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REPORT ON SPECIFIED AUDITING PROCEDURES

To the Department of Economic and Rural Development and Tourism (the Department)

As specifically agreed, we have performed the specified auditing procedures enumerated below in relation to costs incurred by Nova Star Cruises Limited for the period from inception to September 30, 2014 set forth in the accompanying Schedule of Operating Expenditures (the Schedule). The specified auditing procedures are summarized, along with the findings, as follows:

Specified Auditing Procedures Performed	Findings
1. Recalculated the mathematical accuracy of the Schedule.	No findings to report
2. Obtained a detailed listing of operating costs incurred, recalculated the mathematical accuracy of the listing, and agreed the total of the detailed listing to the Schedule.	No findings to report
3. For a sample of operating expenditures aggregating a minimum of 80% of the total operating expenditures cost we performed the following: a. inspected supporting documentation for the expenditure; b. agreed the amount on the listing to the supporting document; c. for amounts that were not expressed in Canadian dollars, recalculated the expenditure based on the disclosed exchange rate used in the preparation of the Schedule; and d. Observed that the expenditure was incurred during the period from inception to September 30, 2014.	A sample of 1,037 transactions was selected with an aggregate value of \$25,480,288 or 84.5% of the total operating expenditures. The Operator was not able to provide supporting documentation for 35 transactions with an aggregate value of \$79,265.



Our engagement was performed in accordance with Canadian generally accepted standards for specified auditing procedures engagements. These specified auditing procedures do not constitute an audit or review of the Schedule, and therefore we express no opinion on the Schedule.

Our report is intended solely for the Department and should not be distributed or used by parties other than the Department or officials of the Province of Nova Scotia.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a long, horizontal, slightly curved line that serves as a separator or underline.

Chartered Accountants
January 14, 2015
Halifax, Canada

Nova Star Cruises

Schedule of Operating Expenditures

For the period from inception to September 30, 2014

	Actual
Expenditures	
Deck and Engine	20,459,192
Hotel	2,765,953
Sales and Reservations	3,796,175
Yarmouth Terminal	419,484
Portland Terminal	812,971
Corporate Overhead	1,904,178
	<u>30,157,953</u>

The Schedule is presented in Canadian dollars. Actual expenditures incurred in US dollars have been translated during the period using exchange rates between \$0.88 and \$0.97 US dollars per \$1.00 Canadian.