-year development plan. The Corporation has also increased its publicity efforts: two promotional week-ends for the IMMERSION movie game in October 2001; the launch of one television advertising campaign for the IMAX® Theatre during the 2001 holiday season and a second for the Science Centre in January and February 2002; in addition to the mass publicity campaign for *It's ScienTOYfic*, also during the festive season (21,000 entries in 12 days), and for *Robofollies*, in February 2002 (24,000 entries over 9 days).

To maximize media coverage, the Corporation encouraged the broadcast of radio and television programs from both inside the Science Centre (*Montréal ce Soir*, etc.) and on the site (*Tam Tam*).

Unfortunately, these numerous efforts were unsuccessful in countering the downward trend in Science Centre or IMAX® attendance.

Results of Operations (continued)

Corporate market revenues

Ticket sales objectives for corporate clients were overly optimistic, primarily because they were established by observing customer behaviour over a very short period. Moreover, despite some attempts to create specifically targeted packages, the theme of one IMAX® film (caves), which had a six-month run, elicited only very moderate interest among senior customers.

Revenues from sponsorships and grants other than those from the PWGSC

Activities related to sponsorships and grants other than those awarded by Public Works and Government Services Canada (PWGSC) were an unqualified success. Indeed, these revenues reached \$1.309 million, an increase of \$169,000, or 15% over projections.

Revenues from corporate sponsorship were the result, in particular, of the renewal and augmentation of the sponsorship agreement with PEPSI Corporation until 2007.

Sponsorship and promotional agreements in several aspects of the Corporation's operations increased revenues from this source in fiscal 2001-2002. Worthy of mention are the agreements signed between Rôtisseries St-Hubert and the IMAX® Theatre, the Forest Industries Association and the Science Centre, Vidéotron and the Port d'Escale, and the extension of the sponsorship of Desjardins with the IMAX® Theatre.

Without a doubt, the partnerships with media outlets such as La Presse and Radio-Canada television gave true added value to the Corporation's publicity investments.

Revenues from philanthropic donations

The first fund-raising evening held by the Montréal Science Centre Foundation resulted in the Foundation donating \$243,000 to the Corporation. The goal of this prestigious event was to create a support network for the Science Centre. This "Celebration of Science" was a huge success that enjoyed close media coverage, providing guests with a great deal of visibility. Already, this annual event is showing signs of being one of the not-to-be-missed dates on Montréal's society calendar.



Results of Operations (continued)

OUTLOOK FOR 2002-2003

- The Corporation will work to increase revenues from sponsorships and grants and will ensure that donations for Science Centre programming are maintained, if not increased.
- It will implement a marketing strategy aimed at clientele with the best growth potential (schools, families, summer visitors).
- It will put into place a seasonally-adapted pricing structure for the Montréal Science Centre.

Results of Operations (continued)

OBJECTIVE

Human resources management –

Ensure that human resources are up to the task and continue to make them accountable.

STRATEGIES AND TACTICS

Attract high-quality personnel and maintain a high retention level of existing personnel.

- Review management methods.
- Conduct a study of the competitiveness of salaries and the wage policy.
- Develop a strategic training plan according to the key-skills that emerge from such a study.
- Improve internal communications.
- Develop and implement a monitoring program (training, supervision, motivation and productivity).

PRIMARY 2001-2002 RESULTS

- **Management.** With a view to improving the effectiveness of its management methods, the Corporation carried out performance audits in different departments and put into place information and management coaching activities.
- **Competitiveness.** In order to attract and retain qualified personnel, the Corporation conducted a study of salary competitiveness. Recommendations regarding its wage policy will be put into effect in 2002-2003.
- **Labour relations.** The Corporation focused on improving labour relations by:
 - developing partnership projects with the union,
 - maintaining regular, two-way communication with its employees.
- **Training.** The Corporation continued to provide its training program to new managers and offered update training to current employees.

Results of Operations (continued)

STRATEGIES AND TACTICS	PRIMARY 2001-2002 RESULTS
<p>Review the <i>raison d'être</i>, the effectiveness, and the efficiency of operations.</p> <ul style="list-style-type: none"> • Develop and implement management processes to improve decision making. • Design and manage a process for measuring the level of employee accountability. 	<ul style="list-style-type: none"> • Integrated system. The Corporation put into place an integrated management system comprising the management of hiring, procurement, and budgetary monitoring. The project-cost analysis module will be in place by April 2002 and will facilitate the decision-making process. • Accountability. The development of a process for measuring the level of employee accountability was postponed to 2002-2003.
<p>Optimize the Corporation's computer resources.</p> <ul style="list-style-type: none"> • Optimize internal communications by computerizing certain processes. • Complete policies and procedures regulating activities related to information technology, study prioritization, cost and process analyses, etc. • Put into place an e-commerce solution. 	<ul style="list-style-type: none"> • Computerization. Several initiatives were implemented over the year, such as: <ul style="list-style-type: none"> - improvements to the intranet site and document publication, including those concerning policies and procedures, messages of general interest regarding activities and programming, etc. - computerization of hiring processes by using the Internet site. • Security. A verification of security measures against hacking was completed and corrective measures were taken. • E-commerce. This initiative has been postponed due to budgetary restrictions.

Results of Operations (continued)

ACHIEVEMENTS 2001- 2002

An adaptable organization

The arrival of the Science Centre on the scene brought about profound changes within the Corporation. Operating a museum necessitated greater human resources and resulted in an increase in the diversification and complexity of the Corporation's traditional functions. Adapting to this new reality meant making adjustments to the Corporation's organizational structure and reviewing how the tasks and responsibilities of certain employees were allotted.

The Corporation has thus undertaken significant changes to its corporate culture, the end result of which will be a position that is much more akin to that of a small business. It began this shift by reviewing its business values and the behaviours by which these values were manifested.

Refining systems

Modernizing the organization has required the revamping of certain management systems to increase effectiveness. The Corporation has made changes to its building security, ticketing, and parking fee collection systems.

It has also begun to put into place a cost-per-activity management system. This change has allowed the integration of all management information systems, thereby improving the Corporation's fiscal management, especially with respect to reporting on activities and events.

Let's talk about us

The management is aware of the importance of communication—both with its customers and with its employees—in achieving its objectives. It is also conscious of the significant impact of technology on the wider dissemination of information. The Corporation has thus overhauled its corporate Web site and completed its intranet site, two achievements that should provide customers, partners, and employees alike with continuous access to information.

Motivated employees

The Corporation's success is based not only on the quality and motivation of its employees, but also on the involvement of its human resources in operations. It has thus set up a system of meetings with its management team to ensure that information is effectively transferred and that operational problems are resolved as they arise. Moreover, meetings with union representatives and non-unionized employees have clarified various contract-related ambiguities and contributed to improved relations and a better working climate. The collective agreements of two groups of unionized employees come to an end in 2002, which will lead to contract negotiations.

Results of Operations (continued)

OUTLOOK FOR 2002-2003

- The Corporation will continue efforts toward adapting to change and the emergence of a new corporate culture.
- Computer systems will be improved to better integrate marketing and promotional data.
- A continuous monitoring system for all property in the care of the Corporation will be implemented with the goal of maximizing operating life, avoiding deterioration and reducing maintenance costs, and of protecting public safety.
- The implementation of security measures for computer systems will be completed.

Financial Statements 2001-2002

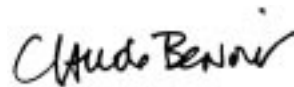
The Responsibility of Management for the Financial Statements

The Corporation's management is responsible for preparing and presenting 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 which are compatible with the Corporation's circumstances. Financial information presented elsewhere in the annual report is consistent with that included in 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 Corporation transactions have been in compliance with the appropriate authorizations. The Corporation has appointed the firm Rubano, Scalia, Pasqua et associés, Chartered Accountants, to conduct regular internal audits of the above mentioned controls. This firm has made its observations and recommendations to Management and the Board of Directors Audit and Administration Committee, to which it has unlimited access.

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 and Administration 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 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 the accounting issues, the 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 expressing an opinion on these financial statements.

Management considers that the financial statements present fairly the financial position of the Corporation and 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 and Administration Committee.



Claude Benoit
President and CEO



Dany Bleau, C.A.
Vice-president, Administration and
Human Resources



AUDITOR GENERAL OF CANADA

VÉRIFICATEUR GÉNÉRAL DU CANADA

AUDITOR'S REPORT

To the Minister of Infrastructure and Crown Corporations

I have audited the balance sheet of the Old Port of Montreal Corporation Inc. as at March 31, 2002 and the statements of operations, 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, 2002 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, in my opinion, these principles have been applied, after giving retroactive effect to the change in the method of accounting for fixed assets and parliamentary appropriations for depreciable fixed assets as explained in Note 3 to the financial statements, 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.

Richard Flageole, FCA
Assistant Auditor General
for the Auditor General of Canada

Ottawa, Canada
July 19, 2002

OLD PORT OF MONTREAL CORPORATION INC.

Balance Sheet as at March 31

Assets

	<u>2002</u>	<u>2001</u> (adjusted Note 3)
Current		
Cash	\$ 3,717,410	\$ 2,552,844
Accounts receivable	1,987,496	3,107,955
Prepaid expenses	<u>657,152</u>	<u>234,984</u>
	6,362,058	5,895,783
Long-term		
Fixed assets (Note 4)	<u>14,230,268</u>	<u>15,375,396</u>
	<u>\$ 20,592,326</u>	<u>\$ 21,271,179</u>

Liabilities

Current		
Accounts payable	\$ 4,798,974	\$ 4,371,792
Current portion of deferred contributions - Montreal Science Centre (Note 6)	3,004,067	3,004,067
Current portion of loan from the Government of Canada (Note 7)	<u>2,281,468</u>	<u>2,168,787</u>
	10,084,509	9,544,646
Long-term		
Deferred contributions - Montreal Science Centre (Note 6)	681,088	1,263,332
Loan from the Government of Canada (Note 7)	2,404,426	4,685,894
Deferred fixed asset financing (Note 8)	<u>6,738,748</u>	<u>5,675,635</u>
	9,824,260	11,624,861
	<u>19,908,769</u>	<u>21,169,507</u>

Shareholder's Equity

Retained earnings (Note 9)	683,558	101,671
Capital stock (Note 10)	<u>1</u>	<u>1</u>
	683,557	101,672
	<u>\$ 20,592,326</u>	<u>\$ 21,271,179</u>

Contingencies (Note 15)
Commitments (Note 16)

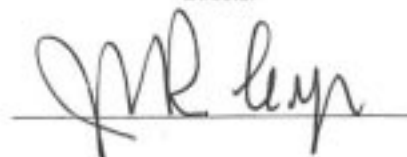
See accompanying notes to financial statements

Approved by the Board of Directors:

Director



Director



OLD PORT OF MONTREAL CORPORATION INC.

Statement of Operations
for the year ended March 31

	<u>2002</u>	<u>2001</u> (adjusted Note 3)
Revenues		
Animation programs	\$ 3,900,911	\$ 5,525,144
Less: Royalties to third parties	<u>149,070</u>	<u>218,979</u>
	3,751,841	5,306,165
Parking	3,007,823	3,145,061
Amortization of deferred contributions - Montreal Science Centre	3,004,067	2,888,807
Concessions	1,580,970	1,504,765
Sponsorships and donations	1,308,864	800,956
Interest	161,237	169,233
Other	<u>723,750</u>	<u>691,230</u>
	13,538,552	14,606,217
Expenditures		
Operating expenditures		
Territorial management	7,450,157	7,595,123
Marketing and customer service	4,898,122	4,344,733
Animation programs	3,708,245	4,253,551
Administration	3,581,846	3,295,763
Depreciation of fixed assets	3,580,186	2,861,959
Development costs - Montreal Science Centre	<u>-</u>	<u>502,662</u>
	23,218,556	22,853,791
Excess of operating expenditures over revenues	9,680,004	8,247,574
Parliamentary appropriations - Operating expenditures	9,233,551	7,789,776
Parliamentary appropriations - Amortization of deferred fixed asset financing	1,028,338	648,011
	<u>581,885</u>	<u>190,213</u>
Net result of operations	\$ <u>581,885</u>	\$ <u>190,213</u>

See accompanying notes to financial statements

OLD PORT OF MONTREAL CORPORATION INC.

Statement of Retained Earnings
for the year ended March 31

	<u>2002</u>	<u>2001</u> (adjusted Note 3)
Retained earnings (deficit), before adjustment	\$ 101,671	\$ (10,255)
Deficit adjustment for the year		
Change in accounting policy (Note 3)	<u>-</u>	<u>(78,287)</u>
Retained earnings (deficit), beginning of year after adjustment	101,671	(88,542)
Net result of operations	<u>581,885</u>	<u>190,213</u>
Retained earnings, end of year (Note 9)	<u>\$ 683,556</u>	<u>\$ 101,671</u>

See accompanying notes to financial statements.

OLD PORT OF MONTREAL CORPORATION INC.

Cash Flow Statement
for the year ended March 31

	<u>2002</u>	<u>2001</u> (adjusted Note 3)
Operating activities		
Net result of operations	\$ 581,885	\$ 190,213
Non-cash items:		
Depreciation of fixed assets	3,580,186	2,861,959
Amortization of deferred fixed asset financing	(1,028,338)	(648,011)
Amortization of deferred contributions	(3,004,067)	(2,888,807)
Change in non-cash assets and liabilities	<u>1,125,472</u>	<u>(4,094,467)</u>
Cash flows from operating activities	1,255,138	(4,579,113)
Financing activities		
Montreal Science Centre fundraising campaign	2,421,824	4,030,754
Parliamentary appropriation for acquisition of fixed assets	2,091,449	4,820,224
Repayment of loan from the Government of Canada	<u>(2,168,767)</u>	<u>(1,737,319)</u>
Cash flows from financing activities	2,344,486	7,113,659
Investing activities		
Acquisition of fixed assets	<u>(2,435,058)</u>	<u>(10,319,993)</u>
Cash flows from investing activities	(2,435,058)	(10,319,993)
Change in cash during the year	<u>1,164,566</u>	<u>(7,785,447)</u>
Cash, beginning of year	<u>2,552,844</u>	<u>10,338,291</u>
Cash, end of year	<u>\$ 3,717,410</u>	<u>\$ 2,552,844</u>

See accompanying notes to financial statements

OLD PORT OF MONTREAL CORPORATION INC.

Notes to Financial Statements as at March 31, 2002

1. Authority and activities

The Old Port of Montreal 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*.

Effective 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 is responsible for developing and promoting the development of the lands of the Old Port of Montreal, and for administering, managing and maintaining the property of Her Majesty located thereon.

2. Significant accounting policies

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

a) Fixed assets

Fixed assets 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:

Computer hardware and software	3 years
Permanent exhibitions	4 years
Machinery, tooling and equipment	10 years
Automotive equipment	5 years
Office furniture and equipment	7 years

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

Amounts relating to fixed asset projects in progress are deferred in the appropriate fixed asset class when they are completed and are depreciated in accordance with the policy of the Corporation.

b) Revenues

Animation programs, parking, concessions, interest and other:

Revenues from ticket sales, parking, concessions, interest and other activities, including La Balade, the Port d'Escale and skating rink revenues, are recorded on the accrual basis in the year they are earned.

Sponsorships:

The Corporation has entered into agreements with a number of corporate sponsors whereby these sponsors provide cash, products, advertising and services. In return, the sponsors are provided with various benefits that mainly include visibility and exclusive rights to marketing activities. Sponsorships are recognized in the period to which they relate. Non-monetary operations are recorded at fair market value.

Donations:

The Corporation follows the deferral method to account for those contributions that are donations. Contributions received are generally restricted to specific purposes. Contributions are deferred and recognized as revenue in the year in which the related expenditures are incurred.

e) Parliamentary appropriations

The Government of Canada provides funds to the Corporation in the form of parliamentary appropriations. The parliamentary appropriation for the purchase of depreciable fixed assets is recorded as deferred fixed asset financing and is amortized on the same basis as the related fixed assets. The parliamentary appropriation for operating expenditures is recorded in the statement of earnings in the year the appropriations are approved.

d) Retirement savings plan

The Corporation has established a group retirement savings plan under which a single trust was established with a private sector corporation in order to accumulate contributions to provide a retirement income for employees through individually registered retirement savings plans. The Corporation acts solely as an agent without incurring any liability.

e) The Montreal Science Centre Foundation

The Montreal Science Centre Foundation, a not-for-profit organization founded on March 27, 2000, is not consolidated in these financial statements. The Corporation provides the Foundation with administrative support.

f) Measurement uncertainty

The preparation of the financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures for the reporting period. Estimates relating to bad debts, accounts payable, fixed asset depreciation and deferred fixed asset financing as well as the amortization of deferred contributions – Montreal Science Centre are the most important items requiring estimates to be made. Actual figures may differ from these estimates.

3. Change in accounting policy

The Government of Canada issued new requirements for accounting for fixed assets that are applicable retroactively, with a restatement of comparative figures. Pursuant to these new requirements, purchased fixed assets should be recognized at cost and depreciated annually. In addition, deferred fixed asset financing should be amortized on the same basis as the related fixed assets, when financed by way of parliamentary appropriations.

As a consequence thereof, the retroactive impact on the deficit balance at the beginning of the year ended March 31, 2001 represents a deficit increase of \$78,287. Moreover, the items described below in the financial statements as at March 31, 2001 have been increased (decreased) by the following amounts:

Balance Sheet

Prepaid expenses	\$41,824
Deferred charges – Montreal Science Centre	(9,629,659)
Fixed assets	15,375,396
Accounts payable	101,817
Deferred contributions – Montreal Science Centre	(101,817)
Deferred fixed asset financing	5,675,635
Retained earnings	111,926

Statement of Operations

Territorial management	\$599,217
Animation programs	36,310
Depreciation of fixed assets	2,861,959
Amortization of deferred charges – Montreal Science Centre	(2,396,400)
Capital expenditures	(5,419,441)
Parliamentary appropriations	(4,172,213)
Net operating results	146,142

4. Fixed assets

	Cost	Accumulated depreciation	Net 2002	Net 2001
			<i>(in thousands of dollars)</i>	
Leasehold improvements	\$3,452	\$187	\$3,265	\$2,473
Computer equipment	1,236	810	426	667
Permanent exhibitions	8,169	3,857	4,312	5,981
Software	585	319	266	287
Machinery, tooling and equipment	7,128	2,033	5,095	5,092
Automotive equipment	930	750	180	64
Office furniture and equipment	1,283	597	686	811
Total	\$22,783	\$8,553	\$14,230	\$15,375

Fixed assets represent acquisitions made by the Old Port of Montreal Corporation Inc. since it was incorporated. However, a significant portion of the fixed assets, representing mainly wharves, urban equipments, warehouses, buildings, land and bicycle paths, is recorded in the financial statements of Public Works and Government Services Canada.

5. Financing of Montreal Science Centre

In 1998-1999, the Corporation launched a campaign to raise funds for the Montreal Science Centre. Financial contributions are used to fund all Montreal Science Centre public programs, including exhibitions. As at March 31, 2002, the Corporation had signed agreements for more than \$11.2 million of donations and sponsorships.

Agreements for donations total \$2.4 million, of which approximately \$441,000 was received in 2001-2002 (\$1,184,000 in the three preceding years).

Sponsorship agreements total \$10.3 million, of which \$1.9 million was received in cash in 2001-2002 (\$5.3 million in the two preceding years). There were no non-monetary sponsorships in 2001-2002 (\$560,000 in the two preceding years). Revenues related to an advertising sponsorship of \$120,000 were recorded in 2001-2002.

Sponsorships received were included in deferred contributions and are recognized on a straight-line basis over four years, which represents the period during which the Corporation provides the benefits related to the sponsorship. Non-monetary sponsorships are included in both fixed assets and deferred contributions, and are also recognized on a straight-line basis over four years.

Revenues recorded in 2001-2002 for all these agreements amount to \$3 million in 2001-2002 (\$2.9 million in 2000-2001).

6. Deferred contributions

The changes in deferred contributions can be explained as follows:

	2002	2001
	<i>(in thousands of dollars)</i>	
Balance, beginning of year	\$4,267	\$3,160
Donations	441	674
Sponsorships	1,981	3,322
Amortization of deferred contributions	(3,004)	(2,889)
Balance, end of year	<u>\$3,685</u>	<u>\$4,267</u>

7. Loan from the Government of Canada

The Minister of Public Works and Government Services had provided financing of \$8.6 million to the Corporation. This loan is interest bearing and is repayable over four years starting in 1999-2000. In 2000-2001, the Minister of Public Works and Government Services forgave the interest owed on the loan. Principal payments due on August 1 of each year are as follows:

	Principal payments due
2002	\$2,281,468
2003	<u>2,404,426</u>
Total	<u>\$4,685,894</u>

8. Deferred fixed asset financing

Deferred fixed asset financing represents the unamortized portion of the parliamentary appropriation for the purchase of fixed assets.

The changes in the deferred fixed asset financing balance are as follows:

	2002	2001
	<i>(in thousands of dollars)</i>	
Balance, beginning of year	\$5,675	\$1,503
Parliamentary appropriations received during the year for fixed asset acquisitions and improvements	2,091	4,820
Depreciation for the year	(1,028)	(648)
Balance, end of year	<u>\$6,738</u>	<u>\$5,675</u>

9. Retained earnings

Retained earnings are mainly derived from variances related to the capitalization of fixed assets and the related financing. As at March, 31, 2002, the amortization of deferred contributions totals \$3 million (\$2.9 million as at March 31, 2001) whereas the amortization of fixed assets acquired with contributions is \$2.4 million (\$2.2 million and launching costs of \$500,000 as at March 31, 2001). The variance between these amounts explains most of the net operating results of each of the past two years.

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.

11. Montreal Science Centre Foundation

The purpose of this not-for-profit organization is to manage the funds and fundraising activities of the Montreal Science Centre.

The Foundation must remit to the Corporation, no later than January 31 of each year, a minimum of 80% of the donations received and revenues generated by the capitalized funds.

The funds remitted to the Corporation must be used for the activities of the Montreal Science Centre. For the period from January 1 to December 31, 2001, the accounting transactions of the Foundation represent a minimum of activities. However, as a result of a fundraising campaign in February 2002, the Foundation remitted \$243,000 to the Corporation. The cost of the activity was approximately \$130,000.

12. Fair value of financial instruments

The transactions related to cash, accounts receivable and accounts payable are incurred in the normal course of business. The carrying amount of each of these accounts approximates their fair value because of their short-term maturity. As there is no concentration of accounts receivable, the credit risk is low.

13. Non-monetary transactions

The Corporation has granted exclusive rights to some of its sponsors for the sale of their products in exchange mainly for publicity. These non-monetary transactions were at arm's length and recorded equally in revenues and in expenditures at the fair value of the assets and services received, estimated at \$523,000 in 2001-2002 (\$484,000 in 2000-2001).

14. 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.

15. Contingencies

In the normal course of business, the Corporation is either claimant or defendant in a number of claims or lawsuits. Various claims have been filed and lawsuits instituted against the Corporation, some of which are claiming considerable monetary compensation that could result in major expenditures. Litigation is subject to much uncertainty, and it is impossible to predict the outcome of every case.

A provision for these expenses has been recorded based on management's best estimates. The Corporation may have to settle some of these claims for amounts that exceed this provision.

16. Commitments

As at March 31, 2002, commitments totalled \$7.6 million (\$5.4 million as at March 31, 2001) for operating activities, mainly for advertising, maintenance, professional services and lease agreements, and \$403,000 (\$642,000 as at March 31, 2001) for the acquisition of fixed assets.

17. Comparative figures

Certain figures for 2001 have been restated for consistency with the presentation for the current year.

Annexes

Aire de jeux Mégabloks • Amphi-Bus • Animation militaire historique • Arrimage 2000 art et technologie • Bal des mascottes • Bateau-Mouche • Battle of Atlantic Sunday • Border Boosters Square & Round Dance • Bouquinistes du Saint-Laurent • Boutique Jacques-Cartier • Boutiques saisonnières : Amberlux • Art de Venise • Autocar imperial • Bazar international • Casse-tête et images • Chandellerie du Mont-Royal • Chic accessoires • Chrono • Concept magnétique • Formule 1 du Canada • Nous tous un soleil • Océan Pacifique • Parfum cosmique • Sous le soleil et la pluie • WW Devises étrangères • Zoomatic junior • Café des Éclusiers • Caillou • Casse-croûte Bonsecours • Cérémonie du Souvenir • Chaîne alimentaire : La Crémère, Queues de Castor et jus Moozoo, Franx Supreme, Sul posto, Le Taboulé, Tiki Ming, Revues et cigares du Vieux-Port • Chapiteau 2000 • Chorales françaises • Centre des sciences de Montréal • Cinéma IMAX® • Ciné-jeu IMMERSION • Circuit d'œuvres d'art du Vieux-Port • Circuit des fantômes du Vieux-Montréal • Comptoir-retrait Desjardins • Concerts Campbell • Course de canards Ovide Banque nationale • Crémères Aramark • Croisières AML • Daniel McAllister • Dauphins du St-Laurent • Défi d'un jour de Fran • École Nationale de Cirque • Entr'âges • Érable sur neige • Expo-technologique • Festival Montréal en lumière • Festival Télésience • Fête du Canada • Fin de semaine scout • Fouineur enr. • Gala international de l'automobile • Grande Virée • Grands Voyageurs - bateaux télécommandés • Gun Run • Hip Hip Hourra • Jet Saint-Laurent • Journée de la police • Kiosques d'information Jacques-Cartier et Saint-Laurent • La Balade du Vieux-Port • Labyrinthe • Lancer à la mouche • Arti per Via • « Le Riverain » train récréo-touristique • Lucky Luc - Service de traîneaux • Marcheton Banque Royale • Marcheton Loyola • Mini-montgolfières • Mondial de la bière • Montgolfière Labatt • Montréal aux 2000 et un visages • Mosaïcultures internationales Montréal 2000 • Navire : S.S. John W. Brown • Navire : St-Roch II • Navire : NCSM Onondaga • Navire : U.S. Brig Niagara • Navettes maritimes du St-Laurent • Océano Massothérapie • Octoberfest • Opération Tandem • Parade Battle of Atlantic Sunday • Parc de la Cité-du-Havre • Patinoire Bonsecours • Patins Patins • Pavillon Jacques-Cartier : restaurant Aramark • Pédalocation • Place des vestiges • Poker Run • Port d'Escale • Pow Wow • Programmes scolaires BB • Promenade des artistes • Quadricycle • Recrutement : Défense nationale • Restaurant Porto Fiorentino • Salsarengue 2000 • Saute-Moutons • Semaine italienne • Sentier transcanadien • Service de photographie Anton • Shakespeare-in-the-Park • Silophone • Soirées d'astronomie populaire • Les vendredis Labatt Blues • Stations de rafraîchissement Pepsi • Symphonies portuaires • Terrain de jeu du Vieux-Port • Tour de l'Horloge • Tournée des pompiers • Un tour la nuit • Vélo Aventure • Vieux-Port en fête • Village québécois d'antan • Visite interactive du Vieux-Port • Voiture solaire de Queen's • Youtheatre • Zap Vieux-Port • Zoomatic bistro-boutique

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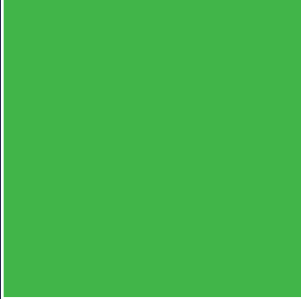


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