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*Financial Statements of*

**CANEX**

*31 March 2010*

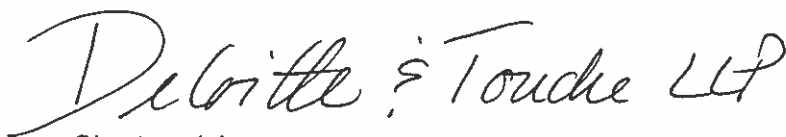
## Auditors' Report

To the Non-Public Property Board

We have audited the balance sheet of CANEX as at 31 March 2010 and the statements of earnings and comprehensive loss, accumulated other comprehensive loss and retained earnings and of cash flows for the year then ended. These financial statements are the responsibility of CANEX 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 CANEX as at 31 March 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



Chartered Accountants  
Licensed Public Accountants

June 18, 2010

**CANEX**  
**Financial Statements**  
31 March 2010

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# CANEX

## Balance Sheet

as at 31 March 2010

(in 000's of Canadian dollars)

	<u>2010</u>	<u>2009</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 7,611	\$ 9,655
Due from Canadian Forces Central Fund (Note 4)	27,307	18,301
Accounts and accrued receivables	1,308	1,309
Inventory	18,413	18,394
Prepaid expenses	230	629
	<u>54,869</u>	<u>48,288</u>
<b>PROPERTY AND EQUIPMENT (Note 5)</b>	<u>26,190</u>	<u>26,064</u>
	<u>\$ 81,059</u>	<u>\$ 74,352</u>
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 8,498	\$ 8,822
Current portion of loans payable (Note 6)	2,009	1,854
	<u>10,507</u>	<u>10,676</u>
<b>LOANS PAYABLE (Note 6)</b>	<u>16,239</u>	<u>9,240</u>
	<u>26,746</u>	<u>19,916</u>
<b>CONTINGENCIES (Note 11)</b>		
<b>EQUITY</b>		
Contributed capital	23,280	23,280
Accumulated other comprehensive income (loss)	(3,252)	1,980
Retained earnings	34,285	29,176
	<u>54,313</u>	<u>54,436</u>
	<u>\$ 81,059</u>	<u>\$ 74,352</u>

Refer to the accompanying notes to the financial statements.

APPROVED BY

# CANEX

## Statement of Earnings and Comprehensive Loss

year ended 31 March 2010

(in 000's of Canadian dollars)

	<u>2010</u>	<u>2009</u>
Sales	\$ 153,880	\$ 153,963
Cost of merchandise sold	117,664	117,609
Gross profit	36,216	36,354
Other revenue (Notes 7 and 10)	10,843	10,167
	47,059	46,521
Operating expenses		
Payroll and benefits	19,943	19,580
Other operating expenses	13,184	11,994
Amortization of property and equipment	3,329	2,817
Interest on loans payable (Note 6)	570	453
Levies (Note 8)	370	365
	37,396	35,209
Earnings before royalties and contributions	9,663	11,312
Royalties and contributions (Note 10)	(4,554)	(4,756)
NET EARNINGS	5,109	6,556
Changes in unrealized gains and losses on translation of self-sustaining foreign operations	(5,232)	610
COMPREHENSIVE INCOME (LOSS)	\$ (123)	\$ 7,166

Refer to the accompanying notes to the financial statements.

# CANEX

## Statement of Accumulated Other Comprehensive Loss and Retained Earnings

year ended 31 March 2010  
(in 000's of Canadian dollars)

	<u>2010</u>	<u>2009</u>
ACCUMULATED OTHER COMPREHENSIVE INCOME, BEGINNING OF YEAR	\$ 1,980	\$ 1,370
Changes in unrealized gains and losses on translation of self-sustaining foreign operations	(5,232)	610
ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS), END OF YEAR	\$ (3,252)	\$ 1,980
RETAINED EARNINGS, BEGINNING OF YEAR	\$ 29,176	\$ 22,620
NET EARNINGS	5,109	6,556
RETAINED EARNINGS, END OF YEAR	\$ 34,285	\$ 29,176

Refer to the accompanying notes to the financial statements.

# CANEX

## Statement of Cash Flows

year ended 31 March 2010

(in 000's of Canadian dollars)

	<u>2010</u>	<u>2009</u>
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Net earnings	\$ 5,109	\$ 6,556
Add items not affecting cash		
Amortization of property and equipment	3,329	2,817
Loss (gain) on disposal of property and equipment	55	(14)
	<u>8,493</u>	<u>9,359</u>
Net changes in non-cash operating working capital items (Note 13)	(8,889)	(2,388)
Cash provided by (used in) operating activities	(396)	6,971
INVESTING		
Purchase of property and equipment	(3,242)	(8,366)
Proceeds on disposal of property and equipment	2	38
Cash used for investing activities	(3,240)	(8,328)
FINANCING		
Issuance of loans payable	9,222	1,598
Repayment of loans payable	(2,068)	(2,019)
Cash provided by (used in) financing activities	7,154	(421)
Effect of exchange rate on foreign currency translation adjustment	(5,562)	4,331
NET CASH INFLOW (OUTFLOW)	(2,044)	2,553
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	9,655	7,102
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 7,611	\$ 9,655
Cash and cash equivalents		
Cash	\$ 6,451	\$ 8,242
Short-term investments	1,160	1,413
	<u>\$ 7,611</u>	<u>\$ 9,655</u>

Refer to the accompanying notes to the financial statements.

Supplemental cash flow information:

Cash paid for interest on loans payable	\$ 570	\$ 453
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# CANEX

## Notes to the Financial Statements

year ended 31 March 2010

(in 000's of Canadian dollars)

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### 1. BASIS OF ORGANIZATION

The Canadian Forces Exchange System (CANEX) is a Division of the Canadian Forces Personnel and Family Support Services (CFPFSS), operating under the authority of the Chief of the Defence Staff in his Non-Public Property (NPP) capacity. Responsibility for directing the affairs of CANEX rests with the Non-Public Property Board.

Morale and Welfare (MW) Programs is the term used to describe those activities of the Canadian Forces designed to contribute to the morale and well-being of Canadian Forces personnel and their families, and which are normally supported by both Public and Non-Public resources. CANEX is included in these activities.

The level of Public Support provided to CANEX is outlined in Chapter 5 of the Department of National Defence (DND) Manual A-PS-110-001/AG-002 - *Public Support of Personnel Support Programs* and under Treasury Board Directive No. 689194, which states in part that:

"A reasonable level of goods, services and recreation facilities should be available to Canadian Forces personnel in their area of service. Where the levels are inadequate, the Department's responsibility, as an employer, to ensure their availability, where practical and desirable, may be discharged through a system of non-public fund organizations."

DND provides direct and indirect Public Support to CANEX based on the location of the Bases, Wings and Units. Bases, Wings and Units are classified as being remote, rural, semi-urban or urban, with each classification having a specified level of DND Public Fund Support.

In Canada, business consists of merchandising operations at Canadian Forces Bases, Wings and Units, operating under the name CANEX. In Germany, similar businesses are operated at the NATO Air Base at Geilenkirchen ("NATO Air Base"), under the name NATEX, in accordance with the Concession Contract ("NATEX contract") between CANEX and the NAEWF E-3A Component HQ. CANEX also operates an automotive sales transaction office in Germany under the name AMSTO.

CANEX distributes profits to Bases, Wings and Units at which CANEX operates. NATEX distributes profits to the NATO Air Base in accordance with the NATEX contract.



# CANEX

## Notes to the Financial Statements

year ended 31 March 2010

(in 000's of Canadian dollars)

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### *Changes in accounting policies*

In April 2009, CANEX adopted the changes made by the Canadian Institute of Chartered Accountants (CICA) to Section 3862, *Financial Instruments - Disclosures* whereby an entity shall classify and disclose fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy shall have the following levels:

Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices);

Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

The required disclosures are included in Note 12.

#### *Future accounting changes - New accounting framework*

The CICA has issued a new accounting framework applicable to Canadian private enterprises. Effective for fiscal years beginning on 1 January 2011, private enterprises will have to choose between International Financial Reporting Standards (IFRSs) and generally accepted accounting policies (GAAP) for private enterprises, whichever suits them best. Early adoption of these standards is permitted. CANEX currently plans to adopt the new accounting standards for private enterprises for its fiscal year beginning on 1 April 2011, however, the impact of this transition has not yet been determined.

# CANEX

## Notes to the Financial Statements

year ended 31 March 2010

(in 000's of Canadian dollars)

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The financial statements are prepared in accordance with Canadian GAAP. As a NPP enterprise carrying on a business, the financial statements of CANEX are prepared on the same basis as a private company and include the following significant accounting policies:

#### *Financial presentation*

These financial statements include the accounts of CANEX, NATEX and AMSTO. These entities are collectively referred to as CANEX for purposes of these financial statements. All significant transactions and balances between the various entities have been eliminated.

#### *Revenue recognition*

Revenue from the sale of merchandise is recorded upon acceptance by the customer. CANEX records revenue from sales under its credit plan when the customer takes possession of the merchandise and collectibility is assured. Credit plan balances are transferred annually to the Canadian Forces Central Fund (CFCF) (See Note 4). Concession and administration fees are recognized each period in accordance with the terms of the agreements.

#### *Cash and cash equivalents*

Cash and cash equivalents include cash and short-term investments with original maturities of three months or less. CANEX uses both the CFCF banking facility and local banking arrangements.

#### *Inventory*

Inventory, which is composed of retail products, is recorded at the lower of cost and net realizable value less normal profit margins, as determined by the retail method and the cost method for inventory based on departmental details. Cost is substantially determined using average cost. Net realizable value is the estimated selling price less the estimated costs necessary to make the sale.

# CANEX

## Notes to the Financial Statements

year ended 31 March 2010

(in 000's of Canadian dollars)

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### *Property and equipment*

Property and equipment are recorded at cost and are amortized on a straight-line basis over their estimated useful lives at the following rates:

Buildings	5%
Motor vehicles and computer equipment	24%
POS system	17%
Fixtures and equipment	12%
Building improvements	9%

Construction in progress is amortized when the asset is substantially complete.

#### *Impairment of property and equipment*

Property and equipment are tested for recoverability whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized when their carrying value exceeds the total undiscounted cash flows expected from their use and eventual disposition. The amount of the impairment loss is determined as the excess of the carrying value of the asset over its fair value. No impairment loss was recorded in FY 2009/10 or FY 2008/09.

#### *Income taxes*

CANEX is an unincorporated Crown NPP entity and is therefore not subject to income taxes in Canada or Germany. Accordingly, no provision for income taxes has been recorded in these financial statements.

#### *Foreign currency translation*

CANEX's reporting currency and functional currency is the Canadian dollar. The functional currency of NATEX and AMSTO is the Euro. NATEX and AMSTO are considered self-sustaining foreign operations.

NATEX and AMSTO monetary assets and liabilities have been translated into Canadian dollars at the rate of exchange prevailing at the balance sheet date. NATEX and AMSTO revenues and expenses are translated at the average rate of exchange for the year. Gains and losses resulting from translation of the accounts of NATEX and AMSTO are recorded in comprehensive income.

# CANEX

## Notes to the Financial Statements

year ended 31 March 2010

(in 000's of Canadian dollars)

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### *Financial instruments*

CANEX has made the following classifications:

- cash and cash equivalents are classified as financial assets held-for-trading and are measured at fair value;
- due from Canadian Forces Central Fund, accounts and accrued receivables are classified as loans and receivables and are recorded at amortized cost using the effective interest rate method;
- accounts payable and accrued liabilities and loans payable classified as other liabilities are measured at amortized cost using the effective interest rate method.

#### *Use of estimates*

The preparation of financial statements in accordance with Canadian GAAP requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods presented. Actual results could differ from those estimates. The significant estimates included in these financial statements relate to valuation of accounts and accrued receivables, inventory valuation, useful lives of property and equipment, and accrued liabilities.

### 3. CAPITAL DISCLOSURES

CANEX's main objectives when managing capital are to safeguard CANEX's ability to continue as a going concern and to distribute profits to Bases, Wings and Units at which CANEX and NATEX operates. These profits are to be distributed to the Canadian Forces Bases, Wings and Units to finance a wide variety of social and recreational programs for the benefit of military personnel and their dependants.

In the management of capital, CANEX includes equity and loans payable in the definition of capital. As at 31 March 2010, CANEX has \$72,561 (FY2008/09 - \$65,530) in capital.

CANEX manages its capital structure and makes adjustments due to changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, CANEX may adjust the amount of its debt. CANEX does not have any externally imposed capital requirements.

# CANEX

## Notes to the Financial Statements

year ended 31 March 2010

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### 4. AMOUNTS DUE FROM CANADIAN FORCES CENTRAL FUND

The CFCF, which provides banking services and financial assistance to NPP activities at Bases, Wings and Stations as well as to CANEX, is a separate entity under the directional responsibility of the NPP Board which also has ultimate responsibility for CANEX. The amount due from CFCF is non-interest-bearing and due on demand with the exception of \$12,157 (FY 2008/2009 - \$12,372) bearing interest at a rate of prime plus 0.25% per annum and is due on demand. Interest earned in FY2009/10 was \$311 (FY2008/09 - \$682), and is included in other revenue.

CFCF assumes all trade payables from CANEX for consideration at their fair value. In addition, the risk and rewards of receivable collection related to the credit plan and other trade receivables are assumed by CFCF for consideration at their fair value. All credit plan balances and other trade receivables and all trade payables are assumed by CFCF at fair value, with a 1% fee being charged to CANEX by the CFCF for credit losses on the receivables balance. On an annual basis, the fee charged will be evaluated based on the actual credit loss for the preceding year. Any amount charged as part of the fee in excess of actual credit losses can be returned to CANEX. Fees charged in FY2009/10 were \$565 (FY2008/09 - \$331).

### 5. PROPERTY AND EQUIPMENT

	2010			2009
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Buildings	\$ 26,669	\$ 13,776	\$ 12,893	\$ 9,482
Motor vehicles and computer equipment	2,043	1,792	251	167
POS system	2,736	1,887	849	845
Fixtures and equipment	10,990	8,122	2,868	2,768
Building improvements	23,456	14,708	8,748	6,510
Construction in progress	581	-	581	6,292
	<u>\$ 66,475</u>	<u>\$ 40,285</u>	<u>\$ 26,190</u>	<u>\$ 26,064</u>

**CANEX**  
**Notes to the Financial Statements**  
year ended 31 March 2010  
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**6. LOANS PAYABLE**

Loans payable, held by the CFCF, bear interest at a fixed rate of 4% (FY 2008/09 – 4%) per annum and are unsecured. Principal repayments over the next five years and thereafter are as follows:

FY 2010/11	\$ 2,009
FY 2011/12	1,777
FY 2012/13	1,621
FY 2013/14	1,515
FY 2014/15	1,467
Thereafter	<u>9,859</u>
	18,248
Less: Current portion	<u>2,009</u>
Long-term portion	<u>\$ 16,239</u>

**7. OTHER REVENUE**

Other revenue consists primarily of concession fees at Bases, Wings and Units across Canada and administration fees for the Home Heating Oil and Insurance programs.

**8. LEVIES**

Levies are paid to the Canadian Forces Personnel Assistance Fund at the rate of 0.15% of total sales. Levies on AMSTO revenue are paid to CFCF at a rate of 20% of revenue earned by AMSTO.

**9. PENSION PLAN**

Substantially all CANEX employees are eligible to be members of the Non-Public Funds Employees Pension Plan (the "Plan"). This Plan is a multi-employer, defined benefit pension plan, which provides retirement benefits relating to contributions and years of service. In FY 2009/10 CANEX contributed \$1,005 (FY 2008/09 - \$940) to the Plan. Plan contributions are included in payroll and other benefits.

# CANEX

## Notes to the Financial Statements

year ended 31 March 2010

(in 000's of Canadian dollars)

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### 10. RELATED PARTY TRANSACTIONS

#### *Royalties and contributions*

In FY 2009/10, CANEX paid royalties of \$3,120 (FY 2008/09 - \$3,260) to Canadian Forces Bases, Wings and Units. In Canada, royalties consist of CANEX's contribution to the per capita CANEX / SISIP Morale and Welfare grant and a direct distribution of 1.5% of total sales plus 30% of net concession revenues, with the exception of CFB Suffield and CFB Wainwright. Royalties at these two bases are based on 5% of total sales plus 30% of net concession revenues.

In FY 2009/10, NATEX contributed \$1,434 (FY 2008/09 - \$1,484) to the NATO Air Base. NATEX contributions are based on various percentages of consumer sales, in accordance with the NATEX contract.

In FY 2008/09, CANEX contributed \$2 to the Military Families Fund to support the morale and welfare of CF members and their families and \$10 to the Winnipeg Support our Troops Lounge at the Winnipeg Airport.

#### *Department of National Defence (DND)*

During FY 2009/10, DND contributed \$2,286 (FY 2008/09 - \$2,247) to CANEX in support of payroll costs and \$96 (FY 2008/09 - \$156) in support of travel. All amounts received are recorded against the corresponding operating expense in the statement of earnings.

DND provides certain facilities, pays for, and provides other services on behalf of, and at no cost to CANEX. These services include payments in lieu of taxes and the use of legal, environmental and other advisory services. The fair value of the facility and services provided to CANEX by DND has not been determined and has not been recorded in the financial statements.

#### *Canadian Forces Personnel and Family Support Services (CFPFSS)*

The CFPFSS provides accounting, information technology, and human resources services to CANEX. These transactions are in the normal course of operations and are recorded in other operating expenses at the exchange amount of \$2,855 (FY 2008/09 - \$2,848). This is the amount of consideration established and agreed to by the related parties and represents management's best estimate of fair value.

During FY 2009/10, the CFPFSS contributed \$200 (FY 2008/09 - \$200) to CANEX as a Corporate Procurement and Discount Program Subsidy. This contribution has been recorded in other revenue.

# CANEX

## Notes to the Financial Statements

year ended 31 March 2010

(in 000's of Canadian dollars)

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### 11. CONTINGENCIES

From time to time, CANEX is involved in claims in the normal course of business. Management assesses such claims and where considered likely to result in a material exposure and, where the amount of the claim is quantifiable, provisions for loss are made based on management's assessment of the likely outcome. CANEX does not provide for claims that are considered unlikely to result in a significant loss, claims for which the outcome is not determinable or claims where the amount of the loss cannot be reasonably estimated. Any settlement or awards under such claims are provided for when reasonably determinable.

### 12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

CANEX, through its financial assets and liabilities, has exposure to the following risks from its use of financial instruments: credit risk, liquidity risk, interest rate risk, and currency risk. The following analysis provides a measurement of risks as at 31 March 2010.

#### *Credit risk*

Credit risk refers to the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

CANEX provides credit to its customers through its credit plan. CANEX has credit evaluation, approval and monitoring processes intended to mitigate potential credit risks. As at 31 March 2010, no financial instruments are past due or impaired (see Note 4).

The credit risk on cash and cash equivalents is limited because the counterparties are chartered banks with high credit-ratings assigned by national credit-rating agencies.

#### *Liquidity risk*

Liquidity risk refers to the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

CANEX manages liquidity risk by maintaining adequate banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. CANEX uses both the CFCF banking facility and local banking arrangements.



# CANEX

## Notes to the Financial Statements

year ended 31 March 2010

(in 000's of Canadian dollars)

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### 12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

#### *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

CANEX's financial assets which are exposed to interest rate risk include cash and cash equivalents which are invested at short-term interest rates and the Amounts Due from CFCF (see Note 4).

The loans payable bear interest at fixed rates. Consequently, the loans payable only have a fair value exposure and are not exposed to cash flow fluctuations (see Note 6). The interest bearing temporary investments included in cash and cash equivalents have a limited exposure to interest rate risk due to their short-term maturity.

#### *Currency risk*

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

CANEX earns certain revenue and incurs certain expenses in currencies other than its functional currencies and is therefore subject to foreign currency risk. Included in the other operating expenses is a foreign exchange gain of \$325 (FY 2008/09 - loss of \$4).

The carrying amount of CANEX's foreign currency denominated financial assets and financial liabilities as at 31 March 2010 is as follows:

	<u>Assets</u>		<u>Liabilities</u>	
	<u>2009/10</u>	<u>2008/09</u>	<u>2009/10</u>	<u>2008/09</u>
NATEX	\$ 14,897	\$ 16,502	\$ 1,182	\$ 1,417
AMSTO	11,604	13,274	4,699	5,462

# CANEX

## Notes to the Financial Statements

year ended 31 March 2010

(in 000's of Canadian dollars)

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### 12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

#### *Fair value*

##### a) Establishing fair value

The fair value of amounts due from the CFCF, accounts and accrued receivables, accounts payable and accrued liabilities approximate their carrying amounts in the financial statements due to the relatively short period to maturity of these instruments.

The fair value of the loans payable is comparable to its book value given their competitive terms and conditions.

##### b) Fair value hierarchy

Financial instruments recorded at fair value on the balance sheet are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices);

Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

CANEX's financial instruments recorded at fair value are cash and cash equivalents. Fair values reflect valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).

During the year, there has been no significant transfer of amounts between Levels.

# CANEX

## Notes to the Financial Statements

year ended 31 March 2010

(in 000's of Canadian dollars)

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### 13. NET CHANGES IN NON-CASH OPERATING WORKING CAPITAL ITEMS

	<u>2010</u>	<u>2009</u>
Accounts and accrued receivables	\$ 145	\$ (567)
Inventory	1,097	(3,806)
Prepaid expenses	423	864
Due from CFCF	(9,006)	2,349
Accounts payable and accrued liabilities	(1,548)	(1,228)
	<u>\$ (8,889)</u>	<u>\$ (2,388)</u>

### 14. SEGMENTED INFORMATION

Included in the financial statements of CANEX are the results of operations for NATEX and AMSTO. Summary financial information for NATEX/AMSTO is as follows:

	<u>FY 2009/10</u>	<u>FY 2008/09</u>
Total assets	\$ 29,875	\$ 47,768
Sales and other revenue	37,886	39,836
Net earnings	1,403	1,424

### 15. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year's presentation.