

# **Coopers Park Corporation**

Consolidated Financial Statements

**Nine months ended September 30, 2008 and 2007**

(Unaudited)

## **NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS**

Under National Instrument 51-102, "*Continuous Disclosure Obligations*", Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The financial statements for the nine months ended September 30, 2008 and 2007 have not been reviewed by an auditor.

"signed" Terence Hui \_\_\_\_\_  
Terence Hui  
Chief Executive Officer

"signed" Dennis Au-Yeung \_\_\_\_\_  
Dennis Au-Yeung  
Chief Financial Officer

November 20, 2008

# Coopers Park Corporation

## Consolidated Balance Sheets

(Unaudited)

	September 30, 2008 (Unaudited) \$	December 31, 2007 (Audited) \$
<b>Assets</b>		
Properties (note 3)	100,900,925	79,772,134
Investments (note 4)	1,038,555	738,555
Cash held in trust (note 5)	-	17,386,537
Cash and cash equivalents	7,536,818	5,858,119
Amounts receivable (note 8)	321,015	227,963
Prepaid expenses (note 8)	3,543,043	3,510,075
Future income taxes (note 9)	20,560,000	20,827,000
	<u>133,900,356</u>	<u>128,320,383</u>
<b>Liabilities</b>		
Construction loans (note 6)	81,452,802	61,822,515
Accounts payable and accrued liabilities (note 8)	8,632,516	23,815,552
	<u>90,085,318</u>	<u>85,638,067</u>
<b>Shareholders' Equity</b>		
Capital stock (note 7)	13,500,001	13,500,001
Retained earnings (note 2)	30,315,037	29,182,315
	<u>43,815,038</u>	<u>42,682,316</u>
	<u>133,900,356</u>	<u>128,320,383</u>
Nature of operations (note 1)		
Commitments (notes 3 and 6)		

See accompanying notes to financial statements.

# Coopers Park Corporation

## Consolidated Statements of Earnings, Comprehensive Earnings and Retained Earnings

(Unaudited)

	For the Three Months Ended		For the Nine Months Ended	
	September 30, 2008	September 30, 2007	September 30, 2008	September 30, 2007
	\$	\$	\$	\$
<b>Property sales</b>	4,826,515	-	12,328,693	-
<b>Cost of properties sold</b>	2,611,750	-	6,325,056	-
<b>Selling costs</b>	58,601	-	177,149	-
	2,156,164	-	5,826,488	-
<b>Expenses</b>				
General and administrative (note 8)	222,420	115,142	502,350	379,222
Legal and professional fees	19,945	9,597	109,152	197,002
	242,365	124,739	611,502	576,224
<b>Interest income</b>	7,224	291	62,496	1,830
<b>Earnings (loss) before income taxes</b>	1,921,023	(124,448)	5,277,482	(574,394)
<b>Provision for (recovery of) income taxes (note 9)</b>				
Current	-	-	130,000	-
Future	595,000	-	1,429,000	-
	595,000	-	1,559,000	-
<b>Net earnings (loss) and comprehensive earnings (loss) for the period</b>	1,326,023	(124,448)	3,718,482	(574,394)
<b>Adjustment to retained earnings (note 2)</b>	-	-	(2,585,760)	-
<b>Retained earnings (deficit) - Beginning of period</b>	28,989,014	(1,810,787)	29,182,315	(1,360,841)
<b>Retained earnings (deficit) - End of period</b>	30,315,037	(1,935,235)	30,315,037	(1,935,235)
<b>Weighted average number of voting and non-voting common shares outstanding</b>	80,988,406	80,988,406	80,988,406	80,988,406
<b>Basic and diluted earnings (loss) per share</b>	0.02	-	0.05	(0.01)

See accompanying notes to financial statements.

# Coopers Park Corporation

## Consolidated Statements of Cash Flows

(Unaudited)

	For the Three Months Ended		For the Nine Months Ended	
	September 30,	September 30,	September 30,	September 30,
	2008	2007	2008	2007
	\$	\$	\$	\$
<b>Cash flows from operating activities</b>				
Net earnings (loss) and comprehensive earnings (loss)	1,326,023	(124,448)	3,718,482	(574,394)
Expenditures on properties	(8,993,278)	(13,731,970)	(31,201,609)	(34,732,761)
Cost of properties sold	2,611,750	-	6,325,056	-
Future income taxes	595,000	-	1,429,000	-
Changes in non-cash working capital				
Amounts receivable	259,490	(187,982)	(93,052)	(229,032)
Prepaid expenses	15,172	592,785	(32,968)	252,023
Accounts payable and accrued liabilities	(398,645)	2,022,884	(15,183,034)	2,732,237
	(4,584,488)	(11,428,731)	(35,038,125)	(32,551,927)
<b>Cash flows from investing activities</b>				
Purchase of investment	(300,000)	-	(300,000)	(200,000)
Cash held in trust	3,500	-	17,386,537	-
	(296,500)	-	17,086,537	(200,000)
<b>Cash flows from financing activities</b>				
Proceeds from construction loans	6,630,287	14,674,789	19,630,287	36,166,052
	6,630,287	14,674,789	19,630,287	36,166,052
<b>Increase in cash and cash equivalents</b>	1,749,299	3,246,058	1,678,699	3,414,125
<b>Cash and cash equivalents - Beginning of period</b>	5,787,519	1,095,180	5,858,119	927,113
<b>Cash and cash equivalents - End of period</b>	7,536,818	4,341,238	7,536,818	4,341,238

See accompanying notes to financial statements.

# Coopers Park Corporation

Notes to Consolidated Financial Statements  
September 30, 2008

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## 1 Nature of operations

On August 9, 2006, Coopers Park Real Estate Corporation changed its name to Coopers Park Corporation (the Company). The principal business of the Company is the acquisition, development and marketing of three residential condominium properties in Vancouver, British Columbia on two building sites the Company has agreed to acquire from Concord Pacific Group Inc. (Concord).

“Coopers Pointe”, an 86-unit high rise condominium tower on Site 6A, was completed in November 2007. “Flagship”, a 112-unit high rise condominium tower, and “Mariner”, a 133-unit high rise condominium tower, are located on Site 6BD and are scheduled to be partially completed in December 2008 with the remaining units to be completed in 2009.

## 2 Significant accounting policies

### Generally accepted accounting principles

The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles.

### Adoption of new accounting standards

On January 1, 2008, the Company adopted Canadian Institute of Chartered Accountants (CICA) Handbook Section 1535, “Capital Disclosures”; Section 3862, “Financial Instruments – Disclosures”; and Section 3031, “Inventories; and the amendments to CICA Handbook sections and accounting guidelines resulting from the issuance of these sections.

#### (a) Capital Disclosures

This new standard requires the disclosure of the Company’s objectives, policies and processes for managing capital, quantitative data about what the entity regards as capital, and whether the Company has complied with any capital requirements and, if it has not complied, the consequences of such non-compliance. This information is disclosed in note 12.

#### (b) Financial Instruments - Disclosure

This new standard replaces Section 3861, “Financial Instruments - Disclosure and Presentation”. It revises and enhances the disclosure requirements related to the significance of financial instruments on the Company’s financial position and performance and the nature and extent of risk arising from financial instruments to which the Company is exposed and how the Company manages those risks. The additional disclosure requirements are presented in note 11.

# Coopers Park Corporation

## Notes to Consolidated Financial Statements

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#### (c) Inventories

This new standard prescribes the measurement of disclosure of inventories and provides guidance on the determination of cost and subsequent recognition as an expense. The measurement changes include the requirement to measure inventories at the lower of cost and net realizable value, the allocation of overhead based on normal capacity, the requirement for an entity to use a consistent cost formula for inventory of a similar nature and use, and the reversal of previous write-downs to net realizable value when there is a subsequent increase in the value of inventories. As at December 31, 2007 \$3,747,760 of certain costs was included under properties. This new standard requires these costs to be excluded from the measurement of properties and to recognize such costs as expenses in the period in which they are incurred. On adoption of the new standard, the Company reduced the opening retained earnings by \$2,585,760 represented by the difference in the measurement of properties for \$3,747,760 less income tax of \$1,162,000. Prior periods have not been restated. The additional disclosure requirements are presented in note 3.

#### **Future accounting changes**

The CICA plans to transition Canadian generally accepted accounting principles for public companies to International Financial Reporting Standards (IFRS). The effective changeover date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The impact of the transition to IFRS on the Company's consolidated financial statements is not yet determinable.

#### **Principles of consolidation**

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, Coopers Park Real Estate Development Corporation, Coopers Park Real Estate Trust, Coopers Park Investment Holdings Ltd., Mariner Towers Limited, and Mariner Towers Limited Partnership.

All intercompany transactions and balances have been eliminated.

#### **Properties**

Properties under development are recorded at the lower of cost and their estimated net realizable value.

Cost includes all expenditures incurred in connection with the acquisition, development, and construction of these properties. These expenditures consist of all direct costs, interest on debt incurred to finance the acquisition, development and construction, and certain general and administrative expenses that are directly attributable to the properties. Incidental revenue specifically relating to such properties earned during the holding, development and construction phases is treated as a reduction in cost.

The Company provides for an impairment provision where the carrying value of the particular property exceeds its estimated net realizable value.

Management's estimates of the net realizable value of its properties are based on the best available information at the time of assessment. Costs are inherently subject to fluctuation and unforeseen costs or expenses could be incurred in the holding, development and construction processes. The costs associated with the Company's

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## Notes to Consolidated Financial Statements

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projects could be significantly increased by events outside the Company's control, including increases in interest rates and increases in development and construction costs. The Company's anticipated revenues from its properties are based on the sale of an estimated number of units of each project at estimated prices that are subject to market forces. There can be no assurance that the various assumptions will be realized or that the properties will not be adversely affected by unforeseen economic factors, resulting in a diminution in the anticipated value of the Company's projects.

#### **Revenue recognition**

Revenue from the sale of condominium units is recorded when title transfers to the purchasers, they are entitled to occupancy, there is persuasive evidence of an arrangement for the sale of the property, the proceeds are fixed and determinable and collection of the sale proceeds is reasonably assured.

#### **Cost of properties sold**

Cost of properties sold is determined using the net yield method whereby the cost of properties sold for the period is a pro-rated amount of the total estimated costs for the project based on sales for the period versus projected sales for the entire project.

#### **Warranty costs**

Estimated future warranty costs are accrued and charged to cost of sales in the period in which revenues are recognized from the sale of properties. The recognized amount of future warranty costs is based on the Company's best information and judgment and is based in part upon management's historical experience. The inherent uncertainty associated with real estate development makes it reasonably possible that future conditions may materially affect the amount of any warranty obligations. An increase in the provision for warranty costs, with a corresponding charge to earnings, is recorded in the period in which management estimates that additional warranty obligations are likely.

#### **Cash and cash equivalents**

For purposes of determining cash flows, cash and cash equivalents consist of deposits with banks and highly liquid short-term interest bearing securities with maturities at the date of purchase of three months or less and exclude cash subject to restrictions that prevent its use for current purposes.

#### **Prepaid expenses**

Sales commissions directly associated with selling condominium units are recorded as prepaid expenses until the period in which revenue from the sale of the condominium units is recognized, at which time the sales commissions are charged to selling costs.

#### **Income taxes**

The Company applies the asset and liability method of accounting for income taxes. Under this method, current income taxes are recognized for the estimated income taxes payable for the current period. Future income tax

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## Notes to Consolidated Financial Statements

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assets and liabilities are recognized in the current period for temporary differences between the tax and accounting bases of assets and liabilities as well as for the benefit of losses available to be carried forward to future years for tax purposes. Future income tax assets and liabilities are measured using substantively enacted tax rates and laws expected to apply in the years in which those temporary differences are expected to be recovered or settled. The effect of a change in tax rates on future income tax assets and liabilities is recognized in operations in the period that includes the substantive enactment date. A valuation allowance is recognized to the extent it is more likely than not that future income tax assets will not be realized.

#### **Earnings per share**

Earnings (loss) per common share is computed by dividing the net earnings (loss) by the weighted average number of voting and non-voting common shares outstanding during the year using the treasury stock method.

#### **Use of estimates**

The preparation of consolidated financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported and disclosed in the consolidated financial statements. Actual results may differ from those estimates.

Estimating the net realizable value of the Company's properties under development and future income tax assets and the fair value of the Company's investments requires management to make estimates and assumptions due in part to the uncertainties associated with the development of residential real estate. Accordingly, by their nature, such estimates are subjective and do not result in precise determinations. It is possible that changes may occur that could materially affect the estimated realizable amounts.

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Notes to Consolidated Financial Statements  
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**3 Properties**

	<b>2008</b> \$	<b>2007</b> \$
<b>Properties held for sales</b>	4,477,438	10,708,232
<b>Properties under development</b>		
Land and land deposit	9,843,400	9,843,400
Development costs (note 8)	80,737,243	55,807,802
Interest (note 6)	5,842,844	3,412,700
	<u>96,423,487</u>	<u>69,063,902</u>
	<u>100,900,925</u>	<u>79,772,134</u>

During the three months and nine months ended September 30, 2008, changes in properties held for sales recognized as cost of properties sold amounted to \$2,611,750 (September 30, 2007 - \$nil) and \$6,325,056 (September 30, 2007 - \$nil) respectively. During the three months and nine months ended September 30, 2008, the write-down of properties to net realizable value amounted to \$nil (September 30, 2007 - \$nil) and \$nil (September 30, 2007 - \$nil) respectively. During the three months and nine months ended September 30, 2008 the reversal of write-downs amounted to \$nil (September 30, 2007 - \$nil) and \$nil (September 30, 2007 - \$nil) respectively.

**Land deposit**

The Company has entered into a Purchase Agreement to acquire two development sites located within Concord Pacific Place in Vancouver, B.C. (Site 6A and Site 6BD) from Concord, a company controlled by members of the family of a director. The aggregate purchase price of \$44,700,000 is subject to being increased by the percentage increase in a stipulated market-based housing price index from December 31, 2004 to the completion of the purchase of each Site. The Company has paid an aggregate cash deposit of \$12,500,000 to Concord that will be applied to the purchase price of the Sites.

The Purchase Agreement provides that the completion date of the purchase of each Site is the 60th day following the earlier of:

- a) receiving a Confirmation of Compliance issued by the Province of British Columbia with respect to Concord completing certain environmental remediation work and completing certain infrastructure work to the satisfaction of the City of Vancouver as outlined in the Purchase Agreement, and
- b) receiving an occupancy permit from the City of Vancouver for the condominium units in the building on each Site.

The completion of the purchase of each Site is contingent upon the earlier of the above two conditions for each Site being satisfied on or before December 31, 2008 (the Outside Date). At any time, the Company may waive,

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## Notes to Consolidated Financial Statements

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in whole or in part, these conditions. In the event these conditions are not satisfied by Concord or waived by the Company for each Site prior to the Outside Date, the deposit amount for the applicable Site is to be returned to the Company. In the event the Company is in default of the Purchase Agreement, the applicable deposit will be forfeited to Concord.

In accordance with generally accepted accounting principles for related party transactions, the purchase of each Site will be recorded at the historical book value of the Site to Concord.

On November 26, 2007, the Company received an occupancy permit from the City of Vancouver for Site 6A and completed the purchase of the Site on January 25, 2008. The final purchase price was \$15,997,731. The historical book value of the Site to Concord of \$3,812,959 was capitalized to properties under development and the excess of the purchase price over the historic book value of \$12,184,772 (less income taxes of \$4,050,000) was charged to retained earnings. At December 31, 2007, included in accounts payable and accrued liabilities and included in cash held in trust was \$nil (December 31, 2007 - \$13,341,131) owing to Concord for Site 6A. The amount was paid in January 2008.

Had the completion of the purchase of Site 6BD occurred on September 30, 2008, the stipulated market-based housing price index was 1.5853 (December 31, 2007 - 1.6560), resulting in an estimated purchase price of \$55,802,560 (December 31, 2007 - \$58,291,000).

#### 4 Investments

During the year ended December 31, 2006, the Company acquired voting preferred shares of a private technology company from Concord for cash of \$538,555, the carrying value of the shares to Concord. On September 30, 2008 the Company acquired additional voting preferred shares issued by this private technology company for cash of \$300,000. As at September 30, 2008, the Company has acquired approximately 1.7% of the voting preferred shares issued. Based primarily on a comparison to subsequent issuances of similar securities, the estimated fair value of the Company's investment is \$838,555 in total.

On June 12, 2007, the Company acquired by way of a share subscription approximately 2.35% of the preferred shares for cash of \$200,000 of another private technology company whose Chief Executive Officer is a director of the Company. Based primarily on a comparison to subsequent issuances of similar securities, the estimated fair value of the Company's investment is \$200,000.

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**5 Cash held in trust**

Cash is held in trust relating to the following:

	<b>2008</b>	<b>2007</b>
	\$	\$
Statutory lien and deficiency holdbacks	-	3,178,395
Sales proceeds	-	867,011
Land purchase from Concord (note 3)	-	13,341,131
	<hr/>	<hr/>
	-	17,386,537
	<hr/>	<hr/>

**6 Construction loans**

	<b>2008</b>	<b>2007</b>
	\$	\$
Demand construction loan to a maximum principal amount of \$122,000,000 available by way of direct advances, bearing interest at the bank's prime rate plus 0.25% per annum or Banker's Acceptances (BA) bearing interest at the applicable BA rate plus a stamping fee equivalent to 1.375% per annum, and unless otherwise demanded, repayable by the earlier of six months after completion of Site 6BD and December 31, 2008	<hr/>	<hr/>
	81,452,802	61,822,515
	<hr/>	<hr/>
	81,452,802	61,822,515
	<hr/>	<hr/>

Demand collateral mortgages for \$122,000,000 (December 31, 2007 - \$122,000,000), security agreements creating first fixed charges and security interests over all personal property of the Company, assignments of builders' course construction all risk insurance, assignment of the land Purchase Agreement, assignments of the construction contracts for each Site, assignments of cost overrun agreements, and joint and several environmental agreements and indemnities have been provided as collateral.

During the three and nine months ended September 30, 2008, interest of \$856,067 (September 30, 2007 \$1,034,507) and \$2,430,144 (September 30, 2007 - \$2,459,095) was incurred and capitalized to properties under development respectively.

At September 30, 2008, the weighted average interest rate of the outstanding construction loans was 3.17% (December 31, 2007 - 4.58%) per annum.

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**7 Capital stock**

Authorized

Unlimited number of voting common shares without par value  
Unlimited number of non-voting common shares without par value

Issued

	Voting common shares	Non-voting common shares	Amount \$
Balance - December 31, 2005 and 2006	33,877,884	3,205,658,126	13,500,001
Share consolidation	(33,030,931)	(3,125,516,673)	-
Balance - December 31, 2007 and September 30, 2008	<u>846,953</u>	<u>80,141,453</u>	<u>13,500,001</u>

On April 12, 2007, the Company's shareholders approved a share consolidation of the Company's outstanding voting and non-voting common shares on a 1-for-40 basis. Accordingly, information relating to the number of shares and earnings (loss) per share presented in these consolidated financial statements gives effect to this share consolidation for all periods presented.

**8 Related party transactions and commitments**

The Company has no employees and accordingly has entered into various agreements with related parties.

**Construction management agreement**

The Company has entered into a construction management agreement with Centreville Construction Ltd. (Centreville), a wholly owned subsidiary of Concord. In exchange for managing the development and construction of the properties under development, Centreville receives a fee equal to 3% of Construction Costs (the Costs), as defined in the agreement. The fee is payable monthly based on the Costs incurred in the immediately preceding month. During the three and nine months ended September 30, 2008, construction management fees of \$242,000 (September 30, 2007 - \$372,000) and \$857,000 (September 30, 2007 - \$934,000) were charged by Centreville and have been capitalized to properties under development respectively. Included in accounts payable and accrued liabilities is \$443,241 (December 31, 2007 - \$448,021) owing to Centreville.

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#### **Marketing and sales agreement**

The Company has entered into a marketing and sales agreement with Prompton Real Estate Services Inc. (Prompton), a company controlled by an individual related to a director. In exchange for managing all of the sales and marketing activities related to the Company's properties under development, Prompton receives a fee equal to 3% of the gross revenue from sales of units in the developments. The fee is payable monthly based on sales agreements entered into in the month by the Company with third parties. During the three and nine months ended September 30, 2008, marketing and sales commissions of \$41,639 (September 30, 2007 - \$67,807) and \$273,162 (September 30, 2007 - \$642,375) were charged by Prompton. Of the amount paid to Prompton and for the three months and nine months ended September 30, 2008, marketing fees of \$12,238 (September 30, 2007 - \$nil) and \$137,066 (September 30, 2007 - \$nil) have been reported as general and administrative expense; marketing fee of \$nil (September 30, 2007 - \$61,633) and \$nil (September 30, 2007 - \$515,419) have been capitalized to properties respectively; and sales commissions of \$29,401 (September 30, 2007 - \$6,174) and \$136,096 (September 30, 2007 - \$126,956) have been included in prepaid expenses. The amount of marketing fees capitalized to properties prior to January 1, 2008 has been charged to opening retained earnings when the Company adopted the accounting policy regarding inventories as disclosed in note 2 to the financial statements. Prior periods have not been restated. Included in amounts receivable at September 30, 2008 is \$140,334 (December 31, 2007 - \$33,912) owing from Prompton.

#### **Administration agreement**

The Company has entered into an administration agreement with Concord. In exchange for providing management and administrative services, Concord will be reimbursed for all expenses, as defined in the agreement, incurred with respect to providing such services and receive a monthly fee of 3% of the amount of the expenses. The Company and Concord have agreed that the monthly expenses and fee (excluding miscellaneous out-of-pocket expenses) aggregate \$19,828 and accordingly have agreed to amend the administration agreement to provide for the fixed monthly charge of \$19,828 through January 2009. The administration agreement expires in January 2015.

During the three and nine months ended September 30, 2008, expenses and administration fees of \$59,483 (September 30, 2007 - \$59,483) and \$178,448 (September 30, 2007 - \$178,448) were charged by Concord and have been included in general and administrative expenses respectively.

#### **Other transactions**

During the three and nine months ended September 30, 2008, development costs of \$374,243 (September 30, 2007 - \$1,767,677) and \$1,340,074 (September 30, 2007 - \$6,442,174) were charged by a company controlled by members of the family of a director and have been capitalized to properties under development respectively. Included in accounts payable and accrued liabilities at September 30, 2008 is \$49,958 (December 31, 2007 - \$190,596) owing to this company.

Included in amounts receivable at September 30, 2008 is \$nil (December 31, 2007 - \$187,855) owing from Concord for certain infrastructure and development costs advanced. The balance is unsecured, non-interest bearing and without stated repayment terms.

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Other related party balances and transactions are disclosed elsewhere in these consolidated financial statements.

**9 Income taxes**

The recovery of income taxes differs from the amount obtained by applying the statutory Canadian federal and provincial income tax rates to earnings (loss) for the year as follows:

	<b>2008</b>	<b>2007</b>
	\$	\$
Provision for income taxes based on the combined statutory income tax rate of 31% (2007 - 34.12%)	1,636,000	7,473,000
Adjustment to net future tax assets for changes in tax rates	320,000	770,000
Change in valuation allowance on future income tax assets	(527,000)	(25,020,000)
	<u>1,429,000</u>	<u>(16,777,000)</u>
Provision for (recovery of) income taxes		

During the nine months ended September 30, 2008, the Company utilized non-capital losses in the calculation of taxable income. Due to the complexity inherent in the interpretation of the provisions of the Income Tax Act (Canada), it is possible that some or all of the Company's non-capital losses may not be deductible for tax purposes and, accordingly, the amount of future income taxes and recovery of income taxes recorded in the consolidated financial statements could change by a material amount.

The tax effect of temporary differences that give rise to future income tax assets are as follows:

	<b>2008</b>	<b>2007</b>
	\$	\$
Future income tax assets (liabilities)		
Non-capital losses carry-forward	14,923,000	15,591,000
Investment in joint venture	3,295,000	3,348,000
Properties	1,833,000	1,618,000
Taxable capital losses carry-forward	1,107,000	1,190,000
General and administration expenses	47,000	-
Scientific research and development expenditure carry-forwards	263,000	444,000
Share issue costs	74,000	138,000
Eligible capital expenditures	125,000	132,000
	<u>21,667,000</u>	<u>22,461,000</u>
Valuation allowance	(1,107,000)	(1,634,000)
Net future income tax asset	<u>20,560,000</u>	<u>20,827,000</u>

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As at September 30, 2008, the Company has non-capital losses of approximately \$48,138,000 (December 31, 2007 - \$49,495,000) available to reduce taxable income in future years. These losses expire as follows:

	\$
2008	12,297,000
2009	11,345,000
2010	8,195,000
2014	8,377,000
2015	6,487,000
2026	1,038,000
2027	399,000
	<u>48,138,000</u>

**10 Sales deposits**

The Company receives deposits from purchasers of condominium units that it places in trust until the sale of each respective condominium unit is completed. Sales deposits held in trust are not included in these consolidated financial statements.

	2008 \$	2007 \$
Cash held in trust	59,563,421	60,067,229
Sales deposits	<u>(59,563,421)</u>	<u>(60,067,229)</u>
	<u>-</u>	<u>-</u>

## **11 Financial instruments**

### **Fair values and classification of financial instruments**

All financial instruments are classified as one of the following: held-to-maturity investments, loan and receivables, held-for-trading, or available-for-sale. Financial assets and liabilities held-for-trading are measured at fair value with gains and losses recognized in net earnings. Financial assets held-to-maturity, loans and receivables, and financial liabilities other than those held-for-trading are measured at amortized cost. Available-for-sale instruments are measured at fair value with unrealized gains and losses recognized in other comprehensive income.

The Corporation's investments are classified as held-for-trading instruments. The valuation of the investments is described in note 4.

All other financial instruments are recorded at amortized cost.

At September 30, 2008, the fair values of cash held in trust, cash and cash equivalents, amounts receivable, construction loans and accounts payable and accrued liabilities approximate their respective carrying values.

### **Interest rate risk**

All of the Company's financial instruments are non-interest bearing except for cash and cash equivalents that earn interest at variable market rates and the construction loans that bear interest as disclosed in note 6. At September 30, 2008, the \$81,452,802 construction loan was subject to movements in interest rates. Other variables being held constant, a one percentage increase in the interest rate will increase the interest incurred capitalized to properties under development by \$475,000 and net earnings by approximately \$26,000 for the nine months ended September 30, 2008. A one percentage point reduction would decrease interest incurred capitalized to properties under development and net earnings by the same amount.

### **Credit risk exposures**

The financial instruments that potentially expose the Company to a concentration of credit risk are cash and cash equivalents and amounts receivable. The Company limits its exposure to credit loss by placing its cash and cash equivalents with high quality financial institutions.

### **Liquidity risk**

The Company limits its exposure to liquidity risk by maintaining a sufficient amount of cash and cash equivalents and ensure that the Company has sufficient authorized construction loans as financing sources. The Company prepares budget and cash forecasts to ensure that it has sufficient funds to fulfill its obligations.

# Coopers Park Corporation

Notes to Consolidated Financial Statements  
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## 12 Capital management

The capital structure of the Company consists of interest bearing construction loan net of cash and cash equivalents and shareholders' equity. The Company's objectives when managing capital are to safeguard its ability to continue as a going concern and to continue to provide returns for shareholders and benefits for other stakeholders.

As at September 30, 2008, total managed capital was \$117,731,022, consisting of shareholders' equity of \$43,815,038 and interest bearing construction loan net of cash and cash equivalent of \$73,915,984.

The Company is subject to externally imposed capital requirements for its construction loan as disclosed in note 6. The requirements are closely monitored by the Company to ensure compliance with the covenants. The Company was in compliance with the requirements as of September 30, 2008.

