

**NEWMARKET-TAY POWER DISTRIBUTION LTD.
OEB INTERROGATORIES
EB-2007-0776**

EXHIBIT B

- **2006 NHL PIL's Return**
- **April 30 2007 NHL PIL's return**
- **December 31,2007 Newmarket Tay Power Distribution Limited PIL's return**
- **2007 NHL proxy tax return**
- **2008 NHL proxy tax return**
- **Excel spreadsheet reconciling the T2 S 1 for the April 30th NHL PIL return and NT Power December 31, 2007 tax PIL return to the 2007 NHL proxy return used for the rate filing**
- **Excel Spreadsheet reconciling CCA additions for the April 30th NHL PIL return and NT Power December 31, 2007 tax PIL return to the 2007 NHL proxy tax return used for the rate filing**
- **The Returns have been resubmitted to record the change in some fixed assets additions from CCA class 1 to CCA class 47. This was done to reflect the correct CCA class. These returns have not been reassessed at this date.**

**NEWMARKET-TAY POWER DISTRIBUTION LTD.
OEB INTERROGATORIES
EB-2007-0776
2006 NHL PIL'S RETURN**



This form serves as a federal, provincial, and territorial corporation income tax return, unless the corporation is located in Quebec, Ontario, or Alberta. If the corporation is located in one of these provinces, you have to file a separate provincial corporation return.

Parts, sections, subsections, and paragraphs mentioned on this return refer to the Income Tax Act. This return may contain changes that had not yet become law at the time of printing. For more information on how to complete the return, see the *T2 Corporation – Income Tax Guide (T4012)*.

Send one completed copy of this return, including schedules and the *General Index of Financial Information (GIFI)*, to your tax services office or tax centre. You have to file the return within six months after the end of the corporation's tax year. For more information on when and how to file T2 returns, refer to the Guide under the heading "Before you start."

055 Do not use this area

Identification					
Business number (BN) 001 88907 7925 RC 0001					
Corporation's name 002 Newmarket Hydro Ltd.					
Has the corporation changed its name since the last time we were notified? 003 <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		If Yes, do you have a copy of the articles of amendment? 004 <input type="checkbox"/> Yes <input type="checkbox"/> No			
Address of head office Has this address changed since the last time we were notified? (If Yes, complete lines 011 to 018) 011 590 Steven Court 012 City Province, territory, or state 015 Newmarket 016 ON Country (other than Canada) Postal code/Zip code 017 018 L3Y 6Z2		To which tax year does this return apply? From 060 2006/01/01 to 061 2006/12/31 Has there been an acquisition of control to which subsection 249(4) applies since the previous tax year? 063 <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If Yes, provide the date control was acquired 065			
Mailing address (if different from head office address) Has this address changed since the last time we were notified? 020 Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> (If Yes, complete lines 021 to 028) 021 c/o 022 590 Steven Court 023 City Province, territory, or state 025 Newmarket 026 ON Country (other than Canada) Postal code/Zip code 027 028 L3Y 6Z2		Is the corporation a professional corporation that is a member of a partnership? 067 <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
Location of books and records Has the location of books and records changed since the last time we were notified? (If Yes, complete lines 031 to 038) 031 590 Steven Court 032 City Province, territory, or state 035 Newmarket 036 ON Country (other than Canada) Postal code/Zip code 037 038 L3Y 6Z2		Is this the first year of filing after: Incorporation? 070 <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Amalgamation? 071 <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If Yes, complete lines 030 to 038 and attach Schedule 24.			
Type of corporation at the end of the tax year 1 <input checked="" type="checkbox"/> Canadian-controlled private corporation (CCPC) 2 <input type="checkbox"/> Other private corporation 3 <input type="checkbox"/> Public corporation 4 <input type="checkbox"/> Corporation controlled by a public corporation 5 <input type="checkbox"/> Other corporation (specify, below) If the type of corporation changed during the tax year, provide the effective date of the change 043		Has there been a wind-up of a subsidiary under section 88 during the current tax year? If Yes, complete and attach Schedule 24 072 <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
		Is this the final tax year before amalgamation? 076 <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
		Is this the final return up to dissolution? 078 <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
		Is the corporation a resident of Canada? 080 <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If No, give the country of residence on line 081 and complete and attach Schedule 97. 081			
		Is the non-resident corporation claiming an exemption under an income tax treaty? 082 <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If Yes, complete and attach Schedule 91.			
		If the corporation is exempt from tax under section 149, tick one of the following boxes: 085 1 <input type="checkbox"/> Exempt under paragraph 149(1)(e) or (l) 2 <input type="checkbox"/> Exempt under paragraph 149(1)(j) 3 <input type="checkbox"/> Exempt under paragraph 149(1)(l) 4 <input type="checkbox"/> Exempt under other paragraphs of section 149			
Do not use this area					
091	092	093	094	095	096
100					

Attachments**Financial statement information:** Use GIFI schedules 100, 125, and 141.**Schedules - Answer the following questions. For each Yes response, attach to the T2 return the schedule that applies.**

	Yes	Schedule
Is the corporation related to any other corporations?	150 <input checked="" type="checkbox"/>	9
Is the corporation an associated Canadian-controlled private corporation (CCPC)?	160 <input checked="" type="checkbox"/>	23
Is the corporation an associated CCPC that is claiming the expenditure limit?	161 <input type="checkbox"/>	49
Does the corporation have any non-resident shareholders?	151 <input type="checkbox"/>	19
Has the corporation had any transactions, including section 85 transfers, with its shareholders, officers, or employees, other than transactions in the ordinary course of business? Exclude non-arm's length transactions with non-residents	162 <input type="checkbox"/>	11
If you answered Yes to the above question, and the transaction was between corporations not dealing at arm's length, were all or substantially all of the assets of the transferor disposed of to the transferee?	163 <input type="checkbox"/>	44
Has the corporation paid any royalties, management fees, or other similar payments to residents of Canada?	164 <input type="checkbox"/>	14
Is the corporation claiming a deduction for payments to a type of employee benefit plan?	165 <input type="checkbox"/>	15
Is the corporation claiming a loss or deduction from a tax shelter acquired after August 31, 1989?	166 <input type="checkbox"/>	T5004
Is the corporation a member of a partnership for which a partnership identification number has been assigned?	167 <input type="checkbox"/>	T5013
Did the corporation, a foreign affiliate controlled by the corporation, or any other corporation or trust that did not deal at arm's length with the corporation have a beneficial interest in a non-resident discretionary trust?	168 <input type="checkbox"/>	22
Did the corporation have any foreign affiliates during the year?	169 <input type="checkbox"/>	25
Has the corporation made any payments to non-residents of Canada under subsections 202(1) and/or 105(1) of the federal <i>Income Tax Regulations</i> ?	170 <input type="checkbox"/>	29
Has the corporation had any non-arm's length transactions with a non-resident?	171 <input type="checkbox"/>	T108
For private corporations: Does the corporation have any shareholders who own 10% or more of the corporation's common and/or preferred shares?	173 <input checked="" type="checkbox"/>	50
Has the corporation made payments to, or received amounts from, a retirement compensation plan arrangement during the year?	172 <input type="checkbox"/>	---
Is the net income/loss shown on the financial statements different from the net income/loss for income tax purposes?	201 <input checked="" type="checkbox"/>	1
Has the corporation made any charitable donations; gifts to Canada, a province, or a territory; or gifts of cultural or ecological property?	202 <input type="checkbox"/>	2
Has the corporation received any dividends or paid any taxable dividends for purposes of the dividend refund?	203 <input checked="" type="checkbox"/>	3
Is the corporation claiming any type of losses?	204 <input type="checkbox"/>	4
Is the corporation claiming a provincial or territorial tax credit or does it have a permanent establishment in more than one jurisdiction?	205 <input type="checkbox"/>	5
Has the corporation realized any capital gains or incurred any capital losses during the tax year?	206 <input type="checkbox"/>	6
i) Is the corporation claiming the small business deduction and reporting income from: a) property (other than dividends deductible on line 320 of the T2 return, b) a partnership, c) a foreign business, or d) a personal services business; or		
ii) Is the corporation claiming the refundable portion of Part I tax?	207 <input type="checkbox"/>	7
Does the corporation have any property that is eligible for capital cost allowance?	208 <input checked="" type="checkbox"/>	8
Does the corporation have any property that is eligible capital property?	210 <input checked="" type="checkbox"/>	10
Does the corporation have any resource-related deductions?	212 <input type="checkbox"/>	12
Is the corporation claiming reserves of any kind?	213 <input type="checkbox"/>	13
Is the corporation claiming a patronage dividend deduction?	216 <input type="checkbox"/>	16
Is the corporation a credit union claiming a deduction for allocations in proportion to borrowing or an additional deduction?	217 <input type="checkbox"/>	17
Is the corporation an investment corporation or a mutual fund corporation?	218 <input type="checkbox"/>	18
Was the corporation carrying on business in Canada as a non-resident corporation?	220 <input type="checkbox"/>	20
Is the corporation claiming any federal or provincial foreign tax credits, or any federal or provincial logging tax credits?	221 <input type="checkbox"/>	21
Is the corporation a non-resident-owned investment corporation claiming an allowable refund?	226 <input type="checkbox"/>	26 *
Does the corporation have any Canadian manufacturing and processing profits?	227 <input type="checkbox"/>	27
Is the corporation claiming an investment tax credit?	231 <input type="checkbox"/>	31
Is the corporation claiming any scientific research and experimental development (SR&ED) expenditures?	232 <input type="checkbox"/>	T661
Is the total taxable capital employed in Canada of the corporation and its related corporations over \$10,000,000?	233 <input type="checkbox"/>	33/34/35
Is the corporation a member of a related group with one or more members subject to gross Part I.3 tax?	236 <input type="checkbox"/>	36
Is the corporation claiming a surtax credit?	237 <input type="checkbox"/>	37
Is the corporation subject to gross Part VI tax on capital of financial institutions?	238 <input type="checkbox"/>	38
Is the corporation claiming a Part I tax credit?	242 <input type="checkbox"/>	42
Is the corporation subject to Part IV.1 tax on dividends received on taxable preferred shares or Part VI.1 tax on dividends paid?	243 <input type="checkbox"/>	43
Is the corporation agreeing to a transfer of the liability for Part VI.1 tax?	244 <input type="checkbox"/>	45
Is the corporation subject to Part II - Tobacco Manufacturers' surtax?	249 <input type="checkbox"/>	46
For financial institutions: Is the corporation a member of a related group of financial institutions with one or more members subject to gross Part VI tax?	250 <input type="checkbox"/>	39
Is the corporation claiming a Canadian film or video production tax credit refund?	253 <input type="checkbox"/>	T1131
Is the corporation claiming a film or video production services tax credit refund?	254 <input type="checkbox"/>	T1177
Is the corporation subject to Part XIII.1 tax?	255 <input type="checkbox"/>	92 *

* We do not print this schedule.

Attachments - Continued from page 2

	Yes	Schedule
Did the corporation have any foreign affiliates that are not controlled foreign affiliates?	256 <input type="checkbox"/>	T1134-A
Did the corporation have any controlled foreign affiliates?	258 <input type="checkbox"/>	T1134-B
Did the corporation own specified foreign property in the year with a cost amount over \$100,000?	259 <input type="checkbox"/>	T1135
Did the corporation transfer or loan property to a non-resident trust?	260 <input type="checkbox"/>	T1141
Did the corporation receive a distribution from or was it indebted to a non-resident trust in the year?	261 <input type="checkbox"/>	T1142
Has the corporation entered into an agreement to allocate assistance for SR&ED carried out in Canada?	262 <input type="checkbox"/>	T1145
Has the corporation entered into an agreement to transfer qualified expenditures incurred in respect of SR&ED contracts?	263 <input type="checkbox"/>	T1146
Has the corporation entered into an agreement with other associated corporations for salary or wages of specified employees for SR&ED?	264 <input type="checkbox"/>	T1174

Additional information

Is the corporation inactive?	280	1 Yes <input type="checkbox"/>	2 No <input checked="" type="checkbox"/>
Has the major business activity changed since the last return was filed? (enter Yes for first-time filers)	281	1 Yes <input type="checkbox"/>	2 No <input checked="" type="checkbox"/>
What is the corporation's major business activity? (Only complete if Yes was entered at line 281.)	282		
If the major business activity involves the resale of goods, show whether it is wholesale or retail	283	1 Wholesale <input type="checkbox"/>	2 Retail <input type="checkbox"/>
Specify the principal product(s) mined, manufactured, sold, constructed, or services provided, giving the approximate percentage of the total revenue that each product or service represents.	284 Electricity Distribution	285 100.000 %	
	286	287 %	
	288	289 %	
Did the corporation immigrate to Canada during the tax year?	291	1 Yes <input type="checkbox"/>	2 No <input checked="" type="checkbox"/>
Did the corporation emigrate from Canada during the tax year?	292	1 Yes <input type="checkbox"/>	2 No <input checked="" type="checkbox"/>

Taxable income

Net income or (loss) for income tax purposes from Schedule 1, financial statements, or GIF1	300	6,084,228	A
Deduct: Charitable donations from Schedule 2	311		
Gifts to Canada, a province, or a territory from Schedule 2	312		
Cultural gifts from Schedule 2	313		
Ecological gifts from Schedule 2	314		
Taxable dividends deductible under section 112 or 113, or subsection 138(6) from Schedule 3	320		
Part VI.1 tax deduction from Schedule 43 *	325		
Non-capital losses of preceding tax years from Schedule 4	331		
Net capital losses of preceding tax years from Schedule 4	332		
Restricted farm losses of preceding tax years from Schedule 4	333		
Farm losses of preceding tax years from Schedule 4	334		
Limited partnership losses of preceding tax years from Schedule 4	335		
Taxable capital gains or taxable dividends allocated from a central credit union	340		
Prospector's and grubstaker's shares	350		
Subtotal			B
Subtotal (amount A minus amount B) (if negative, enter "0")		6,084,228	C
Add: Section 110.5 additions or subparagraph 115(1)(a)(vii) additions	355		D
Taxable income (amount C plus amount D)	360	6,084,228	
Income exempt under paragraph 149(1)(t)	370		
Taxable income for a corporation with exempt income under paragraph 149(1)(t) (line 360 minus line 370)			Z

* This amount is equal to 3 times the Part VI.1 tax payable at line 724 on page 8.

Small business deduction**Canadian-controlled private corporations (CCPCs) throughout the tax year**

Income from active business carried on in Canada from Schedule 7	400	6,084,228	A
Taxable income from line 360 on page 3, minus 10/3 of the amount on line 632 on page 7, minus 3 times the amount on line 636 on page 7, and minus any amount that, because of federal law, is exempt from Part I tax	405	6,084,228	B

Calculation of the business limit:

For all CCPCs, calculate the amount at line 4 below.

\$250,000 x	Number of days in the tax year in 2004		=	1	
	Number of days in the tax year	365			
\$300,000 x	Number of days in the tax year in 2005 and in 2006	365	=	300,000	2
	Number of days in the tax year	365			
\$400,000 x	Number of days in the tax year after 2006		=	3	
	Number of days in the tax year	365			
	Add amounts at lines 1, 2, and 3	300,000		4	
Business limit (see notes 1 and 2 below)		410		300,000	C

Notes: 1. For CCPCs that are not associated, enter the amount from line 4 on line 410. However, if the corporation's tax year is less than 51 weeks, prorate the amount from line 4 by the number of days in the tax year divided by 365, and enter the result on line 410.

2. For associated CCPCs, use Schedule 23 to calculate the amount to be entered on line 410.

Business limit reduction:

Amount C	300,000	X	415	100,199	D	=	2,671,973	E
				11,250				
Reduced business limit (amount C minus amount E) (if negative, enter "0")						425	0	F
Small business deduction - 16% of whichever amount is the least: A, B, C, or F						430	0	G

(enter amount G on line 9 of page 7)

Accelerated tax reduction

(For tax years ending before January 1, 2006)

Canadian-controlled private corporations throughout the taxation year that claimed the small business deduction

Reduced business limit (amount from line 425)		X		=		a
Net active business income (amount from line 400)*						b
Taxable income from line 360 on page 3 minus 3 times the amount at line 636** on page 7, and minus any amount that, because of federal law, is exempt from Part I tax						c
Deduct:						
Aggregate investment income (amount from line 440 of page 6)						d
Amount c minus amount d (if negative, enter "0")						e
Amount a, b, or e above, whichever is less						f
Amount Z from Part 9 of Schedule 27			X 100 / 7 =			g
Amount QQ from Part 13 of Schedule 27						h
Taxable resource income from line 435 on page 5						i
Amount used to calculate the credit union deduction (amount e in Part 3 of Schedule 17)						j
Amount on line 400, 405, 410 or 425 of the small business deduction, whichever is less						k
Total of amounts g, h, i, j, and k						l
Amount f minus amount l (if negative, enter "0")						m
Accelerated tax reduction - 7% of amount m						n

(enter amount n on line 637 of page 7)

* If the amount at line 450 of Schedule 7 is positive, members of partnerships need to use Schedule 70 to calculate net active business income.

** Calculate the amount of foreign business income tax credit deductible at line 636 without reference to the corporate tax reductions under section 123.4.

Resource deduction

Taxable resource income [as defined in subsection 125.11(1)]		435	H
Amount H _____ x	Number of days in the taxation year in 2003	365 x 1% =	I
	Number of days in the taxation year	365	
Amount H _____ x	Number of days in the taxation year in 2004	365 x 2% =	J
	Number of days in the taxation year	365	
Amount H _____ x	Number of days in the taxation year in 2005	365 x 3% =	K
	Number of days in the taxation year	365	
Amount H _____ x	Number of days in the taxation year in 2006	365 x 5% =	L
	Number of days in the taxation year	365	
Amount H _____ x	Number of days in the taxation year after 2006	365 x 7% =	M
	Number of days in the taxation year	365	
Resource deduction - total of amounts I, J, K, L, and M		438	N
(enter amount N on line 10 of page 7)			

General tax reduction for Canadian-controlled private corporations

Canadian-controlled private corporations throughout the tax year

Taxable income from line 360 page 3		6,084,228	A
Amount Z from Part 9 of Schedule 27	x 100 / 7 =		B
Amount QQ from Part 13 of Schedule 27			C
Taxable resource income from line 435 above			D
Amount used to calculate the credit union deduction (amount E in Part 3 of Schedule 17)			E
Amount on line 400, 405, 410, or 425 on page 4, whichever is the least			F
Aggregate investment income from line 440 of page 6			G
Subtotal			H
Amount A minus amount H (if negative, enter "0")		6,084,228	I
General tax reduction for Canadian-controlled private corporations - Amount x 7%		425,896	J
(Enter amount J on line 638 of page 7)			

General tax reduction

Corporations other than a Canadian-controlled private corporation, an investment corporation, a mortgage investment corporation, or a mutual fund corporation; and for tax years starting after May 1, 2006, any corporation with taxable income that is not subject to the full tax rate of 38% (eg. deposit insurance company).

Taxable income from line 360 on page 3			M
Amount Z from Part 9 of Schedule 27	x 100 / 7 =		N
Amount QQ from Part 13 of Schedule 27			O
Taxable resource income from line 435 above			P
Amount used to calculate the credit union deduction (amount E in Part 3 of Schedule 17)			Q
Total of amounts N, O, P, and Q			R
Amount M minus amount R (if negative, enter "0")			S
General tax reduction - Amount S x 7%			T
(enter amount T on line 639 of page 7)			

Refundable portion of Part I tax

Canadian-controlled private corporations throughout the tax year

Aggregate investment income 440 X 26 2/3 % = A

(Amount O from Part 1 of Schedule 7)

Foreign non-business income tax credit from line 632 on page 7 **Deduct:**Foreign investment income 445 X 9 1/3 % = (Amount L from Part 2 of Schedule 7) (if negative, enter "0") BAmount A minus amount B (if negative, enter "0") CTaxable income from line 360 on page 3 6,084,228**Deduct:**Amount on line 400, 405, 410, or 425 on page 4,
whichever is the least Foreign non-business income tax credit
from line 632 of page 7 x 25/9 = Foreign business income tax credit from
line 636 of page 7 x 3 = 6,084,228 X 26 2/3 % = 1,622,461 DPart I tax payable minus investment tax credit refund
(line 700 minus line 780 on page 8) 1,345,831**Deduct:** Corporate surtax from line 600 of page 7 68,143Net amount 1,277,688 ERefundable portion of Part I tax – Amount C, D, or E, whichever is the least 450 0 F**Refundable dividend tax on hand**Refundable dividend tax on hand at the end of the preceding tax year 460**Deduct:** Dividend refund for the previous tax year 465

Add the total of:

Refundable portion of Part I tax from line 450 above Total Part IV tax payable from line 360 on page 2 of Schedule 3 Net refundable dividend tax on hand transferred from a predecessor
corporation on amalgamation, or from a wound-up subsidiary
corporation 480Refundable dividend tax on hand at the end of the tax year - Amount G plus amount H 485 0**Dividend refund**

Private and subject corporations at the time taxable dividends were paid in the tax year

Taxable dividends paid in the tax year from line 460 on page 2 of

Schedule 3 2,400,000 X 1/3 800,000 IRefundable dividend tax on hand at the end of the tax year from line 485 above JDividend refund -- Amount I or J, whichever is less (enter this amount on line 784 of page 8) 0

Part I taxBase amount of Part I tax - 38% of taxable income (line 360 or amount Z, whichever applies)
from page 3

550 2,312,007 A

Corporate surtax calculation

Base amount from line A above 2,312,007 1

Deduct:

10% of taxable income (line 360 or amount Z, whichever applies) from page 3 608,423 2

Investment corporation deduction from line 620 below 3

Federal logging tax credit from line 640 below 4

Federal qualifying environment trust tax credit from line 648 below 5

For a mutual fund corporation or an investment corporation throughout
the tax year, enter amount a, b, or c below on line 6, whichever is the
least:

28% of taxable income from line 360 on page 3 a

28% of taxed capital gains b 6

Part I tax otherwise payable c

(line A plus line C and D minus line F) 1,277,888

Total of lines 2 to 6 608,423 7

Net amount (line 1 minus line 7) 1,703,584 8

Corporate surtax - 4% of the amount on line 8

600 68,143 B

Recapture of investment tax credit from line III in Part 24 of Schedule 31

602 C

Calculation for the refundable tax on Canadian-controlled private corporation's (CCPC) investment income
(if it was a CCPC throughout the tax year)

Aggregate investment income from line 440 on page 6 i

Taxable income from line 360 on page 3 6,084,228

Deduct:Amount on line 400, 405, 410, or 425 of page 4,
whichever is the least

Net amount 6,084,228 ii

Refundable tax on CCPC's investment income - 6 2/3% of whichever is less: amount i or ii 604 D

Subtotal (add lines A, B, C, and D) 2,380,150 E

Deduct:

Small business deduction from line 430 on page 4 9

Federal tax abatement 608 608,423

Manufacturing and processing profits deduction from amount BB or amount RR
of Schedule 27 616

Investment corporation deduction 620

(taxed capital gains 624)

Additional deduction - credit unions from Schedule 17 628

Federal foreign non-business income tax credit from Schedule 21 632

Federal foreign business income tax credit from Schedule 21 636

Resource deduction from line 438 of page 5 10

General tax reduction for CCPCs from amount J on page 5 638 425,896

General tax reduction from amount T on page 5 639

Federal logging tax credit from Schedule 21 640

Federal political contribution tax credit 644

Federal political contributions 646

Federal qualifying environmental trust tax credit 648

Investment tax credit from Schedule 31 652

Apprenticeship Job Creation Tax Credit (Applicable for salaries and wages
paid to qualifying apprentices on or after May 2, 2006)

Subtotal 1,034,319 F

Part I tax payable - Line E minus line F (enter amount G on line 700 of page 8) 1,345,831 G

Summary of tax and credits**Federal tax**

Part I tax payable from page 7	700	1,345,831
Part I.3 tax payable from Schedule 33, 34, or 35	704	
Part II surtax tax payable from Schedule 46	708	
Part IV tax payable from Schedule 3	712	
Part IV.1 tax payable from Schedule 43	716	
Part VI tax payable from Schedule 38	720	
Part VI.1 tax payable from Schedule 43	724	
Part XIII.1 tax payable from Schedule 92	727	
Part XIV tax payable from Schedule 20	728	
Total federal tax		1,345,831

Add provincial and territorial tax:

Provincial or territorial jurisdiction	750 ON
(if more than one jurisdiction, enter "multiple" and complete Schedule 5)	
Net provincial or territorial tax payable (except Quebec, Ontario and Alberta)	760
Provincial tax on large corporations (New Brunswick and Nova Scotia)	765

Total tax payable 770 1,345,831 A

Deduct other credits:

Investment tax credit refund from Schedule 31	780
Dividend refund from page 6	784
Federal capital gains refund from Schedule 18	788
Federal qualifying environmental trust tax credit refund	792
Canadian film or video production tax credit refund (Form T1131)	796
Film or video production services tax credit refund (Form T1177)	797
Tax withheld at source	800
Total payments on which tax has been withheld	801
Allowable refund for non-resident-owned investment corporations - Schedule 26	804
Provincial and territorial capital gains refund from Schedule 18	808
Provincial and territorial refundable tax credits from Schedule 5	812
Tax instalments paid	840
	1,330,493

Total credits 890 1,330,493 1,330,493 B

Refund Code 894 ☐ Overpayment ☐

Balance (line A minus line B) 15,338 I

Direct Deposit Request

To have the corporation's refund deposited directly into the corporation's bank account at a financial institution in Canada, or to change banking information you already gave us, complete the information below:

☐ Start ☐ Change information 910 Branch number

914 Institution number 918 Account number

If the result is negative, you have an overpayment.

If the result is positive, you have a balance unpaid.

Enter the amount on whichever line applies.

Generally, we do not charge or refund a difference of \$2 or less.

Balance unpaid 15,338

Enclosed payment 898

If the corporation is a Canadian-controlled private corporation throughout the tax year, does it qualify for the one-month extension of the date the balance of tax is due?

896 1 Yes ☐ 2 No ☒ NA ☐**Certification**

950 Clinton Surname 951 Iain First name 954 Chief Financial Officer Position, office or rank

955 2008/12/18 Date 956 (905) 953-8548 Telephone number

Is the contact person the same as the authorized signing officer? If no, complete the information below. 957 1 Yes ☐ 2 No ☒

958 Iain Clinton, CA Name 959 (905) 953-8548 Telephone number

Language of correspondence - Langue de correspondance990 Language of choice/Langue de choix 1 English / Anglais ☒ 2 Français / French ☐

Canada Revenue
AgencyAgence du revenu
du Canada**NET INCOME (LOSS) FOR INCOME TAX PURPOSES****Schedule 1**

- The purpose of this schedule is to provide a reconciliation between the corporation's net income (loss) as reported on the financial statements and its net income (loss) for tax purposes.

Net income (loss) after taxes and extraordinary items per financial statements				A	3,262,813
Add:					
Provision for income taxes - current	101	2,221,551			
Amortization of tangible assets	104	3,571,475			
Non-deductible meals and entertainment expenses	55,000 X 50%	121	27,500		
Reserves from financial statements - balance at the end of the year	126	804,943			
Total of fields 101 to 199	500	6,625,469	▶		6,625,469
Deduct:					
Gain on disposal of assets per financial statements	401	48,271			
Capital cost allowance - Schedule 8	403	3,021,759			
Cumulative eligible capital deduction - Schedule 10	405	120,381			
Reserves from financial statements - balance at the beginning of the year	414	613,643			
Total of fields 401 to 499	510	3,804,054	▶		3,804,054
Net income (loss) for income tax purposes (enter on line 300 of the T2 return)					6,084,228

**DIVIDENDS RECEIVED, TAXABLE DIVIDENDS PAID,
AND PART IV TAX CALCULATION****Schedule 3**

- This schedule is for the use of any corporation to report:
 - non-taxable dividends under section 83;
 - deductible dividends under subsection 138(6);
 - taxable dividends deductible from income under section 112, subsection 113(2) and paragraphs 113(1)(a), (b) or (d); or
 - taxable dividends paid for purposes of a dividend refund.
- The calculations in this schedule apply only to private or subject corporations.
- Parts, sections, subsections, and paragraphs referred to on this schedule are from the federal *Income Tax Act*.
- A recipient corporation is connected with a payer corporation at any time in a taxation year, if at that time the recipient corporation:
 - controls the payer corporation, other than because of a right referred to in paragraph 251(5)(b); or
 - owns more than 10% of the issued share capital (with full voting rights), and shares that have a fair market value of more than 10% of the fair market value of all shares of the payer corporation.
- If you need more space, continue on a separate schedule.
- File one completed copy of this schedule with your *T2 Corporation Income Tax Return*.
- For more information, see the sections about Schedule 3 in the *T2 Corporation Income Tax Guide*.

Part 1 - Dividends received during the taxation year

Do not include dividends received from foreign non-affiliates.

A	B	C	D	E	F
Name of payer corporation	Connected?	Dividends from foreign source?	Dividends subject to Part IV tax?	Dividends deductible from income under s.112, 113, and 138(B)	Non-taxable dividends deductible under section 83
200	205			240	230
1 Newmarket Hydro Holdings	Yes	No	No		

Note: If your corporation's taxation year-end is different than that of the connected payer corporation, your corporation could have received dividends from more than one taxation year of the payer corporation. If so, use a separate line to provide the information for each taxation year of the payer corporation.

Complete if payer corporation is connected and a private or subject corporation					
G	H	I	J	K	GRIP / LRIP
Business number	Taxation year end of the payer corporation in which the dividend was paid	Total taxable dividends paid by connected payer corporation	Dividend refund of the connected payer corporation	Part IV tax before deductions **	Column E deduction type
210	220	250	260	270	Indicate eligible dividends
1 RC		0	0	0	
RC		0	0	0	

Total non-taxable dividends deductible under section 83

Total dividends deductible from income under sections 112, 113, and 138(6)

** For dividends received from non-connected corporations, Part IV tax = the amount entered in column E x 1/3
 For dividends received from connected corporations, do the following calculation: Part IV tax = column E x column J / column I
 Life insurers are not subject to Part IV tax on subsection 138(6) dividends.
 Public corporations (other than subject corporations) do not need to calculate Part IV tax.

Part 2 - Calculation of Part IV tax payable

Part IV tax before deductions (total of column K in Part 1)

Deduct:

Part IV tax payable on dividends subject to Part IV tax

320

Subtotal

Deduct:

Current-year non-capital loss claimed to reduce Part IV tax

330

Non-capital losses from previous years claimed to reduce Part IV tax

335

Current-year farm loss claimed to reduce Part IV tax

340

Farm losses from previous years claimed to reduce Part IV tax

345

Total losses applied against Part IV tax

x 1/3 =

Part IV tax payable (enter amount on line 712 of the T2 return)

360

0

DIVIDENDS RECEIVED, TAXABLE DIVIDENDS PAID, AND PART IV TAX CALCULATION**Part 3 - Taxable dividends paid in the taxation year for purposes of a dividend refund**

A Name of connected recipient corporation	B Business number	C Taxation year end of connected recipient corporation in which the dividend was received	D Taxable dividends paid to connected corporations
400	410	420	430
Newmarket Hydro Holding	RC	2006/12/31	2,400,000
	RC		
Total			2,400,000

Note

If your corporation's taxation year-end is different than that of the connected recipient corporation, your corporation could have paid dividends in more than one taxation year of the recipient corporation. If so, use a separate line to provide the information for each taxation year of the recipient corporation.

Total taxable dividends paid in the taxation year to other than connected corporations 450 _____

Total taxable dividends paid in the taxation year for the purposes of a dividend refund
(total of column D above plus line 450) 460 2,400,000

Part 4 - Total dividends paid in the taxation year

Complete this part if the total taxable dividends paid in the taxation year for purposes of a dividend refund (line 460 above) is different from the total dividends paid in the taxation year.

500 _____

Deduct:

Dividends paid out of capital dividend account 510 _____
 Capital gains dividends 520 _____
 Dividends paid on shares described in subsection 129(1.2) 530 _____
 Taxable dividends paid to a controlling corporation that was bankrupt
 at any time in the year 540 _____

Subtotal

Total taxable dividends paid in the taxation year for purposes of a dividend refund _____ 0

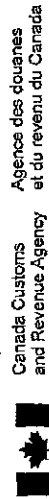
CAPITAL COST ALLOWANCE**Schedule 8**

Canada Revenue
Agency

Agence du revenu
du Canada

Is the corporation electing under regulation 1101(5a)? 101 ☐ Yes ☒ No

1 Class	2 UCC at start of year	3 Cost of additions in the year	4 Net adjustments	5 Proceeds of dispositions in the year	7 Adjustment for additions (1/2 x (col 3 - 5))	8 Base amount for CCA	9 Rate %	10 CCA for the year (col 8 x 9 or a lower amount)	11 Recapture of CCA	12 Terminal loss	13 UCC at the end of the year
200	201	203	205	207	211		212	217	213	215	220
1	33,639,425					33,639,425	4	1,345,577			32,293,848
3	7,502					7,502	5	375			7,127
8	2,760,926	990,622			495,311	3,256,237	20	651,247			3,100,301
10	1,369,074	516,822		67,559	224,632	1,593,705	30	478,112			1,340,225
17	65,281					65,281	8	5,222			60,059
2	7,707,032					7,707,032	6	462,422			7,244,610
13	207,029	42,214			21,107	228,136		48,211			201,032
47		3,837,803	(1,536,492)		1,918,902	382,409	8	30,593			2,270,718
Totals	45,756,269	5,387,461	(1,536,492)	67,559	2,659,952	46,879,727		3,021,759			46,517,920



Canada Customs
and Revenue Agency

Agence des douanes
et du revenu du Canada

RELATED AND ASSOCIATED CORPORATIONS

Schedule 9

This form is to be completed by a corporation having one or more of the following:

- related corporation(s)
- associated corporation(s)

Name 100	Country (if not Canada) 200	Business # (Canadian corporation only) 300	Code note 1 400	Common shares		Preferred shares		Book value of capital stock
				# owned	% owned	# owned	% owned	
Newmarket Hydro Holding Inc		86514 2632 RC 0001	1	500	550	600	650	700
Unipower Holdings Ltd.		86553 9399 RC 0001	3					3,802,779
1443393 Ontario Inc		89239 7613 RC 0001	3					
1443394 Ontario Inc		86553 9191 RC 0001	3					
1443396 Ontario Inc		86553 8995 RC 0001	3					
1443397 Ontario Inc		89239 7217 RC 0001	3					
1443398 Ontario Inc		86553 8797 RC 0001	3					
1402318 Ontario Inc		86709 8772 RC 0001	3					
		RC						

Note 1 : Enter the code number of the relationship that applies: 1- Parent 2 - Subsidiary 3 - Associated 4 - Related, but not associated

**CUMULATIVE ELIGIBLE CAPITAL DEDUCTION****Schedule 10****Part 1 - Calculation of current year deduction and carry-forward**

Cumulative eligible capital - Balance at the end of the preceding taxation year (if negative, enter "0")	200	1,719,728	A
Add: Cost of eligible capital property acquired during the taxation year	222		
Other adjustments	226		
Subtotal (line 222 plus line 226)		x 3/4 =	B
Non-taxable portion of a non-arm's length transferor's gain realized on the transfer of an eligible capital property to the corporation after December 20, 2002	228	x 1/2 =	C
amount B minus amount C (if negative, enter "0")			D
Amount transferred on amalgamation or wind-up of subsidiary	224		E
Subtotal (add amounts A, D, and E)	230	1,719,728	F
Deduct: Proceeds of sale (less outlays and expenses not otherwise deductible) from the disposition of all eligible capital property during the taxation year	242		G
The gross amount of a reduction in respect of a forgiven debt obligation as provided for in subsection 80(7)	244		H
Other adjustments	246		I
(add amounts G, H, and I)		x 3/4 =	J
Cumulative eligible capital balance (amount F minus amount J)			
(if amount K is negative, enter "0" at line M and proceed to Part 2)		1,719,728	K
Cumulative eligible capital for a property no longer owned after ceasing to carry on that business	249		
amount K	1,719,728		
less amount from line 249			
Current year deduction	1,719,728 x 7% =	250	120,381 *
(line 249 plus line 250) (enter this amount at line 405 of Schedule 1)		120,381	120,381 L
Cumulative eligible capital - Closing balance (amount K minus amount L) (if negative, enter "0")	300	1,599,347	M

* You can claim any amount up to the maximum deduction of 7%. The deduction may not exceed the maximum amount prorated by the number of days in the taxation year divided by 365.

Part 2 - Amount to be included in income arising from disposition

Amount from line K (show as positive amount)			N
Total of cumulative eligible capital (CEC) deductions from income for taxation years beginning after June 30, 1988	400	1	
Total of all amounts which reduced CEC in the current or prior years under subsection 80 (7)	401	2	
Total of CEC deductions claimed for taxation years beginning before July 1, 1988	402	3	
Negative balances in the CEC account that were included in income for taxation years beginning before July 1, 1988	408	4	
Line 3 minus line 4 (if negative, enter "0")		5	
Total of lines 1, 2, and 5		6	
Amounts included in income under paragraph 14(1)(b), as that paragraph applied to taxation years ending after June 30, 1988 and before February 28, 2000, to the extent that it is for an amount described at line 400		7	
Amounts at line T from Schedule 10 of previous taxation years ending after February 27, 2000		8	
Subtotal (line 7 plus line 8)	409	9	
Line 6 minus line 9 (if negative, enter "0")			O
Line N minus line O (if negative, enter "0")			P
Line 5		x 1/2 =	Q
Line P minus line Q (if negative, enter "0")			R
Amount R		x 66.6667	S
Amount N or amount O, whichever is less			T
Amount to be included in income (amount S plus amount T) (enter this amount on line 108 of Schedule 1)	410		

Canada Revenue
AgencyAgence du revenu
du Canada

Schedule 23

**AGREEMENT AMONG ASSOCIATED CANADIAN-CONTROLLED PRIVATE CORPORATIONS TO
ALLOCATE THE BUSINESS LIMIT (2003 and later taxation years)**

- For use by a Canadian-controlled private corporation (CCPC) to identify all associated corporations and to assign a percentage for each associated corporation. This percentage will be used to allocate the business limit for purposes of the small business deduction. Information from this schedule will also be used to determine the date the balance of tax is due and to calculate the reduction to the business limit.
- An associated CCPC that has more than one tax year ending in a calendar year, is required to file an agreement for each tax year ending in that calendar year.

Allocating the business limitDate filed (do not use this area) 025Enter the calendar year to which the agreement applies 050 2006Is this an amended agreement for the above-noted calendar year that is intended to replace an agreement previously filed by any of the associated corporations listed below? 075 ☐ 1 Yes ☒ 2 No

1 Names of associated corporations		2 Business Number of associated corporations 200	3 Association code 300
100			
1	Newmarket Hydro Ltd.	86907 7925 RC 0001	1
2	Unipower Holdings Ltd	86553 9399 RC 0001	1
3	1443393 Ontario Inc	89239 7613 RC 0001	1
4	1443394 Ontario Inc	86553 9191 RC 0001	1
5	1443396 Ontario Inc	86553 8995 RC 0001	1
6	1443397 Ontario Inc	89239 7217 RC 0001	1
7	1443398 Ontario Inc	86553 8797 RC 0001	1
8	1402318 Ontario Inc	86709 9772 RC 0001	1
9	Newmarket Hydro Holdings Inc	86514 2632 RC 0001	1
		RC	

Allocate business limit using: ☒ % ☐ \$

	Taxation year		4 Business limit for the year (before allocation) \$	Allocating business limit		
				5 Percentage of the business limit (%)	6 Business limit allocated \$	7 Gross Part 1.3 tax for business limit reduction
	Start	End	350	400		
1	2006/01/01	2006/12/31	300,000	100,000	300,000	100,199
2	2006/01/01	2006/12/31	300,000			
3	2006/01/01	2006/12/31	300,000			
4	2006/01/01	2006/12/31	300,000			
5	2006/01/01	2006/12/31	300,000			
6	2006/01/01	2006/12/31	300,000			
7	2006/01/01	2006/12/31	300,000			
8	2006/01/01	2006/12/31	300,000			
9	2006/01/01	2006/12/31	300,000			
TOTALS				100,000	A 300,000	100,199

If the taxation year of the corporation filing this form is less than 51 weeks, enter the prorated business limit in this box.

\$ 300,000

**SHAREHOLDER INFORMATION****Schedule 50**

All private corporations must complete this schedule for any shareholder who holds 10% or more of the corporation's common and/or preferred shares.

Name of shareholder (after name, indicate in brackets if the shareholder is a corporation, partnership, individual or trust)	Business Number (If a corporation is not registered, enter "NR") *	Social Insurance Number *	Trust Number (If a trust number is not available, enter "NA") *	Percentage common shares	Percentage preferred shares
100	200	300	350	400	500
Newmarket Hydro Holdings Inc	86514 2632 RC 0001			100.000	
	RC				

* For a taxation year commencing before January 1, 2004, if the shareholder is a trust, enter NR at field 200 or NA at field 300. Do not enter a trust number in field 350.

**BALANCE SHEET INFORMATION****Schedule 100**

Assets	Code	Current year	Prior year
Cash and deposits	1000		
Cash	1001	64,296,940	65,835,028
Total assets	2599	64,296,940	65,835,028

Liabilities	Code	Current year	Prior year
Bank overdraft	2600		
Amounts payable and accrued liabilities	2620	34,032,700	36,721,029
Taxes payable	2680	136,328	
Total liabilities	3499	34,169,028	36,721,029

Equity	Code	Current year	Prior year
Common shares	3500	25,806,563	25,806,563
Retained earnings / deficit	3600	4,170,249	3,307,436
Total equity	3620	29,976,812	29,113,999
Total liabilities and equity	3640	64,145,840	65,835,028

Retained earnings	Code	Current year	Prior year
Retained earnings/deficit-start	3660	3,307,436	1,579,215
Net income / loss	3680	3,262,813	1,928,221
Dividends declared	3700	(2,400,000)	(200,000)
Total retained earnings	3849	4,170,249	3,307,436

**Details**

Operating name, if different from the corporations' legal name

0001

Description of operation, if filing multiple Schedules 125

0002

Revenue	Code	Current year	Prior year
Trade sales of goods and services	8000		
Processing revenue	8044	65,437,902	66,616,693
Total sales of goods and services	8089	65,437,902	66,616,693
Realized gains / losses on disposal of assets	8210	48,271	25,700
Other revenue	8230	1,185,437	1,107,720
Total revenue	8298	66,671,610	67,750,113

Cost of sales	Code	Current year	Prior year
Opening inventory	8300		
Cost of sales	8518	51,068,659	53,647,628
Gross profit / loss (item 8089 - item 8518)	8519	14,369,243	12,969,065

Operating expenses	Code	Current year	Prior year
Amortization of tangible assets	8670	3,571,475	3,394,668
Office expenses	8810	6,292,327	7,963,067
Property taxes	9180	239,424	139,923
		15,361	
Total operating expenses	9367	10,118,587	11,497,658
Total expenses	9368	61,187,246	65,145,286
Net non-farming income	9369	5,484,364	2,604,827

Farming revenue	Code	Current year	Prior year
Grains and oilseeds	9370		
Total farm revenue	9659		

Farming expenses	Code	Current year	Prior year
Crop expenses	9660		
Total farm expenses	9898		
Net farm income	9899		
Net income / loss before taxes and extraordinary items	9970	5,484,364	2,604,827

Summary

Complete this section if only one Schedule 125 is filed, Schedule 140 is used to summarize the information from multiple Schedules 125.

Extraordinary items	9975 -	-	
Legal settlements	9976 -	-	
Unrealized gains / losses	9980 +	+	
Unusual items	9985 -	-	
Current income taxes	9990 -	2,221,551	676,606
Future income tax provision	9995 -	-	
Net income / loss after taxes and extraordinary items	9999 =	3,262,813	1,928,221

TaxPaid

Tax instalments paid

Jurisdiction	Description	Date	Amount
Federal			1,330,493
Ontario			979,930
Federal			
Total			2,310,423

* Enter Québec instalments paid on form CO-1027.VE

Summary by jurisdiction

Federal	1,330,493	Manitoba	
British Columbia		Ontario	979,930
Alberta			
Saskatchewan			

Instalments

Federal tax instalments**Instalment base**

Year-end	Estimate for current year 2007/12/31	First instalment base 2006/12/31	Second instalment base 2005/12/31
Taxable income		6,084,228	2,853,872
Base amount of Part I tax		2,312,007	1,084,395
Corporate surtax		68,143	31,961
Refundable tax on CCPC's investment income			
Small business deduction			
Federal tax abatement		608,423	285,367
Manufacturing and processing profits deduction			
Foreign tax credits			
Tax reductions		425,896	199,757
Political contribution tax credit			
Investment tax credit			
Other credits			
Part I tax payable		1,345,831	631,232
Part I.3 tax payable			
Part VI tax payable			
Part VI.1 tax payable			
Net provincial or territorial tax payable			
Total tax payable		1,345,831	631,232
Days in taxation year	365	365	365
Tax payable adjusted for short taxation years		1,345,831	631,232
Estimated credits for the current year:			
Investment tax credit refund			
Dividend refund			
Other			
Total estimated credits			
Instalment base		1,345,831	631,232
Monthly payment		112,153	52,603

Instalment payment options

- ☐ 1. based on estimated taxes for the current year
 ☒ 3. based on the first and second instalment base
- ☐ 2. based on the first instalment base
 ☐ 4. instalments are not required

Instalment payments

Date	Instalments required	Instalments paid	Instalments payable
2007/01/31	52,603		
2007/02/28	52,603		
2007/03/31	124,063		
2007/04/30	124,063		
2007/05/31	124,063		
2007/06/30	124,063		
2007/07/31	124,063		
2007/08/31	124,063		
2007/09/30	124,063		
2007/10/31	124,063		
2007/11/30	124,063		
2007/12/31	124,063		
Total	1,345,836		

Summary

Tax Summary

Corporation name Newmarket Hydro Ltd.

Tax year ending 2006/12/31

Taxable income		Tax payable	
Net income for tax purposes	6,084,228	Part I tax	1,345,831
Charitable donations and gifts	-	Part 1.3 tax (large corporations tax)	+
Taxable dividends	-	Taxable dividends received	
Losses of prior years	-	Part IV tax	+
Other adjustments	±	Other federal tax payable	+
Taxable income	= 6,084,228	Subtotal	= 1,345,831
Part I tax		Provincial and territorial tax (except QC,ON,AB)	+
38% of taxable income	2,312,007	Provincial tax on large corporations (NB,NS)	+
Surtax	+ 68,143	Tax payable	+ 1,345,831
Refundable tax on CCPC investment income	+	Tax instalments paid	- 1,330,493
Active business income	6,084,228	Investment tax credit refund	-
Small business deduction	-	Taxable dividends paid	2,400,000
Federal tax abatement	- 608,423	Dividend refund	-
Manufacturing and processing deduction	-	Other refundable credits	-
Additional deduction - credit unions	-	Balance owing (refund) on federal return	= 15,338
Foreign tax credits	-	Provincial income tax (ON,AB,QC)	851,792
Resource deduction	-	Capital and other provincial taxes	+ 135,924
Political contribution tax credit	-	Tax instalments and credits	- 979,930
Investment tax credit	-	Other provincial taxes	= 7,786
Other deductions and credits	- 425,896	Total balance owing (refund)	23,124
Part I tax	= 1,345,831		

Provincial tax	% Provincial allocation	Taxable income	Income tax	Capital and other provincial taxes	Tax instalments and credits	Net provincial tax
Newfoundland						
Prince Edward Island						
Nova Scotia						
New Brunswick						
Manitoba						
Saskatchewan						
British Columbia						
Yukon Territory						
Northwest Territories						
Nunavut						
Schedule 5 provincial tax payable						
Ontario	100.0000	6,084,228	851,792	135,924	979,930	7,786
Alberta						
Québec						
Totals			851,792	135,924	979,930	7,786

Loss continuity	Current year carry back	Carryforward end of year	Other carryforwards
Capital			Capital dividend account
Non-capital			Refundable dividend tax on hand (net of dividend refund)
Farm			Unused Part 1.3 tax credit
Restricted farm			Unused surtax credits
Limited partnership			Foreign business tax credits
Listed personal property			Donations and gifts
			Investment tax credits
			Ontario CMT losses
			Ontario CMT credit

5Year

5 Year Tax Summary

Years Ending:	2006/12/31	2005/12/31	2004/12/31	2003/12/31	2002/12/31
Taxable income					
Net Income for tax purposes	6,084,228	4,888,672	3,284,597	2,962,574	
Charitable donations and gifts	-	1,885,000	1,500,000	1,900,000	-
Taxable dividends	-	-	-	-	-
Losses of other years	-	150,000	-	465,347	-
Other adjustments	±	±	±	±	±
Taxable income	= 6,084,228	= 2,853,672	= 1,784,597	= 597,227	=
Active business income	6,084,228	4,888,672	3,284,597	2,982,574	
Part I tax					
38% of taxable income	2,312,007	1,084,395	678,147	226,946	
Surtax	+ 68,143	+ 31,961	+ 19,987	+ 6,889	+
Refundable tax on CCPC investment income	+	+	+	+	+
Small business deduction	-	-	-	-	-
Federal tax abatement	- 608,423	- 285,367	- 178,460	- 59,723	-
Manufacturing and processing deduction	-	-	-	-	-
Additional deduction - credit unions	-	-	-	-	-
Foreign tax credits	-	-	-	-	-
Resource deduction	-	-	-	-	-
Political contribution tax credit	-	-	-	-	-
Investment tax credit	-	-	-	-	-
Other deductions and credits	- 425,896	- 199,757	- 124,922	- 29,861	-
Part I tax	= 1,345,831	= 631,232	= 394,752	= 144,051	=
Tax payable					
Part I tax	1,345,831	631,232	394,752	144,051	
Part I,3 tax	+	+	+	+ 98,829	+
Part IV tax	+	+	+	+	+
Other federal tax payable	+	+	+	+	+
Subtotal	= 1,345,831	= 631,232	= 394,752	= 240,880	=
Provincial and territorial tax (except QC,ON,AB)	+	+	+	+	+
Provincial tax on large corporations (NB,NS)	+	+	+	+	+
Tax payable	= 1,345,831	= 631,232	= 394,752	= 240,880	=
Tax instalments made	- 1,330,493	- 1,182,400	- 360,316	- 288,822	-
Investment tax credit refund	-	-	-	-	-
Dividend refund	-	-	-	-	-
Other refundable credits	-	-	-	-	-
Balance owing (refund)	= 15,338	= (551,168)	= 34,436	= (47,942)	=
Provincial income tax (ON,AB,QC)	851,792	399,514	249,844	69,703	
Capital and other provincial taxes	+ 135,924	+ 139,939	+ 142,057	+ 150,675	+
Tax instalments and credits	- 979,930	-	- 169,484	- 220,378	-
Other provincial taxes	= 7,786	= 539,453	= 222,417	=	=
Total taxes owing (refund)	23,124	(11,715)	256,853	(47,942)	



Ministry of Finance

Corporations Tax
33 King Street West
PO Box 620
Oshawa ON L1H 8E9

2006

**CT23 Corporations Tax and
Annual Return**For taxation years commencing
after December 31, 2003

Corporations Tax Act - Ministry of Finance (MOF)

Corporations Information Act - Ministry of Government Services (MGS)

This form is a combination of the Ministry of Finance (MOF) CT23 Corporations Tax Return and the Ministry of Government Services (MGS) Annual Return. Page 1 is a common page required for both Returns. For tax purposes, depending on which criteria the corporation satisfies, it must complete either the Exempt from Filing (EFF) declaration on page 2 or file the CT23 Return on pages 3-17. Corporations that do not meet the EFF criteria but do meet the Short-Form criteria, may request and file the CT23 Short-Form Return (see page 2).

The Annual Return (common page 1 and MGS Schedule A on pages 18 and 19, and Schedule K on page 20) contains non-tax information collected under the authority of the Corporations Information Act for the purpose of maintaining a public database of corporate information. This return must be completed by Ontario share-capital corporations or Foreign-Business share-capital corporations that have an extra-provincial licence to operate in Ontario.

MGS Annual Return Required? (Not required if already filed or
Annual Return exempt. Refer to Guide)☒ Yes☐ No

Page 1 of 20

Ministry Use			
Corporation's Legal Name (including punctuation) Newmarket Hydro Ltd.		Ontario Corporations Tax Account No. (MOF) 1800138	
Mailing address 590 Steven Court City: Newmarket Province: ON Country: CA Postal code: L3Y 6Z2		This Return covers the Taxation Year Start: 2006/01/01 End: 2006/12/31	
Has the mailing address changed since last filed CT23 Return? <input type="checkbox"/> Yes Date of change: year month day		Date of Incorporation or Amalgamation 2001/11/01	
Registered/Head Office Address 590 Steven Court City: Newmarket Province: ON Country: CA Postal code: L3Y 6Z2		Ontario Corporation No. (MGS) 1800138	
Location of Books and Records 590 Steven Court City: Newmarket Province: ON Country: CA Postal code: L3Y 6Z2		Canada Revenue Agency Business No. 869077925RC0001	
Name of person to contact regarding this CT23 Return Iain Clinton, CA		Telephone No. (905) 953-8548	Fax No. () -
Address of Principal Office in Ontario (Extra-Provincial Corporations only) (MGS) 590 Steven Court City: Newmarket Province: ON Country: CA Postal code: L3Y 6Z2		If not incorporated in Ontario, indicate the date Ontario business activity commenced and ceased: Commenced: Ceased: <input checked="" type="checkbox"/> Not Applicable	
Former Corporation Name (Extra-Provincial Corporations only) <input checked="" type="checkbox"/> Not Applicable (MGS)		Preferred Language / Langue de préférence <input checked="" type="checkbox"/> English anglais <input type="checkbox"/> French français	
Information on Directors/Officers/Administrators must be completed on MGS Schedule A or K as appropriate. If additional space is required for Schedule A, only this schedule may be photocopied. State number submitted (MGS). No. of Schedule(s) 0 If there is no change to the Directors/Officers/Administrators' information previously submitted to MGS, please check <input checked="" type="checkbox"/> this box. Schedule(s) A and K are not required (MGS). <input checked="" type="checkbox"/> No Change		Ministry Use 	
Certification (MGS)			
I certify that all information set out in the Annual Return is true, correct and complete.			
Name of Authorized Person Iain Clinton			
Title: <input type="checkbox"/> Director <input checked="" type="checkbox"/> Officer <input type="checkbox"/> Other individual having knowledge of the Corporation's business activities			
Note: Sections 13 and 14 of the Corporations Information Act provide penalties for making false or misleading statements or omissions.			

Taxation Year End



Exempt From Filing (EFF) Corporations Tax Return Declaration

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Corporation's Legal Name

 Ontario
Corporations Tax
Account No. (MOF)

This EFF Declaration must be filed for each taxation year that the corporation is exempt from filing and must be filed within 6 months after the corporation's taxation year end.

Criteria for exempt from filing status:

- | | |
|---|---|
| a) has filed a federal Income Tax Return (T2) with Canada Revenue Agency for the taxation year;
b) had no Ontario taxable income for the taxation year (subject to the provisions in Note 2 below);
c) had no Ontario Corporations Tax payable for the taxation year;
d) was a Canadian-controlled private corporation throughout the taxation year (i.e. generally a private corporation with 50% or more | e) had provided its Canada Revenue Agency business number to the Ministry of Finance; and
f) is not subject to the Corporate Minimum Tax (i.e. alone or as part of an associated group whose total assets exceed \$5 million or whose total revenues exceed \$10 million for the taxation year). |
|---|---|

Note 1: Filing of this declaration and the Annual Return does not constitute the filing of a Corporations Tax Return under section 75 of the *Corporations Tax Act*.

Note 2: The following loss situations will require otherwise EFF corporations to file a CT23 tax return complete with all related schedules and financial statements:

- If a corporation has a loss in the current taxation year that is to be carried back and applied to a previous taxation year(s), regardless of whether the loss is the same as for federal purposes or not, a CT23 tax return is required for the current taxation year. The corporation must also provide information indicating that the loss is to be carried back and specify the year and the amount of loss to be carried back to each taxation year.

- If a corporation has a prior year loss, that is not the same for both federal and Ontario purposes and the corporation is applying a loss carryforward from the prior year to the current year, a CT23 tax return is required for the current taxation year, and if not previously filed, a CT23 tax return for the prior taxation year in which the loss was incurred is also required. Although a tax return for the loss year is not required where the loss is not being applied, ministry will accept the filing of a tax return for a loss year at the time the loss is incurred.

- If a corporation has a prior year loss, that is the same for both federal and Ontario purposes, but in the current taxation year the corporation is applying a different amount of loss for Ontario than the loss amount being applied for federal income tax purposes, the corporation is required to file a CT23 tax return for the current taxation year only.

The following 3 items MUST be completed for EFF declarations only. In cases where the Annual Return, which includes page 1, is also being filed, completion of these fields is not required.

1. Corporation's Mailing Address

City Province Country Postal code

 2. Ontario Corporation
No. (MGS)

 3. Canada Revenue Agency
Business No.

I, _____ declare that:

The above corporation meets **all** of the exempt from filing criteria (a) through (f) above for the taxation year and therefore qualifies under the *Corporations Tax Act* as exempt from filing an Ontario Corporations Tax Return.

Signature

Title/Relationship to Corporation

Telephone number

Date

Please note that making a false statement to avoid compliance with the *Corporations Tax Act* is an offence which can result in a penalty and/or fine.

If you check "Yes" to ALL of the following criteria, you are eligible to file the CT23 Short-Form Corporation Tax Return. To obtain a copy, contact the Ministry Information Centre at the numbers listed on page 2 of the Guide.

Yes	No		Yes	No	
<input checked="" type="checkbox"/>	<input type="checkbox"/>	(a) The corporation is a Canadian-controlled private corporation (CCPC) throughout the taxation year. Indicate Share Capital with full voting rights owned by Canadian Residents (nearest whole percentage) _____ 0 %	<input type="checkbox"/>	<input checked="" type="checkbox"/>	(d) The corporation's taxation year ends on or after January 1, 2001, and its gross revenue and total assets are each \$1,500,000 or less and the corporation is not a financial institution; or The corporation's taxation year commences after September 30, 2001, and its gross revenue and total assets are each \$3,000,000 or less and the corporation is not a financial institution.
<input type="checkbox"/>	<input checked="" type="checkbox"/>	(b) The corporation's taxable income for the taxation year is \$200,000 or less. For a taxation year with less than 51 weeks, taxable income must be grossed-up. (Refer to Guide)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	(e) The corporation is not claiming a tax credit other than the Incentive Deduction for Small Business Corporations (IDSBC), Co-operative Education Tax Credit (CETC), Graduate Transitions Tax Credit (GTTC) or Apprenticeship Training Tax Credit (ATTC).
<input type="checkbox"/>	<input checked="" type="checkbox"/>	(c) The corporation is not a member of a partnership/joint venture or a member of an associated group of corporations during the taxation year.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	(f) The corporation's Ontario allocation factor is 100%.

Note: Family Farm or Fishing corporations that have a taxation year ending on or after January 1, 2000 and that are not subject to the Corporate Minimum Tax, may also use the CT23 Short-Form Corporations Tax Return if the corporation checks "Yes" to a), b), c), e) and f) above.

CT23 Corporations Tax Return**CT23 Page 3 of 20**

Identification continued (for CT23 filers only)

Please check applicable (✓) box(es) and complete required information.

Type of Corporation

1 ☒ **1** ☒ Canadian-controlled private (CCPC) all year (Generally a private corporation of which 50% or more shares are owned by Canadian residents.) (fed.s.125(7)(b))

☐ **2** ☐ Other Private

☐ **3** ☐ Public

☐ **4** ☐ Non-share Capital

☐ **5** ☐ Other (specify)

Share Capital with full voting rights (nearest percent)
owned by Canadian Residents. 0 %

- 2** ☐ **1** ☐ Family Farm Corporation s.1(2)
- ☐ **2** ☐ Family Fishing Corporation s.1(2)
- ☐ **3** ☐ Mortgage Investment Corp s.47
- ☐ **4** ☐ Credit Union s.51
- ☐ **5** ☐ Bank Mortgage Subsidiary s.61(4)
- ☐ **6** ☐ Bank s.1(2)
- ☐ **7** ☐ Loan and Trust Corporation s.61(4)
- ☐ **8** ☐ Non-resident Corp s.2(2)(a) or (b)
- ☐ **9** ☐ Non-resident Corporation s.2(2)(c)
- ☐ **10** ☐ Mutual Fund Corporation s.48
- ☐ **11** ☐ Non-resident owned investment Corporation s.49
- ☐ **12** ☐ Non-resident ship or aircraft under reciprocal agreement with Canada s.28(b)
- ☐ **14** ☐ Bare Trustee Corporation
- ☐ **15** ☐ Branch of Non-resident s.63(1)
- ☐ **16** ☐ Financial institution prescribed by Regulation only
- ☐ **17** ☐ Investment Dealer
- ☐ **18** ☐ Generator of electrical energy for sale or producer of steam for use in the generation of electrical energy for sale
- ☒ **19** ☒ Hydro successor, Municipal Electrical Utility or subsidiary of either
- ☐ **20** ☐ Producer and seller of steam for uses other than for the generation of electricity
- ☐ **21** ☐ Insurance Exchange s.74.4
- ☐ **22** ☐ Farm Feeder Finance Co-operative Corporation
- ☐ **23** ☐ Professional Corporation (incorporated professionals only)

- ☐ This is the first year filing after incorporation or an amalgamation (If checked, attach Ontario Schedule 24.)
- ☐ Amended Return
- ☐ Taxation year end change - Canada Revenue Agency approval required
- ☐ Final taxation year up to dissolution (Note: for discontinued businesses, see guide.)
- ☐ Final taxation year before amalgamation
- ☐ The corporation has a floating fiscal year end
- ☐ There has been a transfer or receipt of asset(s) involving a corporation having a Canadian permanent establishment outside Ontario
- ☐ There was an acquisition of control to which subsection 249(4) of the federal *Income Tax Act* (ITA) applies since the previous taxation year
If checked, date control was acquired _____
- ☐ The corporation was involved in a transaction where all or substantially all (90% or more) of the assets of a non-arm's length corporation were received in the taxation year and subsection 85(1) or 85(2) of the federal ITA applied to the transaction (If checked, attach Ontario Schedule 44.)
- ☐ First year filing of a parent corporation after winding-up a subsidiary corporation(s) under section 88 of the federal ITA during the taxation year. (If checked, attach Ontario Schedule 24.)
- ☐ Section 83.1 of the CTA applies (redirection of payments for certain electricity corporations)

Yes No

- ☒ ☒ Was the corporation inactive throughout the taxation year?
- ☒ ☐ Has the corporation's Federal T2 Return been filed with the Canada Revenue Agency?
- Are you requesting a refund due to:
- ☐ ☒ the Carry-back of a Loss?
- ☐ ☒ an Overpayment?
- ☐ ☒ a Specified Refundable Tax Credit?
- ☒ ☒ Are you a Member of a Partnership or a Joint Venture?

Complete if applicable

Ontario Retail Sales Tax Vendor
Permit No.(Use Head Office No.)

Ontario Employer Health Tax
Account No. (Use Head Office No.)

Specify major business activity
Electricity Distribution

Income Tax

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Allocation – If you carry on a business through a permanent establishment in a jurisdiction outside Ontario, you may allocate that portion of taxable income deemed earned in that jurisdiction, to that jurisdiction (s.39) (Int.B. 3008).

Net income (loss) for Ontario purposes (per reconciliation schedule, page 15)	From 690 ±	6,084,228
Subtract: Charitable donations	1 -	
Subtract: Gifts to Her Majesty in right of Canada or a province and gifts of cultural property (Attach schedule 2)	2 -	
Subtract: Taxable dividends deductible, per federal Schedule 3	3 -	
Subtract: Ontario political contributions (Attach schedule 2A) (Int.B. 3002R)	4 -	
Subtract: Federal Part VI.1 tax	X 3	5 -
Subtract: Prior years' losses applied - Non-capital losses	From 704	
	From 715	Inclusion
Net capital losses (page 16)	X rate	50.000000 % = 714
Farm losses	From 724 -	
Restricted farm losses	From 734 -	
Limited partnership losses	From 754 -	
Taxable income (Non-capital loss)	10 =	6,084,228

Addition to taxable income for unused foreign tax deduction for federal purposes 11 ±

Adjusted taxable income 10 + 11 (if 10 is negative, enter 11) 20 = 6,084,228

Taxable Income	Number of days in Taxation Year					
	Days after Dec. 31, 2002 and before Jan. 1, 2004	Total Days				
From 10 (or 20) 6,084,228 X 30 = 100.0000 % X 12.5 % X 33 + 73		365	=	29 +		
Ontario Allocation	Days after Dec. 31, 2003	Total Days				
From 10 (or 20) 6,084,228 X 30 = 100.0000 % X 14.0 % X 34	365	+ 73		365	=	32 + 851,792
Ontario Allocation						
Income Tax Payable (before deduction of tax credits) 29 + 32	40 =					851,792

Incentive Deduction for Small Business Corporations (IDSBC)(s.41)

If this section is not completed, the IDSBC will be denied.

Did you claim the federal Small Business Deduction (fed.s.125(1)) in the taxation year or would you have claimed the federal Small Business Deduction had the provisions of fed.s.125(5.1) not been applicable in the year? (✓) ☒ Yes ☐ No

* Income from active business carried on in Canada

for federal purposes (fed.s.125(1)(a)) 50 = 6,084,228

Federal taxable income, less adjustment for foreign tax credit (fed.s.125(1)(b)) 51 + 6,084,228

Add: Losses of other years deducted for federal purposes (fed.s.111) 52 +

Subtract: Losses of other years deducted for Ontario purposes (s.34) 53 -

= 6,084,228 ▶ 54 = 6,084,228

Federal Business limit (line 410 of the T2 return) for the year before application of fed.s.125(5.1) 55 = 300,000

Ontario Business Limit Calculation

Days after Dec. 31, 2002 and before Jan. 1, 2004				
320,000 X 31	+ **	365	= + 46	
Days after Dec. 31, 2003				
400,000 X 34	365	+ **	365	= + 47 400,000

Percentage of Federal Business limit (from T2 Schedule 23). Enter 100% if not associated

Business limit for Ontario purposes 46 + 47 = 44 400,000 X 48 100.0000 % = 45 = 400,000

Income eligible for the IDSBC From 30 = 100.0000 % X 56 400,000 60 = 400,000
***Ontario Allocation Least of 50, 54 or 45

* Note: Modified by s.41(6) and (7) for corporations that are members of a partnership. (Refer to Guide.)

** Note: Adjust accordingly for a floating taxation year end use 366 for a leap year.

*** Note: Ontario Allocation for IDSBC purposes may differ from 30 if Taxable Income is allocated to foreign jurisdictions. See special rules (s.41(4)).

continued on Page 5

Income Tax *continued from Page 4*

		Number of Days in Taxation Year					
		Days after Dec. 31, 2002 and before Jan. 1, 2004	Total Days				
Calculation of IDSBC Rate	7.0 % X 31	+ 73	365	=	89	+	
	8.5 % X 34	365	+ 73	365	=	90	+ 8.5000
IDSBC Rate for Taxation Year	89 + 90					78	= 8.5000
Claim	From 60	400,000	X From 78	8.5000 %	70	=	34,000

Corporations claiming the IDSBC must complete the Surtax section below if the corporation's taxable income (or if associated, the associated group's taxable income) is greater than the amount in 114 below.

Surtax on Canadian-controlled Private Corporations (s.41.1)

Applies if you have claimed the Incentive Deduction for Small Business Corporations.

Associated corporation - The Taxable Income of associated corporations is the taxable income for the taxation year ending on or before the date of this corporation's taxation year end.

* Taxable Income of the corporation From 10 (or 20 if applicable) 80 + 6,084,228

If you are a member of an associated group (✓) 81 ☒ (Yes)

Taxable income of associated corporations (Attach schedule) 82 +
Aggregate Taxable Income 85 = 6,084,228

		Number of days in Taxation Year					
		Days after Dec. 31, 2002 and before Jan. 1, 2004	Total Days				
320,000 X	31	+ 73	365	=	115	+	
400,000 X	34	365	+ 73	365	=	116	+ 400,000
				115 + 116	=	400,000	▶
						114	- 400,000
(If negative, enter nil)						86	= 5,684,228

		Number of Days in Taxation Year					
		Days after Dec. 31, 2002	Total Days				
Calculation of Specified Rate for Surtax	4.667% X 38	365	+ 73	365	=	97	+ 4.6670
From 86	5,684,228	X From 97	4.6670 %	=	87	=	265,283
From 87	265,283	X From 60	400,000	+ From 114	400,000	88	= 265,283

Surtax: Lesser of 70 or 88 100 = 34,000

* **Note: Short Taxation Years** - Special rules apply where the taxation year is less than 51 weeks for the corporation and/or any corporation associated with it.

continued on Page 6

Income Tax *continued from Page 5*

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Additional Deduction for Credit Unions (s.51(4)) (Attach schedule 17)

110

Manufacturing and Processing Profits Credit (M&P) (s.43)*Applies to Eligible Canadian Profits from manufacturing and processing, farming, mining, logging and fishing carried on in Canada, as determined by regulations.*

Eligible Canadian Profits from mining are the "resource profits from the mining operations", as determined for Ontario depletion purposes, after deducting depletion and resource allowances but excluding amounts from sale of Canadian resource property, rentals or royalties. If you are claiming this credit, attach a copy of Ontario schedule 27.

The whole of the active business income qualifies as Eligible Canadian Profits if: a) your active business income from sources other than manufacturing and processing, mining, farming, logging or fishing, is 20% or less of the total active business income and b) the total active business income is \$250,000 or less.

Eligible Canadian Profits 120

Subtract: Income eligible for the Incentive Deduction for Small Business Corporations (IDSBC) From 56 - 400,000

Add: Adjustment for Surtax on Canadian-controlled private corporations

From 100 34,000 + From 30 100.0000 % + From 78 8.5000 % = 121 400,000

*Ontario Allocation

Lesser of 56 or 121 122 + 400,000

120 - 56 + 122 130 =

Taxable Income From 10 + 6,084,228

Subtract: Income eligible for the Incentive Deduction for Small Business Corporations (IDSBC) From 56 - 400,000

Add: Adjustments for Surtax on Canadian-controlled private corporations From 122 + 400,000

Subtract: Taxable income 10 X Allocation % to jurisdictions outside Canada 140

Subtract: Amount by which Canadian and foreign investment income exceeds net capital losses 141

10 - 56 + 122 - 140 - 141 142 = 6,084,228

Claim**Number of Days in Taxation Year**

143	X From 30	100.0000 % X 1.5% X	33	÷	73	365	=	154 +
Lesser of 130 or 142		*Ontario Allocation						

143	X From 30	100.0000 % X 2.0% X	34	365	÷	73	365	=	156 +
Lesser of 130 or 142		*Ontario Allocation							

M&P claim for taxation year 154 + 156 160 =

Note: Ontario Allocation for M&P Credit purposes may differ from 30 if Taxable Income is allocated to foreign jurisdictions. See special rules (s.43(1))*Manufacturing and Processing Profits Credit for Electrical Generating Corporations** 161**Manufacturing and Processing Profits Credit for Corporations that Produce and Sell Steam for uses other than the Generation of Electricity**

162

Credit for Foreign Taxes Paid (s.40)*Applies if you paid tax to a jurisdiction outside Canada on foreign investment income (Int.B. 3001R) (Attach schedule)* 170**Credit for Investment in Small Business Development Corporations (SBDC)***Applies if you have an unapplied, previously approved credit from prior years' investments in new issues of equity shares in Small Business Development Corporations. Any unused portion may be carried forward indefinitely and applied to reduce subsequent years' income taxes. (Refer to the former Small Business Development Corporations Act)*

Eligible Credit 175 Credit Claimed 180

Subtotal of Income Tax 40 - 70 + 100 - 110 - 160 - 161 - 162 - 170 - 180 190 = 851,792*continued on Page 7*

Income Tax *continued from Page 6***Specified Tax Credits** *(Refer to Guide)***Ontario Innovation Tax Credit (OITC) (s.43.3)** *Applies to scientific research and experimental development in Ontario.*Eligible Credit from 5620 OITC Claim Form *(Attach original Claim Form)* 191**Co-operative Education Tax Credit (CETC) (s.43.4)** *Applies to employment of eligible students.*
Eligible Credit from 5798 CT23 Schedule 113 *(Attach Schedule 113)* 192**Ontario Film & Television Tax Credit (OFTTC) (s.43.5)***Applies to qualifying Ontario labour expenditures for eligible Canadian content film and television productions.* 204Eligible Credit from 5850 of the Certificate of Eligibility issued by the Ontario Media Development Corporation (OMDC) *(Attach the original Certificate of Eligibility)* 193**Graduate Transitions Tax Credit (GTTC) (s.43.6)***Applies to employment of eligible unemployed post secondary graduates, for employment commencing prior to July 6, 2004 and expenditures incurred prior to January 1, 2005.* No. of Graduates From 6596 194Eligible Credit from 6598 CT23 Schedule 115 *(Attach Schedule 115)* 195**Ontario Book Publishing Tax Credit (OBPTC) (s.43.7)***Applies to qualifying expenditures in respect of eligible literary works by eligible Canadian authors.*
Eligible Credit from 6900 OBPTC Claim Form*(Attach both the original Claim Form and the Certificate of Eligibility)* 196**Ontario Computer Animation and Special Effects Tax Credit (OCASE) (s.43.8)***Applies to labour relating to computer animation and special effects on an eligible production.*
Eligible Credit from 6700 of the Certificate of Eligibility issued by the Ontario Media Development Corporation (OMDC)
(Attach the original Certificate of Eligibility) 197**Ontario Business-Research Institute Tax Credit (OBRITC) (s.43.9)***Applies to qualifying R&D expenditures under an eligible research institute contract.*
Eligible Credit from 7100 OBRITC Claim Form *(Attach original Claim Form)* 198**Ontario Production Services Tax Credit (OPSTC) (s.43.10)***Applies to qualifying Ontario labour expenditures for eligible productions where the OFTTC has not been claimed.*
Eligible Credit from 7300 of the Certificate of Eligibility issued by the Ontario Media Development Corporation (OMDC) *(Attach the original Certificate of Eligibility)* 199**Ontario Interactive Digital Media Tax Credit (OIDMTC) (s.43.11)***Applies to qualifying labour expenditures of eligible products for the taxation year.*
Eligible Credit from 7400 of the Certificate of Eligibility issued by the Ontario Media Development Corporation (OMDC) *(Attach the original Certificate of Eligibility)* 200**Ontario Sound Recording Tax Credit (OSRTC) (s.43.12)***Applies to qualifying expenditures in respect of eligible Canadian sound recordings.*
Eligible Credit from 7500 OSRTC Claim Form
(Attach both the original Claim Form and the Certificate of Eligibility) 201**Apprenticeship Training Tax Credit (ATTC) (s.43.13)***Applies to employment of eligible apprentices.* No. of Apprentices From 5896 202
Eligible Credit from 5898 CT23 Schedule 114 *(Attach Schedule 114)* 203**Total Specified Tax Credits:** 191 + 192 + 193 + 195 + 196 + 197 + 198 + 199 + 200 + 201 + 203 220**Specified Tax Credits Applied to reduce Income Tax** 225**Income Tax** 190 - 225 OR Enter NIL if reporting Non-Capital Loss *(amount cannot be negative)* 230 861,792

To determine if the Corporate Minimum Tax (CMT) is applicable to your Corporation, see Determination of Applicability section for the CMT on Page 8. If CMT is not applicable, transfer amount in 230 to Income Tax in Summary section on Page 17.

OR

If CMT is not applicable for the current taxation year but your corporation has CMT Credit Carryovers that you want to apply to reduce income tax otherwise payable, then proceed to and complete the Application of CMT Credit Carryovers section part B, on Page 8.

Corporate Minimum Tax (CMT)

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Total Assets of the corporation	240 +	64,296,940	
Total Revenue of the corporation			241 + 66,671,610

The above amounts include the corporation's and associated corporations' share of any partnership(s) / joint venture(s) total assets and total revenue.

If you are a member of an associated group (✓) 242 ☒ (Yes)

Total Assets of associated corporations (Attach schedule)	243 +		
Total Revenue of associated corporations (Attach schedule)			244 +
Aggregate Total Assets	249 =	64,296,940	
Aggregate Total Revenue			250 = 66,671,610

Determination of Applicability

Applies if either Total Assets 249 exceeds \$5,000,000 or Total Revenue 250 exceeds \$10,000,000.

Short Taxation Years - Special rules apply for determining total revenue where the taxation year of the corporation or any associated corporation or any fiscal period of any partnership(s) / joint venture(s) of which the corporation or associated corporation is a member, is less than 51 weeks.

Associated Corporation - The total assets or total revenue of associated corporations is the total assets or total revenue for the taxation year ending on or before the date of the claiming corporation's taxation year end.

If CMT is applicable to current taxation year, complete section Calculation: CMT below and Corporate Minimum Tax Schedule 101.

Calculation: CMT (Attach Schedule 101.)

Gross CMT Payable - CMT Base From Schedule 101	2136 =	5,484,364 X	From 30	100.0000 % X 4%	276 =	219,375
		If negative, enter zero		Ontario Allocation		
Subtract: Foreign Tax Credit for CMT purposes (Attach schedule)					277 =	
Subtract: Income Tax				From 190 -		851,792
Net CMT Payable (If negative, enter Nil on page 17.)					280 =	

If 280 is less than zero and you do not have a CMT credit carryover, transfer 230 from Page 7 to Income Tax Summary, on Page 17.

If 280 is less than zero and you have a CMT credit carryover, complete A & B below.

If 280 is greater than or equal to zero, transfer 230 to Page 17 and transfer 280 to Page 17, and to Part 4 of Schedule 101: Continuity of CMT Credit Carryovers.

CMT Credit Carryover available	From Schedule 101		From 2333	
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Application of CMT Credit Carryovers

A.	Income Tax (before deduction of specified credits)		From 190 +	851,792
	Gross CMT Payable	From 276 +	219,375	
	Subtract: Foreign Tax Credit for CMT purposes	From 277 -		
	If 276 - 277 is negative, enter NIL in 290	=	219,375	
	Income Tax eligible for CMT Credit		290 -	219,375
			300 =	632,417
B.	Income Tax (after deduction of specified credits)		From 230 +	851,792
	Subtract: CMT credit used to reduce income taxes		310 -	
	Income Tax		320 =	851,792

Transfer to Page 17

If A & B apply, 310 cannot exceed the lesser of 230, 300 and your CMT credit carryover available 2333.

If only B applies, 310 cannot exceed the lesser of 230 and your CMT credit carryover available 2333.

Capital Tax (Refer to Guide and Int.B. 3011R)

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If your corporation is a Financial Institution (s.58(2)), complete lines 480 and 430 on page 10 then proceed to page 13.

If your corporation is not a member of an associated group and/or partnership and the Gross Revenue and Total Assets as calculated on page 10 in 480 and 430 are both \$3,000,000 or less, your corporation is exempt from Capital Tax for the taxation year, except for a branch of a non-resident corporation. A corporation that meets these criteria should disregard all other Capital Tax Items (including the calculation of Taxable Capital). Enter NIL in 550 on page 12 and complete the return from that point. All other corporations must compute their Taxable Capital in order to determine their Capital Tax payable.

Members of a partnership (limited or general) or a joint venture, must attach all financial statements of each partnership or joint venture of which they are a member. The Paid-up Capital of each corporate partner must include its share of liabilities that would otherwise be included if the partnership were a corporation.

If Investment Allowance is claimed, Total Assets must be adjusted by adding the corporation's share of the partnership's Total Assets and by deducting investments in the partnership as it appears on the corporation's balance sheet, in addition to any other required adjustments (s.61(5)). Special rules apply to limited partnerships (Int.B. 3017R).

Any Assets and liabilities of a corporation that are being utilized in a joint venture must be included along with the corporation's other Assets and liabilities when calculating its Taxable Paid-up Capital. Special rules and rates apply to Non-Resident corporations (s.63, s.64 and s.69(3)).

Paid-up Capital of Non-resident: Paid-up capital employed in Canada of a non-resident subject to tax by virtue of s. 2(2)(a) or 2(2)(b), and whose business is not carried on solely in Canada is deemed to be the greater of (1) taxable income in Canada divided by 8 percent or (2) total assets in Canada minus certain indebtedness in accordance with the provisions of s.63(1)(a) (Int.B. 3010).

Paid-up Capital

Paid-up capital stock (Int.B. 3012R and 3015R)	350 +	25,806,563
Retained earnings (if deficit, deduct) (Int.B. 3012R)	351 ±	4,321,349
Capital and other surpluses, excluding appraisal surplus (Int.B. 3012R)	352 +	
Loans and advances (Attach schedule)(Int.B. 3013R)	353 +	24,900,669
Bank loans (Int.B. 3013R)	354 +	
Bankers acceptances (Int.B. 3013R)	355 +	
Bonds and debentures payable (Int.B. 3013R)	356 +	
Mortgages payable (Int.B. 3013R)	357 +	
Lien notes payable (Int.B. 3013R)	358 +	
Deferred credits (including income tax reserves, and deferred revenue where it would also be included in paid-up capital for the purposes of the large corporations tax) (Int.B. 3013R)	359 +	
Contingent, investment, inventory and similar reserves (Int.B. 3012R)	360 +	
Other reserves not allowed as deductions for income tax purposes (Attach schedule) (Int.B. 3012R)	361 +	976,066
Share of partnership(s) or joint venture(s) paid-up capital (Attach schedule(s)) (Int.B. 3017R)	362 +	
Subtotal	370 =	56,004,647
Subtract: Amounts deducted for income tax purposes in excess of amounts booked (Retain calculations. Do not submit.) (Int.B. 3012R)	371 -	(4,804)
Deductible R&D expenditures and ONTTI costs deferred for income tax if not already deducted for book purposes (Int.B. 3015R)	372 -	
Total Paid-up Capital	380 =	56,009,451
Subtract: Deferred mining exploration and development expenses (s.62(1)(d)) (Int.B. 3015)	381 -	
Electrical Generating Corporations Only - All amounts with respect to electrical generating assets, except to the extent that they have been deducted by the corporation in computing its income for income tax purposes for the current or any prior taxation year, that are deductible by the corporation under clause 11(10)(a) of the Corporations Tax Act, and the assets are used both in generating electricity from a renewable or alternative energy source and are qualifying property as prescribed by regulation	382	
Net Paid-up Capital	390 =	56,009,451

Eligible Investments (Refer to Guide and Int.B. 3015R)

Attach computations and list of corporation names and investment amounts. Short-term investments (bankers acceptances, commercial paper, etc.) are eligible for the allowance only if issued for a term of and held for 120 days or more prior to the year end of the investor corporation.

Bonds, lien notes and similar obligations, (similar obligations, e.g. stripped interest coupons, applies to taxation years ending after October 30, 1998)	402 +	805,305
Mortgages due from other corporations	403 +	
Shares in other corporations (certain restrictions apply) (Refer to Guide)	404 +	
Loans and advances to unrelated corporations	405 +	
Eligible loans and advances to related corporations (certain restrictions apply) (Refer to Guide)	406 +	
Share of partnership(s) or joint venture(s) eligible investments (Attach schedule)	407 +	
Total Eligible Investments	410 =	805,305

continued on Page 10

Capital Tax *continued from Page 9*

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Total Assets (Int.B. 3015R)

Total Assets per balance sheet	420 +	64,296,940
Mortgages or other liabilities deducted from assets	421 +	
Share of partnership(s)/joint venture(s) total assets (<i>Attach schedule</i>)	422 +	
Subtract: Investment in partnership(s)/joint venture(s)	423 -	
Total Assets as adjusted	430 =	64,296,940
Amounts in 360 and 361 (if deducted from assets)	440 +	
Subtract: Amounts in 371, 372 and 381	441 -	(4,804)
Subtract: Appraisal surplus if booked	442 -	
Add or Subtract: Other adjustments (specify on an attached schedule)	443 ±	
Total Assets	450 =	64,301,744

Investment Allowance (410 + 450) X 390

Not to exceed 410 460 = 701,454

Taxable Capital 390 - 460

470 = 55,307,997

Gross Revenue (as adjusted to include the share of any partnership(s)/joint venture(s) Gross Revenue)

Gross Revenue of the corporation 66,671,610

Corporation's Share of partnership(s)/joint venture(s) Gross Revenue (*Attach schedule*)

Aggregate of Gross Revenue 66,671,610 480 = 66,671,610

Total Assets (as adjusted) From 430 = 64,296,940**Calculation of Capital Tax for all Corporations except Financial Institutions****Note:** This version (2006) of the CT23 may only be used for a taxation year that commenced after December 31, 2003.*Financial Institutions use calculations on page 13.*

- Important:** If the corporation is a family farm corporation, family fishing corporation or a credit union that is not a Financial Institution, complete only Section A below.
- OR If the corporation is not a member of an associated group and/or partnership, complete Section B below, then review only the Capital Tax calculations in Section C below, selecting and completing the one specific subsection (e.g. C3) that applies to the corporation.
- OR If the corporation is a member of an associated group and/or partnership, complete Section B below and Section D on page 11, and if applicable, complete Section E or Section F on page 12. Note: if the corporation is a member of a connected partnership, please refer to the CT23 Guide for additional instructions before completing the Capital Tax section.

SECTION A

This section applies only if the corporation is a family farm corporation, a family fishing corporation or a credit union that is not a Financial Institution (Int.B. 3018).

Enter NIL in 550 on page 12 and complete the return from that point.

SECTION B

Calculation of Taxable Capital Deduction (TCD)

		Number of Days in Taxation Year			
		Days before Jan. 1, 2005	Total Days		
5,000,000	X	35	+	73	365 = 500 +
		Days after Dec. 31, 2004 and before Jan. 1, 2006	Total Days		
7,500,000	X	36	+	73	365 = 501 +
		Days after Dec. 31, 2006 and before Jan. 1, 2007	Total Days		
10,000,000	X	37	365 ÷	73	365 = 502 + 10,000,000
Taxable Capital Deduction (TCD) 500 + 501 + 502 503 = 10,000,000					

SECTION C

This section applies if the corporation is not a member of an associated group and/or partnership

C1. If 430 and 480 on page 10 are both \$3,000,000 or less, enter NIL in 550 on page 12 and complete the return from that point.**C2.** If Taxable Capital in 470 is equal to or less than the TCD in 503, enter NIL in 550 on page 12 and complete the return from that point.**C3.** If Taxable Capital in 470 exceeds the TCD in 503, complete the following calculation and transfer the amount from 523 to 543 on page 12, and complete the return from that point.

+ From 470			Days in taxation year		
- From 503					
= 471	x From 30	100,000	x 0.3000 % x 555	365	= 523 +
Ontario Allocation			365 (366 if leap year)	Transfer to 543 on page 12	
			If floating taxation year,	and complete the return	
			refer to Guide.	from that point	

continued on Page 11

Capital Tax Calculation *continued from Page 10*

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SECTION D

This section applies **ONLY** to a corporation that is a member of an associated group (excluding Financial Institutions and corporations exempt from Capital Tax) and/or partnership. You must check either **509** or **524** and complete this section before you can calculate your Capital Tax calculation under either Section E or Section F.

D1. ☒ **509** (✓ if applicable) All corporations that you are associated with do not have a permanent establishment in Canada.
If Taxable Capital 470 on page 10 is equal to or less than the TCD 503 on page 10, enter NIL in 550 on page 12 and complete the return from that point.
If Taxable Capital 470 on page 10 exceeds the TCD 503 on page 10, proceed to Section E, enter the TCD amount in 542 in Section E, and complete Section E and the return from that point.

D2. ☒ **524** (✓ if applicable) One or more of the corporations that you are associated with maintains a permanent establishment in Canada.
You and your associated group may continue to allocate the TCD by completing the Calculation below. Or, the associated group may file an election under subsection 69(2.1) of the *Corporations Tax Act*, whereby total assets are used to allocate the TCD among the associated group. Once a ss.69(2.1) election is filed, all members of the group will then be required to file in accordance with the election and allocate a portion (portion is henceforth referred to as **Net Deduction**) of the capital tax effect relating to the TCD to each corporation in the group on the basis of the ratio that each corporation's total assets multiplied by its Ontario allocation is to the total assets of the group.
The total asset amounts and Ontario allocation percentages to be used for this calculation must be taken from each corporation's financial information from its last taxation year ending in the immediately preceding calendar year.
In addition, although each corporation in the associated group may deduct its Net Deduction amount as apportioned by the total asset formula, the group may, at the group's option, reallocate the group's total Net Deduction among the group on what ever basis the corporate group wishes, as long as the total of the reallocated amounts does not exceed the group's total Net Deduction amount originally calculated for the associated group.

Calculation Do not complete this calculation if ss.69(2.1) election is filed

Taxable Capital form 470 on page 10	From 470 +	55,307,997
-------------------------------------	------------	------------

Determine aggregate taxable capital of an associated group (excluding financial institutions and corporations exempt from capital tax) and/or partnership having a permanent establishment in Canada

Taxable Capital of associated corporations (Attach schedule)	531 +	
Aggregate Taxable Capital 470 + 531	540 =	55,307,997

If 540 above is equal to or less than the TCD 503 on page 10, the corporation's Capital Tax for the taxation year, is NIL.

Enter NIL in 523 in section E on page 12, as applicable.

If 540 above is greater than the TCD 503 on page 10, the corporation must compute its share of the TCD below in order to calculate its Capital Tax for the taxation year under Section E on page 12.

From 470	55,307,997	÷	From 540	55,307,997	×	From 503	10,000,000	541 =	10,000,000
									Transfer to 542 in Section E on page 12

Ss.69(2.1) Election Filed

☒ **591** (✓ if applicable) Election filed. Attach a copy of Schedule 591 with this CT23 Return.
Proceed to Section F on page 12.

continued on Page 12

Capital Tax Calculation *continued from Page 11*

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SECTION E

This section applies if the corporation is a member of an associated group and/or partnership whose total aggregate Taxable Capital 540 on page 11 exceeds the TCD 503 on page 10.

Complete the following calculation and transfer the amount from 523 to 543, and complete the return from that point.

[illegible]

SECTION F

This section applies if a corporation is a member of an associated group and the associated group has filed a ss.69(2.1) election.

$$+ \text{ From } 470 \text{ } \underline{\hspace{2cm}} \times \text{ From } 30 \text{ } \underline{\hspace{2cm}} \frac{100.0000}{\text{Ontario Allocation}} \times 0.3000 \% = 561 \text{ } \underline{\hspace{2cm}}$$

- Capital tax deduction from 995 relating to your corporation's Capital Tax deduction, on Schedule 591 From 995: 562=

$$\begin{array}{rcll} \text{Capital Tax} & 562 & \times & \frac{\text{Days in taxation year}}{365} = 563 + \end{array}$$

**365 (366 if leap year)*

Transfer to 543 and complete the return from that point

* If floating taxation year, refer to Guide

Capital Tax before application of specified credits	543 =	135,924
Subtract: Specified Tax Credits applied to reduce capital tax payable (Refer to Guide)	546 =	
Capital Tax 543 - 546 (amount cannot be negative)	550 =	135,924

Transfer to Page 17

continued on Page 13

Capital Tax continued from Page 12

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Calculation of Capital Tax for Financial Institutions**1.1. Credit Unions Only**

For taxation years commencing after May 4, 1999 enter NIL in 550 on page 12, and complete the return from that point.

1.2 Other than Credit Unions

(Retain details of calculations for amounts in boxes 565 and 570. Do not submit with this tax return.)

565 x 0.6000 % x From 30 % x 555 + *365 = 569 +
 Lesser of adjusted Ontario Allocation (366 if leap year)
 Taxable Paid Up Capital
 and Basic Capital Amount
 in accordance with
 Division B.1

570 x 571 x From 30 % x 555 + *365 = 574 +
 Adjusted Taxable Capital Tax Rate Ontario Allocation (366 if leap year)
 Paid Up Capital (Refer to Guide)
 in accordance with
 Division B.1 in excess
 of Basic Capital Amount

Capital Tax for Financial Institutions - other than Credit Unions (before Section 2) 569 + 574 575

* If floating taxation year, refer to Guide.

2. Small Business Investment Tax Credit

(Retain details of eligible investment calculation and, if claiming an investment in CSBIF, retain the original letter approving the credit issued in accordance with the Community Small Business Investment Fund Act. Do not submit with this tax return.)

Allowable Credit for Eligible Investments 585

Financial Institutions: Claiming a tax credit for investment in Community Small
 Business Investment Fund (CSBIF)? (✓) ☐ Yes

Capital Tax - Financial Institutions 575 - 585 586 =
 Transfer to 543 on Page 12

Premium Tax (s.74.2 & 74.3) (Refer to Guide)

(1) Uninsured Benefits Arrangements 587 x 2% 588
Applies to Ontario-related uninsured benefits arrangements.
 (2) Unlicensed Insurance (enter premium tax payable in 588 and attach a detailed schedule of calculations. If
 subject to tax under (1) above, add both taxes together and enter total tax in 588.)
*Applies to Insurance Brokers and other persons placing insurance for persons resident or property situated in
 Ontario with unlicensed insurers.*

Deduct: Specified Tax Credits applied to reduce premium tax (Refer to Guide) 589

Premium Tax 588 - 589 590
 Transfer to Page 17

**Reconcile net income (loss) for federal income tax purposes with net income (loss)
for Ontario purposes if amounts differ****Net Income (loss) for federal income tax purposes, per federal T2 Schedule 1****600 ± 6,084,228***Transfer to Page 15***Add:**

Federal capital cost allowance	601 +	3,021,759
Federal cumulative eligible capital deduction	602 +	120,381
Ontario taxable capital gain	603 +	
Federal non-allowable reserves. Balance beginning of year	604 +	613,643
Federal allowable reserves. Balance end of year	605 +	
Ontario non-allowable reserves. Balance end of year	606 +	804,943
Ontario allowable reserves. Balance beginning of year	607 +	
Federal exploration expenses (e.g. CEDE, CEE, CDE, COGPE)	608 +	
Federal resource allowance (Refer to Guide)	609 +	
Federal depletion allowance	610 +	
Federal foreign exploration and development expenses	611 +	
Crown charges, royalties, rentals, etc. deducted for Federal purposes (Refer to Guide)	617 +	
Management fees, rents, royalties and similar payments to non-arm's length non-residents		

Number of Days in Taxation YearDays after Dec. 31, 2002
and before Jan. 1, 2004

Total Days

612 X 5/12.5 X 33 + 73 365 = 633 +

Days after Dec. 31, 2003

Total Days

612 X 5/14.0 X 34 365 + 73 365 = 634 +

Total add-back amount for Management fees, etc. 633 + 634 =

613 ±

Federal Scientific Research Expenses claimed in year from line 460 of fed. form T661
excluding any negative amount in 473 from Ont. CT23 Schedule 161

615 ±

Add any negative amount in 473 from Ont. CT23 Schedule 161

616 ±

Federal allowable business investment loss

620 +

Total of other items not allowed by Ontario but allowed federally (Attach schedule)

614 +

Total of Additions 601 to 611 + 617 + 613 + 615 + 616 + 620 + 614

= 4,560,726 640

4,560,726

*Transfer to Page 15***Deduct:**

Ontario capital cost allowance (excludes amounts deducted under 675)	650 ±	3,021,759
Ontario cumulative eligible capital deduction	651 ±	120,381
Federal taxable capital gain	652 +	
Ontario non-allowable reserves. Balance beginning of year	653 +	613,643
Ontario allowable reserves. Balance end of year	654 +	
Federal non-allowable reserves. Balance end of year	655 +	804,943
Federal allowable reserves. Balance beginning of year	656 +	
Ontario exploration expenses (e.g. CEDE, CEE, CDE, COGPE) (Retain calculations. Do not submit.)	657 +	
Ontario depletion allowance	658 +	
Ontario resource allowance (Refer to Guide)	659 +	
Ontario current cost adjustment (Attach schedule)	661 ±	
CCA on assets used to generate electricity from natural gas, alternative or renewable resources.	675 ±	
Subtotal of deductions for this page 650 to 659 + 661 + 675	681	4,560,726

*Transfer to Page 15**continued on Page 15*

**Reconcile net income (loss) for federal income tax purposes with net income (loss)
for Ontario purposes if amounts differ**
continued from Page 14

Net income (loss) for federal income tax purposes, per federal Schedule 1	From 600 ±	6,084,228
Total of Additions on page 14	From 640 =	4,560,726

Sub Total of deductions on page 14	From 681 =	4,560,726
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Deduct:

Ontario New Technology Tax Incentive (ONTTI) Gross-up
(Applies only to those corporations whose Ontario allocation is less than 100% in the current taxation year.)

Capital Cost Allowance (Ontario) (CCA) on prescribed
qualifying intellectual property deducted in the current
taxation year 662

ONTTI Gross-up deduction calculation:

From	Gross-up of CCA	
662	x 100/30	100.0000 - From 662 663
Ontario Allocation		

Workplace Child Care Tax Incentive (WCCT)
(Applies to eligible expenditures incurred prior to January 1, 2005.)

Qualifying expenditures: 665	x 30% x 100/30	100.0000 666
Ontario Allocation		

Workplace Accessibility Tax Incentive (WATI)
(Applies to eligible expenditures incurred prior to January 1, 2005.)

Qualifying expenditures: 667	x 100% x 100/30	100.0000 668
Ontario Allocation		

Number of Employees accommodated 669

Ontario School Bus Safety Tax Incentive (OSBSTI)
(Applies to the eligible acquisition of school buses purchased after May 4, 1999 and before January 1, 2006.) (Refer to Guide)

Qualifying expenditures 670	x 30% x 100/30	100.0000 671
Ontario Allocation		

Educational Technology Tax Incentive (ETTI)
(Applies to eligible expenditures incurred prior to January 1, 2005.)

Qualifying expenditures 672	x 15% x 100/30	100.0000 673
Ontario Allocation		

Ontario allowable business investment loss	678 +
--	-------

Ontario Scientific Research Expenses claimed in year in 477 from Ont. CT23 Schedule 161	679
--	-----

Amount added to income federally for an amount that was negative on federal form T661, line 454 or 455 (if filed after June 30, 2003)	677
--	-----

Total of other deductions allowed by Ontario (Attach schedule)	664 +
--	-------

Total of Deductions 681 + 663 + 666 + 668 + 671 + 673 + 678 + 679 + 677 + 664	=	4,560,726 680	4,560,726
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Net income (loss) for Ontario Purposes 600 + 640 - 680	690 =	6,084,228
Transfer to Page 4		

Continuity of Losses Carried Forward

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	Non-Capital Losses (1)	Total Capital Losses	Farm Losses	Restricted Farm Losses	Listed Personal Property Losses	Limited Partnership Losses (6)
Balance at Beginning of Year	700 (2)	710 (2)	720 (2)	730	740	750
Add:	701	711	721	731	741	751
Current year's losses (7)	702	712	722	732		752
Losses from predecessor corporations (3)	703	713	723	733	743	753
Subtotal						
Subtract:	704 (2)	715 (2)(4)	724 (2)	734 (2)(4)	744 (4)	754 (4)
Utilized during the year to reduce taxable income	705		725	735	745	
Expired during the year	706 (2) To Pg 17	716 (2) To Pg 17	726 (2) To Pg 17	736 (2) To Pg 17	746	
Carried back to prior years to reduce taxable income (5)						
Subtotal	707	717	727	737	747	757
Balance at End of Year	709 (8)	719	729	739	749	759

Analysis of Balance by Year of Origin

Year of Origin (oldest year first)	Non Capital Losses	Non-Capital Losses of Predecessor Corporations	Total Capital Losses from Listed Personal Property only	Farm Losses	Restricted Farm Losses
800 9th preceeding taxation year	817 (6)	860 (6)		850	870
801 8th preceeding taxation year	818 (6)	861 (6)		851	871
802 7th preceeding taxation year	819 (6)	862 (6)		852	872
803 6th preceeding taxation year	820	830	840	853	873
804 5th preceeding taxation year 2001/12/31	821	831	841	854	874
805 4th preceeding taxation year 2002/12/31	822	832	842	855	875
806 3rd preceeding taxation year 2003/12/31	823	833	843	856	876
807 2nd preceeding taxation year 2004/12/31	824	834	844	857	877
808 1st preceeding taxation year 2005/12/31	825	835	845	858	878
809 Current taxation year 2006/12/31	826	836	846	859	879
Total	829	839	849	869	889

Notes:

- (1) Non-capital losses include allowable business investment losses, fed.s.111(8)(b), as made applicable by s.34.
- (2) Where acquisition of control of the corporation has occurred, the utilization of losses can be restricted. See fed.s.111(4) through 111(5.5) as made applicable by s.34.
- (3) Include losses on amalgamation (fed.s.87(2.1) and s.87(2.11)) and/or wind-up (fed.s.88(1.1) and 88(1.2)), as made applicable by s.34.
- (4) To the extent of applicable gains/income/at-risk amount only.
- (5) Generally a three year carry-back applies. See fed.s.111(1) and fed.s.41(2)(b), as made applicable by s.34.
- (6) Where a limited partner has limited partnership losses, attach loss calculations for each partnership.
- (7) Include amounts from 11 if taxable income is adjusted to claim unused foreign tax credit for federal purposes.
- (8) Amount in 709 must equal total of 829 + 839.
- (9) Include non-capital losses incurred in taxation years ending after March 22, 2004.

Request for Loss Carry-Back (s.80(16))

Applies to corporations requesting a reassessment of the return of one or more previous taxation years under s.80(16) with respect to one or more types of losses carried back.

- If, after applying a loss carry-back to one or more previous years, there is a balance of loss available to carry forward to a future year, it is the corporation's responsibility to claim such a balance for those years following the year of loss within the limitations of fed.s.111, as made applicable by s.34.
- Where control of a corporation has been acquired by a person or group of persons, certain restrictions apply to the carry-forward and carry-back provisions of losses under fed.s.111(4) through 111(5.5), as made applicable by s.34.
- Refunds arising from the loss carryback adjustment may be applied by the Minister of Finance to amounts owing under any Act administered by the Minister of Finance.
- Any late filing penalty applicable to the return for which the loss is being applied will not be reduced by the loss carry-back.
- The application of a loss carry-back will be available for interest calculation purposes on the day that is the latest of the following:
 - the first day of the taxation year after the loss year,
 - the day on which the corporation's return for the loss year is delivered to the Minister, or
 - the day on which the Minister receives a request in writing from the corporation to reassess the particular taxation year to take into account the deduction of the loss.
- If a loss is being carried back to a predecessor corporation, enter the predecessor corporation's account number and taxation year end in the spaces provided under Application of Losses below.

Application of Losses	Non-Capital Losses	Total Capital Losses	Farm Losses	Restricted Farm Losses
Total amount of loss	910	920	930	940
Deduct: Loss to be carried back to preceding taxation years and applied to reduce taxable income.				
Predecessor Corporation's Taxation Year Account No. (MOF) Ending	911	921	931	941
i) 3rd preceding 901 2003/12/31	912	922	932	942
ii) 2nd preceding 902 2004/12/31	913	923	933	943
iii) 1st preceding 903 2005/12/31	From 705	From 716	From 726	From 736
Total loss to be carried back	919	929	939	949
Balance of loss available for carry-forward				

Summary

Income Tax	From 230 or 320 +	851,792
Corporate Minimum Tax	From 280 +	
Capital Tax	From 550 +	135,924
Premium Tax	From 590 +	
Total Tax Payable	950 =	987,716
Subtract: Payments	960	979,930
Capital Gains Refund (s.48)	965	
Qualifying Environmental Trust Tax Credit (Refer to Guide)	985	
Specified Tax Credits (Refer to Guide)	955	
Balance	970 =	7,786
If payment due	Enclosed * 990	
If overpayment: Refund (Refer to Guide)	975 =	
Apply to	980	

(Includes credit interest)

* Make your cheque (drawn on a Canadian financial institution) or a money order in Canadian funds, payable to the Minister of Finance and print your Ontario Corporation's Tax Account No. (MOF) on the back of the cheque or money order. (Refer to Guide for other payment methods.)

Certification

I am an authorized signing officer of the corporation. I certify that this CT23 return, including all schedules and statements filed with or as part of this CT23 return, has been examined by me and is a true, correct and complete return and that the information is in agreement with the books and records of the corporation. I further certify that the financial statements accurately reflect the financial position and operating results of the corporation as required under section 75 of the *Corporations Tax Act*. The method of computing income for this taxation year is consistent with that of the previous year, except as specifically disclosed in a statement attached.

Name	Iain Clinton
Title	Chief Financial Officer
Full Residence Address	590 Steven Court
City	Newmarket
Province	ON
Country	CA
Postal Code	L3Y 6Z2
Signature	Date
	2008/12/18

Note: Section 76 of the *Corporations Tax Act* provides penalties for making false or misleading statements or omissions.



Ministry of Finance

Corporations Tax Branch
PO Box 820
33 King Street West
Oshawa ON L1H 8E9Corporate Minimum Tax (CMT)
CT23 Schedule 101

Corporation's Legal Name Newmarket Hydro Ltd.	Ontario Corporations Tax Account No. (MOF) 1800138	Taxation Year End 2006/12/31
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Part 1: Calculation of CMT Base**Banks** - Net income/loss as per report accepted by Superintendent of Financial Institutions (SFI) under the Bank Act (Canada), adjusted so consolidation/equity methods are not used.**Life Insurance corporations** - Net income/loss before Special Additional Tax as determined under s.57.1(2)(c) or (d)

Net income/(loss) (unconsolidated, determined in accordance with GAAP) 2100 ± 3,262,813

Subtract (to the extent reflected in net income/loss):

Provision for recovery of income taxes / benefit of current income taxes	2101 +
Provision for deferred income taxes (credits) / benefit of future income taxes	2102 +
Equity income from corporations	2103 +
Share of partnership(s)/joint venture(s) income	2104 +
Dividends received/receivable deductible under fed.s.112	2105 +
Dividends received/receivable deductible under fed.s.113	2106 +
Dividends received/receivable deductible under fed.s.83(2)	2107 +
Dividends received/receivable deductible under fed.s.138(6)	2108 +
Federal Part VI.1 tax on dividends declared and paid, under fed.s.191.1(1) x 3 =	2109 +

Subtotal = 2110 -**Add (to extent reflected in net income/loss):**

Provision for current taxes / cost of current income taxes	2111 +	2,221,551
Provision for deferred income taxes (debits) / cost of future income taxes	2112 +	
Equity losses from corporations	2113 +	
Share of partnership(s)/joint venture(s) losses	2114 +	
Dividends that have been deducted to arrive at net income per Financial Statements s.57.4(1.1) (excluding dividends under fed.s.137(4.1))	2115 +	

Subtotal = 2,221,551 2116 + 2,221,551**Add/Subtract:**

Amounts relating to s.57.9 election/regulations for disposals etc. of property for current/prior years

Fed.s.85	2117 +	or	2118 -
Fed.s.85.1	2119 +	or	2120 -
Fed.s.97	2121 +	or	2122 -

Amounts relating to amalgamations (fed.s.87) as prescribed in regulations for current/prior years

2123 + or 2124 -

Amounts relating to wind-ups (fed.s.88) as prescribed in regulations for current/prior years

2125 + or 2126 -

Amounts relating to s.57.10 election/regulations for replacement re fed.s.13(4), 14(6) and 44 for current/prior years

2127 + or 2128 -

Interest allowable under ss. 20(1)(c) or (d) of ITA to the extent not otherwise deducted in determining CMT adjusted net income

2150 -

Subtotal (Additions) = 2129 +**Subtotal (Subtractions)** = 2130 -**Other adjustments** 2131 ±**Subtotal ± 2100 - 2110 + 2116 + 2129 - 2130 ± 2131** 2132 = 5,484,364**Share of partnership(s)/joint venture(s) adjusted net income/loss** 2133 ±**Adjusted net income (loss) (if loss, transfer to 2202 in Part 2: Continuity of CMT Losses Carried Forward.)** 2134 = 5,484,364**Deduct:** CMT losses: pre-1994 Loss From 2210 +

CMT losses: other eligible losses 2211 +

= 2135 -

CMT Base 2136 = 5,484,364Transfer to CMT Base on page 8 of the CT23
or Page 6 of the CT8

Corporate Minimum Tax (CMT)**Part 4: Continuity of CMT Credit Carryovers****CMT credit continuity by year**

Year of origin	Beginning balance	Transfers on amalgamation or wind-up	Adjustments	Current year credit	Applied	Expired	Ending balance
2002/12/31							
2003/12/31							
2004/12/31							
2005/12/31							
2006/12/31							
Totals							

Balance at Beginning of year Note (1) 2301 +

Add: Current year's CMT Credit (280 on page 8 of the CT23 or 347 on page 6 of the CT8, If negative, enter NIL) From 280 or 347 +

Gross Special Additional Tax Note (2) 312 on page 5 of CT8.

(Life Insurance corporations only. Others enter NIL.) From 312 +

Subtract Income Tax

(190 on page 6 of the CT23 or page 4 of the CT8) From 190 -

Subtotal (If negative, enter NIL.) = 2305 -

Current year's CMT credit (If negative, enter NIL) 280 or 347 - 2305 = 2310 +

CMT Credit Carryovers from predecessor corporations Note (3) 2325

Amalgamation (✓) 2315 ☐ Yes Wind-up (✓) 2320 ☐ Yes

Subtotal 2301 + 2310 + 2325 2330 +

Adjustments (Attach schedule) 2332

CMT Credit Carryover available 2330 + 2332 2333 =

Transfer to Page 8 of the CT23
or page 6 of the CT8

Subtract: CMT credit utilized during the year to reduce income tax

(310 on page 8 of the CT23 or 351 on page 6 of the CT8.) From 310 or 351

CMT Credit expired during the year 2334

Subtotal = 2335 -

Balance at End of Year Note (4) 2333 - 2335 2336

Notes:

- (1) Where acquisition of control of the corporation has occurred, the utilization of CMT credits can be restricted. (see s.43.1(5))
- (2) The CMT credit of life insurance corporations can be restricted (see s.43.1(3)(b)).
- (3) Include and indicate whether CMT credits are a result of an amalgamation to which fed.s.87 applies and/or a wind-up to which fed.s.88(1) applies. (see s.43.1(4))
- (4) Amount in 2336 must equal the sum of 2370 + 2390.

Part 5: Analysis of CMT Credit Carryovers Year End Balance by Year of Origin

Year of Origin (oldest year first)	CMT Credit Carryovers of Corporation	CMT Credit Carryovers of Predecessor Corporation(s)
2340	2360	2380
2341	2361	2381
2342	2362	2382
2343	2363	2383
2344	2364	2384
2345 2002/12/31	2365	2385
2346 2003/12/31	2366	2386
2347 2004/12/31	2367	2387
2348 2005/12/31	2368	2388
2349 2006/12/31	2369	2389
Totals	2370	2390

The sum of amounts 2370 + 2390 must equal the amount in 2336.



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PO Box 920
33 King Street West
Oshawa ON L1H 8E9

Ontario Capital Cost Allowance Schedule 8

ONTARIO CAPITAL COST ALLOWANCE

Corporation's Legal Name Newmarket Hydro Ltd.		Ontario Corporations Tax Account No. (MOF) 1800138		Taxation Year End 2006/12/31	
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Is the corporation electing under regulation 1101(5q)? 101 1 Yes ☐ 2 No ☒

1 Class number	2 Ontario undepreciated capital cost at the beginning of the year	3 Cost of acquisitions during the year See note 1 below	4 Net adjustments	5 Proceeds of dispositions during the year	6 Ontario undepreciated capital cost (col 2 + 3 or col 2 - 4 - 5)	7 50% rule See note 2 below	8 Reduced undepreciated capital cost (col 6 - 7)	9 CCA rate %	10 Recapture of capital cost allowance	11 Terminal loss	12 Ontario capital cost allowance (col 8 x 9 or a lower amount)	13 Ontario undepreciated capital cost at the end of the year (col 6 - 12)
1	33,639,425				33,639,425		33,639,425	4			1,345,577	32,293,848
3	7,502				7,502		7,502	5			375	7,127
8	2,760,926	990,622			3,751,548	495,311	3,256,237	20			651,247	3,100,301
10	1,369,074	516,822		67,559	1,818,337	224,632	1,593,705	30			478,112	1,340,225
17	65,281				65,281		65,281	8			5,222	60,059
2	7,707,032				7,707,032		7,707,032	6			462,422	7,244,610
13	207,029	42,214			249,243	21,107	228,136				48,211	201,032
47		3,837,803	(1,536,492)		2,301,311	1,918,902	382,409	8			30,593	2,270,718
Totals	45,756,269	5,387,461	(1,536,492)	67,559			46,879,727				3,021,759	46,517,920

Enter in box 650 on the CT23

Note 1. Include any property acquired in previous years that has now become available for use. This property would have been previously excluded from column 3. List separately any acquisitions that are not subject to the 50% rule. See Regulation 1100(2) and (2.2) of the *Income Tax Act* (Canada).

Note 2. The net cost of acquisitions is the cost of acquisitions plus or minus certain adjustments from column 4.

Note 3. If the taxation year is shorter than 365 days, prorate the CCA claim.

Note 4. Ontario recapture should be included in net income after deducting the federal recapture and the Ontario terminal loss is deducted from net income after including the federal terminal loss.



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Corporations Tax Branch
PO Box 620
33 King Street West
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Ontario Cumulative Eligible Capital Deduction Schedule 10

Corporation's Legal Name Newmarket Hydro Ltd.	Ontario Corporations Tax Account No. (MOF) 1800138	Taxation Year End 2006/12/31
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- For use by a corporation that has eligible capital property.
- A separate cumulative eligible capital account must be kept for each business.

Part 1 - Calculation of current year deduction and carry-forward

Ontario Cumulative eligible capital - balance at beginning of taxation year (if negative, enter zero)			1,719,728	A
Add:	Cost of eligible capital property acquired during the taxation year	+		B
	Amount transferred on amalgamation or wind-up of subsidiary	+		C
	Other adjustments	+		D
Total of B + C + D		=		E
Subtotal A + E		=	1,719,728	F

Deduct:	Ontario proceeds of sales (less outlays and expenses not otherwise deductible) from the disposition of all eligible capital property during the taxation year	+		G
	The gross amount of a reduction in respect of a forgiven debt obligation as provided for in subsection 80(7) of the Income Tax Act (Canada)	+		H
	Other adjustments	+		I
Total of G + H + I		=		J
Ontario cumulative eligible capital balance F - J		=	1,719,728	K

If K is negative, enter zero at line M and proceed to Part 2

Current year deduction	1,719,728 K x 7%*	=	120,381	L
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*The maximum current year deduction is 7%. However, you can claim any amount up to the maximum.

Enter amount in box 651 of the CT23

Ontario cumulative eligible capital - closing balance K - L (if negative, enter zero)	=	1,599,347	M
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Note: Any amount up to the maximum deduction of 7% may be claimed. Taxation years starting after December 21, 2000, the deduction may not exceed the maximum amount prorated for the number of days in the taxation year divided by 365 or 366 days.

Part 2 - Amount to be included in income arising from disposition

Complete this part only if the amount at line K is negative

Amount from line K above show as a positive amount				N
Total of cumulative eligible capital deductions from income for taxation years beginning after June 30, 1988			1	
Total of all amounts which reduced cumulative eligible capital in the current or prior years under subsection 80 (7)			2	
Total of cumulative eligible capital deductions claimed for taxation years beginning before July 1, 1988			3	
Negative balances in the cumulative eligible capital account that were included in income for taxation years beginning before July 1, 1988			4	
Line 3 deduct line 4			5	
Total lines 1 + 2 + 5			6	
Line T from previous Ontario Schedule 10 for taxation years ending after February 27, 2000			7	
Deduct line 7 from line 6				O
N - O (cannot be negative)				P
Amount on line 5	x 1/2			Q
P - Q				R
Amount on line R	x 66.6667			S
Lesser of line N or line O				T
Amount to be included in income S + T				

Note: For taxation years ending after February 27, 2000 and before October 18, 2000 use 8/9 to calculate S



Ministry of Finance

Corporations Tax Branch
PO Box 620
33 King Street West
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Schedule 13

Corporation's Legal Name Newmarket Hydro Ltd.	Ontario Corporations Tax Account No. (MOF) 1800138	Taxation Year End 2006/12/31
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For use by corporations to provide a continuity of all reserves claimed which are allowed for tax purposes

Part 1 - Capital gains reserves

Description of property	Ontario balance at the beginning of the year	Transfer on amalgamation or wind-up of subsidiary	Ontario balance at the end of the year
Totals	A	B	C

The total capital gains reserve at the beginning of the taxation year A plus the total capital gains reserve transfer on amalgamation or wind-up of subsidiary B, should be entered on Schedule 6; and the total capital gains reserve at the end of the taxation year C, should also be entered on Schedule 6.

Part 2 - Other reserves

Description	Ontario balance at the beginning of the year	Transfer on amalgamation or wind-up of subsidiary	Ontario balance at the end of the year
Reserve for doubtful debts			
Reserve for undelivered goods and services not rendered			
Reserve for prepaid rent			
Reserve for December 31, 1995 income			
Reserve for refundable containers			
Reserve for unpaid amounts			
Other tax reserves			
Totals	D	E	F

The amount from D plus the amount from E should be entered in 607 of the CT23.

The amount from F should be entered in 654 of the CT23.

Part 3 - Continuity of non-deductible reserves

Reserve	Ontario opening balance and transfers	Ontario additions	Ontario deductions	Other adjustments	Ontario closing balance
Post employment benefits	613,643				704,943
					100,000
Totals	613,643				804,943

Enter in box 653
of the CT23

Enter in box 606
of the CT23

Details of Associated Ontario Corporations

Names of associated corporations (Canadian and foreign)	Permanent establishment in Canada?	Ontario Account Number	Taxation Year End
Unipower Holdings Ltd	Yes		2006/01/01
1443393 Ontario Inc	Yes		2006/01/01
1443394 Ontario Inc	Yes		2006/01/01
1443396 Ontario Inc	Yes		2006/01/01
1443397 Ontario Inc	Yes		2006/01/01
1443398 Ontario Inc	Yes		2006/01/01
1402318 Ontario Inc	Yes		2006/01/01
Newmarket Hydro Holdings Inc	Yes		2006/01/01

Names of associated corporations	Surtax on CCPCs	Corporate Minimum Tax		Capital Tax
	Taxable income	Total Assets	Total Revenue	Taxable Capital
Unipower Holdings Ltd				
1443393 Ontario Inc				
1443394 Ontario Inc				
1443396 Ontario Inc				
1443397 Ontario Inc				
1443398 Ontario Inc				
1402318 Ontario Inc				
Newmarket Hydro Holdings Inc				
Totals	0	0	0	0

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PO Box 620
33 King Street West
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Taxable Capital of Associated Corporations

(Applicable to an associated group that
has a permanent establishment in Canada)
Schedule CT21

Corporation's Legal Name Newmarket Hydro Ltd.	Ontario Corporations Tax Account No. (MOF) 1800138	Taxation Year End 2006/12/31
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This schedule must be completed in determining the aggregate taxable capital of an associated group and/or partnership that has a permanent establishment (PE) in Canada.

Name of Associated Corporation (Must have a PE in Canada)	Corporations Tax Account No. (MOF) (if applicable)	Taxation Year End	Taxable Capital
Unipower Holdings Ltd		2006/01/01	
1443393 Ontario Inc		2006/01/01	
1443394 Ontario Inc		2006/01/01	
1443396 Ontario Inc		2006/01/01	
1443397 Ontario Inc		2006/01/01	
1443398 Ontario Inc		2006/01/01	
1402318 Ontario Inc		2006/01/01	
Newmarket Hydro Holdings Inc		2006/01/01	
Aggregate of taxable capital			

Transfer to 540 of the CT23



Ontario

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Corporations Tax Branch
PO Box 620
33 King Street West
Oshawa ON L1H 8E9

Paid-Up Capital: Loans and Advances

Corporation's Legal Name Newmarket Hydro Ltd.	Ontario Corporations Tax Account No. (MOF) 1800138	Taxation Year End 2006/12/31
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Loans or Advances Credited or Advanced to Corporation (includes accounts payable to related parties outstanding at the taxation year end for 120 days or more and accounts payable to non-related parties outstanding for 365 days or more at the taxation year end)	
Due to related parties	233,634
Long term Debt	22,000,000
Customer deposits	2,667,035
Total	24,900,669

Transfer to 353 on the CT23

**Ontario**

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33 King Street West
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Paid-Up Capital: Other Reserves

Corporation's Legal Name Newmarket Hydro Ltd.	Ontario Corporations Tax Account No. (MOF) 1800138	Taxation Year End 2006/12/31
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Description of Reserves NOT ALLOWED as a Deduction for Income Tax	Balance Beginning of the Year	Add	Deduct	Transfer on Amalgamation or Wind-up of Subsidiary	Balance at the End of the Year
Allowance for doubtful accounts	250,000	22,123			272,123
Employee Future Benefits	614,000	89,943			703,943
				Total	976,066

Transfer to 361 on the CT23