

ACCESUM INC. AND SOCIÉTÉ EN COMMANDITE STATIONNEMENT DE MONTRÉAL



BOARD OF DIRECTORS

ACCESUM INC.

ACTING FOR SOCIÉTÉ EN COMMANDITE STATIONNEMENT DE MONTRÉAL

Roger Plamondon

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Société en commandite Stationnement de Montréal

Chairman of the Board

Accesum inc.

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Service des infrastructures, transport et environnement

Ville de Montréal

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Danielle Melanson^{1,4}

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Robert Racine^{3,4}

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Kenniff & Racine, Executive search

Pierre Reid²

Directeur principal – Capital humain

Ville de Montréal

¹ Human Resources Committee

² Audit Committee

³ Sustainable Development and Greening Committee

⁴ Governance Committee

COMMENTS OF THE CHAIRMAN OF THE BOARD

FINANCIAL RESULTS OF SOCIÉTÉ EN COMMANDITE STATIONNEMENT DE MONTRÉAL, ACCESUM INC., AND AFFILIATED COMPANIES FOR THE YEAR ENDED DECEMBER 31, 2008

Stationnement de Montréal carries out its new mandates

For Société en commandite Stationnement de Montréal (the Company), 2008 was a busy year in which mandates obtained in 2007 were carried out.

In October 2007, following the adoption of the City of Montréal's transportation plan, the Company received the mandate to develop and operate a public bike system. During 2008, many steps were taken to design, plan, and deploy this project. Last June, the Company unveiled the plans for its new bike and stations while launching a successful "Find my name" contest for the public bike system. More than 8,800 suggestions were proposed by Montrealers, leading to the selection of the name BIXI – a combination of the words bicycle and taxi. Last fall, the Company unveiled the prototypes for the bike and stations and introduced residents to the system, with the BIXI squad visiting the major boroughs.

The Company achieved its goal of maximizing Quebec content in the manufacture and supply of all components of the public bike system: in fact, more than 80 percent of the components are provided by companies in various regions of Quebec. The Company is proud to be able to count on the expertise and experience of local companies.

Preventive maintenance of the fleet of BIXI bikes will be carried out by CycloChrome, a social economy company created by the Regroupement des CDEC de Montréal in partnership with the Company. An initial contingent of young people is participating in a new work-study program and will be prepared to maintain the bikes when the system is launched. Created by the Père-Marquette high school for young people at risk of dropping out of school, this training program is recognized by the Ministère de l'Éducation, des loisirs et du sport and aims to train young people to work in the field of bicycle maintenance. By entrusting this task to young Montrealers, the Company wishes to encourage them to stay in school and demonstrate its full confidence in Montréal youth.

Finally, the new bicycle has already earned some awards. *Time Magazine* declared BIXI to be one of the best inventions of 2008, and we were proud to see this embodiment of Montréal expertise rank 19th, right behind NASA's Mars rover. BIXI also received an Intérieur Ferdie award in the Product design/Sustainable development category. The Ferdie awards promote design excellence in Quebec.

Dynamic parking guidance and underground parking lots

The Company began installing a new dynamic parking guidance system – one of the measures incorporated in the transportation plan for Old Montreal. This innovative project was made possible by a partnership with the City of Montréal and managers of private parking lots. The purpose of a dynamic parking guidance system is to keep drivers informed about the parking offer (available spaces) in each zone and parking lot and the best route to access them. Among other things, it reduces unnecessary movements and optimizes traffic flow in the areas served.

To manage these new mandates, the Company created two not-for-profit organizations: the Société de Vélo en libre-service and the Société de Jalonnement dynamique de Montréal. The goal of these two organizations is to separate and isolate their operations and finances from those of the Company.

These projects highlight the Company's major strengths: its mastery of logistical operations and its ability to carry out innovative technology projects. The Company's emphasis on the design of its street furniture earned it two Créativité Montréal awards for the new sign and bike ring developed by Montreal industrial designers.

The Company has developed and tested a brand new prepaid card to be offered to companies this year. This is a turnkey solution allowing companies to efficiently manage their parking expenses in a Web environment. With this system, employees will be able to pay for parking with a prepaid card that is valid in all of the Company's facilities.

Finally, the Company has obtained a mandate to build two underground parking lots in the arts and entertainment district: one adjacent to the Gésu theatre and one under the Clark block. The Company aims to meet the parking needs of this district, which has lost many parking spaces in recent years. Within the framework of these projects, the Company wishes to help improve the urban landscape by creating structures covered with green spaces accessible to the public.

The deployment of terminals continues

The Company continued to deploy parking terminals throughout Montréal with the installation of 424 new terminals, bringing the total number to 1,516. This year, the Company replaced mechanical parking meters in the boroughs of St-Laurent and Outremont after receiving the mandate to manage their parking operations in 2007.

After several years of operation, the Pay & Go concept continues to demonstrate its reliability and versatility on a daily basis. Montrealers carry out more than 1,700,000 real-time transactions each month, including 450,000 by credit card. In fact, it was this technology that enabled us to quickly develop the new public bike system.

Comments on the financial statements

In 2008, the number of on-street parking spaces managed by the Company grew slightly to 16,881 with the addition of the network of parking spaces in the Outremont borough. Otherwise, the number of parking spaces remained stable. The Company also manages 3,721 spaces in 43 parking lots.

Revenues

The Company's revenues have remained stable. At the end of the last fiscal year, the Company posted revenues of \$57.9 million, compared to \$57.6 million in 2007.

Expenses

Expenses also remained stable at \$18 million, compared with \$18.1 million in 2007.

Earnings before compensation and royalties

Earnings before compensation and royalties were \$39.9 million, up slightly from the \$39.5 million posted in 2007.

Earnings before royalties

In 2008, earnings before royalties remained stable at \$19 million. They were distributed as follows:

- ***City of Montréal***

\$18.2 million was paid to the City of Montréal. In 2008, the Company paid the City of Montréal a total of \$44 million in the form of taxes, rent, permits, interest on the debenture, compensation, and royalties. Since its founding in 1995, the Company has paid the City of Montréal a total of \$239.2 million in addition to the initial payment of \$56.8 million, for a grand total of \$296 million.

- ***Economic Development Fund (Fonds Ville-Marie)***

For the year ended December 31, 2008, the Economic Development Fund, known as the Fonds Ville-Marie, was paid royalties of \$0.6 million. Since 1995, the Company has paid \$6.8 million to the Fonds Ville-Marie, which devotes its resources to running the Student business project. The Student business project works to encourage young people to stay in school.

- ***Investment Fund***

For the year ended December 31, 2008, the sum of \$0.3 million was paid into the Company's Investment Fund for the replacement of parking equipment.

Prospects for 2009

In 2009, the Company will install 300 BIXI stations, primarily in the Ville-Marie, Plateau Mont-Royal, and Rosemont-Petite-Patrie boroughs. Residents and tourists will be able to make use of this system of active transportation starting this spring. We will continue work on Phase I of the dynamic parking guidance system in Old Montreal and launch a study of Phase II in the arts and entertainment district. Finally, the Company will begin the planning stage for the construction of the underground parking lots.

In the interest of transparency, the financial statements of Accesum Inc., general partner of the Company, are released at the same time as those of the Company.

I would like to thank all of the Company's employees for their excellent work this year. Their collective efforts made it possible to successfully carry out new projects while continuing to efficiently manage our day-to-day operations.

In conclusion, I would like to thank all the board members for their presence, their ideas, and their enthusiastic contributions to the Company's activities.

A handwritten signature in black ink, appearing to read 'R. Plamondon', is written over a horizontal line. The signature is stylized and somewhat abstract.

Roger Plamondon
Chairman of the Board
Accesum inc.

Financial Statements
December 31, 2008

ACCESUM INC.



Accesum Inc.

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March 11, 2009

Auditors' Report

To the Directors of Accesum Inc.

We have audited the balance sheet of **Accesum Inc.** as at December 31, 2008 and the statement of earnings and retained earnings for the year then ended. These financial statements are the responsibility of the management of Accesum Inc. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we 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 our opinion, these financial statements present fairly, in all material respects, the financial position of Accesum Inc. as at December 31, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP¹

¹ Chartered accountant auditor permit No. 14707

“PricewaterhouseCoopers” refers to PricewaterhouseCoopers LLP/s.r.l./s.e.n.c.r.l., an Ontario limited liability partnership, or, as the context requires, the PricewaterhouseCoopers global network or other member firms of the network, each of which is a separate and independent legal entity.

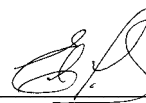
Accesum Inc.
 Balance Sheet
 As at December 31, 2008

	2008 \$	2007 \$
Assets		
Current assets		
Cash	5,201	-
Accounts receivable	1,569	-
Due from Société en commandite Stationnement de Montréal	7,848	44,997
Prepaid expenses	5,450	5,450
	<u>20,068</u>	<u>50,447</u>
Long-term investment (note 2)	<u>1</u>	<u>1</u>
	<u>20,069</u>	<u>50,448</u>
Liabilities		
Current liabilities		
Bank overdraft	-	2,433
Accounts payable and accrued liabilities	19,969	47,915
	19,969	50,348
Shareholder's Equity		
Share capital (note 3)	<u>100</u>	<u>100</u>
	<u>20,069</u>	<u>50,448</u>

Approved by the Board of Directors



Chairperson



Director

Accesum Inc.

Statement of Earnings and Retained Earnings For the year ended December 31, 2008

	2008 \$	2007 \$
Revenue		
Management fees received from Société en commandite Stationnement de Montréal	<u>67,857</u>	<u>109,164</u>
Expenses		
Administrative services	48,225	50,475
Insurance	10,900	12,649
Other	<u>8,732</u>	<u>46,040</u>
	<u>67,857</u>	<u>109,164</u>
Net earnings for the year and retained earnings – End of year	<u>-</u>	<u>-</u>

Accesum Inc.

Notes to Financial Statements

December 31, 2008

1 Description of business

Accesum Inc., incorporated on June 30, 1993 under Part IA of the Companies Act (Quebec), is the general partner of Société en commandite Stationnement de Montréal.

2 Long-term investment

	2008 \$	2007 \$
Investment in Société en commandite Stationnement de Montréal (1 share at \$1)	<u>1</u>	<u>1</u>

3 Share capital

Authorized – An unlimited number without par value

Class A shares, voting

Class B shares, non-voting, annual non-cumulative dividend of 5% on the redemption value, ranking prior to dividends paid on Class A shares, redeemable at the amount paid

Issued

	2008 \$	2007 \$
100 Class A shares	<u>100</u>	<u>100</u>

4 Statement of cash flows

A statement of cash flows has not been presented as it would not provide any additional meaningful information.

Financial Statements

December 31, 2008

SOCIÉTÉ EN COMMANDITE STATIONNEMENT DE MONTRÉAL



Société en commandite Stationnement de Montréal

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March 11, 2009

Auditors' Report

To the Limited Partner of Société en commandite Stationnement de Montréal

We have audited the balance sheet of **Société en commandite Stationnement de Montréal** (the "Limited Partnership") as at December 31, 2008 and the statements of earnings and balance of Operating Fund, balance of Investment Fund and cash flows for the year then ended. These financial statements are the responsibility of the Limited Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we 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 our opinion, these financial statements present fairly, in all material respects, the financial position of the Limited Partnership as at December 31, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP¹

¹ Chartered accountant auditor permit No. 14707

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Société en commandite Stationnement de Montréal

Balance Sheet

As at December 31, 2008

	2008 \$	2007 \$
Assets		
Current assets		
Cash and cash equivalents	6,318,706	5,528,931
Short-term investments (note 4)	9,800,000	14,500,000
Accounts receivable	1,267,719	1,286,122
Prepaid expenses	196,496	159,573
Deferred charges	5,958	19,209
	<u>17,588,879</u>	<u>21,493,835</u>
Advances to controlled entities (note 5)	4,129,243	-
Property and equipment (note 6)	20,870,607	22,939,906
Deferred charges (note 7)	1,435,205	1,555,000
Intangible assets (note 8)	<u>32,266,400</u>	<u>34,283,050</u>
	<u>76,290,334</u>	<u>80,271,791</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	2,670,158	3,441,167
Due to Economic Development Fund	569,768	569,768
Due to Ville de Montréal	39,179,448	39,094,188
Due to Board of Trade of Metropolitan Montréal	37,625	-
Current portion of long-term debt (note 9)	<u>3,333,333</u>	<u>3,333,333</u>
	45,790,332	46,438,456
Long-term debt (note 9)	<u>30,000,001</u>	<u>33,333,334</u>
	75,790,333	79,771,790
Partner's Equity		
Capital	<u>500,001</u>	<u>500,001</u>
	<u>76,290,334</u>	<u>80,271,791</u>

Approved by the General Partner, Accesum Inc.,
on behalf of Société en commandite Stationnement de Montréal



Chairperson



Director

Société en commandite Stationnement de Montréal

Statement of Earnings and Balance of Operating Fund

For the year ended December 31, 2008

	2008 \$	2007 \$
Revenue		
Curbside parking meters	49,910,002	49,791,617
Parking lots		
Short-term	3,042,971	3,136,484
Long-term	1,510,623	1,547,741
Indemnity for parking space occupancy	2,014,059	2,231,511
Other	1,396,894	916,737
	<u>57,874,549</u>	<u>57,624,090</u>
Expenses		
Operating expenses (refer to schedule)	8,044,804	8,197,668
Rent – Parking lots (note 12)	1,680,784	1,717,373
Rent – Buildings	281,710	250,117
Taxes and permits	1,550,918	1,677,955
Amortization of property and equipment	2,243,995	1,705,233
Amortization of deferred charges	105,428	97,252
Amortization of concession	2,000,000	2,000,000
Amortization of other intangible asset	16,650	16,650
Interest and financial expenses	2,100,981	2,480,181
Gain on disposal of property and equipment	(74,068)	(64,290)
	<u>17,951,202</u>	<u>18,078,139</u>
Earnings before compensation and royalties	39,923,347	39,545,951
Compensation to Ville de Montréal (note 10)	(20,376,653)	(20,129,340)
Compensation for contribution from Board of Trade of Metropolitan Montréal under the terms of the agreement	<u>(400,000)</u>	<u>(400,000)</u>
Earnings before royalties	19,146,694	19,016,611
Royalties – Ville de Montréal	(18,246,694)	(18,116,611)
Royalties – Economic Development Fund	<u>(600,000)</u>	<u>(600,000)</u>
Net earnings for the year	300,000	300,000
Transfer to Investment Fund	<u>(300,000)</u>	<u>(300,000)</u>
Balance of Operating Fund	<u>-</u>	<u>-</u>

Société en commandite Stationnement de Montréal

Statement of Balance of Investment Fund

For the year ended December 31, 2008

	2008 \$	2007 \$
Investment Fund balance – Beginning of year	-	-
Transfer from Operating Fund	<u>300,000</u>	<u>300,000</u>
	300,000	300,000
Use of Investment Fund (note 6a)	<u>(300,000)</u>	<u>(300,000)</u>
Investment Fund balance – End of year	<u>-</u>	<u>-</u>

Société en commandite Stationnement de Montréal

Statement of Cash Flows

For the year ended December 31, 2008

	2008 \$	2007 \$
Cash flows from		
Operating activities		
Net earnings from Operating Fund	300,000	300,000
Adjustments for		
Amortization of property and equipment	2,243,995	1,705,233
Amortization of deferred charges	105,428	97,252
Amortization of concession	2,000,000	2,000,000
Amortization of other intangible asset	16,650	16,650
Gain on disposal of property and equipment	(74,068)	(64,290)
	<u>4,592,005</u>	<u>4,054,845</u>
Changes in non-cash operating working capital items (note 11)	<u>1,052,612</u>	<u>17,898,311</u>
	<u>5,644,617</u>	<u>21,953,156</u>
Financing activities		
Repayment of long-term debt	<u>(3,333,333)</u>	<u>(3,333,333)</u>
Investing activities		
Purchase of short-term investments	(9,800,000)	(14,500,000)
Sale of short-term investments	14,500,000	4,000,000
Advances to controlled entities	(4,129,243)	-
Acquisition of property and equipment	(3,348,421)	(8,959,629)
Proceeds on disposal of property and equipment	1,275,777	325,897
Decrease in deferred charges	(19,622)	(47,768)
	<u>(1,521,509)</u>	<u>(19,181,500)</u>
Net change in cash and cash equivalents during the year	789,775	(561,677)
Cash and cash equivalents – Beginning of year	<u>5,528,931</u>	<u>6,090,608</u>
Cash and cash equivalents – End of year	<u>6,318,706</u>	<u>5,528,931</u>

Cash and cash equivalents consist of cash and short-term investments maturing within the next three months.

Société en commandite Stationnement de Montréal

Notes to Financial Statements

December 31, 2008

1 Description of business

Société en commandite Stationnement de Montréal (the “Limited Partnership”) was formed under a limited partnership agreement entered into on May 10, 1994. The general partner is Accesum Inc. and the Board of Trade of Metropolitan Montréal is the sole limited partner.

On January 1, 1995, the Limited Partnership acquired an exclusive concession from Ville de Montréal to use the public domain for the purposes of paid parking. Since then, the Limited Partnership has conducted and managed paid parking operations pursuant to an agreement entered into with Ville de Montréal which can be renegotiated by mutual agreement or even terminated under certain conditions.

These financial statements disclose only the assets, liabilities, revenues and expenses of the Limited Partnership and do not include other assets, liabilities, revenues and expenses of the sole limited partner. As the Limited Partnership is not a corporation, no income taxes or capital tax have been recorded in the financial statements as such taxes are the responsibility of the limited partner.

2 Significant accounting policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include the following significant accounting policies.

Management estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

Property and equipment

Property and equipment are stated at cost. Amortization is calculated using the straight-line method over the following useful lives:

Leasehold improvements	Lease term
Parking lot improvements	5 years
Office equipment	3 and 5 years
Parking meters and distributors	7 and 10 years
Pay stations	5 and 10 years
Automotive equipment	5 years
Machinery and equipment	5 years

Société en commandite Stationnement de Montréal

Notes to Financial Statements

December 31, 2008

Deferred charges

Short-term deferred charges, which consist of financial costs, are amortized over the period of the related debt.

Long-term deferred charges, which consist of start-up costs of various projects, are amortized on a straight-line basis over periods of 3 to 30 years, and written off when it is determined that they can no longer be recovered.

Intangible assets

The intangible assets, stated at cost, are amortized on a straight-line basis over a period of 30 years, which corresponds to the contract term between the Limited Partnership and Ville de Montréal.

3 Changes in accounting policies

Section 1400, “General Standards of Financial Statement Presentation”

In June 2007, the Canadian Institute of Chartered Accountants (“CICA”) amended Section 1400 of its Handbook to include requirements to assess an entity’s ability to continue as a going concern and disclose any material uncertainties that cast doubt on its ability to continue as such. The Limited Partnership adopted this new standard on January 1, 2008. It performed such an assessment, and no additional disclosures are required.

New accounting standards not yet adopted

Section 1535, “Capital Disclosures”

In December 2006, the CICA issued Handbook Section 1535 which establishes disclosure requirements concerning capital, such as whether a company has complied with any externally imposed capital requirements and, if not, the consequences of non-compliance. For non-publicly accountable enterprises, the minimal information to disclose is limited to externally imposed capital requirements if the company is subject to those requirements. The requirements will be effective for annual financial statements starting August 1, 2008. The Limited Partnership does not expect any material impact on its financial statements.

Section 3064, “Goodwill and Intangible Assets”

In February 2008, the CICA issued Handbook Section 3064 which establishes standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets. The requirements will be effective for annual financial statements starting October 1, 2008. The Limited Partnership is evaluating the impact of this new standard.

Société en commandite Stationnement de Montréal

Notes to Financial Statements

December 31, 2008

Financial instruments

The CICA issued new Handbook sections on the recognition, measurement and disclosure of financial instruments, namely Section 1530, "Comprehensive Income"; Section 1651, "Foreign Currency Translation"; Section 3051, "Investments"; Section 3251, "Equity"; Section 3855, "Financial Instruments – Recognition and Measurement"; Section 3862, "Financial Instruments – Disclosures"; Section 3863, "Financial Instruments – Presentation"; and Section 3865, "Hedges". Non-publicly accountable enterprises are not required to apply the standards and can choose to apply the CICA recommendations effective before the issuance of these new sections.

The Limited Partnership has voluntarily elected to not adopt these new standards.

4 Short-term investments

Short-term investments are stated at the lower of cost and fair market value. As at December 31, 2008, those investments bear interest at rates varying from 2.27% to 3.55% and mature between February 27, 2009 and April 6, 2009.

5 Advances to controlled entities

	2008	2007
	\$	\$
Public Bike System Company	4,020,166	-
Société de Jalonnement dynamique de Montréal	<u>109,077</u>	<u>-</u>
	<u>4,129,243</u>	<u>-</u>

These advances bear no interest and have no terms of repayment.

Société en commandite Stationnement de Montréal

Notes to Financial Statements

December 31, 2008

6 Property and equipment

	2008			2007	
	Cost \$	Accumulated amortization \$	Accumulated Investment Fund \$	Net book value \$	Net book value \$
Parking lots	5,318,669	-	-	5,318,669	6,494,270
Leasehold improvements	1,118,611	1,080,683	-	37,928	18,877
Parking lot improvements	965,935	965,192	-	743	14,960
Office equipment	1,367,410	1,079,886	-	287,524	116,292
Parking meters and distributors	4,114,918	3,725,199	-	389,719	665,713
Pay stations	21,283,336	4,007,222	2,931,264	14,344,850	15,327,101
Automotive equipment	783,239	536,589	-	246,650	184,317
Machinery and equipment	1,412,726	1,168,202	-	244,524	118,376
	<u>36,364,844</u>	<u>12,562,973</u>	<u>2,931,264</u>	<u>20,870,607</u>	<u>22,939,906</u>

- a) Between 2004 and 2008, the Limited Partnership proceeded with the renewal of certain paid-parking collection equipment and used, in accordance with Article No. XI, paragraph B of the Agreement signed in 1995, “le fonds de réserve pour investissement à des fins exclusives d’achat d’équipement ou d’autres biens meubles en matière de stationnement tarifé dans le territoire de la Ville de Montréal”.
- b) During the year, equipment was acquired at an aggregate cost of \$1,376,404 (2007 – \$10,174,442). Cash payments of \$3,048,421 (2007 – \$8,659,629) were made in 2008 for equipment purchases.

7 Deferred charges

	2008			2007	
	Cost \$	Accumulated amortization \$	Net book value \$	Net book value \$	
Start-up costs	<u>2,666,199</u>	<u>1,230,994</u>	<u>1,435,205</u>	<u>1,555,000</u>	

Société en commandite Stationnement de Montréal

Notes to Financial Statements

December 31, 2008

8 Intangible assets

	2008			2007
	Cost \$	Accumulated amortization \$	Net book value \$	Net book value \$
Concession	60,000,000	28,000,000	32,000,000	34,000,000
Other intangible asset	499,500	233,100	266,400	283,050
	<u>60,499,500</u>	<u>28,233,100</u>	<u>32,266,400</u>	<u>34,283,050</u>

The other intangible asset was accounted for at the time of the signing of an agreement between the Limited Partnership and Ville de Montréal for a 30-year term. This intangible asset represents the contribution of the Board of Trade of Metropolitan Montréal to the creation of the Limited Partnership as well as to the Board's expertise.

9 Long-term debt

a) The long-term debt consists of the following:

	2008 \$	2007 \$
Bridge loan, bearing interest at a floating rate, used in the form of a banker's acceptance, due on May 1, 2010 (note 9c)), repayable in annual principal instalments of \$1,333,333, guaranteed by Ville de Montréal to a maximum of \$40,000,000	21,333,334	22,666,667
Debenture, maturing in 2014, bearing interest at an annual rate of 9%, repayable in annual principal instalments of \$2,000,000	<u>12,000,000</u>	<u>14,000,000</u>
	33,333,334	36,666,667
Less: Current portion	<u>3,333,333</u>	<u>3,333,333</u>
	<u>30,000,001</u>	<u>33,333,334</u>

Société en commandite Stationnement de Montréal

Notes to Financial Statements

December 31, 2008

- b) The Limited Partnership has a revolving term credit authorized for a maximum amount equal to the lesser of \$16,000,000 and the net book value of the property and equipment of \$20,870,607 as at December 31, 2008, used in the form of a banker's acceptance or a bank overdraft, due on June 30, 2009, secured by a first rank hypothec on all of the Limited Partnership's assets. As at December 31, 2008, the revolving term credit was not used.
- c) Payments for the next five years, taking into consideration that the bridge loan will be renewed in May 2010 under the current financial terms, are as follows:

	\$
2009	3,333,333
2010	3,333,333
2011	3,333,333
2012	3,333,333
2013	3,333,333

10 Compensation to Ville de Montréal

	2008 \$	2007 \$
Basic amount	27,912,589	18,613,928
Plus: Effect on earnings from relinquished parking lots	(9,370)	(4,193)
Plus: Adjustment of basic amount following increase in revenue	121,280	9,302,854
	<u>28,024,499</u>	<u>27,912,589</u>
Less: Amounts paid to Ville de Montréal for taxes, rents, permits, interest and surplus on no-charge parking granted to Ville de Montréal	5,400,100	5,008,796
Less: Interest avoided by Ville de Montréal	2,247,746	2,774,453
	<u>7,647,846</u>	<u>7,783,249</u>
	<u>20,376,653</u>	<u>20,129,340</u>

Société en commandite Stationnement de Montréal

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11 Changes in non-cash operating working capital items

	2008	2007
	\$	\$
Decrease (increase) in		
Accounts receivable	18,403	(325,516)
Prepaid expenses	(36,923)	80,655
Deferred charges	13,251	439,456
Increase (decrease) in		
Accounts payable and accrued liabilities	934,996	137,682
Due to Ville de Montréal	85,260	17,604,017
Due to Board of Trade of Metropolitan Montréal	37,625	(37,983)
	<u>1,052,612</u>	<u>17,898,311</u>

12 Commitments

- a) The Limited Partnership is committed under leases which expire in 2010 and 2011. The balance owing under those leases, including estimated operating expenses, amounts to \$907,900. Minimum payments required in each of the next years are as follows:

	\$
2009	455,097
2010	394,080
2011	58,723

- b) The Limited Partnership is committed to the purchase of equipment in 2009 for the amount of \$646,000.
- c) The Limited Partnership is required to pay 70% of revenues, less property taxes, as rent for the parking lots leased from Ville de Montréal.

13 Controlled entities

The organization controls Public Bike System Company and Société de Jalonnement dynamique de Montréal since it appoints the majority of the members of the Board of Directors as provided by the constitutional bylaws of the entities.

The above-mentioned entities have not been consolidated in the Limited Partnership's financial statements. The unaudited condensed financial statements of the controlled entities are as follows for the fiscal year.

Société en commandite Stationnement de Montréal

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Public Bike System Company

Public Bike System Company is a not-for-profit organization whose mandate is to offer and/or operate public bike systems with the objective to promote an alternative means of urban transportation.

All expenses incurred in the current year have been capitalized since this entity is in a pre-operating phase. Consequently, no operating results are presented for fiscal 2008. The operations will start in 2009.

	Financial Position	
	2008	2007
	\$	\$
Total assets	<u>4,020,166</u>	<u>-</u>
Total liabilities	<u>4,020,166</u>	<u>-</u>

The company is committed to the purchase of equipment in 2009 for the amount of \$6,519,756.

Société de Jalonnement dynamique de Montréal

Société de Jalonnement dynamique de Montréal is a not-for-profit organization whose mandate is to offer and/or operate systems for dynamic traffic management with the objective of facilitating the localization of urban parking lots.

All expenses incurred in the current year have been capitalized since this entity is in a pre-operating phase. Consequently, no operating results are presented for fiscal 2008. The operations will start in 2009.

	Financial Position	
	2008	2007
	\$	\$
Total assets	<u>1,620,084</u>	<u>-</u>
Total liabilities	<u>1,620,084</u>	<u>-</u>

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Notes to Financial Statements

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14 Financial instruments

Fair value

The following information shows the fair value of the Limited Partnership's financial instruments where the fair value differs from the carrying value:

	Carrying value \$	Fair value \$
Financial liability – Debenture	12,000,000	14,165,000

The methods and assumptions used to estimate the fair value of each class of financial instrument are as follows:

For financial instruments such as cash and cash equivalents, short-term investments, accounts receivable, and accounts payable and accrued liabilities, the carrying values are equivalent to their fair values because of the short-term maturities of these financial instruments.

The fair value of the advances to controlled entities was not determined.

The carrying value of the bridge loan, used in the form of a banker's acceptance, is equivalent to its fair value due to the floating interest rate on the debt.

The fair value of the debenture is obtained from the financial institution of the Limited Partnership for identical or similar instruments.

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Schedule of Operating Expenses

For the year ended December 31, 2008

	2008	2007
	\$	\$
Salaries*	3,562,385	3,702,691
Payroll taxes*	908,523	929,255
External services	528,140	493,020
Leasing/maintenance of equipment and parking lots	1,029,604	1,136,068
Advertising, transportation and communications	524,176	463,162
Supplies	389,579	358,135
Administrative expenses of Ville de Montréal	128,625	127,357
Management fees of Accesum Inc.	67,857	109,164
Bank, money handling and credit card charges	786,590	735,154
Insurance	63,610	75,262
Other	55,715	68,400
	<u>8,044,804</u>	<u>8,197,668</u>

* Salaries and payroll taxes include amounts paid to Ville de Montréal in respect of the obligation under the concession contract to lease the services of Ville de Montréal employees whose duties relate directly to the management of parking, under conditions provided for in the collective agreement with Ville de Montréal.



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