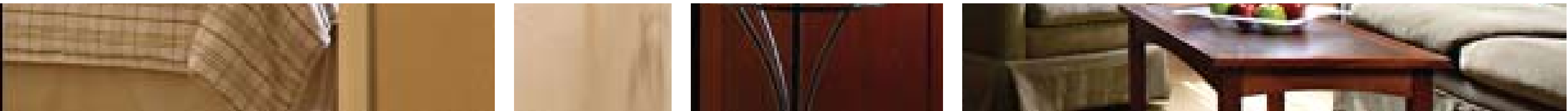
The Picture of Good Hospitality

Annual Report 2009

Northampton GROUP INC.



Corporate Mission

With the goal of being recognized as the best mid-market hotel owner and operator in Canada, Northampton's mission is to:

- deliver professional and personalized service;
- maintain an engaged staff employing effective operating systems;
- build, acquire, and continually improve an exceptional portfolio of hotel assets;
- provide superior financial returns to those who invest with us.

Corporate Profile

Northampton Group Inc. is one of Canada's top mid-market hoteliers, with ownership interests in 16 hotels in Canada and the US. The Company is expert in all facets of the hotel business, from marketing to building to management. Focused on creating the best return and value for all stakeholders, Northampton's proven, market-sensitive strategy is to acquire or build hotels that provide great value and superior accommodation. Northampton excels in this sector, offering services that exceed expectations while still posting industry-leading margins.

Highlights

- Northampton Group Inc. celebrated the opening of the first aloft™ brand hotel in Montreal in June '08 with a well-attended gala event;
- Northampton announced its purchase of land for a new upscale hotel to be situated in the Vaughan area, north of Toronto, to be developed with joint venture partner Silver Hotel Group;
- Northampton announced its intention to commence a normal course issuer bid to purchase its common shares from time-to-time;
- Northampton announced a new appointment to the Company's board of directors, W. Keith Gray;
- Northampton made dividend payments totalling $782,443 ($0.03 per share) in fiscal 2009;
- After year end, Northampton closed operations of its joint venture at the Four Points by Sheraton Montreal Centre-Ville, in Montreal, effective April 20, 2009, and successfully sold the property;
- The Strathcona Hotel in Toronto won TravelCLICK's eMarketer of the Year award.

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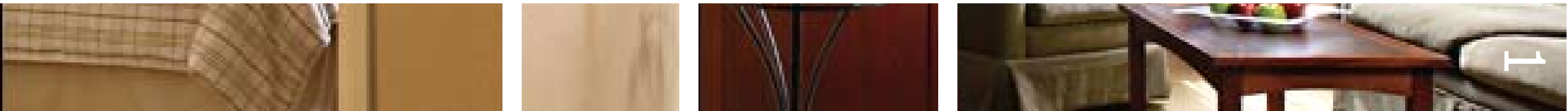


To Our Shareholders:

Across the board, the past year has been challenging for the hospitality industry. Demand slowed even as the industry increased capacity, with new builds that were planned prior to the economic slowdown opening their doors into a tough market. These new properties put additional pressure on older hotels, at the same time as larger properties reduced their rates to catch a bigger proportion of the market. The result is evident in our top line, which was off slightly for the second year in a row – unprecedented in our 20 years of operation.

Add to the economic slowdown a stronger Canadian dollar (which discourages US-originating business and leisure travel, as does the new requirement for passports), rebounding energy prices, and higher costs in such items as labour and utilities, and the result is lower occupancy, lower average daily rates, and reduced revenue per available room (RevPAR). The factors contribute to a severe margin squeeze. These trends were evident across Canada, although the GTA and Montreal – strongly represented in Northampton's portfolio – were among the hardest hit regions.

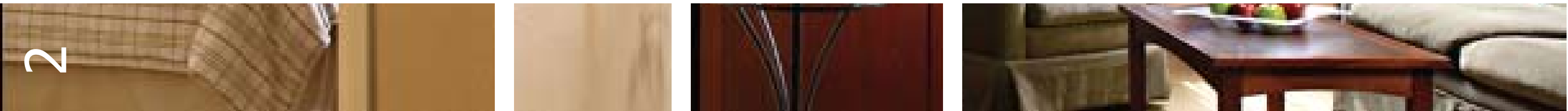
Despite these setbacks, Northampton has managed to stay above industry averages in its locations, through a combination of careful cost management and strategic marketing. For example, we are implementing an energy efficiency program to reduce electricity and heating bills, and our managers work hard to keep their hotels at the forefront of local businesses, as evidenced by the Strathcona Hotel's successful capture of TravelCLICK's eMarketer of the Year award. We are careful managers, and this generally works to our benefit, but the squeeze is being felt throughout the industry, even by the larger players, some of whom are posting losses for the first time in years.

To review our numbers, Northampton posted a 3.3% decline in sales to $29.9 million from $30.9 million in the previous year. The property we opened in June of 2008, the aloft™ Montreal Airport Hotel, was slow to take off, and thus did not have its expected positive impact on the top line. We did reduce our costs by 1.2% despite the addition of the new aloft™, mostly because of cost containment. Nonetheless, operating income, or EBITDA, decreased 9.6% to $7.1 million, and net income fell 55.4% to $0.6 million for an equivalent drop in earnings per share to $0.021 from $0.047 in fiscal 2008.

Although management is concerned about these numbers and about the state of the industry as a whole, we know that the Company's properties show well. Our policy of ongoing and regular maintenance means that our portfolio is in decent shape, and we continue to work to improve each property in its local market.

Our broader strategy was to significantly raise the level of quality of the overall portfolio, moving from our existing offering to more upscale, select-service hotels. The current environment makes it tough to continue moving substantially in this upward direction. New builds are difficult to finance, and even if we were to sell a property, cost-effective replacement of the cash flow it generates would be challenging.

That being said, the Company was able to divest one Montreal joint venture property shortly after our fiscal year-end. The Four Points Montreal Centre-Ville was sold in April, a solid accomplishment in this market. In addition, the aloft™ has been well-received by the travelling public, and its performance is gradually improving following a gala launch last year. We have two more properties ready for development as the market improves, one in Quebec and one in Vaughan, Ontario. Both properties are well-situated, and we plan upscale, select-service hotels for each. Management, as always, is careful – we will not embark on these plans until the economic situation improves.



During the year, Northampton's board agreed to make two semi-annual dividend payments for $0.15. These were paid in October and March, providing Northampton's shareholders with an annual yield of about 5%. The Board will review its dividend policy from time to time, as appropriate.

Continued challenges are anticipated, and Northampton's careful management and cost consciousness, which have historically buffered the Company from the more severe effects of industry troubles, are being tested in these most unusual times. However, we have confidence in our hotels and management, as well as our strategies regarding marketing, operations, and conservation of resources.

In closing, I would like to thank our hotel managers, our staff, our Board, and our shareholders for their support. I hope to see some of you at our Annual General Meeting in September.

Vinod Patel
President and Chief Executive Officer

MANAGEMENT'S DISCUSSION & ANALYSIS for the year ended March 31, 2009.
As at July 22, 2009

This Management Discussion and Analysis should be read in conjunction with the consolidated annual financial statements for the fiscal years ended March 31, 2009 and 2008.

Forward-Looking Statements

This document contains forward-looking information relating to Northampton Group Inc. and the hospitality industry, such as those pertaining to anticipated occupancies and average room rates. Forward-looking information addresses future events and conditions that are subject to a variety of risks and uncertainties beyond the Company's ability to control or predict. Actual events or results therefore may differ materially from those anticipated in such forward-looking statements. Accordingly, readers should not place undue reliance on forward-looking statements, and should acquaint themselves with management's more detailed discussion of potential risks and uncertainties found later in this discussion and in the documentation posted on SEDAR (www.sedar.com) and on the Company's website (www.nhgi.com).

Non-GAAP Financial Measures

The MD&A includes certain non-GAAP measures. These measures are not recognized under GAAP and our method of calculating them may not be comparable to measures presented by other entities. They are provided to supplement the reader's understanding of the Company's performance and should not be used as an alternative to the standard GAAP disclosures. The following non-GAAP measures have been included in this MD&A: Occupancies; average daily room rates (ADRs); revenue per available rooms (RevPAR); EBITDA (earnings before interest, incomes taxes, depreciation and amortization); and cash flow per share. These non-GAAP measures are commonly used within the hospitality industry.

Overall Performance

Overview, Strategies, and Objectives

Northampton Group Inc., an integrated Canadian hotelier with ownership and management interests in 2,002 rooms in 16 hotels, is engaged in the business of: (i) ownership of hotels; (ii) management of hotels; and (iii) construction and development of hotel properties.

In all its managed and owned hotels, Northampton strives to provide excellent accommodations at affordable prices. Northampton's strategy, in tandem with strategic hotel partners, is to develop new hotels and acquire and reposition existing undervalued and under-utilized hotel assets, in order to provide superior overnight accommodations at mid-market prices through aggressive marketing, re-branding, and ongoing hotel upgrades. The Company has actively sought affiliations with internationally recognized lodging brands in order to enhance the image of and effectively market its hotels.

Focused on creating the best return for all stakeholders, Northampton's proven, market-sensitive approach maximizes returns from its hotel portfolio. Northampton has demonstrated that it excels in its sector, offering services that exceed expectations.

During the year ended March 31, 2009, for most of Northampton's properties, both occupancies and ADRs

were lower than the comparable period in the prior year, resulting in RevPAR declines of between 3% and 10%, except for the properties in Brampton and Cambridge, where the RevPAR declines were 14% and 20% respectively. All these markets continue to be influenced by local economic conditions, in particular the slowdown in the automotive sector and new hotel additions. In June 2008, Northampton along with its joint venture partners opened the aloft Montreal Airport Hotel. This property did not perform up to expectations in the first six months of operations due to new additional supply, as well as reduced air travel by leisure and corporate customers. The same holds true for the two other airport properties, Park Inn Montreal Airport and the Comfort Hotel Airport North in Toronto. Generally, there was a marked drop in occupancies in the last six months of fiscal 2009, primarily as a result of the current economic uncertainties, resulting in corporate cut-back in travel budgets as well as a marked decline in leisure travel.

Economic Outlook

In the existing uncertain financial markets, fluctuating commodity prices, a weakening manufacturing sector and the recession in Canada and the United States, the outlook for the hospitality sector will mirror the current economic realities. The above factors will impact consumer and business confidence and consequently the demand for hotel accommodation in the near term will be affected. However, the extent of the impact remains uncertain, but it is likely to match the percentage decrease in gross domestic product. There will be cutbacks in corporate travel and the group/tour business will be affected by both demand and rate pressures. Traditionally, leisure travel suffers the greatest in uncertain economic times.

Regional Market Overview

According to Pannell Kerr Forster Consulting (PKF), Northampton's major market, the Greater Toronto Area (GTA), experienced occupancies of 66.0% in calendar 2008 compared to 66.7% in calendar 2007. In Montreal, occupancies dropped to 63.7% in 2008, from 66.7% in 2007, while in Ottawa West, occupancies declined to 67.2% from 69.9% the previous year. PKF has projected a decline in occupancies for Toronto for calendar 2009 with occupancies in the 63% range, whilst occupancies are expected to decline in Montreal from 64% to 61% and similarly in Ottawa from 71% to 68%. All three centres are expected to perform at, or slightly ahead of, the national average projected at 61%.

For calendar 2008, average daily room rates (ADRs) were marginally up from $135.67 to $136.48 in the GTA, up marginally in the Montreal area where ADRs were $137.93 this year compared to $137.57 last year, and up 4.8% from $121.06 to $126.86 in Ottawa West. For the coming year, PKF is projecting improvements in ADRs in each of Northampton's markets; however, due to anticipated lower occupancy, management believes that the market will lower rates to entice demand. PKF is expecting ADRs in Toronto to improve slightly in calendar 2009 to $138 from $136. In Montreal, ADRs are expected to improve slightly to $139 from last year's $138. Ottawa's ADRs are anticipated to rise to $138 from $136. Due to lower expected occupancies, Northampton does not believe that it will be able to improve revenues if economic conditions continue to be difficult.

Revenue per available room (RevPAR) was marginally down in calendar 2008 for the GTA - to $90.02 from the previous year's $90.44, whilst the Montreal area saw a decline in RevPAR of 4.2% to $87.89 from $91.76. The Ottawa West region's RevPAR, increased marginally to $85.26 from $84.61 in previous year. For 2009, PKF is forecasting RevPAR declines in virtually all regions. The Toronto market is expected to see a further decline of 4%, Ottawa of 2% and the Montreal region of 3%. Northampton believes that the RevPAR impact will be greater as hotels attempt to induce demand by lowering rates. PKF predicts that margins will tighten over the next year. Taking these trends into consideration, Northampton's strategy will be to manage costs across the board.

National Market Summary

Nationally for calendar 2008, the hotel industry saw a decline in occupancy of 1.5% whilst posting a 3.0% gain in average rates, resulting in marginal improvement in RevPAR of 0.6%, according to PKF. For Ontario and Quebec in the twelve months to December 2008, according to PKF, occupancies were down 1% and 1.4% respectively and rates were up 0.6% and 3.3% respectively. This resulted in a RevPAR decline of 1.1% for Ontario and a RevPAR increase of 1.0% for Quebec.

According to Colliers in 2008, hotel investment was down 77% from the frantic activity seen between 2005 and 2007. Lack of available financing in the global economic uncertain times was cited as the primary cause of this decline. The overall average price per room declined 25% to $116,500 in 2008. Private investors were still the most active buyer group by both number of trades and transaction volume. The reported capitalization rates generally trended in the 10% to 11% range in 2008 compared to 9% to 10% in 2007. With Canada in the midst of a sustained recession and challenges in funding acquisitions, transaction activity is expected to slow further in 2009.

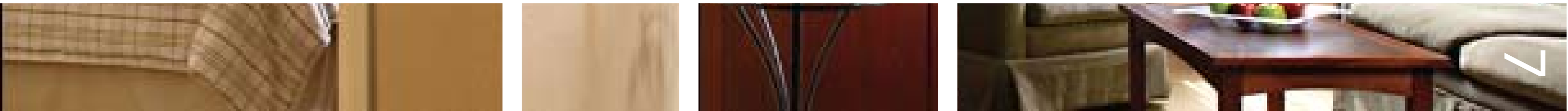
Hotel room supply grew by approximately 2.4% in 2008 with the opening of 80 new hotels, accounting for 8,870 rooms across Canada. A further 74 new hotels are expected to be opened in 2009 across the country, adding another 8,900 rooms to the market. Of the additions in 2008, Ontario accounted for 19 new hotels with some 2,202 rooms, a 3.1% increase in available rooms, and Quebec added 9 new hotels in 2008 comprising some 1,219 rooms, a 3.6% increase in provincial supply. Currently there are 16 new hotels forecast for 2009 in Ontario comprising 2,941 rooms, an additional 3.9% increase in available rooms, with Quebec forecasting an additional 5 new hotels adding another 976 rooms, a 2.8% increase in supply. This new supply in Northampton's markets has had and will continue to have a direct impact in an already challenged demand environment

Selected Annual Information

The following table provides selected financial information for the fiscal years ended March 31, 2009, 2008 and 2007.

(in thousands, except per share data)	2009	2008 (3)	2007 (3)
Revenues	**$29,899**	**$30,920**	**$31,135**
Income from operations	**$1,558**	**$2,556**	**$2,947**
Income from operations per share	**$0.06**	**$0.10**	**$0.11**
Cash flow (1)	**$3,179**	**$3,749**	**$3,305**
Cash flow per share	**$0.12**	**$0.14**	**$0.13**
Net income from continuing operations	**$412**	**$1,220**	**$859**
Net income	**$546**	**$1,223**	**$912**
Earnings per share – continuing operations	**$0.02**	**$0.05**	**$0.03**
Earnings per share	**$0.02**	**$0.05**	**$0.03**
Total assets	**$85,570**	**$84,012**	**$81,706**
Total long-term debt	**$39,938**	**$40,942**	**$41,671**
Cash dividend declared per common share	**$0.03**	**$0.015(2)**	**$0.02**

(1) – Net income from continuing for the year plus amortization
(2) – Proposed semi-annual payment commencing in 2008.
(3) – The 2008 and 2007 numbers have been restated to account for discontinued operations.



The consolidated financial statements of Northampton are prepared in accordance with Canadian generally accepted accounting principles (GAAP), and are in Canadian dollars.

Results of Operations

System Revenues
System revenues (the sum total of all Northampton revenues plus all revenues reported by investee companies, co-owners, and limited partnerships) were down $310,271 to $55,422,900 in fiscal 2009 from $55,733,171 in fiscal 2008.

Consolidated Revenues
Northampton's consolidated revenues for the fiscal year ended March 31, 2009 were down 3.3% to $29,898,703, from $30,919,644 in fiscal 2008. The current year's revenues include Northampton's share of revenues from the aloft Montreal Airport in the amount of $917,720 which commenced operations June 2008.

Most of Northampton's properties generally experienced a top-line decrease, resulting in same hotel year-over-year revenues declining by $1,938,661 or 6.3%. Revenues from the Cambridge, Brampton, Toronto Airport and the Montreal Airport locations as well as the property in Princeton, New Jersey were particularly challenged with revenue declines of between 10% and 19% caused by both the economic conditions and new supply in their respective markets.

All locations experienced fewer leisure and corporate guests during the year. Once again, the Ottawa location showed year-over-year growth, posting an annual RevPAR improvement of 3.5%. The strong Canadian dollar and escalating gas prices continue to impact cross-border traffic, while new hotel additions and the current economic environment have all affected occupancies to varying degrees.

Expenses
In fiscal 2009, total expenses, including amortization and interest, decreased marginally to $28,340,408, down from $28,363,413 in the previous year. The total expenses for the current year include $1,296,023, from the aloft™ Montreal Airport.

Operating expenses decreased $271,982 to $22,818,179, down 1.2% in fiscal 2009 compared to operating expenses of $23,090,161 in fiscal 2008. Included in the current year's operating expenses is the company's share of operating expenses for the aloft Montreal Airport, totaling $879,176. For same hotels, year-over-year expenses decreased by $1,151,158 or 5.0%. Generally, declines in expenses were slightly less than revenue declines.

Amortization and interest expense for fiscal 2009 were $2,766,685 and $2,755,544 respectively compared to fiscal 2008 amounts of $2,529,287 and $2,743,965 respectively. The Company's share of the aloft Montreal Airport's amortization and interest expenses included above amounted to $194,459 and $222,388 respectively.

Operating Profit
The Company's goal is to achieve operating margins at or above 30%. With softer occupancies and ADRs,

the Company's margins were 23.68%, a decrease from the 25.32% posted in fiscal 2008. Without the inclusion of the aloft Montreal Airport, which was slow to ramp up, the operating profit margin for the current year was 24.30%.

Operating profit, or EBITDA (earnings before interest, income taxes, depreciation, and amortization), decreased 9.6% to $7,080,524, down from $7,829,483 in fiscal 2008. With decreases in revenues and a less-than-corresponding decrease in expenses, the company faced a margin squeeze.

Income From Operations

Income from operations for fiscal 2009 was down 39.0% to $1,558,295 from $2,556,231 during fiscal 2008, including a loss from operations of $378,303 in the current year from the aloft Montreal Airport. The primary reasons for this decline continue to be the Company's inability to pass increasing costs to consumers by way of higher room rates as well as challenges to room occupancy demand.

Fair Value Changes in Marketable Securities, Capital Funds and Interest Income

As a result of continuing uncertainties in the financial marketplace, there was an unrealized loss of value in Northampton's marketable securities and capital fund investments of $573,447 in the current fiscal year, with a corresponding decline of $146,622 in the prior year. The value of the investments and securities was based on historic lows recorded in March 2009. These funds are invested in a diverse portfolio of mutual funds and securities and are not exposed to any one sector in particular. Northampton is under no pressure to realize these losses as there is no immediate requirement to access these funds. The total investment income for the year amounted to $455,414, down from $633,231 in the prior year, primarily the result of lower interest income, as a result of lower interest rates on cash balances on hand and lower investment income.

Net Income

The resulting net income from continuing operations in fiscal 2009 was $412,401 or $0.02 per share down from $1,219,757 or $0.05 per share in fiscal 2008.

Subsequent to the year-end, the Company sold the Four Points Montreal Centre-Ville. The company held a 40% joint-venture interest in this hotel. The results of the Four Points Montreal have been segregated and disclosed separately as net income from discontinued operations and amounted to $133,756 or $0.00 per share in the current year with a corresponding amount of $3,566 or $0.00 per share in the prior year.

The total net income for the year amounted to $546,157 or $0.02 per share compared to $1,223,323 or $0.05 per share.

Retained Earnings

Retained earnings in fiscal 2009 decreased 1.9% to $12,062,822 from $12,299,108 in fiscal 2008 after a dividend payment of $782,443.

Summary of Quarterly Results

The following tables provide a summary of selected financial information for the eight most recently completed quarters, restated to account for discontinued operations.

Quarterly Consolidated Financial Information Year ended March 31, 2009				
(amounts in thousands, except per share amounts)				
	1st Quarter	**2nd Quarter**	**3rd Quarter**	**4th Quarter**
Revenue	$8,094	$9,149	$7,020	$5,636
Income (loss) from continuing operations	$535	$512	($219)	($416)
Net income (loss)	$630	$634	($243)	($475)
Income (loss) from continuing operations per common share	$0.02	$0.02	($0.00)	($0.02)
Earnings (loss) per common share	$0.02	$0.02	$0.00	($0.02)

Quarterly Consolidated Financial Information Year ended March 31, 2008				
(amounts in thousands, except per share amounts)				
	1st Quarter	**2nd Quarter**	**3rd Quarter**	**4th Quarter**
Revenue	$8,135	$9,191	$7,286	$6,308
Income (loss) from continuing operations	$650	$833	$94	($357)
Net income (loss)	$744	$925	$33	($479)
Income (loss) from continuing operations per common share	$0.02	$0.04	$0.00	($0.01)
Earnings (loss) per common share	$0.03	$0.04	$0.00	($0.02)

Northampton's business demonstrates seasonal variation, in that it usually benefits from higher leisure travel rates in the spring and summer, and shows a contraction during the period from November to March. This variation can result in occupancy fluctuations of as much as 45 percentage points across the Company's holdings. Northampton attempts to moderate this impact by marketing strategically in the off-season, and by marketing specifically to the corporate and commercial traveler year-round. In the past three years, quarterly variation has followed the traditional pattern of moderate third quarter and soft fourth quarter. In addition to seasonality and due to the current recessionary environment, year-over-over occupancies have been declining since October 2008.

	Fiscal 2009			Fiscal 2008			Fiscal 2007		
	Occu-pancy (1)	**Rate(2)**	**RevPAR (3)**	**Occu-pancy**	**Rate**	**RevPAR**	**Occu-pancy**	**Rate**	**RevPAR**
April	**60.19%**	**$104.65**	**$62.99**	**61.02%**	**$102.24**	**$62.38**	**59.70%**	**$101.69**	**$60.71**
May	**68.28%**	**$113.64**	**$77.60**	**70.58%**	**$108.47**	**$75.56**	**69.22%**	**$113.39**	**$78.49**
June	**72.85%**	**$117.89**	**$85.88**	**74.33%**	**$118.36**	**$87.98**	**71.69%**	**$118.92**	**$85.26**
July	**65.66%**	**$107.44**	**$70.54**	**70.30%**	**$105.72**	**$74.32**	**69.77%**	**$107.36**	**$74.90**
August	**73.11%**	**$109.33**	**$79.92**	**74.23%**	**$108.40**	**$80.46**	**75.63%**	**$111.87**	**$84.61**
September	**71.76%**	**$115.39**	**$82.81**	**79.99%**	**$110.08**	**$88.06**	**79.07%**	**$112.90**	**$89.27**
October	**65.94%**	**$112.39**	**$74.11**	**73.02%**	**$105.93**	**$77.35**	**70.01%**	**$106.27**	**$74.40**
November	**55.22%**	**$107.37**	**$59.29**	**65.73%**	**$105.01**	**$69.02**	**62.51%**	**$103.38**	**$64.62**
December	**42.54%**	**$100.84**	**$42.90**	**47.70%**	**$97.28**	**$46.40**	**44.47%**	**$98.05**	**$43.61**
January	**40.48%**	**$101.87**	**$41.24**	**49.00%**	**$98.87**	**$48.45**	**48.86%**	**$98.02**	**$47.89**
February	**46.35%**	**$104.23**	**$48.31**	**53.70%**	**$100.33**	**$53.88**	**56.61%**	**$98.08**	**$55.53**
March	**45.87%**	**$104.23**	**$47.81**	**55.75%**	**$101.20**	**$56.42**	**59.78%**	**$101.29**	**$60.55**
TOTAL	**59.06%**	**$109.20**	**$64.32**	**64.61%**	**$105.91**	**$68.47**	**63.96%**	**$106.87**	**$68.35**

(1) Occupancy means rooms occupied divided by rooms available.
(2) Rate means the average room rental derived from occupied rooms.
(3) RevPAR means the average room rental derived from available rooms.

The preceding table summarizes monthly occupancies and average daily room rates for all of Northampton's properties.

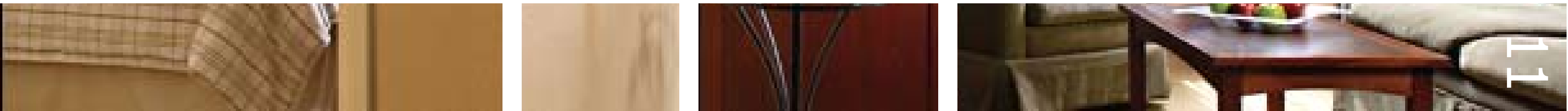
Liquidity
The Company's cash flow is generated by funds from hotel operations and bank operating lines. In addition, Northampton has the potential to finance under-leveraged assets. Northampton currently has unused operating loan facilities of approximately $8.0 million.

Cash flow, net income plus amortization, decreased 14.1% in fiscal 2009 to $3,416,140 or $0.13 per share, down from $3,978,606 or $0.15 per share in fiscal 2008.

Total assets were $85,569,704 in fiscal 2009, up from $84,012,075 in fiscal 2008. The increase resulted primarily from the company's share of costs related to the land acquired for a new development in Laval, Quebec during the year as well as the costs to complete the aloft Montreal Airport that was added last year, opening on June 5th 2008. The Company is in the process of developing aloft hotels in Vaughan, Ontario and on the Laval property.

The following chart summarizes Northampton's future principal repayments on long-term debt that will be refinanced as they come due:

Payments On Long-Term Debt Due By Year					
	Total	Less than 1 year	1-to-3 years	3-to-5 years	More than 5 years
Long-term debt due	$39,938,002	$16,161,748	$14,098,275	$9,677,979	$-



Total long-term debt was $39,938,002 in fiscal 2009, representing a 2.5% decrease from $40,941,798 in fiscal 2008. The net decrease is a result of new financings of $6,539,172 and reductions arising from regular monthly principal repayments and a joint-venture mortgage on the Radisson Admiral Hotel in the amount of $3,035,483, which was paid out during the year, as well as a reduction of $4,432,908 related to the property held for sale at the end of the year. The new advances are for the hotel development in Dorval as well a higher refinancing of an existing mortgage that matured during the year. Subsequent to the year-end the Radisson Admiral mortgage was refinanced in the amount of $2,450,000.

The current portion of long-term debt represents principal repayments due within the next 12 months and one mortgage of a joint-venture interest totaling $1,381,341, up for renewal. The mortgage maturing next year is expected to be renewed under similar terms and conditions to the existing loans. Also included in the current portion are three mortgages of subsidiaries and joint-venture interests of the Company totaling $10,560,584, as they did not satisfy one of their loan covenants. The Company will address these covenants with the respective lenders.

Capital Resources

Cash Flows and Debt Financing

Historically, Northampton has financed most of its growth through cash flows and new property-specific debt as required. The Company had demonstrated its ability to access debt capital from refinancing existing hotels, in order to purchase and/or develop hotels when accretive opportunities arose. With the current economic climate and challenged debt markets, both the hospitality sector and the Company will find difficulty in sourcing new long-term financing for assets. However, Northampton has the advantage of a strong network of associates and partners who are knowledgeable and active investors in the hotel business.

Given the nature of financing in the industry, the state of the capital markets, the Company's share price, and the relationship of Northampton to its bankers, debt has been the safest, least expensive, and most practical mechanism to finance the Company's growth. Northampton will continue to assess all variables carefully, and is committed to keeping long-term debt/equity levels at reasonable industry standards. The industry debt level averages between 50-to-65% of property values, whereas Northampton's ratio of approximately 40% of property value provides the Company with extra leverage if necessary.

Capital Replacement Fund

Over the years, by corporate policy, Northampton's subsidiaries have established capital replacement funds for future repairs and maintenance, upgrades and renovations, and to pay down existing debt. In fiscal 2009, Northampton allocated $208,407 in new funds from working capital, and wrote-down the funds' investments to fair value by $308,718, decreasing the total fund balance to $2,122,945. In fiscal 2008, the Company and its subsidiaries allocated $140,618 to the funds from working capital.

Shareholders' Equity

During the year ended March 31, 2008, Northampton's Board of Directors established a new corporate dividend policy enabling two dividend payments per year rather than one, as had been the practice in prior years. The first payment of $0.015 per common share was paid in March 2008. During the current year, dividends of $0.015 each per common share were paid in October 2008 and March 2009. Future dividend payments will be subject to Board approval.

Capital Expenditures

Capital expenditures are comprised of capital maintenance costs and repairs and maintenance expense. Northampton has consistently maintained a policy of active capital maintenance for each of its properties. Northampton spent a total of approximately $6.0 million on its existing properties, of which it expensed approximately $1.6 million in fiscal 2009, with the balance being capitalized. In fiscal 2008, the Company spent a total of $7.8 million, of which it expensed approximately $1.7 million. Historically, Northampton has spent between 4% and 8% of revenues each year, ensuring that its properties are not subject to major repairs in any one year and are free of deferred maintenance.

Related-Party Transactions

The Company is a shareholder of and exercises significant influence over 1310866 Ontario Limited (o/a The Strathcona Hotel). The Company provides management services to this entity as well as to its co-tenancies and a limited partnership interest, and earned $1,699,574 in fees in fiscal 2009 and $1,594,364 in fiscal 2008. These fees are based on revenues and results of operations of these entities. In addition, interest in the amount of $1,278 in fiscal 2009 and $15,604 in fiscal 2008 was paid to the controlling shareholder on loans and debentures arising from advances made to assist in acquisitions and developments.

Off-Balance Sheet Arrangements

As at March 31, 2009 Northampton had no undisclosed off-balance sheet arrangements.

Fourth Quarter

The fourth quarter, as is evident from the Company's quarterly figures, is customarily Northampton's slowest, reflecting not only industry patterns, but also the Company's tendency to perform most of its renovations in its slowest period. Below is a summary of selected financial information for the quarter ended March 31, 2009 and 2008:

For the three months ended March 31,	**2009**	**2008**
Revenue	$5,635,480	$6,308,247
Operating expenses	$5,113,505	$5,661,165
Amortization	$678,868	$677,054
Interest and accretion on long-term debt	$715,997	$678,944
Loss from operations	($872,890)	($708,916)
Other income and (expenses)	($44,807)	$68,700
Net loss for the period from continuing operations	($415,820)	($357,241)

Northampton's consolidated revenues for the fourth quarter ended March 31, 2009 were $5,635,480, down 10.7% from $6,308,247 for the same period ended March 31, 2008. All of Northampton's properties suffered revenue declines in the last quarter of fiscal 2009 compared to the prior year. The revenue decline was after the increase in revenue of $278,633 attributed to the new aloft Montreal Airport in the quarter. The decline is primarily attributed to the current economic conditions, leading to reduced commercial and leisure travel, although the continuing challenges arising from new supply in the GTA-West region, including Cambridge, also contributed to the decline.

Operating expenses for the fourth quarter of fiscal 2009 decreased by 9.7% from $5,661,165 in the fourth quarter of fiscal 2008 to $5,113,505. The aloft Montreal Airport's share of operating expenses in the quarter amounted to $251,531. Though expected, as a result of the lower revenues, the decrease in expenses was limited due to the Company's inability to pass on increased operating costs to our guests by way of higher room rates.

As a result, operating profit, or EBITDA (earnings before interest, income taxes, depreciation, and amortization), was $521,976, down 19.3% from $647,085 in the fourth quarter of fiscal 2008.

The fourth quarter of fiscal 2009 resulted in a loss from operations of $872,890, compared to a loss of $708,916 in the fourth quarter of the previous year. The net loss for the current quarter was $0.02 compared to a loss of $0.02 for the same quarter last year.

Changes in Accounting Policies

Capital disclosures

Effective April 1, 2008, the Company adopted the Canadian Institute of Chartered Accountants ("CICA") Section 1535 - Capital Disclosures. This standard specifies the disclosure of (i) an entity's objectives, policies and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such non-compliance. The adoption of this new accounting policy has not impacted the financial results of the Company at March 31, 2009.

Financial instruments - Disclosures and presentation

Effective April 1, 2008, the Company adopted two new CICA accounting standards: Section 3862 - Financial Instruments - Disclosures and Section 3863 - Financial Instruments - Presentation. These new sections replace Section 3861 - Financial Instruments - Disclosure and Presentation. These standards revise and enhance disclosure requirements, and carry forward, unchanged, existing presentation requirements. These new sections place increased emphasis on disclosure about the nature and extent of risks arising from financial instruments and how the entity manages those risks. The adoption of this new accounting policy has not impacted the financial results of the Company at March 31, 2009.

Future Changes in Accounting Policies

International Financial Reporting Standards ("IFRS")

In 2005, the Accounting Standards Board of Canada announced that the accounting standards in Canada are to converge with IFRS. This was confirmed by the CICA on February 13, 2008, which stated that the use of IFRS will be required by January 1, 2011, with comparative data for the prior year. The CICA has published an implementation plan to convert from Canadian GAAP to IFRS and has indicated that further pronouncements will be made in the near future. Northampton is currently assessing the adoption of IFRS for 2011; however, the financial impact of the transition to IFRS cannot be reasonably estimated at this time. Whilst IFRS uses a conceptual framework similar to Canadian GAAP, there are significant differences in accounting policies that will need to be addressed and there will be more disclosure required.

Risks and Uncertainties

Normal business risk is associated with Northampton's operations, but there are several areas where Northampton may encounter challenges.

The Company is at risk from increases in interest rates, which may have an impact on margins. The modest interest rates in place now work to hoteliers' advantage. Northampton monitors rates carefully and consistently works to negotiate favourable agreements.

The Company is traditionally vulnerable to seasonal and cyclical fluctuations in occupancies. Currency fluctuations also impact travel markets. The Company's best counter to this vulnerability is expansion into different geographical markets, as exhibited by its moves into Ottawa, Montreal, and Princeton, New Jersey.

Similarly, hotels generally reflect fluctuations in the overall economy. The hospitality industry is also affected by geo-political uncertainties worldwide. Although mid-range operators have traditionally been somewhat buffered against economic declines, this is not the case when a drop in travel and tourism results in up-scale hotels reducing their prices significantly.

Management recognizes the cyclical nature of the hotel industry and will continue to manage its business and its debt levels accordingly.

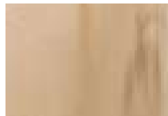
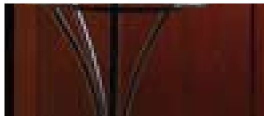
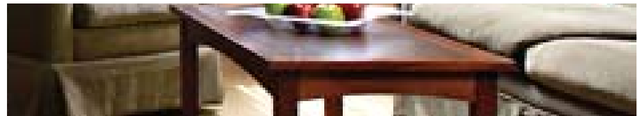
Outstanding Share Data

The following table sets out the number of outstanding equity securities of Northampton:

Shares Outstanding	as at July 22, 2009
Common shares	26,081,437
Preferred shares	5,500,000

Additional Information

Additional information relating to Northampton, including its annual information form, is available on SEDAR at www.sedar.com.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements and all the information in this annual report are the responsibility of management and have been approved by the Board of Directors of the corporation.

The consolidated financial statements have been prepared by management in accordance with generally accepted accounting principles in Canada and reflect management's best estimates and judgments based on current available information.

The corporation has developed a system of internal accounting controls in order to ensure that transactions are authorized and proper records are maintained. Management believes that this system of internal controls provides reasonable assurance that financial records are both reliable and form a proper basis for the preparation of financial statements.

The Board of Directors carries out its responsibility for the consolidated financial statements through its audit committee and has unrestricted access to the corporation's auditors to ensure the integrity of management's financial reporting. The audit committee includes two independent board members.

The consolidated financial statements have been audited by BDO Dunwoody LLP, Chartered Accountants, in accordance with Canadian generally accepted auditing standards.

Vinod Patel
President & Chief Executive Officer

Narendra Patel
Vice-President, Secretary & Treasurer

AUDITOR'S REPORT

BDO Dunwoody LLP
Chartered Accountants
and Advisors

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Telephone: 905.639-9500
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To the Shareholders of Northampton Group Inc.

We have audited the consolidated balance sheets of Northampton Group Inc. as at March 31, 2009 and 2008 and the consolidated statements of shareholders' equity, operations and comprehensive income (loss) and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 consolidated financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2009 and 2008 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

BDO Dunwoody LLP

Chartered Accountants, Licensed Public Accountants
Burlington, Ontario
July 22, 2009

BDO Dunwoody LLP is a Limited Liability Partnership registered in Ontario.

Northampton Group Inc.
Consolidated Balance Sheets

March 31		2009		2008
Assets				
Current				
Cash and cash equivalents	**$**	**6,666,265**	$	11,994,796
Marketable securities		**478,005**		790,149
Receivables		**2,516,149**		2,227,846
Prepaid expenses		**588,548**		797,263
Notes receivable (Note 2)		**3,300,000**		-
Assets held for sale (Note 18)		**4,876,126**		-
		18,425,093		15,810,054
Capital replacement fund		**2,122,945**		2,223,256
Notes receivable (Note 2)		**1,911,124**		1,760,827
Investments (Note 3)		**2,239,404**		2,128,327
Hotel properties (Note 4)		**58,023,392**		60,698,948
Property held for development		**2,847,746**		1,390,663
	$	**85,569,704**	$	84,012,075
Liabilities and Shareholders' Equity				
Current				
Accounts payable and accrued liabilities	**$**	**4,338,822**	$	5,914,025
Income taxes payable		**881,647**		1,195,513
Current portion of long-term debt (Note 5)		**16,161,748**		21,374,726
Liabilities related to assets held for sale (Note 18)		**4,631,653**		-
		26,013,870		28,484,264
Long-term debt (Note 5)		**23,776,254**		19,567,072
Future income taxes (Note 6)		**2,677,331**		2,758,331
Debt equivalents (Note 7)		**1,100,000**		1,100,000
Non-controlling interest in subsidiaries		**12,021,917**		11,870,347
		65,589,372		63,780,014
Shareholders' equity		**19,980,332**		20,232,061
	$	**85,569,704**	$	84,012,075

On behalf of the Board:

Vinod N. Patel, Director

Narendra C. Patel, Director

The accompanying summary of significant accounting policies and notes is an integral part of these financial statements.

Northampton Group Inc.
Consolidated Statements of Shareholders' Equity

For the years ended March 31	**2009**	2008
Share capital		
Balance, beginning of year	**$ 8,118,164**	$ 7,618,489
Issued on exercise of warrants	**-**	397,800
Issued on exercise of options	**-**	80,000
From contributed surplus on exercise of options	**-**	21,875
Balance, end of year	**8,118,164**	8,118,164
Retained earnings		
Balance, beginning of year	**12,299,108**	11,465,507
Net income for the year	**546,157**	1,223,323
Dividends	**(782,443)**	(389,722)
Balance, end of year	**12,062,822**	12,299,108
Contributed surplus		
Balance, beginning of year	**-**	21,875
Transferred to share capital on exercise of options	**-**	(21,875)
Balance, end of year	**-**	-
Accumulated other comprehensive loss		
Balance, beginning of year	**(185,211)**	(182,688)
Comprehensive loss for the year	**(15,443)**	(2,523)
Balance, end of year	**(200,654)**	(185,211)
Shareholders' equity	**$ 19,980,332**	$ 20,232,061

The accompanying summary of significant accounting policies and notes is an integral part of these financial statements.

Northampton Group Inc.
Consolidated Statements of Operations and Comprehensive Income (Loss)

For the years ended March 31		2009		2008
Revenue	**$**	**29,898,703**	$	30,919,644
Expenses				
Operating		**22,818,179**		23,090,161
Amortization		**2,766,685**		2,529,287
Interest and accretion on long-term debt		**2,755,544**		2,743,965
		28,340,408		28,363,413
Income from operations before other income (expense)		**1,558,295**		2,556,231
Other income (expense)				
Income from investee companies		**111,078**		73,521
Interest and investment income		**455,414**		633,231
Decrease in fair values of marketable securities and capital replacement fund		**(573,447)**		(146,622)
		(6,955)		560,130
Income before income taxes and non-controlling interest		**1,551,340**		3,116,361
Income taxes (Note 6)		**675,000**		1,184,000
Income before non-controlling interest		**876,340**		1,932,361
Non-controlling interest in earnings of subsidiary companies		**(463,939)**		(712,604)
Net income for the year from continuing operations		**412,401**		1,219,757
Net income from discontinued operations (Note 18)		**133,756**		3,566
Net income for the year		**546,157**		1,223,323
Other Comprehensive Loss				
Net change in unrealized foreign currency translation loss		**(15,443)**		(2,523)
Net income and comprehensive income for the year	**$**	**530,714**	$	1,220,800
Earnings per share				
Basic and Diluted	**$**	**0.02**	$	0.05
Earnings per share from continuing operations				
Basic and Diluted	**$**	**0.02**	$	0.05
Earnings per share from discontinued operations				
Basic and Diluted	**$**	**0.00**	$	0.00

The accompanying summary of significant accounting policies and notes is an integral part of these financial statements.

Northampton Group Inc.
Consolidated Statements of Cash Flows

For the years ended March 31		2009		2008
Cash flows from operating activities				
Net income for the year from continuing operations	$	**412,401**	$	1,219,757
Adjustments to reconcile net income to net cash provided by operating activities				
Amortization		**2,766,685**		2,529,287
Discontinued operations, amortization		**103,298**		225,996
Accretion expense		**50,105**		65,383
Decrease in fair value of marketable securities and capital replacement fund		**573,447**		146,622
Non-controlling interest in earnings of subsidiary companies		**463,939**		712,604
Income from investee companies		**(111,078)**		(73,521)
Future income taxes (recovery)		**(81,000)**		(9,000)
		4,177,797		4,817,128
Discontinued operations, change in non-cash working balance		**(206,214)**		(75,592)
Change in non-cash working capital balances (Note 15)		**(1,968,657)**		863,788
		2,002,926		5,605,324
Cash flows from investing activities				
Capital replacement fund		**(208,407)**		(172,864)
Notes receivable		**(3,450,297)**		9,766
Proceeds on sale (purchase) of marketable securities		**47,415**		(332,429)
Purchase of hotel properties and other assets		**(4,423,901)**		(6,113,710)
Discontinued operations, purchase of hotel properties and other assets		**(8,982)**		(166,752)
Purchase of hotel property under development		**(1,457,083)**		(1,020,738)
		(9,501,255)		(7,796,727)
Cash flows from financing activities				
Long-term debt advances		**7,039,172**		1,629,828
Repayment of long-term debt		**(3,660,167)**		(2,034,178)
Discontinued operations, repayment of long-term debt		**(98,952)**		(108,697)
Proceeds from exercise of options and warrants		**-**		477,800
Dividends paid to non-controlling interest		**(312,369)**		(312,369)
Dividends paid		**(782,443)**		(389,722)
		2,185,241		(737,338)
Translation adjustments		**(15,443)**		(2,523)
Increase (decrease) in cash and cash equivalents during the year		**(5,328,531)**		(2,931,264)
Cash and cash equivalents, beginning of year		**11,994,796**		14,926,060
Cash and cash equivalents, end of year	$	**6,666,265**	$	11,994,796
Supplemental cash flow information (Note 15)				
Cash paid for interest	$	**2,979,835**	$	3,111,000
Cash paid for income taxes	$	**1,151,000**	$	959,000

The accompanying summary of significant accounting policies and notes is an integral part of these financial statements.

Northampton Group Inc.
Summary of Significant Accounting Policies
March 31, 2009 and 2008

Principles of Consolidation

The consolidated financial statements include the accounts of the Northampton Group Inc. and those of companies it controls as follows:

Shihasi Investment Corporation (SIC), a wholly owned subsidiary and its subsidiary corporation 410613 Ontario Limited (60% ownership interest) and Northampton Inns (Whitby) Inc. (63% owned directly or indirectly by the Company and its subsidiaries).

Northampton Inns (Oakville) Inc., a subsidiary based upon a 52% ownership interest.

Northampton Inns (Oakville East) Inc., a subsidiary based upon a 59% ownership interest.

Newbramco Inc., a subsidiary based upon a 60% ownership interest.

Newcamco Inc., a subsidiary based upon a 60% ownership interest.

The purchase method has been used to account for all acquisitions. The results of operations of all subsidiaries are included only from the effective dates of their respective acquisitions.

All significant inter-company transactions and balances are eliminated on consolidation.

Investments

Investments in Bhodevco Limited and 1310866 Ontario Limited (o/a as The Strathcona Hotel) are accounted for using the equity method since the Company exercises significant influence. Under this method, the cost of the Company's investment is adjusted to reflect the change in the Company's share of the income of the investees, net of distribution.

The Company has also included in the accounts its proportionate share of assets, liabilities, revenue and expenses of eight co-tenancies (2008 – seven) and one limited partnership (see Note 11).

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 in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates. The consolidated financial statements have, in management's opinion, been properly prepared using careful judgment within reasonable limits of materiality and within the framework of the accounting policies of the Company.

Hotel Properties

Hotel properties are stated at cost less accumulated amortization. The cost of properties include acquisition costs, construction costs, other direct costs, and carrying costs (including property taxes and interest, net of operating results) up to the completion date.

Amortization of hotel properties is based on the estimated useful life and is provided for on the following basis:

Buildings	Straight-line over 40 year period
Furniture and fixtures	20% diminishing balance basis
Bedding supplies	100% diminishing balance basis
Franchise fees	Straight-line over term of the agreement

Property Held for Development

The property is stated at acquisition cost. All expenses and carrying charges related to the property under development are capitalized as incurred.

Long-Lived Assets

Impairment is assessed when events or changes in circumstances occur that indicate that the carrying value of the asset may not be recoverable. An impairment loss is recorded when estimated undiscounted future cash flows are less than the carrying value of the asset. The amount recognized is the difference between the fair value and the carrying value of the asset.

Income Taxes

The Company follows the asset and liability method of tax allocation in accounting for income taxes. Under this method, current income taxes are recognized for the estimated income taxes payable for the current year. Future income tax assets and liabilities are determined based on differences between the financial reporting and tax basis of assets and liabilities and are measured using the substantively enacted tax rates and laws expected to be in effect when the differences are realized.

The effect on future income tax assets and liabilities of a change in tax rates is included in income in the period in which the change occurs. The amount of future income tax assets recognized is limited to the amount that is more likely than not to be realized.

Capital Replacement Fund

The Company and its subsidiaries have established a capital replacement fund for future repairs and maintenance of hotel properties or to pay down existing debt. The fund invests in marketable securities and/or term deposits; the investments are recorded at fair value with changes in fair value recognized in the consolidated statement of operations. Fair value is based upon bid price. The Company accounts for these on a trade date basis and transaction costs are expensed as incurred. The Company and its subsidiaries allocated $208,407 and $172,864 from working capital to the fund in 2009 and 2008, respectively.

Marketable Securities

The Company classifies its marketable securities as held-for-trading. They are carried on the balance sheet at fair value with changes in fair value recognized in the consolidated statement of operations and comprehensive income. Fair value is based on quoted bid prices. The Company accounts for these on a trade date basis and transaction costs are expensed as incurred.

Cash and Cash Equivalents

Cash and cash equivalents are defined as highly liquid investments with original maturities of three months or less.

Stock-Based Compensation

Compensation cost of a stock option is measured at fair value at the date of grant and is expensed over the stock option's vesting period, with a corresponding increase to contributed surplus. When these stock options are exercised, the proceeds, together with the amount recorded in contributed surplus, are recorded in share capital.

Foreign Currency Translation

Assets and liabilities of self-sustaining foreign investments are translated at exchange rates prevailing at the balance sheet date. The revenues and expenses are translated at average rates prevailing during the year. The gains and losses on translation are recognized in comprehensive income. The cumulative translation amounts are reflected as accumulated other comprehensive income (loss) in the statement of shareholders' equity.

For foreign currency transactions, at the transaction date, each asset, liability, revenue and expense is translated into Canadian dollars by the use of the exchange rate in effect at that date. At the year end date, monetary assets and liabilities are translated into Canadian dollars by using the exchange rate in effect at that date. The resulting foreign exchange gains and losses are included in income in the current period.

Earnings per Common Share

Earnings per share are calculated using the weighted average number of shares outstanding. Diluted earnings per share are calculated using the treasury stock method. In order to determine diluted earnings per share, the treasury stock method assumes that any proceeds from the exercise of options and warrants would be used to purchase common shares at the average market price during the period.

Revenue Recognition

Revenues include room revenues and restaurant revenues from hotel operations and management fees which are based upon room revenues. Room, restaurant revenues and management fees are recognized when services are provided and collection is reasonably assured.

Financial Instruments and Comprehensive Income

Financial instruments are required to be measured at fair value on initial recognition, except certain related-party transactions. Subsequent measurement of financial instruments will depend on its classification.

Financial Instruments and Comprehensive Income (continued)

The Company designates its cash and cash equivalents, marketable securities and capital replacement funds as held-for-trading, which are measured at fair value. Receivables and notes receivable are classified as loans and receivables, which are measured at amortized cost. Long-term debt, debt equivalents, and accounts payable and accrued liabilities are classified as other financial liabilities, which are also measured at amortized cost. The Company does not have any available for sale instruments. Transaction costs are expensed as incurred for financial instruments classified as held-for-trading.

Finance costs are recorded as a reduction of the carrying value of the debt to which they relate. Over the term of the debt the liability will increase to its face value through the use of the effective interest rate method, with the accretion being included in interest and accretion on long-term debt.

The Company prepares a consolidated statement of operations and comprehensive income (loss) and includes accumulated other comprehensive income (loss) as a component of shareholders' equity within the consolidated statement of shareholders' equity. The foreign currency translation adjustment is classified as accumulated other comprehensive income and changes in the foreign currency translation adjustment are recorded through other comprehensive income.

Future Changes in Accounting Standards

International Financial Reporting Standards

The Accounting Standards Board ("AcSB") establishes financial accounting and reporting standards for use by Canadian companies. It also participates in the development of internationally accepted accounting standards. The AcSB is accountable to the Accounting Standards Oversight Council, an independent body established in September 2000 by the CICA. On February 13, 2009, the AcSB announced the use of International Financial Reporting Standards ("IFRS") will be required for fiscal years beginning on or after January 1, 2011 for publicly accountable profit-oriented enterprises including listed companies. IFRS will replace Canada's current GAAP. Companies will be required to provide comparative IFRS information for the previous fiscal year.

The Company is currently evaluating the impact of the adoption of these changes on the disclosure and presentation within its financial statements.

Goodwill and Intangible Assets

The CICA released new *Handbook Section 3064, Goodwill and intangible assets*, replacing *Handbook Section 3062, Goodwill and other intangible assets*. The Company will adopt this new section for its fiscal year beginning April 1, 2009. This section establishes standards for the recognition, measurement,

Future Changes in Accounting Standards (continued)

Goodwill and Intangible Assets (continued)

presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets by profit-oriented enterprises and it clarifies costs that can be capitalized only when they relate to an item that meets the definition of an asset. The Company does not anticipate this standard will impact its consolidated financial statements.

Business Combinations

In January 2009, the CICA issued new *Handbook Section 1582, Business Combinations*. Section 1582 will be converged with *IFRS 3, Business Combinations* and replaces *Handbook Section 1581, Business Combination*s. Section 1582 establishes the standards for the measurement of a business combination and states that all assets and liabilities of an acquired business will be recorded at fair value. Obligations for contingent considerations and contingencies will also be recorded at fair value at the acquisition date. The standard also states that acquisition-related costs will be expensed as incurred and that restructuring charges will be expensed in the periods after the acquisition date. This section is effective for acquisition dates on or after January 1, 2011. The Company may elect to early adopt this section and if so, will be required to early adopt *Section 1601, Consolidated Financial Statements* and *Section 1602, Non-controlling Interests.*

Consolidated Financial Statements

In January 2009, the CICA issued *Handbook Section 1601, Consolidated Financial Statements*, which replaces *Handbook Section 1600, Consolidated Financial Statements* other than the standards relating to non-controlling interests. The section establishes the standards for preparing consolidated financial statements and is effective for fiscal years beginning on or after January 1, 2011. The Company may elect to early adopt this section and if so, will be required to early adopt *Section 1582, Business Combinations* and *Section 1602, Non-controlling Interests*.

Non-controlling Interests

In January 2009, the CICA issued new *Handbook Section 1602, Non-controlling Interests*, which establishes standards for the accounting of non-controlling interests of a subsidiary in the preparation of consolidated financial statements subsequent to a business combination. This standard is effective for fiscal years beginning on or after January 1, 2011. The Company may elect to early adopt this section and if so, will be required to early adopt *Section 1582, Business Combinations* and *Section 1601, Consolidated Financial Statements.*

Northampton Group Inc.
Notes to Consolidated Financial Statements
March 31, 2009 and 2008

1. **Acquisitions**

During fiscal 2009, the Company entered into a Co-tenancy to develop, construct and manage aloft, Laval, Quebec. The Company contributed $900,000 for a 50% ownership interest. This amount is included in property held for development.

During fiscal 2008, the Company entered into a Co-tenancy to develop, construct and manage aloft, Dorval, Quebec. The Company contributed $2,180,000 for a 40% ownership interest.

In addition, the Company entered into a Co-tenancy to develop, construct and manage aloft, Vaughan. The Company contributed $944,000 for a 40% ownership interest. In fiscal 2009, the Company contributed an additional $236,000 for an additional 10% ownership interest in aloft, Vaughan. These amounts are included in property held for development.

2. **Notes Receivable**

	2009	2008
Due from a shareholder of a subsidiary of the Company, unsecured, bears interest at 7%, due on demand and has no specific terms of repayment	**$ 956,624**	$ 882,827
Due from Co-owners, unsecured, non-interest bearing, due on demand and has no specific terms of repayment	**260,500**	494,000
Due from Co-owners, unsecured, bears interest at 8%, due on demand and has no specific terms of repayment	**694,000**	384,000
Due from a Co-owner, secured by a first ranking leasehold mortgage over the borrower's hotel property, bears interest at 7.03%, repayable $34,825 monthly principle and interest, maturing March 2010	**3,300,000**	-
	5,211,124	1,760,827
Less: current portion	**3,300,000**	-
	$ 1,911,124	$ 1,760,827

Subsequent to the year end, $150,000 of the amount due from Co-owner bearing interest at 8% was converted into capital of a Co-tenancy. In addition, $2,812,500 of the amount due from a Co-owner, bearing interest at 7.03%, was repaid to the Company.

3. Investments

	2009	2008
Bhodevco Limited (50% of issued shares), net investment	$ **92,081**	$ 92,081
1310866 Ontario Limited		
400 Class B common shares	**1,600,000**	1,600,000
Investee's share of accumulated income, net of distributions	**547,323**	436,246
	2,147,323	2,036,246
	$ **2,239,404**	$ 2,128,327

The Company's investment in 1310866 Ontario Limited represent 100% of the issued and outstanding Class B common shares and a 40% interest in the earnings.

Selected financial information for 1310866 Ontario Limited which has been extracted from the March 31 financial statements available is as follows:

	2009	2008
1310866 Ontario Limited (o/a The Strathcona Hotel)		
Total Assets	$ **10,830,979**	$ 10,551,723
Long-term Debt	$ **5,775,103**	$ 6,128,293
Shareholders' Equity	$ **3,368,310**	$ 3,090,614
Total Revenue	$ **6,219,292**	$ 6,066,419

Bhodevco Limited's financial position and results of operations are not significant.

4. Hotel Properties

	2009		2008	
	Cost	**Accumulated Amortization**	Cost	Accumulated Amortization
Land	$ **8,856,260**	$ **-**	$ 9,414,072	$ -
Buildings	**60,534,657**	**16,779,959**	61,864,254	16,215,613
Furniture and fixtures	**15,867,377**	**10,835,023**	16,382,427	11,111,420
Bedding supplies	**1,507,500**	**1,401,185**	1,357,826	1,213,123
Franchise fees	**556,180**	**282,415**	503,569	283,044
	$ **87,321,974**	$ **29,298,582**	$ 89,522,148	$ 28,823,200
Net book value		$ **58,023,392**		$ 60,698,948

In fiscal 2008, the Company commenced construction of one new hotel property. The construction costs to March 31, 2008 have been included in hotel properties above as follows: $672,670 included in land, $2,803,265 included in buildings, $234,234 included in furniture and fixtures and $26,736 included in franchise fees. No amortization was recorded on these assets as the hotel property was not completed prior to the end of fiscal 2008. In June 2008, the hotel property commenced hotel operations.

5. Long-term Debt

	2009	2008
Mortgages payable (a)	$ **29,443,867**	$ 34,314,341
Demand loan (b)	**500,000**	-
Term loan (c)	**-**	996,000
Term loan (d)	**4,468,200**	-
Debentures (e)	**5,000,000**	5,000,000
9% debenture payable to controlling shareholder, repayable $17,610 monthly including interest, due July 2008 (f)	**-**	67,763
8% and 9% notes payable to non-controlling interests, unsecured, with no scheduled repayments (f)	**304,000**	304,000
Due to Co-owner, unsecured, non-interest bearing, due on demand and has no specific terms of repayment	**140,000**	140,000
Obligations under capital lease - 9.062% and 6.9%, due May 2009 and November 2011, repayable principal and interest of $5,495 and $7,143 monthly with the option to purchase for $13,244 and $1 at the end of the lease term	**81,935**	119,694
	39,938,002	40,941,798
Less: Current portion	**16,161,748**	21,374,726
	$ **23,776,254**	$ 19,567,072

(a) At March 31, 2009, mortgages payable at fixed rates in the amount of $27,387,784 (2008 - $30,601,541) had a weighted average interest rate of 6.36% (2008 - 6.59%). Mortgages in the amount of $1,365,718 (2008 - $1,507,321), $Nil (2008 - $1,464,828) and $Nil (2008 - $25,000) bear interest at prime plus 1.0%. A mortgage in the amount of $690,365 (2008 - $715,651) bears interest at the bankers' acceptances rate plus 3%. The various mortgages are repayable monthly, principal and interest, or interest only of $260,983 (2008 - $295,252) and mature from August 2009 to September 2014. An amount of $1,377,793 (2008 - $1,408,007) is repayable in US dollars. Mortgages are secured by hotel properties.

The weighted average effective interest rate was 6.40%.

(b) Demand loan, interest at prime plus 1%, repayable interest only, secured by a general security agreement.

(c) Term loan, repayable $16,000 monthly plus interest, interest at lender's cost of funds plus 2.90%, secured by a $2,900,000 debenture on all property and assets of a subsidiary, 410613 Ontario Limited, matured April 2008.

(d) Term loan, repayable in blended monthly payments at lender's floating base rate plus 2.40%, secured by a collateral mortgage and general security agreement, a first charge on all fixed assets and a first floating charge on all other assets of a subsidiary, 410613 Ontario Limited, and a guarantee of $4,500,000 by the controlling shareholder, matures November 2013.

(e) 10% debenture due July 23, 2012, repayable interest only each January 22 and July 23. The debenture allows the Company to redeem the debenture upon notice at any time and from time to time upon payment

5. Long-term Debt (continued)

of the redeemed principal amount together with any accrued and unpaid interest, together with a prepayment premium of 3% of such redeemed principal amount.

(f) Interest on the note payable to non-controlling interests for the year amounted to $25,820 (2008 - $25,857). Interest on debenture to the controlling shareholder amounted to $2,677 (2008 - $15,604).

(g) Principal repayments due within the next five years and thereafter are as follows:

Year		Amount
2010	$	16,161,748
2011		1,463,642
2012		3,743,346
2013		8,806,289
2014		8,156,936
Thereafter		1,606,041
	$	39,938,002

(h) Included in principal repayments for the fiscal year ending March 31, 2010 are mortgages in the amount of $1,381,341 (2008 - $5,601,329) that are up for renewal. The mortgages are expected to be renewed under similar terms and conditions with the existing lenders.

(i) At March 31, 2009 three (2008 – four) entities did not meet their debt service coverage covenant. As a result mortgages in the amount of $10,560,584 (2008 - $12,750,005), have been classified as current.

(j) Subsequent to year end, a Co-ownership obtained new mortgage financing: the Company's proportionate share of the mortgage is $2,450,000, bearing interest at 5.98%, repayable in monthly payments of $25,816 of principal and interest and is secured by a first charge on the hotel property, maturing January 2012.

6. Income Taxes

The Company's effective income taxes are determined as follows:

		2009		2008
Rate applied to income – 33.38% (2008 - 35.5%)	**$**	**518,000**	$	1,106,300
Income from Investee companies		**(19,000)**		(13,000)
Non-deductible expenses and other		**104,000**		90,700
Change in future tax rates		**(119,000)**		-
Non-deductible unrealized fair value adjustment		**191,000**		-
	$	**675,000**	$	1,184,000
The Company's tax provision is as follows:				
Current	**$**	**756,000**	$	1,193,000
Future (recovery)		**(81,000)**		(9,000)
	$	**675,000**	$	1,184,000

6. Income Taxes (continued)

Future Income Tax Liability

Significant components of the Company's future income tax liability as at March 31, 2009 and 2008 are as follows:

		2009		2008
Equity accounted investments	**$**	**140,000**	$	126,000
Hotel properties		**2,537,331**		2,632,331
	$	**2,677,331**	$	2,758,331

7. Debt Equivalents

The Company has authorized an unlimited number of voting preference shares, 8% non-cumulative, non-participating, redeemable and retractable at $0.20 per share of which 5,500,000 shares are issued and outstanding in the amount of $1,100,000.

These preference shares meet the definition of a financial liability in accordance with Canadian generally accepted accounting principles, and as a result, the difference between the aggregate redemption amount and the carrying amount of the preferred shares, amounting to $1,099,980, has been charged to retained earnings.

8. Share Capital

Authorized

Unlimited number of voting preference shares, 8% non-cumulative, non-participating, redeemable and retractable. These preference shares meet the definition of a financial liability in accordance with Canadian generally accepted accounting principles.

Unlimited number of common shares

Issued

Common Shares	Shares		Amount
Balance, March 31, 2007	25,539,437	$	7,618,489
Warrants exercised	442,000		397,800
Options exercised	100,000		101,875
Balance, March 31, 2008 and 2009	26,081,437	$	8,118,164

During fiscal 2008, 442,000 warrants were converted into 442,000 common shares for cash consideration of $397,800. During the fiscal 2008 year 199,430 warrants expired. As at March 31, 2008 and 2009, there are no warrants outstanding.

During fiscal 2008, 100,000 stock options were exercised for cash consideration of $80,000. In addition, an amount of $21,875 was credited to share capital from contributed surplus as a result of the exercising of the stock options. There were no stock option transactions in 2009.

The weighted average number of shares outstanding for the year ending March 31, 2009 was 26,081,437 (2008 – 25,898,245).

8. Share Capital (continued)

Stock Options

The Company has a stock option plan (the "Plan") for directors, officers, key employees and consultants of the Company. The number of common shares subject to the options granted under the Plan are limited to 2,000,000 common shares with no one party being granted options exceeding 5% of the issued and outstanding shares from time to time. During 2005, the Company granted 1,600,000 stock options to certain key employees, directors and officers of the Company to purchase a total of 1,600,000 common shares at a weighted average exercise price of $0.80 per share. These options are fully vested and expired in March 2008.

9. Commitments

The Company has entered into various hotel operating franchise agreements requiring fees to be paid based upon gross revenues. These fees consist of a royalty and marketing assessment portion and are calculated based upon rates ranging from 2% - 3.5% and 2% - 5% of revenues, respectively.

Two Co-tenancies have entered into land leases at $17,438 and $12,150 per month, respectively, with the leases expiring in 2029 and 2045, respectively.

10. Co-tenancies

The Company has included in the accounts its proportionate share of assets, liabilities and its proportionate share of continuing revenues, expenses and cash flows of 7 (2008 – 7) Co-tenancies and one limited partnership as follows:

		2009		2008
Share of:				
Total Current Assets	**$**	**1,640,506**	$	2,672,260
Total Assets	**$**	**20,777,188**	$	22,465,175
Total Current Liabilities	**$**	**7,332,103**	$	11,315,149
Total Liabilities	**$**	**9,614,016**	$	14,746,597

		2009		2008
Revenues	**$**	**6,833,059**	$	6,258,535
Expenses	**$**	**6,514,853**	$	5,393,116
Share of cash flows from:				
Operating activities	**$**	**442,984**	$	1,834,112
Investing activities	**$**	**(4,659,554)**	$	(4,444,490)
Financing activities	**$**	**1,589,760**	$	1,087,375

11. Financial Instruments and Risk Management

The fair values of financial instruments measured at amortized cost other than long-term debt approximate their carrying amounts due to the short-term maturities of these instruments.

11. Financial Instruments and Risk Management (continued)

The estimated fair value of the long-term debt has been determined based on the Company's assessment of available market information and appropriate valuation methodologies. Changes in the Company's assumptions could significantly affect the estimates.

	2009		2008	
	Estimated fair value	**Carrying amount**	Estimated fair value	Carrying amount
Long-term debt	**$ 39,355,047**	**$ 39,938,002**	$ 40,189,011	$ 40,941,798

Fair value is the amount at which the instrument could be exchanged in a current transaction between willing parties.

Interest rate risk

The Company's exposure to interest rate risk arises primarily from debt with floating interest rates as well as prevailing rates at the time of renewal or refinancing of its long-term debt as they become due (Note 5(h)). As at March 31, 2009, approximately 83% of the Company's debt is at fixed rates therefore the exposure to this risk is not significant. The objective of the Company's interest rate management activities is to minimize the volatility of the Company's earnings. The Company is not exposed to significant interest rate risk on its assets.

Price risk

The Company is exposed to price risk with respect to equity prices on its marketable securities and capital replacement fund. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. The Company closely monitors individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company. Included in marketable securities and capital replacement fund is $2,254,705 (2008 - $2,703,601) of Canadian equity investments. A 5% increase or decrease in the Company's Canadian equity investments would amount to $112,000.

Foreign exchange risk

The Company operates in Canada, with the exception of one property located in the United States. Foreign exchange risk arises because the amount of reportable Canadian dollars for transactions denominated in foreign currencies may vary due to changes in exchange rates. Revenue and operating expenses transacted in U.S. dollars account for less than 3% of the totals reported. Consequently the exchange rate exposure to the consolidated statement of operations would not be significant. The Company is not exposed to significant foreign exchange risk on its marketable securities or capital replacement fund.

Credit risk

Credit risk arises from cash and cash equivalents and held with banks and financial institutions, as well as potential bad debts arising from outstanding receivable and notes receivable. The maximum potential exposure to credit risk is equal to the carrying value of these financial assets. The objective of managing credit risk is to prevent losses in financial assets. All customers with privileges to charge at any of the hotel properties are subject

11. Financial Instruments and Risk Management (continued)

to a credit check. The Company collects deposits on group bookings to help mitigate this risk. The carrying amount of receivables is reduced through the use of an allowance account and the amount of the loss is recognized in the income statement within operating expenses. When a receivable balance is considered uncollectible, it is written off against the allowance for receivables. Subsequent recoveries of amounts previously written off are credited to the allowance account. At March 31, 2009, the Company had accounts receivable of $2,516,149 (2008 - $2,227,846), net of allowances for doubtful accounts, estimated by management based on prior collectability and assessment of overall credit risk. At March 31, 2009, the accounts receivable included $399,000 over 30 days (2008 - $736,000). The credit risk associated with accounts receivable and notes receivable is considered minimal.

Liquidity risk

The Company's objective is to have sufficient financial liquidity to meet all financial obligations as they become due as well as complying with liquidity covenant requirements of long-term lenders. The Company monitors its cash balances and cash flows generated from operations and balances this with anticipated committed and contemplated outflows.

12. Related-Party Transactions

The Company exercises significant influence over 1310866 Ontario Limited (o/a The Strathcona Hotel). Significant transactions with this company and the Co-ownerships, not disclosed separately in these financial statements, are as follows:

	2009	2008
Management fees earned	**$ 1,699,574**	$ 1,594,364

These transactions are in the normal course of operations and are measured at the exchange value (the amount of consideration established and agreed to by the related parties).

At the end of the year, included in accounts receivable is $688,863 (2008 - $319,079) relating to the item listed above.

13. Segment Information

The Company has determined that it operates in one reporting segment. For purposes of geographic reporting, revenues are attributed to its hotel locations, which are located throughout Southern Ontario, Quebec and the United States. The revenues attributable to the United States amounted to $813,854 (2008 - $834,875) and the cost of capital assets, net of accumulated amortization, amounted to $1,674,201 (2008 - $1,384,619).

14. Line of Credit

The Company, under credit agreements entered into by its wholly owned and subsidiary companies, has available $7,780,000 of operating credit facilities. The facilities have various types of security all at the subsidiary level. Funds advanced under these credit facilities as at March 31, 2009 amounted to $500,000 (2008 - $25,000).

15. Supplemental Cash Flow Information

		2009		2008
Changes in non-cash working capital balances				
Accounts receivable	**$**	**(288,303)**	$	(766,204)
Prepaids		**208,715**		312,286
Accounts payable and accrued liabilities		**(1,575,203)**		1,081,913
Income taxes payable	**$**	**(313,866)**	$	235,793
	$	**1,968,657**	$	863,788

16. Change in Accounting Policies

Capital disclosures

Effective April 1, 2008, the Company adopted the Canadian Institute of Chartered Accountants ("CICA") *Section 1535 - Capital Disclosures*. This standard specifies the disclosure of (i) an entity's objectives, policies and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such non-compliance. The adoption of this new accounting policy enhanced financial disclosures as outlined in Note 17, but did not impact the financial results of the Company.

Financial instruments - Disclosures and presentation

Effective April 1, 2008, the Company adopted two new CICA accounting standards: *Section 3862 - Financial Instruments - Disclosures* and *Section 3863 – Financial Instruments – Presentation*. These new sections replace *Section 3861 - Financial Instruments – Disclosure and Presentation*. These standards revise and enhance disclosure requirements, and carry forward, unchanged, existing presentation requirements. These new sections place increased emphasis on disclosure about the nature and extent of risks arising from financial instruments and how the entity manages those risks. The adoption of these new accounting policies enhanced financial disclosures as outlined in Note 11, but did not impact the financial results of the Company.

17. Capital Management

The Company is required to maintain a certain level of capital under the terms of its various mortgages and debentures. These mortgages and debentures require the Company to comply with debt service coverage ratios, reserve for replacements and to maintain current asset ratios. The Company's objective is to meet these covenant requirements and at the same time to provide a return to shareholders and build long-term shareholder value. The Company's objective is to ensure that sufficient capital resources are available to meet all approved and contemplated capital expenditure programs and have the ability to take advantage of any attractive acquisition and development opportunities that may arise. In managing its capital structure, the Company monitors and evaluates performance throughout the year to ensure working capital requirements and capital expenditures are funded from operations and/or available cash on hand or bank borrowings if necessary. The Company will make adjustments to its capital structure to meet the overall corporate strategy or in response to changes in economic conditions and risk. The Company

17. Capital Management (continued)

monitors debt-to-value ratios as well as debt service ratios. Debt-to-value ratio is calculated by dividing the total debt of the Company by the gross book value of the hotel properties and property held for development. Debt service ratio is determined by dividing income from operations before other income (expense) interest and accretion on long-term debt and amortization by interest and principal payments (debt service). The calculations are as follows:

		March 31 2009		March 31 2008
Capital structure				
Long-term debt	**$**	**39,938,002**	$	40,941,798
Debt equivalents		**1,100,000**		1,100,000
Total debt		**41,038,002**		42,041,798
Shareholder's equity		**19,980,332**		20,232,061
Total capital	**$**	**61,018,334**	$	62,273,859
Loan to value ratio				
Total debt	**$**	**41,038,002**	$	42,041,798
Gross book value	**$**	**90,169,720**	$	90,912,811
Debt to gross book value		**45.51%**		46.24%
Debt service ratio				
Earnings base	**$**	**7,080,524**	$	7,829,483
Debt service	**$**	**6,365,606**	$	4,712,759
Debt service coverage ratio		**1.11**		1.66

The Company is also subject to financial covenants related to individual mortgages, which are measured on an annual basis and include customary terms and conditions for borrowings of this nature including debt service coverage presented above. As outlined in Note 5 (g), three entities are not in compliance with their covenants; these amounts have been included in the current portion of long-term debt.

18. Assets Held For Sale and Discontinued Operations

During fiscal 2009 the Company received an unsolicited offer for the purchase of a hotel property held by a Co-ownership. As a result the Company entered into a binding agreement to sell the hotel property held by a Co-ownership and discontinue the operations of the Co-ownership. The Co-ownership ceased commercial operations effective April 16, 2009 when the sale of the hotel property was completed. The Company received its share of the proceeds on the sale of the hotel property in the amount of $7,500,000, and incurred closing costs of approximately $75,000.

The following table outlines the Company's proportionate share of the assets held for sale and the liabilities related to assets held for sale as at March 31, 2009.

18. Assets Held For Sale and Discontinued Operations (continued)

Assets held for sale		
Cash and cash equivalents	$	395,159
Receivables		58,544
Prepaid expenses		93,471
		547,174
Hotel properties		4,328,952
	$	4,876,126
Liabilities related to assets held for sale		
Accounts payable and accrued liabilities	$	198,745
Long-term debt		4,432,908
	$	4,631,653

The Company has presented the disposal of the Co-ownership as discontinued operations. The following table sets forth the results of operations, and cash flows from the Co-ownership for the years ended March 31, 2009 and 2008.

		2009		2008
Revenue	**$**	**2,671,313**	$	2,861,921
Expenses				
Operating		**2,101,276**		2,357,769
Amortization		**103,596**		225,996
Interest and accretion on long-term debt		**266,685**		272,590
		2,471,557		2,856,355
Income from discontinued operations before income taxes		**199,756**		5,566
Income taxes – current		**66,000**		2,000
Net income from discontinued operations for the year	**$**	**133,756**	$	3,566

19. Comparative Amounts

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

Certain comparative amounts in fiscal year 2008 have been reclassified to conform to the current year's presentation.

	FY `09	FY '08	FY '07	FY '06	FY '05	FY '04	FY '03	FY '02	FY '01	FY '00	FY '99	FY '98
Revenues	29,899	30,920	34,056	29,913	28,578	27,469	27,692	25,580	24,058	20,708	15,984	12,728
Annual % + / -	-3.31%	-10.21 %	13.85%	4.67%	4.04%	-0.81%	8.26%	6.33%	16.17%	29.55%	25.58%	53.03%
System revenues	55,423	55,733	55,522	54,943	52,669	50,856	51,373	44,064	37,659	32,552	21,881	15,416
Expenses	28,340	28,363	31,042	26,514	26,164	25,581	24,787	22,173	19,650	16,926	14,014	10,986
Operating income	1,558	2,556	3,014	3,400	2,415	1,888	2,905	3,408	4,407	3,719	1,971	1,742
Operating profit/EBITA (1)	7,081	7,829	8,763	8,413	7,558	7,367	7,996	8,180	8,788	7,329	5,302	4,514
Operating profit margin	23.68%	25.32%	25.73%	28.12%	26.45%	26.82%	28.88%	31.98%	36.53%	35.39%	33.17%	35.47%
Total assets	85,570	84,012	81,706	71,140	65,733	66,230	67,811	61,475	57,423	51,889	42,174	39,885
Cash flow (2)	3,416	3,979	3,603	4,168	3,409	3,731	3,688	3,733	3,954	2,880	1,900	1,637
Annual % + / -	-14.15%	10.44%	13.58%	22.27%	-8.63%	1.17%	-1.20%	-5.58%	37.27%	51.61%	16.03%	68.65%
Cash flow / share (2)	$0.13	$0.15	$0.14	$0.17	$0.16	$0.18	$0.18	$0.18	$0.19	$0.14	$0.10	$0.10
Net income	546	1,223	912	1,836	1,048	1,156	1,376	1,563	2,117	1,561	733	637
Outstanding shares	26,081	26,081	25,841	23,938	20,831	20,831	20,831	20,831	20,831	20,831	19,974	16,372
EPS	$0.02	$0.05	$0.04	$0.08	$0.05	$0.06	$0.07	$0.08	$0.10	$0.08	$0.04	$0.04
EPS (diluted)	$0.02	$0.05	$0.04	$0.08	$0.05	$0.06	$0.06	$0.07	$0.09	$0.06	$0.03	$0.03
Dividend per share	$0.03	$0.015	$0.02	$0.02	$0.02	$0.02	$0.02	--	--	--	--	--

(1) - Revenue less expenses before amortization, taxes, and interest.
(2) - Net income for the year plus amortization.

Market Facts
Exchange: TSX-Venture
Symbols: NHG, NHG.DB (debenture)
Shares o/s at July 24, 2008: 26,081,437

Board of Directors
Edwin Cohen
W. Keith Gray
Kantu R. Patel
Nagin L. Patel
Narendra C. Patel
Vinod N. Patel
Robert D. Preston

Officers
Vinod N. Patel – President and CEO
Narendra C. Patel – Vice President, CFO, Secretary, & Treasurer

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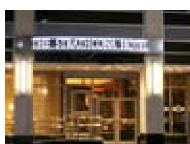
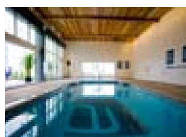
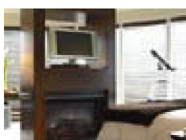
Annual Meeting
Wednesday, September 23, 2009
11:00 AM
The Strathcona Hotel
60 York Street
Toronto, Ontario



The Strathcona Hotel
60 York Street
Toronto, ON M5J 1S8



aloft Montreal Airport
500 McMillan Boulevard
Montréal, QC H9P 0A2

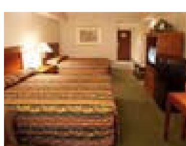


The Radisson Admiral
249 Queen’s Quay West
Toronto, ON M5J 2N5

Comfort Hotel Downtown Toronto
15 Charles Street, East
Toronto, ON M4Y 1S1

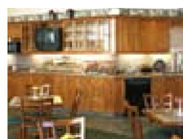
Holiday Inn Princeton
100 Independence Way
Princeton, NJ 08540 USA

Barons Motor Inn
Highway 7 & 15
Carleton Place, ON K7C 3P3



Holiday Inn Express Whitby
180 Consumers Drive
Whitby, ON L1N 9S3

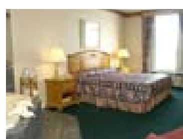
Quality Hotel and Suites Oakville
754 Bronte Road
Oakville, ON L6L 6R8



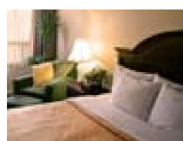
Country Inn and Suites Ottawa West
578 Terry Fox Drive
Kanata, ON K2V 1A1

Park Inn & Suites Montreal Airport
7300 Cote de Liesse
Saint Laurent, QC H4T 1E7

Best Western Cambridge
730 Hespeler Road
Cambridge, ON N3H 5L8

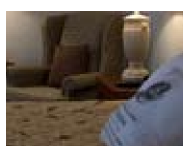


Country Inn by Carlson Oakville
2930 South Sheridan Way
Oakville, ON L6J 7J8

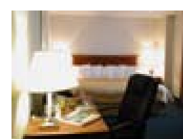


Quality Inn Airport West
50 Britannia Road East
Mississauga, ON L4Z 2G2

Holiday Inn Express Hamilton
51 Keefer Court,
Hamilton, ON. L8E 4V4



Best Western Brampton
30 Clark Boulevard
Brampton, ON L6W 1X3



Comfort Hotel Airport North
445 Rexdale Boulevard
Etobicoke, ON M9W 6K5