

**NUNAVUT BROADBAND
DEVELOPMENT CORPORATION
CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2010**

NUNAVUT BROADBAND DEVELOPMENT CORPORATION
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MARCH 31, 2010

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NUNAVUT BROADBAND DEVELOPMENT CORPORATION
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2010

	<u>2010</u>	<u>2009</u>
REVENUE		
Amortization of deferred capital contributions	\$ 422,107	\$ 547,587
Infrastructure Canada - NSI I contribution (Note 4)	990,000	990,000
Infrastructure Canada - NSI II contribution (Note 4)	1,881,600	672,000
Infrastructure Canada - Tools, capacity and other	2,715,872	110,908
Canadian Northern Economic		
Development Agency (CanNor)	100,000	170,000
Government of Nunavut	440,000	565,000
Network licence fees - NSI matching funds (Note 4)	3,093,600	1,365,000
Network licence fees - Tools, capacity and other	2,083,224	0
Network licence fees - debt recovery	400,514	386,561
Network licence fees - Qulliq Energy Corporation	0	549,635
Recovery on interest on long term debt (Note 12)	82,456	0
SSI Micro Ltd.	0	4,250
Technologies Learning Group	0	16,250
Qikiqtaaluk Corporation	0	5,000
Other	3,013	0
	12,212,386	5,382,191
EXPENSES (Page 3)	<u>12,123,646</u>	<u>5,463,493</u>
EXCESS REVENUES (EXPENSES)	<u>\$ 88,740</u>	<u>\$ (81,302)</u>

NUNAVUT BROADBAND DEVELOPMENT CORPORATION
CONSOLIDATED STATEMENT OF OPERATIONS (CONTINUED)
FOR THE YEAR ENDED MARCH 31, 2010

	<u>2010</u>	<u>2009</u>
EXPENSES		
Application Development		
Computer hardware	\$ 1,590	\$ 0
Computer software	0	67,200
Design and development	0	79,950
Marketing and promotion	37,907	27,037
Research	0	27,500
Training	1,395	0
Web site development	<u>1,236</u>	<u>30,000</u>
	<u>42,128</u>	<u>231,687</u>
General and Administrative		
Bad debts	5,764	0
Bank charges and interest	12,194	2,542
Freight	406	547
Insurance	2,920	0
Interest on long term debt	182,747	183,462
Materials and supplies	0	1,522
Rent	15,389	3,922
Repairs and maintenance	6,978	0
Miscellaneous	<u>11,421</u>	<u>959</u>
	<u>237,819</u>	<u>192,954</u>
Office		
Office supplies	4,651	13,547
Telephone and internet	5,476	6,036
Translation	<u>7,093</u>	<u>5,941</u>
	<u>17,220</u>	<u>25,524</u>
Professional Fees		
Audit	40,631	37,840
Audit - other	19,225	0
Legal	30,139	93,567
Management	<u>738,048</u>	<u>311,169</u>
	<u>828,043</u>	<u>442,576</u>
Salaries and Wages		
Salaries and wages	0	300
Community participation	0	25,443
Sub-contractors	<u>6,360</u>	<u>26,275</u>
	<u>6,360</u>	<u>52,018</u>
Travel and meetings	<u>83,199</u>	<u>109,631</u>
Depreciation	<u>629,416</u>	<u>832,468</u>
Qulliq Energy Corporation settlement	<u>0</u>	<u>549,635</u>
Satellite space segment services		
NSI satellite space segment services (Note 4)	5,965,200	3,027,000
Classroom and generic tools projects	<u>314,261</u>	<u>0</u>
	<u>6,279,461</u>	<u>3,027,000</u>
Capital service units	<u>4,000,000</u>	<u>0</u>
	<u>\$ 12,123,646</u>	<u>\$ 5,463,493</u>

NUNAVUT BROADBAND DEVELOPMENT CORPORATION
CONSOLIDATED STATEMENT OF CHANGES IN FUND BALANCES
FOR THE YEAR ENDED MARCH 31, 2010

	<u>2010</u>	<u>2009</u>
BALANCE, OPENING	\$ (2,306,686)	\$ (2,225,384)
Excess revenues (expenses)	<u>88,740</u>	<u>(81,302)</u>
BALANCE, CLOSING	<u>\$ (2,217,946)</u>	<u>\$ (2,306,686)</u>

**NUNAVUT BROADBAND DEVELOPMENT CORPORATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2010**

	<u>2010</u>	<u>2009</u>
<u>ASSETS</u>		
CURRENT		
Cash	\$ 261,904	\$ 177,460
Accounts receivable (Note 3)	3,316,812	11,690,898
Current portion of satellite space segment services (Note 2(f))	<u>7,152,880</u>	<u>5,965,200</u>
	10,731,596	17,833,558
QINIQ NETWORK AND OFFICE EQUIPMENT (Notes 2(e) and 5)		
	2,081,109	2,710,525
SATELLITE SPACE SEGMENT SERVICES (Note 2(f))		
	<u>14,289,178</u>	<u>21,442,058</u>
	<u><u>\$ 27,101,883</u></u>	<u><u>\$ 41,986,141</u></u>
<u>LIABILITIES</u>		
CURRENT		
Notes payable (Note 6)	\$ 188,500	\$ 766,234
Accounts payable and accrued liabilities	452,233	1,291,210
Due to SSI Micro Ltd. (Note 7)	3,953,002	10,822,259
Current portion of contributions received in advance (Note 2(f))	7,152,880	5,965,200
Current portion of long term debt (Note 8)	<u>593,344</u>	<u>217,522</u>
	12,339,959	19,062,425
LONG TERM DEBT (Note 8)		
	1,719,054	2,394,599
CONTRIBUTIONS RECEIVED IN ADVANCE (Note 2(f))		
	14,289,178	21,442,058
DEFERRED CAPITAL CONTRIBUTIONS (Note 9)		
	<u>971,638</u>	<u>1,393,745</u>
	29,319,829	44,292,827
<u>NET DEFICIT</u>		
UNRESTRICTED FUND		
	<u>(2,217,946)</u>	<u>(2,306,686)</u>
	<u><u>\$ 27,101,883</u></u>	<u><u>\$ 41,986,141</u></u>

APPROVED BY THE BOARD:



Director

Director

NUNAVUT BROADBAND DEVELOPMENT CORPORATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2010

	<u>2010</u>	<u>2009</u>
<u>ASSETS</u>		
CURRENT		
Cash	\$ 261,904	\$ 177,460
Accounts receivable (Note 3)	3,316,812	11,690,898
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	<u>\$ 27,101,883</u>	<u>\$ 41,986,141</u>
<u>LIABILITIES</u>		
CURRENT		
Notes payable (Note 6)	\$ 188,500	\$ 766,234
Accounts payable and accrued liabilities	452,233	1,291,210
Due to SSI Micro Ltd. (Note 7)	3,953,002	10,822,259
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Current portion of long term debt (Note 8)	<u>593,344</u>	<u>217,522</u>
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LONG TERM DEBT (Note 8)	1,719,054	2,394,599
CONTRIBUTIONS RECEIVED IN ADVANCE (Note 2(f))	14,289,178	21,442,058
DEFERRED CAPITAL CONTRIBUTIONS (Note 9)	<u>971,638</u>	<u>1,393,745</u>
	29,319,829	44,292,827
<u>NET DEFICIT</u>		
UNRESTRICTED FUND	<u>(2,217,946)</u>	<u>(2,306,686)</u>
	<u>\$ 27,101,883</u>	<u>\$ 41,986,141</u>

APPROVED BY THE BOARD:

_____ Director

 Director

NUNAVUT BROADBAND DEVELOPMENT CORPORATION
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2010

	<u>2010</u>	<u>2009</u>
OPERATING ACTIVITIES		
Excess revenues (expenses)	\$ 88,740	\$ (81,302)
Items not requiring (providing) cash:		
Amortization of deferred capital contributions	(422,107)	(547,587)
Depreciation	<u>629,416</u>	<u>832,468</u>
	296,049	203,579
Cash provided by (used for) changes in non-cash working capital:		
Accounts receivable	8,374,086	(11,523,831)
Accounts payable and accrued liabilities	<u>(838,977)</u>	<u>1,039,593</u>
	<u>7,831,158</u>	<u>(10,280,659)</u>
FINANCING ACTIVITIES		
Long term debt repaid	(299,723)	(202,383)
Deferred capital contributions	0	280,365
Advances from (to) SSI Micro Ltd.	(6,869,257)	9,822,259
Notes payable issued (repaid)	(577,734)	766,234
Contributions received in advance	<u>0</u>	<u>27,407,258</u>
	<u>(7,746,714)</u>	<u>38,073,733</u>
INVESTING ACTIVITIES		
Qiniq network and office equipment purchased	0	(280,365)
Satellite space segment services	<u>0</u>	<u>(27,407,258)</u>
	<u>0</u>	<u>(27,687,623)</u>
INCREASE IN CASH	84,444	105,451
CASH, OPENING	<u>177,460</u>	<u>72,009</u>
CASH, CLOSING	<u>\$ 261,904</u>	<u>\$ 177,460</u>

NUNAVUT BROADBAND DEVELOPMENT CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2010

1. NATURE OF THE ORGANIZATION

The Nunavut Broadband Development Corporation was incorporated under the *Canada Corporations Act - Part II* on November 1, 2002. The purpose of the Company is to facilitate the development, growth and availability of communication technology (broadband) within Nunavut for the public, including, without limitation, for the use by local governments, community groups, non-governmental organizations, private sector businesses and individual residents of Nunavut.

The Company is a not-for-profit organization and is exempt from income tax under Sec. 149(1)(l) of the *Income Tax Act* (Canada).

NBDC Inc., a wholly owned subsidiary, owns the assets as described in Note 5 and owes the associated trade payable to SSI Micro Ltd. and long term debt to Nunavut Business Credit Corporation and Atuqtuarvik Corporation.

NBDC Inc. has entered into a National Satellite Initiative ("NSI I") agreement with Infrastructure Canada and SSI Micro Ltd. to ensure funding for the cost of satellite space segment services purchased indirectly from Telesat Canada.

As well, NBDC Inc. has entered into a Network Agreement with SSI Micro Ltd. whereby Network licence fees are earned sufficient to cover principal and interest payments on long term debt and required NSI matching funds. Also, under the agreement SSI Micro Ltd. is contracted to provide services to maintain and upgrade the Qiniq Network as required.

Qiniq Inc., a wholly owned subsidiary, is the operating company. It provides services to Nunavut Broadband Development Corporation and others to assist in facilitating the development, growth and availability of broadband to the residents, businesses and organizations of Nunavut.

Qiniq Inc. has entered into a National Satellite Initiative ("NSI II") agreement with Infrastructure Canada and SSI Micro Ltd. to ensure funding for the cost of satellite space segment services purchased indirectly from Telesat Canada.

As well, Qiniq Inc. has entered into a Network Agreement with SSI Micro Ltd. whereby Network licence fees are earned sufficient to cover the required NSI matching funds.

NUNAVUT BROADBAND DEVELOPMENT CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2010

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies followed by the Company are in accordance with Canadian generally accepted accounting principles and include the following significant accounting policies:

(a) Use of Estimates

The preparation of the financial statements of the Company requires management to make estimates and assumptions based on information available as of the date of the financial statements. Therefore, actual results could differ from those estimates.

(b) Financial Instruments

The Company's financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities, notes payable, due to SSI Micro Ltd., and long term debt.

Cash, accounts receivable, accounts payable and accrued liabilities and notes payable are reported at their fair values on the balance sheet. The fair values are the same as the carrying values due to their short-term nature.

The fair value of due to SSI Micro Ltd. has not been determined as the timing of repayment is not known and therefore the cash flow stream is not determinable. The fair value of long term debt has not been determined as renewal terms are not known and therefore the cash flow stream is not determinable. These amounts have been reported at cost.

It is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments unless otherwise noted.

(c) Investments

These consolidated financial statements include the accounts of Nunavut Broadband Development Corporation and its wholly owned subsidiaries, NBDC Inc. and Qiniq Inc. All significant inter-company balances and transactions have been eliminated in these consolidated financial statements.

(d) Revenue Recognition

The company follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Contributions in kind are recorded at their estimated fair value at the date of contribution, where the value can be reasonably estimated.

NUNAVUT BROADBAND DEVELOPMENT CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2010

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Qiniq Network And Office Equipment

Qiniq network and office equipment are recorded at cost. Depreciation is provided annually at rates calculated to write-off the assets over their estimated useful lives as follows:

Broadband network	30% declining balance
Structures	4% declining balance
Equipment	20% declining balance
Computer equipment	45% declining balance
Furniture and fixtures	20% declining balance

One-half of the annual rate of depreciation is taken in the year of acquisition.

(f) Satellite Space Segment Services

Satellite space segment services incurred in the development of satellite capacity and the related contributions received in advance are amortized over the term of the agreement.

(g) Capital contributions

Capital contributions towards capital projects are recorded as deferred capital contributions. Deferred capital contributions are amortized into revenue on a declining balance basis at the same rate as the corresponding capital asset is depreciated.

3. ACCOUNTS RECEIVABLE

	<u>2010</u>	<u>2009</u>
SSI Micro Ltd.	\$ 1,399,885	\$ 10,669,185
Infrastructure Canada	1,740,691	13,886
CanNor	111,236	84,500
Government of Nunavut	65,000	183,000
Nunavut Arts and Crafts Association	0	43,050
Goods and Services Tax	0	683,326
Other	<u>0</u>	<u>13,951</u>
	<u>\$ 3,316,812</u>	<u>\$ 11,690,898</u>

NUNAVUT BROADBAND DEVELOPMENT CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2010

4. SATELLITE SPACE SEGMENT SERVICES

The Canada-Nunavut Broadband Infrastructure I Agreement was re-profiled so the remaining funds available for the four fiscal years beginning April 1, 2009 through to March 31, 2013 were paid up front by Infrastructure Canada and SSI Micro Ltd.

The Canada-Nunavut Broadband Infrastructure II Agreement was negotiated so the funding for satellite capacity was received up front for the five fiscal years beginning April 1, 2008 through to March 31, 2013. The amounts contributed were \$9,331,129 from both Infrastructure Canada and SSI Micro Ltd.

The costs associated with these contributions were also paid out in advance to SSI Micro Ltd. The revenues and costs are to be matched and amortized into income as outlined in the terms of the agreements.

	<u>2010</u>	<u>2009</u>
<u>Satellite space segment services:</u>		
Balance, opening	\$ 27,407,258	\$ 0
Costs incurred - SSI Micro Ltd.	<u>0</u>	<u>30,434,258</u>
	27,407,258	30,434,258
Amortization	<u>(5,965,200)</u>	<u>(3,027,000)</u>
	21,442,058	27,407,258
Less: current portion	<u>(7,152,880)</u>	<u>(5,965,200)</u>
Balance, closing	<u>\$ 14,289,178</u>	<u>\$ 21,442,058</u>
<u>Contributions received in advance:</u>		
Balance, opening	\$ 27,407,258	\$ 0
Contributions received - Infrastructure Canada	0	14,291,129
Contributions received - SSI Micro Ltd.	<u>0</u>	<u>16,143,129</u>
	27,407,258	30,434,258
NSI I and II Contributions:		
Infrastructure Canada - NSI I	(990,000)	(990,000)
Infrastructure Canada - NSI II	(1,881,600)	(672,000)
Network licence fees - SSI Micro Ltd.	<u>(3,093,600)</u>	<u>(1,365,000)</u>
	21,442,058	27,407,258
Less: current portion	<u>(7,152,880)</u>	<u>(5,965,200)</u>
Balance, closing	<u>\$ 14,289,178</u>	<u>\$ 21,442,058</u>

Contributions received in advance and satellite space segment services are expected to be amortized as follows:

2011	\$ 7,152,880
2012	8,261,146
2013	<u>6,028,032</u>
	<u>\$ 21,442,058</u>

NUNAVUT BROADBAND DEVELOPMENT CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2010

5. QINIQ NETWORK AND OFFICE EQUIPMENT

	<u>2010</u>			<u>2009</u>
	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Qiniq Network				
Broadband network	\$ 7,430,130	\$ 6,061,652	\$ 1,368,478	\$ 1,954,969
Structures	846,750	156,333	690,417	719,184
Equipment	15,496	10,418	5,078	6,347
Computer Equipment				
Computer hardware	205,938	191,334	14,604	26,553
Office Equipment				
Computer equipment	13,798	13,260	538	979
Furniture and fixtures	<u>6,761</u>	<u>4,767</u>	<u>1,994</u>	<u>2,493</u>
	<u>\$ 8,518,873</u>	<u>\$ 6,437,764</u>	<u>\$ 2,081,109</u>	<u>\$ 2,710,525</u>

6. NOTES PAYABLE

	<u>2010</u>	<u>2009</u>
Baffin Business Development Corporation term loan, unsecured. The loan is repayable in monthly installments of interest only with interest at 10%. Due March, 2010.	\$ 151,000	\$ 101,178
SSI Micro Ltd. promissory note and assignment of GST refund. Non-interest bearing, unsecured. Due April 30, 2010.	37,500	0
SSI Micro Ltd. promissory note and assignment of GST refund. Non-interest bearing, unsecured and due on demand.	0	198,500
SSI Micro Ltd. promissory note and assignment of GST refund. Non-interest bearing, unsecured. Due July, 2009.	<u>0</u>	<u>466,556</u>
	<u>\$ 188,500</u>	<u>\$ 766,234</u>

NUNAVUT BROADBAND DEVELOPMENT CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2010

7. DUE TO SSI MICRO LTD.

SSI Micro Ltd. has agreed to carry the amounts due to SSI Micro Ltd. until long term debt or other financing is utilized. These amounts are due on demand, unsecured and non-interest bearing.

8. LONG TERM DEBT

	<u>2010</u>	<u>2009</u>
Nunavut Business Credit Corporation term loan, secured by specific Qiniq Network equipment, a general security agreement and guarantee by the company. The loan is repayable in blended monthly installments of \$9,924 with interest at 5.75% per annum. Due October, 2010.	\$ 442,882	\$ 603,316
Nunavut Business Credit Corporation term loan, secured by specific Qiniq Network equipment, a general security agreement and guarantee by the company. The loan is repayable in blended monthly installments of \$5,315 with interest at 8.0% per annum. Due May, 2011.	68,003	123,625
Atuqtuarvik Corporation fixed term loan, secured by specific Qiniq Network equipment, a general security agreement, assignment of accounts receivable and revenues related to the Qiniq Network, and unlimited guarantee by the company. For the first year, the loan was repayable in monthly installments of interest only at 7.25% per annum. Starting October, 2007 the loan is repayable in blended monthly installments of \$18,137 with interest at 7.25% per annum. Due September, 2011.	<u>1,801,513</u>	<u>1,885,180</u>
	2,312,398	2,612,121
Less: current portion	<u>593,344</u>	<u>217,522</u>
	<u>\$ 1,719,054</u>	<u>\$ 2,394,599</u>

NUNAVUT BROADBAND DEVELOPMENT CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2010

8. LONG TERM DEBT (continued)

Long term debt is expected to be repaid annually as follows:

2011	\$ 593,344
2012	<u>1,719,054</u>
	<u>\$ 2,312,398</u>

9. DEFERRED CAPITAL CONTRIBUTIONS

		2010			2009	
		Original Cost	Accumulated Amortization	Unamortized Balance	Unamortized Balance	
Qiniq Network						
Industry Canada	30%	\$ 3,885,000	\$ 3,232,048	\$ 652,952	\$ 932,788	
SSI Micro Ltd.	30%	280,365	113,548	166,817	238,310	
2.5 GHz Upgrade						
Indian and Northern						
Affairs Canada	30%	346,719	288,446	58,273	83,247	
Government of						
Nunavut	30%	250,000	207,983	42,017	60,025	
Hamlets	30%	220,000	183,025	36,975	52,822	
Computer Equipment						
Indian and Northern						
Affairs Canada	45%	186,422	173,202	13,220	24,037	
Government of						
Nunavut	45%	<u>19,516</u>	<u>18,132</u>	<u>1,384</u>	<u>2,516</u>	
		<u>\$ 5,188,022</u>	<u>\$ 4,216,384</u>	<u>\$ 971,638</u>	<u>\$ 1,393,745</u>	

NUNAVUT BROADBAND DEVELOPMENT CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2010

10. INCOME TAXES

NBDC Inc., a wholly owned subsidiary, has non-capital losses carried forward of \$2,080,307. The tax benefits related to these losses expire as follows:

2016	\$ 419,055
2027	777,469
2028	557,416
2029	244,375
2030	<u>81,992</u>
	<u>\$ 2,080,307</u>

The tax benefits related to the non-capital losses carried forward have not been included in these financial statements.

11. ECONOMIC DEPENDENCE

The company receives the majority of its funding from the Governments of Canada and Nunavut. Without continued funding from the Governments of Canada and Nunavut, it is unlikely the company's operations would be able to continue.

12. RECOVERY OF INTEREST ON LONG TERM DEBT

In February, 2010, Nunavut Business Credit Corporation (NBCC) reviewed the company's two term loans (Note 8). The review resulted in interest rates being modified and interest was recalculated retroactively to the inception of the loans in 2005. The amendment by NBCC yielded a combined \$82,456 reduction in principal on these term loans and a related recovery of interest in the current year.

NUNAVUT BROADBAND DEVELOPMENT CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2010

13. COMMITMENTS

The company has signed a share purchase option agreement. The agreement grants SSI Micro Ltd. the sole and exclusive option, irrevocable until the expiry or other termination of the Network Agreement, which is the earlier of March 31, 2019 and the end of the commercially useful life of the Network Property, to purchase all, but not less than all, of the issued shares in the capital stock of the company's wholly owned subsidiary, NBDC Inc., which currently consists of 100 common shares, for an aggregate price equal to the amount of all debts and other obligations of the company and NBDC Inc., including without limitation, all obligations secured by Permitted Encumbrances, as defined pursuant to the Network Agreement, plus one dollar (\$1.00). Provided that any such purchase will not contravene any term, condition or restriction, express or implied, of any Permitted Encumbrances, the IC Contribution Agreement, or the NSI Contribution Agreement as such terms are defined by the Network Agreement.

14. GOING CONCERN ISSUE IN NBDC INC.

The financial statements of NBDC Inc., a wholly owned subsidiary, have been prepared in accordance with Canadian generally accepted accounting principles that are applicable to a going concern, meaning that the company will be able to realize its assets and discharge its liabilities in the normal course of operations. However, there is uncertainty about the company's ability to realize its assets and discharge its liabilities. The financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate, because management believes that the measures it intends to take will mitigate the conditions that raise doubt about the appropriateness of the going concern assumption.

15. COMPARATIVE AMOUNTS

Certain 2009 financial statement amounts have been reclassified to conform to the financial statement presentation adopted in the current year.

NUNAVUT BROADBAND DEVELOPMENT CORPORATION
SCHEDULE OF OPERATIONS BY ACTIVITY
FOR THE YEAR ENDED MARCH 31, 2010

	Infrastructure I - Qiniq Assets/Debt	Infrastructure I NSI	Infrastructure II INFC	Infrastructure II EDT	Infrastructure II CanNor	Core Operations
REVENUES						
Infrastructure Canada	\$ 0	\$ 990,000	\$ 484,835	\$ 0	\$ 0	\$ 0
CanNor	0	0	0	0	100,000	0
Government of Nunavut	0	0	0	125,000	0	315,000
Network licence fees	400,514	1,212,000	0	0	0	0
Interest recovery and other	82,456	0	0	0	0	3,013
Deferred capital contributions	422,107	0	0	0	0	0
	<u>905,077</u>	<u>2,202,000</u>	<u>484,835</u>	<u>125,000</u>	<u>100,000</u>	<u>318,013</u>
EXPENSES						
Application Development						
Computer hardware	0	0	0	1,590	0	0
Marketing and promotion	0	0	4,327	8,893	0	24,687
Training	0	0	0	1,395	0	0
Web site development	0	0	0	853	0	383
	<u>0</u>	<u>0</u>	<u>4,327</u>	<u>12,731</u>	<u>0</u>	<u>25,070</u>
General and Administrative						
Bad debts	0	0	0	0	0	5,764
Bank charges and interest	0	0	0	0	0	12,194
Freight	0	0	0	0	0	406
Insurance	0	0	0	0	0	2,920
Interest on long term debt	182,747	0	0	0	0	0
Rent	0	0	0	0	0	15,389
Repairs and maintenance	0	0	0	0	0	6,978
Miscellaneous	0	0	0	10,000	0	1,421
	<u>182,747</u>	<u>0</u>	<u>0</u>	<u>10,000</u>	<u>0</u>	<u>45,072</u>
Office						
Office supplies	0	0	13	409	0	4,229
Telephone and internet	0	0	2	0	0	5,474
Translation	0	0	0	4,389	0	2,704
	<u>0</u>	<u>0</u>	<u>15</u>	<u>4,798</u>	<u>0</u>	<u>12,407</u>
Professional Fees						
Audit	0	0	20,750	0	0	19,881
Audit - other	0	0	16,600	0	0	2,625
Legal	0	0	0	0	0	30,139
Management	0	0	409,584	73,075	96,229	159,160
	<u>0</u>	<u>0</u>	<u>446,934</u>	<u>73,075</u>	<u>96,229</u>	<u>211,805</u>
Salaries and Wages						
Sub-contractors	0	0	0	0	0	6,360
Travel and meetings	0	0	33,559	24,405	3,775	21,460
Depreciation	629,416	0	0	0	0	0
Satellite space segment services	0	2,202,000	0	0	0	0
Capital service units	0	0	0	0	0	0
	<u>812,163</u>	<u>2,202,000</u>	<u>484,835</u>	<u>125,009</u>	<u>100,004</u>	<u>322,174</u>
EXCESS REVENUES (EXPENSES)	<u>\$ 92,914</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (9)</u>	<u>\$ (4)</u>	<u>\$ (4,161)</u>

NUNAVUT BROADBAND DEVELOPMENT CORPORATION
SCHEDULE OF OPERATIONS BY ACTIVITY
FOR THE YEAR ENDED MARCH 31, 2010

	Classroom Satellite Capacity INFC	Generic Tools Satellite Capacity INFC	Generic Tools Capital INFC	Qiniq 2000+ Satellite Capacity INFC	Qiniq 2000+ Capital INFC	Total
REVENUES						
Infrastructure Canada	\$ 147,813	\$ 83,224	\$ 1,250,000	\$ 1,881,600	\$ 750,000	\$ 5,587,472
CanNor	0	0	0	0	0	100,000
Government of Nunavut	0	0	0	0	0	440,000
Network licence fees	0	83,224	1,250,000	1,881,600	750,000	5,577,338
Interest recovery and other	0	0	0	0	0	85,469
Deferred capital contributions	0	0	0	0	0	422,107
	<u>147,813</u>	<u>166,448</u>	<u>2,500,000</u>	<u>3,763,200</u>	<u>1,500,000</u>	<u>12,212,386</u>
EXPENSES						
Application Development						
Computer hardware	0	0	0	0	0	1,590
Marketing and promotion	0	0	0	0	0	37,907
Training	0	0	0	0	0	1,395
Web site development	0	0	0	0	0	1,236
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>42,128</u>
General and Administrative						
Bad debts	0	0	0	0	0	5,764
Bank charges and interest	0	0	0	0	0	12,194
Freight	0	0	0	0	0	406
Insurance	0	0	0	0	0	2,920
Interest on long term debt	0	0	0	0	0	182,747
Rent	0	0	0	0	0	15,389
Repairs and maintenance	0	0	0	0	0	6,978
Miscellaneous	0	0	0	0	0	11,421
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>237,819</u>
Office						
Office supplies	0	0	0	0	0	4,651
Telephone and internet	0	0	0	0	0	5,476
Translation	0	0	0	0	0	7,093
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>17,220</u>
Professional Fees						
Audit	0	0	0	0	0	40,631
Audit - other	0	0	0	0	0	19,225
Legal	0	0	0	0	0	30,139
Management	0	0	0	0	0	738,048
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>828,043</u>
Salaries and Wages						
Sub-contractors	0	0	0	0	0	6,360
Travel and meetings	0	0	0	0	0	83,199
Depreciation	0	0	0	0	0	629,416
Satellite space segment services	147,813	166,448	0	3,763,200	0	6,279,461
Capital service units	0	0	2,500,000	0	1,500,000	4,000,000
	<u>147,813</u>	<u>166,448</u>	<u>2,500,000</u>	<u>3,763,200</u>	<u>1,500,000</u>	<u>12,123,646</u>
EXCESS REVENUES (EXPENSES)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 88,740</u>